



**SOMPO  
HOLDINGS**

Innovation for Wellbeing

# Integrated Annual Report 2017



Sompo Holdings, Inc.



### Editorial Policy

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

Since the 2014 edition, we have used the International Integrated Reporting Framework issued by the IIRC\* as a reference in preparing this report, which features both the financial and non-financial aspects of the Group's business accomplishments, challenges, and strategies.

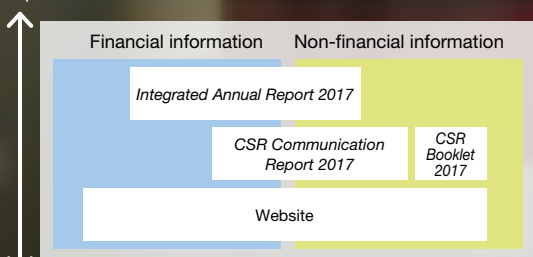
\* International Integrated Reporting Council: Established in 2010 to prepare an international reporting framework for businesses

### Purpose and Description of This Report

The information in this report has been selected with the intention of furthering stakeholders' understanding of the Group.

For more detailed information, please refer to the Sampo Holdings website and other materials.

Important/overview



Detailed/comprehensive

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### Forward-Looking Statements

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



## Group Management Philosophy

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



# Wellbeing



## OUR VISION

### **Toward a “Theme Park for the Security, Health, and Wellbeing of Customers”**

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

We intend to put our Group Management Philosophy into practice with a view to growing as a corporate group and helping realize a sustainable society amid business conditions that are likely to continue changing. Our goal is to evolve into a “theme park for the security, health, and wellbeing of customers.” To this end, based on the theme of “security, health, and wellbeing of customers,” we will bring happiness to our customers’ lives by developing a wide range of businesses beyond the boundaries of insurance, harnessing digital technologies, and providing the highest-quality services to customers while constantly remaining by their side.



# Security





# Health



## We aim to create new value and help realize a sustainable society.

The Sompo Holdings Group will reform existing business models as well as its entire business portfolio by leveraging digital technologies and developing new businesses and services.

By creating new value through transformation into a “theme park for the security, health, and wellbeing of customers,” we aim to help realize a resilient, sustainable society.

# Group Growth

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

Digital transformation

Taking on new businesses and linking businesses

### Social issues and trends

Increasing natural disasters due to climate change and other factors

Aging society and decreasing population

Increasing health issues

Evolving technologies and diversifying lifestyles

Domestic P&C insurance business

Domestic life insurance business

Financial base

IT and digital

Personnel

# Sustainable Society

## Value created

- Help realize a safer, more secure world by providing products and services that reflect a variety of evolving risks
- Provide high-quality nursing care and healthcare services with the aim of creating a society where all people are able to lead fulfilling lives
- Leverage leading-edge digital technologies to create a new experience of security, health, and wellbeing for customers
- Contribute to the realization of a sustainable society by providing products and services that help address climate change and other environmental problems

Providing comprehensive support for the security, health, and wellbeing of customers in a wide range of life stages and in day-to-day life

Governance that expedites decision-making

Internal control and compliance

Enterprise risk management (ERM)

Overseas insurance business

Nursing care & healthcare business

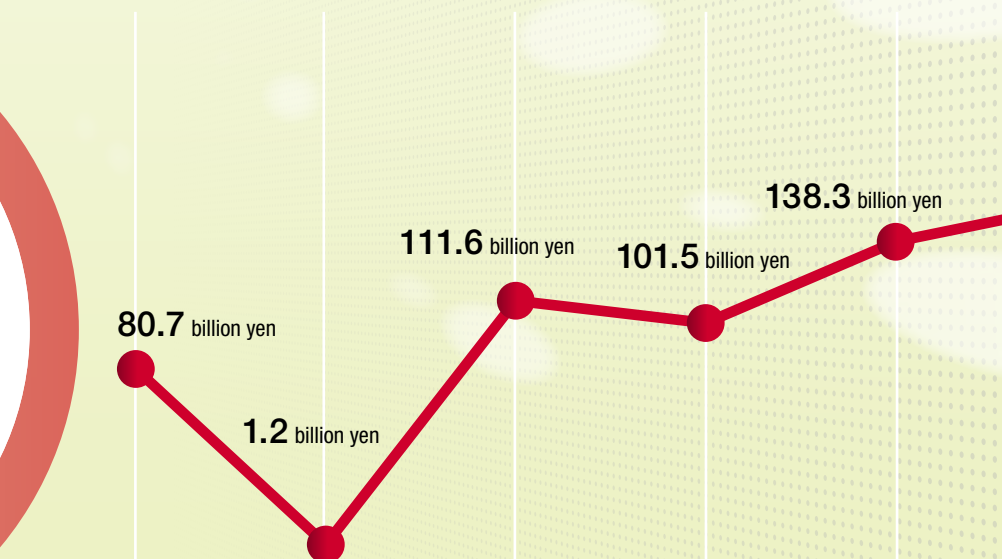


## We have responded to changes in business conditions and enhanced corporate value steadily.

Under the previous Mid-Term Management Plan ended in fiscal 2015, the Sompo Holdings Group successfully entered a cycle of sustainable growth. We achieved this by enhancing the profitability of the domestic P&C insurance business while proactively shifting management resources toward such growth fields as the domestic life insurance and overseas insurance businesses. In fiscal 2016, the first year of our current Mid-Term Management Plan, we got off to a strong start through stable initiatives in each of our businesses.

Trends in Adjusted Consolidated Profit\*

(FY) 2010 2011 2012 2013 2014



### April 2010

In response to market contraction stemming from the advent of an aging society with a decreasing population and to increased risks associated with global climate change, Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., established a joint holding company, NKSJ Holdings, Inc. (currently Sompo Holdings, Inc.), thereby combining strengths fostered during a 120-year history to provide customers with services of the highest quality.

\* For the definition of adjusted consolidated profit, please see page 55. The figures for fiscal 2010 through fiscal 2014 are adjusted consolidated profit calculated based on the standards of the previous Mid-Term Management Plan. (Reference) Adjusted consolidated profit in fiscal 2015 calculated based on the standards of the previous Mid-Term Management Plan: 215.5 billion yen

#### FY2010

- May**  
Tenet (Singapore) becomes consolidated subsidiary.
- November**  
Fiba Sigorta (Turkey) becomes consolidated subsidiary.

#### FY2011

- June**  
Berjaya (Malaysia) becomes consolidated subsidiary.
- October**  
Sompo Japan Himawari Life and Nipponkoa Life merge to form NKSJ Himawari Life.
- March**  
Sompo Japan and NIPPONKOA announce merger.

#### FY2012

- April**  
Prime Assistance is established and enters assistance business.
- September**  
Cedar becomes affiliate and enters nursing care business.

#### FY2013

- June**  
Maritima Seguros (Brazil) becomes consolidated subsidiary.

#### Business

#### ESG

- April**
  - Group appoints outside director
  - Group establishes Nomination and Compensation Committee

- December**  
Group companies become signatories of Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century).

- June**  
Group becomes a signatory to the Women's Empowerment Principles

- June**  
Group appoints its first female outside director.
- September**  
Group establishes Diversity Promotion Headquarters.

■ Domestic P&C Insurance Business   
 ■ Domestic Life Insurance Business   
 ■ Nursing Care & Healthcare Business  
■ Overseas Insurance Business   
 ■ Strategic Businesses

### ■ Domestic P&C Insurance Business

The domestic P&C insurance business meets a variety of customer needs through three companies: Sampo Japan Nipponkoa Insurance Inc. sells insurance through agencies; SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, is responsible for direct sales; Sampo 24 Insurance Company Limited conducts direct sales to customers introduced by agencies. And, Sampo Japan Nipponkoa DC Securities Inc. provides defined contribution pension fund management services, while Sampo Risk Management & Health Care Inc. conducts healthcare operations and risk management operations.

### ■ Domestic Life Insurance Business

Sampo Japan Nipponkoa Himawari Life Insurance, Inc., focuses on sales of such high-margin products as medical insurance and income compensation insurance, mainly through P&C insurance agencies, and the provision of new services based on the theme of health.

### ■ Nursing Care & Healthcare Business

Sampo Care Message Inc., Sampo Care Next Inc., and affiliate Cedar Co., Ltd., provide facility nursing care, at-home nursing care, and ambulatory care services.

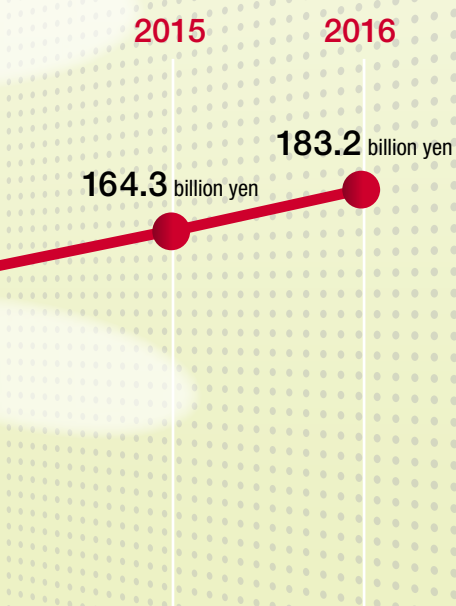
### ■ Overseas Insurance Business

The overseas insurance business has operations in 228 cities in 32 countries and regions. Sampo International is concentrating on building a platform in the corporate field and achieving organic growth in the retail field that exceeds the market average. Our efforts in this field are centered on Brazil, Turkey, and Southeast Asia.

### ■ ESG\*

Our ESG initiatives have earned high ratings from various agencies in Japan and overseas, and we are included in Dow Jones Sustainability Indices as well as other socially responsible investment (SRI) indices.

\* Environment, social, and governance



#### FY2014

- May**  
Canopus Group (United Kingdom) and its subsidiaries become consolidated subsidiaries.
- September**  
Sampo Japan and NIPPONKOA merge to form Sampo Japan Nipponkoa.
- September**  
NKSJ Himawari Life changes name to Sampo Japan Nipponkoa Himawari Life.

#### FY2015

- April**  
Fresh House becomes subsidiary and enters home remodeling business.
- December**  
Watami no Kaigo becomes subsidiary, and Group establishes Sampo Care Next.

#### FY2016

- June**  
Group concludes Bancassurance agreement with major banking group in ASEAN, CIMB Group Holdings.
  - March**  
Sampo International (formerly Endurance Specialty Holdings Ltd.) (British Overseas Territory of Bermuda) becomes subsidiary.\*
- \* For details, please see the feature section on page 48.

- January**  
Group receives Tokyo Stock Exchange's 2014 Corporate Activity Award (for proactive efforts to promote participation of women).

- July**  
Group receives recognition of its weather index insurance for Southeast Asia and consequently becomes first financial institution in Japan to be granted membership of Business Call to Action (BCTA).
- July**  
Group launches Group Exchange Program for international exchanges among Group personnel.

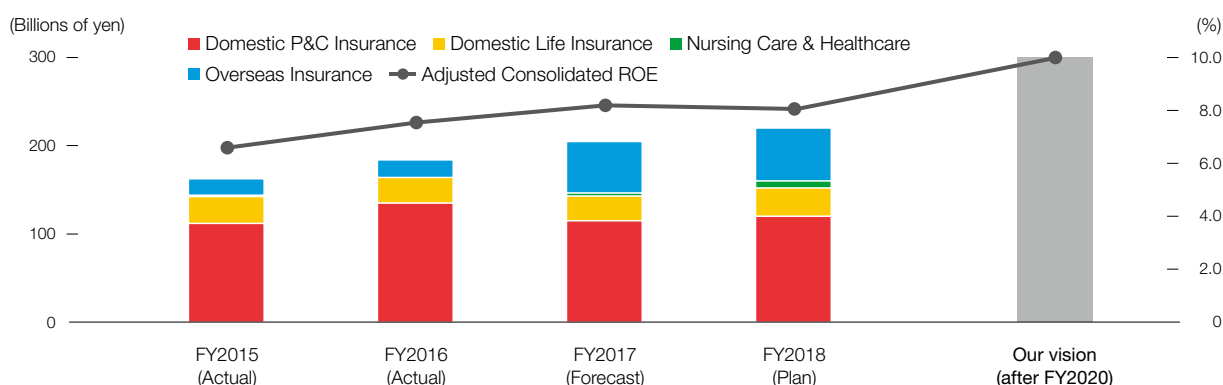
- January**  
All Group companies in Japan receive ISO 14001 certification.

- April**  
Group introduces Business Owner system.
- December**  
Sampo Japan Nipponkoa receives Prime Minister's Award in recognition of initiatives to empower female employees.
- February**  
Five Group companies receive recognition as "outstanding enterprises engaging in efforts for health and productivity management" (White 500).

# Mid-Term Management Plan

## Plan for the Group

Under the Mid-Term Management Plan, we are heightening the appeal of each business rigorously with the aim of realizing our Group Management Philosophy, which calls on us to “contribute to the security, health, and wellbeing of customers and society as a whole by providing insurance and related services of the highest quality possible.” In conjunction with these efforts, the Group is expanding and improving services, strengthening customer contact points by using advanced digital technologies, and creating collaborations among businesses. In such ways, we are building a “theme park for the security, health, and wellbeing of customers.” Aiming to attain an earnings size and capital efficiency on a par with those of the top 10 global publicly listed insurance companies, we have established numerical management targets for fiscal 2018, the midway point of the Mid-Term Management Plan.



<b>Adjusted consolidated profit*</b>	164.3 billion yen	183.2 billion yen	205.0 billion yen	220.0 billion yen – 230.0 billion yen	Toward global top 10 (300.0 billion yen level)
<b>Adjusted consolidated ROE*</b>	6.9%	7.6%	8.1%	Over 8%	Over 10.0%

In November 2016, the Group upwardly revised fiscal 2018 numerical management targets to adjusted consolidated profit of between 220.0 billion yen and 230.0 billion yen and adjusted consolidated ROE of over 8%.

\* For details about the definitions of adjusted consolidated profit and adjusted consolidated ROE, please see page 55.

## Plans for Businesses

### Domestic P&C Insurance Business

#### Value-generating innovation

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

Plan for Adjusted Profit (FY2018): Over **120.0** billion yen

- Reform business processes and system infrastructure
- Establish customer contact points that integrate digital and personnel capabilities
- Achieve growth accompanied by quality

In fiscal 2016, stable profitability enabled the business to contribute significantly to the achievement of the Group’s targets. The business will continue acting as a growth engine for the whole of the Group.

Aiming to realize global top level business efficiency, we will reform business processes and system infrastructure while realizing capabilities of front-line personnel and exploiting digital technologies to create products and services that anticipate changes in the needs of customers and in the structures of industry and to create new business models.

### Domestic Life Insurance Business

#### Evolve into a health support enterprise

–The second founding–

Plan for Adjusted Profit (FY2018): Over **32.0** billion yen

- Evolve into a health support enterprise
- Establish a business model that seamlessly integrates products, services, and sales channels

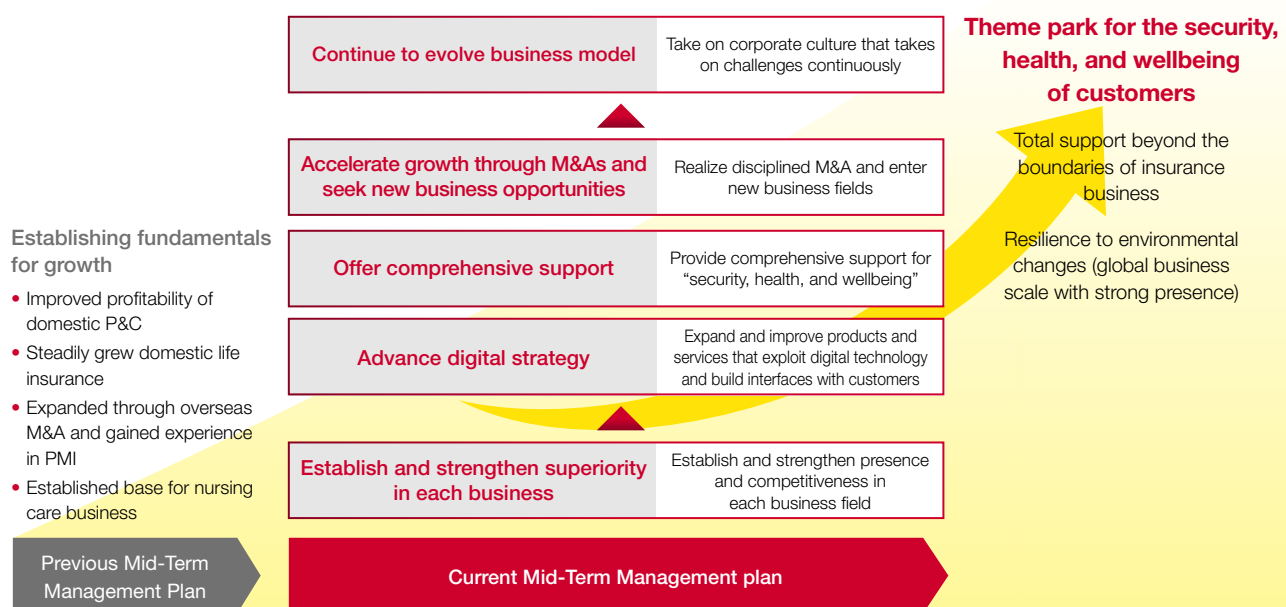
In fiscal 2016, the business launched initiatives aimed at evolving into a health support enterprise and began driving the Group’s evolution as a forerunner in providing customers with security, health, and wellbeing.

Based on development of the health service brand Linkx (pronounced “link cross”), the business will be reformed to establish a health-focused business model that seamlessly integrates products, services, and sales channels, thereby increasing customer numbers steadily and contributing to the Group’s strategies.



In the Mid-Term Management Plan's first fiscal year, fiscal 2016, adjusted consolidated profit and adjusted consolidated ROE surpassed targets as a result of steady efforts in each business.

Also, we completed a variety of initiatives, including the acquisition of Sampo International (formerly Endurance Specialty Holdings Ltd.), the establishment of business foundations for the nursing care business, the establishment of SOMPO Digital Lab with a view to embarking upon a full-fledged digital strategy, and the introduction of a Business Owner system to facilitate prompt, flexible decision-making. We will continue steadily implementing measures under the Mid-Term Management Plan to realize our vision as early as possible.



## Nursing Care & Healthcare Business, etc.

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

Plan for Adjusted Profit (FY2018): Over **8.0** billion yen

- Provide safe and reliable nursing care services while simultaneously ensuring the dignity and independence of the elderly
- Offer a one-stop service comprising insurance, nursing care, and healthcare

As a new mainstay of the Group, the business will develop operations with a view to realizing “Japan, an affluent country that can boast to the world of a long and quality life.”

By opening SOMPO Care University, taking advantage of information and communication technology (ICT) and digital technology, and strengthening internal controls, we will continue enhancing safety, productivity, and quality to provide nursing care and healthcare services of the highest quality in a rapidly aging society.

## Overseas Insurance Business

Accelerate growth through steady organic growth and disciplined M&A

Plan for Adjusted Profit (FY2018): Over **60.0** billion yen

- Build truly integrated global insurance platform in the corporate field
- Achieve organic growth in the retail field that exceeds the market average

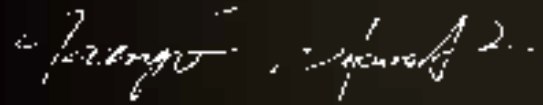
Through our biggest ever M&A, in March 2017 we acquired U.S.-based Sampo International (formerly Endurance Specialty Holdings Ltd.) and established significant foundations for growth in the corporate field. Further, in the retail field we are achieving favorable organic growth and contributing to the Group's growth.

We will continue to seek dramatic growth through steady organic growth and disciplined M&A.

**We will realize transformation into a “theme park for the security, health, and wellbeing of customers” and enhance corporate value.**

**Kengo Sakurada**

President & CEO  
Sampo Holdings, Inc.



## Business Conditions—an Era of VUCA

Standing for volatility, uncertainty, complexity, and ambiguity, the acronym VUCA best describes today's world. A truly diverse range of social issues are emerging. In Japan, the population is declining and rapidly aging. Globally, large-scale disasters are becoming commonplace, environmental issues such as climate change are arising, and insecurity is increasing due to terrorism and other factors. Other issues include poverty and human rights issues.

In addition, issues are surfacing in the technology field. Digital disruption—in other words, the exponential evolution of technology and accompanying changes in customers' behavior—is a destructive type of innovation that is having a major impact on society. I am sure that in the current era the evolution of digital technology, including AI, blockchains, and the Internet of Things (IoT), as well as the spread of mobile devices, is dramatically changing industry structures and creating risks and opportunities globally. Consequently, the Sampo Holdings Group faces business conditions that are changing significantly. And, the pace of this change is expected to increase even further.



## Transformation—Mid-Term Management Plan

The current era's unpredictability means that an unshakable belief and vision are all the more important for the achievement of corporate growth. The Group Management Philosophy states that "We will contribute to the security, health, and wellbeing of customers and society as a whole by providing insurance and related services of the highest quality possible." This is the unshakable commitment that Sompo Holdings has consistently maintained since its establishment in April 2010.

Reflecting this commitment, the Mid-Term Management Plan that we began in fiscal 2016 sets out the vision of building a "theme park for the security, health, and wellbeing of customers." The Group will realize transformation into a "theme park for the security, health, and wellbeing of customers" by reforming the business model of each business and reforming the business portfolio of the Group as a whole. I believe that, rather than continuing traditional practices, establishing new business models will enable us to create new value. Realizing these initiatives will require strong leadership from the senior management team and, as such, I intend to drive our transformation.



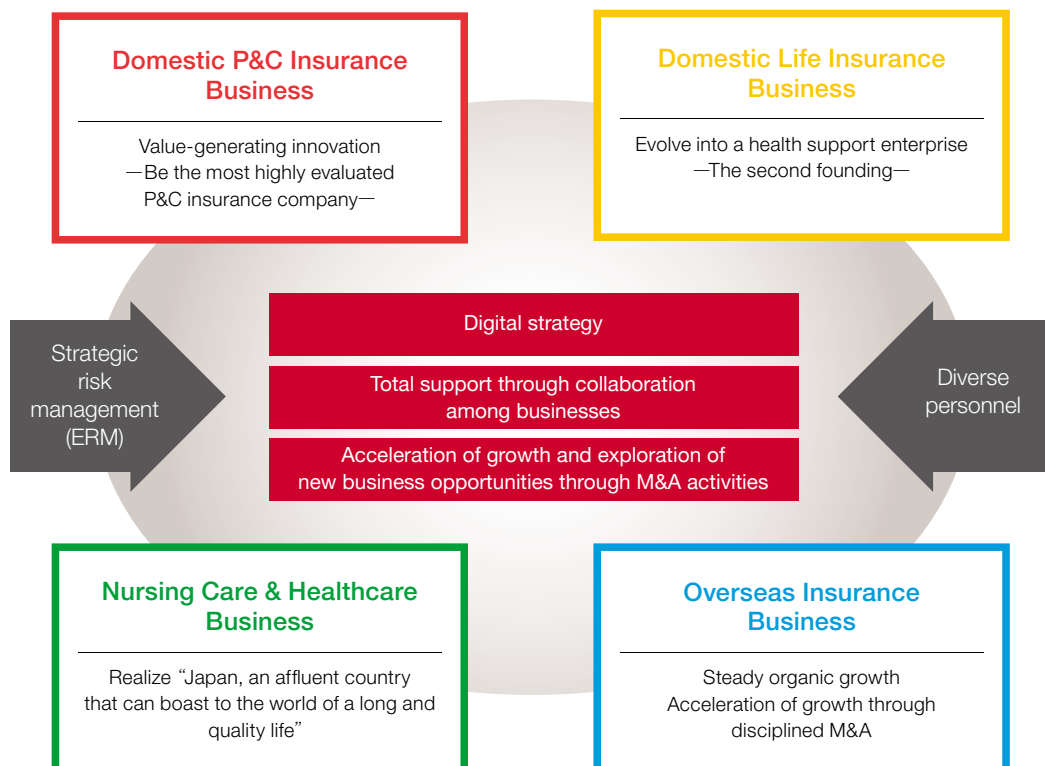
**Toward Enhanced Corporate Value—a “Theme Park for the Security, Health, and Wellbeing of Customers”**

At this point, I would like to explain the meaning of a “theme park for the security, health, and wellbeing of customers” in terms of our target corporate profile.

We aim to be a corporate group that is based on the theme of “security, health, and wellbeing of customers” and which brings happiness to customers’ lives by developing a wide range of businesses beyond the boundaries of insurance and by harnessing digital technologies.

First-rate theme parks provide outstanding services that entertain guests when they are on rides as well as after they get off them. This can serve as a metaphor for the Group’s operations. For example, general property and casualty (P&C) insurance policies last for one year and are renewed annually. Meanwhile, most customers are not often involved in the insurable events. The time “on rides,” when we have contact with customers, is limited.

The Group will change “off ride” periods, when it does not have contact with customers, into “on ride” periods and continue to offer customers value in the form of “security, health, and wellbeing.” New businesses and services, such as the nursing care & healthcare business, and the utilization of digital technology provide new points of contact with customers and new value. Through such initiatives, we will realize a “theme park for the security, health, and wellbeing of customers.”





## Near-Term Business Conditions—Review of the Mid-Term Management Plan's First Fiscal Year

In fiscal 2016, the first year of the Mid-Term Management Plan, we made a good start, reaching targets for adjusted consolidated profit and adjusted consolidated ROE thanks to steady efforts in each business. Further, in the fiscal year the Group decisively took its first step toward transformation that will sustain growth. The following is an overview of the measures we took in this regard.

### **Brand**

In October 2016, the Company changed its name to Sompo Holdings, Inc. We are changing the names of Group companies in Japan and overseas to names that include “Sompo.” Globally, we will strengthen the presence of SOMPO as a brand focused on the “security, health, and wellbeing of customers.”

### **Acquisition of Sompo International (Endurance Specialty Holdings)**

We have established significant foundations for growth in the markets of developed countries by acquiring Sompo International (formerly Endurance Specialty Holdings Ltd.) for 683.1 billion yen—our biggest ever investment. Upon completion of the acquisition, we changed the brand to SOMPO INTERNATIONAL, and we have already begun integrated administration under the SOMPO brand. Going forward, we will integrate human resource systems and establish a common underwriting platform globally. In addition, we will consider reorganization of the direct insurance, reinsurance, and Lloyds businesses through Sompo International Holdings.

### **Nursing Care & Healthcare Business**

In fiscal 2015, the Group entered the nursing care business in earnest with a view to establishing a new mainstay business by realizing the vision “Japan, an affluent country that can boast to the world of a long and quality life.” We are laying foundations for the business through the exploitation of ICT and digital technology, multiple collaborations with academic institutions, and the recently established SOMPO Care University, which is tasked with strengthening internal management capabilities and developing professionals.

We will continue enhancing safety, productivity, and quality to provide the highest-quality nursing care and healthcare services in Japan’s rapidly aging society.



### Digital Strategy

As an initiative aimed at converting destructive innovation stemming from digital technology, known as digital disruption, from a risk into an opportunity, we established SOMPO Digital Lab in Tokyo and Silicon Valley, in the United States, in April 2016. We will maintain the high pace of our research on the latest digital technology and our networking with start-ups. As a result, we will grasp developments in the digital field and act in response to them more quickly.

### Governance

To coincide with the launch of the Mid-Term Management Plan, in 2016 we introduced a Business Owner system, which establishes a Business Owner for each business. This governance system delegates the authority to plan business strategies, make investment decisions, and deploy personnel. Its aim is to expedite decision-making and operational execution in each business through the leadership of Business Owners. We are implementing strategies that span all businesses and dynamic growth strategies as well as responding promptly and flexibly to a range of different issues. Also, we are steadily advancing initiatives focused on establishing and strengthening our presence and advantages.

In a separate initiative, we introduced a Group chief officer system in the current fiscal year. This system will enable us to advance cross-segment initiatives, such as the implementation of strategies and the tackling of important tasks on a Group-wide basis and build even stronger governance.

## Growth Scenario Going Forward

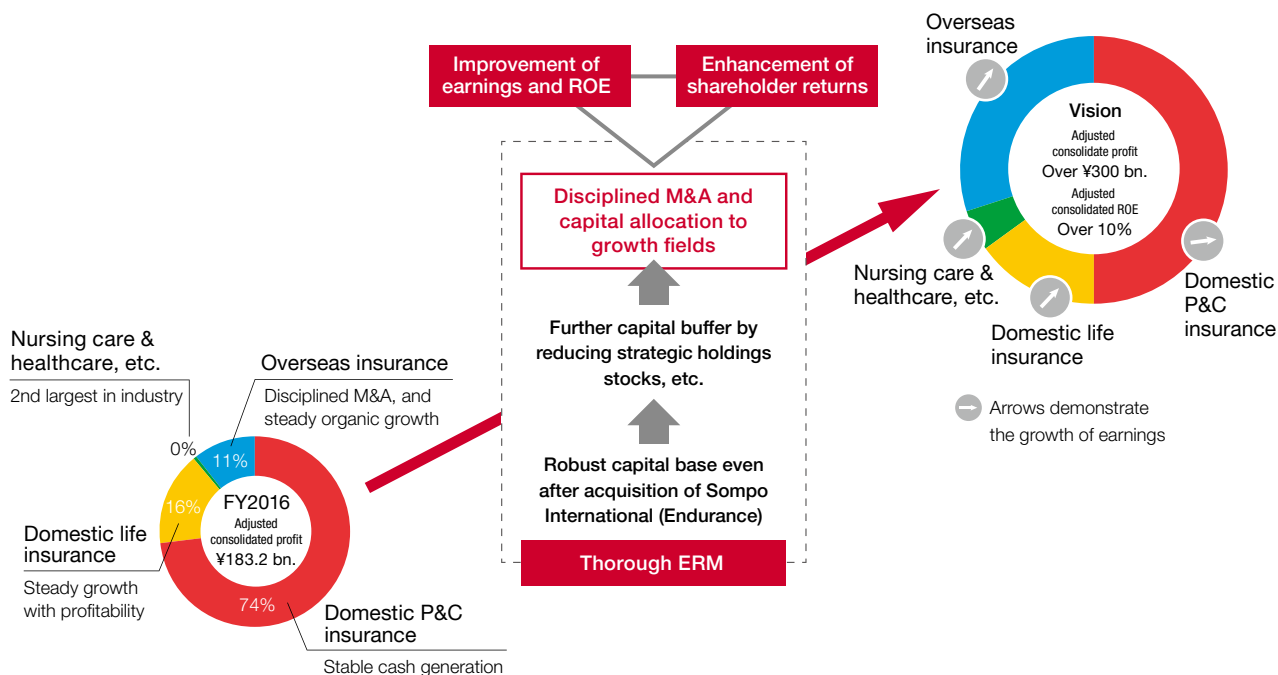
### Aiming to Realize Global Top 10 Level Profit and ROE

Under the direction of their Business Owners, the domestic P&C insurance, domestic life insurance, nursing care & healthcare, and overseas insurance businesses must grow steadily. Further, based on strategic risk management, in other words, ERM (enterprise risk management), we will continue selling strategic-holding stocks and strengthen control of natural disaster risk to enhance the capital buffer. Through disciplined M&A and the investment of resources in such growth fields as the domestic life insurance and nursing care & healthcare businesses, we will increase profit, ROE, and returns to shareholders and realize global top 10 level profit and ROE.

In fiscal 2017, the Mid-Term Management Plan's second year, we will steadily achieve results through measures that we began in fiscal 2016, step up the pace of initiatives in each business, and continue transformation aimed at building a "theme park for the security, health, and wellbeing of customers."

### Creating New Value for the Future

I believe our transformation can contribute to the SDGs (Sustainable Development Goals), which the United Nations has set as a plan of action for people, the planet, and prosperity.



Meeting the expectations of stakeholders is indispensable for the Group's sustained growth. Using the SDGs as a guide to the world's common goals, we have to address emerging social issues as well as create value that anticipates future needs. Further, establishing products and services and business processes that take into account the environment, social, and governance (ESG) will be critical in such forward-looking value creation.

For example, the Group develops and markets products and services that mitigate or support adaptation to climate change. In conjunction with these efforts, we tackle ESG-related issues in business processes by setting medium-to-long-term targets for the reduction of greenhouse gas emissions, increasing employee diversity, innovating work styles, and bolstering governance. Moreover, in light of dialogue with stakeholders, we have redefined our CSR Material Issues to make them more forward looking.

We believe that anticipating society's growing expectations and providing solutions to social issues through our businesses will bring about social change that leads to the creation of a sustainable society. Accordingly, as part of efforts to tackle ESG-related issues, our insurance business is helping make international society more inclusive by improving access to insurance in developing countries. In addition, we have entered the nursing care business, which has considerable social significance in Japan's aging society. Also, in our view collaborations with other companies as well as dialogue and cooperation with our stakeholders, including governments and civil society, can create the large impetus needed to transform society.

As a provider of business solutions for a better future, the Sompo Holdings Group will offer comprehensive support for the "security, health, and wellbeing of customers" in a wide range of life stages and in day-to-day life. While pursuing our unique vision of building a "theme park for the security, health, and wellbeing of customers," we will achieve corporate growth and contribute to the realization of a resilient and sustainable society.



### Leverage Digital Technology to Initiate Reform and Build a “Theme Park for the Security, Health, and Wellbeing of Customers”

#### Sawako Nohara

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



#### —What is your evaluation of the Sompo Holdings Group's governance?

Beyond being systemically progressive—with outside directors accounting for one-third of directors and a Nomination and Compensation Committee that comprises the Group CEO and outside directors—the Group's actual administration of in-house systems is excellent. Outside directors can speak without restraint, and discussions at Board of Directors' meetings are always lively. My impression is that officers take our statements on board. Rather than just allowing outside directors to make statements, the officers responsible for operational execution are clearly keen to work with us in building a new governance system.

#### —What impression of the Group have you formed in the four years since becoming a director?

I feel that the Group has evolved steadily. Four years ago, I got the strong impression that the management team wanted change. At that point, however, the Group was only halfway through the process. The Group is following the “theme park for the security, health, and wellbeing of customers” vision. In accordance with this vision, instead of pursuing P&C insurance with other services attached, the Group has clearly identified four mainstays: domestic P&C insurance, domestic life insurance, nursing care & healthcare, and overseas insurance. I sense the determination of the Group CEO and the rest of the management team to evolve governance in step with the major transformation that business strategy is currently undergoing. I think that this determination makes the role of outside director rewarding as well as a great responsibility.

#### —As a specialist in the digital field, what do you think of the Group's initiatives in this regard?

In my opinion, the pivotal measures have been to establish a department dedicated to digital strategy in the holding Company and to appoint from outside of the Group a chief digital officer with significant authority and freedom. Efforts to realize innovations in organizations sometimes cause friction with existing business divisions and do not succeed as a result. With this in mind, I think it was very wise for Sompo Holdings to establish a system in which it seeks beneficial new approaches and spreads them throughout the Group in collaboration with operating companies. Recently, I had the opportunity to visit SOMPO Digital Lab in Silicon Valley. I was able to hear firsthand from personnel in the vanguard of development about the types of new approaches they are looking for, and I found their replies reassuring. I look forward to the future.

#### —What are the Group's tasks, and what are your expectations of the Group?

I look forward to digital technology and the theme park vision. “Digital transformation” is a phrase that has emerged recently. Of course, digital technology can add value to existing services. In addition, however, its potential to change an entire array of practices is very important. Such change is sure to benefit this vision. The insurance industry has not needed that much innovation, partly because insurers have competed within premium scopes that are to some extent fixed. However, we are now in a period of transformation. Ideas about the importance of keeping the profile of the Group consistent with the one it had 10 years ago should be forgotten. I would like to see changes in the mind-sets of all employees create an innovative atmosphere in the whole Group that enables significant transformation. I think digital technology will play a significant part in facilitating this process.

## Leverage *Gemba-Power*\* under the Business Owner System and Achieve Transformation

Isao Endo

Chairman of Roland Berger Ltd.



### —What impression of the Sampo Holdings Group have you developed since becoming a director three years ago?

The Group as a whole is on the cusp of significant change. Rather than incremental improvements and reforms, it is seeking complete transformation. Three years ago, the Group had yet to enter the nursing care business, and neither Sampo International (Endurance) nor the Business Owner system existed. If we compare transformation to a voyage, the first action, changing course dramatically, has been accomplished very well. With an appropriate course set, the ship has begun moving. That is how I see the past three years.

### —How would you judge the governance practiced by the Group?

The Group is advancing toward extremely ambitious goals. The management team is firmly committed to realizing transformation, and, in this respect, I share their commitment. On the other hand, risks accompany transformation. Therefore, outside directors must monitor developments continuously to avoid damage to corporate value. At the same time, our monitoring should help heighten corporate value. With regard to these points, I think that communication with the officers responsible for operational execution is sufficient and that discussions are thorough. The quality of discussions is important. Outside directors make points based on external perspectives, alternative approaches, and different ways of thinking. I think that the Group has shown a willingness to accept such opinions and to incorporate the elements that it needs.

### —What do you think is important to bring about transformation?

The Group has successfully changed course. Now, how it moves ahead is important. The future will test the Group's ability to take action. Will the personnel at operating companies who actually

create value be able carry initiatives through to their conclusion?

Can these personnel change completely? In accomplishing these tasks, the Business Owner system will play a crucial role, I think.

Only a Business Owner is capable of refitting such a large ship. It is up to Business Owners to direct frontline operations. Therefore, they must show leadership as they leverage *Gemba-Power* to transform businesses. This is a very challenging task, and I do not think there are many examples of companies delegating responsibility to Business Owners to the extent that the Group does.

### —What tasks must the Group carry out, and what do you expect of the Group?

To say "*Gemba-Power*" is to refer to the ability to identify and tackle issues in frontline operations. Without exercising *Gemba-Power*, the ship will not reach its destination. It is important that personnel from middle management through to frontline operations are genuinely committed to transformation. I think the Group's decision-making is quite fast. However, there is a difference between decision-making speed and implementation speed. Implementation takes time. Although implementation should be rapid, time should be taken for the implementation of a number of measures. Also, delegating to operating companies is important, but equally important is the ongoing consideration of the functions of the holding company and the support it should provide. I want the holding company and operating companies to collaborate closely to realize transformation.

\* *Gemba-Power* is the autonomous problem-finding and problem-solving capability of *gemba*, which can be loosely translated from Japanese as staff at the frontline.



### Offer New Value in the Nursing Care Industry and Address the Issues Facing Japan

Tamami Murata

Attorney at Law

#### —What views have you formed on the Sampo Holdings Group in the three years since assuming your role as a director?

I feel that the Group has two admirable qualities. First, despite being a large organization, it decides matters promptly. Second, although things are going well at the moment, the Group has not become complacent. Instead, it is still seeking further improvements. In a sense, I have been surprised. Meanwhile, through my position as an outside director, I want to assist the Group in heightening the pace of efforts to ensure that it accomplishes change.

#### —How have you found the meetings of the Board of Directors and the Nomination and Compensation Committee in which you have participated?

Frankly speaking, there are very few organizations in which outside directors can state opinions so freely or in which, ultimately, the chairpersons of these meetings are able to hammer out policies so effectively. A pet theory of mine is that the strongest organizations are those that are able to proceed in a single direction while accommodating diverse values. For example, I feel that, even if they establish panels including external experts, many organizations may conduct meetings of such panels for form's sake to some extent. However, the Group does not do this. Further, trying to assimilate many different opinions often results in disintegration. Nonetheless, in the end the Group is able to identify coherent directions and reach conclusions. Therefore, I think it is close to my idea of the strongest type of organization.

#### —Recently, the Group has ventured into the nursing care field and other new fields. As an outside director, how have you been involved in and what are your thoughts about such initiatives?

The Board of Directors arrived at a decision after exhaustively weighing up the pros and cons of a full-fledged entry into the nursing care field. On the one hand, the management team wanted

to meet social responsibilities and create new value by exploiting financial foundations and strict ethical standards that the Group had developed mainly in the insurance business. On the other hand, such an initiative would involve a new type of risk. Last year, in what was effectively the initiative's first fiscal year, I feel that the Group came up against certain difficulties. During a very short period, however, it was able to make concerted efforts to analyze problems rigorously and establish preventive measures. Moreover, I was impressed by the fact that, despite facing challenges, the Group steadily took forward-looking strategic measures, such as the formation of industry-academia tie-ups, to create new value and services in the nursing care business. This resilience reflects a mind-set cultivated over many years in the insurance business. Rather than simply complaining that things are tough, the management team does whatever it can to create new value. I think the significance of the Group's entry into the nursing care field is that it has brought this mind-set to the fore.

#### —What are the Group's tasks, and what are your expectations of the Group?

Not long ago, I had an opportunity to visit one of the Group's nursing care facilities. The professionalism of the personnel and the happiness of the residents had a big impact on me. I was really surprised to learn that the Group is incorporating the latest digital technology into nursing care, a quintessentially analog field in which people take care of other people. I think that, as a newcomer to the nursing care industry, the Group should keep offering new value based on fresh approaches. Although "offering new value" sounds a little presumptuous, doing so will demonstrate the Group's level of commitment to making a full-fledged entry into the nursing care field. I look forward to the Group helping address the problems that Japan is facing, such as people having to quit work to care for family members.

## Address Social Issues through Mainstay Businesses and Enrich Society

### Scott Trevor Davis

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



#### —With regard to the Sampo Holdings Group, what impression have you formed since becoming a director three years ago?

Before becoming a director, I had a connection with the former Sampo Japan in relation to its CSR report. My impression then was of a severe company that placed value-judgement criteria outside the organization and always considered what would be acceptable to counterparties as it proceeded through plan-do-check-act (PDCA) cycles. After I became a director three years ago, I realized the reason for this. This strictness is the approach of both the management team and of the organization. As a corporate group that has succeeded, the Sampo Holdings Group has earned the trust of many different people and been entrusted with significant assets and is highly aware of the attendant stewardship responsibility. I see it as a group with an uncompromising and extremely sound philosophy that regards achievements as stemming from consistently being forward-looking and thinking about what to do in the future.

#### —How would you assess the Group's governance?

I think the quality of decision-making is very high. Managers engaged in actual operations explain agenda items at meetings of the Board of Directors. Outside directors and outside Audit & Supervisory Board members ask questions about agenda items, and such exchanges can go on for hours. As a result, agenda items are postponed in some cases. Sometimes, such items are amended at meetings of the Board of Directors in light of the opinions of outside directors and outside Audit & Supervisory Board members. Thus, anything that does not make sense from an external viewpoint does not go unchallenged. The Group takes so much care over decision-making that you would almost not think it was in the process of rapidly implementing major reforms.

#### —As an expert in CSR, how do you evaluate the Group?

At first, the vision of building a “theme park for the security, health, and wellbeing of customers” does not seem related to insurance, but this is not the case. The theme park vision refers to the Group leveraging capabilities developed in its mainstay insurance business to steadily offer services in new fields and thereby enrich the day-to-day lives of consumers. The Group's advantages are risk management and risk assumption capabilities fostered in the insurance business. The theme park vision boldly seeks to assume the risks that Japan is facing and will face and to enable Japanese people to enjoy fun, active, and fulfilling lives. If we define CSR in terms of society's expectations of a company and its role in society, it is important to determine whether mainstay businesses can contribute to wellbeing. Having succeeded in doing this very well, the Group has received a variety of awards in the CSR field. Leaving the risk set unchanged would make it easy to continue receiving plaudits. Without being tied to past, however, the Group is boldly taking on the nursing care business and other new fields. For this reason, I view the Group as a truly forward-looking organization.

#### —What initiatives should the Group take on, and what are your expectations of the Group?

If you had asked me three years ago if the theme park vision was a good idea, I would have replied “yes.” However, if you had asked if I thought the Group would have progressed this far in three years, I probably would have said “no.” I think the Group has come this far at an amazing speed through sheer effort. While there are still things for the Group to do, I believe its major tasks will be discovering how to sustain the current momentum and working out how to communicate the significance of its efforts to society.



# Corporate Governance

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

The Group formulated its Corporate Governance Policy to clarify basic policies regarding the formation of the overall vision for the governance structure and the governance framework. We continue to improve our corporate governance and aim to establish optimal systems.

As a company with an audit & supervisory board, to improve corporate value, we maintain and promote effective oversight and auditing functions using a system of corporate governance comprising the Board of Directors, which makes important management decisions and oversees business execution, and Audit & Supervisory Board members and an Audit & Supervisory Board that are independent from the Board of Directors. In addition, for our business execution structure, under the overall supervision of the Group CEO, we have elected to adopt a Business Owner system, a Group Chief Officer (CxO) system, and an executive officer system to ensure swift and agile decision making, as well as to clarify authority and responsibility.

In addition, to ensure transparency in the appointment and treatment of directors, the Nomination and Compensation Committee, which is chaired and membered by a majority of outside directors, has been set up as an advisory body to the Board of Directors.

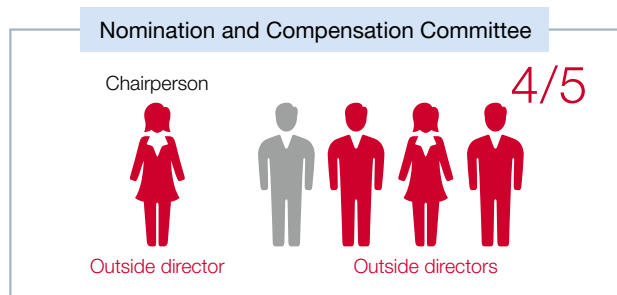
## Features of Our Corporate Governance

### 1 Robust Corporate Governance

We have a hybrid governance model, which heightens the effectiveness of governance, incorporating many of the advantages of the organizational structure of being a company with committees.

- Establishment of a Nomination and Compensation Committee as an advisory body to the Board of Directors

Four out of five members are outside directors. The committee is chaired by an outside director.

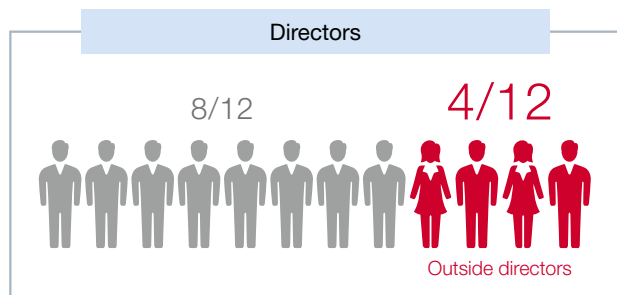


- Maintaining and promoting effective oversight and auditing functions through Audit & Supervisory Board members and an Audit & Supervisory Board

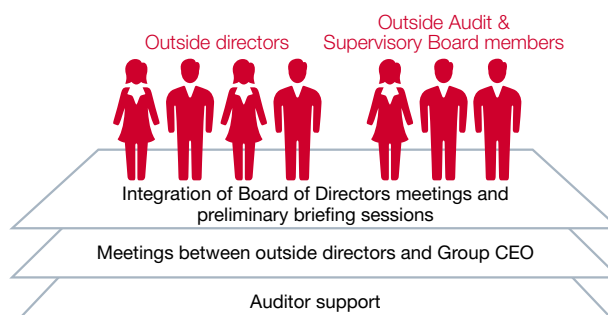
Three out of five members are outside Audit & Supervisory Board members. They provide oversight and auditing from a position independent of management, participate in various internal committees, and are involved in decisions on the validity of business execution.



- Multiple outside directors contributing to a diverse Board  
One-third (four out of 12 directors) are outside directors. These directors have diverse backgrounds: two are managers, one is a lawyer, and one is a professor (two are women, and one is non-Japanese).



- System to support proactive engagement of outside directors  
Integration of Board of Directors meetings and preliminary briefing sessions, meetings between outside directors and Group CEO, auditor support



## 2 Agile and Flexible Execution of Operations

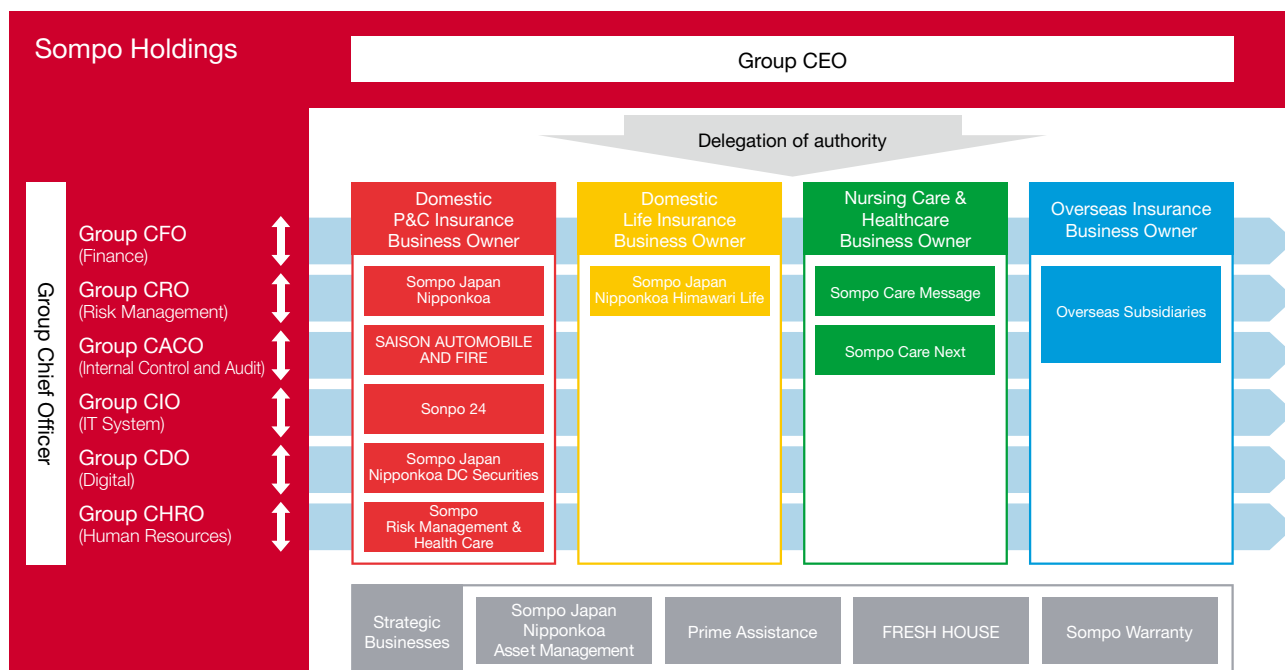
To achieve agile and flexible execution of operations in response to rapid changes in the environment, we are implementing a Business Owner system and a Group CxO system under the overall supervision of the Group CEO.

- Agile decision making by delegating authority to Business Owners

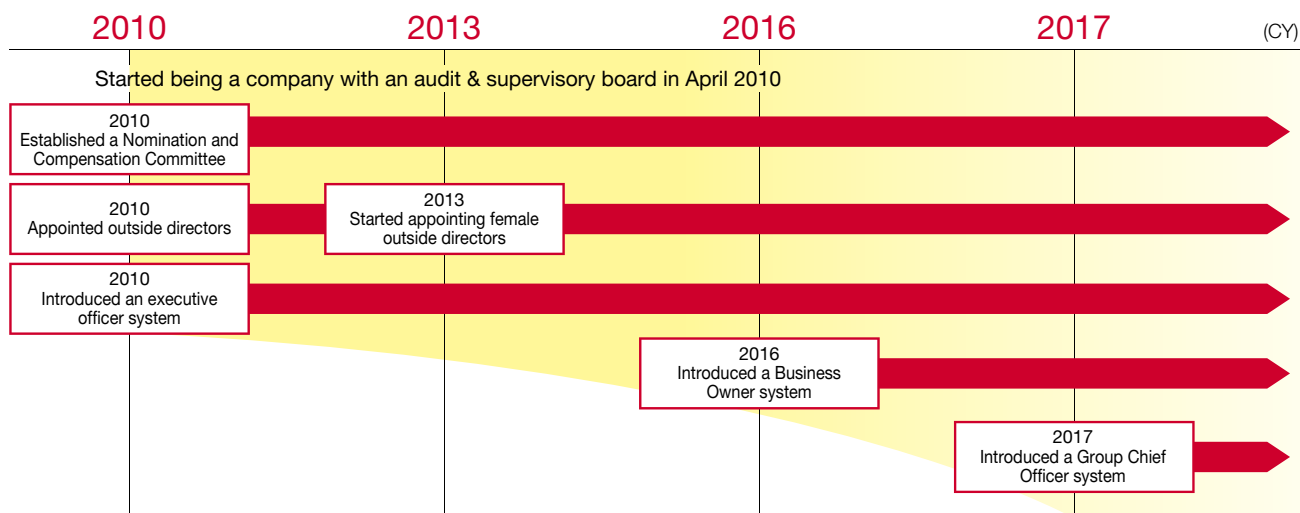
We appointed heads of each business segment (domestic P&C insurance, domestic life insurance, nursing care & healthcare, and overseas insurance), who, as Business Owners, are delegated authority for business strategy planning, investment decisions, and talent deployment. This system enables swift and flexible decision making and business execution at the business segments in a manner that reflects customer needs more closely.

- Introduction of Group CxO system to head Group functions

The following chief officers are assigned responsibility for their respective functional areas: CFO (finance), CRO (risk management), CACO (internal control and compliance), CIO (IT system), CDO (digital), and CHRO (human resources). They supervise their respective areas across the Group as a whole, ensure agile and flexible decision making that is best for the Group, and exercise functions laterally across the Group.



## Main Corporate Governance Reforms





## Directors and Audit & Supervisory Board Members

**A** Group CEO  
Representative Director,  
President and Executive Officer  
**Kengo Sakurada**

**B** Group CFO  
Representative Director,  
Deputy President and  
Senior Managing Executive Officer  
**Shinji Tsuji**

**C** Overseas Insurance Business Owner  
Representative Director,  
Senior Managing Executive Officer  
**Shigeru Ehara**

**D** Group CRO  
Director,  
Managing Executive Officer  
**Masato Fujikura**

**E** Group CACO  
Director,  
Managing Executive Officer  
**Koichi Yoshikawa**



As of July 1, 2017

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

**G** Domestic P&C Insurance  
Business Owner  
Director  
**Keiji Nishizawa**

**H** Domestic Life Insurance  
Business Owner  
Director  
**Kaoru Takahashi**

**I** Outside Director  
**Sawako Nohara**

**J** Outside Director  
**Isao Endo**

**K** Outside Director  
**Tamami Murata**

**L** Outside Director  
**Scott Trevor Davis**

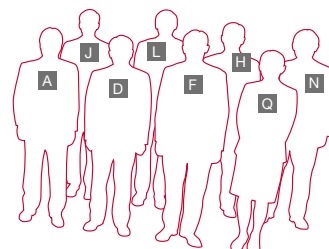
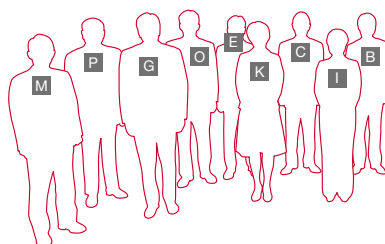
**M** Audit & Supervisory  
Board Member (Full-Time)  
**Toshiyuki Takata**

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

**O** Outside Audit & Supervisory  
Board Member  
**Naoki Yanagida**

**P** Outside Audit & Supervisory  
Board Member  
**Hideyo Uchiyama**

**Q** Outside Audit & Supervisory  
Board Member  
**Atsuko Muraki**





# Pursuing a Sustainable Society

To build a “theme park for the security, health, and wellbeing of customers” and continuously enhance corporate value, the Group has positioned ESG (environment, social, and governance) initiatives as an important management issue, and based on the Group CSR Vision, we are promoting efforts aimed at realizing a sustainable society and Group growth by providing solutions to social issues.

The Sustainable Development Goals (SDGs), which were unanimously adopted by all members at the United Nations Summit in September 2015, stress the important role of business. Considering this, the Group is promoting various initiatives toward achieving the SDGs.

## Group CSR Vision

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

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

## CSR Material Issues

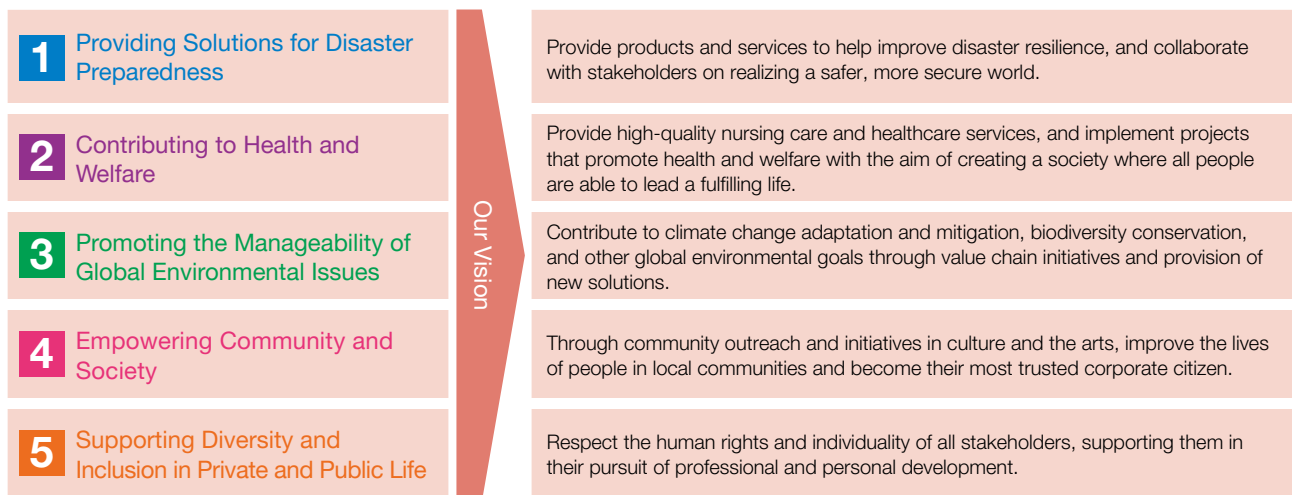
Based upon our Group CSR Vision, following Three Key Strengths are of critical importance for us.

### Our Key Strengths

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

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

### Five Material Issues





## External Recognition of Our ESG Efforts

From early on, we have been actively involved in ESG, and our initiatives have been recognized by various organizations globally. The following outlines our major recent recognitions and awards.

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

A leading global SRI index of companies that are leaders in sustainability, as assessed from their approach toward environment, social, and governance (ESG) issues. This is the seventh consecutive year for Sampo Holdings to be included in the index and the 17th consecutive year for Sampo Japan Nipponkoa Insurance (previously Sampo Japan).



Included for  
**17**  
consecutive years

### Corporate Sustainability Assessment by RobecoSAM

We were awarded the RobecoSAM Bronze Class Award in 2017, selected from among the companies that are included in the DJSI survey. We have been selected for this award for the seventh consecutive year, and Sampo Japan Nipponkoa Insurance for the 10th consecutive year.



Received the prize for  
**10**  
consecutive years

### CDP (Climate Change) Survey

We were selected for the 2016 Climate A List in a survey on climate change by the international CDP project, under which the world's major institutional investors call upon businesses to adopt climate strategies and disclose their GHG emissions. Sampo Holdings was among the highest ranked financial institutions in Japan and the world.



Selected to be on the  
**A List**

### Received the Prime Minister's Award to Commend Leading Companies Where Empowering Women

(Sampo Japan Nipponkoa Insurance)

Sampo Japan Nipponkoa Insurance has worked to increase the ratio of female employees in managerial positions, reform work styles for all employees, and promote the contribution of women through local partnerships. These three initiatives were highly regarded, and in 2016 it received the Japan Prime Minister's Award to Commend Leading Companies Empowering Women.



The Prime  
Minister's  
Award

### The 20th Environmental Communication Awards: Received the Grand Award of Global Warming Countermeasures Report (Environment Minister's Award)

Our *CSR Communication Report 2016*, which discloses detailed ESG information, received the Grand Award of Global Warming Countermeasures Report (Environment Minister's Award) in the Environmental Report section at the 20th Environmental Communication Awards (hosted by the Ministry of the Environment, Japan and the Global Environmental Forum).



The  
Environment  
Minister's  
Award

\* For details on our inclusion in SRI (Socially responsible investing) indexes, please see page 29.

Initiatives to Achieve the Sustainable Development Goals

In September 2015, at the United Nations Summit held in New York, all 193 member states unanimously adopted the Sustainable Development Goals (SDGs), which comprise 17 goals and 169 targets. Paragraph 67 of the official agenda document “calls on all businesses to apply their creativity and innovation,” stating clearly the role expected of businesses in achieving the SDGs.



To reflect recent international and business developments that include the SDGs, in 2016 we redefined the Group’s CSR Material Issues (for details on the material issues, see page 24). In addition, the new material issues are guiding efforts using plan-do-check-act (PDCA) processes to further increase performance in accordance with a new set of CSR key performance indicators (CSR-KPIs).

Examples of Contributions to Achieving the SDGs

The Group is implementing various initiatives toward achieving the SDGs.

Five Material Issues	Main Contributions to the SDGs	Key Examples of Our Initiatives
① Providing Solutions for Disaster Preparedness		Offering Smiling Road (safe driving support system for companies) and mobile phone app Portable Smiling Road (safe driving support system to individuals) (for details, see page 34), providing a volcanic eruption derivative product and developing a method for estimating the probability of a future eruption, etc.
② Contributing to Health and Welfare		Nursing Care & Healthcare business (see page 42), health service brand Linkx (see page 39, page 40), etc.
③ Promoting the Manageability of Global Environmental Issues		Weather Index Insurance in Southeast Asia (see page 52), participation in the Pacific Catastrophe Risk Insurance Pilot Program, etc.
④ Empowering Communities and Society		Sompo Holdings Volunteer Days held in partnerships with civil society organizations providing support following large-scale disasters, etc.
⑤ Supporting Diversity and Inclusion in Private and Public Life		Promoting diversity such as empowering women, developing a personnel and welfare system for LGBT employees (for information on our HR strategy, see page 68), etc.

## Stakeholder Engagement toward Achieving the SDGs

The 17th SDG is to “strengthen the means of implementation and revitalize the global partnership for sustainable development,” and is key for promoting every initiative.



Various important stakeholders have a large influence on the business activities of the Group. We recognize stakeholder engagement as an important initiative for understanding social issues, building relationships based on trust and collaboration, and yielding greater results. To address our material issues, one of our key strengths is “Promoting the development of advanced skills by fostering partnerships with stakeholders representative of broad sectors of civil society.”



Dialogue with local communities to develop the Weather Index Insurance product



Dialogue with the civil society organizations with whom we collaborate on SAVE JAPAN Project (biodiversity conservation activities in Japan)



Dialogue with stakeholders (exchanged perspectives with 16 different groups of stakeholders) when redefining our CSR Material Issues

## Leadership through Declarations to Society and Participation in CSR Initiatives

We are promoting a variety of international and domestic initiatives with the aim of achieving the SDGs through partnerships. The Group actively participates in various initiatives, working to take a leading role to achieve the SDGs.



United Nations Global Compact (UNGC)



Women's Empowerment Principles (WEPs)



Business Call to Action (BCTA), led by the United Nations Development Programme (UNDP)



United Nations Environment Programme Finance Initiative (UNEP FI)



Principles for Responsible Investment (PRI)



Principles for Sustainable Insurance (PSI)



Caring for Climate



World Business Council for Sustainable Development (WBCSD)

### The Group's initiatives were included in a collection of case studies related to the SDGs



SDG Industry Matrix, Financial Services (UNGC, KPMG)



SDGs and Business in Practice: Early Actions by Japanese Private Companies (Global Compact Network Japan and Institute for Global Environmental Strategies)

For more details on our ESG initiatives, please visit our CSR website.  
<http://www.sompo-hd.com/en/csr/>

# Financial and Non-Financial Highlights

## Consolidated Indicators for Sompo Holdings

	Millions of yen					Millions of U.S. dollars
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2016
<b>Key Figures</b>						
Ordinary Income	2,843,226	3,008,339	3,282,343	3,256,186	3,419,530	30,479
Net Premiums Written (P&C Insurance)	2,062,606	2,268,967	2,508,031	2,552,193	2,550,336	22,732
Life Insurance Premiums	264,732	277,230	277,208	297,696	323,860	2,886
Ordinary Profit	104,783	112,391	208,309	216,853	241,713	2,154
Net Income Attributable to Shareholders of the Parent	43,618	44,169	54,276	159,581	166,402	1,483
Comprehensive Income	319,047	149,965	469,485	(116,689)	226,949	2,022
<b>Per Share Information</b> (Yen, dollar)						
Net Income	105.10	106.98	132.85	394.21	419.15	3.73
Dividends	60.0	60.0	70.0	80.0	90.0	0.80
(Of which, Interim)	—	30.0	30.0	40.0	40.0	0.35
Diluted Net Income	104.87	106.77	132.61	393.66	418.71	3.73
<b>Financial Condition</b>						
Total Net Assets	1,283,488	1,390,153	1,829,852	1,652,839	1,868,940	16,658
Total Assets	9,178,198	9,499,799	10,253,431	10,186,746	11,931,135	106,347
Equity Ratio (%)	13.9	14.5	17.8	16.1	15.1	—
Consolidated Solvency Margin Ratio (%)	688.3	783.1	803.4	851.4	748.9	—
<b>Stock Information</b> (Shares)						
Number of Shares Outstanding (Excluding Treasury Stock)	414,726,157	411,284,208	408,037,848	404,162,514	393,398,576	—
<b>Adjusted Financial Indicators</b>						
Adjusted Consolidated Profit (Billions of yen)	111.6	101.5	138.3	164.3	183.2	1,633
Adjusted Consolidated ROE (%)	5.4	4.3	5.2	6.9	7.6	—
<b>ESG Data</b>						
Greenhouse Gas Emissions (Scope 1–3) (t-CO <sub>2</sub> )*1	136,665	139,736	155,140	151,704	147,403	—
Ratio of Female Employees in Managerial Positions (%)**2	5.3	5.0	7.3	12.9	17.5	—
Number of Telecommuters	—	357	683	2,190	2,664	—
Percentage of Outside Directors (%)	50.0	25.0	33.3	33.3	30.8	—
Attendance of Outside Directors at Meetings of the Board of Directors (%)	98.9	100.0	100.0	98.3	98.2	—

Notes: 1. Legal amendments have affected the calculation of the consolidated solvency margin ratio since the end of fiscal 2013. Consequently, a different standard has been used to calculate figures for fiscal 2013 and subsequent fiscal years than the standard used to calculate figures for fiscal 2012 and earlier fiscal years.

2. Reflecting amendments to the "Accounting Standard for Business Combinations," etc., since fiscal 2015 the presentation of "net income" has been amended to "net income attributable to shareholders of the parent."

3. As of fiscal 2016, the definition of adjusted consolidated profit has been changed. (Fiscal 2015 figures have been recalculated and presented based on new standards.) For details about the calculation methods for adjusted consolidated profit and adjusted consolidated ROE, please see page 55.

4. U.S. dollar amounts are translated from yen at the rate of ¥112.19=U.S.\$1.00, the approximate rate prevailing at March 31, 2017.

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

Fiscal 2012: Sompo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited (including consolidated subsidiaries); fiscal 2013 and fiscal 2014: Sompo Japan Insurance Inc. (including consolidated subsidiaries) and NIPPONKOA Insurance Company, Limited (including consolidated subsidiaries); fiscal 2015: Sompo Holdings, Inc., and main consolidated subsidiaries and operating companies; fiscal 2016: Sompo Holdings, Inc., and main consolidated subsidiaries.

\*2. Information regarding overseas consolidated subsidiaries is as of the end of December in respective fiscal years. Information related to domestic operating companies is as of the end of fiscal 2012 for fiscal 2012 and as of the end of July in respective fiscal years for fiscal 2013 through fiscal 2016.

## Performance Review

Ordinary income increased 163.3 billion yen year on year, to 3,419.5 billion yen, because revenues in the nursing care & health-care business rose due to the contribution to revenues from the beginning of fiscal 2016 of subsidiaries newly included within the scope of consolidation at the end of the previous fiscal year.

Ordinary profit increased 24.8 billion yen year on year, to 241.7 billion yen, mainly due to an improvement in the profitability of Sompo Japan Nipponkoa Insurance Inc. Net income attributable to shareholders of the parent increased 6.8 billion yen year on year, to 166.4 billion yen.

Adjusted consolidated profit and adjusted consolidated ROE, which are key indicators, also increased steadily.

## Rating Information

(As of May 19, 2017)

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

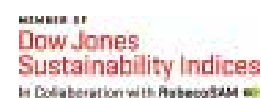
## Inclusion in Socially Responsible Investment (SRI) Indices

Sompo Holdings, Inc., is included in the following SRI indexes (as of July 1, 2017).

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

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

This is the seventh consecutive year for Sompo Holdings to be included in the index and the 17th consecutive year for Sompo Japan Nipponkoa Insurance.



### FTSE4Good Index Series

This index series is a group of SRI indexes that evaluate the performances of companies meeting globally recognized corporate responsibility standards in relation to ESG.



### MSCI Global Sustainability Indexes and MSCI Global SRI Indexes

These indexes comprise companies from various industries that have earned high evaluations in relation to ESG.



### ECPI Global Developed ESG Best-in-Class Equity Index

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



### STOXX® Global ESG Leaders

This index offers a representation of the leading global companies that have been selected based on the ESG indicators provided by Sustainalytics.



### The Morningstar Socially Responsible Investment Index

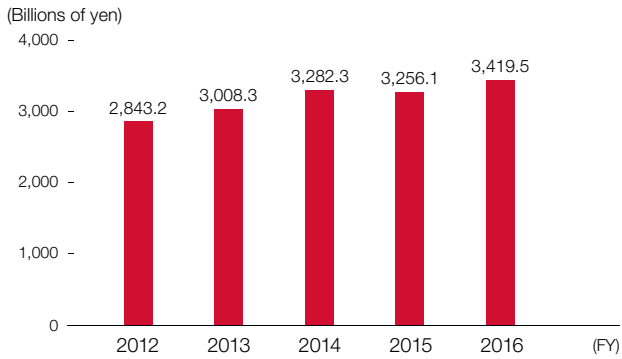
The Morningstar Socially Responsible Investment Index was developed as Japan's first SRI investment index comprising Japanese companies.



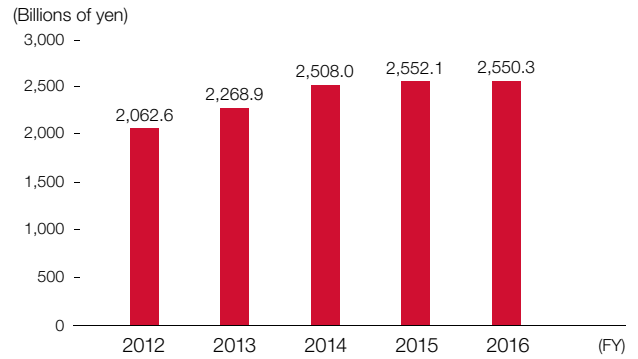


# Financial and Non-Financial Highlights

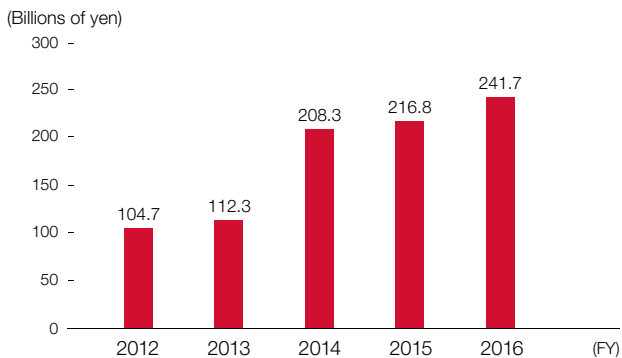
## Ordinary Income



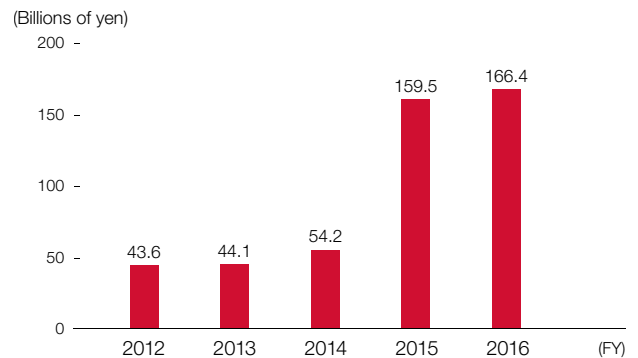
## Net Premiums Written (P&C Insurance)



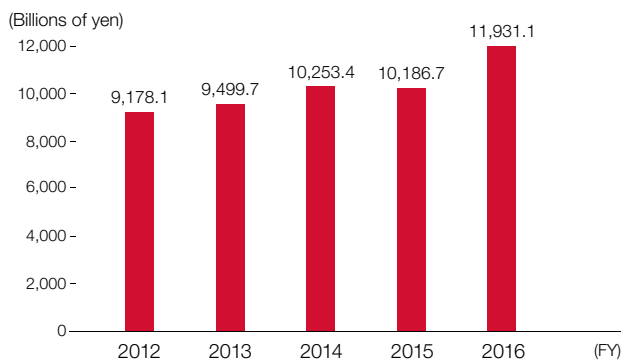
## Ordinary Profit



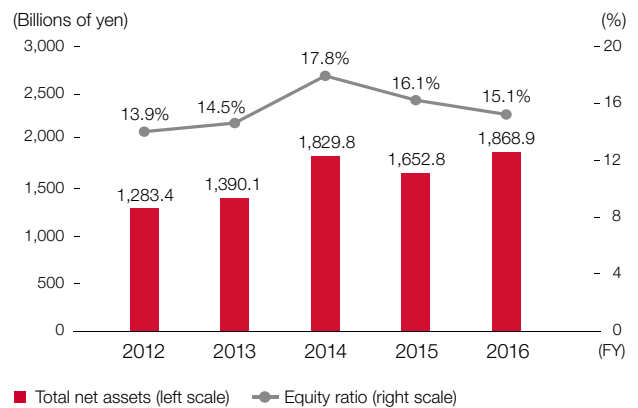
## Net Income Attributable to Shareholders of the Parent



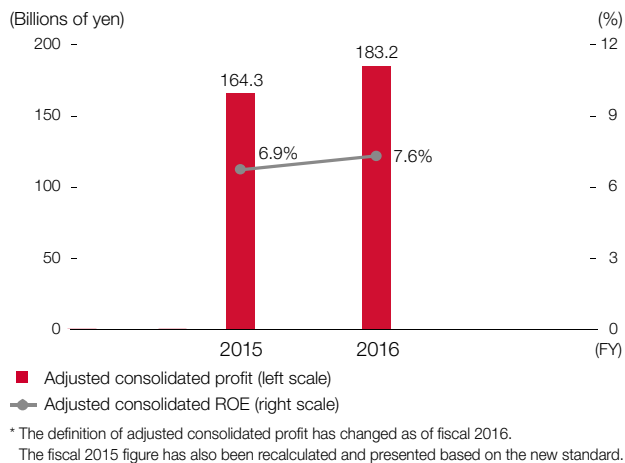
## Total Assets



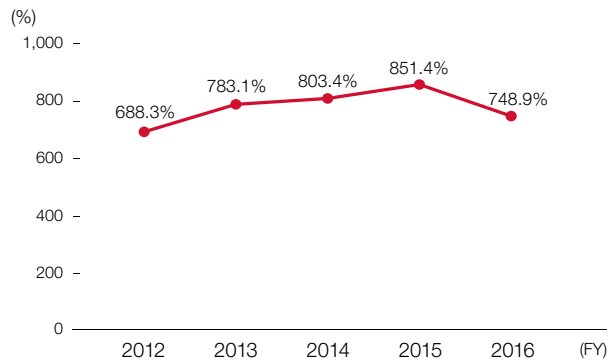
## Total Net Assets / Equity Ratio



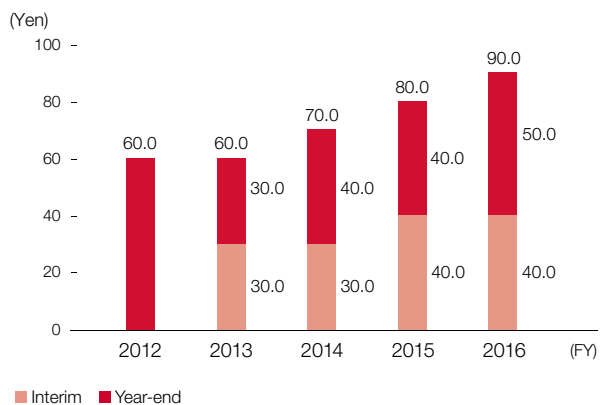
### Adjusted Consolidated Profit / Adjusted Consolidated ROE



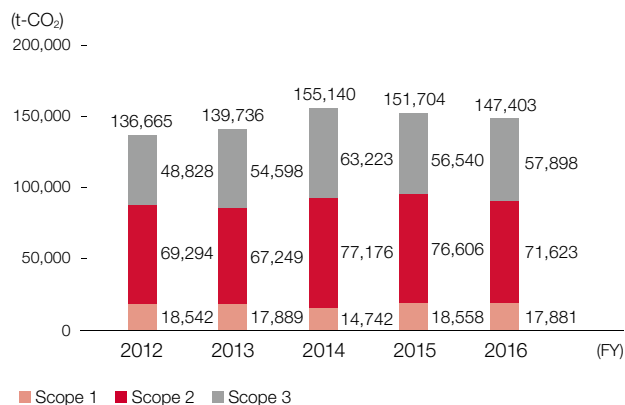
### Consolidated Solvency Margin Ratio



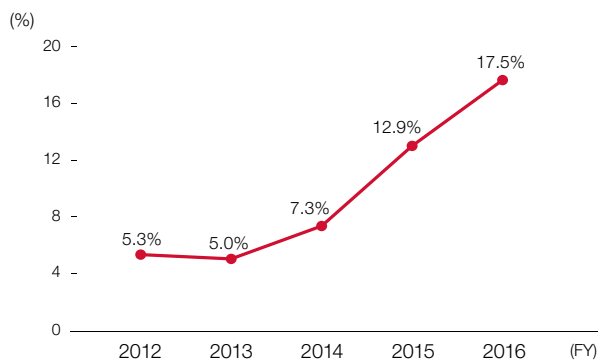
### Dividends per Share



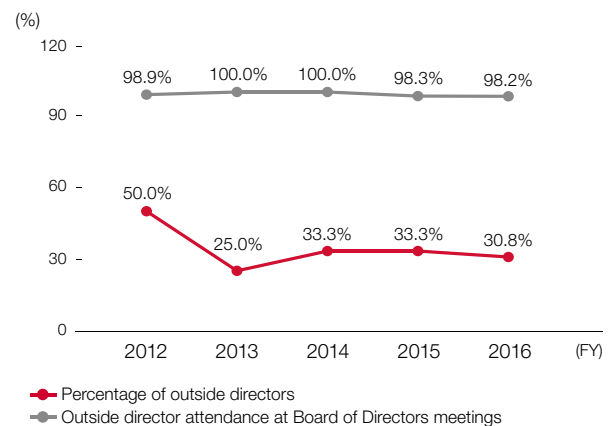
### Greenhouse Gas Emissions (Scope 1-3)

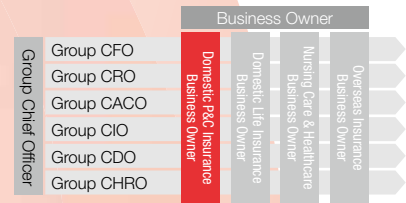


### Ratio of Female Employees in Managerial Positions



### Percentage of Outside Directors / Outside Director Attendance at Board of Directors Meetings





# Domestic P&C Insurance Business

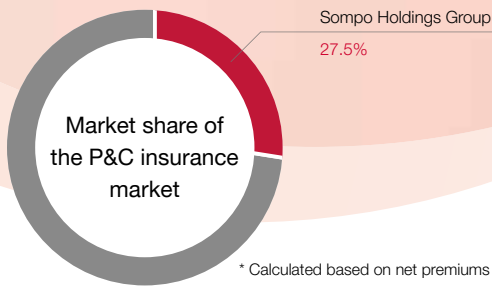
The domestic P&C insurance business meets a variety of customer needs through three companies. Sompo Japan Nipponkoa Insurance Inc. is the Group’s core business and sells insurance through agencies. SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sonpo 24 Insurance Company Limited are responsible for direct sales. Including these three companies, the Group’s market share is roughly 30%.

Further, Sompo Japan Nipponkoa DC Securities Inc. provides defined contribution pension fund management services, and Sompo Risk Management & Health Care Inc. provides risk solution services, and the Group can provide products and services of the highest quality that leverage the specialization of each Group company.



**Keiji Nishizawa**

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



\* Calculated based on net premiums written in fiscal 2015  
Source: "Insurance" Hoken Kenkyujo

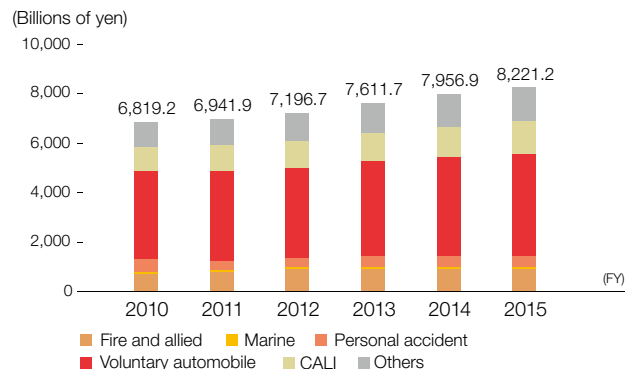
## Operating Environment

Although Japan is an aging society with a falling birth rate, leading to a shrinking population, there is steady growth in premiums in the domestic insurance market.

Until 2020, a certain amount of economic growth is expected resulting from the 2020 Tokyo Summer Olympic and Paralympic Games, but disruptive and dramatic changes are also expected in the environment surrounding the Group, such as Japan’s decreasing population and rapidly aging society, the increasing frequency of large-scale natural disasters, and the exponential evolution of technology and accompanying changes in customer behavior.

It is precisely because of such environmental changes that the social significance of the insurance business will become key. Going forward, we will contribute to society by providing the highest-quality products and services that support Japanese companies that act globally and people’s safety, health, and wellbeing.

### Trend in Premiums in the Japanese P&C Insurance Market



\* Based on net premiums of P&C insurers in Japan excluding reinsurance companies  
Source: "Insurance" Hoken Kenkyujo

## Progress of the Mid-Term Management Plan

Adjusted profit in the domestic P&C insurance business accounts for about 70% of the Group's adjusted profit (fiscal 2016). Going forward, we aim for this business, which is the largest business segment, to contribute to the Group's growth as a growth driver based on the following three policies.

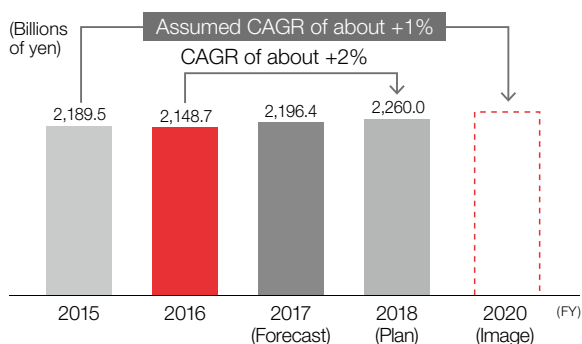
### The Three Policies of the Mid-Term Management Plan

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

In fiscal 2016, the first year of the Mid-Term Management Plan, adjusted profit outperformed initial targets due to the recovery in the combined ratio and strong progress of asset management thanks to a favorable market environment. In fiscal 2017, we expect profit to be in line with our original plans.

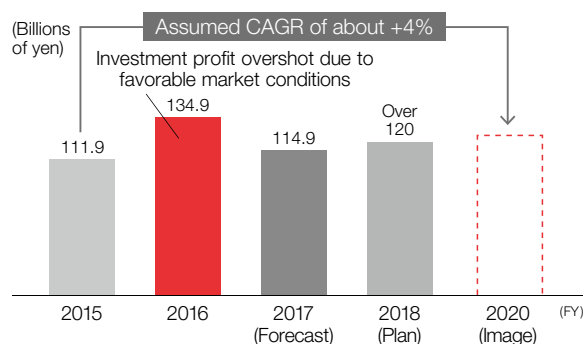
In the domestic P&C insurance business, we are now able to generate stable profits on the scale of 100 billion yen. We are building a structure that enables us to maintain and grow profitability in the medium term by investing in sweeping upgrades of our IT systems and controlling business expenses, making this the Group's largest cash generator.

### Net Premiums Written (Sompo Japan Nipponkoa)



\* Net premiums written do not include assumed reinsurance premiums transferred to Sompo Japan Canopus Re (about 30 billion yen).

### Adjusted Profit



\* For details on adjusted profit, please see page 55.

## Main Future Initiatives

We will continue working on the tasks prioritized in the Mid-Term Management Plan: increasing the capabilities of front-line personnel and leveraging digital technologies.

### Increasing Capabilities of Front-Line Personnel

Fiscal 2016 saw many disasters, such as the earthquakes in Kumamoto and Tottori, typhoons, and a large fire in Itoigawa. We were able to promptly pay insurance claims related to these disasters due to the capabilities of front-line personnel. Based on a clear management vision and strategy, we aim to continue focusing on our core operations and incorporating initiatives and ideas from on the ground.

### Leveraging Digital Technologies

Digital technologies are being put to use in many areas of our business, such as using the latest telematics technology for our safe driving support app Portable Smiling Road, introducing AI at call centers, and using drones in insurance accident investigations. We will work to create new products, services, and business models that anticipate shifting customer needs and industrial structures.

## TOPICS

### Developing Products and Services Leveraging Digital Technologies

#### Safe Driving Support System for Companies Smiling Road (Sompo Japan Nipponkoa)

Since March 2015, we have been offering Smiling Road, a system that supports safe driving using a dedicated driving monitor. Results are appearing in terms of reducing accidents. For example, the cumulative number of accidents at all companies using this service decreased by roughly 20%.

#### Car Navigation and Driving Assessment App for Individuals Portable Smiling Road (Sompo Japan Nipponkoa)

Since January 2016, we have been offering smartphone app Portable Smiling Road. By supporting safe, secure, and comfortable driving for all motorists, we aim



to reduce the incidence of auto accidents for a safer and more secure society. Over 100,000 customers use this service.

#### DRIVING!, Using a Driving Monitor for Elderly Drivers (Sompo Japan Nipponkoa)

In March 2017, we started offering DRIVING!, a telematics service using a driving monitor for individuals. We support safe driving through a dedicated telematics-based driving monitor, which includes safe driving



support and emergency text messaging functions to provide greater peace of mind to drivers on the road. The service also offers safe driving assessments and visual training to customers after they get off the road. DRIVING! has customers covered when it comes to enjoying the road.

#### New Visual and Touch-Based Service Connect app (Saison Automobile & Fire)

We started offering the Connect app to policyholders of "Otona no Jidosha Hoken" voluntary automobile insurance (for contracts beginning in July 2017 or later). By setting up a "connect button" in the car and downloading the app, the Connect service measures driving performance and provides driving reports, supporting the safe driving of our customers.



#### Telematics Insurance Utilizing Smartphones (Sompo Japan Nipponkoa)

Using the driving data collected from Portable Smiling Road and Sompo Japan Nipponkoa's proprietary data and analysis technology, we developed Japan's first telematics-based automobile insurance that calculates insurance rates (discount rates) and offers customers discounts of up to 20%. We started offering the related smartphone app in August 2017, and plan to start sales of the product within the year.

### Using Drones to Lead to Rapid Payment of Insurance Claims

Sompo Japan Nipponkoa started using drones in March 2015 as one method of investigating automobile accidents in mountainous areas and other locations. In July 2016, we expanded the scope of these activities, and we were the first insurance company to receive permission from the Ministry of Land, Infrastructure and Transport for nationwide use of drones in order to ensure prompt payment of insurance claims after large natural disasters.

After the large fire near Itoigawa Station on December 22, 2016, we confirmed the damage using drones and were able to promptly pay out insurance claims. In February 2017, Sompo Risk Management & Healthcare, in partnership with

Kogakuin University, Rikei Corporation, and Shinjuku Ward's Team Shinjuku members, conducted an earthquake drill for a hypothetical large earthquake in the area surrounding Shinjuku Station.

Going forward, if drones can be anticipated to be used effectively immediately following large accidents and disasters, we will quickly operate them to promptly get a sense of the extent of the damage and pay out insurance claims even more quickly.





## Company Outline

As of March 31, 2017



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

### Sampo Japan Nipponkoa Insurance Inc.

Establishment: October 1888  
 Capital: 70.0 billion yen  
 Shareholder: Sampo Holdings (100%)  
 Total assets: 7,568.7 billion yen  
 Net premiums written: 2,165.6 billion yen  
 Head office: 26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo  
 URL: <http://www.sjnk.co.jp/english/>

## Performance Review

Net premiums written fell 2.4% year on year, to 2,165.6 billion yen, due to decreased net premiums written in fire and other lines of insurance.

The net loss ratio improved 0.5 percentage point, to 63.2%, as a result of lower insurance payments arising from natural disasters in Japan.

The net expense ratio rose 0.4 percentage point, to 32.0%, reflecting lower revenues from net premiums written. As a result,

the combined ratio improved 0.1 percentage point year on year, to 95.2%.

Underwriting profit rose 34.1 billion yen, to 112.4 billion yen, due to a decrease in provision for underwriting reserves.

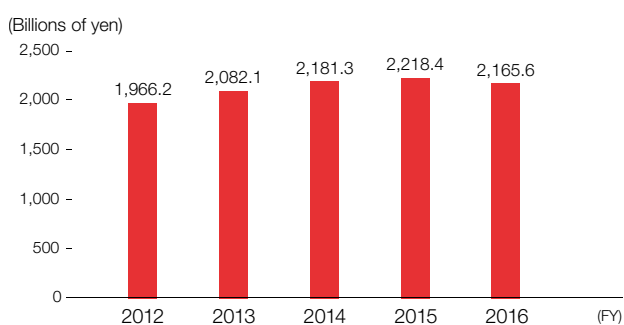
Ordinary profit rose 52.3 billion yen year on year, to 230.4 billion yen, while net income increased 38.1 billion yen year on year, to 164.4 billion yen.

(Billions of yen)

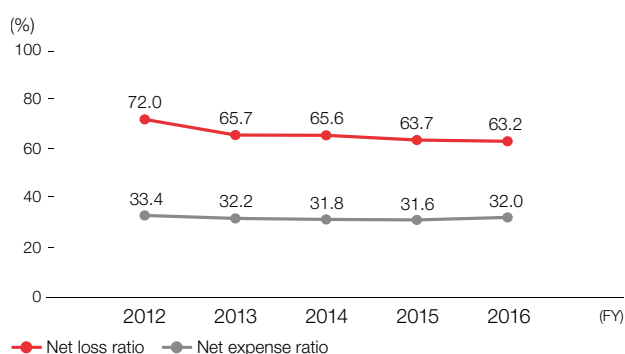
		FY2012	FY2013	FY2014	FY2015	FY2016
Net Premiums Written		1,966.2	2,082.1	2,181.3	2,218.4	2,165.6
Net Loss Ratio		72.0%	65.7%	65.6%	63.7%	63.2%
Net Expense Ratio		33.4%	32.2%	31.8%	31.6%	32.0%
Underwriting Profit (Loss)		(16.9)	(62.5)	45.2	78.2	112.4
Investment Profit		159.9	192.7	151.5	108.5	132.3
Ordinary Profit		129.6	117.7	195.1	178.0	230.4
Net Income		62.4	49.5	45.0	126.2	164.4
Non-Consolidated Solvency Margin Ratio	Sampo Japan	645.6%	713.3%	716.3%	729.3%	677.0%
	Nipponkoa	534.0%	653.0%			
Total Assets		7,038.2	7,098.9	7,326.2	7,036.2	7,568.7
Total Net Assets		1,144.9	1,233.3	1,592.6	1,324.8	1,455.2
Unrealized Gains and Losses on Securities Available For Sale		680.9	744.9	1,101.9	857.3	911.7
Non-Performing Loans (Risk-Monitored Loans)		2.0	0.9	0.7	0.4	0.4

Note: Figures prior to August 2014, excluding ROE and the non-consolidated solvency margin ratio, are the total of Sampo Japan and Nipponkoa.

### Net Premiums Written

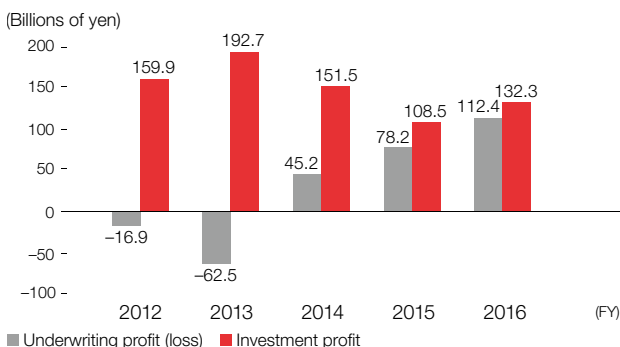


### Net Loss Ratio / Net Expense Ratio

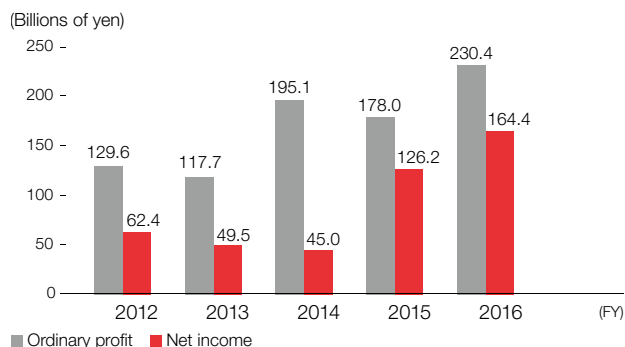


# Domestic P&C Insurance Business

## Underwriting Profit (Loss) / Investment Profit



## Ordinary Profit / Net Income



## Company Outline

As of March 31, 2017



As an insurance company that markets directly to customers, we sell "Otona no Jidosha Hoken" voluntary automobile insurance targeting those in their 40s and 50s, a demographic group with lower accident rates. By setting insurance rates by age, we aim to be a company understood and chosen by customers.

Given the recent changes in the environment, using digital technologies, we will strengthen our connections with customers and continue to offer products and services that customers are comfortable with, based on the concept of "always connected, just in case."

### SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED

**Establishment:** September 1982  
(operational kickoff: April 1983)

**Capital:** 28.7 billion yen

**Shareholder:** Sompo Japan Nipponkoa (99.65%)  
Credit Saison (0.35%)

**Total assets:** 51.6 billion yen

**Net premiums written:** 33.2 billion yen

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

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



**Takefumi Umemoto**  
President

Note: Takefumi Umemoto assumed the position of president on April 1, 2017.

## Performance Review

Net premiums written increased 21.1% year on year, to 33.2 billion yen, due to favorable performance by voluntary automobile insurance.

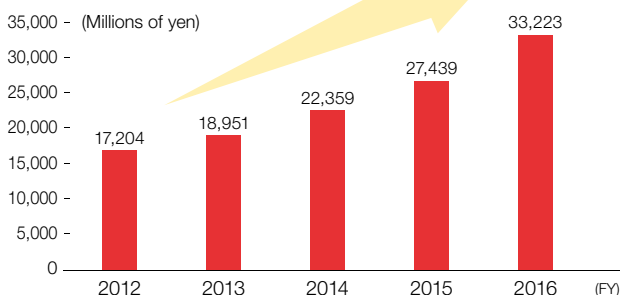
The net loss ratio increased 2.6 percentage points year on year, to 67.0%, reflecting a rise in claims paid.

The net expenses ratio improved 5.2 percentage points year on year, to 37.9%, due to an increase in net premiums written. Since its launch in March 2011, voluntary automobile insurance "Otona no Jidosha Hoken" has earned the support of many customers, reaching about 630,000 policies in force.

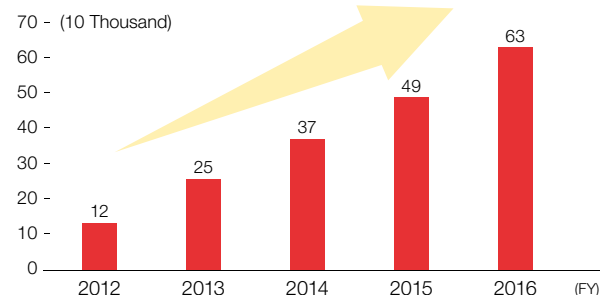
(Millions of yen)

	FY2015	FY2016
Net Premiums Written	27,439	33,223
Net Loss Ratio	64.4%	67.0%
Net Expense Ratio	43.1%	37.9%
Underwriting Profit (Loss)	(6,678)	(5,938)
Ordinary Profit (Loss)	(6,509)	(5,931)
Net Income (Loss)	(6,529)	(5,948)
Solvency Margin Ratio	725.8%	562.0%
Total Assets	49,272	51,655
Total Net Assets	10,995	9,281
Unrealized Gains And Losses on Securities Available For Sale	491	427

### Net Premiums Written



### "Otona no Jidosha Hoken" Policies in Force



## そんぽ24

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

### Sonpo 24 Insurance Company Limited

**Establishment:** December 1999  
(operational kickoff: March 2001)

**Capital:** 19.0 billion yen

**Shareholder:** Sompo Japan Nipponkoa (100%)

**Total assets:** 23.6 billion yen

**Net premiums written:** 13.3 billion yen

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

**URL:** <http://www.sonpo24.co.jp/>



**Hisayuki Nagano**  
President

### Performance Review

Although net premiums written declined slightly, they remained stable at 13.3 billion yen. Due to an improvement in the net expense ratio due to lower costs, the combined ratio improved 0.8 percentage point to 94.2%, provisions for reserves for outstanding losses and

claims decreased, as did underwriting reserves, and underwriting profit rose 0.6 billion yen, to 1.5 billion yen.

As a result, net income rose 0.8 billion yen, to 1.7 billion yen.

### Sompo Japan Nipponkoa DC Securities Inc.

Specializing in defined contribution pensions, we provide companies with bundled services covering everything related to the introduction through to the maintenance of defined contribution pension plans, including supporting them introducing the system and offering investment education and various types of information to participants (employees). We also provide individuals with comprehensive services around the individual-type defined contribution pension plans (iDeCo), which expanded to anyone under the age 60 including homemakers and public servants in January 2017.

### Sompo Japan Nipponkoa DC Securities Inc.

**Establishment:** May 1999

**Capital:** 3.0 billion yen

**Shareholder:** Sompo Japan Nipponkoa (100%)

**Total assets:** 2.8 billion yen

**Head office:** Shinjuku Center Building, 25-1,  
Nishi-Shinjuku 1-chome,  
Shinjuku-ku, Tokyo

**URL:** <http://www.sjnk-dc.co.jp/>



**Shuichi Kita**  
President &  
Chief Executive Officer

### Main Indicators

	March 31, 2015	March 31, 2016	March 31, 2017
Assets Under Management Balance	417.3 billion yen	430.7 billion yen	473.7 billion yen
Number of Participants (Including Investment Instructors)	225,000	238,000	255,000

### SOMPO RISK MANAGEMENT & HEALTH CARE

Sompo Risk Management & Health Care supports customers in their initiatives promoting security, health, and wellbeing by providing services and solutions such as company-wide enterprise risk management (ERM), business continuity management and planning (BCM / BCP), health and productivity management support services, specific health guidance and health counseling, and employee assistance programs, rolling out Risk Management Services, Health Promotion Programs and Wellness Programs, and Employee Assistance Programs.

### Sompo Risk Management & Health Care Inc.

**Establishment:** November 1997

**Capital:** 30 million yen

**Shareholders:** Sompo Holdings (100%)

**Head office:** 24-1, Nishi-Shinjuku 1-chome,  
Shinjuku-ku, Tokyo

**URL:** <https://sompo-rc.co.jp/>



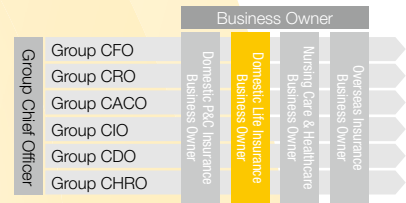
**Yasushi Fuse**  
President and  
Chief Executive Officer

### TOPICS

#### Launch of Risk Management System SORA ONE 2.0 Online System Supporting Companies' Risk Management

In November 2014, Sompo Risk Management & Health Care launched SORA ONE, a service for companies considering overseas expansion or companies with overseas operations. The company received requests from customers for information regarding terrorism and infectious diseases in addition to natural disaster risks for employees working overseas; e-mail

alerts regarding typhoon warnings, earthquakes, terrorist attacks, or riots; and tools to support risk management activities. In response to such requests, the company renewed the service and launched SORA ONE 2.0 in October 2016, which includes additional and enhanced features.



## Domestic Life Insurance Business

As a forerunner in providing customers with security, health, and wellbeing, Sompo Japan Nipponkoa Himawari Life Insurance, Inc., will work to evolve into a health support enterprise that aids people in leading healthy lives.

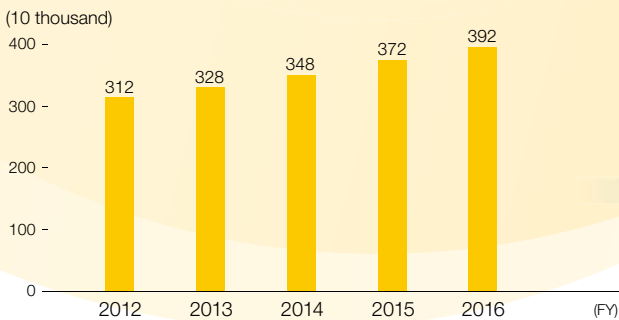
The domestic life insurance business is one with particularly high growth potential among Group businesses, and we aim to be the most innovative life insurance company in Japan by offering new value based on the theme of health.



**Kaoru Takahashi**

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

### Number of Policies in Force



Notes: Figures represent the sum of individual insurance and individual annuities.

### Operating Environment

The domestic life insurance market is expected to contract gradually given the dwindling birth rate and aging population of Japan.

In addition, competition is becoming fiercer due to the diversification and digitalization of sales channels.

Given prolonged negative interest rates and expected revisions in yield rates, among other factors, the market environment is expected to change substantially.

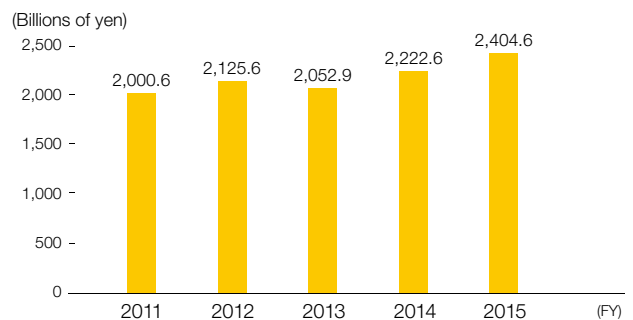
On the other hand, heightened consumer awareness is leading to a more fluid market, and in the domestic life insurance market, new personal life insurance policies worth roughly 2 trillion yen are produced each year.

In other words, it will be difficult to maintain sustainable growth in this market by simply extending current initiatives; however, with the right strategies, the market has room to grow.

To continue to grow sustainably amid such an environment, we believe that we must provide our customers with new value.

Sompo Japan Nipponkoa Himawari Life Insurance aims to be customers' company of choice by offering innovative, health-themed new value based on the Mid-Term Management Plan.

### Trend in annualized premiums from new businesses (all domestic life insurance companies)



\* Individual insurance only

Source: Trends in Life Insurance (fiscal 2016), the Life Insurance Association of Japan



## Progress of the Mid-Term Management Plan

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

### Advancing Our New Growth Strategy

Incorporating information and communication technology, we aim to increase the value offered to our customers and grow the number of customers by continuing to develop a Company-wide business model that unifies new services based on health with the products that incorporate these services, which will be provided by sales representatives who offer new value as they supply these products and services to customers.

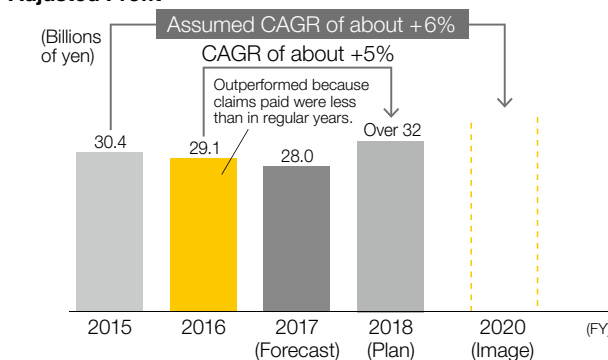
### Rapidly Improving Productivity

We aim to further increase our competitiveness by promoting Health and Productivity Management and work-style reform while extensively reforming the fundamental elements of our operations—including products and services, sales and marketing systems, and operating rules—accelerating our operations, and rapidly improving productivity.

In fiscal 2016, due to steady growth in income from insurance premiums, adjusted profit was 29.1 billion yen, substantially outperforming our target of 23.0 billion yen.

In fiscal 2017, adjusted profit is forecast to be 28.0 billion yen, as the previous fiscal year’s claims paid were less than in regular years. We plan to continue to work to implement our Mid-Term Management Plan and reach fiscal 2018 targets.

### Adjusted Profit

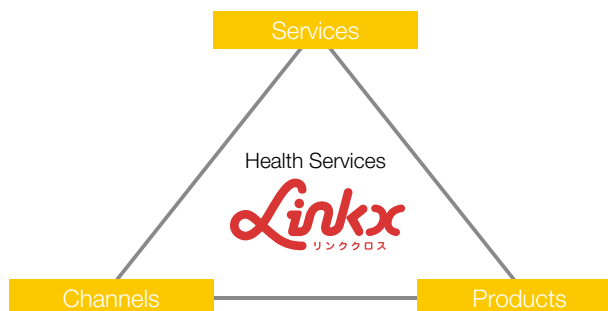


To create a three-part business model integrating products, services, and sales channels, we launched initiatives to connect directly with customers.

Concretely, in September 2016 we established health service brand Linkx\* (pronounced “link cross”), and launched new products and health-related services.

\* Linkx is a health service brand, under which we are rolling out health-related services, mainly innovative products and apps centered on health, rooted in the concept of making healthy living pleasant and fun for customers.

Under the Linkx brand, we aim for customers to select insurance products and health-related services that meet their individual needs without stress, and for those products and services to integrate, spread, and evolve, continuing to be “just right” for our customers.



## Main Future Initiatives

Until now, our customer connections were touchpoints, such as when they subscribed to insurance or paid insurance premiums. We are now creating a business model based on communication, where we further connect with customers by creating relationships through the health service brand Linkx.

By connecting directly with customers and better

understanding their needs, we will be able to propose and provide the most suitable health services and insurance products to each customer at the right time. Through these initiatives, Sompo Japan Nipponkoa Himawari Life Insurance aims to evolve from a life insurance company to a health support company that customers are connected to their whole lives.

## TOPICS

### Launched Sales of Linkx Coins

Sompo Japan Nipponkoa Himawari Life Insurance launched sales of Linkx coins (pronounced “Link cross coins”; official name: insurance for advanced medical treatment with organ transplantation medical treatment benefit), an online-only product that customers can enroll in for a monthly premium of 500 yen and the first insurance product to be released under the Linkx brand.

Linkx coins is an insurance product that focuses on covering conditions that put the greatest financial burden on the insured when undergoing treatment. If the insured receives care involving advanced medical treatment, Linkx coins will pay an advanced medical treatment benefit and make a one-time advanced medical treatment payment. If the insured undergoes a designated organ transplant, Linkx coins will pay an organ transplantation medical treatment benefit.

### Offering Health-Related Services

Sompo Japan Nipponkoa Himawari Life Insurance is using digital technologies to roll out various health services including smartphone apps so that customers can maintain their health while having fun.

The health service is available to everyone, not just to customers of this company.

#### 

Health information app that supports personal health  
Linkx siru



#### 

Dieting app that enables friends or partners to pair up to keep each other on track  
Linkx reco



#### 

Walking app that makes daily walks more fun  
Linkx aruku



### Business Alliance with Fukuoka Financial Group Inc. and iBank Marketing Co., Ltd.

Sompo Japan Nipponkoa Himawari Life Insurance entered into a business alliance with Fukuoka Financial Group Inc. and iBank Marketing Co., Ltd., and aims to create new value in the insurance and financial domains.

Fukuoka Financial Group’s iBank is a financial services platform leveraging smartphones. It is a money service brand that aims to offer new customer experiences and value by seamlessly connecting financial services with non-financial services based on lifestyles and life events.

### Launched Sales of Lump-Sum, Long-Term Care Coverage

Sompo Japan Nipponkoa Himawari Life Insurance launched a new lump-sum, long-term care payment rider that can be attached to “Medical Insurance (2014)” and “Whole-Life Insurance with a Low Surrender Value.” The rider allows for a lump-sum payment to customers certified as needing level 1 or greater care under Japan’s public long-term care insurance system.

As a special service for Lump-Sum Care policyholders, we use the Group’s resources to introduce nursing care business services.

## Company Outline

As of March 31, 2017



The domestic life insurance business is one with particularly high growth potential among the Sompo Holdings Group's businesses, second only to the domestic P&C insurance business. Centered on health, we aim to provide our customers with new value.

In September 2016, we established health service brand Linkx, based on the concept of helping customers comfortably and enjoyably maintain good health.

Going forward, we will continue to think outside the box and establish this brand as a forerunner of security, health, and wellbeing.

### Sompo Japan Nipponkoa Himawari Life Insurance, Inc.

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

## Performance Review

In line with an expansion of business in force, annualized premium from business in force increased 24.8 billion yen year on year. Annualized premium from new business rose 9.9 billion yen year on year, to 50.2 billion yen, helped by favorable sales of income compensation insurance.

As a result, premium and other income (policies in force + new policies) rose 23.1 billion yen year on year, to 419.5 billion yen.

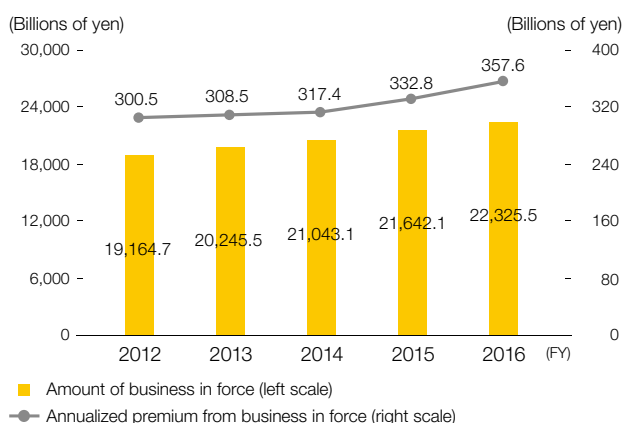
Similarly, embedded value rose 75.6 billion yen year on year (after re-evaluation), to 843.4 billion yen, due to the increase in policies in force.

(Billions of yen)

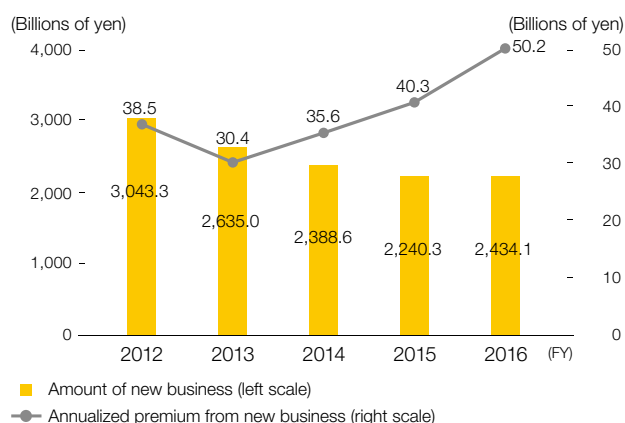
	FY2012	FY2013	FY2014	FY2015	FY2016
Amount of Business in Force	19,164.7	20,245.5	21,043.1	21,642.1	22,325.5
Annualized Premium from Business in Force	300.5	308.5	317.4	332.8	357.6
Amount of New Business	3,043.3	2,635.0	2,388.6	2,240.3	2,434.1
Annualized Premium from New Business	38.5	30.4	35.6	40.3	50.2
Income from Insurance Premiums	370.7	372.8	380.7	396.4	419.5
Total Assets	1,972.6	2,120.2	2,278.1	2,438.0	2,589.0
Embedded Value	674.8	750.3	784.4	767.8	843.4
Non-Consolidated Solvency Margin Ratio (%)	1,555.3	1,583.2	1,676.3	1,771.4	1,573.0

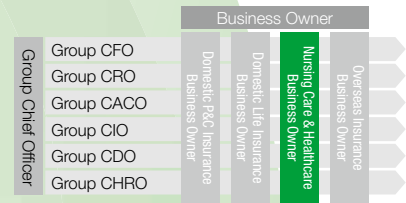
Notes: 1. The line items "Amount of Business in Force" and "Amount of New Business" represent the sum of individual insurance and individual annuities.  
 2. When calculating market consistent embedded value (MCEV) as of March 31, 2017, we changed the method of calculating the ultralong-term risk-free rate, moving from the assumption of a flat forward rate for each year from the 41st year to applying an ultimate forward rate (UFR). In addition, the cancellation ratio assumption was revised.  
 To ensure consistent evaluation, we re-evaluated MCEV as of March 31, 2016, and fiscal 2015 new business value using the new method.  
 Due to this change, MCEV as of March 31, 2016, was revised upward from 700.0 billion yen to 767.7 billion yen.

### Amount of Business in Force



### Amount of New Business





# Nursing Care & Healthcare Business

Sompo Care Message and Sompo Care Next make up the Sompo Care Group, which aims to provide high-quality nursing care services based on ensuring the dignity and independence of the elderly.

In order to implement this goal, Sompo Care Group's core policies are as follows.

- Provide customized care
- Pursue human resource training and service quality
- Create a dynamic working environment

By becoming the most trusted nursing care provider in Japan, we will contribute to making "Japan an affluent country that can boast to the world of a long and quality life."

### Sales of Listed Nursing Care Providers (Fiscal Year Ended March 31, 2017)

1	Company A	143.7 billion yen
	<b>Sompo Care Group (both companies combined)</b>	<b>110.8 billion yen</b>
2	Company B	102.9 billion yen
3	<b>Sompo Care Message</b>	<b>73.4 billion yen</b>
4	Company C	73.2 billion yen
5	Company D	44.2 billion yen
6	<b>Sompo Care Next</b>	<b>37.4 billion yen</b>
7	Company E	37.0 billion yen
8	Company F	24.9 billion yen
9	Company G	22.5 billion yen
10	Company H	16.8 billion yen

The combined sales of Sompo Care Message and Sompo Care Next make the Group industry-second

\* Prepared based on each company's earnings presentation materials



**Mikio Okumura**

Nursing Care & Healthcare Business Owner  
 Director, Managing Executive Officer  
 (Chairman and Executive Officer [CEO] of Sompo Care Message Inc. and Sompo Care Next Inc.)

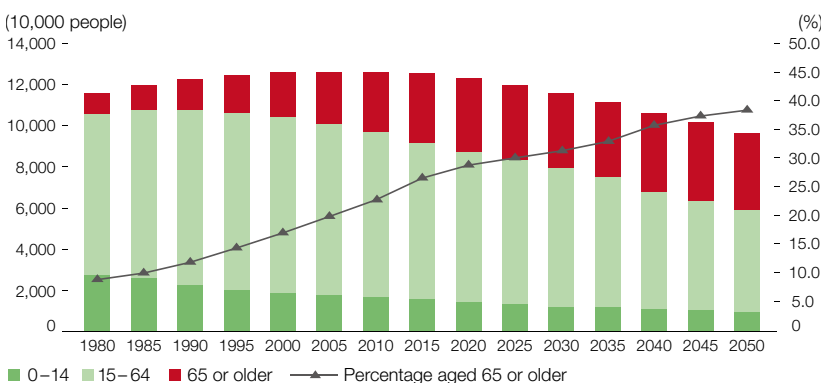
## Operating Environment

The population in Japan is aging rapidly: by 2025, it is projected that one in five people will be aged 75 or above. As such, long-term care benefit expenditures are continuing to rise in line with the use of nursing care insurance, so overall nursing care compensation, the source of income for nursing care providers, is expected to be revised down. On the other hand, the segment of the nursing care

market where private companies can participate (nursing care services and nursing care-related products) is anticipated to grow.

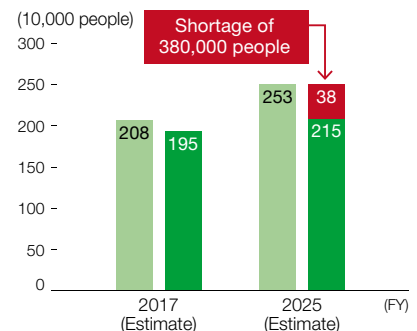
As nursing care needs increase, the gap between the supply and demand of nursing care professionals is widening, and in 2025 there is expected to be a shortage of about 380,000 nursing care professionals, making employee retention a significant issue.

### Trend in Japan's Aging Population and Future Estimates



\* Prepared based on data from the National Institute of Population and Social Security Research

### Gap between Supply and Demand of Nursing Care Professionals



\* Prepared based on "Estimates of Supply and Demand of Nursing Care Professionals Toward 2025" by the Ministry of Health, Labour and Welfare

## Progress of the Mid-Term Management Plan

By evolving and enhancing the strengths that Sampo Care Message and Sampo Care Next have held since their respective establishments, we will achieve our vision and contribute to making Japan “an affluent country that can boast to the world about the long and quality lives of its people.”

### Our Vision

By providing high-quality nursing care services that ensure the dignity and independence of the elderly, become the most trusted nursing care provider in Japan

### Strategies toward Achieving Our Vision

#### Business operation based on our core policies

- ① Provide customized care  
Specialized care tailored to each individual
- ② Develop high-quality human resources  
Strengthen employee training and secure high-quality human resources who are highly specialized
- ③ Use ICT (information and communication technologies) and digital technologies  
Using ICT and digital technologies, improve the quality of care, labor productivity, and safety

#### Strengthen the internal management structure

- Reform management system of nursing care incidents, etc.
- Establish a PDCA cycle

FY2015

FY2018

FY2020

Double the number of users of our nursing care services

Fiscal 2025 and later

#### Strengthen the business foundation

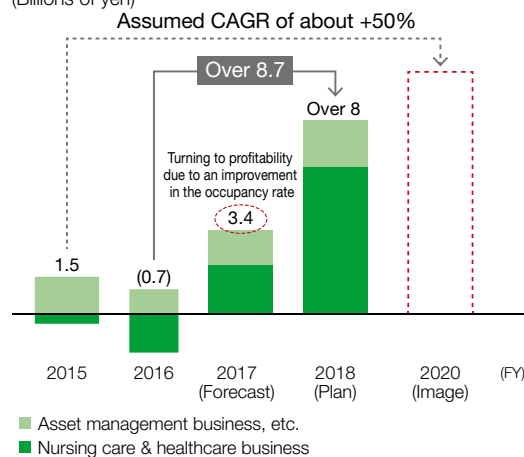
- Expand nursing care services in urban areas, where there is expected to be high demand
- Expand at-home services that make seniors feel at ease
- Provide comprehensive insurance, nursing care, and healthcare services

Sampo Care Message and Sampo Care Next have been developing the business foundation since becoming subsidiaries of the Group.

As a result of prioritizing the development of internal management and compliance structures as well as the creation of a system to operate services that emphasize safety and peace of mind over business efficiency, it is taking more time than initially expected to improve earnings. Still, by creating systems and strengthening proposals, we will steadily increase the occupancy rate of the fee-based nursing homes and housing providing nursing care services to residents that the two companies operate.

### Adjusted profit

(Billions of yen)



\* For details on adjusted profit, please see page 55.

## Main Future Initiatives

To realize the Sampo Care Group's vision, we will increase the number of residents and users and implement policies to improve quality, secure personnel, and streamline operations. Concrete measures are outlined in the following right-hand table.

<b>Improve quality</b>	<ul style="list-style-type: none"> <li>• Disseminate personal nursing care management</li> <li>• Establish and implement team-based care</li> <li>• Provide customized care</li> <li>• Use ICT (information and communication technologies) and digital technologies</li> </ul>
<b>Secure personnel</b>	<ul style="list-style-type: none"> <li>• Industry leader in terms of benefits and working environment</li> <li>• Create an employee training system that supports medium- and long-term career development</li> <li>• Selective hiring ⇒ long-term employment and diversity of employees</li> </ul>
<b>Streamline operations</b>	<ul style="list-style-type: none"> <li>• Reduce front-office work and integrate internal operations</li> <li>• Streamline headquarters</li> <li>• Implement joint purchasing and management</li> <li>• Increase productivity using ICT and digital technologies</li> </ul>



## TOPICS

### Initiatives to Improve Quality Using ICT

#### Introduction of Urination Sensors

The Sampo Care Group conducted testing of urination sensors using ICT, and since April 2017 has been steadily introducing them at nursing homes.

Urination sensors measure the size of the bladder using ultrasound to discern the amount of urine in the bladder. By finding urination patterns using data collected over one to two weeks and incorporating this analysis into the plan of care, the Group can offer suitable assistance and reduce the burden on residents.



Urination sensor

Transmitted data

#### Dementia Care Training Using Virtual Reality

The Sampo Care Group introduced virtual reality (VR) in March 2017 as a tool for training personnel in dementia care. The episode-type VR content enables employees to experience the core symptoms of dementia, giving them a sense of what daily life is like for people suffering from the affliction. The first-person simulated experience helps put employees in their customers' shoes, giving them an idea of the anxiety and confusion associated with dementia. This enables them to better use their knowledge and skills in caring for people with dementia.



Personnel using VR during dementia care training

### Projects in Collaboration with Academia and Industry

To solve various challenges faced by an aging society, we are collaborating with research and educational institutions as displayed in the right-hand chart.

We will continue to proactively promote collaboration and integrate research results from the academic community with our operations to contribute to industrial and social development.



Trial workshop focused on communication at a nursing care facility (in collaboration with Tokyo University of the Arts)

Research and educational institutions	Main themes
Tokyo University of the Arts	Diversity on the Arts Project (DOOR) Contributing to a society of coexistence through human resource development based on "Art x Diversity"
University of Tsukuba	Building a quality evaluation model for nursing care professionals and a quality improvement PDCA operation model
Ochanomizu University	R&D aimed at preventing and improving cerebral dysfunction and dementia
Okayama University	Improving quality of life and care for seniors through dementia relief
The University of Tokyo	Promoting health of nursing care personnel through back injury prevention and treatment
The Jikei Group of Colleges	Developing a high-added-value learning program by exchanging personnel and promoting the appeal of nursing care work

### Advisory Council on Nursing Care

We established an advisory council on nursing care in April 2016 to advise on whether the Sampo Care Group's nursing care business operations align with its vision, and to identify, deliberate, and resolve various issues in the nursing care business in Japan. There have been five meetings in all.

Based on the content of these meetings, we aim to continue challenging ourselves to come up with innovative initiatives toward making Japan "an affluent country that can boast to the world about the long and quality lives of its people."

Date	Main topics
April 20, 2016	Recognize issues and identify discussion themes
June 23	What is quality nursing care service? Initiatives necessary to improve quality
September 28	Training human resources and creating organizations to provide high-quality nursing care services
November 28	Operating a nursing care business that leads to a mutually supportive community
February 23, 2017	Formulating a summary and advisory proposal

## Nursing Care Business Structure

We will respond to our customers' wide range of needs by providing a variety of nursing care services that combine the strengths of each company's businesses.

As of March 31, 2017

<b>Subsidiaries</b>	<b>Sompo Care Message</b> <b>Sompo Care Next</b>	Facility-Based Nursing Care	Operates 299 fee-based nursing homes (low- to mid-range) under the <i>Sompo Care Sompo no le</i> and <i>Sompo Care La vie Re</i> brands, and 132 serviced residential complexes for the elderly under the <i>Sompo Care Sompo no le S</i> and <i>Sompo Care La vie Re S</i> brands.
		At-Home Nursing Care Elderly Day Care	Provides home-visit long-term care and other at-home nursing care services out of 694 offices across Japan under the <i>Japan Care</i> and <i>Sompo Care Happy Days</i> brands as well as out of 62 outpatient day care facilities. In February 2015, launched <i>Sompo Care Home-Care Service</i> , which provides all the services available at nursing homes to seniors in their own homes. It is currently expanding its service area throughout the Tokyo metropolitan area.
<b>Affiliates</b>	<b>Cedar*</b>	Facility-Based Nursing Care	Runs 40 <i>La Nassica</i> brand fee-based nursing homes (economy-range). Provides services centered on rehabilitation.
		At-Home Nursing Care Elderly Day Care	Has 24 at-home nursing care centers, such as home-visit bases, and 32 outpatient day care facilities day service centers under the <i>Aozora no sato</i> brand.

\* 34.0% stake through an investment limited liability partnership in September 2012.

\* Numbers of at-home nursing care and elderly day care centers are according to the service types under which they are registered (differs from the number of locations).

### Start of Integrated Operations

Sompo Care Message and Sompo Care Next started integrating operations in April 2017. As such, we aim to quickly realize our vision by strengthening comprehensive proposals that leverage the diverse lineup of nursing care services offered by the two companies, streamlining business such as by integrating back office operations, and sharing and using the nursing care knowledge (knowledge management) held by the two companies.



<http://www.sompocare.com> (Japanese only)

## Company Outline

As of July 1, 2017

### SOMPO CARE MESSAGE

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

#### Sompo Care Message Inc.

**Establishment:** May 1997  
**Capital:** 3,925 million yen  
**Shareholders:** Sompo Holdings (100%)  
**Head office:** Shinagawa Seaside East Tower, 12-8, Higashishinagawa 4-chome, Shinagawa-ku, Tokyo  
**URL:** <http://www.sompocare-message.jp/> (Japanese only)



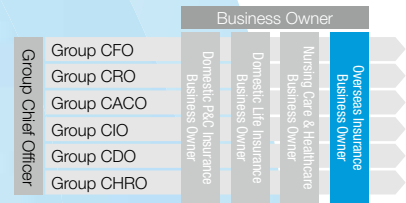
**Ken Endo**  
 Sompo Care Message Inc.  
 Sompo Care Next Inc.  
 President

### SOMPO CARE NEXT

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

#### Sompo Care Next Inc.

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



# Overseas Insurance Business

The Sampo Holdings Group operates its overseas insurance business in 228 cities situated in 32 countries and regions worldwide,\* and this business is producing an increasingly large amount of stable earnings. In developed countries, we are striving for growth in the corporate sector. In emerging countries, we are expanding business in the retail sector, in Southeast Asia, the Middle East, and South America, in particular. Premiums written totaled 351.7 billion yen and adjusted profit came to 19.9 billion yen in fiscal 2016.

In fiscal 2016, as part of efforts aimed at building a truly integrated global insurance platform, we acquired Sampo International (formerly Endurance Specialty Holdings Ltd.), which has business foundations predominantly in the United States. Additionally, we entered into a partnership with CIMB Group, a major banking group in the ASEAN region, and began offering non-life services through bancassurance. We aim to continue dramatic expansion through organic growth and disciplined M&A.

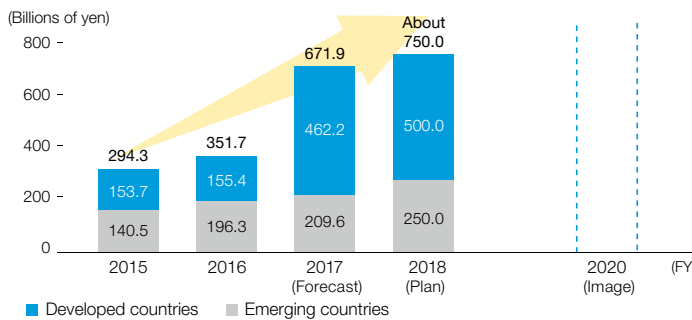
\* As of March 31, 2017



**Shigeru Ehara**

Representative Director, Senior Managing Executive Officer  
Overseas Insurance Business Owner

## Premiums Written



\* Amounts for premiums written are calculated using figures that have been adjusted based on the Company's ownership of consolidated subsidiaries and affiliates and, therefore, may differ from the amounts in the consolidated financial statements. Further, as of fiscal 2016 the figures of non-consolidated subsidiaries PT Sampo Insurance Indonesia, Sampo Insurance (Thailand) Public Company Limited, PGA Sampo Insurance Corporation (Philippines), United Insurance Company of Vietnam (Vietnam), and Sampo Seguros Mexico, S.A. de C.V. (Mexico) have been included in the calculation of premiums written.

## Operating Environment

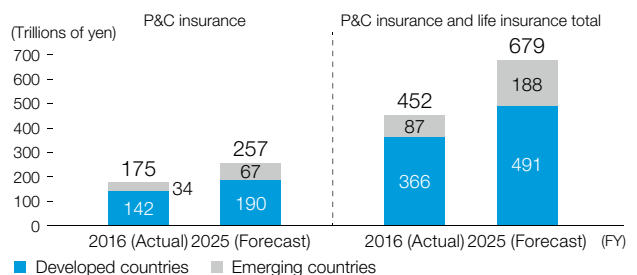
The global insurance market is expanding together with the gentle growth trend seen in the global economy.

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

Significant risks faced in the overseas insurance business include rises in insurance claims resulting from natural disasters of scales that exceed our expectations, decreased profitability due to soft market trends, and decelerated growth in countries or regions in which we operate due to deteriorations in political, social, or economic conditions. We are reinforcing risk management

systems and implementing other measures to minimize the threat of such risks.

## Premiums Written Worldwide: Breakdown by Developed Countries and Emerging Countries (2016–2025)



Source: Based on Munich Re's Insurance Market Outlook

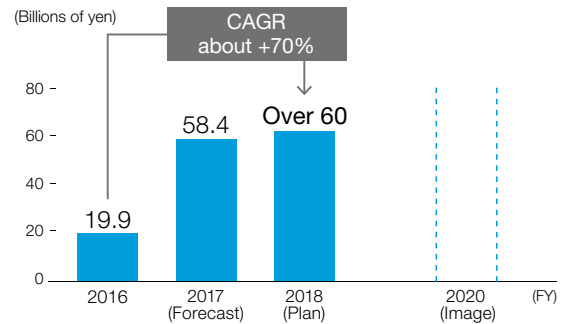
## Progress of the Mid-Term Management Plan

The Mid-Term Management Plan calls on the Group to expand the overseas insurance business dramatically with the aim of attaining a business scale and capital efficiency on a par with the level of the top 10 global publicly listed insurance companies.

In the plan's first fiscal year, fiscal 2016, subsidiaries in the United States and Turkey played leading roles in enabling us to significantly exceed our 15 billion yen target and post adjusted profit of 19.9 billion yen.

Further, in March 2017 we acquired Sampo International (formerly Endurance Specialty Holdings Ltd.), which will begin contributing to earnings in fiscal 2017. Consequently, in fiscal 2018 we expect to achieve adjusted profit of more than 60 billion yen.

### Adjusted Profit



\* For details about the definition of adjusted profit, please see page 55. Regarding adjusted profit in fiscal 2017, a one-time merger cost of approximately U.S.\$62 million (approximately 7.0 billion yen) arising from the acquisition of Sampo International (formerly Endurance Specialty Holdings Ltd.) has been excluded from operating expenses as a special factor.

## Main Future Initiatives

### Steady Organic Growth

The core directive of our organic growth strategies in developed markets is business expansion that uses as a platform Sampo International that functions to integrate overseas businesses in developed countries in the future.

In pursuit of further growth, we will build synergies with Sampo International by reorganizing insurance and reinsurance businesses, integrating underwriting processes, implementing ERM (enterprise risk management), and expanding development through the use of the Sampo Holdings Group's networks and licenses.

Further, focusing on the retail sector, we will use already established business foundations in Brazil, Turkey, and Southeast Asia to achieve growth above the market average.

**Steady organic growth**

- Corporate: Platform building in the overseas insurance business by Sampo International
- Retail: Grow faster than market average.

+

- Conduct well-balanced investments both in emerging countries to expect future growth and in developed countries to acquire immediate profit.
- Scrutinize each deal in terms of valuation, possibility of PMI (integrated process), and affinity of corporate culture.

**Growth through disciplined M&A**

### Growth through Disciplined M&A

Our policy for conducting overseas M&A is to continue to strike a balance between investments in developed countries and emerging countries. Through discussions at the Overseas M&A Committee chaired by a director with overall responsibility for overseas M&A, as well as other channels, we conduct speedy examinations of investment candidates while remaining disciplined.

#### • Major M&As since 2010

In recent years, the Sampo Holdings Group has been laying operating foundations for and increasing the earnings of the overseas insurance business by actively shifting management resources to it. As part of these efforts, in emerging countries we acquired Fiba Sigorta Anonim Sirketi (Turkey) in 2010, Berjaya Sampo Insurance Berhad (Malaysia) in 2011, and additional shares in Yasuda Maritima Seguros S.A. (Brazil) in 2013. With regard to developed countries, we welcomed Canopus Group Limited (U.K.) into the Group in 2014 and Sampo International (formerly Endurance Specialty Holdings Ltd.) (Bermuda, British Overseas Territory) in 2017.



Sampo Seguros S.A.  
(formerly Yasuda Maritima Seguros S.A.)

## Acquisition of Sompo International (formerly Endurance Specialty Holdings Ltd.) and establishment of the Overseas Insurance Business Platform



Sompo International (formerly Endurance Specialty Holdings Ltd.) leads a specialty insurance group that operates insurance and reinsurance businesses globally, with a focus on the United States. The company has been a member of the Sompo Holdings Group since March 2017. Sompo International underwrites a wide variety of lines of insurance such as property and casualty insurance; crop insurance, in which it has the fifth largest presence in the U.S.\*; and other specialty lines of insurance. The company has high profitability, growth potential, and financial soundness.

Under the SOMPO INTERNATIONAL brand, the company will drive expansion of the Group's overseas insurance business by providing a platform for offering customers services of the highest quality.

\* This position is based on gross written premiums in fiscal 2016.

### John R. Charman

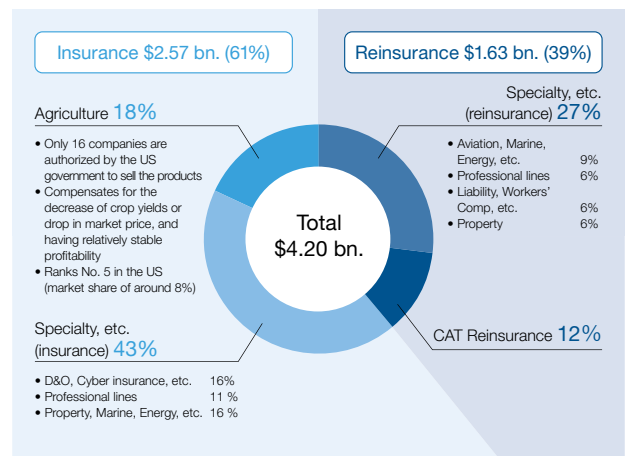
Executive Chairman and CEO  
Sompo International Holdings Ltd.

## Overview of Sompo International (formerly Endurance Specialty Holdings Ltd.) and Its Acquisition

Announced in May 2016 and covering fiscal 2016 through fiscal 2020, the Mid-Term Management Plan calls on the Group to grow, improve ROE, and establish a position that enables it to compete with global players. With these goals in mind, we considered the acquisition of an insurance company with an established position in developed countries.

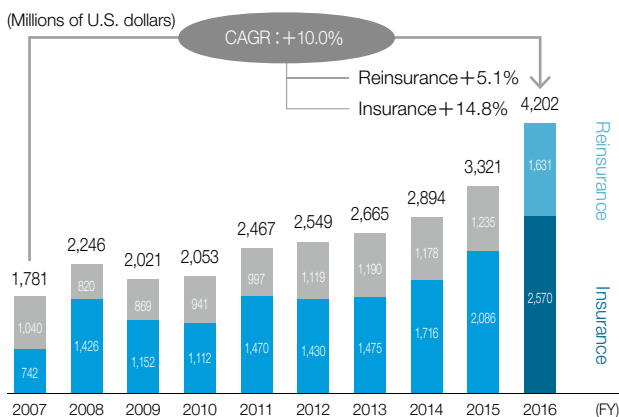
Acquired in March 2017, Sompo International (formerly Endurance Specialty Holdings Ltd.) is a specialty insurance company that operates direct insurance and reinsurance businesses primarily in the United States, Europe, and Bermuda. As well as possessing a highly experienced management team with an impressive track record, the company has an underwriting team that boasts superior insurance underwriting techniques. Furthermore, the company has put together a balanced underwriting portfolio while achieving stable and profitable business operations by relying on its advanced strategic risk management, or ERM (enterprise risk management), system. Sompo International is realizing high growth in gross written premiums especially in the direct insurance

business. In addition, it has a stable combined ratio. As the main platform of the Group's overseas insurance business, the company should drive earnings growth in the years to come.

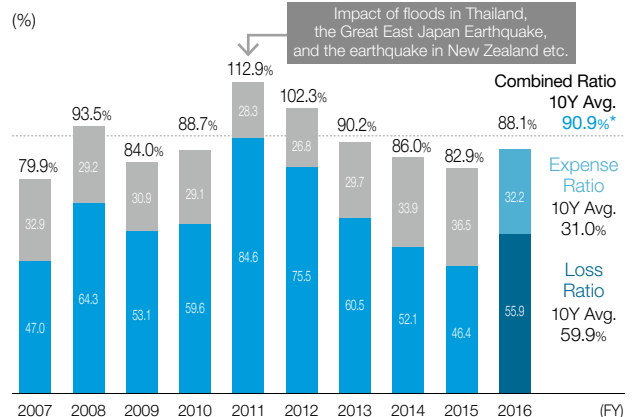


Breakdown of gross premiums in 2016

### Trend of Gross Premiums



### Trend of Combined Ratio

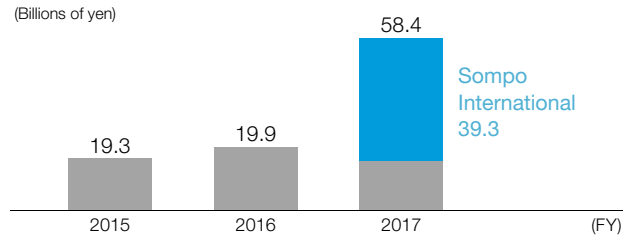




## Acquisition of Sompo International – Impact on Business Results and Strategic Significance

The Mid-Term Management Plan, which covers fiscal 2016 through fiscal 2020, sets adjusted consolidated profit of 300 billion yen or more and adjusted consolidated ROE of 10% or more as targets for fiscal 2020 and beyond. The acquisition of Sompo International (formerly Endurance Specialty Holdings Ltd.) will contribute significantly to the achievement of these targets, and the company is expected to boost earnings by 39.3 billion yen in fiscal 2017. The adjusted consolidated profit of the Group's overseas insurance business is expected to increase from fiscal 2016's 19.9 billion yen to 58.4 billion yen in fiscal 2017.

### Trend of Adjusted Profit of Overseas Insurance Business



\* For details about the definition of adjusted profit, please see page 55. Regarding adjusted profit in fiscal 2017, a one-time merger cost of approximately U.S.\$62 million (approximately 7.0 billion yen) arising from the acquisition of Sompo International (formerly Endurance Specialty Holdings Ltd.) has been excluded from operating expenses as a special factor.

## Management of the Overseas Insurance Business and Platform Construction

The Sompo Holdings Group plans to place its existing businesses in the United States and Europe under the control of Sompo International and integrate and reorganize them under two large segments: the insurance segment and the reinsurance segment. The transition will require convergence in four fields: human resources organizations, IT systems, strategic risk management, and employee training and development. Sompo International has expertise in strategic risk management and insurance underwriting, which is new to the Group. This expertise will become a valuable resource that the whole Group can leverage for growth. With respect to insurance underwriting, we will take advantage of Sompo International's product development capabilities to offer specialty insurance to corporate clients in Japan. Meanwhile, we will leverage our global license network to further expand the businesses of Sompo International overseas.

### Utilize global network

Expand Sompo International's business through the existing global business network of Sompo Holdings.



### Leverage underwriting know-how

Leverage product development capabilities and strong underwriting know-how. Offer Sompo International's products with customers of Sompo Holdings globally including Japan.



Kengo Sakurada (right), President & CEO of Sompo Holdings, Inc., and John Charman (left), Chairman and CEO of Sompo International Holdings Ltd. at the ceremony marking the launch of Sompo International

Global Expansion

228 cities in

**SOMPO JAPAN SIGORTA**

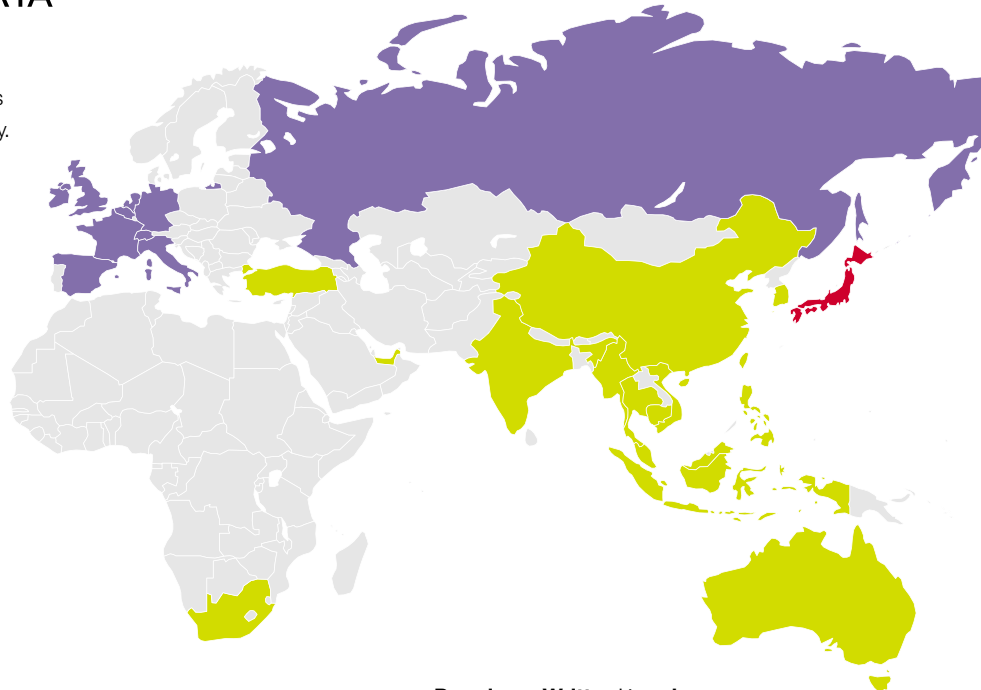
Sompo Japan Sigorta Anonim Sirketi is Turkey's only P&C insurance company from Asia and has the fifth\* largest sales among insurers in the country.

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

\* This position is based on gross written premiums in 2016.



**Recai Dalas**  
General Manager  
Sompo Japan Sigorta Anonim Sirketi



**SOMPO**

**PT Sompo Insurance Indonesia**

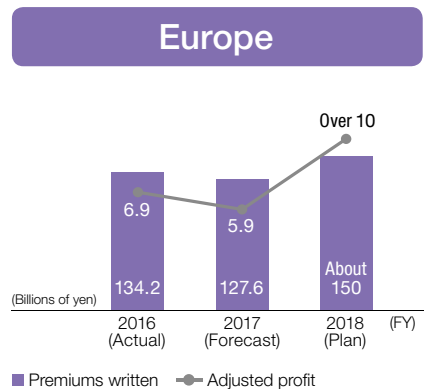
PT Sompo Insurance Indonesia has entered the retail field in earnest. Together with its operations in the corporate field, this is enabling the company to achieve growth significantly above the industry average. In 2016, the company advanced to become Indonesia's No. 1 foreign-affiliated P&C insurance company in terms of premiums written.

In addition, the company will leverage CIMB Group bancassurance as a new sales channel and continue contributing to the Sompo Holdings Group's overseas insurance business.



**Daniel Neo**  
President Director  
PT Sompo Insurance Indonesia

**Premiums Written\*1 and Adjusted Profit\*2 by Region**



**Main Operating Companies (based on head office location)**

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

# 32 countries and regions (As of March 31, 2017)

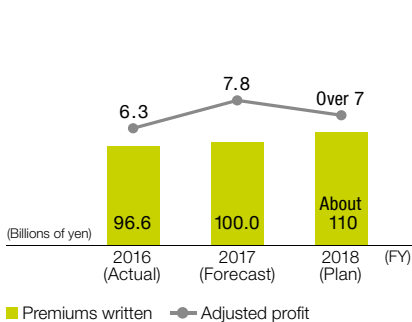


Sompo Seguros S.A. is a comprehensive insurance company that provides P&C and life insurance in Brazil. Also, its subsidiary, Sompo Saude Seguros S.A., is the only Japanese insurance company in the country to provide health insurance. By offering an extensive product lineup and strengthening its sales network, Sompo Seguros S.A. is expanding in the retail and corporate fields and strengthening the presence of the SOMPO brand in Brazil's market.



**Francisco Caiuby Vidigal Filho**  
President  
Sompo Seguros S.A.

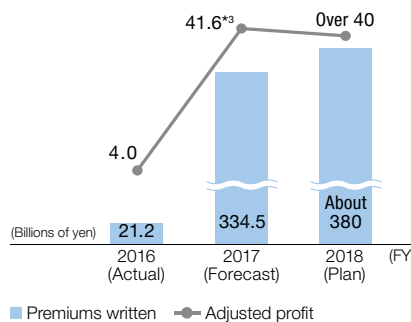
## Asia & Middle East



**Main Operating Companies (based on head office location)**

- Sompo Japan Sigorta Anonim Sirketi
- Sompo Holdings (Asia) Pte. Ltd.
- Sompo Insurance Singapore Pte. Ltd.
- Berjaya Sompo Insurance Berhad
- Sompo Japan Nipponkoa Insurance (China) Co., Ltd.\*4
- Sompo Insurance (Hong Kong) Co., Ltd.
- Universal Sompo General Insurance Co., Ltd.

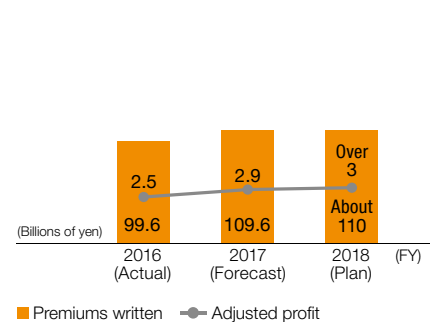
## North America



**Main Operating Companies (based on head office location)**

- Sompo America Holdings Inc.
- Sompo America Insurance Company
- Sompo International Holdings Ltd.
- Endurance Specialty Holdings Ltd.
- Endurance Specialty Insurance Ltd.
- Endurance U.S. Holdings Corp.
- Canopius US Insurance, Inc.

## Latin America



**Main Operating Companies (based on head office location)**

- Sompo Seguros S.A.
- Sompo Saude Seguros S.A.

\*1. Amounts for premiums written are calculated using figures that have been adjusted based on the Company's ownership of consolidated subsidiaries and affiliates and, therefore, may differ from the amounts in the consolidated financial statements. Further, the figures for operating company groups that conduct businesses in multiple regions have been included in the figures of the region that has the largest earnings.  
 \*2. For details about the definition of adjusted profit, please see page 55. Further, the figures for operating company groups that conduct businesses in multiple regions have been included in the figures of the region that has the largest earnings.  
 \*3. Regarding adjusted profit in fiscal 2017, a one-time merger cost of approximately U.S.\$62 million (approximately 7.0 billion yen) arising from the acquisition of Endurance Specialty Holdings Ltd. (now Sompo International) has been excluded from operating expenses as a special factor.  
 \*4. Sompo Japan Nipponkoa Insurance (China) Co., Ltd., changed its name to Sompo Insurance China Co., Ltd., on July 1, 2017.

## TOPICS

### Developing Weather Index Insurance to Prevent Economic Losses Due to Climate Change

#### Winner of the Grand Prix Award at the 2nd Sustainable Finance Awards

Sompo Japan Nipponkoa Insurance Inc. was awarded the Grand Prix Award at the 2nd Sustainable Finance Awards for a system for developing weather index insurance for farming companies in Southeast Asia, where agriculture is a major industry and susceptible to the impact of climate change. This type of insurance pays fixed insurance claims in the event that measurable weather conditions, such as precipitation, satisfy particular previously established requirements.

In 2015, the Research Institute for Environmental Finance established the Sustainable Finance Awards to spread and heighten awareness of “environmental finance,” which uses financial methods to address environmental problems. The awards recognize financial institutions that market products or services or implement initiatives related to environmental finance in Japan’s financial market.

The awards are based on the following criteria.

- Development of financial products as a measure to address climate change
- Insurance support for sustainable agriculture in developing countries by small-scale farmers who are susceptible to the impact of climate change
- Cooperation with the Remote Sensing Technology Center of Japan and local stakeholders, contributions to improvements in local infrastructure, and substantial societal impact



Interviewing local farmers as part of efforts to develop weather index insurance

#### Planning to expand sales in Indonesia

Sales of weather index insurance began in Thailand in 2010 and in the Philippines in 2014. We are also preparing to launch sales in Indonesia.

The Group’s goal is to make this product available to 30,000 farmers in Southeast Asia by 2025. Moving forward, we hope to help attain sustainable societies by offering economic solutions to people vulnerable to social risks.

### Providing Non-Life Insurance Services through CIMB Group Bancassurance\*

In June 2016, a Group company, Sompo Holdings (Asia) Pte. Ltd., concluded a non-life bancassurance agreement with one of ASEAN’s largest banking groups, CIMB Group Holdings Berhad (CIMB Group), which is headquartered in Malaysia.

We began offering non-life insurance services in Indonesia and Singapore in September 2016. Moreover, plans are in place to begin offering these services in Malaysia in 2017 and in Thailand in 2020.

In these four Southeast Asian countries, we will leverage the network of approximately 1,000 branches operated by CIMB Group as well as its Internet and mobile banking platforms to offer our high-quality services to the group’s more than 13 million customers.

\* A partnership in which an insurance company uses a bank’s sales channels to sell insurance products



CIMB Group CEO Tengku Dato’ Sri Zafrul Aziz (left) and Kengo Sakurada (right), President & CEO of Sompo Holdings, Inc., at a ceremony celebrating an alliance between the groups

# Strategic Businesses

## Business Overview

Our strategic businesses include assisting customers with building asset portfolios through the asset management business and providing policyholders with roadside assistance service through the assistance business. We are also advancing into the home

remodeling and extended warranty business fields. Through these businesses, we pursue inter-business coordination that is intrinsically related to our domestic P&C insurance business and other main businesses.

## Company Outline

As of March 31, 2017

### Sampo Japan Nipponkoa Asset Management

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

### Assets under Management

In fiscal 2016, the assets under management for this company rose substantially after being entrusted to manage large-scale public pension funds both in Japan and overseas.

On March 31, 2017, the company's assets under management consisted of 1,332.3 billion yen in a pension investment discretionary account and 676.2 billion yen in investment trust net assets.

### Adoption of Principles for Customer-Oriented Business Conduct

Sampo Japan Nipponkoa Asset Management Co., Ltd., will realize customer-oriented business conduct by accomplishing the three principal achievements of its Declaration of Customer-First Policy.

### Declaration of Customer-First Policy

#### Vision for the Company

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

#### Three Principal Achievements

Our fiduciary duty is our responsibility to put our clients first as asset management professionals. To implement this management philosophy, we seek to accomplish the following three principal achievements.

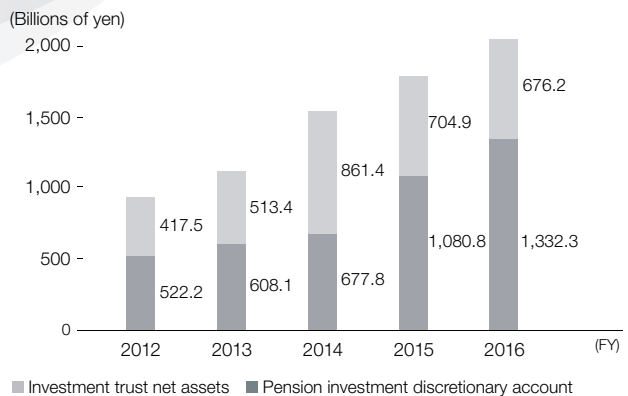
1. Realization of asset management capabilities that support customers' asset portfolios
2. Provision of products and services that truly incorporate the customer's perspective
3. Reinforcement of the corporate systems and operating infrastructure necessary to realize the above

### Sampo Japan Nipponkoa Asset Management Co., Ltd.

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



**Hiroyuki Yamaguchi**  
 President and  
 Chief Executive Officer



#### "Happy Aging Fund"

In 2016 and 2017, our mutual fund, Happy Aging 60, received a first prize in Rating and Investment Information, Inc. (R&I)'s R&I Fund Award.



#### "Buna no Mori" SRI Fund

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

## TOPICS

### Beginning to Offer a New Individual-Type Defined Contribution Pension Plan

In December 2016, we launched a new individual-type defined contribution pension plan. The new plan has a low account fee and a unique lineup of mutual funds. It does not offer index funds, only actively managed funds that we carefully select from our mutual funds and those of other companies.



**Prime Assistance**

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

**Prime Assistance Inc.**

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



**Hiroyuki Tokuoka**  
 President and  
 Chief Executive Officer

Note: Hiroyuki Tokuoka assumed the position of president and chief executive officer on April 1, 2017.

**TOPICS**

**Acquisition of ISO 27001 Certification**



On March 22, 2017, the Kagoshima Centre acquired ISO 27001 information security management system (ISMS) certification. Further, upon completion of surveillance, the Tokyo Centre maintained ISO/ISE 27001: 2013 and JIS Q 27001: 2014 ISMS certification. ISO 27001, ISO/ISE 27001: 2013, and JIS Q 27001: 2014 are ISMS international standards. We will advance activities in relation to information security even further, protect information assets and customers' information to meet customers' expectations, and provide the highest level of service quality.

**FRESH HOUSE**

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

**FRESHHOUSE CO., LTD.**

**Establishment:** July 1995  
**Capital:** 100 million yen  
**Shareholder:** Sompo Holdings (66%)  
 Other (34%)  
**Head office:** Sompo Japan Nipponkoa  
 Bentendoori Building, 57,  
 Bentendoori 4-chome, Naka-ku,  
 Yokohama City, Kanagawa  
**URL:** <https://freshhouse.co.jp/>



**Shuu Nakamura**  
 President and  
 Chief Executive Officer

**TOPICS**



**Beginning of Wearable Device (Smart Glasses) Utilization**

In collaboration with Sompo Japan Nipponkoa Insurance Inc., in October 2016 the Company began using wearable terminals (smart glasses) for the investigation of fire insurance claims to homogenize service quality and expedite fire insurance payments. Aiming to further enhance the services we provide to customers, we will continue advancing the utilization of ICT and digital technology.

**SOMPO WARRANTY**

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

**Sompo Warranty Inc.**

**Establishment:** August 2009  
**Capital:** 95 million yen  
**Shareholder:** Sompo Holdings (100%)  
**Head office:** 12th Fl., Marunouchi Trust Tower Main,  
 8-3, Marunouchi 1-chome,  
 Chiyoda-ku, Tokyo, Japan  
**URL:** <http://www.sompo-swt.com/>



**Kyu Tamura**  
 President and  
 Chief Executive Officer

**TOPICS**

**Product Warranty Japan Inc. Changes Its Name to Sompo Warranty Inc.**

Having been with the Group for a year, Product Warranty Japan Inc. changed its name to Sompo Warranty Inc. on December 25, 2016. We changed the company's name to cultivate a unified brand image Group-wide. Extended warranties prolong insurance periods beyond product manufacturers' warranty periods and provide repair services for malfunctioning or defective products. We will offer innovative services of the highest quality with a view to helping realize a society in which customers can use products with greater peace of mind.

Definition of adjusted consolidated profit, adjusted consolidated ROE, etc.

		Calculation method
Adjusted profit for each business	Domestic P&C insurance* <sup>1</sup>	Net income + Provisions for catastrophic loss reserve (after tax) + Provisions for reserve for price fluctuation (after tax) – Gains/losses on sales of securities and impairment losses on securities (after tax) – Special factors (e.g., dividend from subsidiaries)
	Domestic life insurance	Net income + Provision of contingency reserve (after tax) + Provision of reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Deferral of acquisition cost (after tax) – Depreciation of acquisition cost (after tax)
	Nursing care & healthcare, etc.* <sup>2</sup>	Net income
	Overseas insurance	Net income (including major non-consolidated subsidiaries)* <sup>3</sup>
Adjusted consolidated profit		Total of above adjusted profits
Adjusted consolidated net assets		Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance (after tax) + Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets* <sup>4</sup>
Adjusted consolidated ROE		Adjusted consolidated profit / Adjusted consolidated net assets Note: The denominator is the average balance at the end/start of each fiscal year.

\*1. The total of Sompo Japan Nipponkoa Insurance Inc.; SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED; Sompo 24 Insurance Company Limited; Sompo Japan Nipponkoa Insurance Services Inc.; Sompo Japan Nipponkoa DC Securities Inc.; and Sompo Risk Management & Health Care Inc. (The fiscal 2016 figure is for the nursing care & healthcare business, etc.)

\*2. The total of Sompo Care Message Inc.; Sompo Care Next Inc.; Cedar Co., Ltd.; Sompo Japan Nipponkoa Asset Management Co., Ltd.; Prime Assistance Inc.; Sompo Warranty Inc.; and FRESHHOUSE Co., Ltd.

\*3. As of fiscal 2017, the adjusted profit of Sompo International (formerly Endurance Specialty Holdings Ltd.) shall be defined as operating income net of fluctuating, one-time factors (operating income = net income – net foreign exchange gains/losses – net realized and unrealized gains/losses on sales of securities as well as impairment losses/valuation gains on securities – net impairment losses recognized in earnings, etc.).

\*4. Domestic life insurance adjusted net assets = Net assets (J-GAAP, after tax) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

	Business Owner				
Group Chief Officer	Group CFO	Domestic P&C Insurance Business Owner	Domestic Life Insurance Business Owner	Nursing Care & Healthcare Business Owner	Overseas Insurance Business Owner
	Group CRO				
	Group CACO				
	Group CIO				
	Group CDO				
	Group CHRO				

# Capital Policy



Based on our strategic risk management\* framework, we aim to provide attractive shareholder returns and maximize corporate value based on a balance between profit and capital.

\* ERM: Enterprise risk management

**Shinji Tsuji**

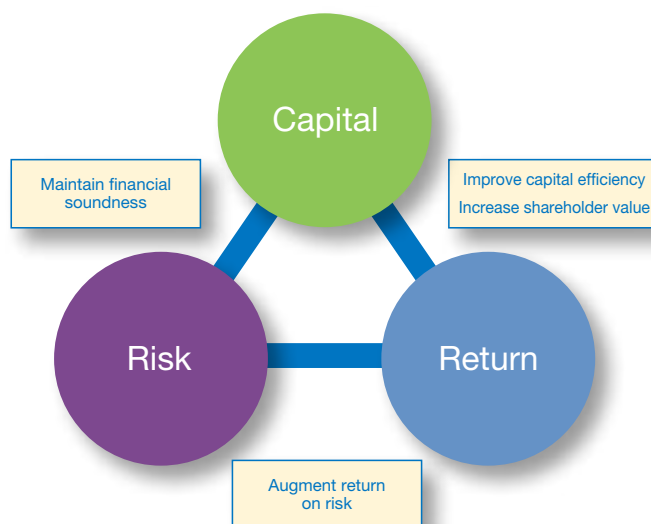
Group CFO  
Representative Director,  
Deputy President and  
Senior Managing Executive Officer

## Basic Capital Policy

Based on our strategic risk management framework, we work to appropriately control the balance between profit, capital, and risk; maintain robust financial strengths; achieve growth that will put our profit levels within the global top 10 insurers; steadily improve capital efficiency to realize adjusted consolidated ROE of 10% or more; and provide attractive shareholder returns (shareholder dividends and share buybacks) appropriate to our profit and capital levels.

We apply management procedures for return on risk (ROR) indicators and financial soundness based on such rules as the European Union's Solvency II. On a continuous basis, we also strive to enhance capital quality, promote capital policy that facilitates the proactive taking of returns, and maximize corporate value.

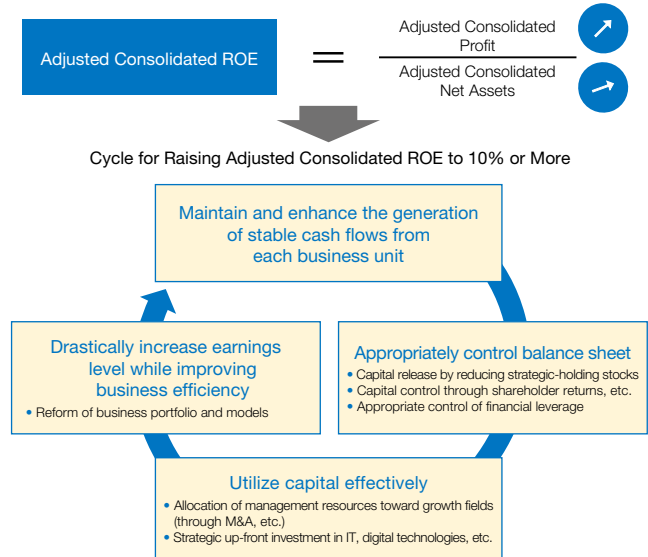
### Capital Policy Based on the ERM Framework



## Improvement of Capital Efficiency

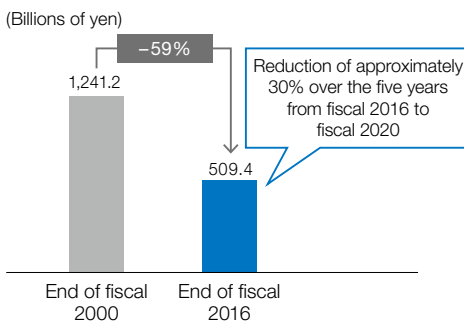
In accordance with the operating cycle for improving ROE sustainably that was established on the basis of its strategic risk management framework, the Group appropriately controls its balance sheet through such measures as continuing to reduce its strategic holdings of stocks and increasing shareholder returns while enhancing its systems for generating stable cash flows in each of its businesses. On this basis, we will allocate management sources toward growth fields (through M&A, for example), and make effective use of forward-looking strategic investments in IT and digital areas. In addition, we will work to achieve drastic improvements in business efficiency and profit levels by transforming our business portfolio and business models. As a result, we intend to achieve sustainable growth in adjusted consolidated profit and adjusted consolidated ROE and reach our medium-to-long-term targets.

### ROE Improvement Cycle



## Examples of Specific Initiatives Based on the ROE Improvement Cycle

### Results on Reducing Strategic-Holding Stocks (Based on Book Value)



### Allocation of Management Resources toward Growth Fields

Business Category	Year	Initiative
Overseas Insurance Business	2014	Sompo Canopius (United Kingdom)
	2017	Sompo International (Endurance) (Bermuda, British overseas territory)
	2010	Sompo Singapore, Sompo Japan Sigorta (Turkey)
	2011	Berjaya Sompo (Malaysia)
Nursing Care & Healthcare Business	2013	Sompo Seguros (Brazil)
	2015	Sompo Care Next
Strategic Businesses	2016	Sompo Care Message
	2015	FRESHHOUSE, Sompo Warranty

## Shareholder Returns

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

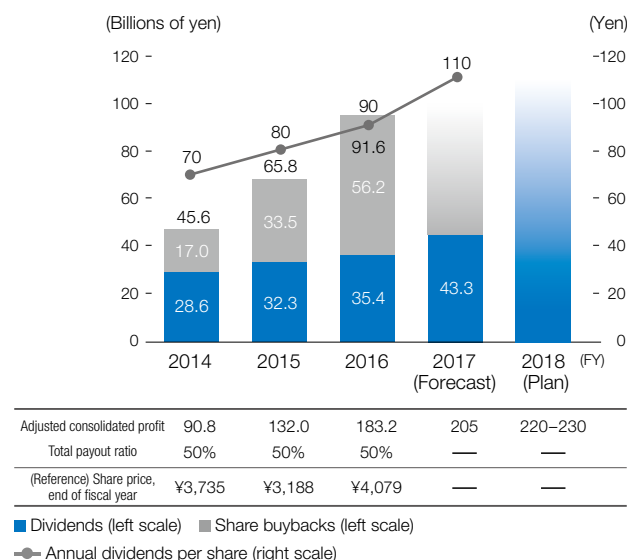
Based on our adjusted consolidated profit growth to date, we plan to increase the total of shareholder returns (total dividend payments + total share buybacks). In the Mid-Term Management Plan that started in fiscal 2016, we set the medium-term target for the total payout ratio\* at around 50% for the total shareholder return ratio, and we will newly include adjusted consolidated profit from the domestic life insurance business in funds for shareholder returns.

\* The total payout ratio is an indicator of the weight of shareholder returns on the profit of each period and is calculated using the following formula.

Total payout ratio = (total dividend payments + total share buybacks) / adjusted consolidated profit

Please see page 55 for the method of calculating adjusted consolidated profit.

### Trend in Total of Shareholder Returns



## Maintenance of Financial Soundness

To maintain financial soundness, we manage capital based on the economic solvency ratio (ESR), determined by comparing economic value based on capital and risk.

Capital management is carried out by establishing a target capital level (ESR: around 180% to 250%) and risk tolerance level as indicators of the amount of capital necessary for advancing Group strategies. When calculating ESR, we employ capital management methods based on the European Union's Solvency II and other international capital regulations in order to increase global comparability, taking into account the recent disclosure status of insurance companies in Japan and overseas. Financial soundness is maintained and managed in this manner.

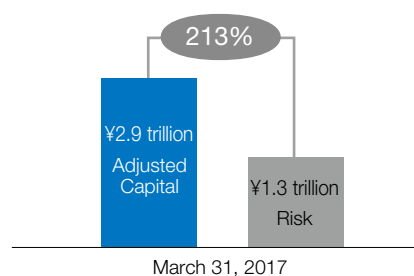
With an ESR standard of 213% as of March 31, 2017, the level is within our target capital range, indicating that we are maintaining robust financial soundness.

### ESR (Economic Solvency Ratio)

#### Target Capital Level of around 180% to 250%

180%: Level leading to stable financial soundness based on results of stress tests

250%: Level set based on capital efficiency



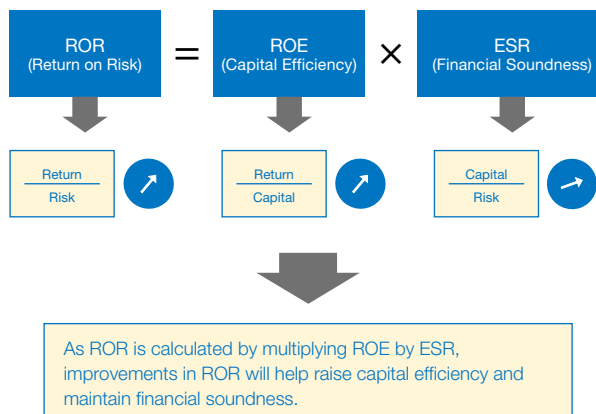
## Improvement of Return on Risk

We use the return on risk indicator of ROR in management decision-making. By raising capital efficiency and maintaining financial soundness as ROR increases, we aim to sustainably enhance corporate value.

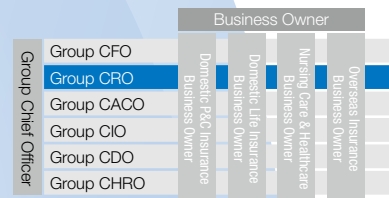
When formulating business plans, the Group confirms the validity of plans in terms of the future outlook of the Group's overall capital efficiency, financial soundness, and earnings stability as well as quantitative analyses of ROR of each business unit and line of business.

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

### ROR Improvement







# Strategic Risk Management (ERM)

We work to improve corporate value and secure financial soundness by embedding Strategic Risk Management and its practices.

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

**Masato Fujikura**  
Group CRO  
Director, Managing Executive Officer



## Strategic Risk Management (ERM)

### 1. PDCA Cycle of Strategic Risk Management

The Group implements Strategic Risk Management to maximize the Group's corporate value by minimizing unforeseen losses while effectively utilizing its capital, increasing its profits under appropriately control of risks.

To achieve these objectives, we have formulated our "Group Risk Appetite Statement," which serves as a guideline for risk taking. We have constructed and implement a PDCA cycle (an iterative four-step management plan-do-check-act cycle) for Strategic Risk Management to operate our business based on this guideline.

**Plan:** Each business unit formulates a business plan based on the Group Risk Appetite Statement. The Group conducts quantitative validation of the appropriateness of such factors as Group-wide capital efficiency (ROE), financial soundness (ESR) and return on risk (ROR), thereby determining optimal business plans as the Group. The Group also allocates its capital to each business unit based on growth potential and profitability.

**Do:** Each business unit takes risks within its allocated capital, aiming to achieve the profit targets in its business plan.

**Check, Act:** The Group periodically monitors changes in the business environment and progress on plans, and revises business plans and capital allocation as necessary.

### Group Risk Appetite Statement



## 2. Risk Control System

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

### (1) Top Risk Management

Top risks are defined as “risks that may have significant impact on the Group.” A risk owner (officer class) is appointed for each risk and officers are responsible for implementing countermeasures and process management.

Top risks are selected through both a top-down approach, which is based on the recognition of the business environment by management and outside directors, and a bottom-up approach, which is based on risk assessment.

### (2) Emerging Risk Management

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

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

### (3) Capital Management

Regarding the risk tolerance for financial soundness necessary for executing Group strategies, the Group uses value at risk (VaR)—a risk indicator—to measure the estimated level of damage that the Group may suffer for a holding period of one year, and manage such risk in order to maintain financial soundness equivalent to an AA rating.

We regularly monitor the status of risk and capital of the Group and each business unit. A system has been established so that when there is a risk of breaching risk tolerance, the Group will formulate and implement measures aimed at reducing risk or reinforcing capital.

### (4) Stress Test

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

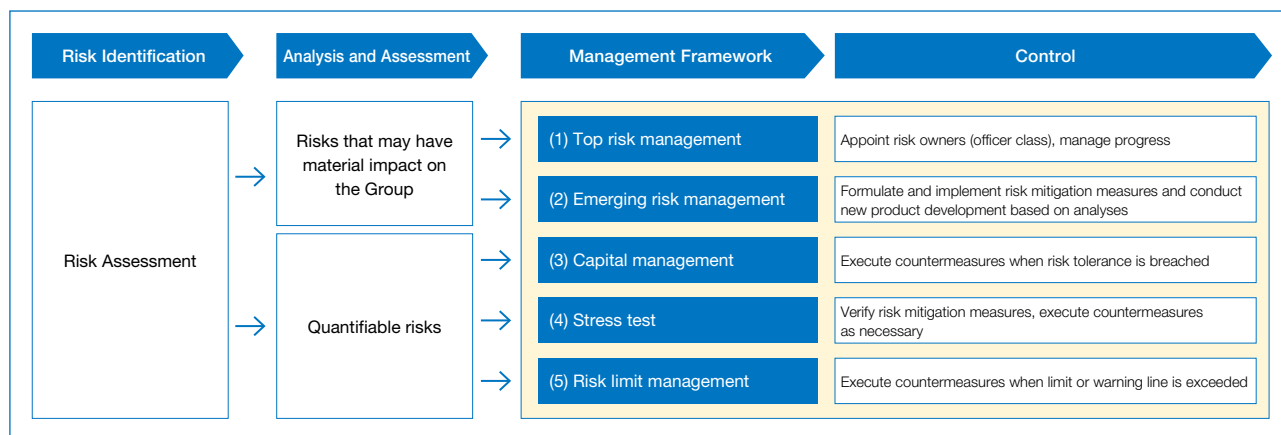
Scenario Stress Tests	The Company evaluates the possible impact of stress scenarios with the potential to significantly affect management, such as large-scale natural catastrophes and financial market disruptions, with the aim of verifying the sufficiency of capital and the efficacy of risk mitigation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

### (5) Risk Limit Management

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

As a preventive management measure, warning lines have been set, and a system for formulating and implementing countermeasures in the event that risks exceed the warning lines has been established.

## Stringent Risk Control System Serving as Cornerstone of ERM



## Strategic Risk Management (ERM) Development

In the volatile, uncertain, complex, and ambiguous (VUCA) world, the Group needs to look forward and address risks continuously. Also, the portfolio of the Group is being transformed by the full-fledged entry into the nursing care business and the expansion of overseas business. In response to increasingly diverse and complex risks, the Group recognizes the need to enhance Strategic Risk Management continuously.

In FY2017, under the Group CxO system, the Group CRO is promoting the practice of Strategic Risk Management and enhancing Strategic Risk Management further in Group-wide basis.

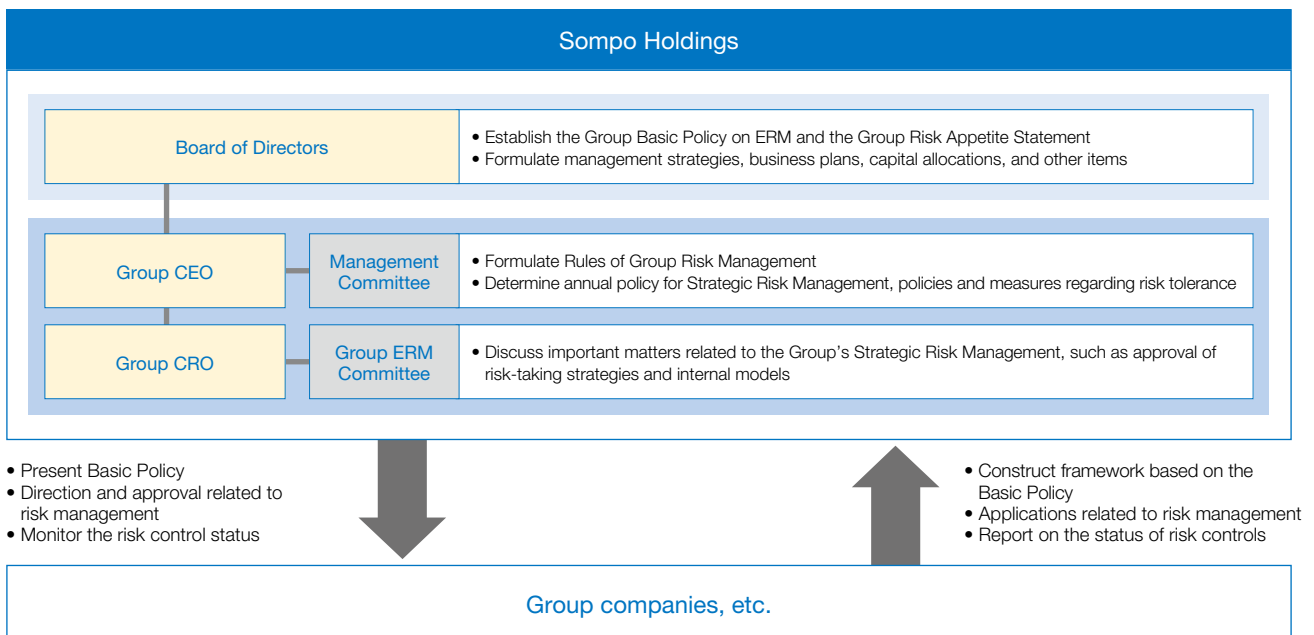
In the expanding overseas insurance business, the Group is constructing and enhancing the globally integrated ERM framework by measures such as sending staffs to Sompo International, which manages our European and North American business, and to other major places of operation, fostering close relationships with overseas entities through personnel exchanges, and having

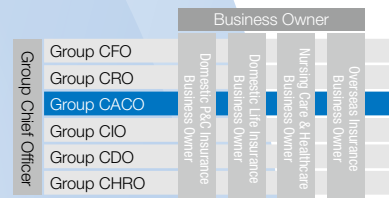
management of overseas entities to participate in the Group ERM Committee to incorporate their global expertise. In the nursing care & healthcare business, the Group is enhancing the risk management framework based on the characteristics of the nursing care business and constructing a framework to prevent material risk from occurring.

As an initiative to reinforce the cross-segment function, the Group CRO is constructing a system to control the Group's risk portfolio proactively, through coordination with the Group CFO.

Furthermore, to embed ERM culture throughout the Group and strengthen the human resources that underpin Strategic Risk Management, the Group is enhancing the use of the ROR indicator in the performance appraisal system, sending a message from management and providing various training sessions tailored to the roles of employees.

### Strategic Risk Management (ERM) Frameworks





## Compliance and Internal Audits



We are establishing a framework to provide the highest-quality services that contribute to the security, health, and wellbeing of our customers by using our expertise and experience in compliance and internal audits and by enhancing the effectiveness and efficiency of the internal control framework for the entire Group.

**Koichi Yoshikawa**

Group CACO  
Director, Managing Executive Officer

### Establishing a Group-Wide Internal Control Framework

Reflecting the Group’s social responsibility and public mission, we have formulated various core Group policies for frameworks to maintain sound business foundations at Group companies, and have asked each Group company to comply with these policies.

We are continuously improving the Group’s internal control framework by verifying the effectiveness of each Group company’s framework. We regard compliance and internal audits as key functions for establishing an internal control framework.

### Commitment to Compliance

The Group aims to be a corporate group trusted by society by providing the highest-quality services that contribute to the security, health, and wellbeing of its customers. To this end, the Group conducts appropriate corporate activities in compliance with laws, other applicable rules, societal norms, and corporate ethics, based on an ongoing awareness of the need to fulfill its social responsibility.

We have formulated various policies such as the Group Basic Policy on Compliance, as well as the Group Compliance Code of Conduct, and are raising awareness among Group officers. We also anticipate various compliance-related risks and work to prevent risk from manifesting so that each Group company can increase the effectiveness of compliance initiatives based on these policies.

For example, in regions where foreign countries’ laws (laws and regulations other than those of Japan or the country in which we do business) apply, we use the Group’s internal and external

networks to gather information regarding revisions to laws and regulations in countries and regions around the world, and then confirm categories requiring responses. We provide this information to Group companies in Japan and overseas, helping them put their frameworks in place.

While the Group has positioned the insurance business at its core, it is expanding into such new business areas as nursing care and home remodeling. When developing frameworks, it is necessary to consider not only the relevant laws but also the characteristics, scale, and operating conditions of each Group company as well as the potential risks they face. As such, in addition to requiring reports from each Group company, our members participate in Group companies’ meetings, and vice versa. We work to understand the conditions at each Group company and share information via company visits, helping us support the development of frameworks at Group companies.

## Establishing an Internal Audit Framework of the Group

Under the Basic Policy on Internal Audits, internal audits are positioned as the processes to verify the appropriateness and effectiveness of internal control frameworks. The policy states that the Group shall establish an efficient and effective internal audit framework clarifying that the auditing processes are not limited to identifying and pointing out issues in internal administrative processing, etc., but also assessing the issues and providing recommendations on methods for improvement.

To establish an internal audit framework of the Group, we conduct internal audits as necessary and support Group companies based on risk characteristics by identifying conceivable risks by monitoring internal audit plans and the progress of internal audits.

Enhancing the internal auditing functions of each Group company by promoting the internal audit skills and expertise of the Group is one of our major roles. For example, Sompo Japan Nipponkoa won the 30th Chairman's Award of the Institute of

Internal Auditors-Japan (Chairman: Kazuhiko Fukushima) in September 2016. We have accumulated this experience and are utilizing it as know-how throughout the Group.



The award ceremony

## Initiatives to Enhance the Effectiveness of the Internal Control Framework

We have established the Internal Control Committee as an advisory body for the Group CACO.

To ensure that the nine frameworks under the Basic Policy on Internal Controls function effectively and efficiently, the committee identifies internal control issues and discusses how to address those issues while considering the internal and external managing environment.

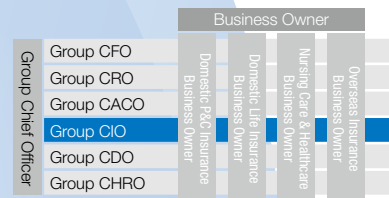
In addition, the committee is striving to continuously improve the internal control framework while verifying the status and results.

We expect each Group company to establish frameworks to regularly identify internal control issues and report the situation to management. We will monitor these initiatives and offer advice and support as needed to enhance the effectiveness of the Group's internal control framework.

### Nine Frameworks under the Basic Policy on Internal Controls

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





# IT Strategy

We will cement the competitive edge of each business by executing digital projects and appropriately responding to cyber risks.



**Shinichi Urakawa**  
Group CIO  
Managing Executive Officer

## Business Value Creation through IT

The Group's IT strategy involves optimally controlling system costs and risks, and building IT systems that contribute to achieving the management goals of each business.

In particular, we aim to establish a competitive edge through collaboration with Business Owners and by optimizing the IT investments of each business.

## IT Governance

Of the abovementioned IT strategy, optimizing system costs and risks involves the following three initiatives.

### 1. IT Governance

Evolving the IT systems of Group companies requires processes based on the regulations of each country and industry in which we operate. We are also implementing other management processes in line with international standards.

By upgrading the system infrastructure to be compatible with present and future digital trends, we will engage in executing digital projects in partnership with the Group CDO.

### 2. Responding to Cyber Risks

We have set up Sompo Holdings CSIRT\* to systematically respond to cyber risks for the entire Group. We will ceaselessly increase the sophistication of our responses to ever-growing cyber risks by supporting preparations for cyber risk management at each Group company and collecting external information.

\* CSIRT: Computer Security Incident Response Team

### 3. Leveraging Group Synergies

We are pursuing Group synergies, such as reducing system costs and risks by standardizing systems and appropriately assigning and training IT personnel.

## Future Innovation Project in the Domestic P&C Insurance Business

An example of being compatible with digital trends is the Future Innovation Project in the domestic P&C insurance business, a project to establish our competitive edge in collaboration with Business Owners.

The project involves fully upgrading the core IT system of the domestic P&C insurance business to a state-of-the-art system. This will enable us to cope with the rapidly evolving digital society and provide customer-oriented services.

Using external services facilitates product development and the provision of services in light of digitalization, such as setting insurance policies using information collected from a wearable device.

By doing so, we are able to respond to emergencies and provide services in step with changes in customer preferences and behavior. We will work to improve our customer engagement in line with the advancement in digital technology.

### Improved Customer Engagement through Systems that Flexibly Connect to External Systems

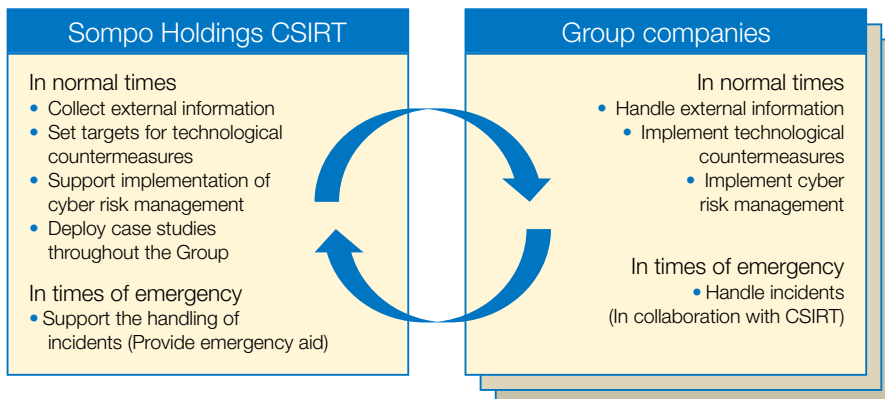


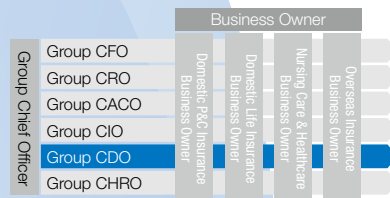
## Sompo Holdings CSIRT

As a response to the increasing number of cyber risks, we established Sompo Holdings CSIRT, a dedicated organization for responding to such threats, and assigned people at each Group company to take charge of these activities. In addition, we implemented the following initiatives.

- Collect, share, and instruct on how to address external information (damages, vulnerabilities)

- Manage information on internal incidents, support the handling of those incidents
- Support setting targets for risk-based technological countermeasures
- Create business continuity plans, train personnel, support plans through implementation of drills





## Digital Strategy



Throughout the Company, we are pursuing innovation leveraging the power of digital technologies—one of the Group’s core competencies—with the aim of creating new customer experiences.

**Koichi Narasaki**  
Group CDO  
Managing Executive Officer

### Four Important Themes for Utilizing Digital Technologies

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

**1. Business Efficiency in All Segments**

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

**2. Enhancement of Customer Contacts**

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

**3. Marketing for Digital Native Generation**

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

**4. New Business Model Utilizing Digital Technologies**

Create new business models based on digital technologies



SOMPO Digital Lab Tokyo serves as the control tower for promoting Group innovation, supporting R&D for each of the Group’s businesses.



SOMPO Digital Lab  
Tokyo

Collaboration



SOMPO Digital Lab  
Silicon Valley

SOMPO Digital Lab Silicon Valley gathers information related to state-of-the-art digital technologies in Silicon Valley, the United States, and works to build networks with prominent local companies.

## SOMPO Digital Lab Silicon Valley Initiatives

- Cultivating venture companies and collaborating with the incubators that support them (Plug and Play, Comet Labs, Runway, etc.)
- Collaborating with CARS, a Stanford University research institution that promotes R&D related to cars of the future and mobility
- Collaborating with venture capital funds (Geodesic Capital, etc.)



### Examples of Digital Applications (1)

#### Using AI to Field Inquiries

Sompo Japan Nipponkoa uses AI at call centers to field customer inquiries and those from sales departments. Specifically, the centers use this technology to recognize customer speech, search their databases for the best responses, and display these answers in real time. For sales department queries, the company has improved its search system by making use of data on historical inquiries. Using AI in these ways shortens the time until a response is received and helps increase operational efficiency.



### Examples of Digital Applications (2)

#### Initiatives Utilizing Wearable Devices

Sompo Japan Nipponkoa Himawari Life distributes wearable devices to some 3,000 employees to encourage healthy behavior. Based on health information and data accumulated via wearable devices, the company analyzes the correlation between illness and activity. Going forward, Sompo Japan Nipponkoa Himawari Life also aims to promote the health of its customers by utilizing wearable devices.



## TOPICS

### Establishment of an Institution to Cultivate Data Scientists

In April 2017, Sompo Holdings entered into an alliance with Digital Hollywood Co., Ltd., to hold Data Science BOOTCAMP, a course for cultivating data scientists. Our objective is twofold: to address the shortage of human resources who can make use of big data and AI, and to quickly discover and foster human resources who can spearhead the Group's digital strategies in the future. We plan to hold Data Science BOOTCAMP twice each year as a practical course that enables hands-on use of the Group's automobile travel data and health-related big data. For the first course, we have

already received internal and external applications from more than 30 people, which is the maximum class size.



		Business Owner	
Group Chief Officer	Group CFO	Domestic P&C Insurance Business Owner	Overseas Insurance Business Owner
	Group CRO	Domestic Life Insurance Business Owner	Nursing Care & Healthcare Business Owner
	Group CACO		
	Group CIO		
	Group CDO		
	Group CHRO		

# HR Strategy



We will create an environment where various personnel can thrive regardless of nationality, gender, age, or experience. By transitioning to a structure leveraging diversity, we will contribute to the Group's growth.

**Satoshi Kasai**  
Group CHRO  
Managing Executive Officer

## About the Group's HR Strategy

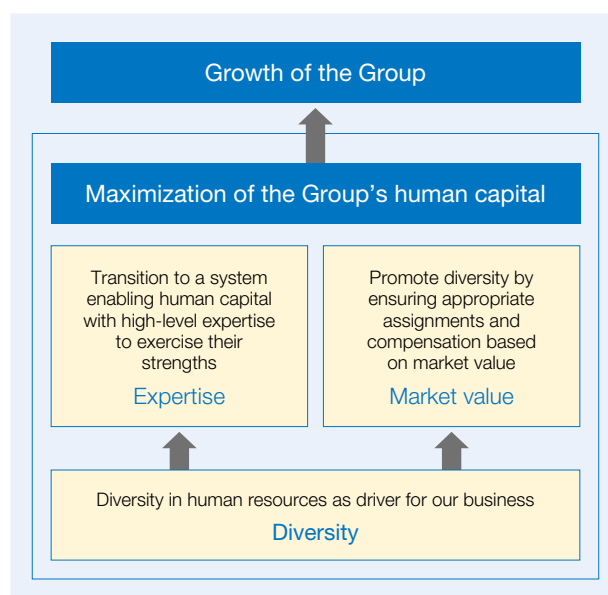
In this era of volatility, uncertainty, complexity, and ambiguity (VUCA), it is crucial to generate new ideas without getting caught up in past practices and to make rapid decisions in regard to the challenges we face.

As represented by the acquisition of Sompo International (Endurance), the Group's portfolio is becoming more diversified with the expansion of overseas businesses and the entrance into the nursing care business. We think that in such an environment, a diverse range of perspectives and values is beneficial to the series of processes that include collecting information, uncovering hints on how to proceed, identifying issues, and formulating strategies, and enhancing the quality of final decisions. We will roll out each of our human resource initiatives by incorporating diversity into the Group and turning it into a strength.

In addition, we consider expertise to be an element of diversity. We are focusing on training human resources with a high level of expertise who can raise the competitiveness of the Group, and aim to have them contribute to each business and area as experts.

We are striving to ensure appropriate personnel assignments and compensation based on market value in order to create an environment where diverse personnel can thrive. By placing the right person in the right position at the right time across the Group, we will promote the transformation to a personnel system

that empowers employees to draw on their respective strengths in each country and business. Through such a course of action, we will maximize our human capital and contribute to the Group's growth.





## Diversity

To become a group where various people with different nationalities, genders, ages, and experiences can leverage their strengths, we are pushing for diverse management, personnel exchanges between Group companies, the promotion of young employees, and the hiring of mid-career experts.

To promote diverse management, we have appointed multiple outside directors with a variety of backgrounds, including two female directors. Moreover, we have assigned individuals from overseas and even outside of the Group to such important roles as executive directors in charge of overseas M&A activities and IT and digital divisions. We have also been promoting personnel exchanges among domestic and overseas Group companies as a way to increase the diversity of organizations and human resources.

Personnel relocations are actively conducted among domestic Group companies. As far as international exchanges are concerned, in addition to dispatching employees from Japan to overseas Group companies, we have assigned overseas staff in various divisions in Japan through the Group Exchange Program, which was launched in fiscal 2014. Through the end of fiscal 2016, a total of 26 employees from overseas Group companies worked in Japan, accelerating the globalization of our headquarters in Japan.

In fiscal 2013, we set a target for the ratio of female employees in management positions to reach 30% by the end of fiscal 2020. We created a female manager development program and are working to promote female employees to management positions to increase gender diversity.



**Ryouko Shimokawa**

Sompo Japan Nipponkoa Himawari Life Insurance, Inc.  
Human Resource Department  
General Manager

I joined the Company in 2016 after working at a global investment bank, a private equity firm, and global food service retailer. Himawari Life attracts people with various backgrounds, and its rich diversity offers a base to handle a diverse range of talent. This year, as the head of the Human Resource Department, I will further bring out the strengths of our employees and will conduct various initiatives and reforms to ensure equal opportunity in order to make diversity a true strength of the Company. Himawari Life, which aims to transform into a health support enterprise and provide new value to its customers, in addition to ensuring gender diversity, needs to conduct decision-making based on various perspectives that extend beyond insurance. I hope to contribute to the growth and evolution of the Company.



**Fei Yu**

Sompo Holdings, Inc.  
Global Business Planning Department,  
Business Operations Group,  
Sompo Japan Nipponkoa Insurance Inc.  
Global Business Planning Department,  
Business Operations Group,  
Deputy Manager

I moved to Japan from China when I was 14, and studied economics in college. After receiving my undergraduate degree, I attended graduate school in the U.K. to learn about financial investment. I joined Sompo Japan in 2014 and am now part of the Global Business Planning Department, mainly in charge of new projects. I feel that the Company offers a corporate culture where I can be proactive and take on new challenges based on my skills and motivation, not my age or background. I want to increase my abilities in a challenging environment to be able to contribute to the Company's vision of becoming one of the top 10 global companies.

## Expertise

With the vision of building a “theme park for the security, health, and wellbeing of customers,” the Group is expanding its business areas, as indicated by its advance into the nursing care and home remodeling fields.

We are encouraging personnel exchanges between domestic and overseas Group companies, and are promoting talented and proactive employees in each country and business. Through these initiatives, we aim to secure market competitiveness in each of the Group’s businesses.

We also strive to secure various human resources with a high level of expertise and skill. To this end, we proactively recruit individuals with experience and track records in areas such as big data analysis, information and communication technologies (ICT), and legal affairs. In particular, during hiring we are placing greater emphasis on ICT expertise, since the advancement of digital

technologies is likely to bring about substantial changes to the structure of various industries, as suggested by the phrase “digital disruption.”

The advancement of these technologies has the potential to transform the business structure of the Group. To capture these opportunities and grow, we think it is crucial to hire personnel with relevant expertise who can leverage their experiences in their respective departments.

To acquire such human resources, we aim to provide compensation based on skills, experiences, and achievements (market value) without remaining locked into the existing remuneration system. By leveraging the expertise of these personnel based on putting the right person in the right position at the right time across the Group, we aim to enhance Group-wide competitiveness.



**Bumpei Nakajima**

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED  
Marketing Department  
Marketing group  
Sompo Holdings, Inc.  
Digital Strategy Planning Department  
Chief manager

I entered the Company in 2016 after working in digital marketing in the securities and telecom industries. I now handle online advertising and one-to-one marketing (personalized marketing based on each customer’s needs). The Company aims to provide a “pleasant customer experience” by strengthening its interactions with customers using digital technology. I take on new challenges of using big data and cutting-edge technologies, and strive every day toward digital innovation.



**Norihiko Nakabayashi**

Sompo Holdings, Inc.  
Digital Strategy Planning Department  
Sompo Japan Nipponkoa Insurance Inc.  
Digital Strategy Planning Department  
Section Manager

I joined the Company in 2016 after working in the IT planning department of a Japanese manufacturer, as a data scientist at a foreign IT vendor, and in business development at an online advertising R&D center. As the chief data scientist of the Digital Strategy Planning Department, I am involved in creating policies and systems to maximize the use of data—an important management resource—across the Group. I believe that the Company is transforming business and society using cutting-edge technologies. As a director of the Japan Data Scientist Society and associate professor at the University of Tsukuba, I also focus on training human resources who can make an immediate contribution to companies involved in data science.

## TOPICS

### Established a “Corporate University” Education Program, SOMPO Care University

In April 2016, Sompo Care Next established the Sompo Care Next Step Center, an employee training center that recreated the rooms and facilities of a real nursing home. It was the first such training facility in the industry. Many employees used the center to further their nursing care skills.

On July 1, 2017, the scale of the center was expanded to cover each operation of the Sompo Care Group, and was renamed SOMPO Care University. In the future, we aim for this center to be a comprehensive nursing care R&D center that conducts research on issues encountered on-site and how to address them. We hope it will become a place of learning for people in various occupations that support nursing care, not just for Sompo Care Group employees.



Recreated living space. Students learn various techniques, such as how to adjust the position of a bed, and transfer and clean patients.



Training for bathing assistance. In addition to techniques for assisting with bathing, trainees learn how to use assistive technology and the rules on how to properly look after patients among other things.

## LGBT Initiatives

To increase awareness of LGBT\* issues and create an inclusive work environment, the Group holds study sessions so that employees can become LGBT allies (supporters). About 120 Group employees participated and furthered their understanding of LGBT issues through role-playing and learning what allies can do inside and outside of the workplace. Employees who declared themselves allies at the event were given “LGBT-friendly” stickers, and participants committed to leading the creation of inclusive work environments as LGBT supporters and allies at their respective offices.

\* LGBT stands for lesbian, gay, bisexual, and transgender.



## Meeting for Global Human Resources

Every year, the Group holds a meeting regarding Global Human Resource Initiatives (GHRI).

In 2017, 12 participants from 11 overseas Group companies were sent to the headquarters in Japan to discuss each of the measures being rolled out globally. It is challenging to coordinate measures across all countries as laws and customs differ for each country. Still, by offering a space to share face to face the best practices of each country, the meeting benefited Group companies from around the world.

Following our acquisition of Sompo International (Endurance), people from this company began attending the meeting in 2017. These meetings encourage the prompt two-way sharing of information with the aim of fostering collaboration and understanding on a global basis of the various measures to maximize human capital. They provide an important space to exchange information, enabling the human resource function to contribute to the sustainable growth of the entire Group.



GHRI meeting held in 2017. 12 members from 11 overseas Group companies participated

## Development of Globally Competent Human Capital

We established a “corporate university” Company education program in October 2012 aimed at developing human resources who can lead the Group’s management on a global basis in the future.

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

We have selected the participants from not only Japan but also around the world. They are given an opportunity to acquire management knowledge through group trainings featuring thorough discussions and are offered on-the-job training at overseas companies outside the Group. We have been developing human resources who can thrive both at home and abroad.

Through fiscal 2017, a total 119 people from 15 countries have participated in this program. We have been producing global human resources with knowledge, experience, and broad perspectives.

From 2017, we added a course on digital technology and created opportunities to make suggestions regarding management issues of Group companies as an “Action Learning Program” (ALP), among other improvements, to make this an even more practical training program.



SOMPO Global University course held in 2017  
Participants numbered 22, from 12 countries

# Corporate Information

## Management Members

### Directors

(As of August 1, 2017)

Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
 <p>Group CEO Representative Director, President and Executive Officer</p> <p><b>Kengo Sakurada</b> (Feb. 11, 1956)</p>	<p>Apr. 1978 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Jul. 2005 Executive Officer, General Manager, Financial Institutions Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2007 Managing Executive Officer of Sompo Japan Jun. 2007 Director, Managing Executive Officer of Sompo Japan Apr. 2010 Director, Managing Executive Officer of the Company Jul. 2010 Director, Executive Officer of the Company Representative Director, President and Chief Executive Officer of Sompo Japan Jun. 2011 Director of the Company Apr. 2012 Representative Director, President and Executive Officer of the Company Sep. 2014 Representative Director, Chairman and Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Representative Director, Chairman of Sompo Japan Nipponkoa Jul. 2015 Group CEO, Representative Director, President and Executive Officer of the Company (current position) Director, Chairman of Sompo Japan Nipponkoa Apr. 2016 Director of Sompo Japan Nipponkoa (current position)</p>	<p>Overall management of the Group's operations (Chief Executive Officer)</p>
 <p>Group CFO Representative Director, Deputy President and Senior Managing Executive Officer</p> <p><b>Shinji Tsuji</b> (Dec. 10, 1956)</p>	<p>Apr. 1979 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager, Customer Service Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2009 Managing Executive Officer of Sompo Japan Jun. 2011 Director, Managing Executive Officer of the Company Apr. 2012 Director, Senior Managing Executive Officer of the Company Apr. 2014 Representative Director, Deputy President and Senior Managing Executive Officer of the Company Apr. 2016 Director of Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (current position) Apr. 2017 Group CFO, Representative Director, Deputy President and Senior Managing Executive Officer of the Company (current position)</p>	<p>Chief Executive of the Group's Finance area</p>
 <p>Overseas Insurance Business Owner Representative Director, Senior Managing Executive Officer</p> <p><b>Shigeru Ehara</b> (Dec. 18, 1958)</p>	<p>Apr. 1981 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2011 Executive Officer, General Manager, Commercial Risk Solutions Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2013 Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Jun. 2013 Managing Executive Officer of NIPPONKOA Insurance Company, Limited Sep. 2014 Director, Executive Officer of the Company Director, Managing Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Sep. 2015 Non-Executive Director of Sompo Canopus AG (current position) Apr. 2016 Director, Senior Managing Executive Officer of the Company Director, Senior Managing Executive Officer of Sompo Japan Nipponkoa (current position) Nov. 2016 Representative Director, Senior Managing Executive Officer of the Company Mar. 2017 Non-Executive Director of Sompo International Holdings Ltd. (current position) Non-Executive Director of Endurance Specialty Holdings Ltd. (current position) Apr. 2017 Overseas Insurance Business Owner, Representative Director, Senior Managing Executive Officer of the Company (current position)</p>	<p>Overseas Insurance Business Owner, and overseeing the China &amp; East Asia region and the Europe &amp; South America region (Turkey &amp; Brazil)</p>
 <p>Group CRO Director, Managing Executive Officer</p> <p><b>Masato Fujikura</b> (Sep. 26, 1958)</p>	<p>Apr. 1981 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2012 Executive Officer, General Manager, Reinsurance Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2013 Executive Officer, General Manager, Reinsurance Department of NIPPONKOA Insurance Company, Limited ("NIPPONKOA") Apr. 2014 Managing Executive Officer of Sompo Japan Managing Executive Officer of NIPPONKOA Sep. 2014 Executive Officer, General Manager, The Americas Regional Headquarters of the Company Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Managing Executive Officer of the Company Apr. 2016 Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) Jun. 2016 Director, Managing Executive Officer of the Company Apr. 2017 Group CRO, Director, Managing Executive Officer of the Company (current position)</p>	<p>Chief Executive of the Group's Risk Management area</p>
 <p>Group CACO Director, Managing Executive Officer</p> <p><b>Koichi Yoshikawa</b> (Feb. 23, 1963)</p>	<p>Apr. 1985 Joined Koa Fire &amp; Marine Insurance Co., Ltd. Apr. 2014 Executive Officer, General Manager, Corporate Marketing Department VII of Sompo Japan Insurance Inc. Executive Officer, General Manager, Corporate Marketing Department VII of NIPPONKOA Insurance Company, Limited Sep. 2014 Executive Officer, General Manager, Corporate Marketing Department VII of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2016 Managing Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) Jun. 2016 Director, Managing Executive Officer of the Company Apr. 2017 Group CACO, Director, Managing Executive Officer of the Company (current position)</p>	<p>Chief Executive of the Group's Internal control and audit area</p>



## Directors

(As of August 1, 2017)

Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
 <p>Nursing Care &amp; Healthcare Business Owner Director, Managing Executive Officer</p> <p><b>Mikio Okumura</b> (Nov. 23, 1965)</p>	<p>Apr. 1989 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2006 Joined FinTech Global Incorporated Dec. 2007 Member of the Board, Head of Investment Banking Division of FinTech Global Incorporated</p> <p>Apr. 2015 Executive Officer, General Manager, Corporate Planning Department of the Company Apr. 2016 Executive Officer of the Company Jun. 2016 Director, Executive Officer of the Company Jul. 2016 Representative Director and President of Sompco Care Inc. Apr. 2017 Nursing Care &amp; Healthcare Business Owner, Director, Managing Executive Officer (current position) Jul. 2017 Representative Director, Chairman and Executive Officer of Sompco Care Message Inc. (current position) Representative Director, Chairman and Executive Officer of Sompco Care Next Inc. (current position)</p>	<p>Nursing Care &amp; Healthcare Business Owner</p>
 <p>Domestic P&amp;C Insurance Business Owner Director</p> <p><b>Keiji Nishizawa</b> (Feb. 11, 1958)</p>	<p>Apr. 1980 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager, Business Planning &amp; Development Department of Sompco Japan Insurance Inc. ("Sompco Japan") Apr. 2010 Managing Executive Officer of Sompco Japan Jun. 2010 Director, Managing Executive Officer of Sompco Japan Jun. 2012 Director, Executive Officer of the Company Apr. 2013 Director, Senior Managing Executive Officer of Sompco Japan Senior Managing Executive Officer of NIPPONKOA Insurance Company, Limited Apr. 2014 Representative Director, Senior Managing Executive Officer of Sompco Japan Sep. 2014 Representative Director, Senior Managing Executive Officer of Sompco Japan Nipponkoa Insurance Inc. ("Sompco Japan Nipponkoa") Apr. 2015 Director, Deputy President and Senior Managing Executive Officer of the Company Representative Director, Deputy President and Senior Managing Executive Officer of Sompco Japan Nipponkoa Apr. 2016 Representative Director, President and Chief Executive Officer of Sompco Japan Nipponkoa (current position) Apr. 2017 Domestic P&amp;C Insurance Business Owner, Director of the Company (current position)</p>	<p>Domestic P&amp;C Insurance Business Owner</p>
 <p>Domestic Life Insurance Business Owner Director</p> <p><b>Kaoru Takahashi</b> (May 13, 1956)</p>	<p>Apr. 1979 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager, Human Resources Department of Sompco Japan Insurance Inc. ("Sompco Japan") Apr. 2010 Managing Executive Officer of Sompco Japan Jun. 2010 Director, Managing Executive Officer of Sompco Japan Director of Sompco Japan Himawari Life Insurance Co., Ltd. Apr. 2012 Representative Director, Deputy President and Senior Managing Executive Officer of Sompco Japan Apr. 2013 Deputy President and Senior Managing Executive Officer of NIPPONKOA Insurance Company, Limited Sep. 2014 Representative Director, Deputy President and Senior Managing Executive Officer of Sompco Japan Nipponkoa Insurance Inc. Apr. 2015 Representative Director, President and Chief Executive Officer of Sompco Japan Nipponkoa Himawari Life Insurance, Inc. (current position) Jun. 2015 Director of the Company Mar. 2016 Director of Hulic Co., Ltd. (current position) Apr. 2017 Domestic Life Insurance Business Owner, Director of the Company (current position)</p>	<p>Domestic Life Insurance Business Owner</p>
 <p>Outside Director</p> <p><b>Sawako Nohara</b> (Jan. 16, 1958)</p>	<p>Dec. 1988 Joined LIFE SCIENCE LABORATORIES, LTD. Jul. 1995 Joined InfoCom Research, Inc. Apr. 1996 Senior Researcher of InfoCom Research, Inc. Jul. 1998 Head of the E-Commerce Business Development Group of InfoCom Research, Inc. Dec. 2000 Director of IPSe Marketing, Inc. Dec. 2001 President of IPSe Marketing, Inc. (current position) Jun. 2006 Member of the Board of NEC Corporation Nov. 2009 Project Professor of the Graduate School of Media and Governance, Keio University (current position) Jun. 2012 Audit &amp; Supervisory Board Member of Sompco Japan Insurance Inc. Jun. 2013 Director of the Company (current position) Jun. 2014 Member of the Board of Nissha Printing Co., Ltd. (current position) Director of JAPAN POST BANK Co., Ltd. (current position)</p>	
 <p>Outside Director</p> <p><b>Isao Endo</b> (May 8, 1956)</p>	<p>Apr. 1979 Jointed Mitsubishi Electric Corporation Oct. 1988 Jointed The Boston Consulting Group Inc. Oct. 1992 Jointed Andersen Consulting Oct. 1996 Partner of Andersen Consulting Sep. 1997 Partner and Director of Booz Allen Hamilton May 2000 Managing Partner of Roland Berger Ltd. Apr. 2006 Chairman of Roland Berger Ltd. (current position) Professor of the Graduate School of Commerce, Waseda University May 2011 Director of Ryohin Keikaku Co., Ltd. (current position) Mar. 2013 Audit &amp; Supervisory Board Member of Yamaha Motor Co., Ltd. Jun. 2014 Director of the Company (current position) Director of Nisshin Steel Co., Ltd. (current position)</p>	
 <p>Outside Director</p> <p><b>Tamami Murata</b> (Jan. 18, 1960)</p>	<p>Apr. 1988 Admitted to the Japanese Bar Aug. 2001 Attorney at law at Murata Law Office (current position) Apr. 2008 Executive Vice President of Daini Tokyo Bar Association Jun. 2014 Director of the Company (current position)</p>	



# Management Members

## Directors

(As of August 1, 2017)

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

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

## Executive Officers

(As of August 1, 2017)

Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
<p>Group CEO, Representative Director, President and Executive Officer <b>Kengo Sakurada</b> (Feb. 11, 1956)</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Group CFO, Representative Director, Deputy President and Senior Managing Executive Officer <b>Shinji Tsuji</b> (Dec. 10, 1956)</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Overseas Insurance Business Owner Representative Director, Senior Managing Executive Officer <b>Shigeru Ehara</b> (Dec. 18, 1958)</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Group CRO Director, Managing Executive Officer <b>Masato Fujikura</b> (Sep. 26, 1958)</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Group CACO Director, Managing Executive Officer <b>Koichi Yoshikawa</b> (Feb. 23, 1963)</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Nursing Care &amp; Healthcare Business Owner Director, Managing Executive Officer <b>Mikio Okumura</b> (Nov. 23, 1965)</p>	Please refer to the summarized resume in the "Directors" section.	
 <p>Managing Executive Officer <b>Junichi Tanaka</b> (May 9, 1961)</p>	<p>Apr. 1984 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd.</p> <p>Apr. 2014 Executive Officer, General Manager, Global Business Planning Department of the Company General Manager, Global Business Planning Department of Sompo Japan Insurance Inc. General Manager, Global Business Planning Department of NIPPONKOA Insurance Company, Limited</p> <p>Sep. 2014 Executive Officer, General Manager, Global Business Planning Department of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa")</p> <p>Dec. 2014 Executive Officer, General Manager, Global Business Planning Department and China &amp; East Asia Regional Headquarters of the Company Executive Officer, General Manager, Global Business Planning Department and China &amp; East Asia Regional Headquarters of Sompo Japan Nipponkoa</p> <p>Oct. 2015 Executive Officer, General Manager, Global Business Planning Department, China &amp; East Asia Regional Headquarters and Europe Regional Headquarters of the Company Executive Officer, General Manager, Global Business Planning Department, China &amp; East Asia Regional Headquarters and Europe Regional Headquarters of Sompo Japan Nipponkoa</p> <p>Jan. 2016 Executive Officer, General Manager, Europe Regional Headquarters and China &amp; East Asia Regional Headquarters of the Company Executive Officer, General Manager, Europe Regional Headquarters and China &amp; East Asia Regional Headquarters of Sompo Japan Nipponkoa</p> <p>Apr. 2016 Managing Executive Officer of the Company (current position) Managing Executive Officer of Sompo Japan Nipponkoa (current position)</p>	Assistant Owner, Overseas Insurance Business

## Executive Officers

(As of August 1, 2017)

Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
 <p>Group CIO Managing Executive Officer</p> <p><b>Shinichi Urakawa</b> (Apr. 28, 1961)</p>	<p>Apr. 1984 Joined IBM Japan, Ltd. Dec. 2013 Executive Officer of Sompo Japan Insurance Inc. Executive Officer of NIPPONKOA Insurance Company, Limited Director, Deputy President, Executive Officer of NKSJ Systems, Inc. Sep. 2014 Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Representative Director, President and Executive Officer of Sompo Japan Nipponkoa Systems, Inc. Oct. 2015 Representative Director, President and Executive Officer of SOMPO System Innovations, Inc. (current position) Apr. 2016 Managing Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) Oct. 2016 Representative Director, President, and Executive Officer of Sompo Systems Inc. (current position) Apr. 2017 Group CIO, Managing Executive Officer (current position)</p>	<p>Chief Executive of the Group's IT area</p>
 <p>Managing Executive Officer</p> <p><b>Nigel Frudd</b> (Oct. 4, 1958)</p>	<p>Nov. 1981 Admitted to the British Bar May 2014 Director of Canopus Group Limited (currently Sompo Canopus AG) (current position) Jul. 2015 Executive Officer of the Company Nov. 2016 Managing Executive Officer of the Company (current position) Mar. 2017 Vice Chairman and Executive Director of Sompo International Holdings Ltd. (current position) Vice Chairman Executive Director of Endurance Specialty Holdings Ltd. (current position)</p>	<p>Overseas M&amp;A</p>
 <p>Group CHRO Managing Executive Officer</p> <p><b>Satoshi Kasai</b> (Dec. 22, 1962)</p>	<p>Apr. 1985 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2015 Executive Officer, General Manager, Human Capital Department of the Company Executive Officer, General Manager, Human Capital Department of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2017 Group CHRO, Managing Executive Officer of the Company (current position) Managing Executive Officer of Sompo Japan Nipponkoa (current position)</p>	<p>Chief Executive of the Group's Human resource area</p>
 <p>Managing Executive Officer</p> <p><b>Atsushi Mizuguchi</b> (Apr. 2, 1962)</p>	<p>Apr. 1985 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2015 Executive Officer, General Manager, Energy Industry Department of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2016 Executive Officer, General Manager, North America Regional Headquarters of the Company Executive Officer, General Manager, North America Regional Headquarters of Sompo Japan Nipponkoa Apr. 2017 Managing Executive Officer of the Company (current position) Managing Executive Officer of Sompo Japan Nipponkoa (current position)</p>	<p>Overseeing the North America region and the Europe &amp; South America region (other than Turkey &amp; Brazil)</p>
 <p>Group CDO Managing Executive Officer</p> <p><b>Koichi Narasaki</b> (Jan. 4, 1958)</p>	<p>Apr. 1981 Joined Mitsubishi Corporation Jul. 2000 Joined Lineo, Inc. (UT, U.S.A.) Dec. 2002 Joined ACCESS CO., LTD. ("ACCESS") Apr. 2005 Executive Officer of ACCESS Feb. 2007 CEO of IP Infusion, Inc. (CA, U.S.A) (on loan) Apr. 2009 Director of ACCESS Oct. 2011 Vice President, COO of ACCESS Jun. 2012 Chairman of IP Infusion, Inc. Oct. 2014 CEO of UBIP Oct. 2015 President &amp; COO of Midokura Group May 2016 Executive Officer of the Company Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2017 Group CDO, Managing Executive Officer of the Company (current position) Managing Executive Officer of Sompo Japan Nipponkoa (current position)</p>	<p>Chief Executive of the Group's Digital area</p>

## Executive Officers

(As of August 1, 2017)

	Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
	Executive Officer (General Manager, Accounting Department)  <b>Hidenori Hanada</b> (Aug. 15, 1958)	Apr. 1981 Joined The Nippon Fire & Marine Insurance Co., Ltd. Apr. 2016 Executive Officer, General Manager, Accounting Department of the Company (current position) Executive Officer, General Manager, Accounting Department of Sompo Japan Nipponkoa Insurance Inc. (current position)	
	Executive Officer (General Manager, Corporate Communications Department and Corporate Social Responsibility Department)  <b>Kiyoshi Aoki</b> (Feb. 2, 1964)	Apr. 1987 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2016 Executive Officer, General Manager, Corporate Communications Department of the Company Executive Officer, General Manager, Corporate Communications Department of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2017 Executive Officer, General Manager, Corporate Communications Department and Corporate Social Responsibility Department of the Company (current position) Executive Officer, General Manager, Corporate Communications Department and Corporate Social Responsibility Department of Sompo Japan Nipponkoa (current position)	
	Executive Officer (General Manager, Office of Group CEO)  <b>Masahiro Hamada</b> (Dec. 18, 1964)	Apr. 1988 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2016 Executive Officer, General Manager, Office of Group CEO of the Company (current position)	
	Executive Officer (General Manager, Corporate Legal Department)  <b>Toshihiro Teshima</b> (Oct. 24, 1960)	Sep. 1992 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2017 Executive Officer, General Manager, Corporate Legal Department of the Company (current position) Executive Officer, General Manager, Corporate Legal Department of Sompo Japan Nipponkoa Insurance Inc. (current position)	
	Executive Officer  <b>Yuji Kawauchi</b> (Dec. 24, 1965)	Apr. 1988 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2017 Executive Officer of the Company (current position) Executive Officer of Sompo Japan Nipponkoa Insurance Inc. (current position)	Overseeing the South Asia & Pacific region
	Executive Officer (General Manager, Global Business Planning Department)  <b>Shinichi Hara</b> (Apr. 14, 1965)	Apr. 1988 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Aug. 2017 Executive Officer, General Manager, Global Business Planning Department of the Company (current position) Executive Officer, General Manager, Global Business Planning Department of Sompo Japan Nipponkoa Insurance Inc. (current position)	

## Audit & Supervisory Board Members

(As of August 1, 2017)

Job Title Name (Date of Birth)	Summarized Resume
 <p>Audit &amp; Supervisory Board Member (Full-Time)</p> <p><b>Toshiyuki Takata</b> (Jul. 6, 1957)</p>	<p>Apr. 1980 Joined The Nippon Fire &amp; Marine Insurance Co., Ltd. Apr. 2010 Executive Officer, General Manager, Corporate Planning Department of the Company Jun. 2012 Director, Managing Executive Officer of the Company Jun. 2014 Audit &amp; Supervisory Board Member of the Company (current position)</p>
 <p>Audit &amp; Supervisory Board Member (Full-Time)</p> <p><b>Masaki Hanawa</b> (Feb. 16, 1958)</p>	<p>Apr. 1981 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2010 Executive Officer, General Manager, Corporate Planning Department of Sompo Japan Insurance Inc. ("Sompo Japan") Jan. 2011 Executive Officer, General Manager, Corporate Planning Department &amp; Service Quality Management and Enhancement Department of Sompo Japan Apr. 2011 Executive Officer, General Manager, Corporate Planning Department of Sompo Japan Apr. 2012 Managing Executive Officer of Sompo Japan Apr. 2013 Managing Executive Officer of NIPPONKOA Insurance Company, Limited Apr. 2014 Director, Managing Executive Officer of Sompo Japan Sep. 2014 Director, Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2016 Senior Advisor of Sompo Japan Nipponkoa Jun. 2016 Audit &amp; Supervisory Board Member of the Company (current position)</p>
 <p>Outside Audit &amp; Supervisory Board Member</p> <p><b>Naoki Yanagida</b> (Feb. 27, 1960)</p>	<p>Apr. 1987 Admitted to the Japanese Bar Attorney at law at The Law Offices of Yanagida &amp; Nomura (currently Yanagida &amp; Partners) (current position) Jun. 2004 Audit &amp; Supervisory Board Member of Nippon Paper Industries Co., Ltd. Audit &amp; Supervisory Board Member of Nippon Unipack Holdings Co., Ltd. Jun. 2014 Outside Audit &amp; Supervisory Board Member of Alpine Electronics, Inc. Audit &amp; Supervisory Board Member of the Company (current position) Jun. 2016 Director and Audit &amp; Supervisory Committee Member of Alpine Electronics, Inc. (current position) Audit &amp; Supervisory Board Member of YKK CORPORATION (current position)</p>
 <p>Outside Audit &amp; Supervisory Board Member</p> <p><b>Hideyo Uchiyama</b> (Mar. 30, 1953)</p>	<p>Nov. 1975 Joined Arthur Young &amp; Company Dec. 1979 Joined Asahi Accounting Company (now KPMG AZSA LLC) Mar. 1980 Registered as Certified Public Accountant Jul. 1999 Representative Partner of Asahi &amp; Co. (now KPMG AZSA LLC) May 2002 Board Member of Asahi &amp; Co. (now KPMG AZSA LLC) Jun. 2006 Executive Board Member of KPMG Azsa &amp; Co. (now KPMG AZSA LLC) Jun. 2010 Managing Partner of KPMG Azsa &amp; Co. (now KPMG AZSA LLC) Chairman of KPMG Japan Sep. 2011 Chairman of KPMG Asia Pacific Oct. 2013 CEO of KPMG Japan Sep. 2015 Executive Advisor of ASAHI Tax Corporation (current position) Jun. 2016 Audit &amp; Supervisory Board Member of OMRON Corporation (current position) Jun. 2017 Audit &amp; Supervisory Board Member of the Company (current position)</p>
 <p>Outside Audit &amp; Supervisory Board Member</p> <p><b>Atsuko Muraki</b> (Dec. 28, 1955)</p>	<p>Apr. 1978 Joined Ministry of Labour Oct. 2005 Counsellor for Policy Evaluation, Minister's Secretariat, Ministry of Health, Labour and Welfare Sep. 2006 Deputy Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare Jul. 2008 Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare Sep. 2010 Director-General for Policies on Cohesive Society, Cabinet Office Sep. 2012 Director-General of Social Welfare and War Victims' Relief Bureau, Ministry of Health, Labour and Welfare Jul. 2013 Vice-Minister of Health, Labour and Welfare, Ministry of Health, Labour and Welfare Jun. 2016 Member of the Board of ITOCHU Corporation (current position) Jun. 2017 Audit &amp; Supervisory Board Member of the Company (current position)</p>

Note: Mr. Naoki Yanagida, Mr. Hideyo Uchiyama and Ms. Atsuko Muraki meet the requirements of an independent auditor as stipulated by the Tokyo Stock Exchange, Inc., and are deemed as being unlikely to have any conflicts of interest with general stockholders.

## Corporate Governance

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

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

### Corporate Governance Overview

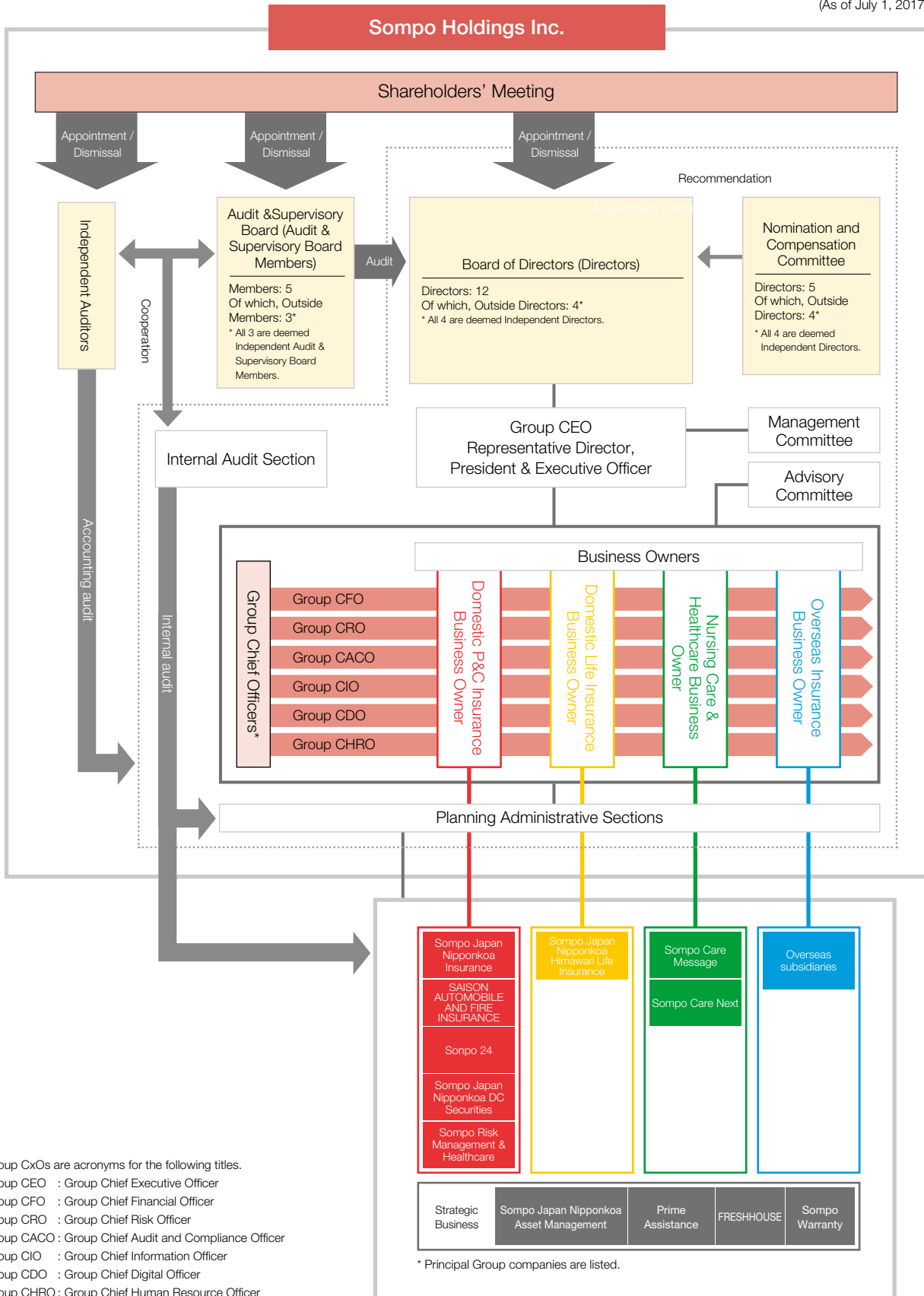
As of July 1, 2017

Organizational structure	Company with an Audit & Supervisory Board
Chairman of the Board of Directors	Kengo Sakurada (Group CEO, Representative Director, President and Executive Officer)
Number of directors	12, of which 4 are outside directors
Number of Audit & Supervisory Board members	5, of which 3 are outside Audit & Supervisory Board members
Board of Directors meetings (Fiscal 2016 results)	Held 14 times Attendance: 98.9% for directors, 100% for Audit & Supervisory Board members * Orientation meetings for outside directors are held in conjunction with Board of Directors meetings to ensure meetings of the Board of Directors operate effectively. * Please refer to page 80 for details regarding directors and Board of Directors meetings.
Audit & Supervisory Board meetings (Fiscal 2016 results)	Held 13 times Attendance: 100% * Please refer to page 80 for details regarding Audit & Supervisory Board members and Audit & Supervisory Board meetings.
Voluntary committee equivalent to nominating committee and compensation committee	Nomination and Compensation Committee * Comprising 5 committee members (4 outside directors, 1 internal director) and chaired by an outside director * Please refer to page 80 for details regarding the Nomination and Compensation Committee.
Appointment of directors and Audit & Supervisory Board members	Formulates policies for appointment of officers through the resolution of the Board of Directors in light of advice from the Nomination and Compensation Committee, which functions as an advisory body to the Board of Directors * Please refer to page 81 for details regarding policies for appointment of officers.
Number of independent directors and independent Audit & Supervisory Board members	4 outside directors and 3 outside Audit & Supervisory Board members * All outside directors and outside Audit & Supervisory Board members are independent as defined by the Tokyo Stock Exchange. * Please refer to page 81 for standards regarding independence of outside directors and outside Audit & Supervisory Board members.
Determination of compensation, etc.	Formulates policies on decisions pertaining to compensation for officers through the resolution of the Board of Directors in light of advice from the Nomination and Compensation Committee, which functions as an advisory body to the Board of Directors * Please refer to page 83 for details regarding policies on decisions pertaining to compensation for officers.



Corporate Governance Structure

(As of July 1, 2017)



\* Group CxOs are acronyms for the following titles.  
 Group CEO : Group Chief Executive Officer  
 Group CFO : Group Chief Financial Officer  
 Group CRO : Group Chief Risk Officer  
 Group CACO : Group Chief Audit and Compliance Officer  
 Group CIO : Group Chief Information Officer  
 Group CDO : Group Chief Digital Officer  
 Group CHRO : Group Chief Human Resource Officer

\* Principal Group companies are listed.

## Directors and the Board of Directors

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The Board of Directors performs its duties as stipulated by law, establishes important items for management, and serves a supervisory function overseeing the conditions of business execution. The Board of Directors meeting, in principle, convenes on a monthly basis and comprises an appropriate number of members to realize swift decision-making.

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

Board of Directors operations. Steps including convening meetings of the outside directors and the Group CEO are implemented to facilitate open exchange of opinions between the outside directors and the chief executive.

The Company's Board of Directors comprises 12 members, four of which are outside directors. Current members include 11 Japanese nationals and 1 non-Japanese, and 10 men and 2 women.

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

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

## Audit & Supervisory Board Members and Audit & Supervisory Board

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Audit & Supervisory Board members audit the work performance of the directors through such activities as auditing the construction and maintenance conditions of the Group internal control system and providing effective advice and recommendations to senior management that promotes the Group's sustainable growth and increases the corporate value over the medium- and long-term. The Audit & Supervisory Board establishes the audit standards, basic policy on audits, and auditing programs to make the above auditing activities functional and effective and systematically conduct auditing operations.

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

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

of the Audit & Supervisory Board members is a certified public accountant with many years of working experience at an audit firm and who possesses extensive knowledge of finance and accounting.

The Company has also established the Audit & Supervisory Board's Office to enhance the effectiveness of the Audit & Supervisory Board Members' audits and assigns exclusive personnel with the supplemental knowledge and experience to assist the Audit & Supervisory Board Members in carrying out their duties.

The Audit & Supervisory Board additionally commissions an external legal expert to serve as an advisor who is independent from the execution of operations to protect the interests of the Company and shareholders.

To ensure independence from management, and in accordance with the Companies Act, Audit & Supervisory Board members' term of office expires at the conclusion of the General Meeting of Shareholders in the final fiscal year that ends within four years of their appointment.

## Nomination and Compensation Committee

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

The committee sets the director and executive officer appointment policy and appointment standards, determines individuals to propose as candidates, conducts director and executive officer evaluations and submits recommendations to the Board of Directors for director remuneration amounts and the remuneration structure, and contributes to the appointment and treatment of subsidiary directors based on the subsidiary business content and scope.

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

The committee is comprised of members appointed from the Company's directors with outside directors representing the majority of members in order to ensure the independence and neutrality of the members.

The committee chairperson is an outside director elected by the committee members. At the time of the submission of this report, the committee comprises five members with four outside directors and one internal director.

## Policies for Appointment of Officers

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

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

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

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

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

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

The Audit & Supervisory Board consists of Audit & Supervisory Board members appointed on the basis of their solid knowledge of finance and accounting and in consideration of an overall balance of backgrounds in corporate management experience and the legal profession. Furthermore, the appointment of directors and Audit & Supervisory Board members is based on appointment criteria in consideration of Comprehensive Guidelines for Supervision of Insurance Companies.

The Group formulated outside director independence criteria as a standard for the appointment of outside directors and outside Audit & Supervisory Board members.

### (2) Policies for appointment of executive officers

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

## Standards regarding Independence of Outside Directors / Audit & Supervisory Board Members

The Company has prescribed the "Standards regarding Independence of Outside Directors / Audit & Supervisory Board Members" by resolution of the Board of Directors based on the advice of the Nomination and Compensation Committee, an advisory body to the Board of Directors, and in accordance with the standards required by the Tokyo Stock Exchange. This information is disclosed via the corporate governance report.

Under the Standards regarding Independence of Outside Directors / Audit & Supervisory Board Members, the Company will determine the independence from the Company of outside directors and outside Audit & Supervisory Board members based on the matters set forth below:

- 1. Personal Relationships:** A kinship between the candidate and any officer or employee of the group, status of mutual appointments of officers between the Company and the company which the candidate is originally from.
- 2. Capital Relationships:** The holding of shares in the Company by the candidate and the status of shareholding by the Group.
- 3. Business Relationships:** Business transactions or donations between the Group and the candidate.
- 4. Significant interests other than the above**

In the event that a candidate for outside director falls within any of the categories listed below, the Nomination and Compensation Committee, a committee primarily constituted of outside directors, will examine his/her independence. Following the final determination by the Board of Directors, the proposal for appointment will be

submitted to the General Meeting of shareholders of the Company and the Company will submit notification of such outside director as an independent director as prescribed by each financial instruments exchange.

In the case of a candidate for outside Audit & Supervisory Board Members, the Audit & Supervisory Board will take into consideration these standards in determining whether to consent to a proposal being submitted to the General Meeting of shareholders of the Company for the appointment of Audit & Supervisory Board Members. Upon receiving this consent, the Board of Directors will submit the proposal for appointment to the General Meeting of shareholders and submit notification of such outside Audit & Supervisory Board Members as an independent auditor as prescribed by each financial instruments exchange.

The Company selects a wide range of independent outside directors and outside Audit & Supervisory Board members, individuals with experience as corporate managers, academics, and lawyers with extensive knowledge in a wide range of fields, with the aim of enabling valuable discussions incorporating objective and multiple viewpoints and perspectives on the Group's management strategies and management issues.

As a result, outside directors and outside Audit & Supervisory Board members contribute to frank, active, and constructive deliberations and discussions at meetings of the Board of Directors, Audit & Supervisory Board, and Nomination and Compensation Committee.

## Outside Directors and Outside Audit & Supervisory Board Members

(As of June 26, 2017)

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

### Outside Directors

Name	Attendance at Board of Directors meetings	Significant positions concurrently held	Reasons for appointment as an outside director
Sawako Nohara	All 14 Board of Directors meetings	President of IPSe Marketing, Inc. Project Professor of the Graduate School of Media and Governance, Keio University Member of the Board of Nissha Printing Co., Ltd. (Outside Director) Director of JAPAN POST BANK Co., Ltd. (Outside Director)	With her abundant experience as a company manager and broad knowledge related to the IT industry, as well as deep insight gained through participation in policy-making during her term as an officer in government-related committees, including as a private-sector member of the Industrial Competitiveness Council, she has provided appropriate advice on the management of the Company from diversified and professional perspectives. At the same time, she has provided valuable advice on the initiative on women's empowerment in the workplace, which is also one of the important strategies of the Company.
Isao Endo	All 14 Board of Directors meetings	Chairman of Roland Berger Ltd. Director of Ryohin Keikaku Co., Ltd. (Outside Director) Director of Nisshin Steel Co., Ltd. (Outside Director)	With his broad insight based on his practical experience at a global consulting firm and academic knowledge as a graduate school professor, as well as abundant experience as a company manager, he has provided appropriate advice on the management of the Company, especially through his deep and diversified perspective gained through his practical research on "Gemba Power."
Tamami Murata	All 14 Board of Directors meetings	Attorney at Law	With her abundant knowledge and experience as an attorney at law, she has provided appropriate advice on the management of the Company with her professional viewpoints based on her knowledge and experience. At the same time, she has provided valuable advice on the initiative on women's empowerment in the workplace, which is also one of the important strategies of the Company.
Scott Trevor Davis	Attended 13 times out of 14 Board of Directors meetings	Director of Seven & i Holdings Co., Ltd. (Outside Director) Professor of the Department of Global Business, College of Business, Rikkyo University Member of the Board of Bridgestone Corporation (Outside Director)	With his broad knowledge as an erudite scholar, he has provided appropriate advice on the management of the Company, especially through his research on strategic management and CSR at the university. Moreover, he has provided diversified advice from global perspectives.

### Outside Audit & Supervisory Board Members

Name	Attendance at Board of Directors meetings	Significant positions concurrently held	Reasons for appointment as an outside Audit & Supervisory Board member
Naoki Yanagida	Meetings of the Board of Directors: Attended all 14 meetings; all 13 Audit & Supervisory Board meetings	Attorney at Law Outside Director Audit and Supervisory committee of Alpine Electronics, Inc. Audit & Supervisory Board Member of YKK CORPORATION (Outside Auditor)	With his experience and specialized knowledge as an attorney at law, the Company judges that he possesses an aptitude for duties as an outside Audit & Supervisory Board member.
Hideyo Uchiyama	(Assumed office June 26, 2017)	Certified public accountant Executive Advisor of ASAHI Tax Corporation Audit & Supervisory Board Member of OMRON Corporation (Outside Auditor)	He has abundant experience as a manager at one of Japan's leading auditing corporations and a global consulting firm in addition to his professional knowledge and experience as a certified public accountant. The Company judges that he will appropriately reflect his abundant knowledge and experience in the Company's audits as an outside Audit & Supervisory Board member.
Atsuko Muraki	(Assumed office June 26, 2017)	Member of the Board of ITOCHU Corporation (Outside Director)	She has a high level of knowledge and abundant experience based on having held important posts such as Vice-Minister, Deputy Director-General, and Director-General of Equal Employment, Children and Families Bureau in the Ministry of Health, Labour and Welfare, as well as Director-General for Policies of the Cabinet Office. The Company judges that she will appropriately reflect her abundant knowledge and experience in the Company's audits as an outside Audit & Supervisory Board member.

## Policies on Decisions Pertaining to Compensation of Officers

The Group regards compensation for officers as important matters from the viewpoints of improvement in business performance and corporate value, and sets policies on compensation for officers as follows:

### (1) Basic policy on Compensation for Officers (Common to Group Companies)

- ① The form and level of compensation for officers shall enable recruiting and retaining superior human resources as management of the Group.
- ② Compensation structure shall be consistent with business strategy and promote officers' incentive to improve performance for the sake of the Group's growth.
- ③ Compensation shall reflect medium to long-term results and initiatives by officers as well as single-year results.
- ④ Objectiveness, transparency and fairness that can fulfill accountability to stakeholders shall be achieved in compensation structure for the Company and major subsidiaries through deliberation process in the Nomination and Compensation Committee inside the Group.

### (2) Compensation structure for Officers

The Group sets policies on compensation for officers as follows. However, in cases there are reasonable grounds to believe that those policies should not be applied, the amount and composition of compensation are determined by the Board of Directors based on the recommendation of the Nomination and Compensation Committee.

The Nomination and Compensation Committee examines compensation budget for all directors and executive officers and makes recommendations to the Board of Directors on an annual basis. The amount of compensation for directors and executive officers are determined by the Board of Directors within the budget.

- ① Composition of compensation for directors and how it is determined

Compensation for directors shall consist of monthly compensation, performance-linked compensation and performance-linked stock compensation.

With regard to monthly compensation, performance-linked compensation and performance-linked stock compensation, fixed amount shall be determined for monthly compensation, while a base amount and the number of standard point (one point = one common share) shall be determined for performance-linked compensation and performance-based stock compensation depending on whether the person in an outside or internal director, or does or does not have authority to represent the Company. Nevertheless, performance-linked compensation and performance-linked stock compensation will not be paid to outside directors.

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

Overview of performance-linked compensation and performance-linked stock compensation are described in ④ and ⑤ below.

- ② Composition of compensation for executive officers and how it is determined

Compensation for executive officers shall consist of monthly compensation, performance-linked compensation and performance-linked stock compensation. The amount and composition of compensation for the group CEO are examined and recommended by the Nomination and Compensation Committee, and determined by the Board of Directors based on the business

environment and market level of compensation for executive officers, and group CEO's achievements and skills. The amount and composition of compensation for executive officers other than group CEO are determined based on the business environment and market level of compensation for executive officers and shall reflect the significance of duties, strategic positioning, achievements and skills. Fixed amount shall be determined for monthly compensation, while a base amount and the number of standard point (one point = one common share) shall be determined for performance-linked compensation and performance-linked stock compensation

Overview of performance-linked compensation and performance-linked stock compensation are described in ④ and ⑤ below.

- ③ Composition of compensation for Audit & Supervisory Board members and how it is determined

The form and level of compensation for Audit & Supervisory Board members shall commensurate with their duties and responsibilities and determined at a fixed amount through discussion between the Audit & Supervisory Board members depending on whether the Audit & Supervisory Board member is full-time or part-time while giving due consideration to their independence.

- ④ Performance-linked compensation

The Company has introduced performance-linked compensation system in order to align compensation for officers and business strategy and promote officer's incentive to improve performance for further growth of the Group. Below is overview of the system:

- Performance-linked compensation shall be determined by reflecting single-year corporate performance and individual performance to the base amount of performance-linked compensation.
- Performance metrics to evaluate corporate performance are adjusted consolidated profit and adjusted consolidated ROE, and coefficient is determined as a ratio of actual figures to targeted figures (projected figures in business plan). For performance metrics to evaluate individual performance, coefficient is determined depending on evaluation result in individual performance evaluation of officers.
- Coefficient for performance-linked compensation is calculated by multiplying the above-mentioned coefficient for company performance by coefficient for individual performance, and the amount of payment is calculated by multiplying base amount of performance-linked compensation by the coefficient for performance-linked compensation.
- For officers who serve as business owners or in charge of those businesses, sales and profit of the business are used as performance metrics to evaluate corporate performance.

- ⑤ Performance-linked stock compensation

The company had introduced performance-linked stock compensation system in order to increase the linking between compensation and increases in corporate value over the medium to long-term.

Below is overview of the system:

- Performance-linked stock compensation shall be determined by reflecting the medium to long-term stock value and consolidated performance to the number of performance-linked stock compensation standard point in comparison to the market.
- Coefficient for stock value shall be determined by comparing 3-year growth rate of our stock value to the TOPIX growth rate.
- Coefficient for consolidated performance shall be determined by comparing our growth rate of consolidated net income over the past 3 business years to the growth rate of peer group (global companies centering around insurance companies).



- Coefficient for performance-linked stock compensation is calculated by multiplying the above-mentioned coefficient for stock value by coefficient for consolidated performance, and the

point to provide is calculated by multiplying the number of performance-linked stock compensation standard point by the coefficient for performance-linked stock compensation.

## Compensation Amounts of Directors and Audit & Supervisory Board Members

Category	Number of officers for payment	Total compensation, etc.	Total amount per type of compensation		
			Basic compensation		Performance-linked stock compensation
			Monthly compensation	Performance-linked compensation	
Directors	15	¥388 million	¥329 million		¥59 million
			¥260 million	¥68 million	
Audit & Supervisory Board members	6	¥104 million	¥104 million		—
			¥104 million	—	
Total	21	¥493 million	¥433 million		¥59 million
			¥364 million	¥68 million	

- Notes: 1. The number of officers for payment includes two directors and one audit & supervisory board member who resigned at the end of the 6th General Meeting of Stockholders held on June 27, 2016.
2. Total compensation, etc., and total amount per type of compensation, etc., include compensation, etc., of two directors and one Audit & Supervisory Board member who resigned at the end of the 6th General Meeting of Stockholders held on June 27, 2016.
3. The total amount of compensation etc., of directors includes ¥275 million as compensation of executive officers for directors who are serving concurrently as executive officers (¥167 million in monthly compensation, ¥58 million in performance-linked compensation, and ¥49 million in performance-linked stock compensation). The compensation of executive officers is being paid to a total of nine persons.
4. Of the compensation, etc., paid to directors, monthly compensation and performance-linked compensation are paid in cash.
5. Performance-linked compensation is based on the performance of the previous fiscal year.  
The amount of reserve for performance-linked compensation based on the performance of the current fiscal year is ¥73 million.
6. Performance-linked stock compensation is the amount of provision of reserve for stock benefits posted as the portion for the current fiscal year.
7. Officers who receive compensation, etc., of ¥100 million or more in total from the Company and its consolidated subsidiaries are listed as follows.

Name	Officer category	Company category	Total amount per type of compensation			Total amount of consolidated compensation, etc.
			Basic compensation		Performance-linked stock compensation	
			Monthly compensation	Performance-linked compensation		
Kengo Sakurada	Director	The Company	¥101 million		¥19 million	¥122 million
			¥68 million	¥33 million		
	Director	Sompo Japan Nipponkoa Insurance Inc.	¥1 million		—	¥104 million
			—	¥1 million		
Keiji Nishizawa	Director	The Company	¥2 million		—	¥104 million
			—	¥2 million		
	Director	Sompo Japan Nipponkoa Insurance Inc.	¥82 million		¥19 million	¥104 million
			¥62 million	¥20 million		

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

Category	Maximum amount of compensation
Directors	<ul style="list-style-type: none"> <li>• Monthly compensation and performance-linked compensation (compensation paid in cash) No more than ¥400 million per year (of which the amount to outside directors shall be no more than ¥100 million per year)</li> <li>• Performance-linked stock compensation No more than ¥300 million*<sup>1</sup> in three fiscal years*<sup>2</sup></li> </ul> <p>*<sup>1</sup> The maximum amount contributed by the Company as the portion for directors to the Board Benefit Trust for performance-linked stock compensation. *<sup>2</sup> From the fiscal year ended March 31, 2017, to the fiscal year ending March 31, 2019 Note: In each case, the amount of compensation, etc., of directors does not include the portion paid as employee salary to directors serving concurrently as employees.</p>
Audit & Supervisory Board members	<ul style="list-style-type: none"> <li>• Monthly compensation (compensation and paid in cash) No more than ¥110 million per year</li> </ul>

## Policy on Cross-Shareholdings

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

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

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

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

## Information Disclosure

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

### Corporate Website/Integrated Report

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

### URL

<http://www.sompo-hd.com/en/>

In addition to the corporate website, the Company publishes the Integrated Annual Report (in Japanese and English), which provides easy-to-understand explanations of the Group's profile, management policies, and operating performance.



### Regular Investor Briefings for Investors and Analysts

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

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

The Company arranges for other members of senior management, including the Group CEO, to visit and engage in dialogue with overseas investors several times a year. In Japan, the CFO and the executive officer of the Corporate Planning Department, who oversees IR activities, arrange for dialogue with shareholders as needed.

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

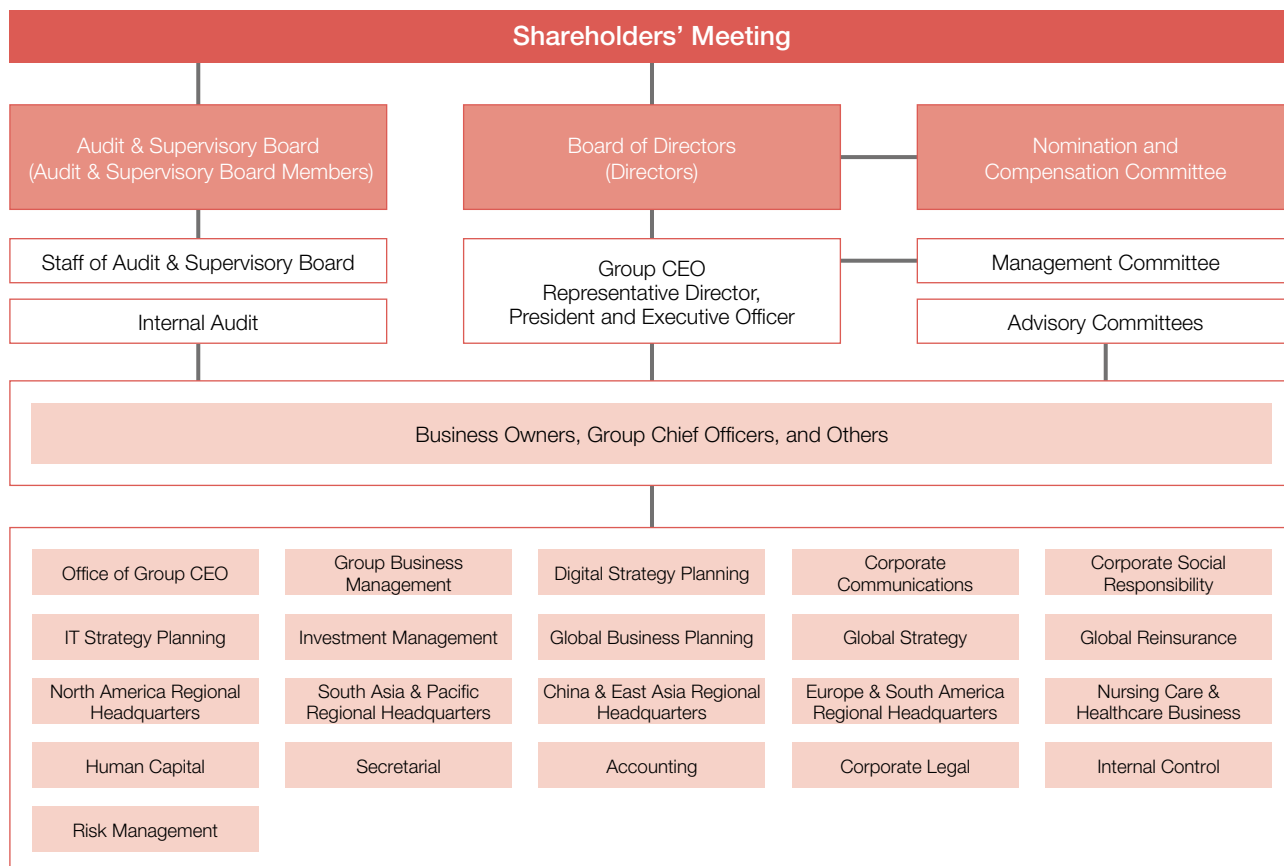
Business strategy explanation meetings for institutional investors and analysts (IR meetings)	2 times
Teleconferences for institutional investors and analysts	3 times
Conferences sponsored by securities companies	6 times
Individual meetings	272 times
Information sessions for individual investors	8 times

# Corporate Overview

Company name: Sampo Holdings, Inc.  
 Date of establishment: April 1, 2010  
 Capital: 100 billion yen  
 Head office: 26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan  
 Group CEO  
 Representative Director, President and Executive Officer: Kengo Sakurada  
 Employees: 514\*  
 Business activities: Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other related operations.  
 Exchange listing: Tokyo Stock Exchange (First Section)  
 URL: <http://www.sampo-hd.com/en/>

\* As of March 31, 2017

## Organization Chart



## Share Information

(As of July 1, 2017)

- |  |  |
|--|--|
| 1. Fiscal year:  | April 1 of each year through March 31 of the following year  |
| 2. Annual General Meeting of Shareholders:               | Held within 3 months of the end of each fiscal year  |
| 3. Record date for year-end dividends and voting rights: | March 31<br>Note: Record date for interim dividends: September 30  |
| 4. Share-trading lot size:                               | 100  |
| 5. Shareholder registry administrator:                   | Mizuho Trust & Banking Co., Ltd.   |
| 6. Public notices:                                       | Sompo Holdings issues public notices electronically<br>( <a href="http://www.sompo-hd.com/">http://www.sompo-hd.com/</a> )<br>Note: If a public notice cannot be issued electronically, it will be published in the <i>Nihon Keizai Shimbun</i> (newspaper). |
| 7. Exchange listing:                                     | Tokyo Stock Exchange (First Section)   |

## Matters for the General Meeting of Shareholders

The 7th General Meeting of Shareholders was held on June 26, 2017. The matters to be reported and the matters to be resolved were as follows:

### Matters to Be Reported

1. The business report, the consolidated financial statements, and the audit reports by the accounting auditors and the Audit & Supervisory Board for fiscal 2016 (April 1, 2016 to March 31, 2017)
2. The financial statements for fiscal 2016 (April 1, 2016 to March 31, 2017)

### Matters to Be Resolved

- Proposal No. 1 Disposition of Retained Earnings
- Proposal No. 2 Appointment of 12 Directors
- Proposal No. 3 Appointment of 2 Audit & Supervisory Board Members
- Proposal No. 4 Revision of the Amounts of Director Remuneration, etc.
- Proposal No. 5 Revisions Pertaining to Amounts and Details of Stock Compensation Plan

The proposals were approved as initially proposed.

## Distribution and Shares

(As of March 31, 2017)

### 1. Equity Shares

(1) Type of shares	Common shares
(2) Total number of authorized shares	1,200,000,000
(3) Total number of shares outstanding	415,352,294 (Including treasury stock)
(4) Total number of shareholders	44,095

### 2. Types of Shareholders

Category	Number of Shareholders	Number of Shares Held (Thousands)*1	Portion of Shares Outstanding (%)**2
National and Regional Governmental Organizations	2	8	0.00
Financial Institutions	167	142,975	34.42
Securities Companies	49	9,775	2.35
Other Corporations	1,049	33,155	7.98
Foreign Investors	729	168,616	40.60
Individuals and Others	42,099	60,820	14.64
Total	44,095	415,352	100.00

## Top 10 Shareholders

(As of March 31, 2017)

Name of Shareholder	Number of Shares Held (Thousands)	Portion of Shares Outstanding (%)
STATE STREET BANK AND TRUST COMPANY	26,531	6.39
Japan Trustee Services Bank, Ltd. (Trust account)	21,731	5.23
The Master Trust Bank of Japan, Ltd. (Trust account)	21,510	5.18
Sompo Holdings Employee Shareholders Association	9,335	2.25
The Dai-ichi Life Insurance Company, Limited	8,181	1.97
NIPPON EXPRESS CO., LTD.	8,001	1.93
Japan Trustee Services Bank, Ltd. (Trust account 5)	7,580	1.83
GOVERNMENT OF NORWAY	6,759	1.63
STATE STREET BANK AND TRUST COMPANY 505225	5,919	1.43
Japan Trustee Services Bank, Ltd. (Trust account 1)	5,625	1.35

Notes: 1. In addition to the above, the Company holds 21,340 thousand shares of treasury stock (5.14%). This number of treasury stock does not include 612 thousand shares of the Company's stock held by Mizuho Trust & Banking Co. Ltd. (Re-entrusted entity: Trust & Custody Services Bank, Ltd. (Trust E account) established for the "Board Benefit Trust (BBT)" plan.)

2. The number of shares held by The Dai-ichi Life Insurance Company, Limited, includes 4,492 thousand shares contributed by that company as trust assets for a retirement benefit trust (In the shareholder register, the shares are listed under the name of Mizuho Trust & Banking Co., Ltd., Dai-ichi Life Insurance Retirement Benefit Trust.).



## Top 50 Shareholders (Sompo Japan Nipponkoa)

(As of March 31, 2017)

The number of companies and carrying amount on the balance sheet in which equity investments are held for purposes other than pure investment:

1,946 companies          1,581,089 million yen

### • Specific shareholders

Purpose for which shares are held: To maintain and strengthen business relationships

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Honda Motor Co., Ltd.	20,889,600	70,001
Canon Inc.	17,439,987	60,534
Shin-Etsu Chemical Co., Ltd.	5,357,556	51,668
Hulic Co., Ltd.	46,378,800	48,558
Dai-ichi Life Holdings, Inc.	20,000,000	39,930
Fuji Heavy Industries Ltd.	9,726,030	39,711
SUZUKI MOTOR CORPORATION	7,761,500	35,873
ITOCHU Corporation	20,036,714	31,658
NIPPON EXPRESS CO., LTD.	50,967,522	29,153
Marubeni Corporation	42,083,000	28,847
TOYOTA MOTOR CORPORATION	4,764,508	28,787
NISSAN MOTOR CO., LTD.	25,928,000	27,833
Aisin Seiki Co., Ltd.	4,120,720	22,540
Ajinomoto Co., Inc.	10,239,494	22,491
Suruga Bank Ltd.	8,829,848	20,697
Mebuki Financial Group, Inc.	46,118,260	20,522
The Chiba Bank, Ltd.	24,537,968	17,544
SHIONOGI & CO., LTD.	3,015,791	17,334
Nitto Denko Corporation	2,009,200	17,283
Murata Manufacturing Co., Ltd.	1,019,200	16,139
Komatsu Ltd.	5,231,448	15,179
Shiseido Company, Limited	5,044,497	14,780
JFE Holdings, Inc.	7,038,669	13,433
AEON CO., LTD.	7,884,635	12,812
Panasonic Corporation	9,800,000	12,328
Ricoh Company, Ltd.	13,398,414	12,272

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
LPI Capital Berhad	28,353,600	12,233
YAMATO HOLDINGS CO., LTD.	5,133,900	11,974
East Japan Railway Company	1,221,200	11,838
Nippon Paint Holdings Co., Ltd.	2,950,200	11,432
NH Foods Ltd.	3,493,000	10,440
Kawasaki Heavy Industries, Ltd.	30,577,999	10,335
T&D Holdings, Inc.	6,264,810	10,123
Sharp Corporation	21,496,000	10,103
NOK CORPORATION	3,571,400	9,228
TPR Co., Ltd.	2,293,000	8,380
Seven & i Holdings Co., Ltd.	1,853,702	8,085
NSK Ltd.	5,074,000	8,077
Isuzu Motors Limited	5,450,550	8,025
The Hiroshima Bank, Ltd.	16,687,911	7,893
Nissan Chemical Industries, Ltd.	2,380,000	7,711
Tokyo Tatemono Co., Ltd.	5,242,000	7,695
Nichirei Corporation	2,765,000	7,614
JX Holdings, Inc.	13,759,125	7,522
TOSHIBA CORPORATION	30,308,000	7,316
SOHGO SECURITY SERVICES CO., LTD.	1,721,315	7,152
Mazda Motor Corporation	4,336,840	6,951
Asahi Kasei Corp.	6,423,000	6,936
mitsubishi GAS CHEMICAL COMPANY, INC.	2,997,925	6,931
YAMAZAKI BAKING CO., LTD.	2,973,396	6,809

### • Shares subject to deemed holding

Purpose for which shares are held: To secure the ability to exercise voting rights

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Honda Motor Co., Ltd.	8,900,000	29,823
Murata Manufacturing Co., Ltd.	550,000	8,709
ONO PHARMACEUTICAL CO., LTD.	1,850,000	4,263

Note: Specific shares for investment and shares subject to deemed holding have not been combined at the time of selecting the aforementioned companies recorded on the balance sheet.

Sompo Holdings Group consists of 160 subsidiaries and 14 affiliates. The Group is engaged in domestic P&C insurance, domestic life insurance and other businesses. Major Group companies are as follows.

## List of Group Companies

### Domestic P&C Insurance

- ◎ Sompo Japan Nipponkoa Insurance Inc.
- ◎ SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
- ◎ Sompo 24 Insurance Company Limited
- ◎ Sompo Japan Nipponkoa Insurance Services Inc.
- ★ Hitachi Capital Insurance Corporation

### Domestic Life Insurance

- ◎ Sompo Japan Nipponkoa Himawari Life Insurance, Inc.

### Nursing Care & Healthcare

- ◎ Sompo Care Message Inc.
- ◎ Sompo Care Next Inc.
- ◎ Sompo Risk Management & Health Care Inc.

### Overseas Insurance

- ◎ Sompo America Holdings Inc. <U.S.A.>
- ◎ Sompo America Insurance Company <U.S.A.>
- ◎ Sompo International Holdings Ltd. <Bermuda>
- ◎ Endurance Specialty Holdings Ltd. <Bermuda>
- ◎ Endurance Specialty Insurance Ltd. <Bermuda>
- ◎ Endurance U.S. Holdings Corporation <U.S.A.>
- ◎ Endurance Worldwide Holdings Limited <U.K.>
- ◎ Endurance Worldwide Insurance Limited <U.K.>
- ◎ Sompo Canopus AG <Switzerland>
- ◎ Canopus Managing Agents Limited <U.K.>
- ◎ Sompo Japan Canopus Reinsurance AG <Switzerland>
- ◎ Canopus US Insurance, Inc. <U.S.A.>
- ◎ Sompo Japan Nipponkoa Insurance Company of Europe Limited <U.K.>
- ◎ Sompo Japan Sigorta Anonim Sirketi <Turkey>
- ◎ Sompo Holdings (Asia) Pte. Ltd. <Singapore>
- ◎ Sompo Insurance Singapore Pte. Ltd. <Singapore>
- ◎ Berjaya Sompo Insurance Berhad <Malaysia>
- ◎ Sompo Japan Nipponkoa Insurance (China) Co., Ltd. <China>
- ◎ Sompo Insurance (Hong Kong) Company Limited <China>
- ◎ Sompo Seguros S.A. <Brazil>
- ◎ Sompo Saude Seguros S.A. <Brazil>
- ★ Universal Sompo General Insurance Company Limited <India>

### Financial and Other Services

- ◎ Sompo Japan Nipponkoa Asset Management Co., Ltd. (Asset Management)
- ◎ Sompo Japan Nipponkoa DC Securities Inc. (Defined-Contribution Pension Plans)

Notes: 1. The definitions of each sign are as follows. ◎: Consolidated subsidiary ★: Affiliate accounted for under the equity method  
 2. Sompo Japan Nipponkoa Insurance (China) Co., Ltd., changed its name to Sompo Insurance China Co., Ltd., on July 1, 2017.

## Subsidiaries and Affiliates

### Consolidated Subsidiaries

Company Name	Representative Name* <sup>1</sup>	Head Office	Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) <sup>2</sup>	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) <sup>2</sup>
Sompo Japan Nipponkoa Insurance Inc.	Keiji Nishizawa	Shinjuku-ku, Tokyo	February 12, 1944	70,000 million Japanese yen	Domestic P&C Insurance	100.0	—
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Umemoto Takefumi	Toshima-ku, Tokyo	September 22, 1982	28,760 million Japanese yen	Domestic P&C Insurance	—	99.7
Sonpo 24 Insurance Company Limited	Hisayuki Nagano	Toshima-ku, Tokyo	December 6, 1999	19,000 million Japanese yen	Domestic P&C Insurance	—	100.0
Sompo Japan Nipponkoa Insurance Services Inc.	Takashi Matsui	Shinjuku-ku, Tokyo	February 28, 1989	1,845 million Japanese yen	Domestic P&C Insurance	—	100.0
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	Kaoru Takahashi	Shinjuku-ku, Tokyo	July 7, 1981	17,250 million Japanese yen	Domestic Life Insurance	100.0	—
Sompo Care Message Inc.	Ken Endo	Okayama, Okayama** <sup>4</sup>	May 26, 1997	3,925 million Japanese yen	Nursing Care & Healthcare	100.0	—
Sompo Care Next Inc.	Ken Endo	Shinagawaku-ku, Tokyo	November 11, 1992	5,095 million Japanese yen	Nursing Care & Healthcare	100.0	—
Sompo Risk Management & Health Care Inc.	Yasushi Fuse	Shinjuku-ku, Tokyo	November 19, 1997	30 million Japanese yen	Nursing Care & Healthcare	100.0	—
Sompo America Holdings Inc.	Atsushi Mizuguchi	Wilmington (Delaware, U.S.A.)	January 2, 2013	1,140 thousand U.S. dollars	Overseas Insurance	—	100.0
Sompo America Insurance Company	Seiya Tsuruta	New York (New York, U.S.A.)	August 9, 1962	13,742 thousand U.S. dollars	Overseas Insurance	—	100.0
Sompo International Holdings Ltd.	John R. Charman	Pembroke (Bermuda)	March 24, 2017	0 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Specialty Holdings Ltd.	John R. Charman	Pembroke (Bermuda)	June 27, 2002	30 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Specialty Insurance Ltd.	John R. Charman	Pembroke (Bermuda)	November 30, 2001	12,000 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance U.S. Holdings Corporation	Michael McGuire	Purchase (New York, U.S.A.)	August 2, 2002	140,000 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Worldwide Holdings Limited	Graham Evans	London (U.K.)	April 10, 2002	215,967 thousand British pounds	Overseas Insurance	—	100.0
Endurance Worldwide Insurance Limited	Graham Evans	London (U.K.)	April 10, 2002	215,967 thousand British pounds	Overseas Insurance	—	100.0
Sompo Canopus AG	Michael Watson	Zurich (Switzerland)	April 17, 2012	100 thousand Swiss francs	Overseas Insurance	—	100.0
Canopus Managing Agents Limited	Paul Cooper	London (U.K.)	August 27, 1980	308 thousand British pounds	Overseas Insurance	—	100.0
Sompo Japan Canopus Reinsurance AG	Markus Eugster	Zurich (Switzerland)	January 26, 2006	100,000 thousand Swiss francs	Overseas Insurance	—	100.0
Canopus US Insurance, Inc.	Andrew Fowles	Chicago (Illinois, U.S.A.)	September 5, 2006	3,500 thousand U.S. dollars	Overseas Insurance	—	100.0
Sompo Japan Nipponkoa Insurance Company of Europe Limited	Andy Page	London (U.K.)	August 20, 1993	173,700 thousand British pounds	Overseas Insurance	—	100.0

## The Company, Subsidiaries, and Affiliates (As of March 31, 2017)

Company Name	Representative Name* <sup>1</sup>	Head Office	Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) <sup>2</sup>	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) <sup>2</sup>
Sompo Japan Sigorta Anonim Sirketi	Recal Dalas	Istanbul (Turkey)	March 30, 2001	45,498 thousand Turkish liras	Overseas Insurance	—	100.0
Sompo Holdings (Asia) Pte. Ltd.	Yuji Kawauchi	Singapore (Singapore)	August 1, 2008	790,761 thousand Singaporean dollars	Overseas Insurance	—	100.0
Sompo Insurance Singapore Pte. Ltd.	Stella Tan	Singapore (Singapore)	December 14, 1989	318,327 thousand Singaporean dollars	Overseas Insurance	—	100.0
Berjaya Sompo Insurance Berhad	Tan Sek Kee	Kuala Lumpur (Malaysia)	September 22, 1980	118,000 thousand Malaysian ringgits	Overseas Insurance	—	70.0
Sompo Japan Nipponkoa Insurance (China) Co., Ltd. <sup>3</sup>	Fumihiko Utsunomiya	Dalian (China)	May 31, 2005	600,000 thousand Chinese yuan	Overseas Insurance	—	100.0
Sompo Insurance (Hong Kong) Company Limited	Li Sheung Kin	Hong Kong (China)	March 25, 1977	270,000 thousand Hong Kong dollars	Overseas Insurance	—	97.8
Sompo Seguros S.A.	Francisco Caiuby Vidigal Filho	Sao Paulo (Brazil)	October 8, 1943	964,608 thousand Brazilian reais	Overseas Insurance	—	99.9
Sompo Saude Seguros S.A.	Francisco Caiuby Vidigal Filho	Sao Paulo (Brazil)	June 12, 2001	94,607 thousand Brazilian reais	Overseas Insurance	—	100.0
Sompo Japan Nipponkoa Asset Management Co., Ltd.	Hiroyuki Yamaguchi	Chuo-ku, Tokyo	February 25, 1986	1,550 million Japanese yen	Other (Asset management service)	100.0	—
Sompo Japan Nipponkoa DC Securities Inc.	Shuichi Kita	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million Japanese yen	Other (Defined contribution pension plans)	—	100.0
96 other companies							

### Equity-Method Affiliates

Company Name	Representative Name* <sup>1</sup>	Head Office	Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) <sup>2</sup>	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) <sup>2</sup>
Hitachi Capital Insurance Corporation	Kazuya Miura	Chiyoda-ku, Tokyo	June 21, 1994	6,200 million Japanese yen	Domestic P&C Insurance	—	20.6
Universal Sompo General Insurance Company Limited	Rajiv Kumar	Mumbai (India)	January 5, 2007	3,500,000 thousand Indian rupees	Overseas Insurance	—	26.0
2 other companies							

Note: "Subsidiaries and affiliates" include subsidiaries and affiliates as specified in the Insurance Business Law and the Enforcement Order for the Insurance Business Law.

\*1. Names of representatives are as of July 1, 2017.

\*2. Figures in proportion of voting rights are rounded to the indicated decimal place.

\*3. Sompo Japan Nipponkoa Insurance (China) Co., Ltd., changed its name to Sompo Insurance China Co., Ltd., on July 1, 2017.

\*4. Sompo Care Message Inc. transferred its head office to Shinagawa Ward, Tokyo, on July 1, 2017.

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# Segment Overview (Unaudited)

## Domestic P&C Insurance Business

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

(Millions of yen)

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

Notes)

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

### 2. Net premiums written

(Millions of yen)

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

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

### 3. Net claims paid

(Millions of yen)

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

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

## 4. Investment assets

(Millions of yen)

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

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

## 5. Securities

(Millions of yen)

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

Notes)

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

## 6. Yield

### (1) Income yield

(Millions of yen)

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

Notes)

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

### (2) Realized yield

(Millions of yen)

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

Notes)

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

## 7. Foreign investments

(Millions of yen)

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

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Figures include the amount managed as money trust.
- Assets associated with foreign investments under income yield within yield for foreign investments are calculated using the same method as 6. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield for foreign investments are calculated using the same method as 6. Yield (2) Realized yield.
- As of March 31, 2016, others in foreign currency dominated securities primarily comprised security investment trust beneficiary securities amounting to 240,722 million yen, and others in yen-dominated securities primarily comprised security investment trust beneficiary securities amounting to 49,028 million yen.  
As of March 31, 2017, others in foreign currency dominated securities primarily comprised security investment trust beneficiary securities amounting to 202,278 million yen, and others in yen-dominated securities primarily comprised security investment trust beneficiary securities amounting to 123,107 million yen.

# Domestic Life Insurance Business

## 1. Total amount of business in force

(Millions of yen)

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

Notes)

- 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, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Personal insurance	2,234,761	2,234,761	—	2,430,551	2,430,551	—
Personal annuities	5,551	5,551	—	3,588	3,588	—
Group insurance	35,284	35,284	—	18,064	18,064	—
Group annuities	—	—	—	—	—	—

Notes)

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

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



## 4. Securities

(Millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,686,654	73.20%	1,697,380	69.75%
Municipal bonds	56,593	2.46	58,834	2.42
Corporate bonds	313,589	13.61	343,504	14.12
Domestic stocks	6,996	0.30	7,964	0.33
Foreign securities	240,186	10.42	325,819	13.39
Total	2,304,020	100.00	2,433,504	100.00

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

## 5. Yield

### (1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	31,313	—%	—	48,509	—%
Call loans	6	9,952	0.06	—	—	—
Securities	38,938	2,136,164	1.82	40,441	2,275,304	1.78
Loans	1,113	36,776	3.03	1,141	37,729	3.02
Land & buildings	—	507	—	—	429	—
Subtotal	40,058	2,214,713	1.81	41,582	2,361,973	1.76
Others	—	—	—	—	—	—
Total	40,058	—	—	41,582	—	—

Notes)

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

## (2) Realized yield

(Millions of yen)

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

Notes)

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

## 6. Foreign investments

(Millions of yen)

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

Notes)

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

## Nursing Care & Healthcare Business

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

## Overseas Insurance Business

(Millions of yen)

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

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

## (Reference) Overview of Entire Business

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

(Millions of yen)

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

Notes)

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

## 2. Net premiums written

(Millions of yen)

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

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

## 3. Net claims paid

(Millions of yen)

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

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



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## Independent Auditor's Report

The Board of Directors  
Sompo Holdings, Inc.

We have audited the accompanying consolidated financial statements of Sompo Holdings, Inc. (formerly Sompo Japan Nipponkoa Holdings, Inc.) and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sompo Holdings, Inc. (formerly Sompo Japan Nipponkoa Holdings, Inc.) and its consolidated subsidiaries as of March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young ShinNihon LLC*

June 29, 2017

# Consolidated Financial Statements

## Consolidated Balance Sheet

Sompo Holdings, Inc.

(Millions of yen)

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



## Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

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

# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

Sompo Holdings, Inc.

(Millions of yen)

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

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

### Consolidated Statement of Income (Continued)

Sompo Holdings, Inc.

(Millions of yen)

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

## Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

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

## Consolidated Statement of Changes in Net Assets

Sompo Holdings, Inc.

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

(Millions of yen)

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

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

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

Sompo Holdings, Inc.

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

(Millions of yen)

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

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	<b>825,912</b>	<b>10,510</b>	<b>(7,965)</b>	<b>(24,648)</b>	<b>803,808</b>	<b>1,486</b>	<b>8,498</b>	<b>1,652,839</b>
Changes during the period:								
Dividends								<b>(31,925)</b>
Net income attributable to shareholders of the parent								<b>166,402</b>
Acquisition of treasury stock								<b>(35,230)</b>
Disposal of treasury stock								<b>516</b>
Changes in the scope of consolidation								<b>2,195</b>
Changes in interest of the parent related to transactions with non-controlling shareholders								<b>(2,474)</b>
Net changes in items other than shareholders' equity	<b>37,542</b>	<b>(2,507)</b>	<b>30,629</b>	<b>(5,027)</b>	<b>60,636</b>	<b>(560)</b>	<b>56,539</b>	<b>116,615</b>
Total changes during the period	<b>37,542</b>	<b>(2,507)</b>	<b>30,629</b>	<b>(5,027)</b>	<b>60,636</b>	<b>(560)</b>	<b>56,539</b>	<b>216,100</b>
Balance at the end of the period	<b>863,455</b>	<b>8,003</b>	<b>22,663</b>	<b>(29,676)</b>	<b>864,445</b>	<b>926</b>	<b>65,038</b>	<b>1,868,940</b>

## Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

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



## Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

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

# Notes to the Consolidated Financial Statements

Sompo Holdings, Inc.

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

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### 1. Scope of consolidation

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

Name of major subsidiaries

Sompo Japan Nipponkoa Insurance Inc.  
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED  
Sompo 24 Insurance Company Limited  
Sompo Japan Nipponkoa Insurance Services Inc.  
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.  
Sompo Care Message Inc.  
Sompo Care Next Inc.  
Sompo Risk Management & Health Care Inc.  
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.  
Sompo Japan Nipponkoa DC Securities Inc.  
Sompo America Holdings Inc.  
Sompo America Insurance Company  
Sompo International Holdings Ltd.  
Endurance Specialty Holdings Ltd.  
Endurance Specialty Insurance Ltd.  
Endurance U.S. Holdings Corporation  
Endurance Worldwide Holdings Limited  
Endurance Worldwide Insurance Limited  
Sompo Canopus AG  
Canopus Managing Agents Limited  
Sompo Japan Canopus Reinsurance AG  
Canopus US Insurance, Inc.  
Sompo Japan Nipponkoa Insurance Company of Europe Limited  
Sompo Japan Sigorta Anonim Sirketi  
Sompo Holdings (Asia) Pte. Ltd.  
Sompo Insurance Singapore Pte. Ltd.  
Berjaya Sompo Insurance Berhad  
Sompo Japan Nipponkoa Insurance (China) Co., Ltd.  
Sompo Insurance (Hong Kong) Company Limited  
Sompo Seguros S.A.  
Sompo Saúde Seguros S.A.

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

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

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

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

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

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

Names of major subsidiaries

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

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

## **2. Application of the equity method**

### **(1) Number of affiliates accounted for under the equity method: 4 companies**

Name of major affiliates

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

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

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

### **3. The fiscal year of consolidated subsidiaries**

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements.

Necessary adjustments are made for the significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

#### **4. Accounting policies**

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

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

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

Derivative transactions are carried at fair value.

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

- (a) Tangible fixed assets (excluding leased assets)  
Depreciation of tangible fixed assets (excluding leased assets) held by the Company and its domestic consolidated subsidiaries is calculated by using the declining-balance method, except for buildings acquired on or after April 1, 1998, and structures and fixtures attached to buildings acquired on or after April 1, 2016, whose depreciation is calculated by using the straight-line method.  
Depreciation of tangible fixed assets (excluding leased assets) held by the foreign consolidated subsidiaries is mainly calculated by using the straight-line method.  
(Changes in accounting policies)  
In accordance with the amendment in the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have adopted the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Accounting Standards Board of Japan Practical Issue Task Force No. 32, June 17, 2016) from the fiscal year ended March 31, 2017, and has changed the depreciation method for structures and fixtures attached to buildings acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.  
The effect of this change on the ordinary profit and net income before income taxes for the fiscal year ended March 31, 2017 was immaterial.

(b) Intangible fixed assets

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

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

(c) Leased assets

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

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

(a) Allowance for possible credit losses

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

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

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

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

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

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

(b) Reserve for retirement benefits to directors

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

(c) Reserve for bonus payments

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

(d) Reserve for bonus payments to directors

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

(e) Reserve for stocks payments

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

(f) Reserve for price fluctuation

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

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

### **(a) Allocation method of projected retirement**

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

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

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

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

## **(6) Significant hedge accounting**

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

The deferred hedge accounting method is applied to interest rate swaps to hedge interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No. 26). Since insurance liabilities as hedged item and interest rate swaps as hedging instrument are grouped by certain remaining periods, and then designated as hedge, the hedge is highly effective and the assessment of hedge effectiveness is omitted. The consolidated subsidiaries apply the fair value hedge accounting method to equity swaps for hedging the future stock price fluctuation risks.

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

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

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

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

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

Immaterial amounts of goodwill are amortized at one time.

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

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



## (9) Accounting methods for consumption taxes

The Company and its domestic consolidated subsidiaries account for consumption taxes by using the tax-excluded method, except for the domestic consolidated insurance subsidiaries' expenses such as loss adjustment expenses and operating, general and administrative expenses mainly under the tax-included method. Non-deductible consumption taxes relating to assets are mainly included in other assets and amortized in equal installments over 5 years.

(Additional information)

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

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

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

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

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

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

#### (2) Accounting treatment

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

## 2. Notes to the Consolidated Balance Sheet

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

(Millions of yen)	
As of March 31, 2016	As of March 31, 2017
427,809	433,539

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

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

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

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

(Millions of yen)

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

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

(Millions of yen)

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

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

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

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

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

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

Pledged assets

(Millions of yen)

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

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

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

Secured debts

(Millions of yen)

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

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

(Millions of yen)

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

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

(Millions of yen)

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

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

(Millions of yen)

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

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

(Millions of yen)

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

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

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

(Millions of yen)

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

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

**\*2. Other extraordinary gains are as follows.**

(Millions of yen)

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

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

(Millions of yen)

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

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

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

(Millions of yen)

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

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

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

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

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

Notes)

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

### 2. Stock acquisition rights

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

### 3. Dividends

#### (1) Dividends paid

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

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

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

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

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

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	415,352	—	—	415,352
Total	415,352	—	—	415,352
Treasury stock				
Common stock	11,189	10,990	226	21,953
Total	11,189	10,990	226	21,953

Notes)

- Treasury stock of common stock at the end of the period includes 612 thousand shares in the Company held by the Board Benefit Trust (BBT).
- Breakdown of increase in treasury stock of common stock of 10,990 thousand shares is as follows.
  - Increase due to acquisition of treasury stock in accordance with approval by board of directors: 10,366 thousand shares
  - Increase due to acquisition by the BBT: 615 thousand shares
  - Increase due to purchase of shares less than a full trading unit: 8 thousand shares
- Breakdown of decrease in treasury stock of common stock of 226 thousand shares is as follows.
  - Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 223 thousand shares
  - Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 2 thousand shares
  - Decrease due to sales of shares less than a full trading unit: 0 thousand shares

#### 2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	926
Total		926

### 3. Dividends

#### (1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 27, 2016	Common stock	16,166	40	March 31, 2016	June 28, 2016
The board of directors' meeting held on November 18, 2016	Common stock	15,758	40	September 30, 2016	December 6, 2016

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

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

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders to be held on June 26, 2017	Common stock	19,700	Retained earnings	50	March 31, 2017	June 27, 2017

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

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

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

(Millions of yen)

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

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

The main components of assets and liabilities of a newly consolidated subsidiary, Endurance Specialty Holdings Ltd. at the commencement of the consolidation are as follows. The following also shows the acquisition cost of the shares and net expenditure for the acquisition of those shares.

(Millions of yen)

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

### 3. Significant non-cash transactions

None.

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



## 7. Lease Transactions

### Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

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

(Lessor)

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

## 8. Financial Instruments

### 1. Overview of financial instruments

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

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

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

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

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

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

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

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

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

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

With the aim of maintaining strategic risk management, the Company's board of directors has established the "Group Basic Policy on ERM", which sets forth principles for accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner. With the aim of enabling appropriate management decision making based upon assessment of group-wide risk, the Company established Group ERM committee. Moreover, the Risk Management Department was established to promote the Company's efforts to develop and enhance its risk management systems.

Through the model of investment risks, the Company manages market risk, credit risk and real estate investment risk. In addition, the Company comprehensively manages risks, including the risk of invested assets failing to yield assumed interest rates with regard to insurance liabilities related to savings-type insurance held by its insurance subsidiaries. The Company obtains investment assets information on a daily basis and quantifies investment risks. Further, the Company utilizes risk management by setting stress scenarios to cover events that could cause a material impact on the operations of SOMPO HOLDINGS, and performing stress tests to assess and measure risks comprehensively.

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

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

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

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

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

## 2. Fair value of financial instruments

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

As of March 31, 2016

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	550,571	550,571	—
(2) Receivables under resale agreements	77,998	77,998	—
(3) Monetary receivables bought	11,383	11,383	—
(4) Money trusts	114,770	114,770	—
(5) Securities:			
Trading securities	270,966	270,966	—
Bonds held to maturity	1,223,479	1,558,625	335,145
Policy reserve matching bonds	143,026	168,786	25,760
Securities available for sale	5,693,975	5,693,975	—
(6) Loans	609,808		
Allowance for possible credit losses <sup>(*)</sup>	(102)		
	609,706	630,272	20,565
Total assets	8,695,880	9,077,351	381,471
(1) Corporate bonds	133,675	143,688	10,013
Total liabilities	133,675	143,688	10,013
Derivative transactions <sup>(*)</sup> :			
Hedge accounting is not applied to	1,665	1,665	—
Hedge accounting is applied to	39,484	39,484	—
Total derivative transactions	41,150	41,150	—

(\*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

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

As of March 31, 2017

(Millions of yen)

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

(\*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

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

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

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

(2) Receivables under resale agreements

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

(3) Monetary receivables bought

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

(4) Money trusts

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

(5) Securities

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

(6) Loans

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

Liabilities

(1) Corporate bonds

The fair value is based on the price at exchanges, the price released by Japan Securities Dealers Association, the price provided by information vendors and others.

(2) Payables under securities lending transactions

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

Derivative transactions

Please refer to the notes on "Derivative Transactions."

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

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

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

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

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

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

As of March 31, 2016

	(Millions of yen)			
	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	547,045	3,447	—	—
Receivables under resale agreements	77,999	—	—	—
Monetary receivables bought	158	1,000	—	9,270
Securities:				
Bonds held to maturity:				
Government bonds	14,400	42,273	98,735	890,448
Municipal bonds	600	—	1,000	43,400
Corporate bonds	14,894	36,197	9,700	55,600
Foreign securities	1,553	1,538	445	—
Policy reserve matching bonds:				
Government bonds	—	—	—	133,300
Fixed maturity securities available for sale:				
Government bonds	90,945	313,450	357,152	681,555
Municipal bonds	1,900	3,580	100	12,100
Corporate bonds	52,948	248,352	82,040	272,416
Foreign securities	84,494	486,646	566,823	294,093
Others	293	13,802	2,696	374
Loans <sup>(*)</sup>	160,697	269,584	123,108	55,832
Total	1,047,929	1,419,871	1,241,802	2,448,391

(\*) 368 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

As of March 31, 2017

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	803,911	9,185	—	—
Receivables under resale agreements	54,999	—	—	—
Monetary receivables bought	2,845	—	—	7,018
Securities:				
Bonds held to maturity:				
Government bonds	7,200	63,573	90,065	875,418
Municipal bonds	—	—	1,000	43,400
Corporate bonds	14,924	22,073	8,900	64,200
Foreign securities	674	983	412	—
Policy reserve matching bonds:				
Government bonds	—	—	—	190,300
Fixed maturity securities available for sale:				
Government bonds	64,159	196,124	272,241	661,625
Municipal bonds	500	3,080	3,100	14,900
Corporate bonds	58,220	208,069	73,540	373,406
Foreign securities	116,659	555,241	823,907	513,941
Others	2,707	12,272	5,120	373
Loans <sup>(*)</sup>	160,700	301,258	105,313	60,911
Total	1,287,501	1,371,862	1,383,600	2,805,493

(\*) 394 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included. 10,000 million yen of loans without maturities is not included.

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

As of March 31, 2016

(Millions of yen)

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

As of March 31, 2017

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	—	—	—	419,180
Long-term borrowings	650	3,635	1,824	82	60	354
Lease obligations	4,677	4,509	4,228	3,597	3,500	51,469
Payables under securities lending transactions	250,063	—	—	—	—	—
Total	255,391	8,144	6,053	3,679	3,561	471,004

## 9. Securities

### 1. Trading securities

(Millions of yen)

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

### 2. Bonds held to maturity

As of March 31, 2016

(Millions of yen)

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

As of March 31, 2017

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

### 3. Policy reserve matching bonds

As of March 31, 2016

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

As of March 31, 2017

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

### 4. Securities available for sale

As of March 31, 2016

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

Notes)

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



As of March 31, 2017

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

Notes)

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

## 5. Securities available for sale sold during the fiscal years ended March 31, 2016 and 2017

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

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

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

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

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

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

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

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

## 10. Money Trusts

### 1. Money trusts for trading purposes

(Millions of yen)

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

### 2. Money trusts held to maturity

None.

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

As of March 31, 2016

(Millions of yen)

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

As of March 31, 2017

(Millions of yen)

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

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

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

For the fiscal year ended March 31, 2017, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 217 million yen.

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

## 11. Derivative Transactions

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

#### (1) Currency derivatives

As of March 31, 2016

(Millions of yen)

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

Notes) Calculation methods for the fair value

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

As of March 31, 2017

(Millions of yen)

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

Notes) Calculation methods for the fair value

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

## (2) Interest rate derivatives

As of March 31, 2016

(Millions of yen)

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

Note) Calculation methods for the fair value

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

As of March 31, 2017

(Millions of yen)

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

Notes) Calculation methods for the fair value

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

### (3) Equity derivatives

As of March 31, 2016

(Millions of yen)

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

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

As of March 31, 2017

(Millions of yen)

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

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

### (4) Bond derivatives

As of March 31, 2016

(Millions of yen)

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

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

As of March 31, 2017

(Millions of yen)

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

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

## (5) Others

As of March 31, 2016

(Millions of yen)

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

Notes) Calculation methods for the fair value

1. Weather derivatives

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

2. Earthquake derivatives

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

As of March 31, 2017

(Millions of yen)

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

Notes) Calculation methods for the fair value

1. Credit derivatives

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

2. Weather derivatives

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

3. Earthquake derivatives

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

4. Industry loss warranty

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

5. Loss development cover

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

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

### (1) Currency derivatives

As of March 31, 2016

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	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."

As of March 31, 2017

(Millions of yen)

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

Notes) 1. Calculation methods for the fair value

(1) Forward foreign exchanges

The fair value is calculated by using forward exchange rate.

(2) Currency options

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

(3) Currency swaps

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

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

### (2) Interest rate derivatives

As of March 31, 2016

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	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.

As of March 31, 2017

(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	11,106
Total			—	—	11,106

Note) Calculation methods for the fair value

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



## 12. Retirement Benefits

### 1. Outline of retirement benefit plans

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

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

### 2. Retirement defined benefit plans

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

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

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

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

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

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

(Millions of yen)

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

(4) Components of retirement benefit expenses

(Millions of yen)

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

Notes)

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

(5) Remeasurements of defined benefit plans

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

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Prior service costs	867	(216)
Actuarial difference	28,699	7,190
Total	29,567	6,973

(6) Accumulated remeasurements of defined benefit plans

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

(Millions of yen)

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

(7) Plan assets

(a) Main components of plan assets

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

	(Proportion)	
	As of March 31, 2016	As of March 31, 2017
Bonds	11%	18%
Stocks	60%	60%
Joint investment assets	11%	8%
Life insurance general accounts	6%	6%
Cash and deposits	5%	0%
Others	7%	8%
Total	100%	100%

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

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

(8) Basis of actuarial assumptions

Major bases of actuarial assumptions are as follows.

		(Proportion)	
		Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Discount rate	Domestic consolidated subsidiaries	0.2%—1.5%	0.2%—1.5%
	Foreign consolidated subsidiaries	3.7%—13.2%	1.2%—11.7%
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0%—1.5%	0.0%—1.5%
	Foreign consolidated subsidiaries	3.8%—13.2%	2.6%—11.7%

### 3. Defined contribution plans

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

## 13. Stock Options

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

(Millions of yen)

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

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

(Millions of yen)

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

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

#### (1) Contents of stock options

Stock options granted by the Company are as follows.

11th to 16th issue of stock acquisition rights of the Company are stock options transferred from Sompo Japan Insurance Inc. ("Sompo Japan") to the Company and 17th to 22nd issue of stock acquisition rights of the Company are stock options transferred from NIPPONKOA Insurance Company, Limited ("NIPPONKOA") to the Company on the date of establishment of the Company, April 1, 2010. 23rd to 28th issue of stock acquisition rights of the Company are stock options granted by the Company.

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

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
11th issue	Directors and executive officers of Sompo Japan: 11 Others: 31	Common stock: 81,000 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2016
12th issue	Directors and executive officers of Sompo Japan: 11 Others: 30	Common stock: 79,000 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2016
13th issue	Directors and executive officers of Sompo Japan: 17 Others: 24	Common stock: 100,750 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2017
14th issue	Directors and executive officers of Sompo Japan: 17 Others: 24	Common stock: 95,500 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2017
15th issue	Directors and executive officers of Sompo Japan: 27 Others: 1	Common stock: 74,325 stocks	Apr. 1, 2010	Apr. 1, 2010 – Aug. 11, 2033
16th issue	Directors and executive officers of Sompo Japan: 41 Others: 1	Common stock: 186,775 stocks	Apr. 1, 2010	Apr. 1, 2010 – Aug. 10, 2034
17th issue	Directors and executive officers of NIPPONKOA: 5 Others: 7	Common stock: 35,775 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2024
18th issue	Directors and executive officers of NIPPONKOA: 7 Others: 11	Common stock: 50,400 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2025
19th issue	Directors and executive officers of NIPPONKOA: 12 Others: 2	Common stock: 27,675 stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 27, 2027
20th issue	Directors and executive officers of NIPPONKOA: 12 Others: 2	Common stock: 30,375 stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 17, 2028
21st issue	Directors and executive officers of NIPPONKOA: 16 Others: 3	Common stock: 61,875 stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 16, 2029
22nd issue	Directors and executive officers of NIPPONKOA: 21 Others: 3	Common stock: 88,425 stocks	Apr. 1, 2010	Apr. 1, 2010 – Oct. 7, 2029

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

Notes)

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 11th to 23rd issue of stock acquisition rights of the Company are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.

2. Stock options are vested on the grant date.

3. Requisite service period is not shown.

4. Concerning 11th to 16th issue of stock acquisition rights of the Company, "Others" in the column "Title and number of grantees" represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by the Company.

Concerning 17th to 22nd issue of stock acquisition rights of the Company, "Others" in the column "Title and number of grantees" represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by the Company.

Concerning 23rd to 28th issue of stock acquisition rights of the Company, "Directors" in the column "Title and number of grantees" excludes outside directors and non-full time directors. Since several directors and executive officers of the Company are concurrently served as director/executive officer of the Company or its subsidiaries, the actual number of the persons to whom 23rd to 28th issue of stock acquisition rights of the Company are granted is shown in the table, respectively.

## (2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2017 is indicated by converting to number of shares.

(a) Number of stock options

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

<Stock options after vested>

	(Shares)				
	March 31, 2016	Vested	Exercised	Forfeited	March 31, 2017
11th issue of stock acquisition rights of the Company	14,000	—	—	14,000	—
12th issue	14,000	—	—	14,000	—
13th issue	30,250	—	—	6,500	23,750
14th issue	22,000	—	4,250	4,250	13,500
15th issue	4,925	—	—	—	4,925
16th issue	13,800	—	5,250	—	8,550
17th issue	4,050	—	—	—	4,050
18th issue	3,825	—	—	—	3,825
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	6,750	—	2,475	—	4,275
22nd issue	8,100	—	2,925	—	5,175
23rd issue	50,950	—	17,400	—	33,550
24th issue	77,100	—	25,900	—	51,200
25th issue	119,300	—	51,100	—	68,200
26th issue	83,200	—	35,300	—	47,900
27th issue	116,400	—	47,300	—	69,100
28th issue	100,700	—	31,600	—	69,100

(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2017 (yen)	Fair value per share on the grant date (yen)
11th issue of stock acquisition rights of the Company	6,392 <sup>(Note 1)</sup>	—	1,880 <sup>(Note 1, 2)</sup>
12th issue	6,492 <sup>(Note 1)</sup>	—	2,060 <sup>(Note 1, 2)</sup>
13th issue	6,188 <sup>(Note 1)</sup>	—	1,516 <sup>(Note 1, 2)</sup>
14th issue	3,960 <sup>(Note 1)</sup>	4,294	944 <sup>(Note 1, 2)</sup>
15th issue	1	—	3,760 <sup>(Note 1, 2)</sup>
16th issue	1	3,685	2,492 <sup>(Note 1, 2)</sup>
17th issue	1	—	2,384 <sup>(Note 1)</sup>
18th issue	1	—	2,384 <sup>(Note 1)</sup>
19th issue	1	—	2,440 <sup>(Note 1)</sup>
20th issue	1	—	2,440 <sup>(Note 1)</sup>
21st issue	1	3,062	2,440 <sup>(Note 1)</sup>
22nd issue	1	3,062	2,440 <sup>(Note 1)</sup>
23rd issue	1	3,284	1,808 <sup>(Note 1)</sup>
24th issue	1	3,432	1,372
25th issue	1	3,266	1,328
26th issue	1	3,211	2,296
27th issue	1	3,194	2,403
28th issue	1	3,250	4,152

Notes)

1. The Company carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The amounts represent exercise price and fair value per share on the grant date after the execution of the reverse split of stocks.

2. Fair value per share at the time of grant by Sompo Japan is shown in the table.

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

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

The Company does not make a new estimation for the fair value per share of stock acquisition rights transferred from Sompo Japan to the Company (11th to 16th issue of stock acquisition rights of the Company).

The Company also does not make a new estimation for the fair value per share of stock acquisition rights transferred from NIPPONKOA to the Company (17th to 22nd issue of stock acquisition rights of the Company) because those are revalued under the purchase method.

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

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



## 14. Tax Effect Accounting

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

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

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

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

## 15. Business Combination

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### Business combination through acquisition

#### (1) Summary of business combination

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

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

Financial result of the acquiree is not included.

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

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

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

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

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

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

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

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

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

(Calculation methods for approximate amounts)

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

## 16. Segment Information

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### **Segment information**

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

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

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

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

		Major companies
Reportable segments		
	Domestic P&C insurance business	Sompo Japan Nipponkoa Insurance Inc. SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED Sompo 24 Insurance Company Limited
	Domestic life insurance business	Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
	Nursing care and healthcare business	Sompo Care Message Inc. (Note 1) Sompo Care Next Inc. Sompo Risk Management & Health Care Inc. (Note 2)
	Overseas insurance business	Sompo America Insurance Company (Note 1) Endurance Specialty Holdings Ltd. (Note 3) Sompo Canopus AG Sompo Japan Sigorta Anonim Sirketi Sompo Seguros S. A. (Note 1)
Others		Sompo Holdings, Inc. (Insurance holding company) Sompo Japan Nipponkoa Asset Management Co., Ltd. Sompo Japan Nipponkoa DC Securities Inc.

Notes)

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

(Changes in reportable segments)

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

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

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

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

(Changes in the depreciation method)

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

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

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

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

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Domestic life insurance business	Nursing care and healthcare business	Overseas insurance business	Total				
Sales <sup>(Note 1)</sup> :									
Sales from transactions with external customers	2,259,590	293,695	11,445	296,604	2,861,336	10,008	2,871,344	384,841	3,256,186
Sales from internal transactions or transfers among segments	—	—	—	—	—	6,792	6,792	(6,792)	—
Total	2,259,590	293,695	11,445	296,604	2,861,336	16,800	2,878,137	378,049	3,256,186
Segment income (loss)	132,496	10,874	(887)	16,046	158,530	1,050	159,581	—	159,581
Segment assets	6,647,546	2,439,535	198,609	880,626	10,166,317	20,428	10,186,746	—	10,186,746
Other items:									
Depreciation	16,757	472	1,081	2,365	20,677	103	20,780	—	20,780
Amortization of goodwill	121	609	375	3,356	4,462	—	4,462	—	4,462
Interest and dividend income	109,033	40,058	34	14,959	164,085	0	164,086	(838)	163,248
Interest paid	4,254	78	656	721	5,709	33	5,743	(36)	5,707
Investment gains (losses) on the equity method	65	—	—	204	270	—	270	—	270
Extraordinary gains <sup>(Note 5)</sup>	13,963	—	200	327	14,490	60	14,551	—	14,551
Extraordinary losses <sup>(Note 6)</sup>	18,926	898	222	21	20,069	5	20,075	—	20,075
Income tax expenses	40,676	5,728	30	3,917	50,352	718	51,071	—	51,071
Investment in affiliates accounted for under the equity method	1,149	—	—	1,335	2,484	—	2,484	—	2,484
Increase in tangible and intangible fixed assets	31,817	813	56,898	4,199	93,728	173	93,902	—	93,902

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Domestic life insurance business:

Overseas insurance business:

Nursing care and healthcare business:

"Others" and amount on the consolidated financial statements:

Net premiums written

Life insurance premiums written

Net premiums written and life insurance premiums written

Ordinary income

Ordinary income

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

3. Adjustments of sales are as follows.

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

384,841 million yen

Elimination of internal transactions among segments:

(6,792) million yen

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

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

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

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

(Millions of yen)

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

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:	Net premiums written
Domestic life insurance business:	Life insurance premiums written
Overseas insurance business:	Net premiums written and life insurance premiums written
Nursing care and healthcare business:	Ordinary income
"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), asset management business and defined-contribution pension business.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, domestic life insurance business and overseas insurance business excluding net premiums written and life insurance premiums written:	418,948 million yen
Elimination of internal transactions among segments:	(11,328) million yen

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

5. Extraordinary gains for domestic P&C insurance business include 9,257 million yen of gains on disposal of fixed assets.

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

## Related information

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

### 1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	407,817	85,905	194,287	1,197,795	307,233	359,154	2,552,193

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	275,148	7,408	15,139	—	297,696



## 2. Information by geographic area

### (1) Sales

(Millions of yen)

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

Notes)

1. Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
2. Geographic area is classified into "Japan" or "Overseas" in line with the classification used for management purpose mainly based on locations of customers.

### (2) Tangible fixed assets

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

## 3. Information by major customers

None.

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

## 1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	373,558	79,335	194,152	1,245,666	295,884	361,739	2,550,336

(Millions of yen)

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

## 2. Information by geographic area

### (1) Sales

(Millions of yen)

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

Notes)

1. Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
2. Geographic area is classified into "Japan" or "Overseas" in line with the classification used for management purpose mainly based on locations of customers.

### (2) Tangible fixed assets

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

## 3. Information by major customers

None.

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

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

None.

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

(Millions of yen)

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

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

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

(Millions of yen)

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

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

(Millions of yen)

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

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

None.

## 17. Related-Party Transactions

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

## 18. Per Share Information

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net assets per share	4,064.83 yen	4,583.07 yen
Net income per share	394.21 yen	419.15 yen
Diluted net income per share	393.66 yen	418.71 yen

Notes)

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

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net income per share		
Net income attributable to shareholders of the parent	159,581	166,402
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	159,581	166,402
Average number of common stocks outstanding	404,804 thousand shares	396,995 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:	572 thousand shares	419 thousand shares
Stock acquisition rights	572 thousand shares	419 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	Stock acquisition rights: 4 types Number of dilutive shares: 80,250 shares	Stock acquisition rights: 2 types Number of dilutive shares: 37,250 shares

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

(Millions of yen)

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

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

## 19. Significant Subsequent Events

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

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

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

## 2. Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's stock buybacks to be conducted in accord with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 19, 2017. Details of the resolution are as follows.

### (1) Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a shareholder return policy of paying stable dividends, with the option of stock buybacks depending on capital conditions. Regarding medium-term management plan beginning in fiscal year ended March 31, 2017, the Company has set a medium-term target of the shareholder return (dividends and stock buybacks) for the total payout ratio of 50 percent of adjusted consolidated profit. In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return for the financial results of fiscal year ended March 31, 2017.

### (2) Details of stock buybacks

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

# Overview of Business Results of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

## Balance Sheet

(Millions of yen)

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

(Millions of yen)

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



Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

**Statement of Income**

(Millions of yen)

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

(Millions of yen)

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

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

(Millions of yen)

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

(Millions of yen)

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

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

(Millions of yen)

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

(Millions of yen)

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

# Sompo 24 Insurance Company Limited (Non-consolidated)

## Balance Sheet

(Millions of yen)

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



# Sonpo 24 Insurance Company Limited (Non-consolidated)

## Statement of Income

(Millions of yen)

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

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

(Millions of yen)

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

(Millions of yen)

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

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

(Millions of yen)

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

(Millions of yen)

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

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

## Consolidated Solvency Margin Ratio

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- The Company calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).
- Although treatment regarding scope of calculation of consolidated solvency margin ratio is same as the treatment of consolidated financial statements, subsidiaries under the Insurance Business Law with over 50 percent of voting right acquired by the Company are generally included in the calculation.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The consolidated solvency margin ratio of the Company for the current fiscal year decreased 102.5 points from previous fiscal year to 748.9 percent due to an increase in the various types of risk by acquisition of Endurance Specialty Holdings Ltd.

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

(Millions of yen)

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

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



# Solvency Margin Ratios of Principal Consolidated Subsidiaries (Unaudited)

## Non-consolidated Solvency Margin Ratio

- Domestic insurance companies calculate the non-consolidated solvency margin ratio based on provision of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance companies by means of their capital, reserves, etc.” ((A) Total Non-consolidated Solvency Margin) to “risks which will exceed their normal estimates” ((B) Total Non-consolidated Risks).
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The non-consolidated solvency margin ratio of Sompo Japan Nipponkoa Insurance Inc. for the current fiscal year decreased 52.3 points from previous fiscal year to 677.0 percent due to an increase in subsidiaries risks by acquisition of Endurance Specialty Holdings Ltd.

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

(Millions of yen)

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

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

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

(Millions of yen)

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

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

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

(Millions of yen)

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

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

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

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(A) Total Non-consolidated Solvency Margin	342,590	<b>335,187</b>
Capital, etc.	86,937	<b>92,056</b>
Reserve for price fluctuation	4,240	<b>5,412</b>
Contingency reserve	28,221	<b>29,531</b>
General allowance for possible credit losses	1	<b>3</b>
Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)	83,439	<b>57,637</b>
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	<b>—</b>
Excess amount of continued Zillmerized reserve	137,836	<b>146,556</b>
Subordinated debt, etc.	—	<b>—</b>
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(18,020)	<b>(19,159)</b>
Brought in capital, etc.	—	<b>—</b>
Deductions	—	<b>—</b>
Others	19,933	<b>23,148</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2+R_4}$	38,678	<b>42,616</b>
Underwriting risk (R <sub>1</sub> )	13,347	<b>13,620</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>6</sub> )	7,794	<b>8,725</b>
Guaranteed interest rate risk (R <sub>2</sub> )	8,335	<b>8,369</b>
Guaranteed minimum benefit risk (R <sub>7</sub> )	366	<b>374</b>
Investment risk (R <sub>3</sub> )	22,430	<b>26,191</b>
Business management risk (R <sub>4</sub> )	1,045	<b>1,145</b>
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,771.4%	<b>1,573.0%</b>

Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

2. Guaranteed minimum benefit risk is calculated by using the standard method.

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The photographs on the contents page and on pages 10, 11, 13, and 14  
by Asahi Shimbun Publications Inc.

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Printed in Japan

(17080514) 17.09 [501494]-0400