

# 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, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	401,178	15.99%	5.60%	426,238	16.76%	6.25%
Marine insurance	46,983	1.87	3.89	46,123	1.81	(1.83)
Personal accident insurance	276,557	11.02	(3.92)	262,694	10.33	(5.01)
Voluntary automobile insurance	1,127,108	44.91	0.59	1,123,163	44.15	(0.35)
Compulsory automobile liability insurance	297,410	11.85	(6.59)	297,246	11.69	(0.06)
Others	360,403	14.36	4.57	388,254	15.26	7.73
Total	2,509,641	100.00	0.52	2,543,721	100.00	1.36
Deposits of premiums by policyholders	120,380	4.80	(8.54)	111,132	4.37	(7.68)

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, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	282,230	12.72%	(1.32)%	265,519	12.08%	(5.92)%
Marine insurance	47,386	2.14	7.73	44,315	2.02	(6.48)
Personal accident insurance	182,280	8.22	(1.11)	172,856	7.86	(5.17)
Voluntary automobile insurance	1,124,201	50.68	0.45	1,118,765	50.88	(0.48)
Compulsory automobile liability insurance	292,021	13.16	(1.31)	278,788	12.68	(4.53)
Others	290,288	13.09	2.64	318,458	14.48	9.70
Total	2,218,407	100.00	0.28	2,198,702	100.00	(0.89)

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

### 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	201,779	15.50%	7.64%	276,294	19.59%	36.93%
Marine insurance	29,084	2.23	6.40	34,103	2.42	17.26
Personal accident insurance	96,404	7.41	(0.11)	91,729	6.50	(4.85)
Voluntary automobile insurance	608,645	46.76	3.31	620,252	43.97	1.91
Compulsory automobile liability insurance	215,441	16.55	(4.02)	206,781	14.66	(4.02)
Others	150,278	11.55	4.08	181,396	12.86	20.71
Total	1,301,632	100.00	2.55	1,410,557	100.00	8.37

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

## 4. Investment assets

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Deposits	497,791	7.39%	489,138	7.48%
Receivables under resale agreements	74,998	1.11	64,999	0.99
Monetary receivables bought	6,301	0.09	11,703	0.18
Money trusts	98,613	1.46	40,862	0.62
Securities	4,489,120	66.64	4,067,374	62.20
Loans	628,099	9.32	661,077	10.11
Land & buildings	232,377	3.45	223,925	3.42
Total investment assets	6,027,302	89.47	5,559,080	85.01
Total net assets	6,736,732	100.00	6,539,595	100.00

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

## 5. Securities

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Government bonds	842,594	18.77%	782,353	19.23%
Municipal bonds	14,380	0.32	17,358	0.43
Corporate bonds	571,645	12.73	604,069	14.85
Domestic stocks	1,629,104	36.29	1,310,730	32.23
Foreign securities	1,366,275	30.44	1,284,594	31.58
Others	65,119	1.45	68,268	1.68
Total	4,489,120	100.00	4,067,374	100.00

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- As of March 31, 2018, Others primarily comprised security investment trust beneficiary securities amounting to 51,499 million yen.  
As of March 31, 2019, Others primarily comprised security investment trust beneficiary securities amounting to 54,455 million yen.

## 6. Yield

### (1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	96	458,442	0.02%	246	455,187	0.05%
Call loans	0	80	0.03	—	—	—
Receivables under resale agreements	3	72,887	0.00	2	62,238	0.00
Monetary receivables bought	150	6,375	2.36	134	6,844	1.96
Money trusts	2,395	95,770	2.50	2,093	73,463	2.85
Securities	92,929	3,338,115	2.78	98,459	3,232,253	3.05
Loans	6,505	611,659	1.06	7,010	646,947	1.08
Land & buildings	3,703	278,313	1.33	3,499	233,316	1.50
Subtotal	105,783	4,861,646	2.18	111,447	4,710,251	2.37
Others	1,218	—	—	1,166	—	—
Total	107,002	—	—	112,613	—	—

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, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	(1,578)	458,442	(0.34)%	298	455,187	0.07%
Call loans	0	80	0.03	—	—	—
Receivables under resale agreements	3	72,887	0.00	2	62,238	0.00
Monetary receivables bought	150	6,375	2.36	134	6,844	1.96
Money trusts	5,307	95,770	5.54	4,438	73,463	6.04
Securities	160,193	3,338,115	4.80	188,269	3,232,253	5.82
Loans	4,561	611,659	0.75	8,039	646,947	1.24
Land & buildings	3,703	278,313	1.33	3,499	233,316	1.50
Derivatives	(11,606)	—	—	(6,685)	—	—
Others	(170)	—	—	2,247	—	—
Total	160,563	4,861,646	3.30	200,244	4,710,251	4.25

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Investment profit (realized basis) excludes investment expenses from total amount of investment income and interest and dividend income on deposits of premiums, etc., on the Consolidated Statement of Income.
- Average 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, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	786,891	53.37%	674,539	49.85%
Foreign stocks	120,587	8.18	107,917	7.98
Others	310,948	21.09	344,420	25.45
Subtotal	1,218,427	82.63	1,126,877	83.28
Yen-denominated securities				
Loan for non-resident	3,600	0.24	1,100	0.08
Foreign bonds	44,623	3.03	31,854	2.35
Others	207,848	14.10	193,298	14.29
Subtotal	256,071	17.37	226,252	16.72
Total	1,474,498	100.00	1,353,130	100.00
Yield on foreign investments				
Income yield		2.38%		2.53%
Realized yield		2.49		2.64

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, 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. As of March 31, 2019, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 251,149 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 130,875 million yen.

## Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	636,347	88.21%	519,452	(18.37)%

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

## Domestic Life Insurance Business

### 1. Total amount of business in force

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Individual insurance	21,877,872	(0.86)%	23,073,457	5.46%
Individual annuities	247,948	(4.12)	237,554	(4.19)
Group insurance	2,784,686	3.09	2,710,674	(2.66)
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, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	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	1,484,076	1,484,076	—	4,244,311	4,244,311	—
Individual annuities	—	—	—	—	—	—
Group insurance	18,461	18,461	—	17,092	17,092	—
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, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Deposits	90,465	3.23%	92,843	3.09%
Securities	2,593,406	92.72	2,804,105	93.28
Loans	39,865	1.43	41,734	1.39
Land & buildings	433	0.02	445	0.01
Total investment assets	2,724,171	97.40	2,939,128	97.77
Total net assets	2,796,934	100.00	3,006,265	100.00

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

## 4. Securities

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,771,498	68.31%	1,843,724	65.75%
Municipal bonds	61,623	2.38	66,010	2.35
Corporate bonds	355,247	13.70	425,426	15.17
Domestic stocks	9,234	0.36	8,649	0.31
Foreign securities	395,802	15.26	460,294	16.42
Total	2,593,406	100.00	2,804,105	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, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	76,714	—%	—	86,033	—%
Securities	42,635	2,447,617	1.74	43,308	2,623,647	1.65
Loans	1,181	38,913	3.04	1,235	40,686	3.04
Land & buildings	—	442	—	—	422	—
Subtotal	43,816	2,563,687	1.71	44,544	2,750,789	1.62
Others	—	—	—	—	—	—
Total	43,816	—	—	44,544	—	—

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, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	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	76,714	0.00%	—	86,033	—%
Securities	43,897	2,447,617	1.79	44,460	2,623,647	1.69
Loans	1,181	38,913	3.04	1,235	40,686	3.04
Land & buildings	—	442	—	—	422	—
Derivatives	(1,384)	—	—	(926)	—	—
Others	(87)	—	—	—	—	—
Total	43,607	2,563,687	1.70	44,769	2,750,789	1.63

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, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	376,018	96.53%	429,747	94.74%
Others	166	0.04	—	—
Subtotal	376,184	96.57	429,747	94.74
Yen-denominated securities				
Foreign bonds	13,350	3.43	8,410	1.85
Others	—	—	15,459	3.41
Subtotal	13,350	3.43	23,870	5.26
Total	389,535	100.00	453,618	100.00
Yield on foreign investments				
Income yield		2.19%		2.02%
Realized yield		2.00		1.94

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.
- As of March 31, 2018, others in foreign currency denominated securities is entirely attributable to deposits.  
As of March 31, 2019, others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.



## Nursing Care & Healthcare Business

Ordinary income decreased 0.3 billion yen, to 127.5 billion yen, compared with the fiscal year ended March 31, 2018. Net loss attributable to shareholders of the parent improved 1.2 billion yen from the fiscal year ended March 31, 2018, to a net loss of 0.2 billion yen.

### (Reference) Overview of Entire Business

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

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	538,247	17.00%	12.52%	531,642	17.05%	(1.23)%
Marine insurance	104,351	3.30	17.63	88,929	2.85	(14.78)
Personal accident insurance	288,131	9.10	(3.60)	271,240	8.70	(5.86)
Voluntary automobile insurance	1,250,159	39.49	(0.13)	1,207,020	38.70	(3.45)
Compulsory automobile liability insurance	297,410	9.40	(6.59)	297,246	9.53	(0.06)
Others	687,145	21.71	57.32	722,477	23.17	5.14
Total	3,165,447	100.00	10.18	3,118,558	100.00	(1.48)
Deposits of premiums by policyholders	120,380	3.80	(8.54)	111,132	3.56	(7.68)

Notes)

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

## 2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	454,125	15.91%	21.57%	375,171	13.80%	(17.39)%
Marine insurance	105,325	3.69	32.76	81,730	3.01	(22.40)
Personal accident insurance	192,798	6.75	(0.70)	180,270	6.63	(6.50)
Voluntary automobile insurance	1,241,314	43.48	(0.35)	1,199,516	44.13	(3.37)
Compulsory automobile liability insurance	292,021	10.23	(1.31)	278,788	10.26	(4.53)
Others	569,170	19.94	57.34	602,677	22.17	5.89
Total	2,854,755	100.00	11.94	2,718,155	100.00	(4.78)

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

## 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	337,488	19.87%	47.24%	345,793	20.40%	2.46%
Marine insurance	63,003	3.71	52.47	53,424	3.15	(15.20)
Personal accident insurance	100,955	5.94	1.43	95,396	5.63	(5.51)
Voluntary automobile insurance	679,027	39.99	5.31	671,375	39.61	(1.13)
Compulsory automobile liability insurance	215,441	12.69	(4.02)	206,781	12.20	(4.02)
Others	302,254	17.80	60.43	322,119	19.01	6.57
Total	1,698,171	100.00	18.94	1,694,889	100.00	(0.19)

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, 2019, 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, 2019, 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 27, 2019

# Consolidated Financial Statements

## Consolidated Balance Sheet

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2018		As of March 31, 2019		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Assets:</b>						
Cash and deposits	*5	894,437	7.49%	<b>971,469</b>	<b>8.08%</b>	77,031
Receivables under resale agreements		74,998	0.63	<b>64,999</b>	<b>0.54</b>	(9,999)
Monetary receivables bought		6,727	0.06	<b>11,869</b>	<b>0.10</b>	5,142
Money trusts		98,744	0.83	<b>40,993</b>	<b>0.34</b>	(57,751)
Securities	*3, *5, *6	8,275,132	69.26	<b>8,012,734</b>	<b>66.67</b>	(262,398)
Loans	*4, *7	668,419	5.59	<b>703,255</b>	<b>5.85</b>	34,836
Tangible fixed assets:	*1, *2, *5	354,593	2.97	<b>355,144</b>	<b>2.96</b>	550
Land		132,601		<b>128,381</b>		(4,219)
Buildings		123,682		<b>124,558</b>		875
Leased assets		59,305		<b>55,598</b>		(3,707)
Construction in progress		6,935		<b>13,260</b>		6,325
Other tangible fixed assets		32,069		<b>33,345</b>		1,276
Intangible fixed assets:		402,839	3.37	<b>401,165</b>	<b>3.34</b>	(1,673)
Software		20,090		<b>21,023</b>		932
Goodwill		223,977		<b>198,694</b>		(25,282)
Other intangible fixed assets		158,770		<b>181,447</b>		22,676
Other assets		1,155,305	9.67	<b>1,447,194</b>	<b>12.04</b>	291,889
Net defined benefit asset		1,062	0.01	<b>207</b>	<b>0.00</b>	(854)
Deferred tax assets		22,312	0.19	<b>15,663</b>	<b>0.13</b>	(6,649)
Allowance for possible credit losses		(6,249)	(0.05)	<b>(6,442)</b>	<b>(0.05)</b>	(192)
<b>Total assets</b>		<b>11,948,323</b>	<b>100.00</b>	<b>12,018,254</b>	<b>100.00</b>	<b>69,930</b>

## Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2018		As of March 31, 2019		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Liabilities:</b>						
Underwriting funds:		8,277,130	69.27%	<b>8,348,638</b>	<b>69.47%</b>	71,507
Reserve for outstanding losses and claims		1,563,825		<b>1,559,910</b>		(3,915)
Underwriting reserves		6,713,304		<b>6,788,727</b>		75,422
Corporate bonds		512,045	4.29	<b>510,383</b>	<b>4.25</b>	(1,661)
Other liabilities	*5	939,362	7.86	<b>1,113,887</b>	<b>9.27</b>	174,524
Net defined benefit liability		102,992	0.86	<b>103,796</b>	<b>0.86</b>	804
Reserve for retirement benefits to directors		40	0.00	<b>31</b>	<b>0.00</b>	(9)
Reserve for bonus payments		31,731	0.27	<b>30,363</b>	<b>0.25</b>	(1,368)
Reserve for bonus payments to directors		290	0.00	<b>261</b>	<b>0.00</b>	(29)
Reserve for stocks payments		937	0.01	<b>1,347</b>	<b>0.01</b>	410
Reserves under the special laws:		86,095	0.72	<b>90,722</b>	<b>0.75</b>	4,626
Reserve for price fluctuation		86,095		<b>90,722</b>		4,626
Deferred tax liabilities		81,487	0.68	<b>38,910</b>	<b>0.32</b>	(42,576)
Total liabilities		10,032,113	83.96	<b>10,238,342</b>	<b>85.19</b>	206,229
<b>Net assets:</b>						
Shareholders' equity:						
Common stock		100,045	0.84	<b>100,045</b>	<b>0.83</b>	—
Capital surplus		408,335	3.42	<b>244,170</b>	<b>2.03</b>	(164,165)
Retained earnings		603,615	5.05	<b>712,745</b>	<b>5.93</b>	109,129
Treasury stock		(128,182)	(1.07)	<b>(2,902)</b>	<b>(0.02)</b>	125,279
Total shareholders' equity		983,814	8.23	<b>1,054,058</b>	<b>8.77</b>	70,244
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		922,425	7.72	<b>763,859</b>	<b>6.36</b>	(158,566)
Deferred gains and losses on hedges		7,050	0.06	<b>6,449</b>	<b>0.05</b>	(601)
Foreign currency translation adjustments		(22,317)	(0.19)	<b>(62,937)</b>	<b>(0.52)</b>	(40,620)
Remeasurements of defined benefit plans		(3,205)	(0.03)	<b>(3,551)</b>	<b>(0.03)</b>	(346)
Total accumulated other comprehensive income		903,954	7.57	<b>703,820</b>	<b>5.86</b>	(200,134)
Stock acquisition rights		749	0.01	<b>632</b>	<b>0.01</b>	(116)
Non-controlling interests		27,692	0.23	<b>21,399</b>	<b>0.18</b>	(6,292)
Total net assets		1,916,210	16.04	<b>1,779,911</b>	<b>14.81</b>	(136,298)
Total liabilities and net assets		11,948,323	100.00	<b>12,018,254</b>	<b>100.00</b>	69,930

# 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, 2018 (April 1, 2017 to March 31, 2018)		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
<b>Ordinary income:</b>		3,770,052	100.00%	<b>3,643,040</b>	<b>100.00%</b>	(127,011)
Underwriting income:		3,369,720	89.38	<b>3,220,047</b>	<b>88.39</b>	(149,672)
Net premiums written		2,854,755		<b>2,718,155</b>		(136,599)
Deposits of premiums by policyholders		120,380		<b>111,132</b>		(9,248)
Interest and dividend income on deposits of premiums, etc.		39,333		<b>38,203</b>		(1,129)
Life insurance premiums written		346,998		<b>349,606</b>		2,608
Other underwriting income		8,252		<b>2,949</b>		(5,303)
Investment income:		254,395	6.75	<b>273,249</b>	<b>7.50</b>	18,854
Interest and dividend income		190,863		<b>188,722</b>		(2,140)
Investment gains on money trusts		5,476		<b>5,445</b>		(30)
Investment gains on trading securities		11,461		—		(11,461)
Gains on sales of securities		83,450		<b>110,913</b>		27,463
Gains on redemption of securities		756		<b>1,709</b>		952
Investment gains on special account		1,478		<b>391</b>		(1,086)
Other investment income		242		<b>4,271</b>		4,028
Transfer of interest and dividend income on deposits of premiums, etc.		(39,333)		<b>(38,203)</b>		1,129
Other ordinary income:		145,936	3.87	<b>149,743</b>	<b>4.11</b>	3,806
Investment gains on the equity method		592		—		(592)
Other ordinary income		145,344		<b>149,743</b>		4,399
<b>Ordinary expenses:</b>		3,628,162	96.24	<b>3,444,081</b>	<b>94.54</b>	(184,080)
Underwriting expenses:		2,868,010	76.07	<b>2,737,949</b>	<b>75.16</b>	(130,061)
Net claims paid		1,698,171		<b>1,694,889</b>		(3,281)
Loss adjustment expenses	*1	138,317		<b>135,759</b>		(2,557)
Net commissions and brokerage fees	*1	516,938		<b>504,932</b>		(12,006)
Maturity refunds to policyholders		231,367		<b>205,423</b>		(25,944)
Dividends to policyholders		186		<b>128</b>		(58)
Life insurance claims paid and other payments		88,899		<b>88,471</b>		(427)
Provision for reserve for outstanding losses and claims		75,625		<b>13,119</b>		(62,506)
Provision for underwriting reserves		113,706		<b>89,730</b>		(23,976)
Other underwriting expenses		4,797		<b>5,494</b>		697
Investment expenses:		29,270	0.78	<b>35,798</b>	<b>0.98</b>	6,527
Investment losses on money trusts		168		<b>1,006</b>		837
Investment losses on trading securities		—		<b>195</b>		195
Losses on sales of securities		9,682		<b>10,984</b>		1,301
Impairment losses on securities		3,745		<b>13,425</b>		9,679
Losses on redemption of securities		97		<b>236</b>		139
Losses on derivatives		11,546		<b>2,766</b>		(8,780)
Other investment expenses		4,030		<b>7,184</b>		3,153
Operating, general and administrative expenses	*1	608,427	16.14	<b>540,542</b>	<b>14.84</b>	(67,885)
Other ordinary expenses:		122,453	3.25	<b>129,792</b>	<b>3.56</b>	7,338
Interest paid		14,549		<b>13,902</b>		(646)
Provision for allowance for possible credit losses		—		<b>420</b>		420
Losses on bad debt		60		<b>27</b>		(33)
Investment losses on the equity method		—		<b>593</b>		593
Other ordinary expenses		107,843		<b>114,848</b>		7,005
Ordinary profit		141,890	3.76	<b>198,959</b>	<b>5.46</b>	57,068

## 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, 2018 (April 1, 2017 to March 31, 2018)		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
<b>Extraordinary gains:</b>		30,692	0.81%	<b>12,868</b>	<b>0.35%</b>	(17,823)
Gains on disposal of fixed assets		4,714		<b>12,868</b>		8,154
Other extraordinary gains	*3	25,978		—		(25,978)
<b>Extraordinary losses:</b>		58,246	1.54	<b>9,799</b>	<b>0.27</b>	(48,447)
Losses on disposal of fixed assets		35,200		<b>2,427</b>		(32,773)
Impairment losses	*2	11,132		<b>1,735</b>		(9,396)
Provision for reserves under the special laws:		11,894		<b>4,626</b>		(7,268)
Provision for reserve for price fluctuation		11,894		<b>4,626</b>		(7,268)
Losses on reduction of real estate		18		—		(18)
Other extraordinary losses	*4	—		<b>1,009</b>		1,009
<b>Net income before income taxes</b>		114,336	3.03	<b>202,029</b>	<b>5.55</b>	87,692
<b>Income taxes</b>		13,618	0.36	<b>43,276</b>	<b>1.19</b>	29,657
<b>Deferred income taxes</b>		(35,920)	(0.95)	<b>16,380</b>	<b>0.45</b>	52,300
<b>Total income taxes</b>		(22,301)	(0.59)	<b>59,657</b>	<b>1.64</b>	81,958
<b>Net income</b>		136,637	3.62	<b>142,372</b>	<b>3.91</b>	5,734
<b>Net loss attributable to non-controlling shareholders</b>		(3,179)	(0.08)	<b>(4,253)</b>	<b>(0.12)</b>	(1,074)
<b>Net income attributable to shareholders of the parent</b>		139,817	3.71	<b>146,626</b>	<b>4.02</b>	6,808
<b>Gross investment margin</b>		225,124		<b>237,451</b>		12,327
<b>Other ordinary income and expenses</b>		23,483		<b>19,951</b>		(3,532)
<b>Investment gains and losses on the equity method</b>		592		<b>(593)</b>		(1,186)
<b>Extraordinary gains and losses</b>		(27,554)		<b>3,069</b>		30,623

## Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
		Amount	Amount
<b>Net income</b>		136,637	<b>142,372</b>
<b>Other comprehensive income:</b>			
Unrealized gains and losses on securities available for sale		59,196	<b>(154,942)</b>
Deferred gains and losses on hedges		(952)	<b>(601)</b>
Foreign currency translation adjustments		(43,504)	<b>(40,913)</b>
Remeasurements of defined benefit plans		26,458	<b>(328)</b>
Share of other comprehensive income of affiliates accounted for under the equity method		(81)	<b>(47)</b>
Total other comprehensive income	*1	41,116	<b>(196,832)</b>
<b>Comprehensive income</b>		177,754	<b>(54,460)</b>
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		180,373	<b>(49,978)</b>
Comprehensive income attributable to non-controlling shareholders		(2,618)	<b>(4,481)</b>

## Consolidated Statement of Changes in Net Assets

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	100,045	408,382	501,561	(71,459)	938,529
Changes during the period:					
Dividends			(41,027)		(41,027)
Net income attributable to shareholders of the parent			139,817		139,817
Acquisition of treasury stock				(56,941)	(56,941)
Disposal of treasury stock		(45)		219	173
Changes in the scope of consolidation			2,332		2,332
Changes in interest of the parent related to transactions with non-controlling shareholders		(1)			(1)
Others			931		931
Net changes in items other than shareholders' equity					
Total changes during the period	—	(47)	102,054	(56,722)	45,284
Balance at the end of the period	100,045	408,335	603,615	(128,182)	983,814

	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	863,455	8,003	22,663	(29,676)	864,445	926	65,038	1,868,940
Changes during the period:								
Dividends								(41,027)
Net income attributable to shareholders of the parent								139,817
Acquisition of treasury stock								(56,941)
Disposal of treasury stock								173
Changes in the scope of consolidation								2,332
Changes in interest of the parent related to transactions with non-controlling shareholders								(1)
Others								931
Net changes in items other than shareholders' equity	58,970	(952)	(44,981)	26,471	39,509	(177)	(37,346)	1,985
Total changes during the period	58,970	(952)	(44,981)	26,471	39,509	(177)	(37,346)	47,269
Balance at the end of the period	922,425	7,050	(22,317)	(3,205)	903,954	749	27,692	1,916,210



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

Sompo Holdings, Inc.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(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>408,335</b>	<b>603,615</b>	<b>(128,182)</b>	<b>983,814</b>
Cumulative effects of changes in accounting policies			<b>3,529</b>		<b>3,529</b>
Restated balance	<b>100,045</b>	<b>408,335</b>	<b>607,144</b>	<b>(128,182)</b>	<b>987,343</b>
Changes during the period:					
Dividends			<b>(45,208)</b>		<b>(45,208)</b>
Net income attributable to shareholders of the parent			<b>146,626</b>		<b>146,626</b>
Acquisition of treasury stock				<b>(39,127)</b>	<b>(39,127)</b>
Disposal of treasury stock		<b>(50)</b>		<b>295</b>	<b>244</b>
Cancellation of treasury stock		<b>(164,112)</b>		<b>164,112</b>	<b>—</b>
Changes in the scope of consolidation			<b>4,182</b>		<b>4,182</b>
Changes in interest of the parent related to transactions with non-controlling shareholders		<b>(2)</b>			<b>(2)</b>
Net changes in items other than shareholders' equity					
Total changes during the period	<b>—</b>	<b>(164,165)</b>	<b>105,600</b>	<b>125,279</b>	<b>66,714</b>
Balance at the end of the period	<b>100,045</b>	<b>244,170</b>	<b>712,745</b>	<b>(2,902)</b>	<b>1,054,058</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>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>
Cumulative effects of changes in accounting policies	<b>(3,529)</b>				<b>(3,529)</b>			<b>—</b>
Restated balance	<b>918,896</b>	<b>7,050</b>	<b>(22,317)</b>	<b>(3,205)</b>	<b>900,425</b>	<b>749</b>	<b>27,692</b>	<b>1,916,210</b>
Changes during the period:								
Dividends								<b>(45,208)</b>
Net income attributable to shareholders of the parent								<b>146,626</b>
Acquisition of treasury stock								<b>(39,127)</b>
Disposal of treasury stock								<b>244</b>
Cancellation of treasury stock								<b>—</b>
Changes in the scope of consolidation								<b>4,182</b>
Changes in interest of the parent related to transactions with non-controlling shareholders								<b>(2)</b>
Net changes in items other than shareholders' equity	<b>(155,037)</b>	<b>(601)</b>	<b>(40,620)</b>	<b>(346)</b>	<b>(196,604)</b>	<b>(116)</b>	<b>(6,292)</b>	<b>(203,013)</b>
Total changes during the period	<b>(155,037)</b>	<b>(601)</b>	<b>(40,620)</b>	<b>(346)</b>	<b>(196,604)</b>	<b>(116)</b>	<b>(6,292)</b>	<b>(136,298)</b>
Balance at the end of the period	<b>763,859</b>	<b>6,449</b>	<b>(62,937)</b>	<b>(3,551)</b>	<b>703,820</b>	<b>632</b>	<b>21,399</b>	<b>1,779,911</b>

# Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2018 (April 1, 2017 to March 31, 2018)	March 31, 2019 (April 1, 2018 to March 31, 2019)	
		Amount	Amount	Amount
<b>Cash flows from operating activities:</b>				
Net income before income taxes		114,336	<b>202,029</b>	87,692
Depreciation		73,069	<b>47,305</b>	(25,763)
Impairment losses		11,132	<b>1,735</b>	(9,396)
Amortization of goodwill		25,731	<b>24,057</b>	(1,674)
Increase (decrease) in reserve for outstanding losses and claims		91,837	<b>11,962</b>	(79,874)
Increase (decrease) in underwriting reserves		110,798	<b>85,494</b>	(25,303)
Increase (decrease) in allowance for possible credit losses		(222)	<b>255</b>	478
Increase (decrease) in net defined benefit liability		4,877	<b>1,193</b>	(3,683)
Increase (decrease) in reserve for retirement benefits to directors		4	<b>(9)</b>	(13)
Increase (decrease) in reserve for bonus payments		(1,547)	<b>(1,071)</b>	475
Increase (decrease) in reserve for bonus payments to directors		(15)	<b>(29)</b>	(13)
Increase (decrease) in reserve for stocks payments		491	<b>410</b>	(81)
Increase (decrease) in reserve for price fluctuation		11,894	<b>4,626</b>	(7,268)
Interest and dividend income		(190,863)	<b>(188,722)</b>	2,140
Losses (gains) on investment in securities		(70,667)	<b>(87,971)</b>	(17,304)
Interest expenses		14,549	<b>13,902</b>	(646)
Foreign exchange losses (gains)		(1,349)	<b>(1,455)</b>	(106)
Losses (gains) related to tangible fixed assets		28,220	<b>(10,490)</b>	(38,711)
Losses (gains) related to loans		1	<b>0</b>	(0)
Investment losses (gains) on the equity method		(592)	<b>593</b>	1,186
Decrease (increase) in other assets (other than investing and financing activities)		(71,583)	<b>(295,450)</b>	(223,866)
Increase (decrease) in other liabilities (other than investing and financing activities)		9,294	<b>82,050</b>	72,756
Others		(15,167)	<b>12,892</b>	28,060
Subtotal		144,227	<b>(96,688)</b>	(240,915)
Interest and dividend received		193,223	<b>192,623</b>	(599)
Interest paid		(13,906)	<b>(18,921)</b>	(5,014)
Income taxes refund (paid)		(77,109)	<b>1,758</b>	78,868
Cash flows from operating activities		246,433	<b>78,772</b>	(167,661)

## Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)
		Amount	Amount	Amount
<b>Cash flows from investing activities:</b>				
Net decrease (increase) in deposits		(22,547)	54	22,601
Purchase of monetary receivables bought		(415)	(6,889)	(6,473)
Proceeds from sales and redemption of monetary receivables bought		5,173	1,889	(3,284)
Increase in money trusts		(96)	(1)	95
Decrease in money trusts		8,531	62,125	53,593
Purchase of securities		(1,589,361)	(1,442,144)	147,216
Proceeds from sales and redemption of securities		1,581,387	1,462,201	(119,186)
Loans made		(198,238)	(224,725)	(26,486)
Collection of loans		154,792	180,906	26,113
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		22,921	1,966	(20,955)
Others		(11,354)	45,248	56,603
Total of investment transactions		(49,207)	80,630	129,838
Total of operating activities and investment transactions as above		197,226	159,402	(37,823)
Acquisition of tangible fixed assets		(24,178)	(28,149)	(3,971)
Proceeds from sales of tangible fixed assets		24,298	21,154	(3,144)
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation		—	(12,731)	(12,731)
Proceeds from sales of stocks of subsidiaries resulting in changes in the scope of consolidation		67,991	—	(67,991)
Others		(50,763)	(47,421)	3,342
Cash flows from investing activities		(31,859)	13,482	45,342
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings		152,150	90	(152,059)
Repayments of borrowings		(15,937)	(34,758)	(18,821)
Proceeds from issuance of corporate bonds		100,000	—	(100,000)
Redemption of corporate bonds		(11,300)	—	11,300
Net increase (decrease) in payables under securities lending transactions		(154,345)	106,571	260,916
Proceeds from sales of treasury stock		46	128	81
Acquisition of treasury stock		(56,941)	(39,127)	17,813
Dividends paid		(40,983)	(45,159)	(4,175)
Dividends paid to non-controlling shareholders		(7,205)	(1,695)	5,510
Repayments to non-controlling shareholders		(25,990)	—	25,990
Acquisition of stocks of subsidiaries that do not result in changes in the scope of consolidation		(16)	—	16
Others		(6,073)	(5,177)	896
Cash flows from financing activities		(66,597)	(19,127)	47,469
<b>Effect of exchange rate changes on cash and cash equivalents</b>		3,365	(18,231)	(21,597)
<b>Increase (decrease) in cash and cash equivalents</b>		151,343	54,895	(96,447)
<b>Cash and cash equivalents at the beginning of the period</b>		773,466	931,033	157,567
<b>Increase in cash and cash equivalents resulting from newly consolidated subsidiaries</b>		6,224	5,366	(858)
<b>Cash and cash equivalents at the end of the period</b>	*1	931,033	991,295	60,261

# Notes to the Consolidated Financial Statements

Sompo Holdings, Inc.

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

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### 1. Scope of consolidation

#### (1) Number of consolidated subsidiaries: 67 companies

Names 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 International Holdings Ltd.  
Endurance Specialty Insurance Ltd.  
Sompo America Insurance Company  
Endurance Worldwide Insurance Limited  
SI Insurance (Europe), SA  
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 Japan Nipponkoa Himawari Life Insurance, Inc.  
Sompo Care Inc.  
Sompo Health Support Inc.  
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.  
Sompo Risk Management Inc.  
Sompo Japan Nipponkoa DC Securities Inc.

Lexon Holding Company and 9 other companies became subsidiaries as a result of the acquisition of shares and thus were included in the scope of consolidation from the fiscal year ended March 31, 2019, however, Lexon Holding Company ceased to exist following an absorption-type merger on December 31, 2018, in which Endurance U.S. Holdings Corp. was a surviving company while Lexon Holding Company and 4 other companies were absorbed companies.

Sompo Japan Nipponkoa Insurance Company of Europe Limited was merged by absorption into SI Insurance (Europe), SA on January 1, 2019.

Sompo Care Next Inc. was merged by absorption into Sompo Care Inc. on July 1, 2018. Sompo Care Inc. changed its name from Sompo Care Message Inc. on April 1, 2018.

Sompo Risk Management & Health Care Inc. (renamed Sompo Risk Management Inc. on October 1, 2018) split its healthcare business on October 1, 2018, and established Sompo Health Support Inc. As a result, Sompo Health Support Inc. is included in the scope of consolidation from the fiscal year ended March 31, 2019.

#### (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 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: 5 companies**

Names 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.
- (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 of the Stock Benefit Trust for Directors," 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 included in other assets and amortized in equal installments over 5 years.

(Changes in accounting policy)

ASU No.2016-01 "Recognition and Measurement of Financial Assets and Financial Liabilities." has been early applied from the fiscal year ended March 31, 2019 at overseas consolidated subsidiaries that apply US GAAP. ASU No.2016-01 requires equity investments except the investments in consolidated subsidiaries and affiliates accounted for under the equity method (hereinafter the "Equity Investments") to be measured at fair value with changes in fair value recognized in net income or loss. Due to this update, previously, the Company has changed the Equity Investments classified as securities available for sale in overseas consolidated subsidiaries into trading securities from the fiscal year ended March 31, 2019 and has changed the method of recording changes in unrealized gains and losses related to the Equity Investments in the consolidated statement of comprehensive income into the method of recording changes in unrealized gains and losses related to the Equity Investments in the consolidated statement of income.



The Company has transferred unrealized gains and losses on securities available for sale related to the Equity Investments at the end of the fiscal year ended March 31, 2018 to retained earnings as of the beginning of the fiscal year ended March 31, 2019.

As a result, retained earnings have increased by 3,529 million yen and unrealized gains and losses on securities available for sale has decreased by the same amount at the beginning of the fiscal year ended March 31, 2019. The effect on ordinary profit and net income before income taxes for the fiscal year ended March 31, 2019 was immaterial.

(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, 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 1,646 million yen and its number of shares is 596,300 shares at the end of the fiscal year ended March 31, 2018, while its carrying amount is 1,518 million yen and its number of shares is 550,100 shares at the end of the fiscal year ended March 31, 2019.

## 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, 2018	As of March 31, 2019
399,543	399,664

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

(Millions of yen)	
As of March 31, 2018	As of March 31, 2019
17,319	16,958

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, 2018 are 18 million yen.

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

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Securities (stocks)	23,642	22,362
Securities (equity interests)	2,688	2,481

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

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Loans to borrowers in bankruptcy	—	—
Overdue loans	285	137
Loans overdue for three months or more	18	35
Restructured loans	—	—
Total	303	173

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, 2018	As of March 31, 2019
Deposits	42,621	56,238
Securities	527,533	598,778
Tangible fixed assets	8,881	4,837
Total	579,036	659,853

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, 2018	As of March 31, 2019
Other liabilities (payables under repurchase agreements)	—	8,977
Other liabilities (payables under securities lending transactions)	118,639	227,176
Other liabilities (borrowings)	5,902	2,230
Other liabilities (deposits)	96	47
Total	124,638	238,432

The above securities include 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, 2018	As of March 31, 2019
109,866	219,252

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

(Millions of yen)

As of March 31, 2018	As of March 31, 2019
207,887	340,432

**\*7. The amounts of loan commitments outstanding are as follows.**

(Millions of yen)	
As of March 31, 2018	As of March 31, 2019
11,863	8,879

**8. 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, 2018	As of March 31, 2019
Canopus Reinsurance AG	25,102	9,049

### 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, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Agency commissions, etc.	496,934	483,659
Salaries	250,816	241,980

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, 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.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

Omitted as they are not material.

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

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Gains on liquidation of subsidiaries	25,927	—
Gains on reversal of stock acquisition rights	50	—

**\*4. Other extraordinary losses are as follows.**

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Special premium to be paid out in conjunction with Special Measures for Employees' Career Change Support	—	1,009

**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, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	164,466	(107,785)
Reclassification adjustments	(82,680)	(100,483)
Before tax effects adjustments	81,786	(208,268)
Tax effects	(22,589)	53,326
Unrealized gains and losses on securities available for sale	59,196	(154,942)
Deferred gains and losses on hedges		
The amount occurred during the period	1,999	820
Reclassification adjustments	1,560	(1,654)
Adjustment on the cost of the assets	(4,887)	—
Before tax effects adjustments	(1,327)	(833)
Tax effects	375	232
Deferred gains and losses on hedges	(952)	(601)
Foreign currency translation adjustments		
The amount occurred during the period	(10,927)	(40,913)
Reclassification adjustments	(32,577)	—
Foreign currency translation adjustments	(43,504)	(40,913)
Remeasurements of defined benefit plans		
The amount occurred during the period	32,933	(1,121)
Reclassification adjustments	3,748	643
Before tax effects adjustments	36,681	(478)
Tax effects	(10,223)	149
Remeasurements of defined benefit plans	26,458	(328)
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	(24)	(63)
Reclassification adjustments	(56)	16
Share of other comprehensive income of affiliates accounted for under the equity method	(81)	(47)
Total other comprehensive income	41,116	(196,832)

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

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 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.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

## 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	—	42,021	373,330
Total	415,352	—	42,021	373,330
Treasury stock				
Common stock	34,772	8,244	42,112	904
Total	34,772	8,244	42,112	904

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 596 thousand shares and 550 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Decrease of 42,021 thousand shares in shares outstanding of common stock is due to cancellation of treasury stock in accordance with approval by Board of Directors.
- Breakdown of increase in treasury stock of common stock of 8,244 thousand shares is as follows.  
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 8,238 thousand shares  
Increase due to purchase of shares less than a full trading unit: 6 thousand shares
- Breakdown of decrease in treasury stock of common stock of 42,112 thousand shares is as follows.  
Decrease due to cancellation of treasury stock in accordance with approval by Board of Directors: 42,021 thousand shares  
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 46 thousand shares  
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 44 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	632
Total		632

## 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 25, 2018	Common stock	20,964	55	March 31, 2018	June 26, 2018
The Board of Directors' meeting held on November 19, 2018	Common stock	24,243	65	September 30, 2018	December 4, 2018

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 25, 2018 includes 32 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 19, 2018 includes 35 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 24, 2019	Common stock	24,243	Retained earnings	65	March 31, 2019	June 25, 2019

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 24, 2019 includes 35 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, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Cash and deposits	894,437	971,469
Receivables under resale agreements	74,998	64,999
Monetary receivables bought	6,727	11,869
Securities	8,275,132	8,012,734
Time deposits with original maturities of more than 3 months	(114,277)	(94,015)
Monetary receivables bought other than cash equivalents	(6,727)	(11,703)
Securities other than cash equivalents	(8,199,257)	(7,964,057)
Cash and cash equivalents	931,033	991,295

### 2. Significant non-cash transactions

None.

### 3. 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, 2018	As of March 31, 2019
Due within one year	19,462	19,879
Due after one year	196,343	179,911
Total	215,806	199,790

(Lessor)

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Due within one year	530	433
Due after one year	1,301	1,385
Total	1,831	1,818

## 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 and Internal Control 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, 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.

As of March 31, 2019

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	971,469	971,469	—
(2) Receivables under resale agreements	64,999	64,999	—
(3) Monetary receivables bought	11,869	11,869	—
(4) Money trusts	40,993	40,993	—
(5) Securities:			
Trading securities	198,084	198,084	—
Bonds held to maturity	1,197,758	1,510,109	312,350
Policy reserve matching bonds	370,080	409,926	39,846
Securities available for sale	6,165,141	6,165,141	—
(6) Loans	703,255		
Allowance for possible credit losses <sup>(*)</sup>	(40)		
	703,215	722,531	19,315
<b>Total assets</b>	<b>9,723,613</b>	<b>10,095,125</b>	<b>371,512</b>
(1) Corporate bonds	510,383	521,433	11,049
(2) Payables under securities lending transactions	227,176	227,176	—
(3) Borrowings	108,751	108,791	39
<b>Total liabilities</b>	<b>846,312</b>	<b>857,401</b>	<b>11,088</b>
Derivative transactions <sup>(*)</sup> :			
Hedge accounting is not applied to	4,838	4,838	—
Hedge accounting is applied to	11,056	11,056	—
<b>Total derivative transactions</b>	<b>15,894</b>	<b>15,894</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, 2018	As of March 31, 2019
Domestic stocks	45,415	49,775
Foreign securities	22,419	19,397
Others	11,077	12,013
Total	78,911	81,186

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, 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.

As of March 31, 2019

(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	967,129	4,236	—	—
Receivables under resale agreements	64,999	—	—	—
Monetary receivables bought	166	2,000	1,700	7,549
Securities:				
Bonds held to maturity:				
Government bonds	5,700	55,960	274,686	683,397
Municipal bonds	—	—	1,000	43,400
Corporate bonds	5,100	12,400	500	92,900
Foreign securities	4,514	4,975	115	—
Policy reserve matching bonds:				
Government bonds	—	—	—	360,000
Fixed maturity securities available for sale:				
Government bonds	51,977	230,479	203,279	558,025
Municipal bonds	1,600	400	10,500	21,300
Corporate bonds	64,454	140,479	62,520	513,190
Foreign securities	101,781	742,604	843,691	569,387
Others	4,200	18,976	6,954	1,285
Loans <sup>(*)</sup>	189,377	346,408	93,414	63,952
Total	1,461,002	1,558,921	1,498,361	2,914,387

(\*) 83 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, 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

As of March 31, 2019

(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	—	—	—	33,300	—	470,745
Long-term borrowings	32,228	30,478	30,477	15,268	60	188
Lease obligations	5,233	4,620	4,500	4,222	4,033	43,574
Payables under securities lending transactions	227,176	—	—	—	—	—
Total	264,638	35,099	34,977	52,790	4,093	514,508

## 9. Securities

### 1. Trading securities

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Unrealized gains and losses recognized in the statement of income	1	(7,136)

### 2. Bonds held to maturity

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

As of March 31, 2019

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,184,779	1,497,251	312,472
	Foreign securities	3,907	3,975	67
	Subtotal	1,188,687	1,501,226	312,539
Securities whose fair value does not exceed their carrying amount	Domestic bonds	3,216	3,139	(76)
	Foreign securities	5,855	5,742	(112)
	Subtotal	9,071	8,882	(189)
Total		1,197,758	1,510,109	312,350

### 3. Policy reserve matching bonds

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

As of March 31, 2019

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	361,192	401,082	39,889
Securities whose fair value does not exceed their carrying amount	Domestic bonds	8,888	8,844	(43)
Total		370,080	409,926	39,846

### 4. Securities available for sale

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	1,827,096	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.

As of March 31, 2019

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,130,397	1,932,041	198,355
	Domestic stocks	1,217,908	461,936	755,971
	Foreign securities	1,590,323	1,462,884	127,438
	Others	63,892	58,153	5,739
	Subtotal	5,002,520	3,915,016	1,087,504
Securities whose carrying amount does not exceed their cost	Domestic bonds	44,163	44,858	(694)
	Domestic stocks	48,817	55,812	(6,994)
	Foreign securities	1,077,106	1,103,626	(26,520)
	Others	11,919	12,012	(92)
	Subtotal	1,182,007	1,216,309	(34,301)
Total	6,184,528	5,131,325	1,053,202	

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, 2018 and 2019

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

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	106,408	7,311	212
Domestic stocks	158,313	90,954	719
Foreign securities	746,172	11,476	10,002
Others	999	1,108	46
Total	1,011,893	110,850	10,981

## 6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2018 and 2019

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).

For the fiscal year ended March 31, 2019, 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 9,176 million yen (domestic stocks: 6,732 million yen, foreign securities: 2,444 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 3,616 million yen (domestic stocks: 1,050 million yen, foreign securities: 2,565 million yen, others: 0 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, 2018	As of March 31, 2019
Unrealized gains and losses recognized in the statement of income	(110)	(246)

### 2. Money trusts held to maturity

None.

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

As of March 31, 2018

(Millions of yen)

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

As of March 31, 2019

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	40,336	38,529	1,806

### 4. Money trusts for which impairment losses are recognized during the fiscal years ended March 31, 2018 and 2019

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.

For the fiscal year ended March 31, 2019, 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 446 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.

## 11. Derivative Transactions

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

#### (1) Currency derivatives

As of March 31, 2018

(Millions of yen)

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

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, 2019

(Millions of yen)

	Notional amount			
		Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	71,367	—	(307)	(307)
Long	6,225	—	2	2
Currency options:				
Short	68,899	—	(16)	173
Long	63,000	—	20	(168)
Currency swaps	22,437	—	(1,239)	(1,239)
Total			(1,540)	(1,539)

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

## (2) Interest rate derivatives

As of March 31, 2018

(Millions of yen)

	Notional amount			
		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

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

As of March 31, 2019

(Millions of yen)

	Notional amount			
		Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Interest rate futures:				
Short	4,140	—	(81)	(81)
Long	24,375	—	102	102
Over-the-counter transactions:				
Interest rate swaps:				
Receipt float / Payment fix	4,014	4,014	66	66
Total			87	87

Notes) Calculation methods for the fair value

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

### (3) Equity derivatives

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.

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Equity index futures:					
Short	10,144	—		70	70
Total	—	—		70	70

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, 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.

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Over-the-counter transactions:					
Bonds forwards:					
Short	7,281	—		(7,412)	(48)
Long	14,862	—		15,120	167
Total	—	—		7,707	118

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, 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.

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Credit derivatives:					
Short	521	521		(16)	(16)
Over-the-counter transactions:					
Credit derivatives:					
Short	1,831	77		(2)	0
Weather derivatives:					
Short	29,845	2,775		(7,799)	701
Long	15,178	1,387		6,506	(371)
Earthquake derivatives:					
Short	40,633	10		(3)	754
Long	36,569	288		8	(514)
Loss development cover:					
Short	2,688	2,688		(92)	(92)
Pandemic derivatives:					
Short	1,109	1,109		(100)	136
Long	776	—		15	(38)
Total				(1,485)	561

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.
- 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, 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
				—	(50)
	Currency options: Short Long	Securities available for sale	76,398 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."

As of March 31, 2019

(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	756,133	—	2,123
				—	(60)
	Currency options: Short Long	Securities available for sale	93,655 84,788	— —	47
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	198,011	198,011	Note 2
Total			—	—	2,110

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, 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.

As of March 31, 2019

(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	78,000	69,000	8,945
Total			—	—	8,945

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, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Retirement benefit obligation at the beginning of the period	228,877	202,072
Service cost	13,090	12,640
Interest cost	1,070	809
The amount of actuarial difference occurred	(26,075)	(3,535)
Retirement benefit paid	(13,673)	(13,906)
The amount of prior service costs occurred	—	(418)
Increase due to merger	—	6
Changes in the scope of consolidation	(1,464)	—
Others	247	(3,932)
Retirement benefit obligation at the end of the period	202,072	193,735

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, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Plan assets at the beginning of the period	95,850	100,454
Expected return on plan assets	733	526
The amount of actuarial difference occurred	6,918	(5,080)
The amount of employer contributions	963	691
Retirement benefit paid	(2,435)	(2,206)
Changes in the scope of consolidation	(1,736)	—
Others	159	(3,947)
Plan assets at the end of the period	100,454	90,436

(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, 2018	As of March 31, 2019
Funded retirement benefit obligation	192,617	185,239
Plan assets	(100,454)	(90,436)
Unfunded retirement benefit obligation	92,163	94,803
Asset ceiling adjustments	9,455	8,495
Asset ceiling adjustments	311	289
Net liabilities and assets on the consolidated balance sheet	101,929	103,588
Net defined benefit liability	102,992	103,796
Net defined benefit asset	(1,062)	(207)
Net liabilities and assets on the consolidated balance sheet	101,929	103,588

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Service cost	13,090	12,640
Interest cost	1,070	809
Expected return on plan assets	(733)	(526)
Amortization of actuarial difference	3,311	583
Amortization of prior service costs	216	59
Others	120	1,099
Retirement benefit expenses for defined benefit plans	17,076	14,666

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, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Prior service costs	(216)	(477)
Actuarial difference	(36,464)	955
Total	(36,681)	478

(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, 2018	As of March 31, 2019
Unrecognized prior service costs	433	(43)
Unrecognized actuarial difference	3,975	4,942
Total	4,409	4,898

(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, 2018	As of March 31, 2019
Bonds	18%	21%
Stocks	63%	63%
Joint investment assets	6%	6%
Life insurance general accounts	6%	7%
Cash and deposits	1%	1%
Others	6%	2%
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, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Discount rate	Domestic consolidated subsidiaries	0.2%—1.5%	0.1%—1.0%
	Foreign consolidated subsidiaries	2.5%—10.3%	4.7%—9.9%
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0%—1.5%	0.0%—1.5%
	Foreign consolidated subsidiaries	10.3%	9.9%

### 3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 7,084 million yen for the fiscal year ended March 31, 2018 and amounts to 7,147 million yen for the fiscal year ended March 31, 2019.

## 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, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Gains on reversal of stock acquisition rights	50	—

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

#### (1) Contents of stock options

Stock options granted by the Company are as follows.

15th and 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 Sompo Japan and granted by the Company

	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, 2019), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2019).

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, 2019), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2019).

## 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.  
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 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 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: 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, 2019), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2019).

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.  
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 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)	424 [398] 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: 42,400 [39,800] 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*	489 [439] stock acquisition rights (Note 4)	321 [285] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 48,900 [43,900] stocks (Notes 4, 5)	Common stock: 32,100 [28,500] 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*	454 [387] stock acquisition rights (Note 4)	439 [344] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 45,400 [38,700] stocks (Notes 4, 5)	Common stock: 43,900 [34,400] 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, 2019). 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, 2019), 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, 2019 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, 2018	Vested	Exercised	Forfeited	March 31, 2019
15th issue of stock acquisition rights of the Company	4,925	—	—	—	4,925
16th issue	8,550	—	—	—	8,550
17th issue	3,150	—	—	—	3,150
18th issue	2,925	—	—	—	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	30,450	—	—	—	30,450
24th issue	46,400	—	4,000	—	42,400
25th issue	58,100	—	9,200	—	48,900
26th issue	38,500	—	6,400	—	32,100
27th issue	55,800	—	10,400	—	45,400
28th issue	58,100	—	14,200	—	43,900

(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2019 (yen)	Fair value per share on the grant date (yen)
15th issue of stock acquisition rights of the Company	1	—	3,760 (Notes 1, 2)
16th issue	1	—	2,492 (Notes 1, 2)
17th issue	1	—	2,384 (Note 1)
18th issue	1	—	2,384 (Note 1)
19th issue	1	—	2,440 (Note 1)
20th issue	1	—	2,440 (Note 1)
21st issue	1	—	2,440 (Note 1)
22nd issue	1	—	2,440 (Note 1)
23rd issue	1	—	1,808 (Note 1)
24th issue	1	4,476	1,372
25th issue	1	4,383	1,328
26th issue	1	4,428	2,296
27th issue	1	4,360	2,403
28th issue	1	4,358	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, 2019.

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 (15th and 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

	As of March 31, 2018	As of March 31, 2019
(Millions of yen)		
Deferred tax assets:		
Underwriting reserves	175,792	170,496
Reserve for outstanding losses and claims	38,185	38,064
Intangible fixed assets for tax purposes	34,655	33,268
Impairment losses on securities and real estate	34,520	32,217
Net defined benefit liability	28,789	29,097
Losses carried forward for tax purposes (Note)	38,293	25,635
Others	57,731	56,364
Deferred tax assets subtotal	407,968	385,144
Valuation allowance associated with losses carried forward for tax purposes (Note)	—	(19,522)
Valuation allowance associated with total amount such as deductible temporary differences	—	(39,484)
Valuation allowance subtotal	(63,389)	(59,006)
Total deferred tax assets	344,578	326,138
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(373,883)	(317,268)
Unrealized gains and losses on consolidated subsidiaries	(10,530)	(8,791)
Others	(19,339)	(23,325)
Total deferred tax liabilities	(403,753)	(349,386)
Net deferred tax liabilities	(59,174)	(23,247)

Note) Losses carried forward for tax purposes and deferred tax assets by expiration of carry-forward

As of March 31, 2019

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Losses carried forward for tax purposes <sup>(*)</sup>	981	2,180	2,197	2,440	1,942	15,894	25,635
Valuation allowance	(922)	(2,180)	(2,197)	(2,440)	(1,942)	(9,839)	(19,522)
Deferred tax assets	59	—	—	—	—	6,054	6,113 <sup>(*)</sup>

(\*) Losses carried forward for tax purposes are calculated using the statutory income tax rate.

(\*) Deferred tax assets of 6,113 million yen are recorded for losses carried forward for tax purposes of 25,635 million yen (calculated using the statutory income tax rate). They are deemed to be recoverable as it is expected that there will be taxable income in the future.

(Changes in presentation)

(Changes due to the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) since the fiscal year ended March 31, 2019. Accordingly, details as described in the explanatory note (Note 8) (excluding total amount of valuation allowance) and the explanatory note (Note 9) of the "Accounting Standard for Tax Effect Accounting," which are prescribed in Paragraph 3 through Paragraph 5 of the Partial Amendments to Accounting Standard for Tax Effect Accounting, have been added in the notes on tax effect accounting. However, details as described in these explanatory notes for the previous fiscal year are not published in accordance with the transitional treatment prescribed in Paragraph 7 of the Partial Amendments to Accounting Standard for Tax Effect Accounting.

### 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, 2018	As of March 31, 2019
(%)		
Japanese statutory income tax rate	30.9	
(Reconciliation)		Reconciliation details are omitted for the fiscal year ended March 31, 2019, because the difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting is 5% or less.
Non-taxable revenue such as dividends received	(140.7)	
Combined income of specified foreign subsidiaries or the like	80.2	
Amortization of goodwill	7.0	
Non-deductible expenses such as entertainment expenses	3.8	
Others	(0.7)	
Effective tax rate after the application of tax effect accounting	(19.5)	



## 15. 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," "Overseas insurance business," "Domestic life insurance business" and "Nursing care and healthcare business" are determined as the reportable segments. The Company, asset management business, risk 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. "Overseas insurance business" consists mainly of underwriting of property and casualty insurance and investment activities overseas. "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.

		Major companies
Reportable segments		
	Domestic P&C insurance business	Sompo Japan Nipponkoa Insurance Inc. SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED Sompo 24 Insurance Company Limited
	Overseas insurance business	Sompo International Holdings Ltd. Sompo Japan Sigorta Anonim Sirketi Sompo Seguros S. A.
	Domestic life insurance business	Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
	Nursing care and healthcare business	Sompo Care Inc. <sup>(Note 1)</sup> Sompo Care Next Inc. <sup>(Note 2)</sup> Sompo Health Support Inc. <sup>(Note 3)</sup>
Others		Sompo Holdings, Inc. (Insurance holding company) Sompo Japan Nipponkoa Asset Management Co., Ltd. Sompo Risk Management Inc. <sup>(Note 3)</sup> Sompo Japan Nipponkoa DC Securities Inc.

Notes)

1. Sompo Care Inc. changed its name from Sompo Care Message Inc. on April 1, 2018.

2. Sompo Care Next Inc. was merged by absorption into Sompo Care Inc. on July 1, 2018. Results of operations of Sompo Care Next Inc. from the beginning of the fiscal year to June 30, 2018 are included in the segment information.

3. Sompo Risk Management & Health Care Inc. (renamed Sompo Risk Management Inc. on October 1, 2018) split its healthcare business on October 1, 2018, and established Sompo Health Support 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.

As described in “(Changes in accounting policies)”, ASU No.2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities.” has been early applied from the fiscal year ended March 31, 2019 at overseas consolidated subsidiaries that apply US GAAP. The effect of this change on segment income (loss) for the fiscal year ended March 31, 2019 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, 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	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales <sup>(Note 1):</sup>									
Sales from transactions with external customers	2,218,407	641,347	341,998	125,047	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	641,347	341,998	127,883	3,329,637	20,232	3,349,869	420,183	3,770,052
Segment income (loss)	112,765	20,892	7,462	(1,485)	139,635	182	139,817	—	139,817
Segment assets	6,736,732	2,202,596	2,796,934	187,434	11,923,697	24,626	11,948,323	—	11,948,323
Other items:									
Depreciation	13,102	54,225	428	5,135	72,891	177	73,069	—	73,069
Amortization of goodwill	147	20,167	609	4,807	25,731	—	25,731	—	25,731
Interest and dividend income	105,454	42,285	43,816	152	191,709	0	191,710	(847)	190,863
Interest paid	7,063	4,470	96	2,920	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	26,021	0	0	30,663	50	30,713	(21)	30,692
Extraordinary losses <sup>(Note 6):</sup>	47,271	9,510	1,438	46	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	(69,782)	3,166	500	(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	7,634	380	2,511	77,895	358	78,253	—	78,253

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Overseas insurance business:

Domestic life insurance business:

Nursing care and healthcare business:

“Others” and amount on the consolidated financial statements:

Net premiums written

Net premiums written and life insurance premiums written

Life insurance premiums written

Ordinary income

Ordinary income

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

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, overseas insurance business

and domestic life insurance business excluding net premiums written and

life insurance premiums written:

433,946 million yen

Elimination of internal transactions among segments:

(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.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(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	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales <sup>(Note 1)</sup> :									
Sales from transactions with external customers	2,198,702	523,972	345,086	127,405	3,195,167	13,250	3,208,418	434,622	3,643,040
Sales from internal transactions or transfers among segments	—	—	—	110	110	15,985	16,095	(16,095)	—
Total	2,198,702	523,972	345,086	127,515	3,195,277	29,236	3,224,514	418,526	3,643,040
Segment income (loss)	139,821	(6,033)	14,757	(201)	148,343	(1,717)	146,626	—	146,626
Segment assets	6,539,595	2,229,930	3,006,265	177,267	11,953,060	65,194	12,018,254	—	12,018,254
Other items:									
Depreciation	14,566	26,659	456	5,243	46,924	380	47,305	—	47,305
Amortization of goodwill	100	18,539	609	4,807	24,057	—	24,057	—	24,057
Interest and dividend income	111,349	33,515	44,544	141	189,551	0	189,551	(829)	188,722
Interest paid	7,158	3,912	80	2,754	13,904	1	13,906	(3)	13,902
Investment gains (losses) on the equity method	79	(672)	—	—	(593)	—	(593)	—	(593)
Extraordinary gains <sup>(Note 5)</sup>	12,875	12	—	0	12,888	—	12,888	(20)	12,868
Extraordinary losses <sup>(Note 6)</sup> :	6,556	1,448	1,694	117	9,817	1	9,819	(20)	9,799
Impairment losses	703	1,032	—	—	1,735	—	1,735	—	1,735
Income tax expenses	51,505	(445)	6,193	1,322	58,576	1,080	59,657	—	59,657
Investment in affiliates accounted for under the equity method	1,432	6,153	—	—	7,586	—	7,586	—	7,586
Increase in tangible and intangible fixed assets	62,386	23,087	332	6,313	92,120	676	92,796	—	92,796

Notes)

- Sales amounts represent the following:
 

Domestic P&C insurance business:	Net premiums written
Overseas insurance business:	Net premiums written and life insurance premiums written
Domestic life insurance business:	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, risk management business and defined-contribution pension business.
- Adjustments of sales are as follows.
 

Ordinary income related to domestic P&C insurance business, overseas insurance business and domestic life insurance business excluding net premiums written and life insurance premiums written:	434,622 million yen
Elimination of internal transactions among segments:	(16,095) 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 12,855 million yen of gains on disposal of fixed assets.
- Extraordinary losses for domestic P&C insurance business include 3,994 million yen of provision for reserve for price fluctuation. Also, extraordinary losses for domestic life insurance business include 1,009 million yen of the special premium to be paid out in conjunction with Special Measures for Employees' Career Change Support.

## Related information

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.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

## 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	375,171	81,730	180,270	1,199,516	278,788	602,677	2,718,155

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	329,504	5,846	14,256	—	349,606

## 2. Information by geographic area

### (1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,626,307	232,393	336,466	3,195,167

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, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	2,738	8,393	—	—	11,132	—	—	11,132

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	703	1,032	—	—	1,735	—	—	1,735

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

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	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2018	147	20,167	609	4,807	25,731	—	—	25,731
Balance as of March 31, 2018	241	176,310	1,827	45,598	223,977	—	—	223,977

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2019	100	18,539	609	4,807	24,057	—	—	24,057
Balance as of March 31, 2019	140	156,545	1,218	40,790	198,694	—	—	198,694

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

None.

## 16. Related-Party Transactions

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

## 17. Per Share Information

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net assets per share	4,960.24 yen	4,720.07 yen
Net income per share	361.39 yen	392.26 yen
Diluted net income per share	361.09 yen	391.96 yen

Notes)

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

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net income per share		
Net income attributable to shareholders of the parent	139,817	146,626
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	139,817	146,626
Average number of common stocks outstanding	386,879 thousand shares	373,792 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:		
Stock acquisition rights	328 thousand shares	282 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	—	—

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

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Total net assets	1,916,210	1,779,911
Amount to be deducted from total net assets:		
Stock acquisition rights	749	632
Non-controlling interests	27,692	21,399
Net assets attributable to common stocks	1,887,769	1,757,879
Number of common stocks used for calculation of net assets per share	380,579 thousand shares	372,426 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 597 thousand for the fiscal year ended March 31, 2018 and is 553 thousand for the fiscal year ended March 31, 2019. The number of the treasury stock deducted above mentioned is 596 thousand as of March 31, 2018 and is 550 thousand as of March 31, 2019.

## 18. 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 accordance with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 20, 2019. Details of the resolution are as follows.

#### 1. Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a shareholder return policy of paying stable dividends, with the option of stock buybacks depending on capital conditions. 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, 2019.

#### 2. Details of stock buybacks

(1) Class of shares	Common stock of the Company
(2) Potential total number	12,000,000 shares (upper limit)
(3) Total price	33,500,000,000 yen (upper limit)
(4) Period	May 29, 2019 — November 18, 2019

# 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, 2018	As of March 31, 2019	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	445,878	<b>459,769</b>	13,891
Cash	2	<b>6</b>	3
Deposits	445,875	<b>459,762</b>	13,887
Receivables under resale agreements	74,998	<b>64,999</b>	(9,999)
Monetary receivables bought	6,301	<b>11,703</b>	5,402
Money trusts	98,613	<b>40,862</b>	(57,751)
Securities:	5,491,040	<b>5,056,187</b>	(434,852)
Government bonds	834,110	<b>779,818</b>	(54,292)
Municipal bonds	6,839	<b>6,366</b>	(472)
Corporate bonds	570,034	<b>603,468</b>	33,433
Domestic stocks	1,661,445	<b>1,345,501</b>	(315,943)
Foreign securities	2,356,282	<b>2,255,634</b>	(100,647)
Other securities	62,328	<b>65,398</b>	3,070
Loans:	661,399	<b>685,377</b>	23,978
Policy loans	7,643	<b>6,788</b>	(855)
Ordinary loans	653,756	<b>678,589</b>	24,833
Tangible fixed assets:	244,366	<b>249,654</b>	5,287
Land	103,348	<b>101,753</b>	(1,595)
Buildings	105,830	<b>104,267</b>	(1,563)
Leased assets	2,563	<b>3,377</b>	814
Construction in progress	6,920	<b>12,700</b>	5,779
Other tangible fixed assets	25,703	<b>27,555</b>	1,851
Intangible fixed assets:	79,404	<b>114,753</b>	35,349
Software	4,913	<b>3,583</b>	(1,330)
Other intangible fixed assets	74,490	<b>111,169</b>	36,679
Other assets:	596,552	<b>842,663</b>	246,110
Premiums receivable	2,868	<b>2,921</b>	53
Agency accounts receivable	173,280	<b>179,302</b>	6,022
Foreign agency accounts receivable	38,056	<b>33,174</b>	(4,882)
Coinsurance accounts receivable	11,716	<b>21,708</b>	9,992
Reinsurance accounts receivable	100,220	<b>173,825</b>	73,605
Foreign reinsurance accounts receivable	65,424	<b>187,352</b>	121,927
Proxy service receivable	708	<b>528</b>	(179)
Accounts receivable	66,125	<b>121,641</b>	55,515
Accrued income	10,201	<b>9,462</b>	(739)
Advance deposits	19,322	<b>22,625</b>	3,303
Earthquake insurance deposits	7,364	<b>4,358</b>	(3,006)
Suspense payments	69,189	<b>65,487</b>	(3,701)
Deposits paid for future transactions	7,744	<b>9,248</b>	1,504
Derivative assets	24,328	<b>10,881</b>	(13,447)
Cash collateral paid for financial instruments	—	<b>144</b>	144
Other assets	0	<b>0</b>	—
Prepaid pension cost	669	<b>477</b>	(191)
Allowance for possible credit losses	(3,570)	<b>(3,471)</b>	98
Allowance for possible investment losses	(7,476)	<b>(7,089)</b>	387
<b>Total assets</b>	<b>7,688,176</b>	<b>7,515,887</b>	<b>(172,289)</b>



(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	4,766,933	<b>4,626,617</b>	(140,316)
Reserve for outstanding losses and claims	907,429	<b>885,703</b>	(21,725)
Underwriting reserves	3,859,504	<b>3,740,913</b>	(118,590)
Corporate bonds	433,560	<b>433,560</b>	—
Other liabilities:	651,635	<b>760,883</b>	109,248
Coinsurance accounts payable	5,135	<b>5,179</b>	43
Reinsurance accounts payable	81,782	<b>91,235</b>	9,453
Foreign reinsurance accounts payable	37,179	<b>40,761</b>	3,581
Payables under securities lending transactions	95,718	<b>202,289</b>	106,571
Borrowings	137,263	<b>106,771</b>	(30,492)
Income taxes payable	5,685	<b>27,888</b>	22,202
Deposits received	3,449	<b>3,106</b>	(342)
Unearned income	361	<b>312</b>	(49)
Accounts payable	173,446	<b>155,882</b>	(17,563)
Suspense receipts	84,158	<b>88,162</b>	4,004
Derivative liabilities	739	<b>4,340</b>	3,600
Cash collateral received for financial instruments	20,768	<b>28,608</b>	7,840
Lease obligations	3,968	<b>4,321</b>	353
Asset retirement obligations	1,977	<b>2,024</b>	46
Reserve for retirement benefits	92,974	<b>93,600</b>	626
Reserve for bonus payments	18,435	<b>18,325</b>	(110)
Reserve for bonus payments to directors	97	<b>64</b>	(33)
Reserves under the special laws:	79,193	<b>83,183</b>	3,990
Reserve for price fluctuation	79,193	<b>83,183</b>	3,990
Deferred tax liabilities	70,750	<b>30,352</b>	(40,398)
Total liabilities	6,113,580	<b>6,046,586</b>	(66,993)
<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:	459,119	<b>527,900</b>	68,781
Other retained earnings:	459,119	<b>527,900</b>	68,781
Reserve for advanced depreciation	4,084	<b>8,421</b>	4,337
General reserve	83,300	<b>83,300</b>	—
Retained earnings carried forward	371,735	<b>436,179</b>	64,444
Total shareholders' equity	599,119	<b>667,900</b>	68,781
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	968,426	<b>794,949</b>	(173,476)
Deferred gains and losses on hedges	7,050	<b>6,449</b>	(601)
Total valuation and translation adjustments	975,477	<b>801,399</b>	(174,077)
Total net assets	1,574,596	<b>1,469,300</b>	(105,295)
Total liabilities and net assets	7,688,176	<b>7,515,887</b>	(172,289)

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

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	2,590,740	<b>2,678,209</b>	87,469	3.4%
Underwriting income:	2,424,702	<b>2,440,115</b>	15,412	0.6
Net premiums written	2,168,009	<b>2,148,632</b>	(19,376)	(0.9)
Deposits of premiums by policyholders	120,364	<b>111,128</b>	(9,235)	(7.7)
Interest and dividend income on deposits of premiums, etc.	39,287	<b>38,153</b>	(1,133)	(2.9)
Reversal of reserve for outstanding losses and claims	5,332	<b>21,725</b>	16,393	307.4
Reversal of underwriting reserves	89,318	<b>118,590</b>	29,271	32.8
Foreign exchange gains	835	<b>939</b>	104	12.5
Other underwriting income	1,556	<b>945</b>	(611)	(39.3)
Investment income:	155,053	<b>225,397</b>	70,343	45.4
Interest and dividend income	106,234	<b>134,644</b>	28,410	26.7
Investment gains on money trusts	5,476	<b>5,445</b>	(30)	(0.6)
Gains on sales of securities	81,469	<b>116,389</b>	34,920	42.9
Gains on redemption of securities	1,025	<b>1,709</b>	684	66.8
Foreign exchange gains	—	<b>3,276</b>	3,276	—
Other investment income	136	<b>2,085</b>	1,949	1,431.1
Transfer of interest and dividend income on deposits of premiums, etc.	(39,287)	<b>(38,153)</b>	1,133	—
Other ordinary income	10,983	<b>12,696</b>	1,712	15.6
<b>Ordinary expenses:</b>	2,415,519	<b>2,462,672</b>	47,152	2.0
Underwriting expenses:	2,021,875	<b>2,096,117</b>	74,242	3.7
Net claims paid	1,272,130	<b>1,377,796</b>	105,665	8.3
Loss adjustment expenses	123,507	<b>121,930</b>	(1,577)	(1.3)
Net commissions and brokerage fees	392,329	<b>388,839</b>	(3,490)	(0.9)
Maturity refunds to policyholders	231,262	<b>205,330</b>	(25,931)	(11.2)
Dividends to policyholders	186	<b>128</b>	(58)	(31.4)
Other underwriting expenses	2,458	<b>2,092</b>	(365)	(14.9)
Investment expenses:	57,210	<b>35,567</b>	(21,643)	(37.8)
Investment losses on money trusts	168	<b>1,006</b>	837	497.3
Losses on sales of securities	14,110	<b>16,329</b>	2,218	15.7
Impairment losses on securities	26,703	<b>4,807</b>	(21,896)	(82.0)
Losses on redemption of securities	97	<b>342</b>	245	251.7
Losses on derivatives	11,326	<b>6,438</b>	(4,888)	(43.2)
Foreign exchange losses	1,406	—	(1,406)	(100.0)
Other investment expenses	3,396	<b>6,644</b>	3,247	95.6
Operating, general and administrative expenses	325,104	<b>321,281</b>	(3,823)	(1.2)

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change
	March 31, 2018 (April 1, 2017 to March 31, 2018)	March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	Amount		
Other ordinary expenses:	11,328	<b>9,706</b>	(1,622)	(14.3)%
Interest paid	7,058	<b>7,152</b>	93	1.3
Provision for allowance for possible credit losses	171	<b>11</b>	(159)	(93.1)
Losses on bad debt	11	<b>28</b>	16	142.5
Other ordinary expenses	4,087	<b>2,513</b>	(1,573)	(38.5)
<b>Ordinary profit</b>	175,220	<b>215,537</b>	40,316	23.0
<b>Extraordinary gains:</b>	27,690	<b>18,937</b>	(8,752)	(31.6)
Gains on disposal of fixed assets	4,619	<b>18,937</b>	14,318	309.9
Other extraordinary gains	23,071	—	(23,071)	(100.0)
<b>Extraordinary losses:</b>	47,541	<b>7,256</b>	(40,285)	(84.7)
Losses on disposal of fixed assets	34,316	<b>2,562</b>	(31,753)	(92.5)
Impairment losses	2,738	<b>703</b>	(2,035)	(74.3)
Provision for reserves under the special laws:	10,486	<b>3,990</b>	(6,496)	(62.0)
Provision for reserve for price fluctuation	10,486	<b>3,990</b>	(6,496)	(62.0)
<b>Net income before income taxes</b>	155,369	<b>227,218</b>	71,849	46.2
<b>Income taxes</b>	831	<b>29,480</b>	28,649	3,447.1
<b>Deferred income taxes</b>	(15,494)	<b>22,029</b>	37,523	—
<b>Total income taxes</b>	(14,663)	<b>51,510</b>	66,173	—
<b>Net income</b>	170,032	<b>175,708</b>	5,675	3.3
<b>Underwriting result:</b>				
Net premiums written	(+) 2,168,009	<b>2,148,632</b>	(19,376)	(0.9)
Net claims paid	(-) 1,272,130	<b>1,377,796</b>	105,665	8.3
Loss adjustment expenses	(-) 123,507	<b>121,930</b>	(1,577)	(1.3)
Net operating expenses:	(-) 700,206	<b>689,835</b>	(10,371)	(1.5)
Net commissions and brokerage fees	392,329	<b>388,839</b>	(3,490)	(0.9)
Operating, general and administrative expenses related to underwriting	307,876	<b>300,995</b>	(6,881)	(2.2)
Underwriting result	72,164	<b>(40,928)</b>	(113,093)	(156.7)
Underwriting profit	94,815	<b>41,990</b>	(52,824)	(55.7)
<b>Ratios:</b>				
Net loss ratio	(%) 64.4	<b>69.8</b>	5.4	
Net operating expenses ratio	(%) 32.3	<b>32.1</b>	(0.2)	
Combined ratio	(%) 96.7	<b>101.9</b>	5.2	

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

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	27,171	<b>26,063</b>	(1,107)
Cash	0	<b>0</b>	(0)
Deposits	27,170	<b>26,063</b>	(1,107)
Securities:	18,462	<b>18,070</b>	(391)
Government bonds	6,481	<b>2,535</b>	(3,946)
Municipal bonds	7,541	<b>10,991</b>	3,450
Corporate bonds	1,610	<b>601</b>	(1,009)
Domestic stocks	35	<b>29</b>	(6)
Foreign securities	1	<b>1,044</b>	1,043
Other securities	2,791	<b>2,869</b>	77
Loans:	0	<b>0</b>	0
Policy loans	0	<b>0</b>	0
Tangible fixed assets:	310	<b>454</b>	143
Buildings	87	<b>80</b>	(6)
Leased assets	185	<b>326</b>	141
Other tangible fixed assets	38	<b>47</b>	9
Intangible fixed assets:	2,896	<b>3,436</b>	540
Software	2,892	<b>3,432</b>	540
Other intangible fixed assets	3	<b>3</b>	—
Other assets:	4,998	<b>6,289</b>	1,291
Premiums receivable	1,752	<b>1,956</b>	204
Agency accounts receivable	71	<b>76</b>	5
Coinsurance accounts receivable	11	<b>10</b>	(0)
Reinsurance accounts receivable	66	<b>496</b>	429
Foreign reinsurance accounts receivable	45	<b>39</b>	(6)
Accounts receivable	599	<b>704</b>	104
Accrued income	31	<b>17</b>	(13)
Advance deposits	373	<b>428</b>	54
Suspense payments	1,768	<b>2,378</b>	609
Other assets	277	<b>182</b>	(95)
Allowance for possible credit losses	(31)	<b>(45)</b>	(14)
<b>Total assets</b>	<b>53,807</b>	<b>54,269</b>	<b>461</b>

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	41,984	<b>44,331</b>	2,347
Reserve for outstanding losses and claims	13,630	<b>14,929</b>	1,298
Underwriting reserves	28,353	<b>29,401</b>	1,048
Other liabilities:	3,049	<b>3,222</b>	172
Coinsurance accounts payable	36	<b>36</b>	(0)
Reinsurance accounts payable	190	<b>209</b>	18
Foreign reinsurance accounts payable	133	<b>115</b>	(18)
Income taxes payable	130	<b>134</b>	4
Deposits received	15	<b>20</b>	5
Accounts payable	1,534	<b>1,492</b>	(42)
Suspense receipts	818	<b>881</b>	62
Lease obligations	188	<b>330</b>	142
Reserve for retirement benefits to directors	25	<b>24</b>	(1)
Reserve for bonus payments	273	<b>329</b>	55
Reserve for bonus payments to directors	22	<b>24</b>	2
Reserves under the special laws:	44	<b>49</b>	4
Reserve for price fluctuation	44	<b>49</b>	4
Deferred tax liabilities	118	<b>179</b>	61
Total liabilities	45,518	<b>48,160</b>	2,642
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	31,010	<b>32,260</b>	1,250
Capital surplus:	29,247	<b>30,497</b>	1,249
Capital reserves	29,247	<b>30,497</b>	1,249
Other capital surplus	0	<b>0</b>	—
Retained earnings:	(52,364)	<b>(57,203)</b>	(4,838)
Other retained earnings:	(52,364)	<b>(57,203)</b>	(4,838)
Retained earnings carried forward	(52,364)	<b>(57,203)</b>	(4,838)
Total shareholders' equity	7,893	<b>5,554</b>	(2,338)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	396	<b>554</b>	158
Total valuation and translation adjustments	396	<b>554</b>	158
Total net assets	8,289	<b>6,108</b>	(2,180)
Total liabilities and net assets	53,807	<b>54,269</b>	461

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

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	38,160	<b>41,363</b>	3,203	8.4%
Underwriting income:	38,065	<b>41,308</b>	3,243	8.5
Net premiums written	38,012	<b>41,265</b>	3,252	8.6
Deposits of premiums by policyholders	16	<b>3</b>	(12)	(77.1)
Interest and dividend income on deposits of premiums, etc.	35	<b>39</b>	3	9.8
Investment income:	90	<b>41</b>	(48)	(53.7)
Interest and dividend income	83	<b>75</b>	(7)	(9.5)
Gains on sales of securities	37	<b>—</b>	(37)	(100.0)
Other investment income	5	<b>5</b>	(0)	(1.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(35)	<b>(39)</b>	(3)	—
Other ordinary income	5	<b>13</b>	8	175.8
<b>Ordinary expenses:</b>	43,602	<b>46,179</b>	2,577	5.9
Underwriting expenses:	30,151	<b>33,385</b>	3,233	10.7
Net claims paid	23,102	<b>26,711</b>	3,608	15.6
Loss adjustment expenses	3,108	<b>3,534</b>	426	13.7
Net commissions and brokerage fees	841	<b>683</b>	(158)	(18.8)
Maturity refunds to policyholders	105	<b>92</b>	(12)	(11.9)
Provision for reserve for outstanding losses and claims	1,186	<b>1,298</b>	112	9.5
Provision for underwriting reserves	1,799	<b>1,048</b>	(751)	(41.8)
Foreign exchange losses	0	<b>0</b>	0	301.1
Other underwriting expenses	8	<b>17</b>	8	92.7
Investment expenses:	3	<b>3</b>	(0)	(13.5)
Other investment expenses	3	<b>3</b>	(0)	(13.5)
Operating, general and administrative expenses	13,375	<b>12,748</b>	(627)	(4.7)
Other ordinary expenses:	71	<b>42</b>	(28)	(39.9)
Interest paid	4	<b>6</b>	1	23.4
Provision for allowance for possible credit losses	31	<b>14</b>	(16)	(54.2)
Other ordinary expenses	35	<b>22</b>	(12)	(35.9)
<b>Ordinary loss</b>	(5,441)	<b>(4,815)</b>	625	—

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
<b>Extraordinary losses:</b>		4	<b>7</b>		2	52.7%
Losses on disposal of fixed assets		0	<b>0</b>		(0)	(32.2)
Provision for reserves under the special laws:		4	<b>4</b>		0	16.4
Provision for reserve for price fluctuation		4	<b>4</b>		0	16.4
Business structure reform expenses		—	<b>1</b>		1	—
<b>Net loss before income taxes</b>		(5,446)	<b>(4,823)</b>		623	—
<b>Income taxes</b>		15	<b>15</b>		0	1.6
<b>Total income taxes</b>		15	<b>15</b>		0	1.6
<b>Net loss</b>		(5,461)	<b>(4,838)</b>		622	—
<b>Underwriting result:</b>						
Net premiums written	(+)	38,012	<b>41,265</b>		3,252	8.6
Net claims paid	(-)	23,102	<b>26,711</b>		3,608	15.6
Loss adjustment expenses	(-)	3,108	<b>3,534</b>		426	13.7
Net operating expenses:	(-)	14,198	<b>13,411</b>		(786)	(5.5)
Net commissions and brokerage fees		841	<b>683</b>		(158)	(18.8)
Operating, general and administrative expenses related to underwriting		13,356	<b>12,728</b>		(628)	(4.7)
Underwriting result		(2,396)	<b>(2,392)</b>		3	—
Underwriting profit (loss)		(5,422)	<b>(4,791)</b>		630	—
<b>Ratios:</b>						
Net loss ratio	(%)	69.0	<b>73.3</b>		4.3	
Net operating expenses ratio	(%)	37.4	<b>32.5</b>		(4.9)	
Combined ratio	(%)	106.4	<b>105.8</b>		(0.5)	

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

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	20,795	<b>20,145</b>	(650)
Cash	0	<b>0</b>	(0)
Deposits	20,795	<b>20,144</b>	(650)
Securities:	2,001	—	(2,001)
Government bonds	2,001	—	(2,001)
Tangible fixed assets:	188	<b>148</b>	(39)
Buildings	16	<b>24</b>	8
Other tangible fixed assets	171	<b>123</b>	(48)
Other assets:	895	<b>584</b>	(310)
Reinsurance accounts receivable	8	—	(8)
Proxy service receivable	—	<b>2</b>	2
Accounts receivable	658	<b>368</b>	(290)
Accrued income	1	—	(1)
Advance deposits	171	<b>171</b>	(0)
Suspense payments	54	<b>42</b>	(12)
Deferred tax assets	219	—	(219)
Total assets	24,100	<b>20,878</b>	(3,221)
<b>Liabilities:</b>			
Underwriting funds:	11,933	<b>8,684</b>	(3,249)
Reserve for outstanding losses and claims	4,458	<b>4,009</b>	(449)
Underwriting reserves	7,475	<b>4,674</b>	(2,800)
Other liabilities:	2,200	<b>1,629</b>	(570)
Reinsurance accounts payable	4	<b>6</b>	2
Income taxes payable	198	<b>14</b>	(184)
Deposits received	5	<b>21</b>	16
Accounts payable	988	<b>1,097</b>	108
Suspense receipts	1,003	<b>490</b>	(512)
Reserve for retirement benefits	280	<b>544</b>	264
Reserve for bonus payments	98	<b>74</b>	(24)
Reserve for bonus payments to directors	4	<b>4</b>	—
Reserves under the special laws:	20	—	(20)
Reserve for price fluctuation	20	—	(20)
Total liabilities	14,537	<b>10,937</b>	(3,599)
<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:	(28,437)	<b>(28,059)</b>	378
Other retained earnings:	(28,437)	<b>(28,059)</b>	378
Retained earnings carried forward	(28,437)	<b>(28,059)</b>	378
Total shareholders' equity	9,562	<b>9,940</b>	378
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	0	—	(0)
Total valuation and translation adjustments	0	—	(0)
Total net assets	9,562	<b>9,940</b>	377
Total liabilities and net assets	24,100	<b>20,878</b>	(3,221)



# Sonpo 24 Insurance Company Limited (Non-consolidated)

## Statement of Income

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change	
	March 31, 2018 (April 1, 2017 to March 31, 2018)	March 31, 2019 (April 1, 2018 to March 31, 2019)			
	Amount	Amount			
<b>Ordinary income:</b>	13,881	<b>12,090</b>	(1,791)	(12.9)%	
Underwriting income:	13,890	<b>12,065</b>	(1,825)	(13.1)	
Net premiums written	12,386	<b>8,804</b>	(3,581)	(28.9)	
Interest and dividend income on deposits of premiums, etc.	10	<b>11</b>	0	8.7	
Reversal of reserve for outstanding losses and claims	924	<b>449</b>	(475)	(51.4)	
Reversal of underwriting reserves	569	<b>2,800</b>	2,230	391.4	
Investment income:	(10)	<b>(11)</b>	(1)	—	
Interest and dividend income	0	<b>(0)</b>	(0)	(118.7)	
Transfer of interest and dividend income on deposits of premiums, etc.	(10)	<b>(11)</b>	(0)	—	
Other ordinary income	0	<b>36</b>	35	3,567.9	
<b>Ordinary expenses:</b>	11,595	<b>10,711</b>	(883)	(7.6)	
Underwriting expenses:	8,507	<b>7,788</b>	(718)	(8.5)	
Net claims paid	6,775	<b>6,395</b>	(380)	(5.6)	
Loss adjustment expenses	996	<b>938</b>	(58)	(5.8)	
Net commissions and brokerage fees	735	<b>454</b>	(280)	(38.2)	
Operating, general and administrative expenses	3,087	<b>2,922</b>	(164)	(5.3)	
Other ordinary expenses:	0	<b>0</b>	0	33.3	
Other ordinary expenses	0	<b>0</b>	0	33.3	
<b>Ordinary profit</b>	2,285	<b>1,378</b>	(907)	(39.7)	
<b>Extraordinary gains:</b>	21	<b>20</b>	(1)	(7.4)	
Reversal of reserves under the special laws:	21	<b>20</b>	(1)	(7.4)	
Reversal of reserve for price fluctuation	21	<b>20</b>	(1)	(7.4)	
<b>Extraordinary losses:</b>	36	<b>726</b>	690	1,889.3	
Losses on disposal of fixed assets	1	<b>1</b>	(0)	(12.3)	
Business structure reform expenses	35	<b>725</b>	690	1,968.2	
<b>Net income before income taxes</b>	2,271	<b>671</b>	(1,599)	(70.4)	
<b>Income taxes</b>	242	<b>73</b>	(168)	(69.6)	
<b>Deferred income taxes</b>	42	<b>219</b>	177	416.3	
<b>Total income taxes</b>	284	<b>293</b>	8	3.0	
<b>Net income</b>	1,986	<b>378</b>	(1,608)	(81.0)	
<b>Underwriting result:</b>					
Net premiums written	(+)	12,386	<b>8,804</b>	(3,581)	(28.9)
Net claims paid	(-)	6,775	<b>6,395</b>	(380)	(5.6)
Loss adjustment expenses	(-)	996	<b>938</b>	(58)	(5.8)
Net operating expenses:	(-)	3,820	<b>3,375</b>	(445)	(11.6)
Net commissions and brokerage fees		735	<b>454</b>	(280)	(38.2)
Operating, general and administrative expenses related to underwriting		3,084	<b>2,920</b>	(164)	(5.3)
Underwriting result		793	<b>(1,904)</b>	(2,697)	(340.1)
Underwriting profit		2,297	<b>1,356</b>	(941)	(41.0)
<b>Ratios:</b>					
Net loss ratio	(%)	62.8	<b>83.3</b>	20.5	
Net operating expenses ratio	(%)	30.8	<b>38.3</b>	7.5	
Combined ratio	(%)	93.6	<b>121.6</b>	28.0	

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

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	90,465	<b>92,843</b>	2,377
Cash	0	—	(0)
Deposits	90,465	<b>92,843</b>	2,377
Securities:	2,594,537	<b>2,805,201</b>	210,663
Government bonds	1,773,257	<b>1,845,412</b>	72,154
Municipal bonds	61,410	<b>65,809</b>	4,399
Corporate bonds	354,833	<b>425,036</b>	70,202
Domestic stocks	9,233	<b>8,648</b>	(585)
Foreign securities	395,802	<b>460,294</b>	64,492
Loans:	39,865	<b>41,734</b>	1,869
Policy loans	39,865	<b>41,734</b>	1,869
Tangible fixed assets:	1,455	<b>1,297</b>	(158)
Buildings	433	<b>445</b>	11
Leased assets	759	<b>566</b>	(192)
Other tangible fixed assets	262	<b>286</b>	23
Agency accounts receivable	120	<b>133</b>	13
Reinsurance accounts receivable	1,925	<b>1,435</b>	(490)
Other assets:	53,984	<b>54,814</b>	830
Accounts receivable	35,828	<b>37,028</b>	1,199
Prepaid expenses	1,865	<b>2,041</b>	176
Accrued income	7,600	<b>8,045</b>	445
Advance deposits	2,750	<b>2,760</b>	9
Derivative assets	5,384	<b>4,402</b>	(982)
Cash collateral paid for financial instruments	—	<b>80</b>	80
Suspense payments	481	<b>370</b>	(111)
Other assets	73	<b>86</b>	12
Deferred tax assets	13,923	<b>8,680</b>	(5,242)
Allowance for possible credit losses	(48)	<b>(51)</b>	(3)
<b>Total assets</b>	<b>2,796,230</b>	<b>3,006,090</b>	<b>209,860</b>

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Policy reserves:	2,604,810	<b>2,784,798</b>	179,988
Reserve for outstanding claims	41,979	<b>45,266</b>	3,286
Policy reserves	2,557,365	<b>2,734,761</b>	177,396
Reserve for dividends to policyholders	5,465	<b>4,770</b>	(694)
Agency accounts payable	4,506	<b>4,097</b>	(408)
Reinsurance accounts payable	963	<b>821</b>	(141)
Other liabilities:	41,408	<b>46,592</b>	5,184
Payables under securities lending transactions	22,921	<b>24,887</b>	1,966
Income taxes payable	2,544	<b>4,174</b>	1,630
Accounts payable	5,805	<b>6,587</b>	781
Accrued expenses	7,964	<b>7,852</b>	(111)
Deposits received	225	<b>1,637</b>	1,412
Derivative liabilities	203	<b>198</b>	(5)
Cash collateral received for financial instruments	100	<b>—</b>	(100)
Lease obligations	900	<b>686</b>	(214)
Suspense receipts	742	<b>567</b>	(175)
Reserve for bonus payments to directors	47	<b>37</b>	(9)
Reserve for retirement benefits	3,698	<b>3,802</b>	103
Reserve for possible reimbursement of prescribed claims	—	<b>601</b>	601
Reserves under the special laws:	6,838	<b>7,490</b>	651
Reserve for price fluctuation	6,838	<b>7,490</b>	651
Total liabilities	2,662,271	<b>2,848,241</b>	185,969
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	17,250	<b>17,250</b>	—
Capital surplus:	13,333	<b>13,333</b>	—
Capital reserves	13,333	<b>13,333</b>	—
Retained earnings:	65,624	<b>74,169</b>	8,544
Legal reserve	200	<b>1,570</b>	1,370
Other retained earnings:	65,424	<b>72,599</b>	7,174
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	65,099	<b>72,274</b>	7,174
Total shareholders' equity	96,207	<b>104,752</b>	8,544
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	37,750	<b>53,096</b>	15,345
Total valuation and translation adjustments	37,750	<b>53,096</b>	15,345
Total net assets	133,958	<b>157,848</b>	23,890
Total liabilities and net assets	2,796,230	<b>3,006,090</b>	209,860

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

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	490,791	<b>495,111</b>	4,320	0.9%
Insurance premiums and other:	438,487	<b>444,443</b>	5,956	1.4
Insurance premiums	434,803	<b>441,582</b>	6,779	1.6
Reinsurance income	3,684	<b>2,861</b>	(823)	(22.3)
Investment income:	49,490	<b>48,621</b>	(869)	(1.8)
Interest and dividend income and other:	43,880	<b>44,583</b>	703	1.6
Interest and dividends on securities	42,659	<b>43,301</b>	642	1.5
Interest on loans	1,181	<b>1,235</b>	54	4.6
Other interest and dividends	39	<b>46</b>	6	17.0
Gains on sales of securities	4,132	<b>3,635</b>	(496)	(12.0)
Foreign exchange gains	—	<b>7</b>	7	—
Other investment income	—	<b>2</b>	2	—
Investment gains on special account	1,478	<b>391</b>	(1,086)	(73.5)
Other ordinary income:	2,812	<b>2,045</b>	(766)	(27.3)
Fund receipt for annuity rider	1,205	<b>494</b>	(711)	(59.0)
Fund receipt for claim deposit payments	1,573	<b>1,542</b>	(31)	(2.0)
Other ordinary income	33	<b>9</b>	(23)	(72.0)
<b>Ordinary expenses:</b>	474,069	<b>468,524</b>	(5,544)	(1.2)
Insurance claims and other:	182,504	<b>186,185</b>	3,681	2.0
Insurance claims	34,636	<b>32,214</b>	(2,421)	(7.0)
Annuity payments	12,362	<b>11,621</b>	(741)	(6.0)
Insurance benefits	42,700	<b>45,853</b>	3,152	7.4
Surrender benefits	86,263	<b>90,285</b>	4,021	4.7
Other refunds	2,904	<b>2,640</b>	(263)	(9.1)
Reinsurance premiums	3,635	<b>3,569</b>	(65)	(1.8)
Provision for policy reserves and other:	187,276	<b>180,683</b>	(6,592)	(3.5)
Provision for reserve for outstanding claims	1,109	<b>3,286</b>	2,177	196.3
Provision for policy reserves	186,166	<b>177,396</b>	(8,770)	(4.7)
Provision for interest portion of reserve for dividends to policyholders	0	<b>0</b>	(0)	(9.9)
Investment expenses:	4,449	<b>3,508</b>	(941)	(21.2)
Interest paid	96	<b>80</b>	(16)	(16.9)
Losses on sales of securities	2,855	<b>2,394</b>	(460)	(16.1)
Losses on derivatives	1,384	<b>926</b>	(458)	(33.1)
Foreign exchange losses	14	<b>—</b>	(14)	(100.0)
Provision for allowance for possible credit losses	12	<b>7</b>	(4)	(37.2)
Other investment expenses	87	<b>99</b>	12	14.4
Operating expenses	95,576	<b>93,273</b>	(2,302)	(2.4)

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	4,263	<b>4,873</b>	610	14.3%
Claim deposit payments	1,291	<b>1,369</b>	78	6.1
Taxes	2,056	<b>2,132</b>	75	3.7
Depreciation	428	<b>456</b>	27	6.5
Provision for reserve for retirement benefits	463	<b>103</b>	(359)	(77.6)
Other ordinary expenses	23	<b>811</b>	788	3,393.9
<b>Ordinary profit</b>	16,721	<b>26,586</b>	9,865	59.0
<b>Extraordinary gains:</b>	0	—	(0)	(100.0)
Gains on disposal of fixed assets and other	0	—	(0)	(100.0)
<b>Extraordinary losses:</b>	1,438	<b>1,694</b>	256	17.9
Losses on disposal of fixed assets and other	12	<b>33</b>	21	171.8
Provision for reserves under the special laws:	1,425	<b>651</b>	(773)	(54.3)
Provision for reserve for price fluctuation	1,425	<b>651</b>	(773)	(54.3)
Other extraordinary losses	—	<b>1,009</b>	1,009	—
<b>Provision for reserve for dividends to policyholders</b>	3,981	<b>3,292</b>	(689)	(17.3)
<b>Net income before income taxes</b>	11,301	<b>21,599</b>	10,297	91.1
<b>Income taxes</b>	5,392	<b>6,930</b>	1,538	28.5
<b>Deferred income taxes</b>	(2,208)	<b>(725)</b>	1,482	—
<b>Total income taxes</b>	3,184	<b>6,204</b>	3,020	94.9
<b>Net income</b>	8,117	<b>15,394</b>	7,276	89.6

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

## Consolidated Solvency Margin Ratio

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- The Company calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).
- Although treatment regarding scope of calculation of consolidated solvency margin ratio is same as the treatment of consolidated financial statements, subsidiaries under the Insurance Business Law with over 50 percent of voting right acquired by the Company are generally included in the calculation.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The consolidated solvency margin ratio of the Company for the current fiscal year decreased 2.7 points from previous fiscal year to 859.8 percent.

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

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
(A) Total Consolidated Solvency Margin	3,345,644	<b>3,264,797</b>
Capital and funds, etc.	698,113	<b>799,920</b>
Reserve for price fluctuation	86,095	<b>90,722</b>
Contingency reserve	30,894	<b>32,571</b>
Catastrophic loss reserve	560,080	<b>501,491</b>
General allowance for possible credit losses	2,412	<b>2,745</b>
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,129,750	<b>947,259</b>
Unrealized gains and losses on land	69,855	<b>84,297</b>
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	(4,473)	<b>(4,970)</b>
Surplus such as premium fund	164,592	<b>172,796</b>
Subordinated debt, etc.	433,560	<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>0</b>
Deductions	38,553	<b>38,048</b>
Others	213,315	<b>242,452</b>
(B) Total Consolidated Risks	775,746	<b>759,401</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> )	250,523	<b>251,559</b>
Underwriting risk for life insurance business (R <sub>2</sub> )	14,256	<b>14,865</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>3</sub> )	9,318	<b>9,961</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> )	27,801	<b>26,533</b>
Guaranteed minimum benefit risk for life insurance policies (R <sub>6</sub> )	379	<b>388</b>
Investment risk (R <sub>7</sub> )	515,517	<b>466,050</b>
Business management risk (R <sub>8</sub> )	19,804	<b>19,430</b>
Major catastrophe risk for property and casualty insurance policies (R <sub>9</sub> )	153,168	<b>181,719</b>
(C) Consolidated Solvency Margin Ratio	862.5%	<b>859.8%</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, 2018	As of March 31, 2019
(A) Total Non-consolidated Solvency Margin	3,078,246	<b>2,925,752</b>
Capital and funds, etc.	598,902	<b>667,900</b>
Reserve for price fluctuation	79,193	<b>83,183</b>
Contingency reserve	611	<b>917</b>
Catastrophic loss reserve	555,293	<b>497,090</b>
General allowance for possible credit losses	229	<b>296</b>
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,184,429	<b>979,958</b>
Unrealized gains and losses on land	93,030	<b>102,267</b>
Excess amount of reserve for maturity refunds	—	<b>—</b>
Subordinated debt, etc.	433,560	<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	54,455	<b>53,329</b>
Others	187,451	<b>213,906</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	837,472	<b>810,142</b>
Underwriting risk (R <sub>1</sub> )	187,079	<b>185,722</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> )	19,350	<b>18,070</b>
Investment risk (R <sub>4</sub> )	646,159	<b>584,923</b>
Business management risk (R <sub>5</sub> )	19,583	<b>18,978</b>
Major catastrophe risk (R <sub>6</sub> )	126,585	<b>160,215</b>
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	735.1%	<b>722.2%</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, 2018	As of March 31, 2019
(A) Total Non-consolidated Solvency Margin	12,720	<b>10,676</b>
Capital and funds, etc.	7,893	<b>5,554</b>
Reserve for price fluctuation	44	<b>49</b>
Contingency reserve	11	<b>11</b>
Catastrophic loss reserve	4,306	<b>4,400</b>
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	463	<b>660</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	1	<b>0</b>
(B) Total Non-consolidated Risks	5,482	<b>6,248</b>
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R <sub>1</sub> )	4,233	<b>4,893</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> )	21	<b>19</b>
Investment risk (R <sub>4</sub> )	702	<b>693</b>
Business management risk (R <sub>5</sub> )	178	<b>201</b>
Major catastrophe risk (R <sub>6</sub> )	1,008	<b>1,101</b>
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	463.9%	<b>341.7%</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, 2018	As of March 31, 2019
(A) Total Non-consolidated Solvency Margin	10,063	<b>10,216</b>
Capital and funds, etc.	9,562	<b>9,940</b>
Reserve for price fluctuation	20	—
Contingency reserve	—	—
Catastrophic loss reserve	480	<b>276</b>
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	0	—
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	1,860	<b>1,649</b>
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R <sub>1</sub> )	1,649	<b>1,455</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> )	248	<b>202</b>
Business management risk (R <sub>5</sub> )	60	<b>53</b>
Major catastrophe risk (R <sub>6</sub> )	132	<b>126</b>
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	1,081.6%	<b>1,238.7%</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, 2018	As of March 31, 2019
(A) Total Non-consolidated Solvency Margin	340,108	<b>383,002</b>
Capital, etc.	96,207	<b>104,752</b>
Reserve for price fluctuation	6,838	<b>7,490</b>
Contingency reserve	30,270	<b>31,642</b>
General allowance for possible credit losses	3	<b>4</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)	47,188	<b>66,370</b>
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	<b>—</b>
Excess amount of continued Zillmerized reserve	164,592	<b>172,796</b>
Subordinated debt, etc.	—	<b>—</b>
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(30,855)	<b>(28,599)</b>
Brought in capital, etc.	—	<b>—</b>
Deductions	—	<b>—</b>
Others	25,862	<b>28,545</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2+R_4}$	44,952	<b>50,809</b>
Underwriting risk (R <sub>1</sub> )	13,508	<b>14,188</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>8</sub> )	9,318	<b>9,961</b>
Guaranteed interest rate risk (R <sub>2</sub> )	8,430	<b>8,443</b>
Guaranteed minimum benefit risk (R <sub>7</sub> )	379	<b>388</b>
Investment risk (R <sub>3</sub> )	28,512	<b>34,335</b>
Business management risk (R <sub>4</sub> )	1,202	<b>1,346</b>
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,513.1%	<b>1,507.5%</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.