

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

Notes)

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

### 2. Net premiums written

(Millions of yen)

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

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

### 3. Net claims paid

(Millions of yen)

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

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

## 4. Investment assets

(Millions of yen)

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

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

## 5. Securities

(Millions of yen)

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

Notes)

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

## 6. Yield

### (1) Income yield

(Millions of yen)

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

Notes)

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

### (2) Realized yield

(Millions of yen)

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

Notes)

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

## 7. Foreign investments

(Millions of yen)

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

Notes)

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

# Domestic Life Insurance Business

## 1. Total amount of business in force

(Millions of yen)

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

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of personal annuities represent the sums of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and policy reserves for the contracts after the beginning of annuity payment.

## 2. Total amount of new business

(Millions of yen)

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

Notes)

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

## 3. Investment assets

(Millions of yen)

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

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

## 4. Securities

(Millions of yen)

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

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

## 5. Yield

### (1) Income yield

(Millions of yen)

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

Notes)

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

## (2) Realized yield

(Millions of yen)

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

Notes)

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

## 6. Foreign investments

(Millions of yen)

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

Notes)

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



## Overseas Insurance Business

(Millions of yen)

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

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

## (Reference) Overview of Entire Business

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

(Millions of yen)

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

Notes)

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

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

### 2. Net premiums written

(Millions of yen)

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

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

### 3. Net claims paid

(Millions of yen)

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

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



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## Independent Auditor's Report

The Board of Directors  
Sompo Japan Nipponkoa Holdings, Inc.

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

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

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

*Ernst & Young ShinNihon LLC*

June 29, 2016

# Consolidated Financial Statements

## Consolidated Balance Sheet

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

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

## Consolidated Balance Sheet (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

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

# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

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

# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

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

## Consolidated Statement of Comprehensive Income

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

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

# Consolidated Statement of Changes in Net Assets

Sompo Japan Nipponkoa Holdings, Inc.

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

(Millions of yen)

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

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



## Consolidated Statement of Changes in Net Assets (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

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

(Millions of yen)

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

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

# Consolidated Statement of Cash Flows

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

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

## Consolidated Statement of Cash Flows (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

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

# Notes to the Consolidated Financial Statements

Sompo Japan Nipponkoa Holdings, Inc.

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

### 1. Scope of consolidation

#### (1) Number of consolidated subsidiaries: 94 companies

Name of major consolidated subsidiaries

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

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

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

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

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

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

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

Names of major non-consolidated subsidiaries

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

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

## 2. Application of the equity method

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

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

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

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

## 3. The fiscal year of consolidated subsidiaries

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

## 4. Accounting policies

### (1) Valuation policies and methods for securities

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

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

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

## **(2) Valuation policies and methods for derivative transactions**

Derivative transactions are carried at fair value.

## **(3) Depreciation methods of significant depreciable assets**

### **(a) Tangible fixed assets (excluding leased assets)**

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

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

### **(b) Intangible fixed assets**

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

### **(c) Leased Assets**

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

## **(4) Accounting policies for significant reserves**

### **(a) Allowance for possible credit losses**

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

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

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

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

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

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

(b) Reserve for retirement benefits to directors

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

(c) Reserve for bonus payments

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

(d) Reserve for bonus payments to directors

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

(e) Reserve for price fluctuation

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

## (5) Methods of accounting procedures for retirement benefits

(a) Allocation method of projected retirement

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

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

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

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

## (6) Significant hedge accounting

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

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

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

Generally the fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets, etc. The assignment accounting as an exceptional treatment is applied to certain transactions to the extent that such transactions meet the conditions required for application of the assignment accounting. Deferred hedge is applied to the part of foreign exchange forward contracts to fix yen denominated cash flow from foreign currency denominated forecast transactions. The assignment accounting is applied to currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated corporate bonds issued by the domestic consolidated insurance subsidiary.

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

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

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

#### **(7) Method and period of amortization of goodwill**

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

Immaterial amounts of goodwill are amortized at one time.

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

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

#### **(9) Accounting methods for consumption taxes**

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

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

(Changes in accounting policies)

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

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

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



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

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

(Accounting standards and guidances issued but not yet effective)

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

(1) Overview

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

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

(2) Schedule date of adoption

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

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

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

## 2. Notes to the Consolidated Balance Sheet

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

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

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

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

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

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

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

(Millions of yen)

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

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

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

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

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

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

Pledged assets

(Millions of yen)

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

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

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

Secured debts

(Millions of yen)

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

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

(Millions of yen)

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

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

(Millions of yen)

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

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

(Millions of yen)

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

### 3. Notes to the Consolidated Statement of Income

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

(Millions of yen)

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

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

#### \*2. Components of impairment losses are as follows.

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

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

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

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

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

None.

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

(Millions of yen)

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

#### 4. Note to the Consolidated Statement of Comprehensive Income

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

(Millions of yen)

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

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

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

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

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

Notes)

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

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

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

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

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

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

## 2. Stock acquisition rights

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

## 3. Dividends

### (1) Dividends paid

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

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

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

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

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

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

Notes)

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

## 2. Stock acquisition rights

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

## 3. Dividends

### (1) Dividends paid

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

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

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

## 6. Notes to the Consolidated Statement of Cash Flows

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

(Millions of yen)

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

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

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

#### (1) Sompo Care Next Inc.

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

#### (2) Message Co., Ltd.

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

### 3. Significant non-cash transactions

None.

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

## 7. Lease Transactions

### 1. Finance lease transactions

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

#### (1) Contents of leased assets

Tangible fixed assets

Fiscal year ended March 31, 2016

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

#### (2) Depreciation methods of leased assets

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

### 2. Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

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

(Lessor)

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

## 8. Financial Instruments

### 1. Overview of financial instruments

#### (1) Our policy to manage financial instruments

As SOMPO HOLDINGS is mainly engaged in insurance businesses and recognizes the characteristic of investment fund for the insurance company, SOMPO HOLDINGS manages the investment assets taking into consideration safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities related to life insurance and savings-type insurance, SOMPO HOLDINGS intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

In addition, with a view to strengthen the financial structure, the consolidated subsidiary increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

#### (2) The nature and risk of financial instruments

As financial instruments which SOMPO HOLDINGS holds are mainly securities such as bonds and stocks, SOMPO HOLDINGS is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by stock prices, interest rates and foreign exchange rates, as well as risks (liquidity risks) that securities may not be traded or may be forced to be traded at far more unfavorable prices than under normal conditions due to a market crisis and the like.

In addition, the securities and the loans which SOMPO HOLDINGS holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the reasons such as deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, SOMPO HOLDINGS utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

Please refer to the note on “(6) Significant hedge accounting” in “4. Accounting policies” in “1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements” for derivative transactions which hedge accounting is applied to.

### **(3) The risk management systems regarding financial instruments**

The Company has established the risk management systems to appropriately identify, evaluate and control risks and accurately respond when risks emerge through strategic risk management (ERM) designed to maximize Group's corporate value, as described below.

With the aim of maintaining strategic risk management, the Company's board of directors has established the “Group Basic Policy on ERM,” which sets forth principles for accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner. With the aim of enabling appropriate management decision making based upon assessment of group-wide risk, the Company established Group ERM promotion committee and others. Moreover, the Risk Management Department was established to promote the Company's efforts to develop and enhance its risk management systems. Through the model of investment risks, the Company manages market risk, credit risk and real estate investment risk. In addition, the Company comprehensively manages risks, including the risk of invested assets failing to yield assumed interest rates with regard to insurance liabilities related to savings-type insurance held by its insurance subsidiaries. The Company obtains investment assets information on a daily basis and quantifies investment risks. Further, the Company utilizes risk management by setting stress scenarios to cover events that could cause a material impact on Group's operations, and performing stress tests to assess and measure risks comprehensively.

As to credit risks, in order to avoid concentrating the risks on specific borrowers, the Company has set credit limits and manages the risks appropriately for the whole Group.

As to liquidity risks, the Company has developed systems for its insurance subsidiaries to forecast payments for claims, etc. upon occurrence of liquidity risk scenarios, such as outbreak of catastrophe, and to ensure liquidity assets so as to adequately secure enough to cope with these payments.

Each Group member has basic policies and rules on risk management formulated in reference to the Group Basic Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management. In addition, insurance subsidiaries place considerable emphasis on managing various types of risk in ways tailored to their particular risk profile. By doing so, these subsidiaries are appropriately addressing risks that could significantly affect their operations.

### **(4) Supplemental explanation about the fair value of financial instruments**

Other than the fair value of financial instruments based on the market price, fair value calculated reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied. “Notional amount” on each table in notes on “Derivative Transactions” shows contract amounts or notional amounts of derivative transactions. These amounts do not show the volume of market risk or credit risk regarding derivative transactions.



## 2. Fair value of financial instruments

Carrying amount, fair value and unrealized gains and losses are as follows. Meanwhile, financial instruments which are considered extremely difficult to figure out their fair value are not included in the following table. (Please refer to Notes) 2 for details.)

As of March 31, 2015

(Millions of yen)			
	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	523,465	523,465	—
(2) Receivables under resale agreements	71,985	71,985	—
(3) Monetary receivables bought	14,234	14,234	—
(4) Money trusts	111,293	111,293	—
(5) Securities:			
Trading securities	284,672	284,672	—
Bonds held to maturity	1,246,637	1,434,768	188,131
Policy reserve matching bonds	75,497	78,479	2,981
Securities available for sale	5,995,331	5,995,331	—
(6) Loans	604,058		
Allowance for possible credit losses <sup>(*)</sup>	(160)		
	603,897	627,273	23,375
Total assets	8,927,016	9,141,504	214,488
(1) Corporate bonds	135,958	145,181	9,222
Total liabilities	135,958	145,181	9,222
Derivative transactions <sup>(2)</sup> :			
Hedge accounting is not applied to	[5,110]	[5,110]	—
Hedge accounting is applied to	12,959	12,959	—
Total derivative transactions	7,848	7,848	—

(\*) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis. The items which are net debt in total are shown in the brackets [ ].

As of March 31, 2016

(Millions of yen)			
	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	550,571	550,571	—
(2) Receivables under resale agreements	77,998	77,998	—
(3) Monetary receivables bought	11,383	11,383	—
(4) Money trusts	114,770	114,770	—
(5) Securities:			
Trading securities	270,966	270,966	—
Bonds held to maturity	1,223,479	1,558,625	335,145
Policy reserve matching bonds	143,026	168,786	25,760
Securities available for sale	5,693,975	5,693,975	—
(6) Loans	609,808		
Allowance for possible credit losses <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>(2)</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	—

(\*) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

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

(2) Receivables under resale agreements

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

(3) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(4) Money trusts

The fair value of the financial instruments managed as trust asset is as follows. As bank deposit, etc. are short term and their fair value approximates the book value, the book value is presented as the fair value. The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and others.

(5) Securities

The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and the price quoted by counterparties and others.

(6) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto. For the loans categorized as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future, the fair values are the carrying amount less current estimated credit losses. Because the estimated credit losses are calculated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the said amount.

Liabilities

(1) Corporate bonds

The fair value is based on the price at exchanges and others.

Derivative transactions

Please refer to the notes on "Derivative Transactions."

2. Carrying amounts of the financial instruments which are considered extremely difficult to figure out their fair value are as follows. These financial instruments are not included in "(5) Securities."

	As of March 31, 2015	As of March 31, 2016
Domestic stocks	42,777	46,274
Foreign securities	28,077	21,550
Others	9,057	7,976
Total	79,912	75,802

As domestic stocks are unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As foreign securities are unlisted stocks or investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As others are investments mainly in real estate or in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

3. The redemption amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

As of March 31, 2015

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	516,160	7,281	—	—
Receivables under resale agreements	71,986	—	—	—
Monetary receivables bought	—	1,316	—	11,979
Securities:				
Bonds held to maturity:				
Government bonds	7,500	42,613	97,960	902,283
Municipal bonds	4,365	600	1,000	43,400
Corporate bonds	11,500	48,091	12,700	50,600
Foreign securities	7,833	2,257	540	—
Policy reserve matching bonds:				
Government bonds	—	—	—	70,300
Fixed maturity securities available for sale:				
Government bonds	103,173	357,655	376,548	659,000
Municipal bonds	8,214	4,980	400	12,200
Corporate bonds	83,890	258,065	111,248	220,861
Foreign securities	84,133	445,152	576,536	276,881
Others	1,608	8,293	2,051	271
Loans <sup>(*)</sup>	148,476	276,973	116,703	61,111
Total	1,048,842	1,453,278	1,295,689	2,308,887

(\*) 451 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

As of March 31, 2016

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	547,045	3,447	—	—
Receivables under resale agreements	77,999	—	—	—
Monetary receivables bought	158	1,000	—	9,270
Securities:				
Bonds held to maturity:				
Government bonds	14,400	42,273	98,735	890,448
Municipal bonds	600	—	1,000	43,400
Corporate bonds	14,894	36,197	9,700	55,600
Foreign securities	1,553	1,538	445	—
Policy reserve matching bonds:				
Government bonds	—	—	—	133,300
Fixed maturity securities available for sale:				
Government bonds	90,945	313,450	357,152	681,555
Municipal bonds	1,900	3,580	100	12,100
Corporate bonds	52,948	248,352	82,040	272,416
Foreign securities	84,494	486,646	566,823	294,093
Others	293	13,802	2,696	374
Loans <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.

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

As of March 31, 2015

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	2,398	—	—	—	—	133,560
Long-term borrowings	66	63	55	46	43	4,359
Lease obligations	2,495	1,743	598	368	143	0
Total	4,960	1,806	654	415	187	137,919

As of March 31, 2016

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	115	—	—	—	—	133,560
Long-term borrowings	1,981	660	3,672	1,820	4,130	472
Lease obligations	5,436	4,167	3,911	3,669	3,340	54,035
Total	7,533	4,827	7,584	5,489	7,470	188,068

## 9. Securities

### 1. Trading securities

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Unrealized gains and losses recognized in the statement of income	3,909	(3,078)

### 2. Bonds held to maturity

As of March 31, 2015

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,236,030	1,424,142	188,112
	Foreign securities	7,155	7,214	59
	Subtotal	1,243,185	1,431,357	188,172
Securities whose fair value does not exceed their carrying amount	Domestic bonds	—	—	—
	Foreign securities	3,452	3,411	(41)
	Subtotal	3,452	3,411	(41)
Total		1,246,637	1,434,768	188,131

As of March 31, 2016

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,219,943	1,555,133	335,190
	Foreign securities	602	615	12
	Subtotal	1,220,545	1,555,749	335,203
Securities whose fair value does not exceed their carrying amount	Domestic bonds	—	—	—
	Foreign securities	2,933	2,876	(57)
	Subtotal	2,933	2,876	(57)
Total		1,223,479	1,558,625	335,145

### 3. Policy reserve matching bonds

As of March 31, 2015

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	70,358	73,364	3,005
Securities whose fair value does not exceed their carrying amount	Domestic bonds	5,139	5,114	(24)
Total		75,497	78,479	2,981

As of March 31, 2016

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	143,026	168,786	25,760
Securities whose fair value does not exceed their carrying amount	Domestic bonds	—	—	—
Total		143,026	168,786	25,760

### 4. Securities available for sale

As of March 31, 2015

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,329,103	2,178,105	150,997
	Domestic stocks	1,741,289	686,530	1,054,758
	Foreign securities	1,634,361	1,398,116	236,244
	Others	35,506	29,656	5,850
	Subtotal	5,740,261	4,292,408	1,447,852
Securities whose carrying amount does not exceed their cost	Domestic bonds	47,169	47,360	(191)
	Domestic stocks	27,709	29,508	(1,798)
	Foreign securities	177,929	183,151	(5,222)
	Others	32,012	32,509	(497)
	Subtotal	284,820	292,530	(7,709)
Total		6,025,081	4,584,939	1,440,142

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

As of March 31, 2016

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,414,908	2,172,318	242,589
	Domestic stocks	1,280,884	526,518	754,365
	Foreign securities	1,422,451	1,260,710	161,741
	Others	42,495	37,836	4,658
	Subtotal	5,160,739	3,997,384	1,163,354
Securities whose carrying amount does not exceed their cost	Domestic bonds	14,959	15,065	(105)
	Domestic stocks	132,327	143,118	(10,791)
	Foreign securities	370,898	387,410	(16,511)
	Others	42,584	42,925	(341)
	Subtotal	560,769	588,518	(27,749)
Total		5,721,508	4,585,903	1,135,604

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.

2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

## 5. Securities available for sale sold during the fiscal years ended March 31, 2015 and 2016

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

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	212,303	3,036	85
Domestic stocks	90,889	44,633	159
Foreign securities	185,872	16,224	903
Others	0	923	225
Total	489,065	64,817	1,374

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

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	126,711	2,440	180
Domestic stocks	76,978	45,694	222
Foreign securities	207,002	14,914	542
Others	0	1,227	0
Total	410,692	64,276	945

## 6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2015 and 2016

For the fiscal year ended March 31, 2015, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 842 million yen (domestic stocks: 534 million yen, foreign securities: 307 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 118 million yen (domestic stocks only).

For the fiscal year ended March 31, 2016, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 19,532 million yen (domestic stocks: 15,326 million yen, foreign securities: 1,250 million yen, others: 2,954 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 255 million yen (domestic stocks only).

Basically, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value at the end of the fiscal year declines by 30% or more from their cost.

## 10. Money Trusts

### 1. Money trusts for trading purposes

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Unrealized gains and losses recognized in the statement of income	1,189	(1,754)

### 2. Money trusts held to maturity

None.

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

As of March 31, 2015

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	101,911	87,703	14,208

As of March 31, 2016

(Millions of yen)

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

### 4. Money trusts for which impairment losses are recognized during the fiscal year ended March 31, 2015 and 2016

For the fiscal year ended March 31, 2015, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 353 million yen.

For the fiscal year ended March 31, 2016, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 1,187 million yen.

Basically, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value at the end of the fiscal year declines by 30% or more from their cost.

## 11. Derivative Transactions

### 1. Derivative transactions to which hedge accounting is not applied

#### (1) Currency derivatives

As of March 31, 2015

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	21,203	—	(63)	(63)
Long	13,114	—	84	84
Currency options:				
Short	72,868	—	(5,236)	(5,236)
Long	70,292	—	—	—
Total			(5,215)	(5,215)

Notes) Calculation methods for the fair value

- Forward foreign exchanges  
The fair value is calculated by using forward exchange rate.
- Currency options  
The fair value is based on the price quoted by counterparties.

As of March 31, 2016

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	35,207	—	1,162	1,162
Long	26,658	—	(269)	(269)
Currency options:				
Short	12,300	—	(7)	159
Long	12,000	—	775	539
Total			1,661	1,592

Notes) Calculation methods for the fair value

1. Forward foreign exchanges

The fair value is calculated by using forward exchange rate.

2. Currency options

The fair value is based on the price quoted by counterparties.

## (2) Interest rate derivatives

As of March 31, 2015

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Interest rate futures:				
Short	14,210	—	(154)	(154)
Total			(154)	(154)

Note) Calculation methods for the fair value

The fair value is based on the closing price at major exchanges.

As of March 31, 2016

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Interest rate futures:				
Short	31,598	25,185	(76)	(76)
Long	25,325	—	(17)	(17)
Total			(94)	(94)

Note) Calculation methods for the fair value

The fair value is based on the closing price at major exchanges.

## (3) Equity derivatives

As of March 31, 2015

None.

As of March 31, 2016

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Equity index futures:				
Short	24,989	—	(16)	(16)
Total			(16)	(16)

Note) Calculation methods for the fair value

The fair value is based on the closing price at major exchanges.

#### (4) Bond derivatives

As of March 31, 2015

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Bonds futures:				
Short	5,141	—	(5)	(5)
Long	2,032	—	(3)	(3)
Total			(9)	(9)

Note) Calculation methods for the fair value  
The fair value is based on the closing price at major exchanges.

As of March 31, 2016

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Bonds futures:				
Short	12,229	—	36	36
Long	59,084	—	(107)	(107)
Total			(70)	(70)

Note) Calculation methods for the fair value  
The fair value is based on the closing price at major exchanges.

#### (5) Others

As of March 31, 2015

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Weather derivatives:				
Short	2,590	342	(62)	11
Earthquake derivatives:				
Short	8,284	10	(16)	262
Long	6,885	6,795	347	(304)
Total			269	(30)

Notes) Calculation methods for the fair value  
1. Weather derivatives  
The fair value is calculated based on the contract term and other elements of the contract.  
2. Earthquake derivatives  
The fair value is calculated based on the contract term and other elements of the contract.

As of March 31, 2016

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Weather derivatives:				
Short	2,053	162	(75)	33
Earthquake derivatives:				
Short	9,172	10	(25)	280
Long	7,641	7,245	287	(418)
Total			186	(104)

Notes) Calculation methods for the fair value  
1. Weather derivatives  
The fair value is calculated based on the contract term and other elements of the contract.  
2. Earthquake derivatives  
The fair value is calculated based on the contract term and other elements of the contract.



## 2. Derivative transactions to which hedge accounting is applied

### (1) Currency derivatives

As of March 31, 2015

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Forward foreign exchanges: Long	Foreign currency forecast transaction	8,138	—	39
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	536,132	—	1,602
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities)	133,560	133,560	Note 2
Total					1,642

Notes) 1. Calculation methods for the fair value

The fair value of forward foreign exchanges is calculated by using forward exchange rate.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds in "Financial Instruments."

As of March 31, 2016

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Forward foreign exchanges: Short	Foreign currency forecast transaction	39,732	—	1,217
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	666,103	—	24,530
	Currency swaps	Securities available for sale	2,980	2,980	356
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities)	133,560	133,560	Note 2
Total					26,104

Notes) 1. Calculation methods for the fair value

(1) Forward foreign exchanges

The fair value is calculated by using forward exchange rate.

(2) Currency swaps

The fair value is based on the price quoted by counterparties.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds in "Financial Instruments."

### (2) Interest rate derivatives

As of March 31, 2015

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	11,316
Total					11,316

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

As of March 31, 2016

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	13,380
Total					13,380

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

## 12. Retirement Benefits

### 1. Outline of retirement benefit plans

In addition to a defined contribution pension plan, Sampo Japan Nipponkoa Insurance Inc. which has been consolidated subsidiary provides defined benefit plans with a lump-sum payments retirement plan, a contract-type corporate pension plan and a self-administered corporate pension plan for both retired employees who are already receiving pension and those who are eligible for employees' benefits but have not yet reached the pension commencement age. Sampo Japan Nipponkoa Insurance Inc. also sets up a retirement benefit trust. The other domestic consolidated subsidiaries provide a contract-type corporate pension plan and an unfunded retirement plan with lump-sum payments as defined benefit type in addition to defined contribution pension plans. Certain foreign consolidated subsidiaries have retirement benefit plans such as defined contribution type and defined benefit type.

Net defined benefit liability and retirement benefit expenses regarding lump-sum payments retirement plan are calculated by the simplified accounting methods.

### 2. Retirement defined benefit plans

#### (1) Reconciliation of beginning and ending balances of the retirement benefit obligation

	(Millions of yen)	
	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Retirement benefit obligation at the beginning of the period	185,380	200,021
Cumulative effects of changes in accounting policies	(6,733)	—
Restated balance	178,647	200,021
Service cost	8,736	10,830
Interest cost	2,172	1,688
The amount of actuarial difference occurred	22,421	21,713
Retirement benefit paid	(13,452)	(17,367)
The amount of prior service costs occurred	—	1,084
Changes in the scope of consolidation	1,456	2,354
Others	39	(868)
Retirement benefit obligation at the end of the period	200,021	219,456

Note) Retirement benefit expenses for retirement benefit plans under the simplified accounting methods are included in "Service cost."

#### (2) Reconciliation of beginning and ending balances of plan assets

	(Millions of yen)	
	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Plan assets at the beginning of the period	89,806	103,804
Expected return on plan assets	848	701
The amount of actuarial difference occurred	13,346	(7,330)
The amount of employer contributions	484	357
Retirement benefit paid	(2,366)	(2,280)
Changes in the scope of consolidation	1,589	2,311
Others	96	(963)
Plan assets at the end of the period	103,804	96,599

(3) Reconciliation of the ending balances of retirement benefit obligation and plan assets, and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Funded retirement benefit obligation	191,519	210,217
Plan assets	(103,804)	(96,599)
	87,714	113,617
Unfunded retirement benefit obligation	8,502	9,239
Asset ceiling adjustments	321	548
Net liabilities and assets on the consolidated balance sheet	96,538	123,405
Net defined benefit liability	96,854	124,124
Net defined benefit asset	(315)	(719)
Net liabilities and assets on the consolidated balance sheet	96,538	123,405

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Service cost	8,736	10,830
Interest cost	2,172	1,688
Expected return on plan assets	(848)	(701)
Amortization of actuarial difference	120	561
Amortization of prior services costs	—	216
Others	6	21
Retirement benefit expenses for defined benefit plans	10,187	12,616

Notes)

1. Retirement benefit expenses for retirement benefit plans under simplified accounting methods are included in "Service cost."
2. 6,320 million yen of special premium to be paid out in conjunction with Special Measures for Life Plan Support is recognized as other extraordinary losses in addition to the above retirement benefit expenses during the fiscal year ended March 31, 2016.

(5) Remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in remeasurements of defined benefit plans are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Prior service costs	—	867
Actuarial difference	9,039	28,699
Total	9,039	29,567

(6) Accumulated remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in accumulated remeasurements of defined benefit plans are as follows.

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Unrecognized prior service costs	—	867
Unrecognized actuarial difference	4,495	33,265
Total	4,495	34,133

(7) Plan assets

(a) Main components of plan assets

The percentage shares of components by main asset class out of total plan assets are as follows.

	(Proportion)	
	As of March 31, 2015	As of March 31, 2016
Bonds	10%	11%
Stocks	65%	60%
Joint investment assets	10%	11%
Life insurance general accounts	4%	6%
Cash and deposits	3%	5%
Others	8%	7%
Total	100%	100%

(b) Establishment of methods for the long-term expected rate of return on plan assets

In order to assume the long-term expected rate of return on plan assets, present and expected distribution of plan assets and the long term expected rate of return on the multitude of assets in plan assets are considered.

(8) Basis of actuarial assumptions

Major bases of actuarial assumptions are as follows.

		(Proportion)	
		Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Discount rate	Domestic consolidated subsidiaries	0.7% — 1.4%	0.2% — 1.5%
	Foreign consolidated subsidiaries	3.6% — 11.9%	3.7% — 13.2%
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0% — 1.5%	0.0% — 1.5%
	Foreign consolidated subsidiaries	3.6% — 11.9%	3.8% — 13.2%

### 3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 5,771 million yen for the fiscal year ended March 31, 2015 and amounts to 5,539 million yen for the fiscal year ended March 31, 2016.

## 13. Stock Options

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

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Operating, general and administrative expenses	410	412

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

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Gains on reversal of stock acquisition rights	140	60

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

#### (1) Contents of stock options

Stock options granted by the Company are as follows.

9th to 16th issue of stock acquisition rights of the Company are stock options transferred from Sampo Japan Insurance Inc. ("Sampo Japan") to the Company and 17th to 22nd issue of stock acquisition rights of the Company are stock options transferred from NIPPONKOA Insurance Company, Limited ("NIPPONKOA") to the Company on the date of establishment of the Company, April 1, 2010. 23rd to 28th issue of stock acquisition rights of the Company are stock options granted by the Company.

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
9th issue	Directors and executive officers of Sampo Japan: 11 Others: 34	Common stock: 90,750 stocks	Apr. 1, 2010	Apr. 1, 2010 — Jun. 28, 2015
10th issue	Directors and executive officers of Sampo Japan: 11 Others: 35	Common stock: 91,250 stocks	Apr. 1, 2010	Apr. 1, 2010 — Jun. 28, 2015
11th issue	Directors and executive officers of Sampo 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 Sampo 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 Sampo 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 Sampo 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 Sampo 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 Sampo Japan: 41 Others: 1	Common stock: 186,775 stocks	Apr. 1, 2010	Apr. 1, 2010 — Aug. 10, 2034
17th issue	Directors and executive officers of NIPPONKOA: 5 Others: 7	Common stock: 35,775 stocks	Apr. 1, 2010	Apr. 1, 2010 — Jun. 29, 2024
18th issue	Directors and executive officers of NIPPONKOA: 7 Others: 11	Common stock: 50,400 stocks	Apr. 1, 2010	Apr. 1, 2010 — Jun. 29, 2025
19th issue	Directors and executive officers of NIPPONKOA: 12 Others: 2	Common stock: 27,675 stocks	Apr. 1, 2010	Apr. 1, 2010 — Mar. 27, 2027
20th issue	Directors and executive officers of NIPPONKOA: 12 Others: 2	Common stock: 30,375 stocks	Apr. 1, 2010	Apr. 1, 2010 — Mar. 17, 2028
21st issue	Directors and executive officers of NIPPONKOA: 16 Others: 3	Common stock: 61,875 stocks	Apr. 1, 2010	Apr. 1, 2010 — Mar. 16, 2029
22nd issue	Directors and executive officers of NIPPONKOA: 21 Others: 3	Common stock: 88,425 stocks	Apr. 1, 2010	Apr. 1, 2010 — Oct. 7, 2029

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
23rd issue	Directors and executive officers of the Company: 7 Directors and executive officers of subsidiaries of the Company: 66 The actual number of the persons: 69	Common stock: 349,450 stocks	Aug. 16, 2010	Aug. 17, 2010— Aug. 16, 2035
24th issue	Directors and executive officers of the Company: 8 Directors and executive officers of subsidiaries of the Company: 82 The actual number of the persons: 86	Common stock: 372,300 stocks	Nov. 1, 2011	Nov. 1, 2011— Oct. 31, 2036
25th issue	Directors and executive officers of the Company: 7 Directors and executive officers of subsidiaries of the Company: 87 The actual number of the persons: 90	Common stock: 391,100 stocks	Aug. 14, 2012	Aug. 14, 2012— Aug. 13, 2037
26th issue	Directors and executive officers of the Company: 9 Directors and executive officers of subsidiaries of the Company: 136 The actual number of the persons: 79	Common stock: 195,000 stocks	Aug. 13, 2013	Aug. 13, 2013— Aug. 12, 2038
27th issue	Directors and executive officers of the Company: 11 Directors and executive officers of subsidiaries of the Company: 117 The actual number of the persons: 69	Common stock: 172,900 stocks	Aug. 15, 2014	Aug. 15, 2014— Aug. 14, 2039
28th issue	Directors and executive officers of the Company: 16 Directors and executive officers of subsidiaries of the Company: 61 The actual number of the persons: 63	Common stock: 100,700 stocks	Aug. 17, 2015	Aug. 17, 2015— Aug. 16, 2040

Notes)

1. Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares.

The numbers of shares concerning 9th to 23rd issue of stock acquisition rights of the Company are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.

2. Stock options are vested on the grant date.

3. Requisite service period is not shown.

4. Concerning 9th to 16th issue of stock acquisition rights of the Company, "Others" in the column "Title and number of grantees" represents grantees at the time of grant by 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, 2016 is indicated by converting to number of shares.

### (a) Number of stock options

As all stock options are vested at the time that they are granted, items of stock options before vested are not shown.

<Stock options after vested>

	March 31, 2015	Vested	Exercised	Forfeited	March 31, 2016
9th issue of stock acquisition rights of the Company	17,500	—	2,000	15,500	—
10th issue	17,500	—	—	17,500	—
11th issue	22,000	—	—	8,000	14,000
12th issue	22,000	—	—	8,000	14,000
13th issue	45,000	—	—	14,750	30,250
14th issue	42,500	—	13,250	7,250	22,000
15th issue	6,450	—	1,525	—	4,925
16th issue	21,675	—	7,875	—	13,800
17th issue	4,050	—	—	—	4,050
18th issue	11,700	—	7,875	—	3,825
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	6,750	—	—	—	6,750
22nd issue	8,100	—	—	—	8,100
23rd issue	67,000	—	16,050	—	50,950
24th issue	113,200	—	36,100	—	77,100
25th issue	178,900	—	59,600	—	119,300
26th issue	124,800	—	41,600	—	83,200
27th issue	162,500	—	46,100	—	116,400
28th issue	—	100,700	—	—	100,700

(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2016 (yen)	Fair value per share on the grant date (yen)
9th issue of stock acquisition rights of the Company	4,592 <sup>(Note 1)</sup>	4,314	— <sup>(Note 2)</sup>
10th issue	6,660 <sup>(Note 1)</sup>	—	— <sup>(Note 2)</sup>
11th issue	6,392 <sup>(Note 1)</sup>	—	1,880 <sup>(Note 1, 3)</sup>
12th issue	6,492 <sup>(Note 1)</sup>	—	2,060 <sup>(Note 1, 3)</sup>
13th issue	6,188 <sup>(Note 1)</sup>	—	1,516 <sup>(Note 1, 3)</sup>
14th issue	3,960 <sup>(Note 1)</sup>	4,529	944 <sup>(Note 1, 3)</sup>
15th issue	1	3,747	3,760 <sup>(Note 1, 3)</sup>
16th issue	1	3,948	2,492 <sup>(Note 1, 3)</sup>
17th issue	1	—	2,384 <sup>(Note 1)</sup>
18th issue	1	3,240	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	—	2,440 <sup>(Note 1)</sup>
22nd issue	1	—	2,440 <sup>(Note 1)</sup>
23rd issue	1	3,864	1,808 <sup>(Note 1)</sup>
24th issue	1	3,935	1,372
25th issue	1	3,866	1,328
26th issue	1	3,847	2,296
27th issue	1	3,837	2,403
28th issue	1	—	4,152

Notes)

1. The Company carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The amounts represent exercise price and fair value per share on the grant date after the execution of the reverse split of stocks.
2. Fair value per share on the grant date is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to the Company.
3. Fair value per share at the time of grant by Sompo Japan is shown in the table.

#### 4. Method for estimating the fair value per share of stock options

Method for estimating the fair value per share of 28th issue of stock acquisition rights of the Company granted during the fiscal year ended March 31, 2016 is as follows. The Company does not make a new estimation for the fair value per share of stock acquisition rights transferred from Sompo Japan to the Company (9th to 16th issue of stock acquisition rights of the Company). The Company also does not make a new estimation for the fair value per share of stock acquisition rights transferred from NIPPONKOA to the Company (17th to 22nd issue of stock acquisition rights of the Company) because those are revalued under the purchase method.

##### (1) Model to calculate the option price per share

The Black-Scholes model

##### (2) The main basic numerical values used in calculation and estimation method

	28th issue of stock acquisition rights of the Company
Volatility <sup>(Note 1)</sup>	32.59 %
Expected remaining period <sup>(Note 2)</sup>	3 years
Expected dividends <sup>(Note 3)</sup>	70 yen
Risk-free interest rate <sup>(Note 4)</sup>	0.006 %

Notes)

1. The volatility is calculated based on the closing price in the regular trading of common stock of the Company on each trading day from August 15, 2012 to August 14, 2015.
2. The expected remaining period is calculated based on the average terms in position until retirement under the historical data of Sompo Japan Nipponkoa Insurance Inc. and Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
3. The expected dividends are calculated based on the dividends for the fiscal year ended March 31, 2015.
4. The risk-free interest rate is based on the interest rates of Japanese government bonds with a maturity that corresponds to the expected remaining period.

#### 5. Method for estimating the number of rights of stock options vested

As all stock options are vested at the time that they are granted, this item is not applicable.

## 14. Tax Effect Accounting

### 1. Main components of deferred tax assets and deferred tax liabilities

	(Millions of yen)	
	As of March 31, 2015	As of March 31, 2016
Deferred tax assets:		
Underwriting reserves	194,405	177,539
Reserve for outstanding losses and claims	43,309	37,505
Net defined benefit liability	27,917	34,762
Impairment losses on securities and real estate	37,171	34,666
Intangible fixed assets for tax purposes	36,868	32,903
Others	88,999	79,090
Subtotal	428,671	396,468
Valuation allowance	(63,783)	(61,559)
Total deferred tax assets	364,888	334,908
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(448,735)	(344,255)
Unrealized gains and losses on consolidated subsidiaries	(11,027)	(10,610)
Others	(10,278)	(11,315)
Total deferred tax liabilities	(470,041)	(366,181)
Net deferred tax liabilities	(105,152)	(31,272)

### 2. Reconciliation of the significant difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting

	As of March 31, 2015	
	As of March 31, 2015	As of March 31, 2016
Japanese statutory income tax rate	35.6	33.1
(Reconciliation)		
Non-taxable revenue such as dividends received	(8.8)	(17.5)
Combined income of specified foreign subsidiaries or the like	2.0	6.2
Effect of changes in the tax rate	19.0	3.5
Difference in tax rate from consolidated subsidiaries	(4.9)	(3.4)
Increase of valuation allowance	1.5	1.6
Others	2.9	0.7
Effective tax rate after the application of tax effect accounting	47.3	24.2

### 3. Revisions of deferred tax assets and deferred tax liabilities following changes in the corporate tax rate, etc.

“Act on Partial Amendment to the Income Tax Act, etc.” (Act No. 15, 2016) was passed by the Diet on March 29, 2016, which stipulates a reduction in the corporate tax rate to be enforced from the fiscal year beginning on or after April 1, 2016.

Accordingly, the effective statutory income tax rate to calculate deferred tax assets and liabilities has been changed from previous 28.8%. The rate for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2016 and April 1, 2017 is 28.2%, whereas the rate for temporary differences expected to be reversed in the fiscal year beginning April 1, 2018 onwards is 27.9%.

As a result of this change in the corporate tax rate, the net amount of deferred tax liabilities (net of deferred tax assets) decreased by 2,108 million yen, underwriting reserves decreased by 547 million yen, deferred income taxes increased by 7,575 million yen and net income attributable to shareholders of the parent decreased by 7,029 million yen.



## 15. Business Combination

### 1. Business combination through acquisitions

#### (1) Summary of business combination

(a) Name of acquiree

Watami no Kaigo Co., Ltd.

(b) Business type of acquiree

Pay nursing homes with long-term care business; residential pay nursing homes business; day service business; home-visit care (home assistance service) business; home-visit nursing care business; in-home care support business; serviced rental housing for the elderly business

(c) Major reason for business combination

The management philosophy of Sompo Japan Nipponkoa Group ("SOMPO HOLDINGS") is to provide services of the highest quality that contribute to the security, health and wellbeing of its customers, and thereby contribute to the society as a whole. SOMPO HOLDINGS has been proactively working to expand into various business sector based on the insurance sector, and its goal is to always be the best customer service provider both at home and abroad.

At present, the Japanese nursing care service market is expected to dramatically expand due to the increasing aging population. According to the future estimates issued by the Ministry of Health, Labour and Welfare, the population aged 75 and above, which comprises the main users of nursing care services, is expected to increase from 15.9 million in 2014 to more than 20 million in 2025. Especially, it is predicted that the elderly population in Tokyo and other metropolitan areas will increase rapidly, with an increasing demand for nursing care services.

Based on such social background, SOMPO HOLDINGS has been focusing on the nursing care sector and has accumulated know-how on the nursing care business by consolidating Cedar Co., Ltd. as its related company in 2012 and by entering into capital and business alliance with Message Co., Ltd. in March 2015. SOMPO HOLDINGS decided to make a full-scale entry into the operation of nursing care business by acquisition of all shares of Watami no Kaigo Co., Ltd. ("Watami no Kaigo").

Watami no Kaigo operates one hundred and eleven (111) pay nursing homes with long-term care that are mainly located in Tokyo metropolitan area (as of end of March 2015). For the future, SOMPO HOLDINGS intends to provide Watami no Kaigo's nursing care services that place importance on the dignity and independent living of the elderly and meals that values daily health and pleasure, together with the staffs of Watami no Kaigo, so that we can attain higher customer satisfaction.

SOMPO HOLDINGS will strive to build a new business model that contributes to the higher "security, health and wellbeing" in the nursing care business by leveraging its management resources and know-how obtained through SOMPO HOLDINGS' extensive network and group businesses, and will provide comprehensive services that fulfill various nursing care demands.

In Japan, which is now entering into a "super-aged society" unprecedented anywhere else in the world, SOMPO HOLDINGS will further enhance and accelerate its efforts in nursing care businesses and will provide nursing care services of the highest quality possible to many more elderly and their families in order to realize Japan as a happy country of longevity which we can be proud of in the world.

(d) Date of business combination

December 1, 2015

(e) Legal form of business combination

Acquisition of shares by cash

(f) Name of the entity after business combination

Sompo Care Next Inc.

(g) Percentage of voting rights acquired

100.0%

(h) Major reason for determination of the acquirer

The Company was determined as the acquirer because the Company acquired shares of Watami no Kaigo by cash.

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

From January 1, 2016 to March 31, 2016

**(3) Sorts and amounts of the acquisition cost**

Sorts of cost	Cash	20,830 million yen
Acquisition cost		20,830 million yen

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

Advisory fee and others	279 million yen
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**(5) Amount of goodwill, reason for recognizing goodwill, method and period of amortization**

(a) Amount of goodwill

22,534 million yen

(b) Reason for recognizing goodwill

The acquisition cost exceeded the net amounts of assets acquired and liabilities assumed.

(c) Method and period of amortization

Straight-line amortization over 15 years

**(6) Amounts of assets acquired and liabilities assumed on the day of business combination**

Total assets:	83,311 million yen
Tangible fixed assets:	60,205 million yen
Total liabilities:	85,015 million yen
Other liabilities:	84,608 million yen

**(7) Approximate amounts of influence and their calculation method on the consolidated statement of income for the fiscal year ended March 31, 2016, assuming that the business combination was completed on the commencement date of the fiscal year**

Ordinary income:	26,870 million yen
Ordinary profit:	(2,192) million yen
Net income attributable to shareholders of the parent:	(2,372) million yen

(Calculation methods for approximate amounts)

Approximate amounts of influence are the differences between the amount of ordinary income, ordinary profit and net income attributable to shareholders of the parent based on the assumption that the business combination was completed on the commencement date of the fiscal year and their corresponding amounts in the consolidated statement of income of the acquirer. Goodwill recognized at business combination has been amortized based on the assumption that this goodwill was incurred on the commencement date of the fiscal year. Please note that this note is unaudited.

## 2. Business combination through acquisitions

### (1) Summary of business combination

(a) Name of acquiree

Message Co., Ltd.

(b) Business type of acquiree

In-home service business, rental, administration and operation of residences for the elderly, and management of fee-based homes for the elderly, etc. pursuant to the Long-Term Care Insurance Act

(c) Major reason for business combination

The Company has been accumulating experiences in the nursing care business, utilizing the management resources and know-how of SOMPO HOLDINGS. The Company came to believe that it would be important to strengthen business initiatives in the promising nursing care service market and acquire a top class position in the nursing care sector promptly through expansion of business size, enhanced operational efficiency and improved service quality. The Company decided to acquire the shares of Message Co., Ltd. ("Message") which was a very competitive service provider in terms of business size as well as a corporation with comprehensive nursing care services, including a broad range of both facility-based services and at-home services, available to meet various needs of customers.

Making Message a consolidated subsidiary of the Company through the transactions would make it possible to directly invest the management resource and know-how of the Company, which is accumulated through the wide network and various group activities of SOMPO HOLDINGS, into Message and thereby promoting business in the nursing care market as one group.

(d) Date of business combination

March 7, 2016

(e) Legal form of business combination

Acquisition of shares by cash

(f) Name of the entity after business combination

Message Co., Ltd.

(g) Percentage of voting rights acquired

Percentage of voting rights held prior to the business combination	3.5%
Percentage of additional voting rights acquired on the date of business combination	91.1%
Percentage of voting rights held after the business combination	94.6%

(h) Major reason for determination of the acquirer

The Company was determined as the acquirer because the Company acquired shares of Message by cash.

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

As the deemed acquisition date is March 31, 2016, financial result of the acquiree prior to the deemed acquisition date is not included.

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

Sorts of cost	Fair value of common stock of Message held before the business combination	2,193 million yen
	Cash paid for the additional voting rights acquired	57,061 million yen
Acquisition cost		59,254 million yen

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

Advisory fee and others	220 million yen
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### (5) Difference between acquisition cost of the acquiree and total acquisition cost of individual transactions leading to acquisition

Losses on step acquisitions	109 million yen
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**(6) Amount of goodwill, reason for recognizing goodwill, method and period of amortization**

(a) Amount of goodwill

33,055 million yen

(b) Reason for recognizing goodwill

The acquisition cost exceeded the net amounts of assets acquired and liabilities assumed.

(c) Method and period of amortization

Straight-line amortization over 10 years

**(7) Amounts of assets acquired and liabilities assumed on the day of business combination**

Total assets: 55,852 million yen

Tangible fixed assets: 19,177 million yen

Total liabilities: 27,235 million yen

Other liabilities: 25,859 million yen

**(8) Approximate amounts of influence and their calculation method on the consolidated statement of income for the fiscal year ended March 31, 2016, assuming that the business combination was completed on the commencement date of the fiscal year**

Ordinary income: 78,918 million yen

Ordinary profit: 3,058 million yen

Net income attributable to

shareholders of the parent: 854 million yen

(Calculation methods for approximate amounts)

Approximate amounts of influence are the differences between the amount of ordinary income, ordinary profit and net income attributable to shareholders of the parent based on the assumption that the business combination was completed on the commencement date of the fiscal year and their corresponding amounts in the consolidated statement of income of the acquirer. Goodwill recognized at business combination has been amortized based on the assumption that this goodwill was incurred on the commencement date of the fiscal year.

Please note that this note is unaudited.

## 16. Segment Information

### Segment information

#### 1. Summary of reportable segments

The reportable segment of the Company is the component of the SOMPO HOLDINGS, for which discrete financial information is available and whose operating results are periodically reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. The respective group companies of the Company determine their comprehensive strategies for their operations as independent management unit and roll out their operations under the group-wide management policy of the Company.

Therefore, the Company is composed of business segments, which consist of the respective group companies as minimum component. "Domestic P&C insurance business," "Domestic life insurance business" and "Overseas insurance business" are determined as the reportable segments. The Company, nursing care and healthcare business, asset management business and defined-contribution pension business and other services that are not covered by the reportable segments are included in "Others." The major companies which constitute the reportable segments and "Others" are described below.

"Domestic P&C insurance business" consists mainly of underwriting of property and casualty insurance, investment, and related activities in Japan. "Domestic life insurance business" consists mainly of underwriting of life insurance and investment activities in Japan, "Overseas insurance business" consists mainly of underwriting of property and casualty insurance and investment activities overseas.

		Major companies
Reportable segments		
	Domestic P&C insurance business	Sompo Japan Nipponkoa Insurance Inc. SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED Sonpo 24 Insurance Company Limited
	Domestic life insurance business	Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
	Overseas insurance business	Sompo Japan Insurance Company of America Sompo Canopus AG Sompo Japan Sigorta Anonim Sirketi Yasuda Maritima Seguros S.A.
Others		Sompo Japan Nipponkoa Holdings, Inc. Message Co., Ltd. (Note 1) Sompo Care Next Inc. (Note 2) Healthcare Frontier Japan Inc. Sompo Japan Nipponkoa Asset Management Co., Ltd. Sompo Japan Nipponkoa DC Securities Inc.

Notes)

1. Message Co., Ltd. and its 9 group companies are included in the scope of consolidation during the fiscal year ended March 31, 2016 because they became consolidated subsidiaries through the acquisition of shares. As the deemed acquisition date is March 31, 2016, result of operations are not included in the segment information.
2. Sompo Care Next Inc. is included in the scope of consolidation during the fiscal year ended March 31, 2016 because it became consolidated subsidiaries through the acquisition of shares. Result of operations of Sompo Care Next Inc. from January 1, 2016 to March 31, 2016 are included in the segment information.

## 2. Calculation methods for the amount of sales, income or loss, assets and other items by each reportable segment

The accounting methods of reportable business segments are those mentioned in “1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements.” Income or loss attributable to the reportable segments is the amounts based on net income attributable to shareholders of the parent in the consolidated statement of income.

Income from internal transactions among segments is based on the price of transactions among third parties and others.

(Application of accounting standard for business combinations)

As described in “Changes in Accounting Policies” the Company has implemented new accounting methods where differences due to changes in the Company’s ownership interests in subsidiaries continuously under control are accounted for as capital surplus and where acquisition-related costs are accounted for as expenses for the fiscal year when the costs incurred.

Accordingly, regarding segment income for the fiscal year ended March 31, 2016 for “Domestic P&C insurance business” segment is increased by 9 million yen, for “Domestic life insurance business” segment is increased by 1,262 million yen and for “Overseas insurance business” segment is increased by 206 million yen, respectively, and for “Others” segment is decreased by 487 million yen, compared with the amounts calculated under the previous method.

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

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

(Millions of yen)

	Reportable segments				Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total				
Sales (Note 1):								
Sales from transactions with external customers	2,217,825	272,945	294,469	2,785,240	11,904	2,797,144	485,199	3,282,343
Sales from internal transactions or transfers among segments	—	—	—	—	4,767	4,767	(4,767)	—
Total	2,217,825	272,945	294,469	2,785,240	16,671	2,801,911	480,432	3,282,343
Segment income (loss)	31,521	6,992	14,007	52,520	1,755	54,276	—	54,276
Segment assets	7,007,807	2,288,824	943,369	10,240,001	13,430	10,253,431	—	10,253,431
Other items:								
Depreciation	17,619	1,373	2,537	21,530	97	21,628	—	21,628
Amortization of goodwill	132	1,872	3,692	5,697	—	5,697	—	5,697
Interest and dividend income	109,676	37,748	14,602	162,026	21	162,047	(800)	161,246
Interest paid	5,346	65	658	6,070	17	6,087	(20)	6,067
Investment gains (losses) on the equity method	60	—	115	175	—	175	—	175
Extraordinary gains:	1,198	—	136	1,335	140	1,476	—	1,476
Gains on negative goodwill	—	—	0	0	—	0	—	0
Extraordinary losses (Note 5):	102,976	1,819	403	105,200	58	105,258	—	105,258
Impairment losses	5,517	—	—	5,517	—	5,517	—	5,517
Income tax expenses	41,919	6,340	506	48,766	695	49,461	—	49,461
Investment in affiliates accounted for under the equity method	1,089	—	1,324	2,414	—	2,414	—	2,414
Increase in tangible and intangible fixed assets	18,648	226	33,993	52,869	148	53,017	—	53,017

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Net premiums written

Domestic life insurance business:

Life insurance premiums written

Overseas insurance business:

Net premiums written and life insurance premiums written

"Others" and amount on the consolidated financial statements:

Ordinary income

2. "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), healthcare business, asset management business and defined-contribution pension business.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, domestic life insurance business and overseas insurance business excluding net premiums written and life insurance premiums written:

485,199 million yen

Elimination of internal transactions among segments:

(4,767) million yen

4. Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.

5. Extraordinary losses for domestic P&C insurance business include 87,106 million yen of merger cost.

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

(Millions of yen)								
	Reportable segments				Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total				
Sales (Note 1):								
Sales from transactions with external customers	2,259,590	293,695	296,604	2,849,890	21,454	2,871,344	384,841	3,256,186
Sales from internal transactions or transfers among segments	—	—	—	—	6,774	6,744	(6,774)	—
Total	2,259,590	293,695	296,604	2,849,890	28,228	2,878,118	378,067	3,256,186
Segment income (loss)	132,496	10,874	16,046	159,417	163	159,581	—	159,581
Segment assets	6,647,546	2,439,535	880,626	9,967,708	219,038	10,186,746	—	10,186,746
Other items:								
Depreciation	16,757	472	2,365	19,596	1,184	20,780	—	20,780
Amortization of goodwill	121	609	3,356	4,087	375	4,462	—	4,462
Interest and dividend income	109,033	40,058	14,959	164,051	34	164,086	(838)	163,248
Interest paid	4,254	78	721	5,053	690	5,743	(36)	5,707
Investment gains (losses) on the equity method	65	—	204	270	—	270	—	270
Extraordinary gains (Note 5):	13,963	—	327	14,290	260	14,551	—	14,551
Extraordinary losses (Note 6):	18,926	898	21	19,846	228	20,075	—	20,075
Income tax expenses	40,676	5,728	3,917	50,321	749	51,071	—	51,071
Investment in affiliates accounted for under the equity method	1,149	—	1,335	2,484	—	2,484	—	2,484
Increase in tangible and intangible fixed assets	31,817	813	4,199	36,830	57,071	93,902	—	93,902

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Domestic life insurance business:

Overseas insurance business:

"Others" and amount on the consolidated financial statements:

2. "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), nursing care and healthcare business, asset management business and defined-contribution pension business.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, domestic life insurance business and overseas insurance business excluding net premiums written and life insurance premiums written:

384,841 million yen

Elimination of internal transactions among segments:

(6,774) million yen

4. Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.

5. Extraordinary gains for domestic P&C insurance business include 13,963 million yen of gains on disposal of fixed assets.

6. Extraordinary losses for domestic P&C insurance business include 8,046 million yen of provision for reserve for price fluctuation, and 6,439 million yen of the special premium to be paid out in conjunction with Special Measures for Life Plan Support, etc.

## Related information

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

### 1. Information by products and services

(Millions of yen)							
	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	396,516	83,102	195,249	1,178,030	305,869	349,263	2,508,031

(Millions of yen)					
	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	253,404	8,408	15,396	—	277,208

## 2. Information by geographic area

### (1) Sales

(Millions of yen)		
Japan	Overseas	Total
2,377,714	407,525	2,785,240

Notes)

1. Sales represent amounts of net premiums written and life insurance premiums written.

2. Geographic area is classified into "Japan" or "Overseas" in line with the classification used for management purpose mainly based on locations of customers.

### (2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheet.

## 3. Information by major customers

None.

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

## 1. Information by products and services

(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
2,453,027	396,863	2,849,890

Notes)

1. Sales represent amounts of net premiums written and life insurance premiums written.

2. Geographic area is classified into "Japan" or "Overseas" in line with the classification used for management purpose mainly based on locations of customers.

### (2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheet.

## 3. Information by major customers

None.



### Information related to impairment losses on fixed assets by reportable segments

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

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Impairment losses	5,517	—	—	5,517	—	—	5,517

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

None.

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

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

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Amortization for the fiscal year ended March 31, 2015	132	1,872	3,692	5,697	—	—	5,697
Balance as of March 31, 2015	307	11,864	71,464	83,636	—	—	83,636

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

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Amortization for the fiscal year ended March 31, 2016	121	609	3,356	4,087	375	—	4,462
Balance as of March 31, 2016	349	3,045	55,367	58,762	55,213	—	113,976

Note) Amounts of "Others" represent nursing care and healthcare business only.

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

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

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Gains on negative goodwill	—	—	0	0	—	—	0

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

None.

## 17. Related-Party Transactions

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

## 18. Per Share Information

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Net assets per share	4,464.24 yen	4,064.83 yen
Net income per share	132.85 yen	394.21 yen
Diluted net income per share	132.61 yen	393.66 yen

Notes)

1. Calculation of net income per share and diluted net income per share is based on the following figures.

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Net income per share		
Net income attributable to shareholders of the parent	54,276	159,581
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	54,276	159,581
Average number of common stocks outstanding	408,545 thousand shares	404,804 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:	714 thousand shares	572 thousand shares
Stock acquisition rights	714 thousand shares	572 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	Stock acquisition rights: 6 types Number of dilutive shares: 166,500 shares	Stock acquisition rights: 4 types Number of dilutive shares: 80,250 shares

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

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Total net assets	1,829,852	1,652,839
Amount to be deducted from total net assets:	8,270	9,985
Stock acquisition rights	1,550	1,486
Non-controlling interests	6,720	8,498
Net assets attributable to common stocks	1,821,582	1,642,854
Number of common stocks used for calculation of net assets per share	408,037 thousand shares	404,162 thousand shares

3. As described in "Changes in accounting policies," the Company has applied the accounting standard for business combinations, etc. and the Company is in accordance with transitional accounting as stipulated in paragraph 58-2 (3) of the "Business Combinations Accounting Standard," paragraph 44-5 (3) of the "Consolidation Accounting Standard" and paragraph 57-4 (3) of the "Business Divestitures Accounting Standard." As a result, net assets per share of common stock at the beginning of the fiscal year ended March 31, 2016 decreased by 28.32 yen, net income per share of common stock increased 2.45 yen and diluted net income per share increased 2.44 yen, respectively.

## 19. Significant Subsequent Events

### Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's stock buybacks to be conducted in accordance with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 20, 2016. Details of the resolution are as follows.

#### 1. Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a shareholder return policy of paying stable dividends, with the option of stock buybacks depending on capital conditions. Regarding medium-term management plan which was concluded in the fiscal year ended March 31, 2016, the Company has set a medium-term target of the shareholder return for the total payout ratio of 50 percent of adjusted consolidated profit (excluding the domestic life insurance business). In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return for the financial results of the fiscal year ended March 31, 2016.

#### 2. Details of stock buybacks

(i) Class of shares	Common stock of the Company
(ii) Potential total number	16,750,000 shares (upper limit)
(iii) Total price	33,500,000,000 yen (upper limit)
(iv) Period	May 23, 2016 — November 17, 2016

# Balance Sheets and Statements of Income of Principal Consolidated Subsidiaries (Unaudited)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

## Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	
	Amount	Amount	Increase (Decrease)
<b>Assets:</b>			
Cash and deposits:	320,987	<b>319,616</b>	(1,370)
Cash	3	<b>4</b>	0
Deposits	320,983	<b>319,612</b>	(1,371)
Receivables under resale agreements	71,985	<b>77,998</b>	6,013
Monetary receivables bought	14,234	<b>11,383</b>	(2,850)
Money trusts	111,162	<b>114,639</b>	3,477
Securities:	5,340,339	<b>4,920,555</b>	(419,783)
Government bonds	1,164,671	<b>1,164,346</b>	(324)
Municipal bonds	15,573	<b>8,242</b>	(7,330)
Corporate bonds	506,772	<b>533,961</b>	27,189
Domestic stocks	1,854,715	<b>1,489,572</b>	(365,142)
Foreign securities	1,765,528	<b>1,679,044</b>	(86,484)
Other securities	33,078	<b>45,387</b>	12,309
Loans:	586,639	<b>679,023</b>	92,384
Policy loans	10,271	<b>9,382</b>	(888)
Ordinary loans	576,367	<b>669,640</b>	93,272
Tangible fixed assets:	310,995	<b>294,882</b>	(16,112)
Land	154,142	<b>144,924</b>	(9,218)
Buildings	126,062	<b>120,408</b>	(5,654)
Leased assets	4,690	<b>3,258</b>	(1,432)
Construction in progress	1,267	<b>1,757</b>	489
Other tangible fixed assets	24,830	<b>24,532</b>	(297)
Intangible fixed assets:	598	<b>17,147</b>	16,549
Other intangible fixed assets	598	<b>17,147</b>	16,549
Other assets:	580,684	<b>611,468</b>	30,783
Premiums receivable	1,049	<b>2,950</b>	1,901
Agency accounts receivable	153,512	<b>169,945</b>	16,433
Foreign agency accounts receivable	52,487	<b>47,736</b>	(4,751)
Coinsurance accounts receivable	9,850	<b>14,019</b>	4,168
Reinsurance accounts receivable	102,816	<b>102,467</b>	(349)
Foreign reinsurance accounts receivable	80,744	<b>73,631</b>	(7,112)
Proxy service receivable	872	<b>627</b>	(244)
Accounts receivable	28,559	<b>28,944</b>	384
Accrued income	10,974	<b>10,694</b>	(279)
Advance deposits	22,732	<b>16,590</b>	(6,141)
Earthquake insurance deposits	12,795	<b>13,577</b>	782
Suspense payments	76,078	<b>76,012</b>	(66)
Deposits paid for future transactions	4,068	<b>12,794</b>	8,725
Derivative assets	24,139	<b>41,473</b>	17,334
Other assets	1	<b>1</b>	—
Prepaid pension cost	692	<b>889</b>	196
Allowance for possible credit losses	(3,713)	<b>(3,363)</b>	350
Allowance for possible investment losses	(8,369)	<b>(8,018)</b>	351
Total assets	7,326,234	<b>7,036,222</b>	(290,012)

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	4,989,335	<b>4,926,703</b>	(62,632)
Reserve for outstanding losses and claims	928,513	<b>912,975</b>	(15,538)
Underwriting reserves	4,060,822	<b>4,013,727</b>	(47,094)
Corporate bonds	133,560	<b>133,560</b>	—
Other liabilities:	347,743	<b>454,688</b>	106,944
Coinsurance accounts payable	5,430	<b>4,828</b>	(601)
Reinsurance accounts payable	92,656	<b>87,069</b>	(5,586)
Foreign reinsurance accounts payable	31,569	<b>32,896</b>	1,327
Borrowings	4,635	<b>4,652</b>	16
Income taxes payable	6,367	<b>6,656</b>	288
Deposits received	4,483	<b>4,525</b>	41
Unearned income	405	<b>391</b>	(13)
Accounts payable	103,094	<b>216,471</b>	113,377
Suspense receipts	81,690	<b>90,253</b>	8,563
Derivative liabilities	10,749	<b>1,747</b>	(9,001)
Lease obligations	4,632	<b>3,124</b>	(1,508)
Asset retirement obligations	2,028	<b>2,070</b>	41
Reserve for retirement benefits	89,223	<b>85,748</b>	(3,474)
Reserve for bonus payments	19,223	<b>18,092</b>	(1,130)
Reserve for bonus payments to directors	109	<b>88</b>	(21)
Reserves under the special laws:	50,134	<b>58,169</b>	8,035
Reserve for price fluctuation	50,134	<b>58,169</b>	8,035
Deferred tax liabilities	104,251	<b>34,289</b>	(69,961)
Total liabilities	5,733,581	<b>5,711,340</b>	(22,240)
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	70,000	<b>70,000</b>	—
Capital surplus:	121,180	<b>93,878</b>	(27,302)
Capital reserves	70,000	<b>70,000</b>	—
Other capital surplus	51,180	<b>23,878</b>	(27,302)
Retained earnings:	291,394	<b>293,184</b>	1,789
Other retained earnings:	291,394	<b>293,184</b>	1,789
Reserve for advanced depreciation	4,361	<b>4,308</b>	(53)
General reserve	83,300	<b>83,300</b>	—
Retained earnings carried forward	203,732	<b>205,576</b>	1,843
Total shareholders' equity	482,575	<b>457,062</b>	(25,512)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	1,101,992	<b>857,308</b>	(244,684)
Deferred gains and losses on hedges	8,085	<b>10,510</b>	2,425
Total valuation and translation adjustments	1,110,078	<b>867,818</b>	(242,259)
Total net assets	1,592,653	<b>1,324,881</b>	(267,772)
Total liabilities and net assets	7,326,234	<b>7,036,222</b>	(290,012)

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

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	2,644,316	<b>2,599,820</b>	(44,496)	(1.7)%
Underwriting income:	2,470,489	<b>2,442,914</b>	(27,575)	(1.1)
Net premiums written	2,181,302	<b>2,218,425</b>	37,122	1.7
Deposits of premiums by policyholders	144,029	<b>120,217</b>	(23,812)	(16.5)
Interest and dividend income on deposits of premiums, etc.	46,075	<b>45,841</b>	(233)	(0.5)
Reversal of reserve for outstanding losses and claims	17,684	<b>9,860</b>	(7,823)	(44.2)
Reversal of underwriting reserves	73,634	<b>47,094</b>	(26,540)	(36.0)
Foreign exchange gains	3,029	—	(3,029)	(100.0)
Other underwriting income	4,733	<b>1,475</b>	(3,258)	(68.8)
Investment income:	160,468	<b>145,570</b>	(14,897)	(9.3)
Interest and dividend income	113,855	<b>109,938</b>	(3,917)	(3.4)
Investment gains on money trusts	6,260	<b>5,830</b>	(430)	(6.9)
Investment gains on trading securities	—	<b>3</b>	3	—
Gains on sales of securities	71,730	<b>62,279</b>	(9,451)	(13.2)
Gains on redemption of securities	772	<b>334</b>	(438)	(56.8)
Gains on derivatives	—	<b>5,649</b>	5,649	—
Foreign exchange gains	13,583	<b>5,500</b>	(8,082)	(59.5)
Other investment income	341	<b>1,877</b>	1,535	449.1
Transfer of interest and dividend income on deposits of premiums, etc.	(46,075)	<b>(45,841)</b>	233	—
Other ordinary income	13,358	<b>11,335</b>	(2,023)	(15.1)
<b>Ordinary expenses:</b>	2,449,182	<b>2,421,734</b>	(27,447)	(1.1)
Underwriting expenses:	2,119,210	<b>2,061,611</b>	(57,598)	(2.7)
Net claims paid	1,305,471	<b>1,287,493</b>	(17,978)	(1.4)
Loss adjustment expenses	125,323	<b>125,400</b>	76	0.1
Net commissions and brokerage fees	392,778	<b>398,265</b>	5,486	1.4
Maturity refunds to policyholders	292,388	<b>244,303</b>	(48,084)	(16.4)
Dividends to policyholders	105	<b>79</b>	(25)	(24.2)
Foreign exchange losses	—	<b>3,116</b>	3,116	—
Other underwriting expenses	3,143	<b>2,952</b>	(190)	(6.1)
Investment expenses:	8,869	<b>37,056</b>	28,186	317.8
Investment losses on money trusts	170	<b>156</b>	(13)	(7.8)
Losses on sales of securities	780	<b>1,694</b>	914	117.1
Impairment losses on securities	919	<b>28,784</b>	27,865	3,030.9
Losses on redemption of securities	82	<b>90</b>	7	9.6
Losses on derivatives	4,561	—	(4,561)	(100.0)
Other investment expenses	2,355	<b>6,329</b>	3,973	168.7
Operating, general and administrative expenses	313,579	<b>315,188</b>	1,608	0.5

(Millions of yen)

		Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
		Amount	Amount		
Other ordinary expenses:		7,522	<b>7,877</b>	355	4.7%
Interest paid		5,758	<b>4,968</b>	(790)	(13.7)
Provision for allowance for possible credit losses		84	—	(84)	(100.0)
Losses on bad debt		6	<b>19</b>	12	202.6
Other ordinary expenses		1,673	<b>2,890</b>	1,217	72.7
<b>Ordinary profit</b>		195,134	<b>178,086</b>	(17,048)	(8.7)
<b>Extraordinary gains:</b>		1,198	<b>12,640</b>	11,441	954.3
Gains on disposal of fixed assets		1,198	<b>12,640</b>	11,441	954.3
<b>Extraordinary losses:</b>		102,950	<b>19,093</b>	(83,856)	(81.5)
Losses on disposal of fixed assets		1,221	<b>4,618</b>	3,397	278.2
Impairment losses		5,517	—	(5,517)	(100.0)
Provision for reserves under the special laws:		9,105	<b>8,035</b>	(1,070)	(11.8)
Provision for reserve for price fluctuation		9,105	<b>8,035</b>	(1,070)	(11.8)
Other extraordinary losses		87,106	<b>6,439</b>	(80,666)	(92.6)
<b>Net income before income taxes</b>		93,383	<b>171,633</b>	78,250	83.8
<b>Income taxes</b>		4,237	<b>6,614</b>	2,376	56.1
<b>Deferred income taxes</b>		44,086	<b>38,729</b>	(5,357)	(12.2)
<b>Total income taxes</b>		48,323	<b>45,343</b>	(2,980)	(6.2)
<b>Net income</b>		45,059	<b>126,289</b>	81,230	180.3
<b>Underwriting result:</b>					
Net premiums written	(+)	2,181,302	<b>2,218,425</b>	37,122	1.7
Net claims paid	(-)	1,305,471	<b>1,287,493</b>	(17,978)	(1.4)
Loss adjustment expenses	(-)	125,323	<b>125,400</b>	76	0.1
Net operating expenses:	(-)	693,647	<b>700,759</b>	7,112	1.0
Net commissions and brokerage fees		392,778	<b>398,265</b>	5,486	1.4
Operating, general and administrative expenses related to underwriting		300,868	<b>302,494</b>	1,626	0.5
Underwriting result		56,860	<b>104,771</b>	47,911	84.3
Underwriting profit		45,232	<b>78,284</b>	33,051	73.1
<b>Ratios:</b>					
Net loss ratio	(%)	65.6	<b>63.7</b>	(1.9)	
Net operating expenses ratio	(%)	31.8	<b>31.6</b>	(0.2)	
Combined ratio	(%)	97.4	<b>95.3</b>	(2.1)	

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

## Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	
	Amount	Amount	Increase (Decrease)
<b>Assets:</b>			
Cash and deposits:	2,380	<b>2,329</b>	(51)
Cash	0	<b>0</b>	0
Deposits	2,380	<b>2,329</b>	(51)
Securities:	35,725	<b>40,139</b>	4,414
Government bonds	13,878	<b>12,582</b>	(1,295)
Municipal bonds	2,675	<b>2,153</b>	(521)
Corporate bonds	4,722	<b>4,582</b>	(140)
Domestic stocks	30	<b>19</b>	(10)
Foreign securities	20	<b>11</b>	(8)
Other securities	14,398	<b>20,790</b>	6,391
Loans:	2	<b>1</b>	(0)
Policy loans	2	<b>1</b>	(0)
Tangible fixed assets:	193	<b>183</b>	(9)
Buildings	50	<b>49</b>	(0)
Leased assets	136	<b>127</b>	(8)
Other tangible fixed assets	6	<b>6</b>	(0)
Intangible fixed assets:	3,199	<b>2,966</b>	(232)
Software	3,184	<b>2,962</b>	(221)
Leased assets	9	<b>—</b>	(9)
Other intangible fixed assets	4	<b>3</b>	(0)
Other assets:	3,207	<b>3,652</b>	444
Premiums receivable	1,114	<b>1,485</b>	370
Agency accounts receivable	54	<b>59</b>	5
Coinsurance accounts receivable	12	<b>13</b>	0
Reinsurance accounts receivable	247	<b>80</b>	(167)
Foreign reinsurance accounts receivable	64	<b>65</b>	0
Accounts receivable	487	<b>562</b>	75
Accrued income	47	<b>44</b>	(3)
Advance deposits	303	<b>295</b>	(7)
Suspense payments	875	<b>1,045</b>	169
Allowance for possible credit losses	(2)	<b>(1)</b>	0
<b>Total assets</b>	<b>44,706</b>	<b>49,272</b>	<b>4,566</b>



(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	30,610	<b>34,919</b>	4,308
Reserve for outstanding losses and claims	7,630	<b>10,132</b>	2,502
Underwriting reserves	22,980	<b>24,786</b>	1,806
Other liabilities:	2,116	<b>2,869</b>	753
Coinsurance accounts payable	37	<b>40</b>	2
Reinsurance accounts payable	230	<b>217</b>	(12)
Foreign reinsurance accounts payable	202	<b>179</b>	(23)
Income taxes payable	75	<b>98</b>	22
Deposits received	2	<b>7</b>	5
Accounts payable	1,230	<b>1,670</b>	439
Suspense receipts	185	<b>525</b>	339
Lease obligations	151	<b>130</b>	(21)
Reserve for retirement benefits to directors	44	<b>49</b>	5
Reserve for bonus payments	228	<b>247</b>	19
Reserves under the special laws:	28	<b>36</b>	8
Reserve for price fluctuation	28	<b>36</b>	8
Deferred tax liabilities	160	<b>155</b>	(4)
Total liabilities	33,187	<b>38,277</b>	5,090
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	23,610	<b>26,610</b>	3,000
Capital surplus:	21,847	<b>24,847</b>	2,999
Capital reserves	21,847	<b>24,847</b>	2,999
Other capital surplus	0	<b>0</b>	—
Retained earnings:	(34,424)	<b>(40,954)</b>	(6,529)
Other retained earnings:	(34,424)	<b>(40,954)</b>	(6,529)
Retained earnings carried forward	(34,424)	<b>(40,954)</b>	(6,529)
Total shareholders' equity	11,033	<b>10,503</b>	(529)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	485	<b>491</b>	5
Total valuation and translation adjustments	485	<b>491</b>	5
Total net assets	11,519	<b>10,995</b>	(524)
Total liabilities and net assets	44,706	<b>49,272</b>	4,566

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

## Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	22,783	<b>27,818</b>	5,034	22.1%
Underwriting income:	22,595	<b>27,579</b>	4,984	22.1
Net premiums written	22,359	<b>27,439</b>	5,080	22.7
Deposits of premiums by policyholders	183	<b>95</b>	(88)	(48.2)
Interest and dividend income on deposits of premiums, etc.	40	<b>43</b>	2	7.1
Foreign exchange gains	0	<b>0</b>	(0)	(18.2)
Other underwriting income	11	<b>1</b>	(9)	(86.3)
Investment income:	153	<b>106</b>	(46)	(30.4)
Interest and dividend income	125	<b>111</b>	(13)	(11.0)
Gains on sales of securities	35	<b>20</b>	(15)	(43.1)
Gains on redemption of securities	13	<b>—</b>	(13)	(100.0)
Other investment income	19	<b>18</b>	(1)	(6.3)
Transfer of interest and dividend income on deposits of premiums, etc.	(40)	<b>(43)</b>	(2)	—
Other ordinary income	34	<b>131</b>	96	276.5
<b>Ordinary expenses:</b>	30,171	<b>34,327</b>	4,156	13.8
Underwriting expenses:	19,151	<b>23,286</b>	4,134	21.6
Net claims paid	12,350	<b>15,490</b>	3,140	25.4
Loss adjustment expenses	1,849	<b>2,177</b>	327	17.7
Net commissions and brokerage fees	849	<b>842</b>	(7)	(0.9)
Maturity refunds to policyholders	725	<b>463</b>	(262)	(36.2)
Provision for reserve for outstanding losses and claims	912	<b>2,502</b>	1,589	174.2
Provision for underwriting reserves	2,459	<b>1,806</b>	(652)	(26.5)
Other underwriting expenses	4	<b>4</b>	(0)	(2.8)
Investment expenses:	4	<b>3</b>	(0)	(22.0)
Other investment expenses	4	<b>3</b>	(0)	(22.0)
Operating, general and administrative expenses	10,978	<b>11,001</b>	23	0.2
Other ordinary expenses:	37	<b>36</b>	(1)	(2.9)
Interest paid	6	<b>4</b>	(2)	(35.4)
Provision for allowance for possible credit losses	1	<b>—</b>	(1)	(100.0)
Other ordinary expenses	29	<b>32</b>	3	10.6
<b>Ordinary loss</b>	(7,388)	<b>(6,509)</b>	878	—

(Millions of yen)

		Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
		Amount	Amount		
<b>Extraordinary losses:</b>		10	<b>9</b>	(0)	(3.6)%
Losses on disposal of fixed assets		2	<b>0</b>	(1)	(66.7)
Impairment losses		0	<b>0</b>	0	15.1
Provision for reserves under the special laws:		7	<b>8</b>	0	11.4
Provision for reserve for price fluctuation		7	<b>8</b>	0	11.4
<b>Net loss before income taxes</b>		(7,398)	<b>(6,519)</b>	878	—
<b>Income taxes</b>		8	<b>10</b>	1	20.8
<b>Total income taxes</b>		8	<b>10</b>	1	20.8
<b>Net loss</b>		(7,406)	<b>(6,529)</b>	877	—
<b>Underwriting result:</b>					
Net premiums written	(+)	22,359	<b>27,439</b>	5,080	22.7
Net claims paid	(-)	12,350	<b>15,490</b>	3,140	25.4
Loss adjustment expenses	(-)	1,849	<b>2,177</b>	327	17.7
Net operating expenses:	(-)	11,808	<b>11,825</b>	17	0.1
Net commissions and brokerage fees		849	<b>842</b>	(7)	(0.9)
Operating, general and administrative expenses related to underwriting		10,958	<b>10,983</b>	24	0.2
Underwriting result		(3,649)	<b>(2,054)</b>	1,594	—
Underwriting profit (loss)		(7,513)	<b>(6,678)</b>	834	—
<b>Ratios:</b>					
Net loss ratio	(%)	63.5	<b>64.4</b>	0.9	
Net operating expenses ratio	(%)	52.8	<b>43.1</b>	(9.7)	
Combined ratio	(%)	116.3	<b>107.5</b>	(8.8)	

# Sonpo 24 Insurance Company Limited (Non-consolidated)

## Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	4,950	<b>5,385</b>	435
Deposits	4,950	<b>5,385</b>	435
Securities:	15,727	<b>16,204</b>	476
Government bonds	15,627	<b>16,104</b>	476
Other securities	100	<b>100</b>	—
Tangible fixed assets:	318	<b>248</b>	(70)
Buildings	18	<b>21</b>	3
Other tangible fixed assets	300	<b>226</b>	(73)
Other assets:	1,126	<b>909</b>	(216)
Accounts receivable	881	<b>660</b>	(221)
Accrued income	6	<b>5</b>	(0)
Advance deposits	171	<b>171</b>	0
Suspense payments	67	<b>72</b>	5
Total assets	22,123	<b>22,748</b>	624
<b>Liabilities:</b>			
Underwriting funds:	14,494	<b>14,233</b>	(261)
Reserve for outstanding losses and claims	5,993	<b>5,877</b>	(116)
Underwriting reserves	8,501	<b>8,356</b>	(145)
Other liabilities:	2,257	<b>2,227</b>	(29)
Reinsurance accounts payable	2	<b>3</b>	0
Income taxes payable	41	<b>137</b>	95
Deposits received	8	<b>8</b>	(0)
Accounts payable	1,323	<b>1,008</b>	(314)
Suspense receipts	880	<b>1,069</b>	188
Reserve for retirement benefits	217	<b>244</b>	27
Reserve for bonus payments	96	<b>101</b>	4
Reserves under the special laws:	36	<b>40</b>	3
Reserve for price fluctuation	36	<b>40</b>	3
Deferred tax liabilities	5	<b>11</b>	5
Total liabilities	17,108	<b>16,858</b>	(249)
<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:	(32,998)	<b>(32,139)</b>	858
Other retained earnings:	(32,998)	<b>(32,139)</b>	858
Retained earnings carried forward	(32,998)	<b>(32,139)</b>	858
Total shareholders' equity	5,001	<b>5,860</b>	858
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	13	<b>29</b>	15
Total valuation and translation adjustments	13	<b>29</b>	15
Total net assets	5,015	<b>5,890</b>	874
Total liabilities and net assets	22,123	<b>22,748</b>	624

# Sonpo 24 Insurance Company Limited (Non-consolidated)

## Statement of Income

(Millions of yen)

		Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
		Amount	Amount		
<b>Ordinary income:</b>		14,193	<b>14,006</b>	(187)	(1.3)%
Underwriting income:		14,174	<b>14,000</b>	(173)	(1.2)
Net premiums written		14,163	<b>13,725</b>	(437)	(3.1)
Interest and dividend income on deposits of premiums, etc.		10	<b>12</b>	2	19.3
Reversal of reserve for outstanding losses and claims		—	<b>116</b>	116	—
Reversal of underwriting reserves		—	<b>145</b>	145	—
Other underwriting income		0	<b>0</b>	(0)	(95.5)
Investment income:		19	<b>4</b>	(14)	(75.9)
Interest and dividend income		29	<b>17</b>	(12)	(42.2)
Transfer of interest and dividend income on deposits of premiums, etc.		(10)	<b>(12)</b>	(2)	—
Other ordinary income		0	<b>1</b>	0	142.6
<b>Ordinary expenses:</b>		15,139	<b>13,035</b>	(2,104)	(13.9)
Underwriting expenses:		11,316	<b>9,257</b>	(2,058)	(18.2)
Net claims paid		8,090	<b>7,315</b>	(774)	(9.6)
Loss adjustment expenses		1,048	<b>1,066</b>	17	1.6
Net commissions and brokerage fees		914	<b>875</b>	(38)	(4.2)
Provision for reserve for outstanding losses and claims		1,080	<b>—</b>	(1,080)	(100.0)
Provision for underwriting reserves		181	<b>—</b>	(181)	(100.0)
Other underwriting expenses		0	<b>0</b>	(0)	(21.9)
Operating, general and administrative expenses		3,823	<b>3,777</b>	(45)	(1.2)
Other ordinary expenses:		0	<b>0</b>	0	0.9
Other ordinary expenses		0	<b>0</b>	0	0.9
<b>Ordinary profit (loss)</b>		(945)	<b>970</b>	1,916	—
<b>Extraordinary losses:</b>		8	<b>10</b>	1	20.8
Losses on disposal of fixed assets		5	<b>7</b>	1	31.0
Provision for reserves under the special laws:		3	<b>3</b>	0	2.9
Provision for reserve for price fluctuation		3	<b>3</b>	0	2.9
<b>Net income (loss) before income taxes</b>		(954)	<b>960</b>	1,914	—
<b>Income taxes</b>		3	<b>101</b>	97	2,567.8
<b>Total income taxes</b>		3	<b>101</b>	97	2,567.8
<b>Net income (loss)</b>		(958)	<b>858</b>	1,817	—
<b>Underwriting result:</b>					
Net premiums written	(+)	14,163	<b>13,725</b>	(437)	(3.1)
Net claims paid	(-)	8,090	<b>7,315</b>	(774)	(9.6)
Loss adjustment expenses	(-)	1,048	<b>1,066</b>	17	1.6
Net operating expenses:	(-)	4,734	<b>4,649</b>	(84)	(1.8)
Net commissions and brokerage fees		914	<b>875</b>	(38)	(4.2)
Operating, general and administrative expenses related to underwriting		3,820	<b>3,774</b>	(46)	(1.2)
Underwriting result		289	<b>694</b>	405	140.1
Underwriting profit (loss)		(961)	<b>968</b>	1,930	—
<b>Ratios:</b>					
Net loss ratio	(%)	64.5	<b>61.1</b>	(3.5)	
Net operating expenses ratio	(%)	33.4	<b>33.9</b>	0.4	
Combined ratio	(%)	98.0	<b>94.9</b>	(3.0)	

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

## Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	
	Amount	Amount	Increase (Decrease)
<b>Assets:</b>			
Cash and deposits:	34,021	<b>44,938</b>	10,916
Cash	3	<b>2</b>	(1)
Deposits	34,017	<b>44,935</b>	10,918
Securities:	2,157,819	<b>2,305,223</b>	147,403
Government bonds	1,593,387	<b>1,688,558</b>	95,171
Municipal bonds	59,762	<b>56,354</b>	(3,408)
Corporate bonds	317,734	<b>313,126</b>	(4,607)
Domestic stocks	7,886	<b>6,996</b>	(890)
Foreign securities	179,048	<b>240,186</b>	61,137
Loans:	36,414	<b>37,406</b>	992
Policy loans	36,414	<b>37,406</b>	992
Tangible fixed assets:	1,065	<b>1,490</b>	424
Buildings	540	<b>463</b>	(76)
Leased assets	391	<b>851</b>	460
Other tangible fixed assets	133	<b>175</b>	41
Intangible fixed assets:	95	<b>—</b>	(95)
Software	95	<b>—</b>	(95)
Agency accounts receivable	115	<b>120</b>	4
Reinsurance accounts receivable	1,423	<b>1,222</b>	(201)
Other assets:	42,201	<b>47,691</b>	5,490
Accounts receivable	29,006	<b>31,143</b>	2,137
Prepaid expenses	1,481	<b>1,535</b>	54
Accrued income	6,127	<b>6,687</b>	560
Advance deposits	2,821	<b>2,769</b>	(51)
Derivative assets	995	<b>2,631</b>	1,635
Suspense payments	1,716	<b>2,866</b>	1,150
Other assets	53	<b>56</b>	3
Deferred tax assets	5,032	<b>—</b>	(5,032)
Allowance for possible credit losses	(41)	<b>(37)</b>	3
<b>Total assets</b>	<b>2,278,147</b>	<b>2,438,055</b>	<b>159,907</b>

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Policy reserves:	2,119,354	<b>2,257,402</b>	138,047
Reserve for outstanding claims	34,091	<b>37,254</b>	3,162
Policy reserves	2,080,338	<b>2,214,871</b>	134,532
Reserve for dividends to policyholders	4,923	<b>5,275</b>	352
Agency accounts payable	4,340	<b>4,607</b>	266
Reinsurance accounts payable	1,047	<b>974</b>	(72)
Other liabilities:	18,957	<b>12,498</b>	(6,459)
Income taxes payable	3,890	<b>2,560</b>	(1,330)
Accounts payable	5,563	<b>88</b>	(5,475)
Accrued expenses	7,098	<b>7,014</b>	(83)
Deposits received	132	<b>831</b>	698
Derivative liabilities	1,072	<b>489</b>	(583)
Lease obligations	464	<b>972</b>	507
Suspense receipts	735	<b>541</b>	(193)
Reserve for bonus payments to directors	49	<b>42</b>	(7)
Reserve for retirement benefits	2,417	<b>2,803</b>	385
Reserves under the special laws:	3,353	<b>4,240</b>	887
Reserve for price fluctuation	3,353	<b>4,240</b>	887
Deferred tax liabilities	—	<b>1,796</b>	1,796
Total liabilities	2,149,521	<b>2,284,365</b>	134,844
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	17,250	<b>17,250</b>	—
Capital surplus:	24,500	<b>19,500</b>	(5,000)
Capital reserves	11,100	<b>12,100</b>	1,000
Other capital surplus	13,400	<b>7,400</b>	(6,000)
Retained earnings:	38,571	<b>50,187</b>	11,616
Other retained earnings:	38,571	<b>50,187</b>	11,616
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	38,246	<b>49,862</b>	11,616
Total shareholders' equity	80,321	<b>86,937</b>	6,616
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	48,304	<b>66,751</b>	18,447
Total valuation and translation adjustments	48,304	<b>66,751</b>	18,447
Total net assets	128,626	<b>153,689</b>	25,063
Total liabilities and net assets	2,278,147	<b>2,438,055</b>	159,907

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

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	426,197	<b>441,799</b>	15,601	3.7%
Insurance premiums and other:	380,741	<b>396,448</b>	15,707	4.1
Insurance premiums	376,867	<b>393,164</b>	16,297	4.3
Reinsurance income	3,873	<b>3,283</b>	(590)	(15.2)
Investment income:	43,373	<b>43,490</b>	117	0.3
Interest and dividend income and other:	38,028	<b>40,209</b>	2,181	5.7
Interest and dividends on securities	36,871	<b>39,090</b>	2,218	6.0
Interest on loans	1,149	<b>1,113</b>	(36)	(3.2)
Other interest and dividends	7	<b>6</b>	(1)	(18.7)
Gains on sales of securities	2,081	<b>3,231</b>	1,149	55.2
Foreign exchange gains	0	<b>50</b>	49	8,557.9
Reversal of allowance for possible credit losses	0	<b>—</b>	(0)	(100.0)
Other investment income	0	<b>—</b>	(0)	(100.0)
Investment gains on special account	3,261	<b>—</b>	(3,261)	(100.0)
Other ordinary income:	2,083	<b>1,860</b>	(223)	(10.7)
Fund receipt for annuity rider	645	<b>403</b>	(241)	(37.4)
Fund receipt for claim deposit payments	1,432	<b>1,449</b>	16	1.2
Other ordinary income	5	<b>7</b>	1	22.7
<b>Ordinary expenses:</b>	403,603	<b>419,233</b>	15,630	3.9
Insurance claims and other:	184,849	<b>180,817</b>	(4,032)	(2.2)
Insurance claims	33,733	<b>31,180</b>	(2,552)	(7.6)
Annuity payments	10,081	<b>11,467</b>	1,386	13.7
Insurance benefits	36,201	<b>38,698</b>	2,497	6.9
Surrender benefits	98,040	<b>93,038</b>	(5,002)	(5.1)
Other refunds	2,467	<b>2,279</b>	(188)	(7.6)
Reinsurance premiums	4,325	<b>4,152</b>	(172)	(4.0)
Provision for policy reserves and other:	123,408	<b>137,695</b>	14,287	11.6
Provision for reserve for outstanding claims	2,241	<b>3,162</b>	920	41.1
Provision for policy reserves	121,166	<b>134,532</b>	13,365	11.0
Provision for interest portion of reserve for dividends to policyholders	0	<b>0</b>	0	39.3
Investment expenses:	488	<b>2,073</b>	1,584	324.3
Interest paid	65	<b>78</b>	13	20.3
Losses on sales of securities	133	<b>572</b>	439	330.1
Losses on derivatives	250	<b>545</b>	295	117.9
Provision for allowance for possible credit losses	—	<b>0</b>	0	—
Other investment expenses	40	<b>54</b>	14	36.4
Investment losses on special account	—	<b>822</b>	822	—
Operating expenses	90,309	<b>94,773</b>	4,464	4.9



(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	4,547	<b>3,873</b>	(673)	(14.8)%
Claim deposit payments	1,030	<b>1,100</b>	70	6.8
Taxes	1,732	<b>1,892</b>	160	9.2
Depreciation	1,363	<b>472</b>	(890)	(65.3)
Provision for reserve for retirement benefits	397	<b>385</b>	(12)	(3.0)
Other ordinary expenses	22	<b>22</b>	(0)	(3.7)
<b>Ordinary profit</b>	22,594	<b>22,565</b>	(28)	(0.1)
<b>Extraordinary losses:</b>	1,819	<b>898</b>	(920)	(50.6)
Losses on disposal of fixed assets and other	2	<b>11</b>	9	388.3
Provision for reserves under the special laws:	665	<b>887</b>	221	33.2
Provision for reserve for price fluctuation	665	<b>887</b>	221	33.2
Other extraordinary losses	1,151	<b>—</b>	(1,151)	(100.0)
<b>Provision for reserve for dividends to policyholders</b>	4,276	<b>4,275</b>	(0)	(0.0)
<b>Net income before income taxes</b>	16,498	<b>17,391</b>	892	5.4
<b>Income taxes</b>	6,228	<b>5,366</b>	(862)	(13.8)
<b>Deferred income taxes</b>	541	<b>408</b>	(132)	(24.5)
<b>Total income taxes</b>	6,770	<b>5,775</b>	(995)	(14.7)
<b>Net income</b>	9,727	<b>11,616</b>	1,888	19.4

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

## Consolidated Solvency Margin Ratio

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- Sampo Japan Nipponkoa Holdings, Inc. (the “Company”) calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).
- The Company which is the insurance holding company situated the top of the Sampo Japan Nipponkoa Group (“SOMPO HOLDINGS”). SOMPO HOLDINGS is an insurance company group and operates property and casualty insurance business and life insurance business at the Company’s subsidiaries, etc.
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).
- Although treatment regarding scope of calculation of consolidated solvency margin ratio is same as the treatment of consolidated financial statements, subsidiaries under the Insurance Business Law with over 50 percent of voting right acquired by the Company are generally included in the calculation.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The consolidated solvency margin ratio of the Company for the current fiscal year increased 48.0 points from previous fiscal year to 851.4 percent due to a decrease in catastrophic risks.

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

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
(A) Total Consolidated Solvency Margin	2,969,657	<b>2,764,768</b>
Capital and funds, etc.	657,402	<b>734,666</b>
Reserve for price fluctuation	53,553	<b>62,487</b>
Contingency reserve	27,338	<b>28,844</b>
Catastrophic loss reserve	569,247	<b>567,883</b>
General allowance for possible credit losses	2,067	<b>1,900</b>
Unrealized gains and losses on securities (before tax effect deductions)	1,304,372	<b>1,022,501</b>
Unrealized gains and losses on land	13,998	<b>20,093</b>
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	(4,512)	<b>(34,189)</b>
Surplus such as premium fund	132,485	<b>137,836</b>
Subordinated debt, etc.	133,560	<b>133,560</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	64,721	<b>54,755</b>
Others	144,864	<b>143,938</b>
(B) Total Consolidated Risks $\sqrt{(\sqrt{R_1^2+R_2^2+R_3^2+R_4^2})^2+(R_5+R_6+R_7)^2+R_8+R_9}$	739,252	<b>649,415</b>
Underwriting risk for property and casualty insurance business (R <sub>1</sub> )	205,647	<b>213,001</b>
Underwriting risk for life insurance business (R <sub>2</sub> )	13,806	<b>13,946</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>3</sub> )	6,978	<b>7,794</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> )	31,543	<b>30,396</b>
Guaranteed minimum benefit risk for life insurance policies (R <sub>6</sub> )	358	<b>366</b>
Investment risk (R <sub>7</sub> )	469,319	<b>404,924</b>
Business management risk (R <sub>8</sub> )	18,419	<b>16,630</b>
Major catastrophe risk for property and casualty insurance policies (R <sub>9</sub> )	176,196	<b>144,137</b>
(C) Consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	803.4%	<b>851.4%</b>

Note) The above amounts and figures are calculated based on provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).

# Solvency Margin Ratios of Principal Consolidated Subsidiaries (Unaudited)

## Non-consolidated Solvency Margin Ratio

- Domestic insurance companies calculate the non-consolidated solvency margin ratio based on provision of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance companies by means of their capital, reserves, etc.”  
((A) Total Non-consolidated Solvency Margin) to “risks which will exceed their normal estimates”  
((B) Total Non-consolidated Risks).
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The non-consolidated solvency margin ratio of Sompo Japan Nipponkoa Insurance Inc. for the current fiscal year increased 13.0 points from previous fiscal year to 729.3 percent due to a decrease in catastrophic risks.

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

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
(A) Total Non-consolidated Solvency Margin	2,683,345	<b>2,363,853</b>
Capital and funds, etc.	482,575	<b>456,986</b>
Reserve for price fluctuation	50,134	<b>58,169</b>
Contingency reserve	611	<b>611</b>
Catastrophic loss reserve	565,587	<b>563,738</b>
General allowance for possible credit losses	203	<b>208</b>
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,367,903	<b>1,057,747</b>
Unrealized gains and losses on land	35,852	<b>42,989</b>
Excess amount of reserve for maturity refunds	—	<b>—</b>
Subordinated debt, etc.	133,560	<b>133,560</b>
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	<b>—</b>
Deductions	81,916	<b>74,158</b>
Others	128,834	<b>124,000</b>
(B) Total Non-consolidated Risks	749,202	<b>648,203</b>
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		
Underwriting risk (R <sub>1</sub> )	176,741	<b>183,289</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> )	23,256	<b>22,035</b>
Investment risk (R <sub>4</sub> )	512,131	<b>440,046</b>
Business management risk (R <sub>5</sub> )	17,598	<b>15,617</b>
Major catastrophe risk (R <sub>6</sub> )	167,796	<b>135,479</b>
(C) Non-consolidated Solvency Margin Ratio	716.3%	<b>729.3%</b>
$[(A) / \{(B) \times 1/2\}] \times 100$		

Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).  
2. The ratio of the fiscal year ended March 31, 2015 are calculated based on the provision which is not reflected the revised contents of the Cabinet Office Ordinance No.16 (2016) and Financial Services Agency Public Notice No. 10 (2016). Therefore, “Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)” of (A) Total Non-consolidated Solvency Margin) as of March 31, 2015 represents the amount of unrealized gains and losses on securities (before tax effect deductions).

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

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
(A) Total Non-consolidated Solvency Margin	14,872	14,702
Capital and funds, etc.	11,033	10,503
Reserve for price fluctuation	28	36
Contingency reserve	11	11
Catastrophic loss reserve	3,213	3,563
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	581	582
Unrealized gains and losses on land	—	—
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	—	—
Others	4	4
(B) Total Non-consolidated Risks	3,328	4,051
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	2,123	2,801
Underwriting risk ( $R_1$ )	—	—
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance ( $R_2$ )	—	—
Guaranteed interest rate risk ( $R_3$ )	27	25
Investment risk ( $R_4$ )	935	1,081
Business management risk ( $R_5$ )	118	144
Major catastrophe risk ( $R_6$ )	878	895
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	893.6%	725.8%

Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).  
2. The ratio of the fiscal year ended March 31, 2015 are calculated based on the provision which is not reflected the revised contents of the Cabinet Office Ordinance No.16 (2016) and Financial Services Agency Public Notice No. 10 (2016). Therefore, "Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)" of ((A) Total Non-consolidated Solvency Margin) as of March 31, 2015 represents the amount of unrealized gains and losses on securities (before tax effect deductions).

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

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
(A) Total Non-consolidated Solvency Margin	5,502	6,518
Capital and funds, etc.	5,001	5,860
Reserve for price fluctuation	36	40
Contingency reserve	—	—
Catastrophic loss reserve	446	581
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	17	36
Unrealized gains and losses on land	—	—
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	—	—
Others	—	—
(B) Total Non-consolidated Risks	2,100	2,035
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	1,857	1,789
Underwriting risk ( $R_1$ )	—	—
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance ( $R_2$ )	—	—
Guaranteed interest rate risk ( $R_3$ )	—	—
Investment risk ( $R_4$ )	365	380
Business management risk ( $R_5$ )	70	69
Major catastrophe risk ( $R_6$ )	136	136
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	523.9%	640.6%

Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).  
2. The ratio of the fiscal year ended March 31, 2015 are calculated based on the provision which is not reflected the revised contents of the Cabinet Office Ordinance No.16 (2016) and Financial Services Agency Public Notice No. 10 (2016). Therefore, "Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)" of ((A) Total Non-consolidated Solvency Margin) as of March 31, 2015 represents the amount of unrealized gains and losses on securities (before tax effect deductions).

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

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
(A) Total Non-consolidated Solvency Margin	298,297	<b>342,590</b>
Capital, etc.	80,321	<b>86,937</b>
Reserve for price fluctuation	3,353	<b>4,240</b>
Contingency reserve	26,715	<b>28,221</b>
General allowance for possible credit losses	7	<b>1</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)	61,059	<b>83,439</b>
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	<b>—</b>
Excess amount of continued Zillmerized reserve	132,485	<b>137,836</b>
Subordinated debt, etc.	—	<b>—</b>
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(21,670)	<b>(18,020)</b>
Brought in capital, etc.	—	<b>—</b>
Deductions	—	<b>—</b>
Others	16,025	<b>19,933</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2}+R_4$	35,589	<b>38,678</b>
Underwriting risk (R <sub>1</sub> )	13,178	<b>13,347</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>6</sub> )	6,978	<b>7,794</b>
Guaranteed interest rate risk (R <sub>2</sub> )	8,259	<b>8,335</b>
Guaranteed minimum benefit risk (R <sub>7</sub> )	358	<b>366</b>
Investment risk (R <sub>3</sub> )	19,533	<b>22,430</b>
Business management risk (R <sub>4</sub> )	966	<b>1,045</b>
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,676.3%	<b>1,771.4%</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.  
3. The ratio of the fiscal year ended March 31, 2015 are calculated based on the provision which is not reflected the revised contents of the Cabinet Office Ordinance No.16 (2016) and Financial Services Agency Public Notice No. 10 (2016). Therefore, "Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)" of ((A) Total Non-consolidated Solvency Margin) as of March 31, 2015 represents the amount of unrealized gains and losses on securities (90% of gain or 100% of loss).