

# Financial Section

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# Segment Overview (Unaudited)

## Domestic P&C Insurance Business

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

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	379,901	15.22%	(6.84)%	401,178	15.99%	5.60%
Marine insurance	45,224	1.81	(11.45)	46,983	1.87	3.89
Personal accident insurance	287,846	11.53	3.61	276,557	11.02	(3.92)
Voluntary automobile insurance	1,120,548	44.88	1.21	1,127,108	44.91	0.59
Compulsory automobile liability insurance	318,407	12.75	0.73	297,410	11.85	(6.59)
Others	344,665	13.81	4.44	360,403	14.36	4.57
Total	2,496,593	100.00	0.27	2,509,641	100.00	0.52
Deposits of premiums by policyholders	131,617	5.27	9.40	120,380	4.80	(8.54)

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, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	286,008	12.93%	(13.67)%	282,230	12.72%	(1.32)%
Marine insurance	43,987	1.99	(14.09)	47,386	2.14	7.73
Personal accident insurance	184,328	8.33	(1.33)	182,280	8.22	(1.11)
Voluntary automobile insurance	1,119,205	50.59	1.17	1,124,201	50.68	0.45
Compulsory automobile liability insurance	295,884	13.37	(3.69)	292,021	13.16	(1.31)
Others	282,816	12.78	2.16	290,288	13.09	2.64
Total	2,212,230	100.00	(2.10)	2,218,407	100.00	0.28

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

### 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	187,459	14.77%	(14.37)%	201,779	15.50%	7.64%
Marine insurance	27,335	2.15	(16.48)	29,084	2.23	6.40
Personal accident insurance	96,509	7.60	(5.32)	96,404	7.41	(0.11)
Voluntary automobile insurance	589,162	46.42	0.28	608,645	46.76	3.31
Compulsory automobile liability insurance	224,462	17.68	(1.03)	215,441	16.55	(4.02)
Others	144,393	11.38	1.60	150,278	11.55	4.08
Total	1,269,322	100.00	(3.11)	1,301,632	100.00	2.55

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

## 4. Investment assets

(Millions of yen)

	As of March 31, 2017		As of March 31, 2018	
	Amount	% of total amount	Amount	% of total amount
Deposits	415,394	6.32%	497,791	7.39%
Receivables under resale agreements	54,999	0.84	74,998	1.11
Monetary receivables bought	7,624	0.12	6,301	0.09
Money trusts	104,292	1.59	98,613	1.46
Securities	4,476,894	68.16	4,489,120	66.64
Loans	598,475	9.11	628,099	9.32
Land & buildings	282,529	4.30	232,377	3.45
Total investment assets	5,940,209	90.44	6,027,302	89.47
Total net assets	6,568,019	100.00	6,736,732	100.00

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

## 5. Securities

(Millions of yen)

	As of March 31, 2017		As of March 31, 2018	
	Amount	% of total amount	Amount	% of total amount
Government bonds	929,563	20.76%	842,594	18.77%
Municipal bonds	11,363	0.25	14,380	0.32
Corporate bonds	572,012	12.78	571,645	12.73
Domestic stocks	1,560,507	34.86	1,629,104	36.29
Foreign securities	1,352,727	30.22	1,366,275	30.44
Others	50,720	1.13	65,119	1.45
Total	4,476,894	100.00	4,489,120	100.00

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- As of March 31, 2017, Others primarily comprised security investment trust beneficiary securities amounting to 37,716 million yen.  
As of March 31, 2018, Others primarily comprised security investment trust beneficiary securities amounting to 51,499 million yen.

## 6. Yield

### (1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	21	463,923	0.00%	96	458,442	0.02%
Call loans	0	519	0.01	0	80	0.03
Receivables under resale agreements	4	113,354	0.00	3	72,887	0.00
Monetary receivables bought	192	8,416	2.29	150	6,375	2.36
Money trusts	2,672	109,169	2.45	2,395	95,770	2.50
Securities	101,489	3,506,606	2.89	92,929	3,338,115	2.78
Loans	6,441	585,926	1.10	6,505	611,659	1.06
Land & buildings	3,855	289,066	1.33	3,703	278,313	1.33
Subtotal	114,677	5,076,982	2.26	105,783	4,861,646	2.18
Others	1,060	—	—	1,218	—	—
Total	115,737	—	—	107,002	—	—

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 amount 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, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	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	760	463,923	0.16%	(1,578)	458,442	(0.34)%
Call loans	0	519	0.01	0	80	0.03
Receivables under resale agreements	4	113,354	0.00	3	72,887	0.00
Monetary receivables bought	192	8,416	2.29	150	6,375	2.36
Money trusts	2,336	109,169	2.14	5,307	95,770	5.54
Securities	165,507	3,506,606	4.72	160,193	3,338,115	4.80
Loans	7,654	585,926	1.31	4,561	611,659	0.75
Land & buildings	3,855	289,066	1.33	3,703	278,313	1.33
Derivatives	(16,498)	—	—	(11,606)	—	—
Others	1,315	—	—	(170)	—	—
Total	165,128	5,076,982	3.25	160,563	4,861,646	3.30

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 amount 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, 2017		As of March 31, 2018	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	826,591	56.61%	786,891	53.37%
Foreign stocks	132,399	9.07	120,587	8.18
Others	248,876	17.05	310,948	21.09
Subtotal	1,207,867	82.73	1,218,427	82.63
Yen-denominated securities				
Loan for non-resident	3,600	0.25	3,600	0.24
Foreign bonds	79,421	5.44	44,623	3.03
Others	169,193	11.59	207,848	14.10
Subtotal	252,214	17.27	256,071	17.37
Total	1,460,081	100.00	1,474,498	100.00
Yield on foreign investments				
Income yield		2.86%		2.38%
Realized yield		2.58		2.49

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, 2017, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 202,278 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 123,107 million yen. As of March 31, 2018, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 239,262 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 156,103 million yen.

## Domestic Life Insurance Business

### 1. Total amount of business in force

(Millions of yen)

	As of March 31, 2017		As of March 31, 2018	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Individual insurance	22,066,920	3.24%	21,877,872	(0.86)%
Individual annuities	258,609	(3.26)	247,948	(4.12)
Group insurance	2,701,178	(4.52)	2,784,686	3.09
Group annuities	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of individual 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, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Individual insurance	2,430,551	2,430,551	—	1,484,076	1,484,076	—
Individual annuities	3,588	3,588	—	—	—	—
Group insurance	18,064	18,064	—	18,461	18,461	—
Group annuities	—	—	—	—	—	—

Notes)

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

### 3. Investment assets

(Millions of yen)

	As of March 31, 2017		As of March 31, 2018	
	Amount	% of total amount	Amount	% of total amount
Deposits	58,073	2.24%	90,465	3.23%
Securities	2,433,504	93.95	2,593,406	92.72
Loans	38,254	1.48	39,865	1.43
Land & buildings	396	0.02	433	0.02
Total investment assets	2,530,229	97.68	2,724,171	97.40
Total net assets	2,590,322	100.00	2,796,934	100.00

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

## 4. Securities

(Millions of yen)

	As of March 31, 2017		As of March 31, 2018	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,697,380	69.75%	1,771,498	68.31%
Municipal bonds	58,834	2.42	61,623	2.38
Corporate bonds	343,504	14.12	355,247	13.70
Domestic stocks	7,964	0.33	9,234	0.36
Foreign securities	325,819	13.39	395,802	15.26
Total	2,433,504	100.00	2,593,406	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, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	48,509	—%	—	76,714	—%
Securities	40,441	2,275,304	1.78	42,635	2,447,617	1.74
Loans	1,141	37,729	3.02	1,181	38,913	3.04
Land & buildings	—	429	—	—	442	—
Subtotal	41,582	2,361,973	1.76	43,816	2,563,687	1.71
Others	—	—	—	—	—	—
Total	41,582	—	—	43,816	—	—

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 amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

## (2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	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	48,509	0.00%	0	76,714	0.00%
Securities	43,426	2,275,304	1.91	43,897	2,447,617	1.79
Loans	1,141	37,729	3.02	1,181	38,913	3.04
Land & buildings	—	429	—	—	442	—
Derivatives	(1,125)	—	—	(1,384)	—	—
Others	(67)	—	—	(87)	—	—
Total	43,375	2,361,973	1.84	43,607	2,563,687	1.70

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 amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

## 6. Foreign investments

(Millions of yen)

	As of March 31, 2017		As of March 31, 2018	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	303,234	94.65%	376,018	96.53%
Others	893	0.28	166	0.04
Subtotal	304,127	94.93	376,184	96.57
Yen-denominated securities				
Foreign bonds	16,236	5.07	13,350	3.43
Subtotal	16,236	5.07	13,350	3.43
Total	320,364	100.00	389,535	100.00
Yield on foreign investments				
Income yield		2.24%		2.19%
Realized yield		2.61		2.00

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 denominated securities is entirely attributable to deposits.



## Nursing Care & Healthcare Business

Ordinary income increased 8.7 billion yen, to 127.8 billion yen, compared with the fiscal year ended March 31, 2017. Net loss attributable to shareholders of the parent decreased 5.3 billion yen from the fiscal year ended March 31, 2017, to a net loss of 1.4 billion yen.

## Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	338,105	15.55%	636,347	88.21%

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, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	478,351	16.65%	(3.51)%	538,247	17.00%	12.52%
Marine insurance	88,710	3.09	(0.75)	104,351	3.30	17.63
Personal accident insurance	298,883	10.40	4.53	288,131	9.10	(3.60)
Voluntary automobile insurance	1,251,748	43.57	4.38	1,250,159	39.49	(0.13)
Compulsory automobile liability insurance	318,407	11.08	0.73	297,410	9.40	(6.59)
Others	436,772	15.20	3.22	687,145	21.71	57.32
Total	2,872,874	100.00	2.25	3,165,447	100.00	10.18
Deposits of premiums by policyholders	131,617	4.58	9.40	120,380	3.80	(8.54)

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, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	373,558	14.65%	(8.40)%	454,125	15.91%	21.57%
Marine insurance	79,335	3.11	(7.65)	105,325	3.69	32.76
Personal accident insurance	194,152	7.61	(0.07)	192,798	6.75	(0.70)
Voluntary automobile insurance	1,245,666	48.84	4.00	1,241,314	43.48	(0.35)
Compulsory automobile liability insurance	295,884	11.60	(3.69)	292,021	10.23	(1.31)
Others	361,739	14.18	0.72	569,170	19.94	57.34
Total	2,550,336	100.00	(0.07)	2,854,755	100.00	11.94

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

## 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)			Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	229,211	16.05%	(8.74)%	337,488	19.87%	47.24%
Marine insurance	41,321	2.89	(14.63)	63,003	3.71	52.47
Personal accident insurance	99,533	6.97	(5.79)	100,955	5.94	1.43
Voluntary automobile insurance	644,783	45.16	0.87	679,027	39.99	5.31
Compulsory automobile liability insurance	224,462	15.72	(1.03)	215,441	12.69	(4.02)
Others	188,400	13.20	(1.06)	302,254	17.80	60.43
Total	1,427,712	100.00	(2.32)	1,698,171	100.00	18.94

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

# Report of Independent Auditors



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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. and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2018, 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. and its consolidated subsidiaries as of March 31, 2018, 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 28, 2018

# Consolidated Financial Statements

## Consolidated Balance Sheet

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2017		As of March 31, 2018		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Assets:</b>						
Cash and deposits	*5	814,217	6.82%	<b>894,437</b>	<b>7.49%</b>	80,220
Receivables under resale agreements		54,999	0.46	<b>74,998</b>	<b>0.63</b>	19,999
Monetary receivables bought	*5	11,718	0.10	<b>6,727</b>	<b>0.06</b>	(4,991)
Money trusts		104,423	0.88	<b>98,744</b>	<b>0.83</b>	(5,678)
Securities	*3, *5, *6	8,303,829	69.60	<b>8,275,132</b>	<b>69.26</b>	(28,696)
Loans	*4, *8	638,768	5.35	<b>668,419</b>	<b>5.59</b>	29,650
Tangible fixed assets:	*1, *2, *5	402,480	3.37	<b>354,593</b>	<b>2.97</b>	(47,886)
Land		172,575		<b>132,601</b>		(39,974)
Buildings		132,909		<b>123,682</b>		(9,226)
Leased assets		63,632		<b>59,305</b>		(4,326)
Construction in progress		2,774		<b>6,935</b>		4,161
Other tangible fixed assets		30,589		<b>32,069</b>		1,479
Intangible fixed assets:		469,825	3.94	<b>402,839</b>	<b>3.37</b>	(66,986)
Software		11,943		<b>20,090</b>		8,147
Goodwill		279,386		<b>223,977</b>		(55,409)
Other intangible fixed assets		178,495		<b>158,770</b>		(19,725)
Other assets		1,119,434	9.38	<b>1,155,305</b>	<b>9.67</b>	35,870
Net defined benefit asset		756	0.01	<b>1,062</b>	<b>0.01</b>	306
Deferred tax assets		17,194	0.14	<b>22,312</b>	<b>0.19</b>	5,117
Allowance for possible credit losses		(6,512)	(0.05)	<b>(6,249)</b>	<b>(0.05)</b>	263
<b>Total assets</b>		<b>11,931,135</b>	<b>100.00</b>	<b>11,948,323</b>	<b>100.00</b>	<b>17,188</b>

## Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2017		As of March 31, 2018		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Liabilities:</b>						
Underwriting funds:		8,335,158	69.86%	<b>8,277,130</b>	<b>69.27%</b>	(58,027)
Reserve for outstanding losses and claims		1,674,277		<b>1,563,825</b>		(110,451)
Underwriting reserves		6,660,881		<b>6,713,304</b>		52,423
Corporate bonds		424,991	3.56	<b>512,045</b>	<b>4.29</b>	87,053
Other liabilities	*5	978,343	8.20	<b>939,362</b>	<b>7.86</b>	(38,980)
Net defined benefit liability		134,263	1.13	<b>102,992</b>	<b>0.86</b>	(31,271)
Reserve for retirement benefits to directors		36	0.00	<b>40</b>	<b>0.00</b>	4
Reserve for bonus payments		35,253	0.30	<b>31,731</b>	<b>0.27</b>	(3,522)
Reserve for bonus payments to directors		306	0.00	<b>290</b>	<b>0.00</b>	(15)
Reserve for stocks payments		445	0.00	<b>937</b>	<b>0.01</b>	491
Reserves under the special laws:		74,200	0.62	<b>86,095</b>	<b>0.72</b>	11,894
Reserve for price fluctuation		74,200		<b>86,095</b>		11,894
Deferred tax liabilities		79,195	0.66	<b>81,487</b>	<b>0.68</b>	2,291
<b>Total liabilities</b>		<b>10,062,195</b>	<b>84.34</b>	<b>10,032,113</b>	<b>83.96</b>	<b>(30,081)</b>
<b>Net assets:</b>						
Shareholders' equity:						
Common stock		100,045	0.84	<b>100,045</b>	<b>0.84</b>	—
Capital surplus		408,382	3.42	<b>408,335</b>	<b>3.42</b>	(47)
Retained earnings		501,561	4.20	<b>603,615</b>	<b>5.05</b>	102,054
Treasury stock		(71,459)	(0.60)	<b>(128,182)</b>	<b>(1.07)</b>	(56,722)
Total shareholders' equity		938,529	7.87	<b>983,814</b>	<b>8.23</b>	45,284
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		863,455	7.24	<b>922,425</b>	<b>7.72</b>	58,970
Deferred gains and losses on hedges		8,003	0.07	<b>7,050</b>	<b>0.06</b>	(952)
Foreign currency translation adjustments		22,663	0.19	<b>(22,317)</b>	<b>(0.19)</b>	(44,981)
Remeasurements of defined benefit plans		(29,676)	(0.25)	<b>(3,205)</b>	<b>(0.03)</b>	26,471
Total accumulated other comprehensive income		864,445	7.25	<b>903,954</b>	<b>7.57</b>	39,509
Stock acquisition rights		926	0.01	<b>749</b>	<b>0.01</b>	(177)
Non-controlling interests		65,038	0.55	<b>27,692</b>	<b>0.23</b>	(37,346)
<b>Total net assets</b>		<b>1,868,940</b>	<b>15.66</b>	<b>1,916,210</b>	<b>16.04</b>	<b>47,269</b>
<b>Total liabilities and net assets</b>		<b>11,931,135</b>	<b>100.00</b>	<b>11,948,323</b>	<b>100.00</b>	<b>17,188</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, 2017 (April 1, 2016 to March 31, 2017)		Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
<b>Ordinary income:</b>		3,419,530	100.00%	<b>3,770,052</b>	<b>100.00%</b>	350,522
Underwriting income:		3,050,550	89.21	<b>3,369,720</b>	<b>89.38</b>	319,170
Net premiums written		2,550,336		<b>2,854,755</b>		304,418
Deposits of premiums by policyholders		131,617		<b>120,380</b>		(11,236)
Interest and dividend income on deposits of premiums, etc.		41,823		<b>39,333</b>		(2,490)
Life insurance premiums written		323,860		<b>346,998</b>		23,137
Other underwriting income		2,911		<b>8,252</b>		5,341
Investment income:		232,846	6.81	<b>254,395</b>	<b>6.75</b>	21,548
Interest and dividend income		173,563		<b>190,863</b>		17,299
Investment gains on money trusts		2,534		<b>5,476</b>		2,941
Investment gains on trading securities		5,574		<b>11,461</b>		5,886
Gains on sales of securities		81,973		<b>83,450</b>		1,476
Gains on redemption of securities		256		<b>756</b>		500
Investment gains on special account		1,851		<b>1,478</b>		(372)
Other investment income		8,918		<b>242</b>		(8,676)
Transfer of interest and dividend income on deposits of premiums, etc.		(41,823)		<b>(39,333)</b>		2,490
Other ordinary income:		136,133	3.98	<b>145,936</b>	<b>3.87</b>	9,803
Investment gains on the equity method		398		<b>592</b>		194
Other ordinary income		135,734		<b>145,344</b>		9,609
<b>Ordinary expenses:</b>		3,177,817	92.93	<b>3,628,162</b>	<b>96.24</b>	450,345
Underwriting expenses:		2,515,138	73.55	<b>2,868,010</b>	<b>76.07</b>	352,872
Net claims paid		1,427,712		<b>1,698,171</b>		270,458
Loss adjustment expenses	*1	136,599		<b>138,317</b>		1,717
Net commissions and brokerage fees	*1	484,365		<b>516,938</b>		32,572
Maturity refunds to policyholders		226,431		<b>231,367</b>		4,936
Dividends to policyholders		87		<b>186</b>		99
Life insurance claims paid and other payments		82,779		<b>88,899</b>		6,120
Provision for reserve for outstanding losses and claims		31,018		<b>75,625</b>		44,606
Provision for underwriting reserves		118,856		<b>113,706</b>		(5,150)
Other underwriting expenses		7,285		<b>4,797</b>		(2,488)
Investment expenses:		41,213	1.21	<b>29,270</b>	<b>0.78</b>	(11,943)
Investment losses on money trusts		198		<b>168</b>		(29)
Losses on sales of securities		14,560		<b>9,682</b>		(4,878)
Impairment losses on securities		3,257		<b>3,745</b>		487
Losses on redemption of securities		192		<b>97</b>		(95)
Losses on derivatives		18,298		<b>11,546</b>		(6,752)
Other investment expenses		4,705		<b>4,030</b>		(675)
Operating, general and administrative expenses	*1	506,537	14.81	<b>608,427</b>	<b>16.14</b>	101,889
Other ordinary expenses:		114,927	3.36	<b>122,453</b>	<b>3.25</b>	7,526
Interest paid		9,657		<b>14,549</b>		4,892
Provision for allowance for possible credit losses		119		<b>—</b>		(119)
Losses on bad debt		120		<b>60</b>		(60)
Other ordinary expenses		105,029		<b>107,843</b>		2,814
Ordinary profit		241,713	7.07	<b>141,890</b>	<b>3.76</b>	(99,822)

## 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, 2017 (April 1, 2016 to March 31, 2017)		Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
<b>Extraordinary gains:</b>		9,381	0.27%	<b>30,692</b>	<b>0.81%</b>	21,310
Gains on disposal of fixed assets		9,312		<b>4,714</b>		(4,598)
Other extraordinary gains	*3	69		<b>25,978</b>		25,909
<b>Extraordinary losses:</b>		19,105	0.56	<b>58,246</b>	<b>1.54</b>	39,140
Losses on disposal of fixed assets		6,983		<b>35,200</b>		28,217
Impairment losses	*2	387		<b>11,132</b>		10,744
Provision for reserves under the special laws:		11,713		<b>11,894</b>		181
Provision for reserve for price fluctuation		11,713		<b>11,894</b>		181
Losses on reduction of real estate		20		<b>18</b>		(2)
<b>Net income before income taxes</b>		231,989	6.78	<b>114,336</b>	<b>3.03</b>	(117,652)
<b>Income taxes</b>		58,171	1.70	<b>13,618</b>	<b>0.36</b>	(44,552)
<b>Deferred income taxes</b>		7,101	0.21	<b>(35,920)</b>	<b>(0.95)</b>	(43,021)
<b>Total income taxes</b>		65,272	1.91	<b>(22,301)</b>	<b>(0.59)</b>	(87,574)
<b>Net income</b>		166,716	4.88	<b>136,637</b>	<b>3.62</b>	(30,078)
<b>Net income (loss) attributable to non-controlling shareholders</b>		313	0.01	<b>(3,179)</b>	<b>(0.08)</b>	(3,493)
<b>Net income attributable to shareholders of the parent</b>		166,402	4.87	<b>139,817</b>	<b>3.71</b>	(26,585)
<b>Gross investment margin</b>		191,633		<b>225,124</b>		33,491
<b>Other ordinary income and expenses</b>		21,206		<b>23,483</b>		2,277
<b>Investment gains on the equity method</b>		398		<b>592</b>		194
<b>Extraordinary gains and losses</b>		(9,724)		<b>(27,554)</b>		(17,829)

## Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
		Amount	Amount
<b>Net income</b>		166,716	<b>136,637</b>
<b>Other comprehensive income:</b>			
Unrealized gains and losses on securities available for sale		37,559	<b>59,196</b>
Deferred gains and losses on hedges		(2,507)	<b>(952)</b>
Foreign currency translation adjustments		30,176	<b>(43,504)</b>
Remeasurements of defined benefit plans		(5,026)	<b>26,458</b>
Share of other comprehensive income of affiliates accounted for under the equity method		30	<b>(81)</b>
Total other comprehensive income	*1	60,232	<b>41,116</b>
<b>Comprehensive income</b>		226,949	<b>177,754</b>
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		227,039	<b>180,373</b>
Comprehensive income attributable to non-controlling shareholders		(90)	<b>(2,618)</b>

## Consolidated Statement of Changes in Net Assets

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

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



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

Sompo Holdings, Inc.

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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>408,382</b>	<b>501,561</b>	<b>(71,459)</b>	<b>938,529</b>
Changes during the period:					
Dividends			<b>(41,027)</b>		<b>(41,027)</b>
Net income attributable to shareholders of the parent			<b>139,817</b>		<b>139,817</b>
Acquisition of treasury stock				<b>(56,941)</b>	<b>(56,941)</b>
Disposal of treasury stock		<b>(45)</b>		<b>219</b>	<b>173</b>
Changes in the scope of consolidation			<b>2,332</b>		<b>2,332</b>
Changes in interest of the parent related to transactions with non-controlling shareholders		<b>(1)</b>			<b>(1)</b>
Others			<b>931</b>		<b>931</b>
Net changes in items other than shareholders' equity					
Total changes during the period	<b>—</b>	<b>(47)</b>	<b>102,054</b>	<b>(56,722)</b>	<b>45,284</b>
Balance at the end of the period	<b>100,045</b>	<b>408,335</b>	<b>603,615</b>	<b>(128,182)</b>	<b>983,814</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>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>
Changes during the period:								
Dividends								<b>(41,027)</b>
Net income attributable to shareholders of the parent								<b>139,817</b>
Acquisition of treasury stock								<b>(56,941)</b>
Disposal of treasury stock								<b>173</b>
Changes in the scope of consolidation								<b>2,332</b>
Changes in interest of the parent related to transactions with non-controlling shareholders								<b>(1)</b>
Others								<b>931</b>
Net changes in items other than shareholders' equity	<b>58,970</b>	<b>(952)</b>	<b>(44,981)</b>	<b>26,471</b>	<b>39,509</b>	<b>(177)</b>	<b>(37,346)</b>	<b>1,985</b>
Total changes during the period	<b>58,970</b>	<b>(952)</b>	<b>(44,981)</b>	<b>26,471</b>	<b>39,509</b>	<b>(177)</b>	<b>(37,346)</b>	<b>47,269</b>
Balance at the end of the period	<b>922,425</b>	<b>7,050</b>	<b>(22,317)</b>	<b>(3,205)</b>	<b>903,954</b>	<b>749</b>	<b>27,692</b>	<b>1,916,210</b>

# Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2017 (April 1, 2016 to March 31, 2017)	March 31, 2018 (April 1, 2017 to March 31, 2018)	
		Amount	Amount	Amount
<b>Cash flows from operating activities:</b>				
Net income before income taxes		231,989	<b>114,336</b>	(117,652)
Depreciation		25,603	<b>73,069</b>	47,466
Impairment losses		387	<b>11,132</b>	10,744
Amortization of goodwill		8,907	<b>25,731</b>	16,823
Increase (decrease) in reserve for outstanding losses and claims		21,218	<b>91,837</b>	70,618
Increase (decrease) in underwriting reserves		114,436	<b>110,798</b>	(3,638)
Increase (decrease) in allowance for possible credit losses		88	<b>(222)</b>	(310)
Increase (decrease) in net defined benefit liability		2,985	<b>4,877</b>	1,891
Increase (decrease) in reserve for retirement benefits to directors		(78)	<b>4</b>	82
Increase (decrease) in reserve for bonus payments		146	<b>(1,547)</b>	(1,694)
Increase (decrease) in reserve for bonus payments to directors		125	<b>(15)</b>	(141)
Increase (decrease) in reserve for stocks payments		445	<b>491</b>	45
Increase (decrease) in reserve for price fluctuation		11,713	<b>11,894</b>	181
Interest and dividend income		(173,563)	<b>(190,863)</b>	(17,299)
Losses (gains) on investment in securities		(64,217)	<b>(70,667)</b>	(6,449)
Interest expenses		9,657	<b>14,549</b>	4,892
Foreign exchange losses (gains)		(8,623)	<b>(1,349)</b>	7,274
Losses (gains) related to tangible fixed assets		(7,429)	<b>28,220</b>	35,650
Losses (gains) related to loans		1	<b>1</b>	0
Investment losses (gains) on the equity method		(398)	<b>(592)</b>	(194)
Decrease (increase) in other assets (other than investing and financing activities)		(15,360)	<b>(71,583)</b>	(56,223)
Increase (decrease) in other liabilities (other than investing and financing activities)		20,947	<b>9,294</b>	(11,653)
Others		34,503	<b>(15,167)</b>	(49,670)
Subtotal		213,486	<b>144,227</b>	(69,258)
Interest and dividend received		175,913	<b>193,223</b>	17,309
Interest paid		(8,250)	<b>(13,906)</b>	(5,656)
Income taxes paid		(18,228)	<b>(77,109)</b>	(58,880)
Cash flows from operating activities		362,920	<b>246,433</b>	(116,486)

## Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Increase (Decrease)
		Amount	Amount	Amount
<b>Cash flows from investing activities:</b>				
Net decrease (increase) in deposits		(35,467)	<b>(22,547)</b>	12,919
Purchase of monetary receivables bought		—	<b>(415)</b>	(415)
Proceeds from sales and redemption of monetary receivables bought		3,410	<b>5,173</b>	1,762
Increase in money trusts		(16,737)	<b>(96)</b>	16,640
Decrease in money trusts		33,185	<b>8,531</b>	(24,654)
Purchase of securities		(1,345,927)	<b>(1,589,361)</b>	(243,434)
Proceeds from sales and redemption of securities		1,410,254	<b>1,581,387</b>	171,132
Loans made		(212,039)	<b>(198,238)</b>	13,800
Collection of loans		173,918	<b>154,792</b>	(19,125)
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		—	<b>22,921</b>	22,921
Others		44,975	<b>(11,354)</b>	(56,330)
Total of investment transactions		55,573	<b>(49,207)</b>	(104,781)
Total of operating activities and investment transactions as above		418,494	<b>197,226</b>	(221,268)
Acquisition of tangible fixed assets		(15,786)	<b>(24,178)</b>	(8,391)
Proceeds from sales of tangible fixed assets		12,302	<b>24,298</b>	11,995
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation		(549,226)	—	549,226
Proceeds from sales of stocks of subsidiaries resulting in changes in the scope of consolidation	*2	—	<b>67,991</b>	67,991
Others		(29,531)	<b>(50,763)</b>	(21,231)
Cash flows from investing activities		(526,668)	<b>(31,859)</b>	494,809
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings		50	<b>152,150</b>	152,100
Repayments of borrowings		(6,728)	<b>(15,937)</b>	(9,209)
Proceeds from issuance of corporate bonds		200,000	<b>100,000</b>	(100,000)
Redemption of corporate bonds		(115)	<b>(11,300)</b>	(11,184)
Net increase (decrease) in payables under securities lending transactions		250,063	<b>(154,345)</b>	(404,409)
Proceeds from sales of treasury stock		25	<b>46</b>	20
Acquisition of treasury stock		(35,230)	<b>(56,941)</b>	(21,710)
Dividends paid		(31,885)	<b>(40,983)</b>	(9,097)
Dividends paid to non-controlling shareholders		(72)	<b>(7,205)</b>	(7,132)
Repayments to non-controlling shareholders		—	<b>(25,990)</b>	(25,990)
Acquisition of stocks of subsidiaries that do not result in changes in the scope of consolidation		(4,678)	<b>(16)</b>	4,661
Others		(7,593)	<b>(6,073)</b>	1,519
Cash flows from financing activities		363,835	<b>(66,597)</b>	(430,432)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		(5,679)	<b>3,365</b>	9,044
<b>Increase (decrease) in cash and cash equivalents</b>		194,408	<b>151,343</b>	(43,065)
<b>Cash and cash equivalents at the beginning of the period</b>		576,791	<b>773,466</b>	196,675
<b>Increase in cash and cash equivalents resulting from newly consolidated subsidiaries</b>		—	<b>6,224</b>	6,224
<b>Increase in cash and cash equivalents resulting from merger</b>		2,266	—	(2,266)
<b>Cash and cash equivalents at the end of the period</b>	*1	773,466	<b>931,033</b>	157,567

# Notes to the Consolidated Financial Statements

Sompo Holdings, Inc.

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

### 1. Scope of consolidation

#### (1) Number of consolidated subsidiaries: 73 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 International Holdings Ltd.  
Endurance Specialty Insurance Ltd.  
Endurance U.S. Holdings Corp.  
Sompo America Insurance Company  
Endurance Worldwide Holdings Limited  
Endurance Worldwide Insurance Limited  
Sompo International Holdings (Europe) Limited  
SI Insurance (Europe), SA  
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  
PT Sompo Insurance Indonesia  
Sompo Insurance China Co., Ltd.  
Sompo Insurance (Hong Kong) Company Limited  
Sompo Seguros S.A.  
Sompo Saúde Seguros S.A.

Sompo America Holdings Inc. was merged by absorption into Endurance U.S. Holdings Corp. on December 31, 2017.

Endurance Specialty Holdings Ltd. is excluded from the scope of consolidation during the fiscal year ended March 31, 2018 because the liquidation procedure has been completed on November 7, 2017. Sompo International Holdings (Europe) Limited and SI Insurance (Europe), SA became subsidiaries and thus are included in the scope of consolidation in the fiscal year ended March 31, 2018.

Sompo Canopus AG (renamed Canopus AG on January 4, 2018) and its group companies are excluded from the scope of consolidation during the fiscal year ended March 31, 2018 because they ceased to be subsidiaries due to the share transfer. The consolidated statement of income and consolidated statement of comprehensive income include their profits and losses up to the end of the fiscal year ended March 31, 2018. PT Sompo Insurance Indonesia is included in the scope of consolidation in the fiscal year ended March 31, 2018, due to an increase in its materiality.

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

#### (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 Sampo Holdings Group (“SOMPO HOLDINGS”) in terms of total assets, ordinary income, net income or loss and retained earnings, etc. to the extent of equity position of Sampo Holdings, Inc. (“the Company”), they are excluded from the scope of consolidation.

## **2. Application of the equity method**

### **(1) Number of affiliates accounted for under the equity method: 4 companies**

Name of major affiliates

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

**(2) The non-consolidated subsidiaries and affiliates (Sampo Insurance (Thailand) Public Company Limited and Sampo 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) is calculated by using the straight-line method.

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

The Company and its domestic consolidated subsidiaries have changed the depreciation method for tangible fixed assets from the declining-balance method to the straight-line method since the beginning of the fiscal year 2017. Previously, the Company and its domestic consolidated subsidiaries applied the declining-balance method for depreciation of tangible fixed assets except for buildings acquired on or after April 1, 1998 and structures and fixtures attached to buildings acquired on or after April 1, 2016, to which the straight-line method was applied.

The proportion of companies adopting the straight-line method has increased due to the recent expansion in our overseas insurance business. In addition, in domestic P&C insurance business, it is expected that tangible fixed assets will be used stably over their useful lives in the future, due to the completion of combination and reorganization of bases and system integration resulting from merger. For these reasons, the Company and its domestic consolidated subsidiaries reviewed unification of its depreciation methods and determined that allocating depreciation expenses equally represents the actual situation more and is a reasonable method. Herewith, SOMPO HOLDINGS will be able to unify accounting policies applied by domestic consolidated subsidiaries with those applied by overseas consolidated subsidiaries that have been using the straight-line method, and be able to provide more useful financial information.

As a result of this change, both ordinary profit and net income before income taxes for the fiscal year ended March 31, 2018 increased by 3,011 million yen, compared with the previous accounting method.

- (b) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets (excluding leased assets) is calculated by using the straight-line method.

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 and foreign currency denominated borrowings.

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.



(Changes in presentation)

(Consolidated statement of cash flows)

“Proceeds from borrowings” and “Repayments of borrowings” included in “Others” of “Cash flows from financing activities” in the previous fiscal year are separately presented in the current fiscal year due to an increase in its materiality. In order to reflect such change in presentation, consolidated financial statements for the previous fiscal year are reclassified.

As a result, (14,271) million yen that was included in “Others” of “Cash flows from financing activities” in the consolidated statement of cash flows for the previous fiscal year is reclassified into 50 million yen of “Proceeds from borrowings,” (6,728) million yen of “Repayments of borrowings” and (7,593) million yen of “Others.”

(Additional information)

Introduction of a performance-linked stock compensation plan

The Company introduced 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 contributes money to a trust bank as fund for acquiring shares to be delivered later, and the trust bank has 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 are recorded as treasury stock under shareholders’ equity, and its carrying amount is 1,691 million yen and its number of shares is 612,800 shares at the end of the fiscal year ended March 31, 2017, while its carrying amount is 1,646 million yen and its number of shares is 596,300 shares at the end of the fiscal year ended March 31, 2018.

## 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, 2017	As of March 31, 2018
433,539	399,543

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

(Millions of yen)	
As of March 31, 2017	As of March 31, 2018
19,253	17,319

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.  
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, 2018 are 18 million yen.

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

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Securities (stocks)	26,392	23,642
Securities (equity interests)	2,444	2,688

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

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Loans to borrowers in bankruptcy	48	—
Overdue loans	419	285
Loans overdue for three months or more	13	18
Restructured loans	—	—
Total	480	303

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, 2017	As of March 31, 2018
Deposits	77,735	42,621
Monetary receivables bought	1,723	—
Securities	733,801	527,533
Tangible fixed assets	9,201	8,881
Total	822,461	579,036

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

Secured debts

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Other liabilities (payables under securities lending transactions)	250,063	118,639
Other liabilities (borrowings)	6,538	5,902
Other liabilities (deposits)	96	96
Total	256,698	124,638

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, 2017	As of March 31, 2018
237,232	109,866

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

(Millions of yen)

As of March 31, 2017	As of March 31, 2018
303,227	207,887

**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, 2017	As of March 31, 2018
Securities which SOMPO HOLDINGS does not dispose of but retains	22,320	—

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

(Millions of yen)

As of March 31, 2017	As of March 31, 2018
11,555	11,863

**9. The guarantee of obligations regarding to the underwriting of companies other than the consolidated companies are as follows.**

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Canopus Reinsurance AG	—	25,102

### 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, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Agency commissions, etc.	480,295	496,934
Salaries	231,159	250,816

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. Main components of impairment losses are as follows.**

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

Omitted as they are not material.

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

Purpose of use	Category	Location	Impairment losses			
			Land	Buildings	Goodwill	Total
Properties for rent	Land and buildings	Land and buildings in Kyoto	1,395	64	—	1,459
Idle properties	Land and buildings	3 properties, including land and buildings in Aichi	965	313	—	1,279
—	Goodwill	—	—	—	8,393	8,393
Total			2,360	378	8,393	11,132

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

Concerning properties for rent and idle properties whose profitability is decreased significantly, due mainly to a decline in the prices of land, the consolidated subsidiaries devalue the book value of those properties to the recoverable value, and these devaluations are recorded as impairment losses in extraordinary losses. As for goodwill, in association with the conclusion of the share transfer agreement to sell all of the shares of Canopus AG, unamortized balance of goodwill is reduced to the recoverable value and this devaluation is recorded as impairment losses in extraordinary losses.

The recoverable value of properties for rent and idle properties is calculated by using the net selling price. The net selling price is the appraisal value measured by the real estate appraisers. The recoverable value of goodwill is measured by using the net selling price, and calculated based on the scheduled selling price.

**\*3. Other extraordinary gains are as follows.**

	(Millions of yen)	
	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Gains on liquidation of subsidiaries	—	25,927
Gains on reversal of stock acquisition rights	69	50

#### 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, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	130,030	164,466
Reclassification adjustments	(80,512)	(82,680)
Before tax effects adjustments	49,518	81,786
Tax effects	(11,959)	(22,589)
Unrealized gains and losses on securities available for sale	37,559	59,196
Deferred gains and losses on hedges		
The amount occurred during the period	14,186	1,999
Reclassification adjustments	(4,213)	1,560
Adjustment on the cost of the assets	(13,463)	(4,887)
Before tax effects adjustments	(3,490)	(1,327)
Tax effects	982	375
Deferred gains and losses on hedges	(2,507)	(952)
Foreign currency translation adjustments		
The amount occurred during the period	30,176	(10,927)
Reclassification adjustments	—	(32,577)
Foreign currency translation adjustments	30,176	(43,504)
Remeasurements of defined benefit plans		
The amount occurred during the period	(9,507)	32,933
Reclassification adjustments	2,534	3,748
Before tax effects adjustments	(6,973)	36,681
Tax effects	1,947	(10,223)
Remeasurements of defined benefit plans	(5,026)	26,458
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	123	(24)
Reclassification adjustments	(92)	(56)
Share of other comprehensive income of affiliates accounted for under the equity method	30	(81)
Total other comprehensive income	60,232	41,116

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

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 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 paid on the shares in the Company held by the BBT.

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

## 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	21,953	12,888	69	34,772
Total	21,953	12,888	69	34,772

Notes)

- Treasury stock of common stock at the beginning and at the end of the period includes 612 thousand shares and 596 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Breakdown of increase in treasury stock of common stock of 12,888 thousand shares is as follows.  
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 12,878 thousand shares  
Increase due to purchase of shares less than a full trading unit: 9 thousand shares
- Breakdown of decrease in treasury stock of common stock of 69 thousand shares is as follows.  
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 52 thousand shares  
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 16 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	749
Total		749

## 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 26, 2017	Common stock	19,700	50	March 31, 2017	June 27, 2017
The Board of Directors' meeting held on November 17, 2017	Common stock	21,326	55	September 30, 2017	December 5, 2017

Notes)

- 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 paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 17, 2017 includes 32 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 held on June 25, 2018	Common stock	20,964	Retained earnings	55	March 31, 2018	June 26, 2018

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 25, 2018 includes 32 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, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Cash and deposits	814,217	894,437
Receivables under resale agreements	54,999	74,998
Securities	8,303,829	8,275,132
Time deposits with original maturities of more than 3 months	(117,522)	(114,277)
Securities other than cash equivalents	(8,282,057)	(8,199,257)
Cash and cash equivalents	773,466	931,033

## \*2. Main components of assets and liabilities of subsidiaries that have been excluded from the scope of consolidation due to sales of shares

For the fiscal year ended March 31, 2018, Canopus AG has been excluded from the scope of consolidated subsidiaries. The main components of assets and liabilities at the time of sales, the sales price and proceeds (net) for sales of those shares are as follows.

	(Millions of yen)
Assets:	348,418
Securities	213,492
Goodwill	20,412
Liabilities:	(283,116)
Underwriting funds	(234,835)
Foreign currency translation adjustments	(1,666)
Losses on sales of securities	(1,332)
Sales price of the shares of the subsidiary mentioned above	82,715
Cash and cash equivalents of the subsidiary mentioned above	(14,724)
Net: Proceeds from sales of the subsidiary mentioned above	67,991

## 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, 2017	As of March 31, 2018
Due within one year	17,766	19,462
Due after one year	197,063	196,343
Total	214,829	215,806

(Lessor)

	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
Due within one year	515	530
Due after one year	1,744	1,301
Total	2,260	1,831

## 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, 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
<b>Total assets</b>	<b>9,848,915</b>	<b>10,160,913</b>	<b>311,998</b>
(1) Corporate bonds	424,991	435,911	10,919
(2) Payables under securities lending transactions	250,063	250,063	—
(3) Borrowings	6,657	6,816	158
<b>Total liabilities</b>	<b>681,713</b>	<b>692,791</b>	<b>11,078</b>
Derivative transactions <sup>(*)</sup> :			
Hedge accounting is not applied to	9,553	9,553	—
Hedge accounting is applied to	15,294	15,294	—
<b>Total derivative transactions</b>	<b>24,848</b>	<b>24,848</b>	<b>—</b>

(\*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, 2018

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	894,437	894,437	—
(2) Receivables under resale agreements	74,998	74,998	—
(3) Monetary receivables bought	6,727	6,727	—
(4) Money trusts	98,744	98,744	—
(5) Securities:			
Trading securities	212,004	212,004	—
Bonds held to maturity	1,199,257	1,484,687	285,429
Policy reserve matching bonds	267,978	290,029	22,051
Securities available for sale	6,516,106	6,516,106	—
(6) Loans	668,419		
Allowance for possible credit losses <sup>(*)</sup>	(35)		
	668,383	687,033	18,649
<b>Total assets</b>	<b>9,938,639</b>	<b>10,264,769</b>	<b>326,130</b>
(1) Corporate bonds	512,045	530,392	18,347
(2) Payables under securities lending transactions	118,639	118,639	—
(3) Borrowings	142,870	142,834	(35)
<b>Total liabilities</b>	<b>773,555</b>	<b>791,866</b>	<b>18,311</b>
Derivative transactions <sup>(*)</sup> :			
Hedge accounting is not applied to	14,742	14,742	—
Hedge accounting is applied to	28,223	28,223	—
<b>Total derivative transactions</b>	<b>42,965</b>	<b>42,965</b>	<b>—</b>

(\*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 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 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 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.

(3) Borrowings

The fair value is the amount of future collection cash flow of each borrowing which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto.

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, 2017	As of March 31, 2018
Domestic stocks	44,261	45,415
Foreign securities	23,405	22,419
Others	10,404	11,077
Total	78,071	78,911

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 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, 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.

As of March 31, 2018

(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	886,367	7,995	—	—
Receivables under resale agreements	74,998	—	—	—
Monetary receivables bought	415	—	—	5,826
Securities:				
Bonds held to maturity:				
Government bonds	15,313	54,560	258,235	704,948
Municipal bonds	—	—	1,000	43,400
Corporate bonds	13,173	13,300	4,700	73,500
Foreign securities	1,407	1,995	571	—
Policy reserve matching bonds:				
Government bonds	—	—	—	258,500
Fixed maturity securities available for sale:				
Government bonds	26,659	242,950	223,045	625,935
Municipal bonds	1,080	2,000	6,600	17,400
Corporate bonds	49,342	182,910	65,800	408,506
Foreign securities	122,806	699,914	848,784	598,407
Others	193	24,122	7,266	1,280
Loans <sup>(*)</sup>	162,820	331,278	101,582	62,328
Total	1,354,579	1,561,026	1,517,586	2,800,031

(\*) 266 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, 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

As of March 31, 2018

(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	—	—	—	—	33,900	471,415
Long-term borrowings	34,083	32,229	30,481	30,479	15,264	281
Lease obligations	5,054	4,736	4,126	4,021	4,012	48,106
Payables under securities lending transactions	118,639	—	—	—	—	—
Total	157,777	36,966	34,607	34,501	53,177	519,802

## 9. Securities

### 1. Trading securities

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Unrealized gains and losses recognized in the statement of income	2,501	1

### 2. Bonds held to maturity

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

As of March 31, 2018

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,180,112	1,465,926	285,814
	Foreign securities	2,019	2,087	67
	Subtotal	1,182,131	1,468,013	285,881
Securities whose fair value does not exceed their carrying amount	Domestic bonds	15,129	14,694	(435)
	Foreign securities	1,996	1,979	(17)
	Subtotal	17,125	16,673	(452)
Total		1,199,257	1,484,687	285,429

### 3. Policy reserve matching bonds

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

As of March 31, 2018

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	231,867	255,152	23,285
Securities whose fair value does not exceed their carrying amount	Domestic bonds	36,110	34,877	(1,233)
Total		267,978	290,029	22,051

### 4. Securities available for sale

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.

As of March 31, 2018

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,014,762	1,827,098	187,665
	Domestic stocks	1,560,427	560,579	999,847
	Foreign securities	1,355,885	1,234,891	120,994
	Others	58,933	52,793	6,139
	Subtotal	4,990,008	3,675,361	1,314,646
Securities whose carrying amount does not exceed their cost	Domestic bonds	133,071	136,423	(3,352)
	Domestic stocks	28,161	31,536	(3,374)
	Foreign securities	1,370,567	1,413,677	(43,109)
	Others	8,648	8,693	(45)
	Subtotal	1,540,448	1,590,330	(49,882)
Total	6,530,456	5,265,692	1,264,764	

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, 2017 and 2018

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

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	111,882	2,830	1,679
Domestic stocks	112,071	69,085	491
Foreign securities	613,830	9,319	6,177
Others	7,301	1,616	2
Total	845,086	82,852	8,350

## 6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2017 and 2018

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).

For the fiscal year ended March 31, 2018, 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 1,627 million yen (foreign securities only), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 2,051 million yen (domestic stocks: 1,248 million yen, foreign securities: 802 million yen).

Basically, impairment losses on securities are recognized 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, 2017	As of March 31, 2018
Unrealized gains and losses recognized in the statement of income	(57)	(110)

### 2. Money trusts held to maturity

None.

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

As of March 31, 2017

(Millions of yen)

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

As of March 31, 2018

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	78,084	76,698	1,386

### 4. Money trusts for which impairment losses are recognized during the fiscal years ended March 31, 2017 and 2018

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.

For the fiscal year ended March 31, 2018, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity are not recognized.

Basically, impairment losses on securities are recognized 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, 2017

(Millions of yen)

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

As of March 31, 2018

(Millions of yen)

	Notional amount	(Millions of yen)		
		Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	36,744	—	681	681
Long	6,426	—	(132)	(132)
Currency options:				
Short	26,715	—	(16)	193
Long	65,015	—	111	(170)
Total			643	571

Notes) Calculation methods for the fair value

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

## (2) Interest rate derivatives

As of March 31, 2017

(Millions of yen)

	Notional amount	(Millions of yen)		
		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

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

As of March 31, 2018

(Millions of yen)

	Notional amount	(Millions of yen)		
		Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Interest rate futures:				
Short	1,412	—	6	6
Long	25,244	—	(17)	(17)
Over-the-counter transactions:				
Interest rate swaps:				
Receipt float / Payment fix	2,415	2,415	(18)	(18)
Total			(28)	(28)

Notes) Calculation methods for the fair value

- Interest rate futures  
The fair value is based on the price quoted by counterparties.
- Interest rate swaps  
The fair value is based on the price quoted by counterparties.

### (3) Equity derivatives

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.

As of March 31, 2018

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Equity index futures:					
Short	5,016	—		(5)	(5)
Total	—	—		(5)	(5)

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, 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.

As of March 31, 2018

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Over-the-counter transactions:					
Bonds forwards:					
Short	10,667	—		(10,922)	(27)
Long	22,939	—		23,514	11
Total	—	—		12,591	(16)

Note) Calculation methods for the fair value  
The fair value is mainly based on the price quoted by information vendors.



## (5) Others

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

- Credit derivatives  
The fair value is mainly based on the price quoted by information vendors.
- Weather derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
- Earthquake derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
- Industry loss warranty  
The fair value is calculated based on the contract term and other elements of the contract.
- Loss development cover  
The fair value is calculated based on the contract term and other elements of the contract.

As of March 31, 2018

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Credit derivatives:					
Short	226	226		19	19
Over-the-counter transactions:					
Credit derivatives:					
Short	79	79		1	1
Weather derivatives:					
Short	31,705	6,783		(4,378)	1,377
Long	16,858	3,628		6,241	(609)
Earthquake derivatives:					
Short	12,493	1,310		(3)	311
Long	11,243	2,142		19	(256)
Industry loss warranty:					
Long	—	—		0	0
Loss development cover:					
Short	2,735	2,735		(205)	(205)
Pandemic derivatives:					
Short	1,062	1,062		(170)	66
Long	743	—		15	(40)
Total				1,541	665

Notes) Calculation methods for the fair value

- Credit derivatives  
The fair value is mainly based on the price quoted by information vendors.
- Weather derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
- Earthquake derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
- Industry loss warranty  
The fair value is calculated based on the contract term and other elements of the contract.
- Loss development cover  
The fair value is calculated based on the contract term and other elements of the contract.
- Pandemic derivatives  
The fair value is calculated based on the contract term and other elements of the contract.

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

### (1) Currency derivatives

As of March 31, 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	—	8
	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."

As of March 31, 2018

(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	708,613	—	18,379
	Currency options: Short Long	Securities available for sale	76,398	—	(50)
			71,290	—	115
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	216,426	216,426	Note 2
Total			—	—	18,443

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) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

### (2) Interest rate derivatives

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.

As of March 31, 2018

(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	78,000	9,779
Total			—	—	9,779

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, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Retirement benefit obligation at the beginning of the period	219,456	228,877
Service cost	11,939	13,090
Interest cost	831	1,070
The amount of actuarial difference occurred	10,782	(26,075)
Retirement benefit paid	(13,579)	(13,673)
Increase due to merger	157	—
Changes in the scope of consolidation	—	(1,464)
Others	(710)	247
Retirement benefit obligation at the end of the period	228,877	202,072

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, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Plan assets at the beginning of the period	96,599	95,850
Expected return on plan assets	794	733
The amount of actuarial difference occurred	803	6,918
The amount of employer contributions	770	963
Retirement benefit paid	(2,428)	(2,435)
Changes in the scope of consolidation	—	(1,736)
Others	(689)	159
Plan assets at the end of the period	95,850	100,454

(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, 2017	As of March 31, 2018
Funded retirement benefit obligation	219,808	192,617
Plan assets	(95,850)	(100,454)
	123,957	92,163
Unfunded retirement benefit obligation	9,069	9,455
Asset ceiling adjustments	480	311
Net liabilities and assets on the consolidated balance sheet	133,507	101,929
	134,263	102,992
Net defined benefit liability		
Net defined benefit asset	(756)	(1,062)
Net liabilities and assets on the consolidated balance sheet	133,507	101,929

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Service cost	11,939	13,090
Interest cost	831	1,070
Expected return on plan assets	(794)	(733)
Amortization of actuarial difference	2,641	3,311
Amortization of prior services costs	216	216
Others	62	120
Retirement benefit expenses for defined benefit plans	14,897	17,076

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

(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, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Prior service costs	(216)	(216)
Actuarial difference	7,190	(36,464)
Total	6,973	(36,681)

(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, 2017	As of March 31, 2018
Unrecognized prior service costs	650	433
Unrecognized actuarial difference	40,446	3,975
Total	41,097	4,409

(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, 2017	As of March 31, 2018
Bonds	18%	18%
Stocks	60%	63%
Joint investment assets	8%	6%
Life insurance general accounts	6%	6%
Cash and deposits	0%	1%
Others	8%	6%
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, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Discount rate	Domestic consolidated subsidiaries	0.2% – 1.5%	0.2% – 1.5%
	Foreign consolidated subsidiaries	1.2% – 11.7%	2.5% – 10.3%
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0% – 1.5%	0.0% – 1.5%
	Foreign consolidated subsidiaries	2.6% – 11.7%	10.3%

### 3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 5,186 million yen for the fiscal year ended March 31, 2017 and amounts to 7,084 million yen for the fiscal year ended March 31, 2018.

## 13. Stock Options

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

None.

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

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Gains on reversal of stock acquisition rights	69	50

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

#### (1) Contents of stock options

Stock options granted by the Company are as follows.

13th to 16th issue of stock acquisition rights of the Company are stock options transferred from Sampo Japan Insurance Inc. ("Sampo Japan") to the Company and 17th to 22nd issue of stock acquisition rights of the Company are stock options transferred from NIPPONKOA Insurance Company, Limited ("NIPPONKOA") to the Company on the date of establishment of the Company, April 1, 2010.

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

#### (a) Stock options transferred from Sampo Japan and granted by the Company

	13th issue	14th issue
Resolution date	Extraordinary general meeting of shareholders of Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and executive officers of Sampo Japan: 17 Others (Note 1): 24	Directors and executive officers of Sampo Japan: 17 Others (Note 1): 24
Number of stock options granted by types of shares	Common stock: 100,750 stocks (Note 2)	Common stock: 95,500 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to June 27, 2017	April 1, 2010 to June 27, 2017

Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by Sampo Japan but who already retired or resigned the position by the grant date by the Company.
- 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 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.
- As the stock options described above do not exist as of the end of the current fiscal year (March 31, 2018), the number of the stock acquisition rights and other details are omitted.

	15th issue	16th issue
Resolution date	Extraordinary general meeting of shareholders of Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and executive officers of Sompo Japan: 27 Others (Note 1): 1	Directors and executive officers of Sompo Japan: 41 Others (Note 1): 1
Number of stock options granted by types of shares	Common stock: 74,325 stocks (Note 2)	Common stock: 186,775 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to August 11, 2033	April 1, 2010 to August 10, 2034
Number of stock acquisition rights*	197 stock acquisition rights (Note 3)	342 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,925 stocks (Notes 3, 4)	Common stock: 8,550 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 3,761 Amount of capital incorporation (Note 5)	Issue price: 2,493 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2018), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2018).

Notes)

- "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.
- 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 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.
- The number of shares underlying each stock acquisition right is 25.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
  - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and executive officer of Sompo Japan Nipponkoa Insurance Inc.
  - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.

7. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.

If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
  - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
  - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
  - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
  - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
  - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 6 above.



## (b) Stock options transferred from NIPPONKOA and granted by the Company

	17th issue	18th issue
Resolution date	Extraordinary general meeting of shareholders of Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and executive officers of NIPPONKOA: 5 Others (Note 1): 7	Directors and executive officers of NIPPONKOA: 7 Others (Note 1): 11
Number of stock options granted by types of shares	Common stock: 35,775 stocks (Note 2)	Common stock: 50,400 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to June 29, 2024	April 1, 2010 to June 29, 2025
Number of stock acquisition rights*	14 stock acquisition rights (Note 3)	13 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 3,150 stocks (Notes 3, 4)	Common stock: 2,925 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,385 Amount of capital incorporation (Note 5)	Issue price: 2,385 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2018), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2018).

## Notes

- "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.
- 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 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.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  

$$\text{Number of shares after the adjustment} = \text{Number of shares before the adjustment} \times \text{stock split or reverse split ratio}$$
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
  - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the day a year after the day immediately following the date of the loss of their status as a director and executive officer of Sompo Japan Nipponkoa Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 7 years after the exercise commencement date or the last day of the exercise period, whichever earlier.
  - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.  
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
- (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
- (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
- (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
- (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
- (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 6 above.

	19th issue	20th issue
Resolution date	Extraordinary general meeting of shareholders of Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and executive officers of NIPPONKOA: 12 Others (Note 1): 2	Directors and executive officers of NIPPONKOA: 12 Others (Note 1): 2
Number of stock options granted by types of shares	Common stock: 27,675 stocks (Note 2)	Common stock: 30,375 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 27, 2027	April 1, 2010 to March 17, 2028
Number of stock acquisition rights*	10 stock acquisition rights (Note 3)	12 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 2,250 stocks (Notes 3, 4)	Common stock: 2,700 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

	21st issue	22nd issue
Resolution date	Extraordinary general meeting of shareholders of Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and executive officers of NIPPONKOA: 16 Others (Note 1): 3	Directors and executive officers of NIPPONKOA: 21 Others (Note 1): 3
Number of stock options granted by types of shares	Common stock: 61,875 stocks (Note 2)	Common stock: 88,425 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 16, 2029	April 1, 2010 to October 7, 2029
Number of stock acquisition rights*	19 stock acquisition rights (Note 3)	23 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,275 stocks (Notes 3, 4)	Common stock: 5,175 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2018), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2018).

Notes)

- "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.
- 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 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.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  

$$\text{Number of shares after the adjustment} = \text{Number of shares before the adjustment} \times \text{stock split or reverse split ratio}$$
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
  - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the date of the loss of their status as a director and executive officer of Sampo Japan Nipponkoa Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 10 days after the following date of the exercise commencement date (and before the end of the exercise period of the stock acquisition rights (hereinafter the "exercise period")).
  - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.  
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
- (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
- (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
- (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
- (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
- (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 6 above.

(c) Stock options granted by the Company

	23rd issue	24th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2010	Meeting of the Board of Directors held on October 14, 2011
Title and number of grantees	Directors and executive officers of the Company: 7 Directors and executive officers of subsidiaries of the Company: 66 The actual number of persons 69 (Notes 1, 2)	Directors and executive officers of the Company: 8 Directors and executive officers of subsidiaries of the Company: 82 The actual number of persons 86 (Notes 1, 2)
Number of stock options granted by types of shares	Common stock: 349,450 stocks (Note 3)	Common stock: 372,300 stocks (Note 3)
Grant date	August 16, 2010	November 1, 2011
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 17, 2010 to August 16, 2035	November 1, 2011 to October 31, 2036
Number of stock acquisition rights*	1,218 stock acquisition rights (Note 4)	464 [450] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 30,450 stocks (Notes 4, 5)	Common stock: 46,400 [45,000] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,809 Amount of capital incorporation (Note 6)	Issue price: 1,373 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	25th issue	26th issue
Resolution date	Meeting of the Board of Directors held on July 27, 2012	Meeting of the Board of Directors held on July 26, 2013
Title and number of grantees	Directors and executive officers of the Company: 7 Directors and executive officers of subsidiaries of the Company: 87 The actual number of persons (Notes 1, 2) 90	Directors and executive officers of the Company: 9 Directors and executive officers of subsidiaries of the Company: 136 The actual number of persons (Notes 1, 2) 79
Number of stock options granted by types of shares	Common stock: 391,100 stocks (Note 3)	Common stock: 195,000 stocks (Note 3)
Grant date	August 14, 2012	August 13, 2013
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 14, 2012 to August 13, 2037	August 13, 2013 to August 12, 2038
Number of stock acquisition rights*	581 [516] stock acquisition rights (Note 4)	385 [351] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 58,100 [51,600] stocks (Notes 4, 5)	Common stock: 38,500 [35,100] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,329 Amount of capital incorporation (Note 6)	Issue price: 2,297 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	27th issue	28th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2014	Meeting of the Board of Directors held on July 30, 2015
Title and number of grantees	Directors and executive officers of the Company: 11 Directors and executive officers of subsidiaries of the Company: 117 The actual number of persons (Notes 1, 2) 69	Directors and executive officers of the Company: 16 Directors and executive officers of subsidiaries of the Company: 61 The actual number of persons (Notes 1, 2) 63
Number of stock options granted by types of shares	Common stock: 172,900 stocks (Note 3)	Common stock: 100,700 stocks (Note 3)
Grant date	August 15, 2014	August 17, 2015
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 15, 2014 to August 14, 2039	August 17, 2015 to August 16, 2040
Number of stock acquisition rights*	558 [498] stock acquisition rights (Note 4)	581 [480] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 55,800 [49,800] stocks (Notes 4, 5)	Common stock: 58,100 [48,000] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,404 Amount of capital incorporation (Note 6)	Issue price: 4,153 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2018). For changes made during the period between the end of the current fiscal year and the end of the month prior to the submission date of this document (May 31, 2018), status as of the end of the month prior to the submission date is indicated in square brackets and the absence of these indicates no change.

Notes)

1. "Directors" in the column "Title and number of grantees" excludes outside directors and non-full time directors.
2. Since several directors and executive officers of the Company have concurrently served as director/executive officer of the Company or its subsidiaries, the actual number of the persons to whom the stock acquisition rights of the Company are granted is shown in the table, respectively.
3. 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 the 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.
4. The number of shares underlying each stock acquisition right is 25 for the 23rd issue of stock acquisition rights and 100 for the 24th to the 28th issue of stock acquisition rights.
5. In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
6. Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - (1) When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - (2) When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.

7. Conditions for exercising the stock acquisition rights are as follows:
- (1) Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and executive officer of the Company and its subsidiaries.
  - (2) Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
8. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
- If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.
- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
  - (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
  - (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 5 above, taking into consideration the conditions of the corporate reorganization.
  - (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
  - (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
  - (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 6 above.
  - (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
  - (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
    - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
    - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
    - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
    - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
    - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
  - (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 7 above.

## (2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2018 is indicated by converting to number of shares.

### (a) Number of stock options

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

<Stock options after vested>

	March 31, 2017	Vested	Exercised	Forfeited	March 31, 2018
13th issue of stock acquisition rights of the Company	23,750	—	—	23,750	—
14th issue	13,500	—	—	13,500	—
15th issue	4,925	—	—	—	4,925
16th issue	8,550	—	—	—	8,550
17th issue	4,050	—	450	450	3,150
18th issue	3,825	—	450	450	2,925
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	4,275	—	—	—	4,275
22nd issue	5,175	—	—	—	5,175
23rd issue	33,550	—	3,100	—	30,450
24th issue	51,200	—	4,800	—	46,400
25th issue	68,200	—	10,100	—	58,100
26th issue	47,900	—	9,400	—	38,500
27th issue	69,100	—	13,300	—	55,800
28th issue	69,100	—	11,000	—	58,100

(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2018 (yen)	Fair value per share on the grant date (yen)
13th issue of stock acquisition rights of the Company	6,188 <sup>(Note 1)</sup>	—	1,516 <sup>(Notes 1, 2)</sup>
14th issue	3,960 <sup>(Note 1)</sup>	—	944 <sup>(Notes 1, 2)</sup>
15th issue	1	—	3,760 <sup>(Notes 1, 2)</sup>
16th issue	1	—	2,492 <sup>(Notes 1, 2)</sup>
17th issue	1	4,340	2,384 <sup>(Note 1)</sup>
18th issue	1	4,340	2,384 <sup>(Note 1)</sup>
19th issue	1	—	2,440 <sup>(Note 1)</sup>
20th issue	1	—	2,440 <sup>(Note 1)</sup>
21st issue	1	—	2,440 <sup>(Note 1)</sup>
22nd issue	1	—	2,440 <sup>(Note 1)</sup>
23rd issue	1	4,286	1,808 <sup>(Note 1)</sup>
24th issue	1	4,286	1,372
25th issue	1	4,154	1,328
26th issue	1	4,097	2,296
27th issue	1	4,076	2,403
28th issue	1	4,095	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, 2018.

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 (13th 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, 2017	As of March 31, 2018
Deferred tax assets:		
Underwriting reserves	176,638	175,792
Losses carried forward for tax purposes	30,672	38,293
Reserve for outstanding losses and claims	37,717	38,185
Intangible fixed assets for tax purposes	34,636	34,655
Impairment losses on securities and real estate	34,442	34,520
Net defined benefit liability	37,542	28,789
Others	62,339	57,731
Subtotal	413,989	407,968
Valuation allowance	(73,465)	(63,389)
Total deferred tax assets	340,524	344,578
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(353,067)	(373,883)
Unrealized gains and losses on consolidated subsidiaries	(10,596)	(10,530)
Others	(38,860)	(19,339)
Total deferred tax liabilities	(402,524)	(403,753)
Net deferred tax liabilities	(62,000)	(59,174)

### 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, 2017	As of March 31, 2018
Japanese statutory income tax rate	30.9	30.9
(Reconciliation)		
Non-taxable revenue such as dividends received	(3.3)	(140.7)
Combined income of specified foreign subsidiaries or the like	0.0	80.2
Amortization of goodwill	1.2	7.0
Non-deductible expenses such as entertainment expenses	0.8	3.8
Others	(1.4)	(0.7)
Effective tax rate after the application of tax effect accounting	28.1	(19.5)

## 15. Business Combination

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### Business divestiture

#### (1) Summary of business divestiture

- (a) Name of the recipient of the divested company  
Fortuna Holdings Limited  
(Fortuna Holdings Limited is registered and incorporated in the Island of Jersey and owned by the fund managed by an affiliate of Centerbridge Partners, L.P.)
- (b) Description of the divested business  
Canopus AG (hereinafter "Canopus") engaged in insurance business, etc. and its subsidiaries and affiliates
- (c) Major reasons for the business divestiture  
Following the acquisition of Endurance Specialty Holdings Ltd. group in March 2017, operating Canopus, which has the similar Lloyd's business, as a standalone company would result in lack of strategic consistency, business efficiency and brand unification of the group. In addition, integrating Canopus in a hasty and irrational manner would harm the corporate value of Canopus. Taking these into consideration, the Company concluded that selling Canopus would help improve the Company's capital efficiency and maximize shareholder value and would be the best option for Canopus. Following negotiations with a number of potential buyers, the Company has transferred the shares of Canopus.
- (d) Date of the business divestiture  
March 9, 2018
- (e) Matters related to the summary of the transaction including its legal form  
Share transfer in which consideration is limited to cash and other properties

#### (2) Summary of accounting treatment applied

- (a) Amount of profits or losses on transfer  
Losses on sales of securities 1,332 million yen
- (b) Appropriate carrying amounts of the assets and liabilities associated with the transferred business and its major components
- |                    |                   |
|--------------------|-------------------|
| Total assets:      | USD 3,083 million |
| Securities         | USD 1,889 million |
| Total liabilities: | USD 2,505 million |
| Underwriting funds | USD 2,078 million |
- (c) Accounting treatment  
The difference between the consolidated carrying amount and the selling price of Canopus is recorded as losses on sales of securities in ordinary expenses.

#### (3) Reportable segment to which the divested business belonged

Overseas insurance business

#### (4) Approximate amounts of profits or losses related to the divested business as recorded on the consolidated statement of income for the fiscal year ended March 31, 2018

Net premiums written	129,755 million yen
Ordinary profit	(26,749) million yen

## 16. Segment Information

### 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 Sonpo 24 Insurance Company Limited
	Domestic life insurance business	Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
	Nursing care and healthcare business	Sompo Care Message Inc. Sompo Care Next Inc. Sompo Risk Management & Health Care Inc.
	Overseas insurance business	Sompo International Holdings Ltd. Sompo America Insurance Company Sompo Japan Sigorta Anonim Sirketi Sompo Seguros S. A.
Others		Sompo Holdings, Inc. (Insurance holding company) Sompo Japan Nipponkoa Asset Management Co., Ltd. Sompo Japan Nipponkoa DC Securities Inc.

#### 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 and its domestic consolidated subsidiaries have changed the depreciation method for tangible fixed assets from the declining balance method to the straight-line method since the beginning of the fiscal year 2017. Previously, the Company and its domestic consolidated subsidiaries applied the declining balance method for depreciation of tangible fixed assets except for buildings acquired on or after April 1, 1998 and structures and fixtures attached to buildings acquired on or after April 1, 2016, to which the straight-line method was applied. As a result of this change, regarding segment income for the fiscal year ended March 31, 2018, “Domestic P&C insurance business” segment increased 2,026 million yen and “Nursing care and healthcare business” segment increased 95 million yen, respectively, compared with the amounts calculated under the previous method. The effect of this change on the other segments 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, 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 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)

- 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
- “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.
- 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
- Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.
- Extraordinary gains for domestic P&C insurance business include 9,257 million yen of gains on disposal of fixed assets.
- 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.

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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	2,218,407	341,998	125,047	641,347	3,326,801	9,304	3,336,106	433,946	3,770,052
Sales from internal transactions or transfers among segments	—	—	2,835	—	2,835	10,927	13,763	(13,763)	—
Total	2,218,407	341,998	127,883	641,347	3,329,637	20,232	3,349,869	420,183	3,770,052
Segment income (loss)	112,765	7,462	(1,485)	20,892	139,635	182	139,817	—	139,817
Segment assets	6,736,732	2,796,934	187,434	2,202,596	11,923,697	24,626	11,948,323	—	11,948,323
Other items:									
Depreciation	13,102	428	5,135	54,225	72,891	177	73,069	—	73,069
Amortization of goodwill	147	609	4,807	20,167	25,731	—	25,731	—	25,731
Interest and dividend income	105,454	43,816	152	42,285	191,709	0	191,710	(847)	190,863
Interest paid	7,063	96	2,920	4,470	14,550	3	14,554	(4)	14,549
Investment gains on the equity method	33	—	—	559	592	—	592	—	592
Extraordinary gains <sup>(Note 5)</sup>	4,641	0	0	26,021	30,663	50	30,713	(21)	30,692
Extraordinary losses <sup>(Note 6)</sup>	47,271	1,438	46	9,510	58,265	2	58,268	(21)	58,246
Impairment losses	2,738	—	—	8,393	11,132	—	11,132	—	11,132
Income tax expenses	43,369	3,166	500	(69,782)	(22,746)	445	(22,301)	—	(22,301)
Investment in affiliates accounted for under the equity method	1,356	—	—	3,554	4,910	—	4,910	—	4,910
Increase in tangible and intangible fixed assets	67,367	380	2,511	7,634	77,895	358	78,253	—	78,253

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Domestic life insurance business:

Overseas insurance business:

Nursing care and healthcare business:

"Others" and amount on the consolidated financial statements:

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

3. Adjustments of sales are as follows.

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

life insurance premiums written:

Elimination of internal transactions among segments:

Net premiums written

Life insurance premiums written

Net premiums written and life insurance premiums written

Ordinary income

Ordinary income

433,946 million yen

(13,763) 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 4,619 million yen of gains on disposal of fixed assets. Also, extraordinary gains for overseas insurance business include 25,927 million yen of gains on liquidation of overseas subsidiaries.

6. Extraordinary losses for domestic P&C insurance business include 34,041 million yen of losses on disposal of fixed assets, and 10,490 million yen of provision for reserve for price fluctuation. Also, extraordinary losses for overseas insurance business include 8,393 million yen of impairment losses.

## Related information

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	United States	Others	Total
2,557,488	74,313	358,887	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 country or region 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, 2018 (April 1, 2017 to March 31, 2018)

## 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	454,125	105,325	192,798	1,241,314	292,021	569,170	2,854,755

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	325,365	6,348	15,284	—	346,998

## 2. Information by geographic area

### (1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,612,597	343,455	370,748	3,326,801

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 country or region 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, 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

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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	2,738	—	—	8,393	11,132	—	—	11,132

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

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

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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, 2018	147	609	4,807	20,167	25,731	—	—	25,731
Balance as of March 31, 2018	241	1,827	45,598	176,310	223,977	—	—	223,977

### **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, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net assets per share	4,583.07 yen	4,960.24 yen
Net income per share	419.15 yen	361.39 yen
Diluted net income per share	418.71 yen	361.09 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, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net income per share		
Net income attributable to shareholders of the parent	166,402	139,817
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	166,402	139,817
Average number of common stocks outstanding	396,995 thousand shares	386,879 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:	419 thousand shares	328 thousand shares
Stock acquisition rights	419 thousand shares	328 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: 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, 2017	As of March 31, 2018
Total net assets	1,868,940	1,916,210
Amount to be deducted from total net assets:	65,964	28,441
Stock acquisition rights	926	749
Non-controlling interests	65,038	27,692
Net assets attributable to common stocks	1,802,975	1,887,769
Number of common stocks used for calculation of net assets per share	393,398 thousand shares	380,579 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. The average number of the treasury stock deducted above mentioned is 458 thousand for the fiscal year ended March 31, 2017 and is 597 thousand for the fiscal year ended March 31, 2018. The number of the treasury stock deducted above mentioned is 612 thousand as of March 31, 2017 and is 596 thousand as of March 31, 2018.



## 19. Significant Subsequent Events

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### 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 18, 2018. The Company has been completed stock buybacks.

#### 1. Details of the Company's Board of Directors' resolution

(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, 2018.

(2) Details of stock buybacks

(a) Class of shares	Common stock of the Company
(b) Potential total number	13,000,000 shares (upper limit)
(c) Total price	39,100,000,000 yen (upper limit)
(d) Period	May 21, 2018–November 16, 2018

#### 2. Details of result of stock buybacks

(1) Class of shares	Common stock of the Company
(2) Total number	8,238,100 shares
(3) Total price	39,099,812,300 yen
(4) Period	May 21, 2018 — June 8, 2018
(5) Method	Open-market transactions on the Tokyo Stock Exchange

# 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, 2017	As of March 31, 2018	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	369,971	<b>445,878</b>	75,906
Cash	6	<b>2</b>	(4)
Deposits	369,964	<b>445,875</b>	75,910
Receivables under resale agreements	54,999	<b>74,998</b>	19,999
Monetary receivables bought	7,624	<b>6,301</b>	(1,323)
Money trusts	104,292	<b>98,613</b>	(5,678)
Securities:	5,519,966	<b>5,491,040</b>	(28,926)
Government bonds	913,716	<b>834,110</b>	(79,605)
Municipal bonds	6,868	<b>6,839</b>	(29)
Corporate bonds	569,275	<b>570,034</b>	759
Domestic stocks	1,600,377	<b>1,661,445</b>	61,067
Foreign securities	2,379,894	<b>2,356,282</b>	(23,612)
Other securities	49,834	<b>62,328</b>	12,493
Loans:	626,474	<b>661,399</b>	34,924
Policy loans	8,647	<b>7,643</b>	(1,003)
Ordinary loans	617,827	<b>653,756</b>	35,928
Tangible fixed assets:	289,844	<b>244,366</b>	(45,477)
Land	143,299	<b>103,348</b>	(39,951)
Buildings	116,496	<b>105,830</b>	(10,665)
Leased assets	3,106	<b>2,563</b>	(542)
Construction in progress	2,751	<b>6,920</b>	4,168
Other tangible fixed assets	24,189	<b>25,703</b>	1,513
Intangible fixed assets:	37,608	<b>79,404</b>	41,795
Software	—	<b>4,913</b>	4,913
Other intangible fixed assets	37,608	<b>74,490</b>	36,882
Other assets:	568,415	<b>596,552</b>	28,137
Premiums receivable	2,465	<b>2,868</b>	403
Agency accounts receivable	171,724	<b>173,280</b>	1,555
Foreign agency accounts receivable	44,512	<b>38,056</b>	(6,456)
Coinsurance accounts receivable	10,291	<b>11,716</b>	1,425
Reinsurance accounts receivable	97,410	<b>100,220</b>	2,809
Foreign reinsurance accounts receivable	81,609	<b>65,424</b>	(16,184)
Proxy service receivable	688	<b>708</b>	19
Accounts receivable	32,137	<b>66,125</b>	33,988
Accrued income	10,547	<b>10,201</b>	(345)
Advance deposits	15,700	<b>19,322</b>	3,621
Earthquake insurance deposits	6,930	<b>7,364</b>	434
Suspense payments	70,466	<b>69,189</b>	(1,277)
Deposits paid for future transactions	7,415	<b>7,744</b>	328
Derivative assets	16,512	<b>24,328</b>	7,816
Other assets	1	<b>0</b>	(1)
Prepaid pension cost	884	<b>669</b>	(215)
Allowance for possible credit losses	(3,493)	<b>(3,570)</b>	(77)
Allowance for possible investment losses	(7,808)	<b>(7,476)</b>	331
<b>Total assets</b>	<b>7,568,779</b>	<b>7,688,176</b>	<b>119,396</b>

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	4,861,584	<b>4,766,933</b>	(94,651)
Reserve for outstanding losses and claims	912,762	<b>907,429</b>	(5,332)
Underwriting reserves	3,948,822	<b>3,859,504</b>	(89,318)
Corporate bonds	333,560	<b>433,560</b>	100,000
Other liabilities:	680,506	<b>651,635</b>	(28,871)
Coinsurance accounts payable	5,370	<b>5,135</b>	(234)
Reinsurance accounts payable	93,204	<b>81,782</b>	(11,421)
Foreign reinsurance accounts payable	35,631	<b>37,179</b>	1,547
Payables under securities lending transactions	250,063	<b>95,718</b>	(154,345)
Borrowings	444	<b>137,263</b>	136,818
Income taxes payable	43,472	<b>5,685</b>	(37,786)
Deposits received	3,574	<b>3,449</b>	(125)
Unearned income	376	<b>361</b>	(14)
Accounts payable	144,356	<b>173,446</b>	29,090
Suspense receipts	87,742	<b>84,158</b>	(3,584)
Derivative liabilities	663	<b>739</b>	75
Cash collateral received for financial instruments	10,790	<b>20,768</b>	9,978
Lease obligations	2,693	<b>3,968</b>	1,274
Asset retirement obligations	2,120	<b>1,977</b>	(142)
Reserve for retirement benefits	88,172	<b>92,974</b>	4,802
Reserve for bonus payments	18,375	<b>18,435</b>	59
Reserve for bonus payments to directors	135	<b>97</b>	(37)
Reserves under the special laws:	68,706	<b>79,193</b>	10,486
Reserve for price fluctuation	68,706	<b>79,193</b>	10,486
Deferred tax liabilities	62,461	<b>70,750</b>	8,289
Total liabilities	6,113,502	<b>6,113,580</b>	77
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	70,000	<b>70,000</b>	—
Capital surplus:	70,000	<b>70,000</b>	—
Capital reserves	70,000	<b>70,000</b>	—
Retained earnings:	395,486	<b>459,119</b>	63,632
Other retained earnings:	395,486	<b>459,119</b>	63,632
Reserve for advanced depreciation	4,178	<b>4,084</b>	(94)
General reserve	83,300	<b>83,300</b>	—
Retained earnings carried forward	308,007	<b>371,735</b>	63,727
Total shareholders' equity	535,486	<b>599,119</b>	63,632
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	911,787	<b>968,426</b>	56,638
Deferred gains and losses on hedges	8,003	<b>7,050</b>	(952)
Total valuation and translation adjustments	919,790	<b>975,477</b>	55,686
Total net assets	1,455,276	<b>1,574,596</b>	119,319
Total liabilities and net assets	7,568,779	<b>7,688,176</b>	119,396

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

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	2,585,968	<b>2,590,740</b>	4,771	0.2%
Underwriting income:	2,405,516	<b>2,424,702</b>	19,186	0.8
Net premiums written	2,165,694	<b>2,168,009</b>	2,314	0.1
Deposits of premiums by policyholders	131,574	<b>120,364</b>	(11,210)	(8.5)
Interest and dividend income on deposits of premiums, etc.	41,780	<b>39,287</b>	(2,493)	(6.0)
Reversal of reserve for outstanding losses and claims	213	<b>5,332</b>	5,119	2,400.0
Reversal of underwriting reserves	64,905	<b>89,318</b>	24,413	37.6
Foreign exchange gains	—	<b>835</b>	835	—
Other underwriting income	1,348	<b>1,556</b>	207	15.4
Investment income:	168,291	<b>155,053</b>	(13,237)	(7.9)
Interest and dividend income	114,898	<b>106,234</b>	(8,664)	(7.5)
Investment gains on money trusts	2,516	<b>5,476</b>	2,959	117.6
Gains on sales of securities	84,070	<b>81,469</b>	(2,601)	(3.1)
Gains on redemption of securities	45	<b>1,025</b>	979	2,132.5
Foreign exchange gains	7,547	—	(7,547)	(100.0)
Other investment income	993	<b>136</b>	(857)	(86.3)
Transfer of interest and dividend income on deposits of premiums, etc.	(41,780)	<b>(39,287)</b>	2,493	—
Other ordinary income	12,160	<b>10,983</b>	(1,176)	(9.7)
<b>Ordinary expenses:</b>	2,355,493	<b>2,415,519</b>	60,025	2.5
Underwriting expenses:	1,986,208	<b>2,021,875</b>	35,666	1.8
Net claims paid	1,242,843	<b>1,272,130</b>	29,286	2.4
Loss adjustment expenses	125,894	<b>123,507</b>	(2,387)	(1.9)
Net commissions and brokerage fees	385,963	<b>392,329</b>	6,365	1.6
Maturity refunds to policyholders	226,123	<b>231,262</b>	5,139	2.3
Dividends to policyholders	87	<b>186</b>	99	113.2
Foreign exchange losses	2,627	—	(2,627)	(100.0)
Other underwriting expenses	2,668	<b>2,458</b>	(210)	(7.9)
Investment expenses:	35,917	<b>57,210</b>	21,293	59.3
Investment losses on money trusts	198	<b>168</b>	(29)	(15.0)
Investment losses on trading securities	1	—	(1)	(100.0)
Losses on sales of securities	12,984	<b>14,110</b>	1,126	8.7
Impairment losses on securities	1,607	<b>26,703</b>	25,096	1,560.9
Losses on redemption of securities	315	<b>97</b>	(218)	(69.2)
Losses on derivatives	16,218	<b>11,326</b>	(4,891)	(30.2)
Foreign exchange losses	—	<b>1,406</b>	1,406	—
Other investment expenses	4,590	<b>3,396</b>	(1,193)	(26.0)
Operating, general and administrative expenses	322,505	<b>325,104</b>	2,599	0.8

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change
	March 31, 2017 (April 1, 2016 to March 31, 2017)	March 31, 2018 (April 1, 2017 to March 31, 2018)		
	Amount	Amount		
Other ordinary expenses:	10,862	<b>11,328</b>	466	4.3%
Interest paid	6,496	<b>7,058</b>	562	8.7
Provision for allowance for possible credit losses	151	<b>171</b>	19	12.9
Losses on bad debt	80	<b>11</b>	(68)	(85.3)
Other ordinary expenses	4,133	<b>4,087</b>	(46)	(1.1)
<b>Ordinary profit</b>	230,474	<b>175,220</b>	(55,253)	(24.0)
<b>Extraordinary gains:</b>	9,257	<b>27,690</b>	18,432	199.1
Gains on disposal of fixed assets	9,257	<b>4,619</b>	(4,638)	(50.1)
Other extraordinary gains	—	<b>23,071</b>	23,071	—
<b>Extraordinary losses:</b>	17,538	<b>47,541</b>	30,003	171.1
Losses on disposal of fixed assets	6,803	<b>34,316</b>	27,512	404.4
Impairment losses	197	<b>2,738</b>	2,541	1,285.5
Provision for reserves under the special laws:	10,536	<b>10,486</b>	(50)	(0.5)
Provision for reserve for price fluctuation	10,536	<b>10,486</b>	(50)	(0.5)
<b>Net income before income taxes</b>	222,194	<b>155,369</b>	(66,824)	(30.1)
<b>Income taxes</b>	45,842	<b>831</b>	(45,011)	(98.2)
<b>Deferred income taxes</b>	11,949	<b>(15,494)</b>	(27,443)	(229.7)
<b>Total income taxes</b>	57,792	<b>(14,663)</b>	(72,455)	(125.4)
<b>Net income</b>	164,401	<b>170,032</b>	5,630	3.4
<b>Underwriting result:</b>				
Net premiums written	(+) 2,165,694	<b>2,168,009</b>	2,314	0.1
Net claims paid	(-) 1,242,843	<b>1,272,130</b>	29,286	2.4
Loss adjustment expenses	(-) 125,894	<b>123,507</b>	(2,387)	(1.9)
Net operating expenses:	(-) 692,688	<b>700,206</b>	7,518	1.1
Net commissions and brokerage fees	385,963	<b>392,329</b>	6,365	1.6
Operating, general and administrative expenses related to underwriting	306,724	<b>307,876</b>	1,152	0.4
Underwriting result	104,267	<b>72,164</b>	(32,103)	(30.8)
Underwriting profit	112,474	<b>94,815</b>	(17,659)	(15.7)
<b>Ratios:</b>				
Net loss ratio	(%) 63.2	<b>64.4</b>	1.2	
Net operating expenses ratio	(%) 32.0	<b>32.3</b>	0.3	
Combined ratio	(%) 95.2	<b>96.7</b>	1.5	

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

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	26,846	<b>27,171</b>	324
Cash	0	<b>0</b>	0
Deposits	26,846	<b>27,170</b>	324
Securities:	16,878	<b>18,462</b>	1,583
Government bonds	8,819	<b>6,481</b>	(2,337)
Municipal bonds	4,494	<b>7,541</b>	3,046
Corporate bonds	2,737	<b>1,610</b>	(1,126)
Domestic stocks	31	<b>35</b>	4
Foreign securities	10	<b>1</b>	(8)
Other securities	786	<b>2,791</b>	2,005
Loans:	0	<b>0</b>	0
Policy loans	0	<b>0</b>	0
Tangible fixed assets:	224	<b>310</b>	86
Buildings	52	<b>87</b>	34
Leased assets	162	<b>185</b>	22
Other tangible fixed assets	8	<b>38</b>	29
Intangible fixed assets:	2,995	<b>2,896</b>	(99)
Software	2,991	<b>2,892</b>	(99)
Other intangible fixed assets	3	<b>3</b>	—
Other assets:	4,710	<b>4,998</b>	287
Premiums receivable	1,641	<b>1,752</b>	110
Agency accounts receivable	77	<b>71</b>	(6)
Coinsurance accounts receivable	12	<b>11</b>	(1)
Reinsurance accounts receivable	74	<b>66</b>	(8)
Foreign reinsurance accounts receivable	77	<b>45</b>	(32)
Accounts receivable	634	<b>599</b>	(34)
Accrued income	35	<b>31</b>	(4)
Advance deposits	361	<b>373</b>	11
Suspense payments	1,560	<b>1,768</b>	208
Other assets	234	<b>277</b>	42
Allowance for possible credit losses	(0)	<b>(31)</b>	(31)
<b>Total assets</b>	<b>51,655</b>	<b>53,807</b>	<b>2,151</b>

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	38,998	<b>41,984</b>	2,985
Reserve for outstanding losses and claims	12,444	<b>13,630</b>	1,186
Underwriting reserves	26,553	<b>28,353</b>	1,799
Other liabilities:	2,891	<b>3,049</b>	158
Coinsurance accounts payable	40	<b>36</b>	(3)
Reinsurance accounts payable	234	<b>190</b>	(43)
Foreign reinsurance accounts payable	153	<b>133</b>	(19)
Income taxes payable	116	<b>130</b>	13
Deposits received	3	<b>15</b>	12
Accounts payable	1,469	<b>1,534</b>	65
Suspense receipts	707	<b>818</b>	111
Lease obligations	165	<b>188</b>	22
Reserve for retirement benefits to directors	20	<b>25</b>	4
Reserve for bonus payments	264	<b>273</b>	9
Reserve for bonus payments to directors	27	<b>22</b>	(5)
Reserves under the special laws:	40	<b>44</b>	4
Reserve for price fluctuation	40	<b>44</b>	4
Deferred tax liabilities	130	<b>118</b>	(11)
Total liabilities	42,373	<b>45,518</b>	3,144
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	28,760	<b>31,010</b>	2,250
Capital surplus:	26,997	<b>29,247</b>	2,249
Capital reserves	26,997	<b>29,247</b>	2,249
Other capital surplus	0	<b>0</b>	—
Retained earnings:	(46,903)	<b>(52,364)</b>	(5,461)
Other retained earnings:	(46,903)	<b>(52,364)</b>	(5,461)
Retained earnings carried forward	(46,903)	<b>(52,364)</b>	(5,461)
Total shareholders' equity	8,854	<b>7,893</b>	(961)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	427	<b>396</b>	(30)
Total valuation and translation adjustments	427	<b>396</b>	(30)
Total net assets	9,281	<b>8,289</b>	(992)
Total liabilities and net assets	51,655	<b>53,807</b>	2,151

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

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	33,379	<b>38,160</b>	4,780	14.3%
Underwriting income:	33,299	<b>38,065</b>	4,765	14.3
Net premiums written	33,223	<b>38,012</b>	4,788	14.4
Deposits of premiums by policyholders	42	<b>16</b>	(26)	(60.7)
Interest and dividend income on deposits of premiums, etc.	32	<b>35</b>	2	8.3
Investment income:	72	<b>90</b>	18	25.1
Interest and dividend income	93	<b>83</b>	(10)	(11.5)
Gains on sales of securities	3	<b>37</b>	33	874.9
Other investment income	7	<b>5</b>	(1)	(21.5)
Transfer of interest and dividend income on deposits of premiums, etc.	(32)	<b>(35)</b>	(2)	—
Other ordinary income	8	<b>5</b>	(3)	(37.9)
<b>Ordinary expenses:</b>	39,311	<b>43,602</b>	4,291	10.9
Underwriting expenses:	27,515	<b>30,151</b>	2,636	9.6
Net claims paid	19,532	<b>23,102</b>	3,570	18.3
Loss adjustment expenses	2,731	<b>3,108</b>	376	13.8
Net commissions and brokerage fees	857	<b>841</b>	(15)	(1.8)
Maturity refunds to policyholders	308	<b>105</b>	(203)	(65.9)
Provision for reserve for outstanding losses and claims	2,312	<b>1,186</b>	(1,126)	(48.7)
Provision for underwriting reserves	1,767	<b>1,799</b>	32	1.8
Foreign exchange losses	0	<b>0</b>	(0)	(73.9)
Other underwriting expenses	6	<b>8</b>	2	44.0
Investment expenses:	4	<b>3</b>	(0)	(7.7)
Other investment expenses	4	<b>3</b>	(0)	(7.7)
Operating, general and administrative expenses	11,761	<b>13,375</b>	1,613	13.7
Other ordinary expenses:	29	<b>71</b>	41	137.6
Interest paid	3	<b>4</b>	1	32.5
Provision for allowance for possible credit losses	—	<b>31</b>	31	—
Other ordinary expenses	26	<b>35</b>	8	33.9
<b>Ordinary loss</b>	(5,931)	<b>(5,441)</b>	489	—



(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
<b>Extraordinary losses:</b>	4	<b>4</b>	0			6.1%
Losses on disposal of fixed assets	0	<b>0</b>	0			78.8
Impairment losses	0	<b>—</b>	(0)			(100.0)
Provision for reserves under the special laws:	3	<b>4</b>	0			8.2
Provision for reserve for price fluctuation	3	<b>4</b>	0			8.2
<b>Net loss before income taxes</b>	(5,935)	<b>(5,446)</b>	489			—
<b>Income taxes</b>	12	<b>15</b>	2			21.4
<b>Total income taxes</b>	12	<b>15</b>	2			21.4
<b>Net loss</b>	(5,948)	<b>(5,461)</b>	486			—
<b>Underwriting result:</b>						
Net premiums written	(+)	33,223	<b>38,012</b>	4,788		14.4
Net claims paid	(-)	19,532	<b>23,102</b>	3,570		18.3
Loss adjustment expenses	(-)	2,731	<b>3,108</b>	376		13.8
Net operating expenses:	(-)	12,601	<b>14,198</b>	1,597		12.7
Net commissions and brokerage fees		857	<b>841</b>	(15)		(1.8)
Operating, general and administrative expenses related to underwriting		11,743	<b>13,356</b>	1,613		13.7
Underwriting result		(1,641)	<b>(2,396)</b>	(754)		—
Underwriting profit (loss)		(5,938)	<b>(5,422)</b>	516		—
<b>Ratios:</b>						
Net loss ratio	(%)	67.0	<b>69.0</b>	2.0		
Net operating expenses ratio	(%)	37.9	<b>37.4</b>	(0.5)		
Combined ratio	(%)	104.9	<b>106.4</b>	1.5		

Sompo 24 Insurance Company Limited (Non-consolidated)  
**Balance Sheet**

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	15,196	<b>20,795</b>	5,598
Cash	—	<b>0</b>	0
Deposits	15,196	<b>20,795</b>	5,598
Securities:	7,127	<b>2,001</b>	(5,125)
Government bonds	7,027	<b>2,001</b>	(5,025)
Other securities	100	—	(100)
Tangible fixed assets:	204	<b>188</b>	(16)
Buildings	18	<b>16</b>	(2)
Other tangible fixed assets	185	<b>171</b>	(13)
Other assets:	909	<b>895</b>	(13)
Reinsurance accounts receivable	—	<b>8</b>	8
Accounts receivable	667	<b>658</b>	(8)
Accrued income	2	<b>1</b>	(0)
Advance deposits	171	<b>171</b>	0
Suspense payments	68	<b>54</b>	(13)
Deferred tax assets	258	<b>219</b>	(38)
Total assets	23,696	<b>24,100</b>	403
<b>Liabilities:</b>			
Underwriting funds:	13,427	<b>11,933</b>	(1,494)
Reserve for outstanding losses and claims	5,382	<b>4,458</b>	(924)
Underwriting reserves	8,045	<b>7,475</b>	(569)
Other liabilities:	2,279	<b>2,200</b>	(79)
Reinsurance accounts payable	4	<b>4</b>	0
Income taxes payable	135	<b>198</b>	63
Deposits received	8	<b>5</b>	(3)
Accounts payable	1,072	<b>988</b>	(83)
Suspense receipts	1,059	<b>1,003</b>	(55)
Reserve for retirement benefits	258	<b>280</b>	22
Reserve for bonus payments	97	<b>98</b>	0
Reserve for bonus payments to directors	5	<b>4</b>	(0)
Reserves under the special laws:	41	<b>20</b>	(21)
Reserve for price fluctuation	41	<b>20</b>	(21)
Total liabilities	16,110	<b>14,537</b>	(1,573)
<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:	(30,423)	<b>(28,437)</b>	1,986
Other retained earnings:	(30,423)	<b>(28,437)</b>	1,986
Retained earnings carried forward	(30,423)	<b>(28,437)</b>	1,986
Total shareholders' equity	7,576	<b>9,562</b>	1,986
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	9	<b>0</b>	(9)
Total valuation and translation adjustments	9	<b>0</b>	(9)
Total net assets	7,586	<b>9,562</b>	1,976
Total liabilities and net assets	23,696	<b>24,100</b>	403

# Sonpo 24 Insurance Company Limited (Non-consolidated)

## Statement of Income

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change	
	March 31, 2017 (April 1, 2016 to March 31, 2017)	March 31, 2018 (April 1, 2017 to March 31, 2018)			
	Amount	Amount			
<b>Ordinary income:</b>	14,149	<b>13,881</b>	(267)	(1.9)%	
Underwriting income:	14,128	<b>13,890</b>	(237)	(1.7)	
Net premiums written	13,312	<b>12,386</b>	(926)	(7.0)	
Interest and dividend income on deposits of premiums, etc.	10	<b>10</b>	0	4.5	
Reversal of reserve for outstanding losses and claims	494	<b>924</b>	429	86.8	
Reversal of underwriting reserves	310	<b>569</b>	258	83.2	
Investment income:	(1)	<b>(10)</b>	(8)	—	
Interest and dividend income	8	<b>0</b>	(8)	(94.8)	
Transfer of interest and dividend income on deposits of premiums, etc.	(10)	<b>(10)</b>	(0)	—	
Other ordinary income	22	<b>0</b>	(21)	(95.6)	
<b>Ordinary expenses:</b>	12,540	<b>11,595</b>	(945)	(7.5)	
Underwriting expenses:	9,124	<b>8,507</b>	(616)	(6.8)	
Net claims paid	7,268	<b>6,775</b>	(493)	(6.8)	
Loss adjustment expenses	1,038	<b>996</b>	(41)	(4.0)	
Net commissions and brokerage fees	817	<b>735</b>	(81)	(10.0)	
Operating, general and administrative expenses	3,416	<b>3,087</b>	(329)	(9.6)	
Other ordinary expenses:	0	<b>0</b>	0	539.7	
Other ordinary expenses	0	<b>0</b>	0	539.7	
<b>Ordinary profit</b>	1,608	<b>2,285</b>	677	42.1	
<b>Extraordinary gains:</b>	—	<b>21</b>	21	—	
Reversal of reserves under the special laws:	—	<b>21</b>	21	—	
Reversal of reserve for price fluctuation	—	<b>21</b>	21	—	
<b>Extraordinary losses:</b>	1	<b>36</b>	34	1,865.6	
Losses on disposal of fixed assets	0	<b>1</b>	1	233.3	
Provision for reserves under the special laws:	1	<b>—</b>	(1)	(100.0)	
Provision for reserve for price fluctuation	1	<b>—</b>	(1)	(100.0)	
Business structure reform expenses	—	<b>35</b>	35	—	
<b>Net income before income taxes</b>	1,606	<b>2,271</b>	664	41.3	
<b>Income taxes</b>	153	<b>242</b>	88	58.0	
<b>Deferred income taxes</b>	(262)	<b>42</b>	304	—	
<b>Total income taxes</b>	(108)	<b>284</b>	393	—	
<b>Net income</b>	1,715	<b>1,986</b>	270	15.8	
<b>Underwriting result:</b>					
Net premiums written	(+)	13,312	<b>12,386</b>	(926)	(7.0)
Net claims paid	(-)	7,268	<b>6,775</b>	(493)	(6.8)
Loss adjustment expenses	(-)	1,038	<b>996</b>	(41)	(4.0)
Net operating expenses:	(-)	4,230	<b>3,820</b>	(409)	(9.7)
Net commissions and brokerage fees		817	<b>735</b>	(81)	(10.0)
Operating, general and administrative expenses related to underwriting		3,413	<b>3,084</b>	(328)	(9.6)
Underwriting result		775	<b>793</b>	17	2.3
Underwriting profit		1,591	<b>2,297</b>	706	44.4
<b>Ratios:</b>					
Net loss ratio	(%)	62.4	<b>62.8</b>	0.4	
Net operating expenses ratio	(%)	31.8	<b>30.8</b>	(0.9)	
Combined ratio	(%)	94.2	<b>93.6</b>	(0.6)	

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

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	58,074	<b>90,465</b>	32,391
Cash	0	<b>0</b>	(0)
Deposits	58,073	<b>90,465</b>	32,391
Securities:	2,434,670	<b>2,594,537</b>	159,866
Government bonds	1,699,212	<b>1,773,257</b>	74,045
Municipal bonds	58,608	<b>61,410</b>	2,801
Corporate bonds	343,065	<b>354,833</b>	11,767
Domestic stocks	7,963	<b>9,233</b>	1,269
Foreign securities	325,819	<b>395,802</b>	69,983
Loans:	38,254	<b>39,865</b>	1,610
Policy loans	38,254	<b>39,865</b>	1,610
Tangible fixed assets:	1,515	<b>1,455</b>	(59)
Buildings	396	<b>433</b>	37
Leased assets	931	<b>759</b>	(172)
Other tangible fixed assets	187	<b>262</b>	75
Agency accounts receivable	132	<b>120</b>	(12)
Reinsurance accounts receivable	1,756	<b>1,925</b>	169
Other assets:	46,196	<b>53,984</b>	7,788
Accounts receivable	32,785	<b>35,828</b>	3,043
Prepaid expenses	1,809	<b>1,865</b>	55
Accrued income	7,123	<b>7,600</b>	476
Advance deposits	2,783	<b>2,750</b>	(32)
Derivative assets	1,266	<b>5,384</b>	4,117
Suspense payments	372	<b>481</b>	109
Other assets	55	<b>73</b>	17
Deferred tax assets	8,464	<b>13,923</b>	5,459
Allowance for possible credit losses	(37)	<b>(48)</b>	(10)
<b>Total assets</b>	<b>2,589,026</b>	<b>2,796,230</b>	<b>207,203</b>

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Policy reserves:	2,417,365	<b>2,604,810</b>	187,444
Reserve for outstanding claims	40,870	<b>41,979</b>	1,109
Policy reserves	2,371,198	<b>2,557,365</b>	186,166
Reserve for dividends to policyholders	5,296	<b>5,465</b>	168
Agency accounts payable	6,073	<b>4,506</b>	(1,566)
Reinsurance accounts payable	987	<b>963</b>	(24)
Other liabilities:	17,734	<b>41,408</b>	23,673
Payables under securities lending transactions	—	<b>22,921</b>	22,921
Income taxes payable	2,936	<b>2,544</b>	(391)
Accounts payable	1,026	<b>5,805</b>	4,778
Accrued expenses	8,883	<b>7,964</b>	(919)
Deposits received	593	<b>225</b>	(368)
Derivative liabilities	1,656	<b>203</b>	(1,453)
Cash collateral received for financial instruments	—	<b>100</b>	100
Lease obligations	1,075	<b>900</b>	(174)
Suspense receipts	1,561	<b>742</b>	(818)
Reserve for bonus payments to directors	52	<b>47</b>	(5)
Reserve for retirement benefits	3,235	<b>3,698</b>	463
Reserves under the special laws:	5,412	<b>6,838</b>	1,425
Reserve for price fluctuation	5,412	<b>6,838</b>	1,425
<b>Total liabilities</b>	<b>2,450,859</b>	<b>2,662,271</b>	<b>211,411</b>
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	17,250	<b>17,250</b>	—
Capital surplus:	16,300	<b>13,333</b>	(2,966)
Capital reserves	12,740	<b>13,333</b>	593
Other capital surplus	3,560	—	(3,560)
Retained earnings:	58,506	<b>65,624</b>	7,117
Legal reserve	—	<b>200</b>	200
Other retained earnings:	58,506	<b>65,424</b>	6,917
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	58,181	<b>65,099</b>	6,917
Total shareholders' equity	92,056	<b>96,207</b>	4,151
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	46,109	<b>37,750</b>	(8,359)
Total valuation and translation adjustments	46,109	<b>37,750</b>	(8,359)
<b>Total net assets</b>	<b>138,166</b>	<b>133,958</b>	<b>(4,208)</b>
<b>Total liabilities and net assets</b>	<b>2,589,026</b>	<b>2,796,230</b>	<b>207,203</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	469,837	<b>490,791</b>	20,953	4.5%
Insurance premiums and other:	419,507	<b>438,487</b>	18,979	4.5
Insurance premiums	415,721	<b>434,803</b>	19,081	4.6
Reinsurance income	3,785	<b>3,684</b>	(101)	(2.7)
Investment income:	48,759	<b>49,490</b>	730	1.5
Interest and dividend income and other:	41,676	<b>43,880</b>	2,203	5.3
Interest and dividends on securities	40,534	<b>42,659</b>	2,124	5.2
Interest on loans	1,141	<b>1,181</b>	40	3.5
Other interest and dividends	—	<b>39</b>	39	—
Gains on sales of securities	5,232	<b>4,132</b>	(1,100)	(21.0)
Investment gains on special account	1,851	<b>1,478</b>	(372)	(20.1)
Other ordinary income:	1,570	<b>2,812</b>	1,242	79.1
Fund receipt for annuity rider	110	<b>1,205</b>	1,094	986.2
Fund receipt for claim deposit payments	1,450	<b>1,573</b>	123	8.5
Other ordinary income	8	<b>33</b>	24	271.5
<b>Ordinary expenses:</b>	452,957	<b>474,069</b>	21,111	4.7
Insurance claims and other:	181,079	<b>182,504</b>	1,424	0.8
Insurance claims	30,695	<b>34,636</b>	3,941	12.8
Annuity payments	12,702	<b>12,362</b>	(339)	(2.7)
Insurance benefits	39,271	<b>42,700</b>	3,429	8.7
Surrender benefits	91,883	<b>86,263</b>	(5,620)	(6.1)
Other refunds	2,575	<b>2,904</b>	328	12.8
Reinsurance premiums	3,951	<b>3,635</b>	(315)	(8.0)
Provision for policy reserves and other:	159,942	<b>187,276</b>	27,333	17.1
Provision for reserve for outstanding claims	3,615	<b>1,109</b>	(2,506)	(69.3)
Provision for policy reserves	156,326	<b>186,166</b>	29,840	19.1
Provision for interest portion of reserve for dividends to policyholders	0	<b>0</b>	(0)	(80.8)
Investment expenses:	3,545	<b>4,449</b>	903	25.5
Interest paid	93	<b>96</b>	2	2.4
Losses on sales of securities	2,220	<b>2,855</b>	634	28.6
Losses on derivatives	1,125	<b>1,384</b>	259	23.1
Foreign exchange losses	26	<b>14</b>	(12)	(45.8)
Provision for allowance for possible credit losses	11	<b>12</b>	0	1.8
Other investment expenses	67	<b>87</b>	19	28.3
Operating expenses	104,321	<b>95,576</b>	(8,745)	(8.4)

(Millions of yen)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	4,068	<b>4,263</b>	194	4.8%
Claim deposit payments	1,071	<b>1,291</b>	219	20.5
Taxes	2,067	<b>2,056</b>	(10)	(0.5)
Depreciation	471	<b>428</b>	(43)	(9.2)
Provision for reserve for retirement benefits	431	<b>463</b>	31	7.3
Other ordinary expenses	25	<b>23</b>	(2)	(9.9)
<b>Ordinary profit</b>	16,880	<b>16,721</b>	(158)	(0.9)
<b>Extraordinary gains:</b>	0	<b>0</b>	(0)	(11.5)
Gains on disposal of fixed assets and other	0	<b>0</b>	(0)	(11.5)
<b>Extraordinary losses:</b>	1,172	<b>1,438</b>	265	22.6
Losses on disposal of fixed assets and other	1	<b>12</b>	11	843.1
Provision for reserves under the special laws:	1,171	<b>1,425</b>	254	21.7
Provision for reserve for price fluctuation	1,171	<b>1,425</b>	254	21.7
<b>Provision for reserve for dividends to policyholders</b>	3,935	<b>3,981</b>	46	1.2
<b>Net income before income taxes</b>	11,771	<b>11,301</b>	(469)	(4.0)
<b>Income taxes</b>	5,686	<b>5,392</b>	(293)	(5.2)
<b>Deferred income taxes</b>	(2,233)	<b>(2,208)</b>	25	—
<b>Total income taxes</b>	3,452	<b>3,184</b>	(268)	(7.8)
<b>Net income</b>	8,319	<b>8,117</b>	(201)	(2.4)

# 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 increased 113.6 points from previous fiscal year to 862.5 percent.



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

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
(A) Total Consolidated Solvency Margin	2,929,303	<b>3,345,721</b>
Capital and funds, etc.	581,789	<b>698,113</b>
Reserve for price fluctuation	74,200	<b>86,117</b>
Contingency reserve	30,154	<b>30,894</b>
Catastrophic loss reserve	577,363	<b>560,136</b>
General allowance for possible credit losses	2,785	<b>2,412</b>
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,055,534	<b>1,129,750</b>
Unrealized gains and losses on land	29,657	<b>69,855</b>
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	(41,126)	<b>(4,473)</b>
Surplus such as premium fund	146,556	<b>164,592</b>
Subordinated debt, etc.	333,560	<b>433,560</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	47,666	<b>38,553</b>
Others	186,493	<b>213,315</b>
(B) Total Consolidated Risks	782,195	<b>775,746</b>
$\sqrt{(R_1^2+R_2^2+R_3+R_4)^2+(R_5+R_6+R_7)^2+R_8+R_9}$		
Underwriting risk for property and casualty insurance business (R <sub>1</sub> )	258,253	<b>250,523</b>
Underwriting risk for life insurance business (R <sub>2</sub> )	14,600	<b>14,256</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>3</sub> )	8,725	<b>9,318</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> )	29,114	<b>27,801</b>
Guaranteed minimum benefit risk for life insurance policies (R <sub>6</sub> )	374	<b>379</b>
Investment risk (R <sub>7</sub> )	512,555	<b>515,517</b>
Business management risk (R <sub>8</sub> )	20,006	<b>19,804</b>
Major catastrophe risk for property and casualty insurance policies (R <sub>9</sub> )	157,779	<b>153,168</b>
(C) Consolidated Solvency Margin Ratio	748.9%	<b>862.5%</b>
$[(A) / \{(B) \times 1/2\}] \times 100$		

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

# Solvency Margin Ratios of Principal Consolidated Subsidiaries (Unaudited)

## Non-consolidated Solvency Margin Ratio

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

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

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
(A) Total Non-consolidated Solvency Margin	2,766,796	<b>3,078,246</b>
Capital and funds, etc.	535,486	<b>598,902</b>
Reserve for price fluctuation	68,706	<b>79,193</b>
Contingency reserve	611	<b>611</b>
Catastrophic loss reserve	572,867	<b>555,293</b>
General allowance for possible credit losses	226	<b>229</b>
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,110,731	<b>1,184,429</b>
Unrealized gains and losses on land	52,912	<b>93,030</b>
Excess amount of reserve for maturity refunds	—	<b>—</b>
Subordinated debt, etc.	333,560	<b>433,560</b>
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	<b>—</b>
Deductions	71,649	<b>54,455</b>
Others	163,342	<b>187,451</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	817,299	<b>837,472</b>
Underwriting risk (R <sub>1</sub> )	185,764	<b>187,079</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> )	20,722	<b>19,350</b>
Investment risk (R <sub>4</sub> )	633,600	<b>646,159</b>
Business management risk (R <sub>5</sub> )	19,160	<b>19,583</b>
Major catastrophe risk (R <sub>6</sub> )	117,957	<b>126,585</b>
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	677.0%	<b>735.1%</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, 2017	As of March 31, 2018
(A) Total Non-consolidated Solvency Margin	13,370	<b>12,720</b>
Capital and funds, etc.	8,854	<b>7,893</b>
Reserve for price fluctuation	40	<b>44</b>
Contingency reserve	11	<b>11</b>
Catastrophic loss reserve	3,960	<b>4,306</b>
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	501	<b>463</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	2	<b>1</b>
(B) Total Non-consolidated Risks	4,758	<b>5,482</b>
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R <sub>1</sub> )	3,525	<b>4,233</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> )	23	<b>21</b>
Investment risk (R <sub>4</sub> )	664	<b>702</b>
Business management risk (R <sub>5</sub> )	156	<b>178</b>
Major catastrophe risk (R <sub>6</sub> )	1,009	<b>1,008</b>
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	562.0%	<b>463.9%</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, 2017	As of March 31, 2018
(A) Total Non-consolidated Solvency Margin	8,166	<b>10,063</b>
Capital and funds, etc.	7,576	<b>9,562</b>
Reserve for price fluctuation	41	<b>20</b>
Contingency reserve	—	—
Catastrophic loss reserve	535	<b>480</b>
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	11	<b>0</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	1,960	<b>1,860</b>
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R <sub>1</sub> )	1,735	<b>1,649</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> )	296	<b>248</b>
Business management risk (R <sub>5</sub> )	65	<b>60</b>
Major catastrophe risk (R <sub>6</sub> )	134	<b>132</b>
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	833.0%	<b>1,081.6%</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, 2017	As of March 31, 2018
(A) Total Non-consolidated Solvency Margin	335,187	<b>340,108</b>
Capital, etc.	92,056	<b>96,207</b>
Reserve for price fluctuation	5,412	<b>6,838</b>
Contingency reserve	29,531	<b>30,270</b>
General allowance for possible credit losses	3	<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)	57,637	<b>47,188</b>
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	<b>—</b>
Excess amount of continued Zillmerized reserve	146,556	<b>164,592</b>
Subordinated debt, etc.	—	<b>—</b>
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(19,159)	<b>(30,855)</b>
Brought in capital, etc.	—	<b>—</b>
Deductions	—	<b>—</b>
Others	23,148	<b>25,862</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4+R_5)^2+R_6}$	42,616	<b>44,952</b>
Underwriting risk (R <sub>1</sub> )	13,620	<b>13,508</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	8,725	<b>9,318</b>
Guaranteed interest rate risk (R <sub>3</sub> )	8,369	<b>8,430</b>
Guaranteed minimum benefit risk (R <sub>4</sub> )	374	<b>379</b>
Investment risk (R <sub>5</sub> )	26,191	<b>28,512</b>
Business management risk (R <sub>6</sub> )	1,145	<b>1,202</b>
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,573.0%	<b>1,513.1%</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.