



**SOMPO
HOLDINGS**

Innovation for Wellbeing

Version of June 2017

Topics & Basics

June 2017
Sompo Holdings, Inc.



1. Mid-term management plan

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(1) Key points of management plan

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Targets of Mid-term Management Plan

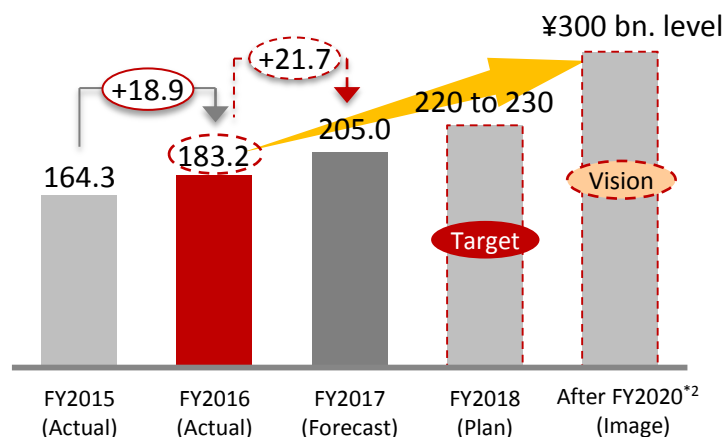
- ◆ First year (FY2016) of the mid-term management plan made steady start more than expected, and had the largest earnings in history.
- ◆ We embody our management philosophy to provide the highest quality services that contribute to our customers' security, health, and wellbeing, and we aim to increase earnings and improve ROE further.

Targets of mid-term management plan (from FY2016 to FY2020)

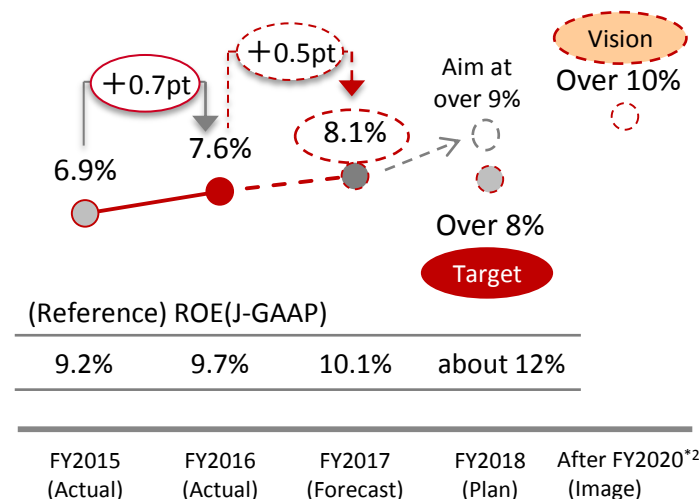
	Targets in FY2018	Our vision (after FY2020) ^{*2}
Adjusted consolidated profit ^{*1}	¥220 to 230 billion	To be global top 10 (¥300 billion level)
Adjusted consolidated ROE ^{*1}	Over 8%	Over 10%
Shareholder return	Enhance shareholder return in accordance with growth in adjusted consolidated profit and EPS.	

Adjusted consolidated profit^{*1}

(Billions of yen)



Adjusted consolidated ROE^{*1}



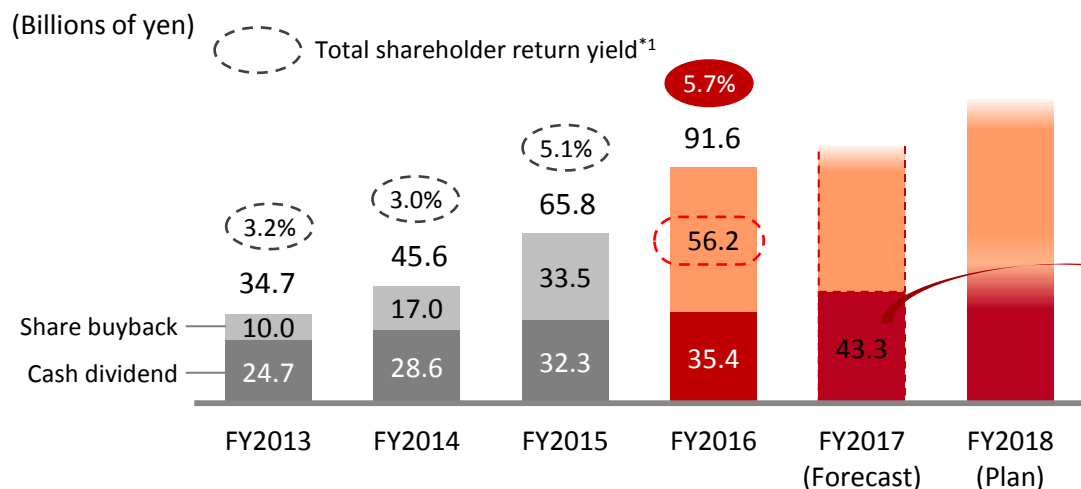
*1 See page 28 for definitions of adjusted consolidated profit and adjusted consolidated ROE.

*2 We will set targets in FY2020 by FY2018 based on our vision, etc.

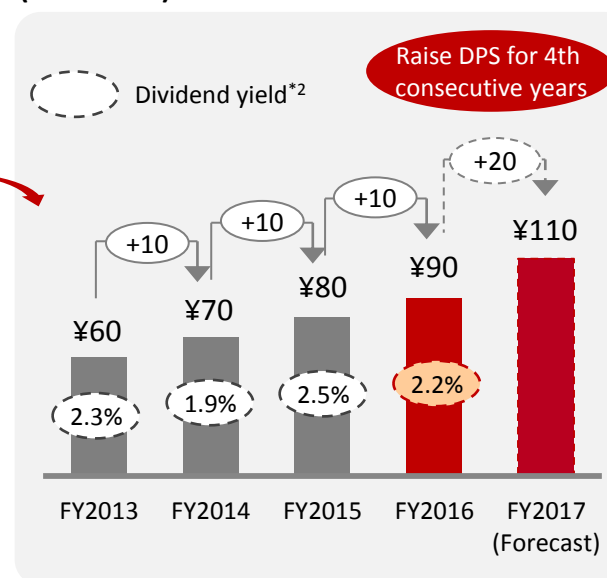
Shareholder Return

- ◆ Based on growth of adjusted consolidated profit, realized proactive shareholder return.
- ◆ Considering dividend yield in relative terms, expectation from the market, etc., decided to raise DPS for the fourth consecutive years. Share buyback is ¥56.2 billion in FY2016.

History of shareholder returns



(Reference) DPS



Adjusted consolidated profit	15.8	90.8	132.0	183.2	205.0	220 to 230
Total payout ratio	220%	50%	50%	50%	—	—
(Reference) share price (End of fiscal year)	¥2,652	¥3,735	¥3,188	¥4,079	—	—

Shareholder return policy

Total payout ratio of 50% over medium term.*3

* Determine balance of dividends and share buybacks based on relative level of dividend yield, share price, etc.

*1 Total shareholder return yield = (Cash dividend + Share buyback) / Market cap. as of end of FY

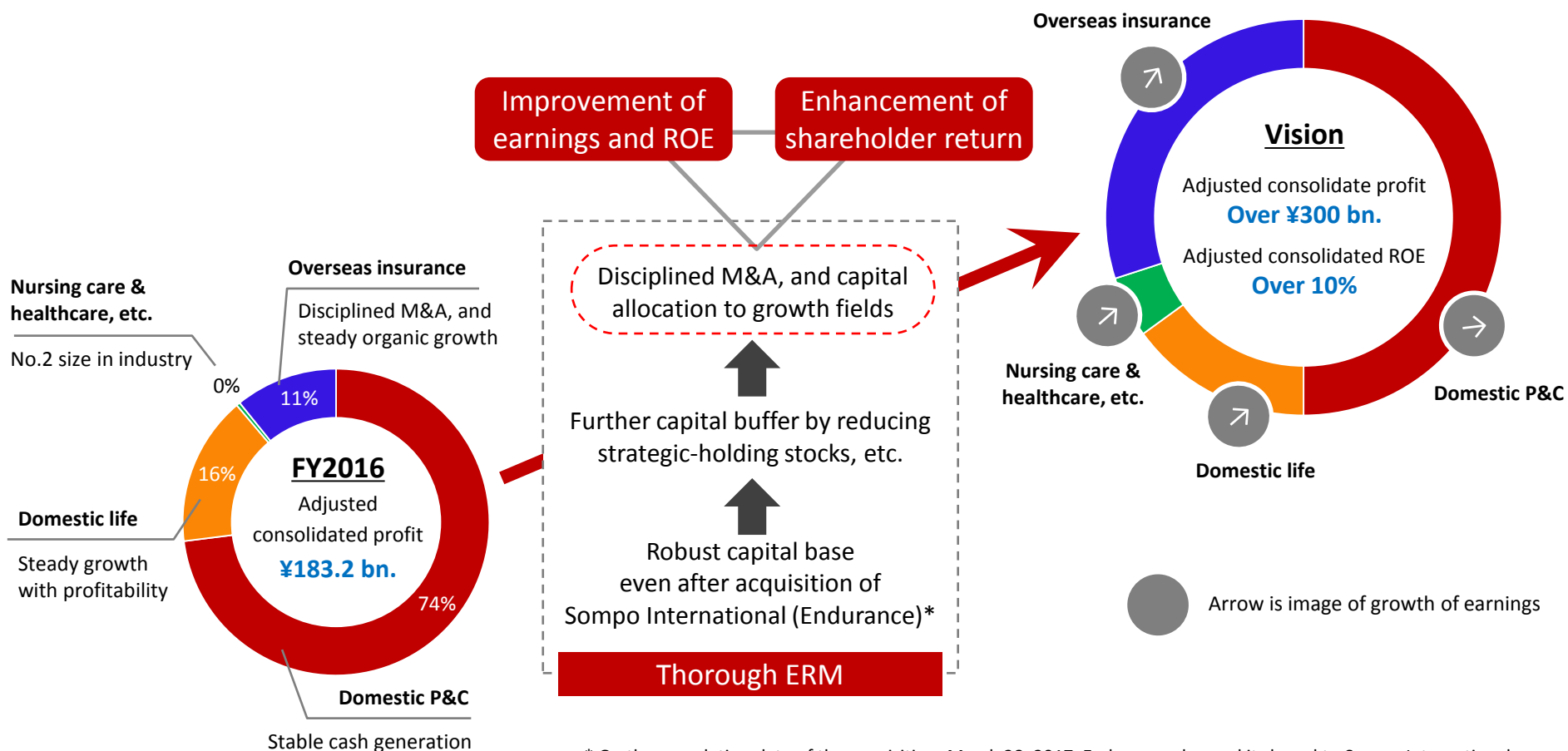
*2 Dividend yield = Cash dividend / Market cap. as of end of FY

*3 Total payout ratio = (Cash dividend + Share buyback) / Adjusted consolidated profit
Could be adjusted based on capital level, ROE, etc.

Growth Story Going Forward

◆ Based on further enhancement of robust capital base, aim at global top 10 level of earnings and ROE.

Group's growth story and transformation

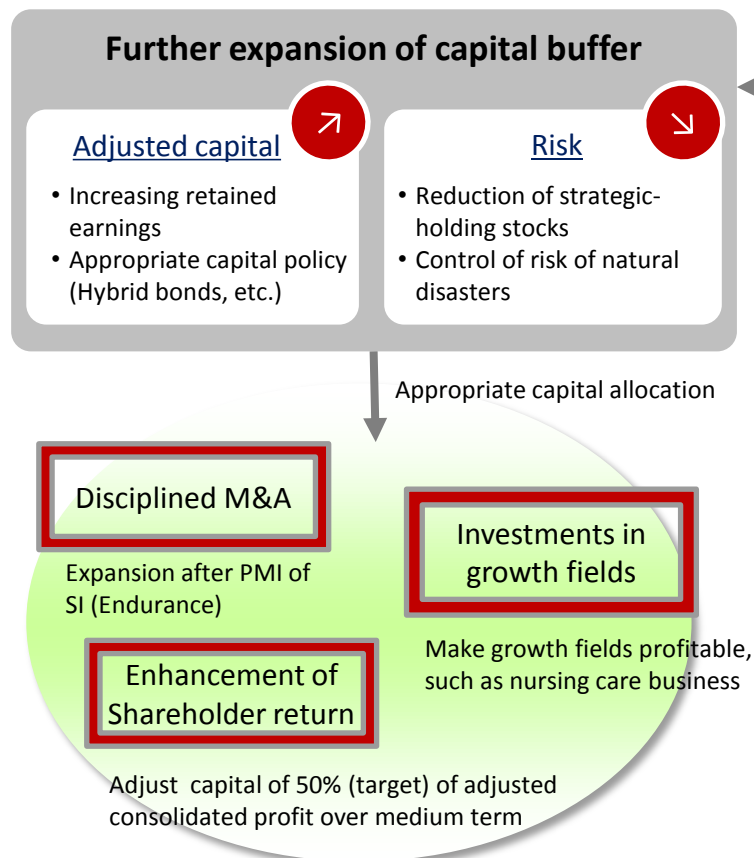


* On the completion date of the acquisition, March 28, 2017, Endurance changed its brand to Sompo International. We use SI (Endurance) hereafter.

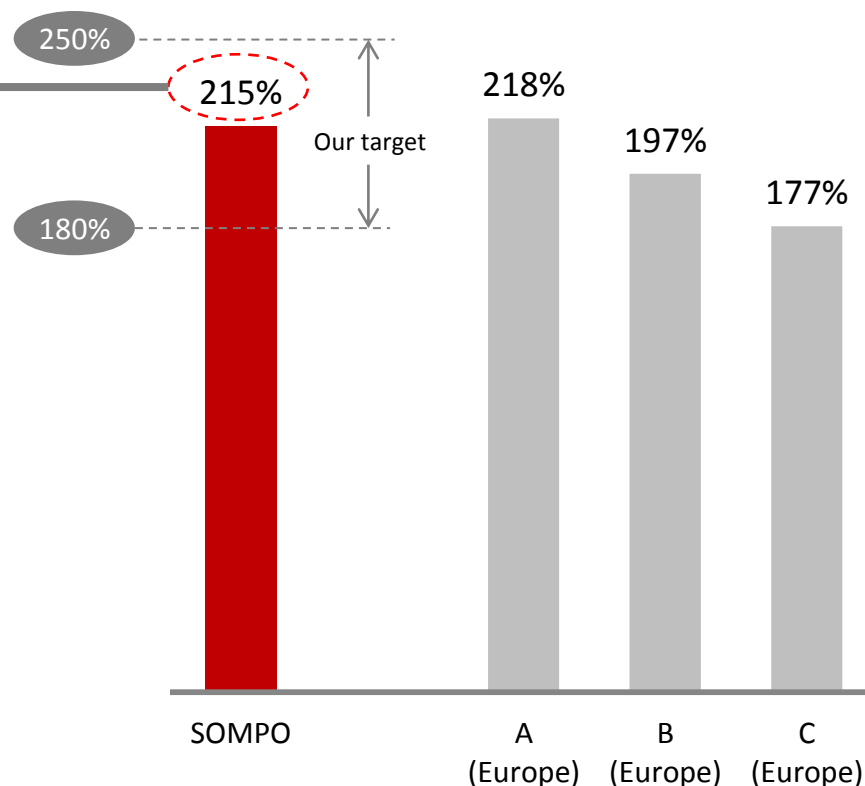
Robust Financial Base and Growth Strategy

- ◆ Can realize further improvement of earnings and capital efficiency, utilizing capital buffer generated by reduction of strategic-holding stocks, etc.

Growth strategy based on ERM framework



Comparison with global peers (FY2016)*



* SOMPO uses ESR (99.5%VaR, refer to page 23 for details) as of end of March 2017.
Other companies use solvency ratio based on Solvency II as of end of December 2016.

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Initiatives in Each Business and Collaboration among Businesses

- ◆ Steadily grow and enhance attractiveness of each business, and provide total support to customers through collaboration among businesses.

Initiatives in each business

Domestic P&C insurance business

Value-generating innovation

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

- Reform business process and system infrastructure
- Establish customer contact by digital and human
- Grow in accordance with quality

Domestic life insurance business

Evolve into health support enterprise

– the second founding –

- Evolve into health support enterprise
- Integrate seamlessly three elements of product, service, and channel as a business model

Digital strategy

Growth opportunities in accordance
with financial soundness

Total support through collaboration
among businesses

Nursing care & healthcare business, etc.

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

- Provide safe and reliable nursing care services while simultaneously ensuring the dignity and independence of the elderly.
- Provide total service of insurance, nursing care, and healthcare.

Overseas insurance business

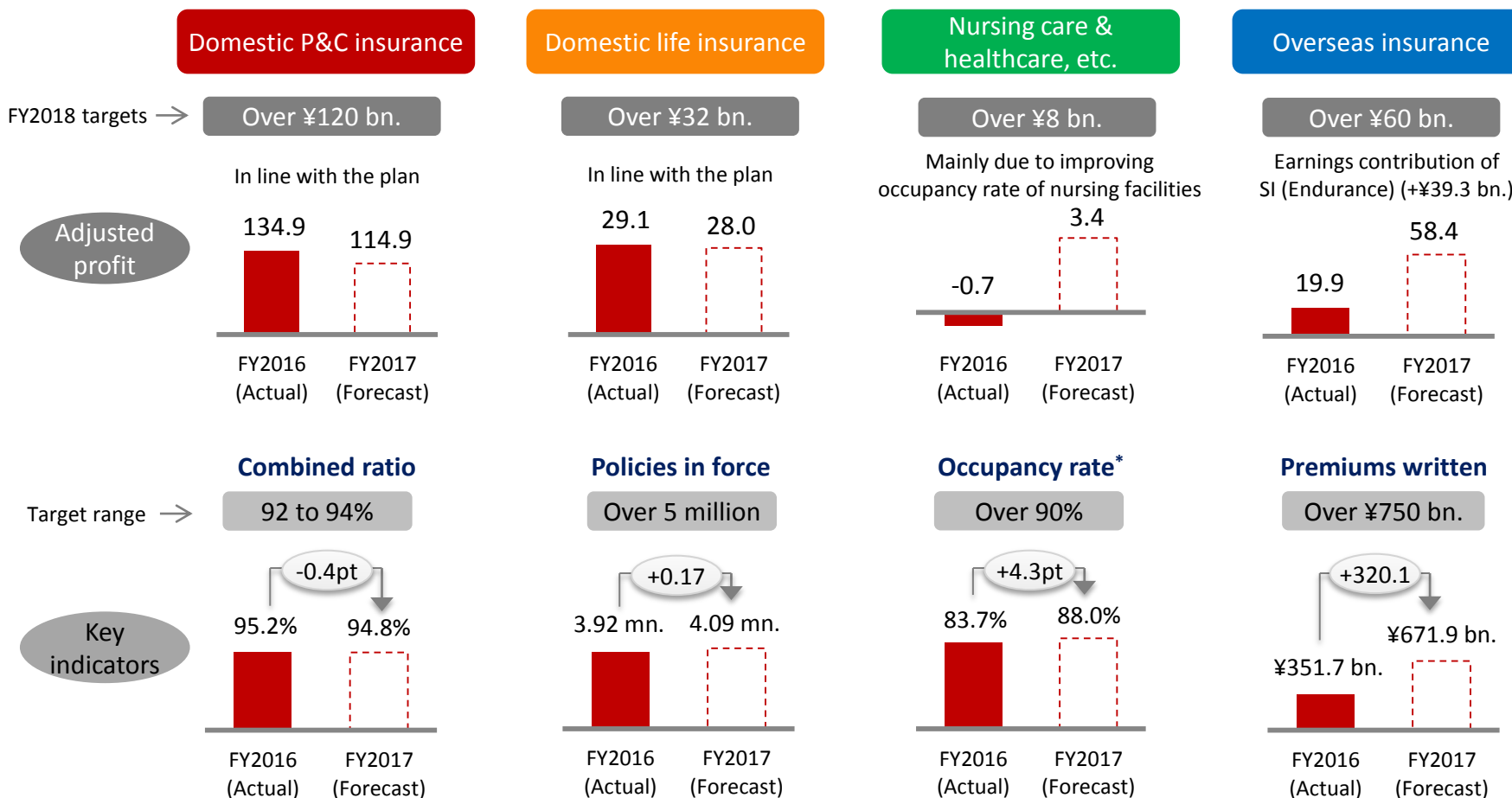
Accelerate growth by steady organic growth and disciplined M&A

- Establish truly integrated global insurance business platform in developed countries.
- Grow organically mainly in retail business in emerging countries.

Progress of Mid-term Management Plan – By segment

◆ Each business has steadily progressed. Key indicators are also improving to FY2018 targets.

Adjusted profit by segment and key factors



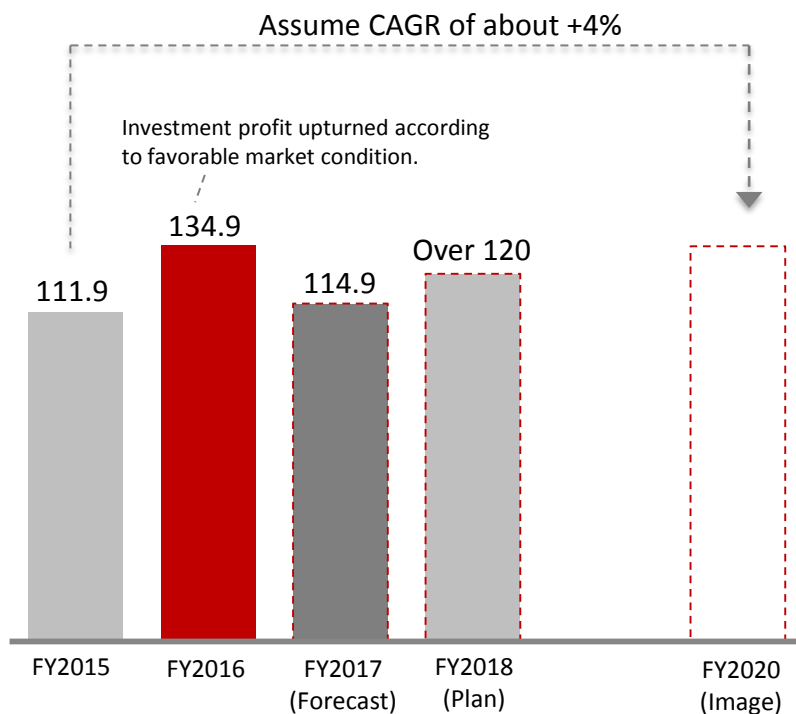
* Sum of SOMPO Care Message and SOMPO Care Next

Progress of Domestic P&C Insurance

- ◆ Domestic P&C insurance business made steady start against mid-term management plan.
In FY2017, level of adjusted profit is expected to stay in line with the initial plan.
- ◆ Premiums are expected to be on increasing trend due to appropriate product and rate revisions, etc.

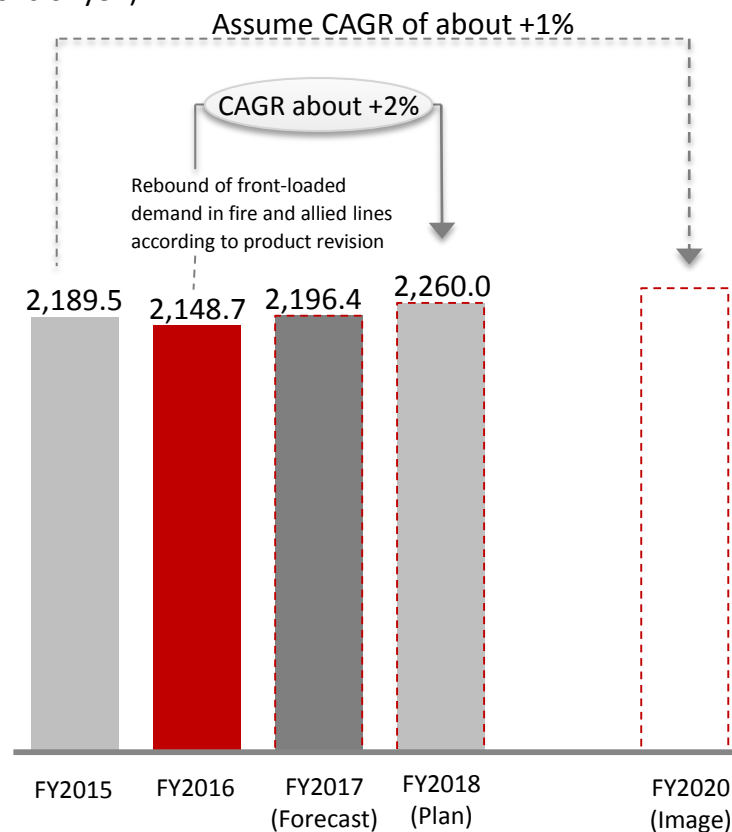
Plan for adjusted profit

(Billions of yen)



Net premiums written (Sompo Japan Nipponkoa)*

(Billions of yen)



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

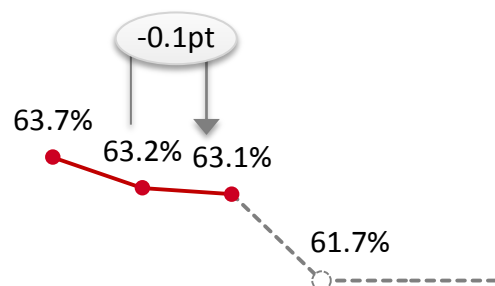
Sompo Japan Nipponkoa – Combined Ratio

◆ Due to appropriate control of expense, progress is steady against the plan.

Combined ratio (Sompo Japan Nipponkoa)

Loss ratio^{*1}

Profitability keeps on improving trend due to top-line growth.

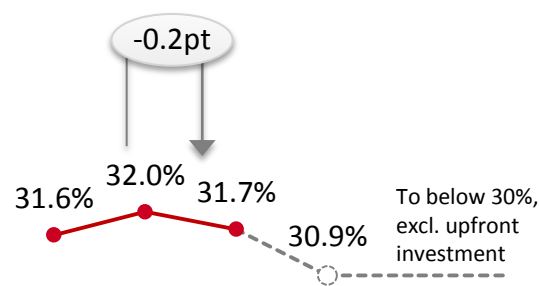


FY2015 FY2016 FY2017 FY2018 FY2020
(Forecast) (Plan) (Image)

^{*1} Loss ratio is on a written paid basis (including loss adjustment expense).

Expense ratio

Initiated upfront investment for future^{*2}.
Effect will be realized gradually after FY2018.

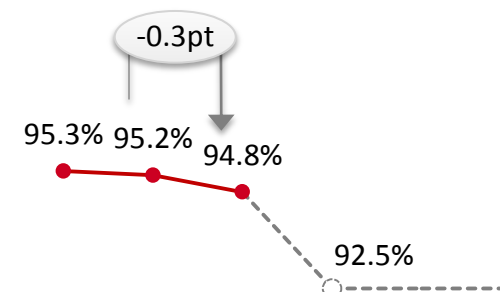


FY2015 FY2016 FY2017 FY2018 FY2020
(Forecast) (Plan) (Image)

^{*2} The amount of upfront investments for the entire line item:
In FY2016, ¥14.7 billion,
In FY2017 (forecast) and FY2018 (plan), around ¥10.0 billion

Combined ratio

Aim at combined ratio of 92 to 94% level.



FY2015 FY2016 FY2017 FY2018 FY2020
(Forecast) (Plan) (Image)

Sompo Japan Nipponkoa – Future Innovation Project

- ◆ Improve productivity by reforming and slimming business process and system infrastructure.
- ◆ After completion of the project , achieve global top level company expense ratio.

Aspiration

Global top level company expense ratio

Simple system with advanced technologies

→The number of steps less than a half.

Agile product development by anticipating changes in business environment

→Period of product development from 7 to 2 months.

Achieve no administrative work in sales office

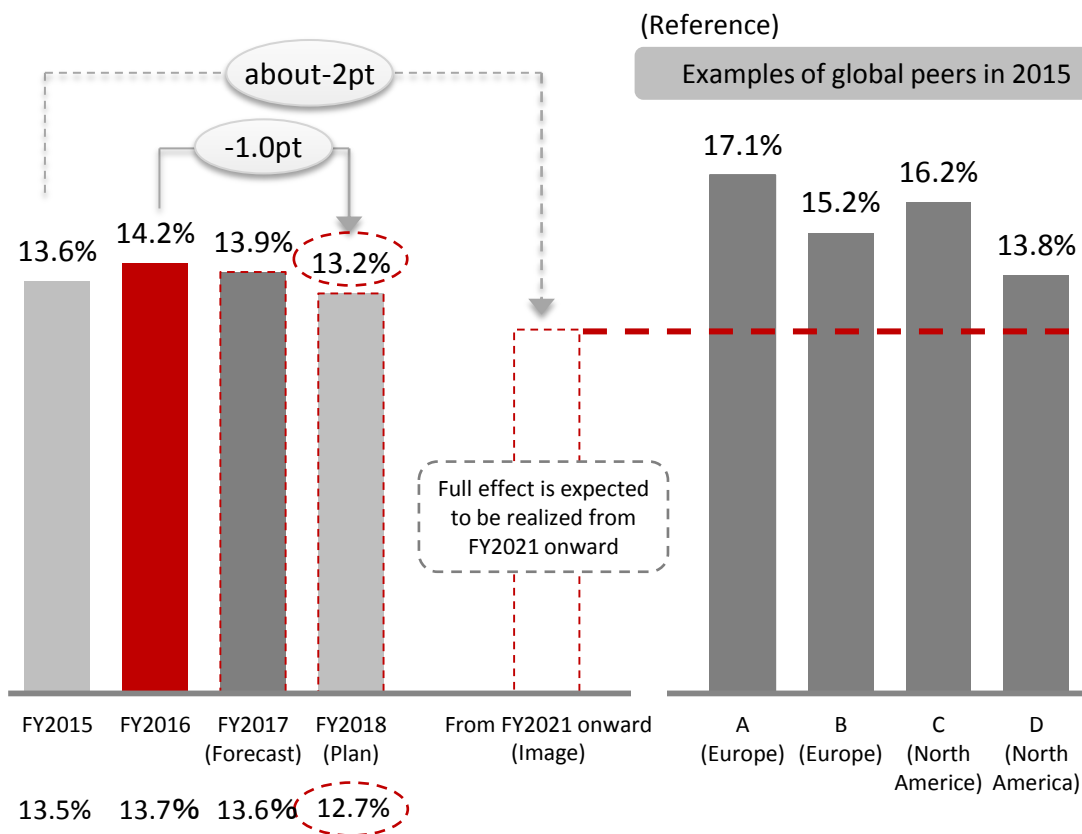
→Able to reduce sales headcounts by about 12%.

Status quo

- Old systems
- Lengthening of product development
- Structural overlap between sales office and agent

Company expense ratio
(excl. upfront investments)

Trends of company expense ratio*1



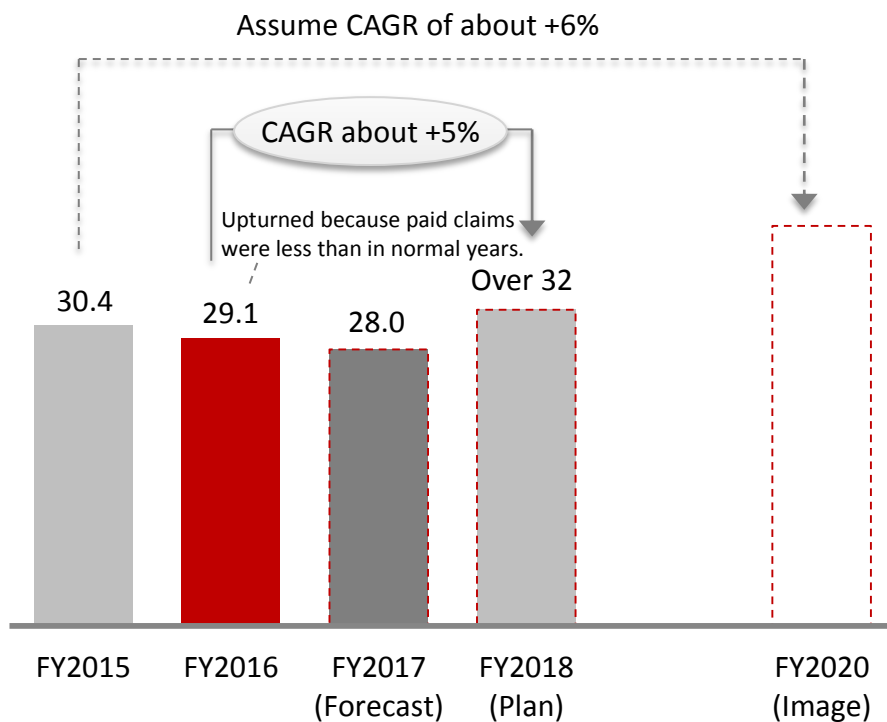
*1 Company expense ratio = Operating, general and administrative expenses for underwriting / Net premiums written

Progress of Himawari Life

- ◆ Enhanced profitability with the growth of policies in force centered on protection-type products.

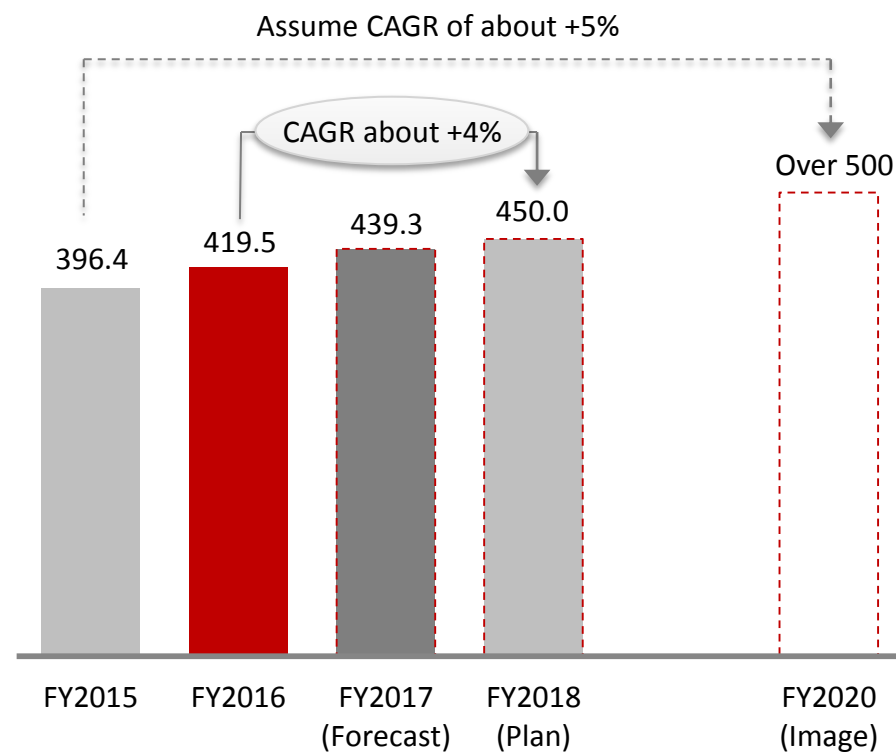
Plan for adjusted profit

(Billions of yen)



Premium and other income

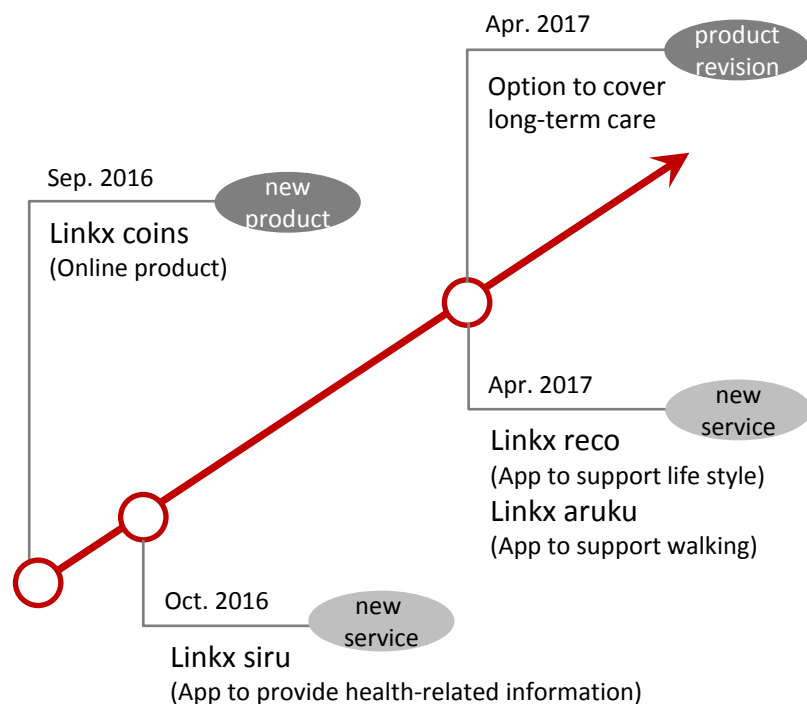
(Billions of yen)



Progress of Growth Strategy in Domestic Life Insurance

- ◆ Increase the number of customers and earnings in the future through new products and services matching customer needs.

New products and services



(Reference) Business model

- Establish lifelong connection with customers.
- Accelerate growth strategy centered on health service brand "Linkx (Link cross)."

Increase the number of customers by providing health-related services one by one.



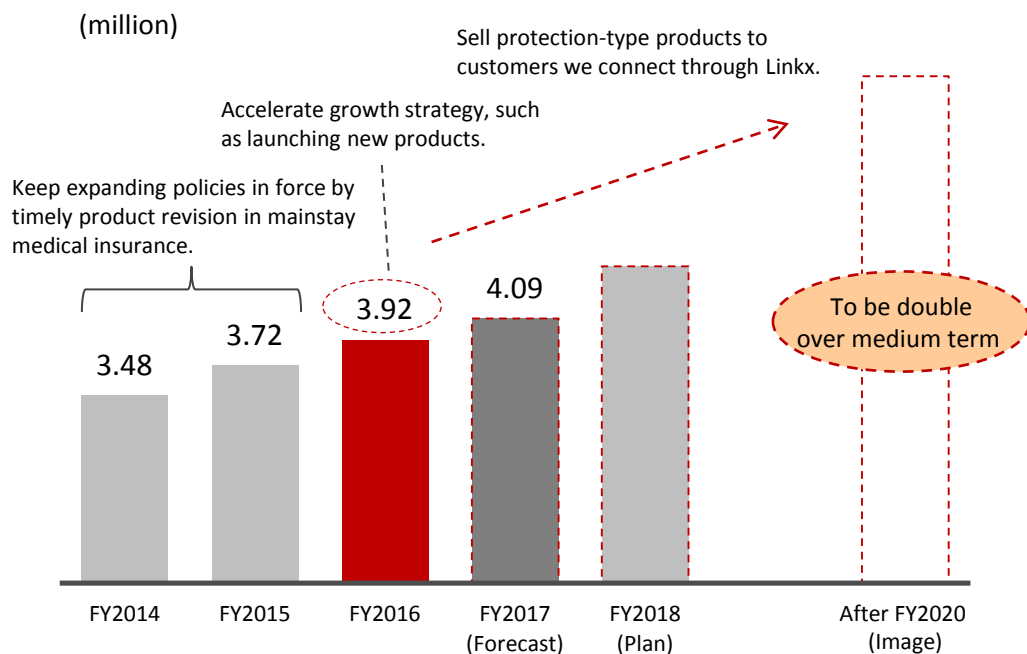
Proactively develop products from customers' perspective, such as a product utilizing vital data.

Himawari Life connects digitally with customers through products and services, and high-quality sales representatives follow them.

(Reference) Policies in Force and Product Mix

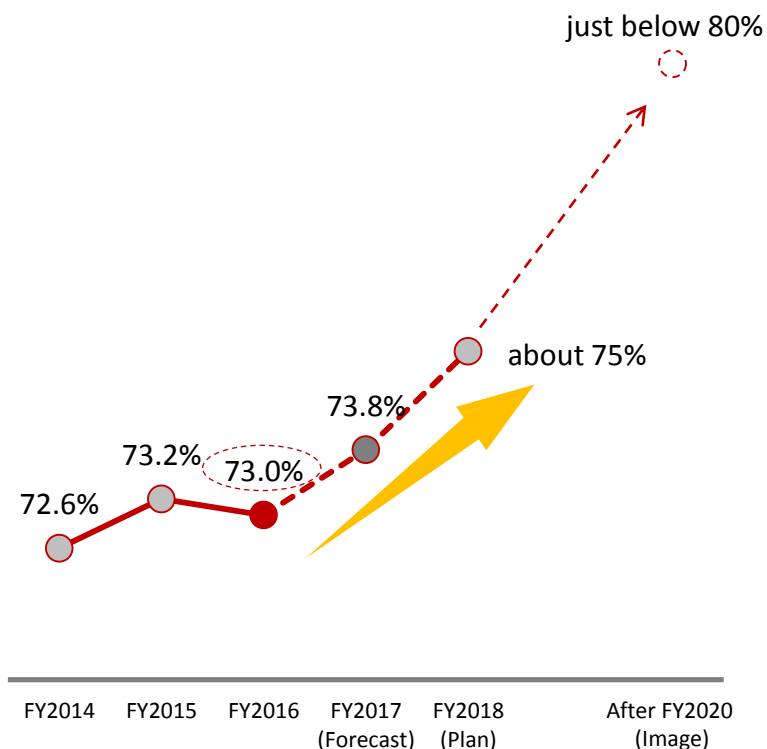
The number of policies in force

Steadily increased the number of policies in force by executing strategy based on protection-type products focused on medical insurance, with health as the keyword.



Weight of protection-type products

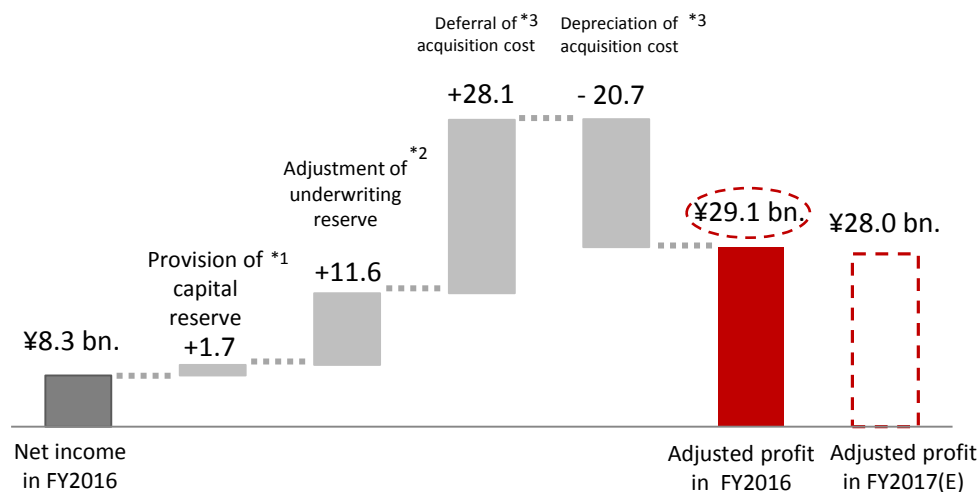
Weight of protection-type is already high level, and plan to keep raising it to improve profitability.



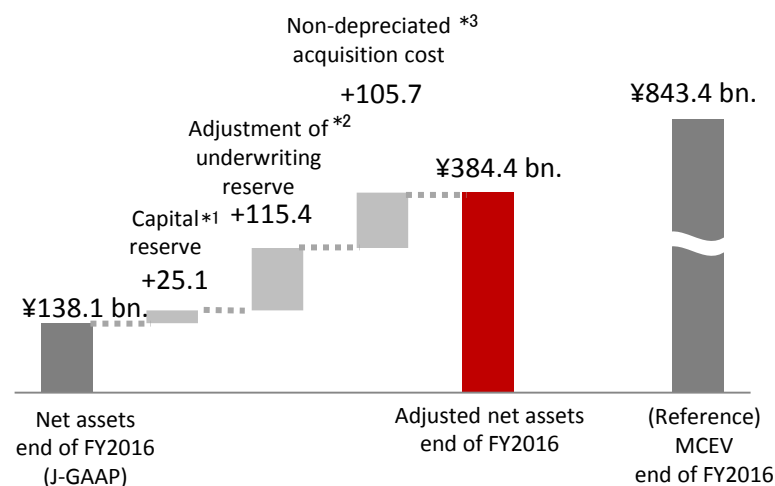
* Based on the number of policies in force.

(Reference) Adjusted Profit and Adjusted Net Assets – Himawari Life

Conversion from net income to adjusted profit



(Reference) Adjusted net assets



*1 Contingency reserve and reserve for price fluctuation (after tax).

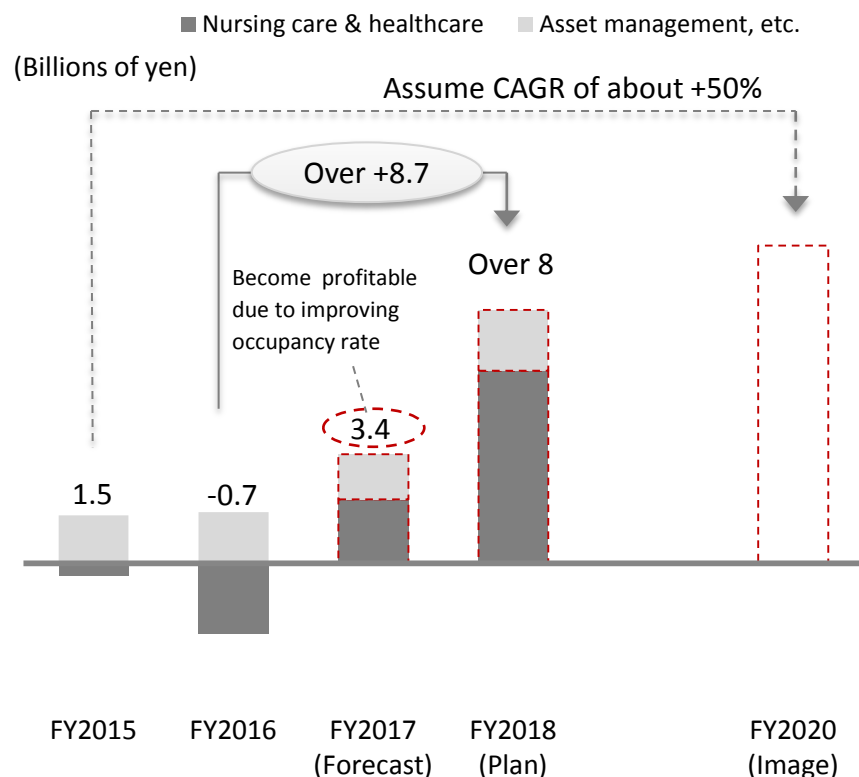
*2 Re-calculate underwriting reserve, which is calculated conservatively, with factors used for calculation of premiums (after tax).

*3 Acquisition cost, such as commissions for new contracts, depreciated over 10 years (after tax).

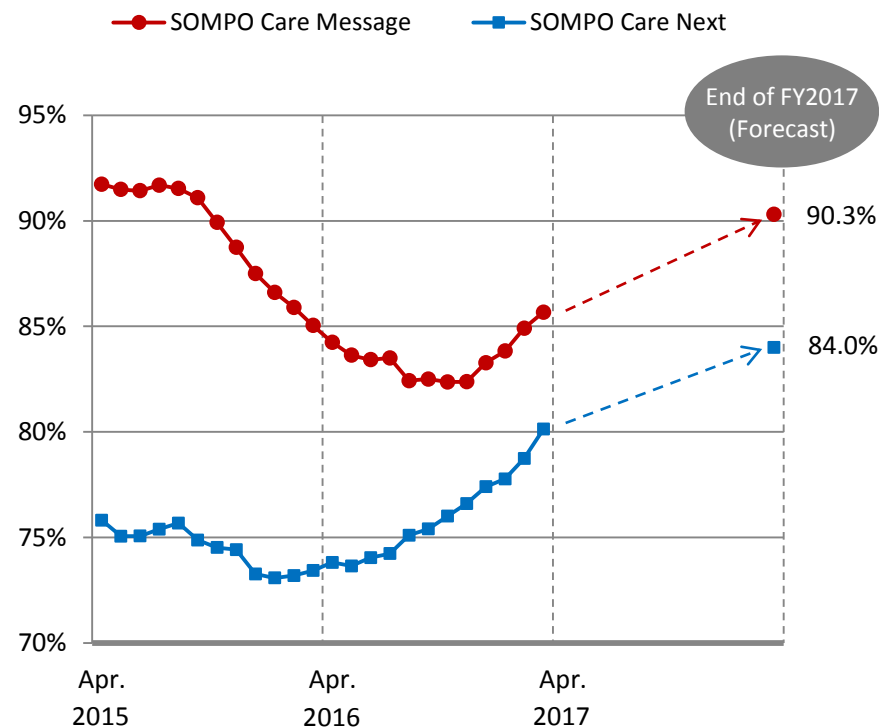
Progress of Nursing Care & Healthcare, etc.

- ◆ In nursing care business, occupancy rate is improving in accordance with progress of strengthening internal management. The business is expected to become profitable in FY2017.

Plan for adjusted profit



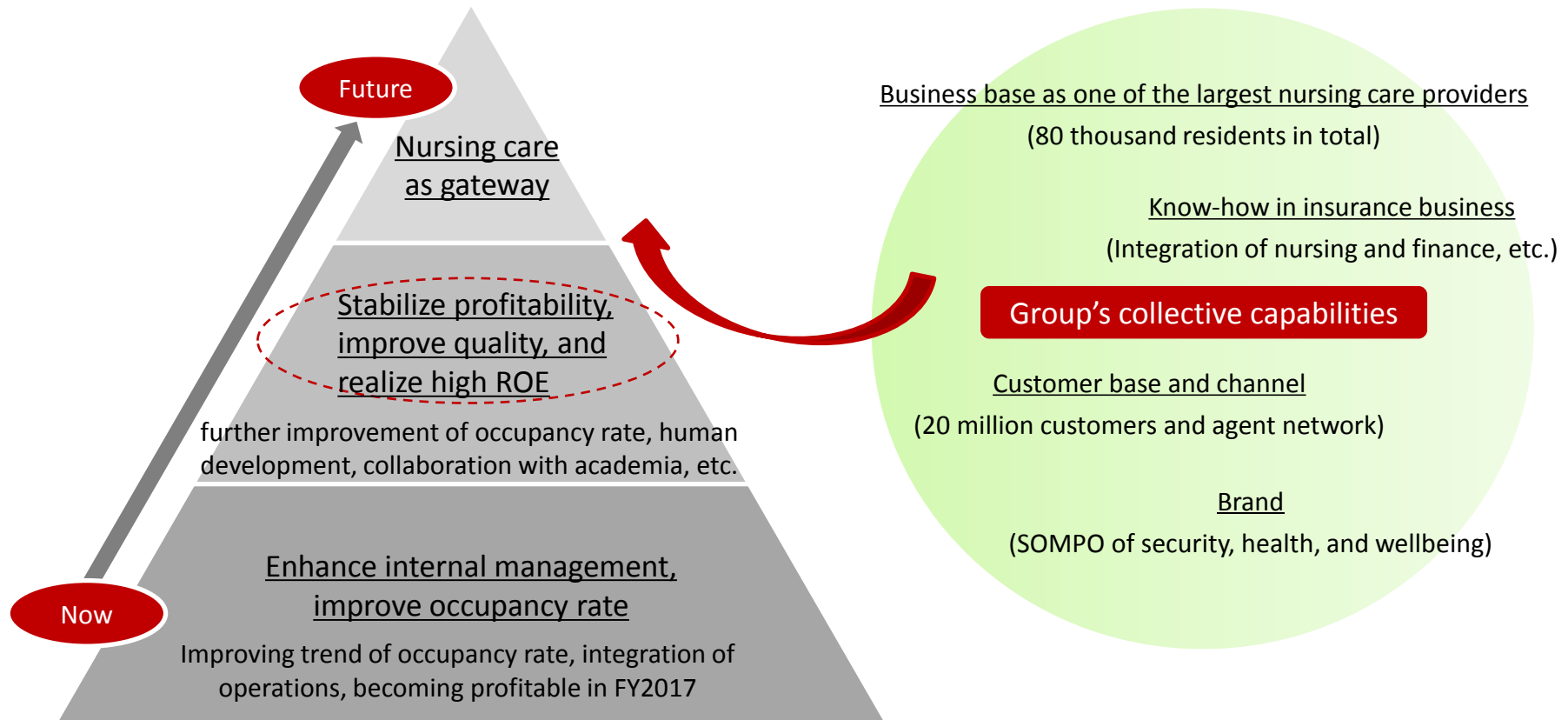
Trends of occupancy rate



Medium-term Strategy of Nursing Care Business

- ◆ Shift to phase of improving profitability in accordance with strengthened internal management.
- ◆ By utilizing group's collective capabilities, become a top level nursing care provider (size, profitability, quality) in domestic market.

Entrenched internal management and phase of improving profitability

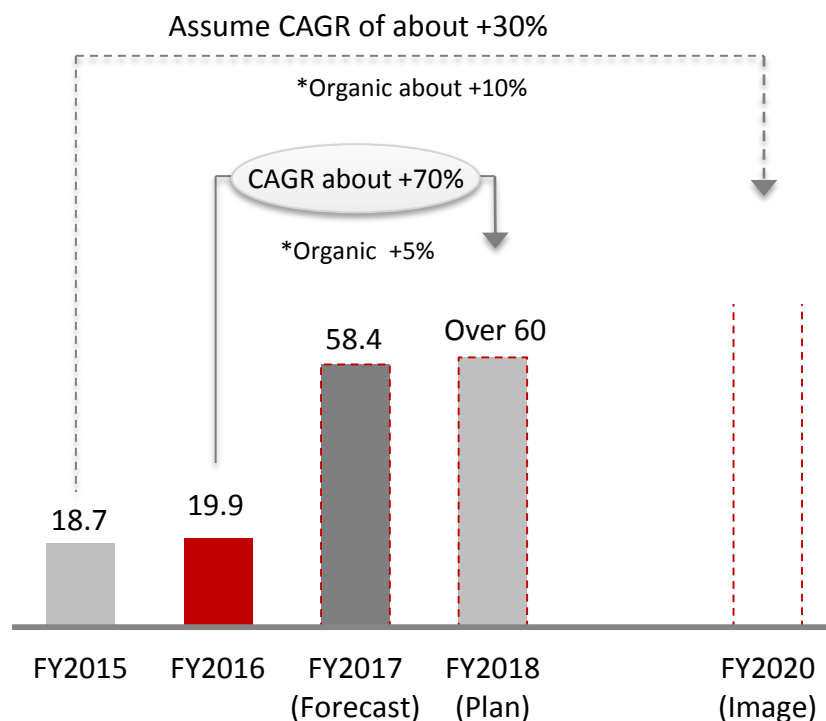


Progress of Overseas Insurance

- ◆ Aim at organic growth faster than market average, and drastic expansion through disciplined M&A.
- ◆ Thanks to the impact of SI (Endurance), overseas insurance business is drastically expanding. The targets in FY2018 could be outperformed.

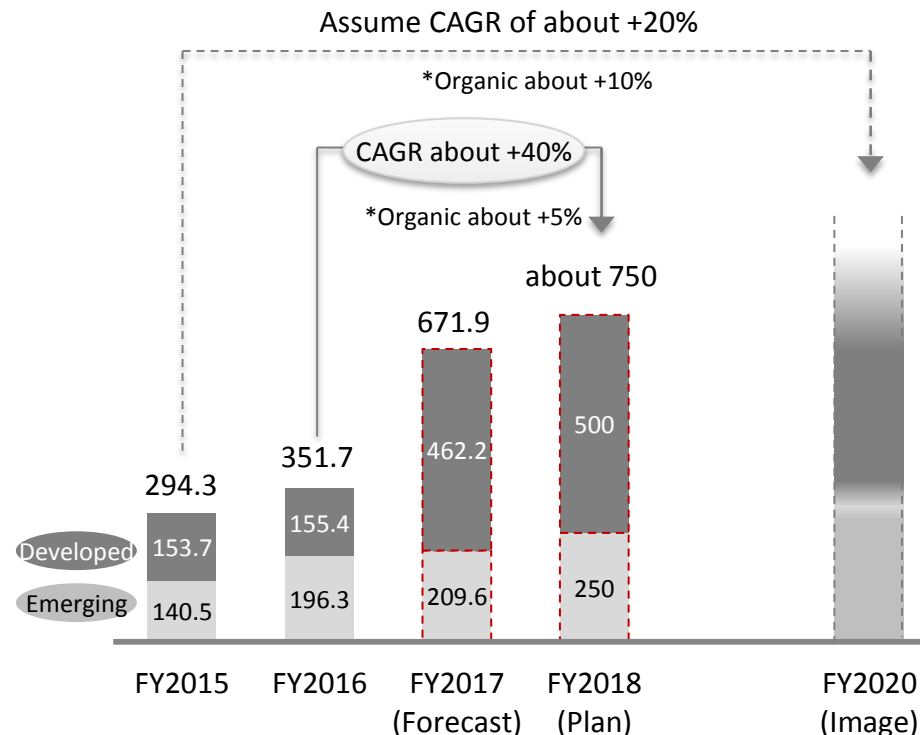
Plan for adjusted profit

(Billions of yen)



Premiums*

(Billions of yen)



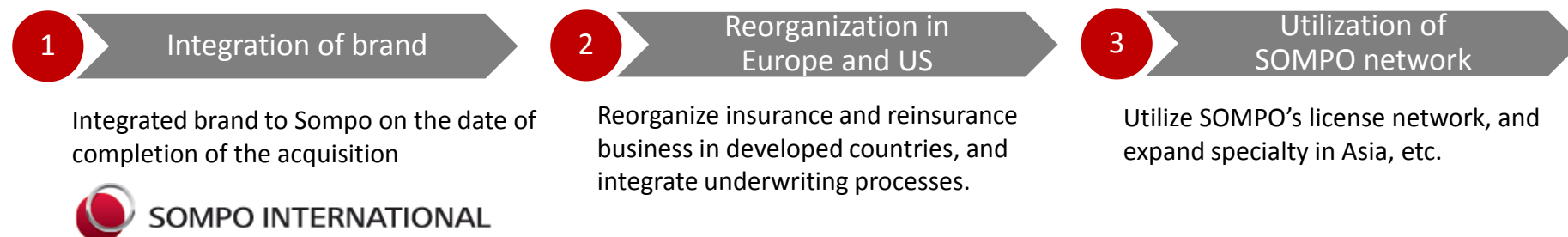
* Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements. The net income figures also have been adjusted to reflect shareholdings and other factors.

From FY2016, figures include non-consolidated subsidiaries: Sompo Indonesia, Sompo Thailand, PGA Sompo (Philippines), United Insurance (Vietnam), and Sompo Mexico (The same shall apply hereafter).

Acquisition of SI (Endurance) and PMI

- ◆ Complete PMI first, and then accelerate growth in developed countries by integrating resources.

Growth by completing PMI (Post Merger Integration)

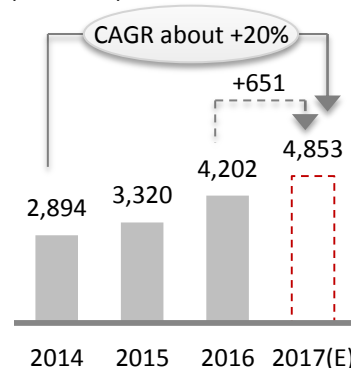


Key points regarding the acquisition

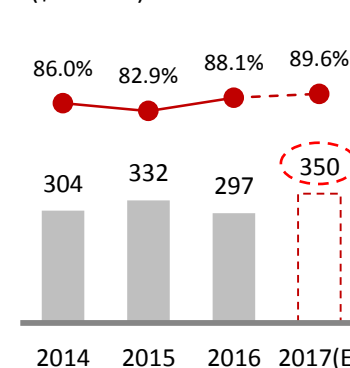
- Total consideration is \$6,288 million (about ¥683.1 bn.)
- B/S was consolidated as of end of FY2016, and earnings of \$350 million (¥39.3 bn. *1) will be consolidated in FY2017.
- Adopt Operating Income*2 for adjusted profit, which controls one-time factors, such as market volatility.

SI (Endurance)'s performance

Gross premiums written
(\$ million)



Operating Income, combined ratio*3
(\$ million)



*1 Exchange rate as of end of March 2017 (\$1=¥112.19)

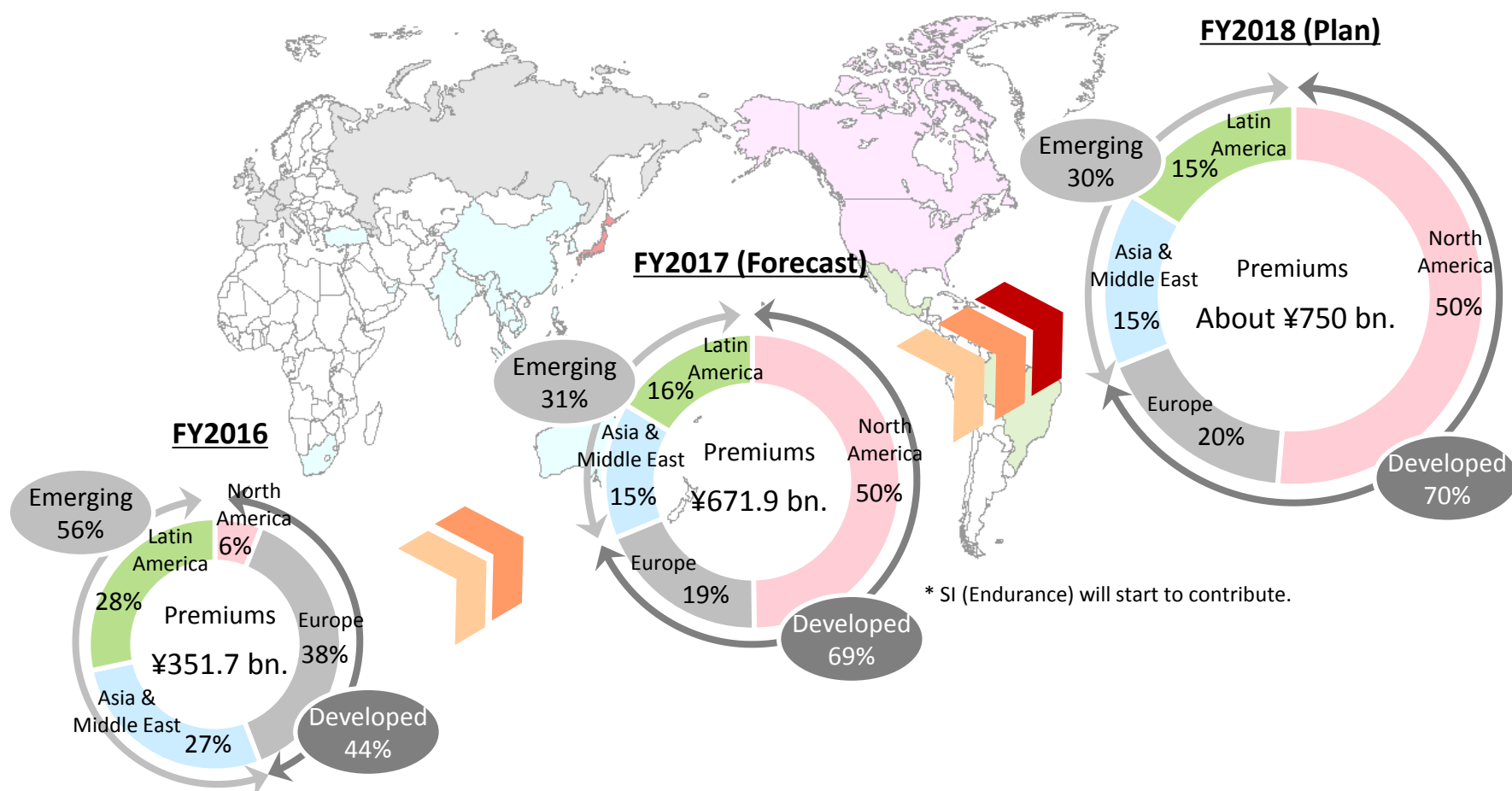
*2 Operating Income = Net income – Net foreign exchange gains
– Net realized and unrealized gains – Net impairment losses, etc.

*3 In FY2017 forecast, one-time merger cost of \$62 million is excluded from expense as a special factor.
(If it is not excluded, Operating Income is \$288 million and combined ratio is 92.0%.)

Progress of Global Expansion

- ◆ Global geographical diversification improves. Weight of developed countries becomes about 70%, which is close to global market average.

Transformation of portfolio of overseas insurance business (premiums written basis)



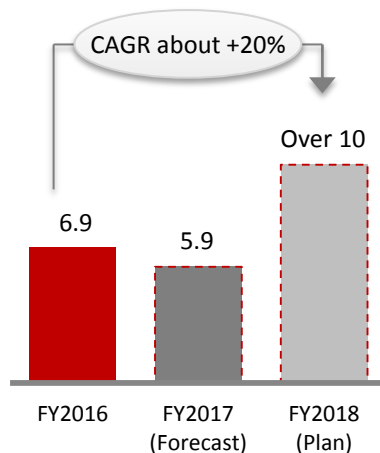
(Reference) Earnings Plan by Region

Net income by region

(Billions of yen)

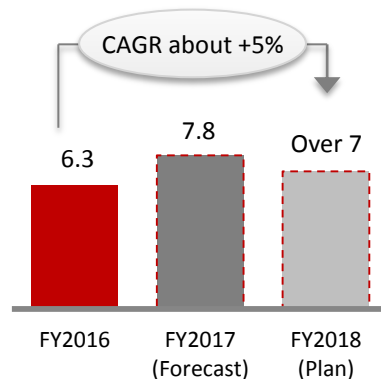
Europe

- In line with the plan due to appropriate underwriting despite impact of soft market.



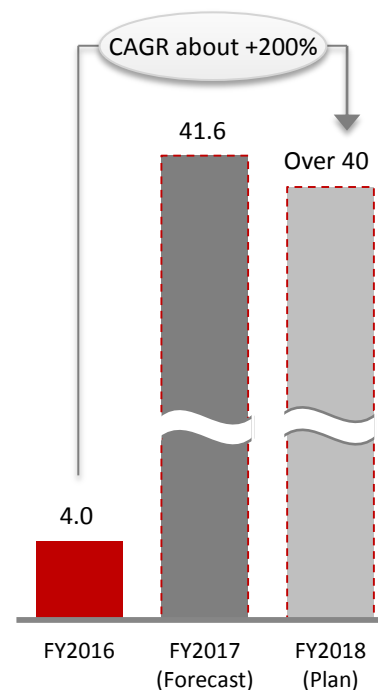
Asia & Middle East

- Motor Third-party Liability Insurance in SJ Sigorta (Turkey) exceeded expectation and contributed to earnings growth.
- Aim at further growth through alliance with CIMB, etc.



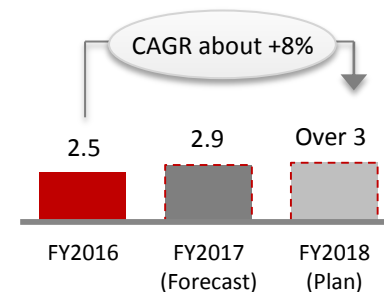
North America

- Loss ratio was lower than planned in FY2016.
- SI (Endurance) start earnings contribution from FY2017.



Latin America

- Benefits of underwriting optimization began to appear.



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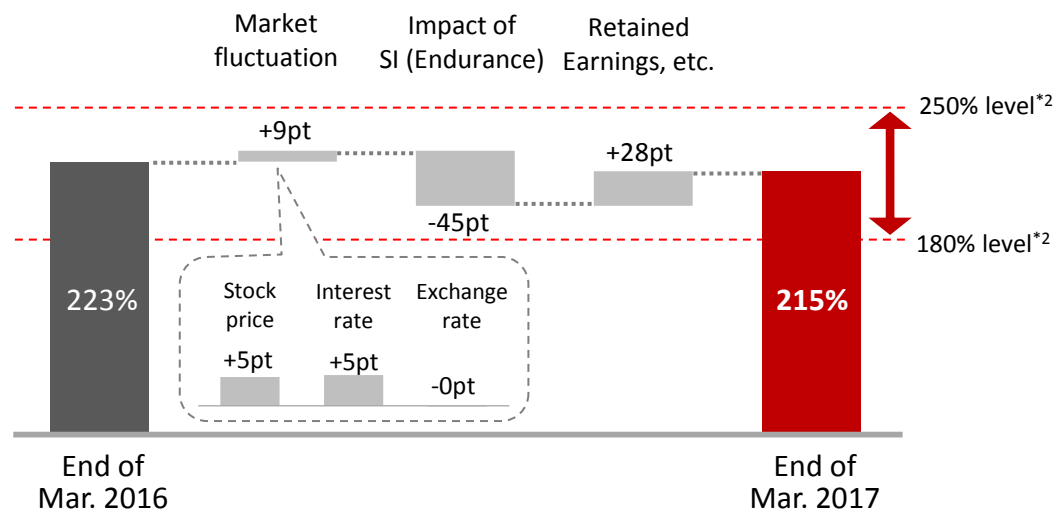
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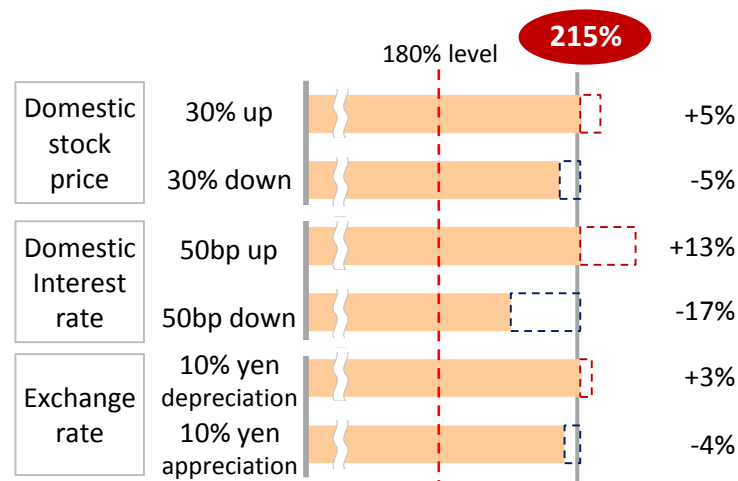
Financial Soundness: ESR (99.5%VaR)

- ◆ Started disclosing ESR (99.5%VaR) in accordance with Solvency II in earnest for the purpose of increasing international comparability.
- ◆ Our financial soundness stays robust after the acquisition of SI (Endurance).

Trend of ESR (99.5%VaR)*1



Sensitivity of ESR (99.5%VaR)



*1 In accordance with international capital regulation, such as Solvency II

*2 Target range is around 180% to 250% (99.5%VaR).

250% level: The level set based on capital efficiency (ROE).

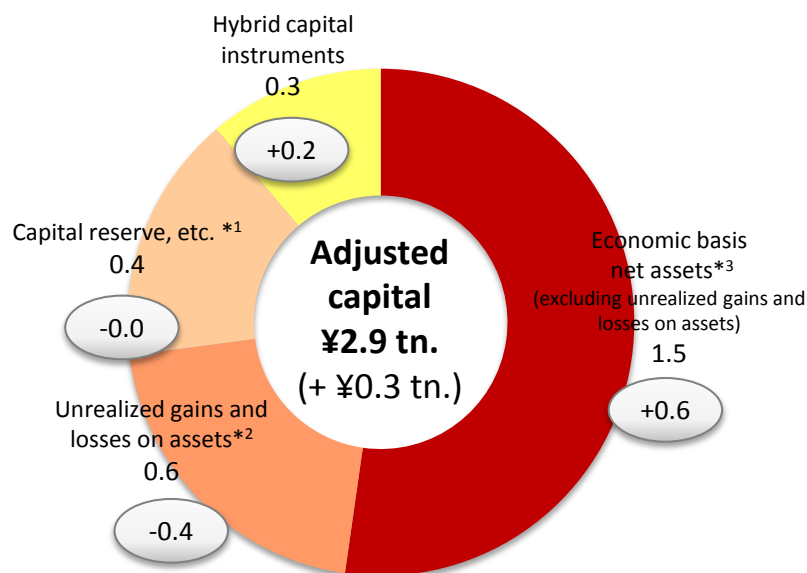
180% level: The level leading to stable financial soundness, based on the result of stress test, etc.

(Reference) Market indicators	End of Mar. 2016	End of Mar. 2017	
Domestic stock price (Nikkei 225)	¥16,758	¥18,909	(+12.8%)
Domestic interest rate (30y JGB)	0.56%	0.85%	(+29bp)
Exchange rate (JPY/USD)	¥112.68/USD	¥112.19/USD	(-0.4%)
Exchange rate (JPY/EUR)	¥127.70/EUR	¥119.79/EUR	(-6.2%)

Breakdown of Adjusted Capital and Risk (99.5% VaR)

Adjusted capital (Trillions of yen)

(End of March 2017)

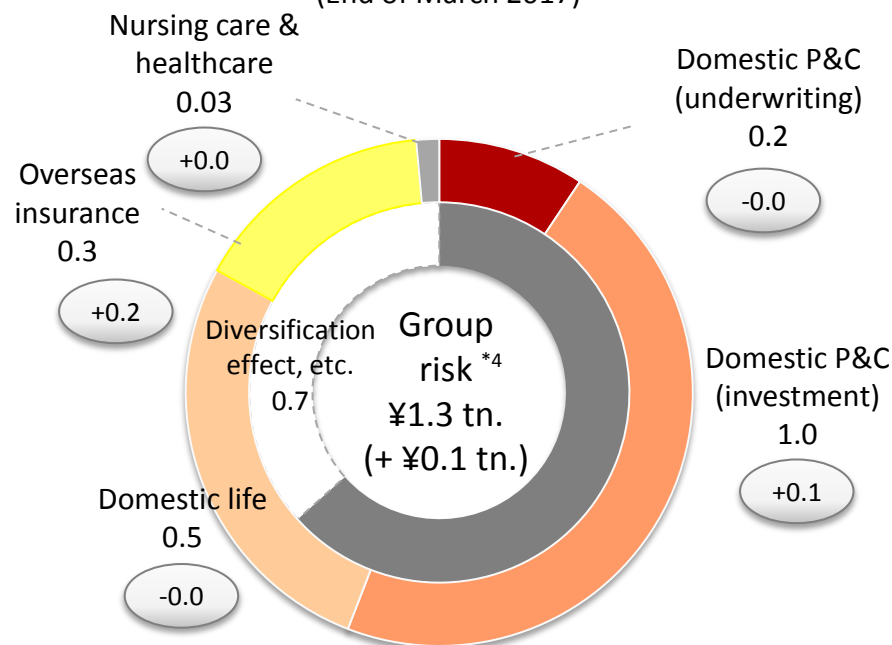


: Change from end of Mar. 2016

- *1 Reserve for price fluctuation and catastrophic loss reserve, etc. (after tax)
- *2 Unrealized gains and losses on securities, etc., including non mark-to-market assets (e.g. policy reserve matching bonds)
- *3 Total of net assets on non-consolidated balance sheets, and value in force of P&C and life insurance business.

Risk amount (Trillions of yen)

(End of March 2017)



- *4 Risk : 1 year holding period, 99.5% VaR (AA equivalent confidence level)
 - Risk amount of each business: Before reflecting risk diversification effect among businesses and before-tax basis.
 - Group total risk: Sum of risk amount of each business less risk diversification effect among businesses and tax impact.

Strategy for Asset Management

- ◆ Keep reducing strategic-holding stocks, and improve return on risk by diversifying investments.
- ◆ Aim at stable investment profit by thorough ALM, considering characteristics of liability, liquidity, safety, etc. of investment assets.

Basic policy of group's asset management

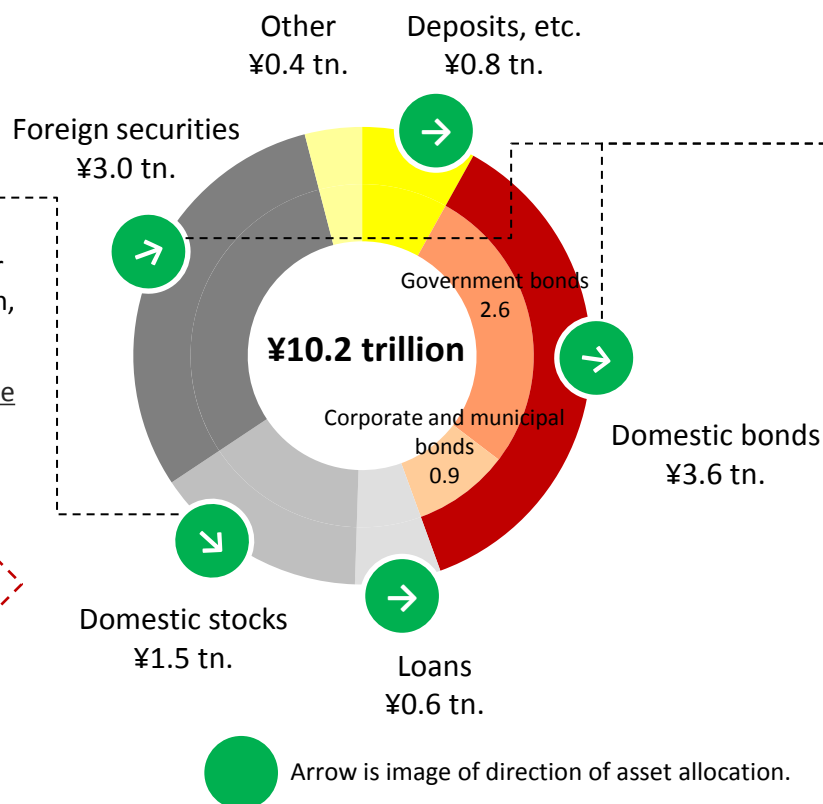
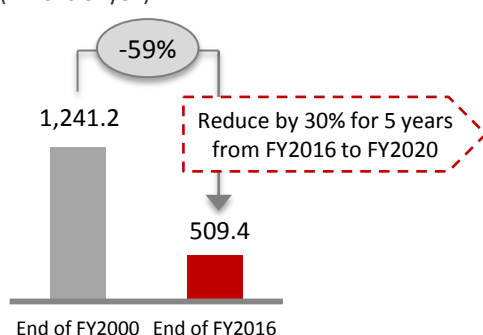
<Balance of investment assets (end of March 2017, group-wide basis)>

Reduction of strategic-holding stocks

Plan to reduce ¥100 billion per annum on fair value basis (In FY2016, reduced ¥104.2 billion, outperforming the plan)

Balance of strategic-holding stocks on book value

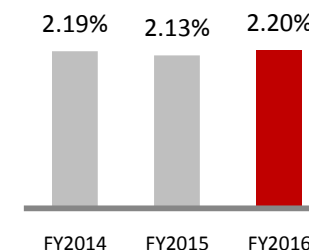
(Billions of yen)



Measures for low interest rate

- Diversify investments, such as foreign currency assets.
- Sophisticate asset management, such as growth investment, monitoring credit risk

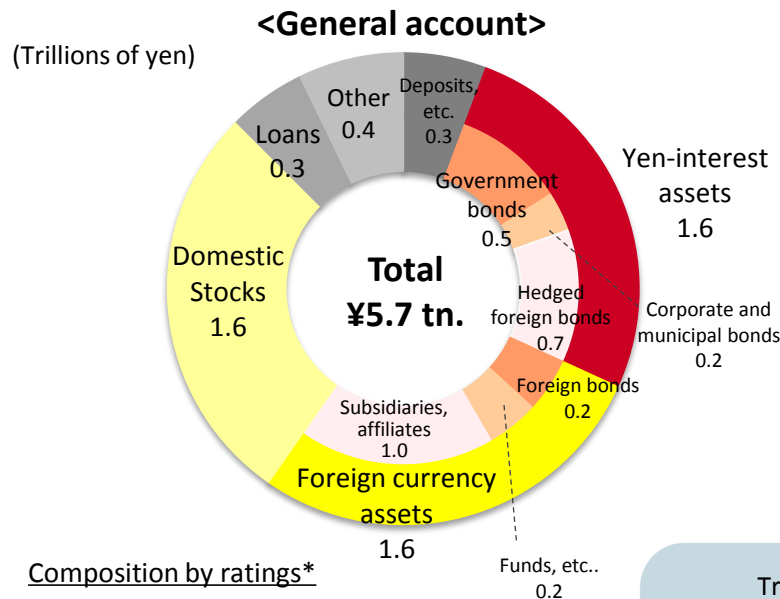
Income yield (Sampo Japan Nipponkoa)



Asset Portfolio – Sompo Japan Nipponkoa

- ◆ The general account is managed with diversified investments while the saving-type account utilizes portfolio management based on ALM.
- ◆ Diversify investment methods, considering the risk-return balance in light of the domestic low interest rate environment.

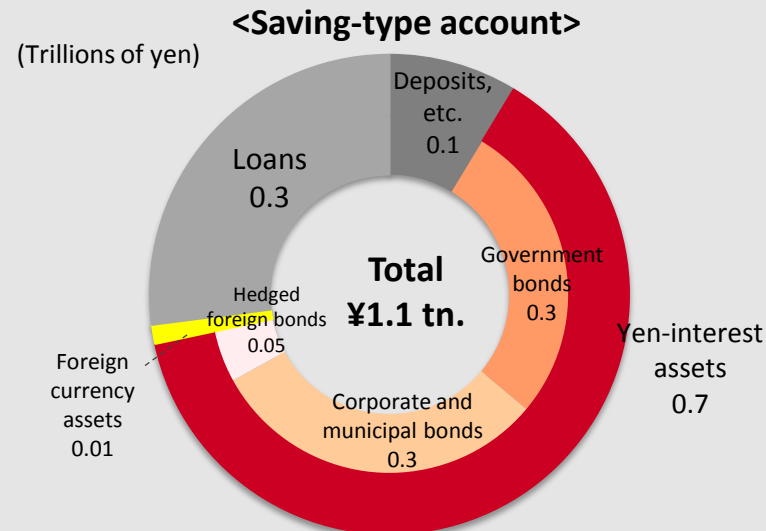
Amount of investment assets (end of March 2017, Sompo Japan Nipponkoa, non-consolidated)



Composition by ratings*

Internal rating	Composition
BBB or above	99.9%
BB or below	0.1%

* Total of yen-interest assets and foreign currency assets



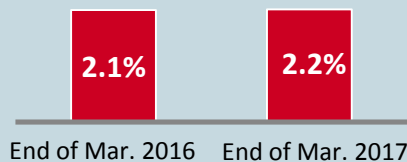
Composition by ratings*

Internal rating	Composition
BBB or above	100.0%
BB or below	-

Duration (years)

	End of Mar. 2016	End of Mar. 2017
Asset	4.7	4.5
Liability	7.2	6.2

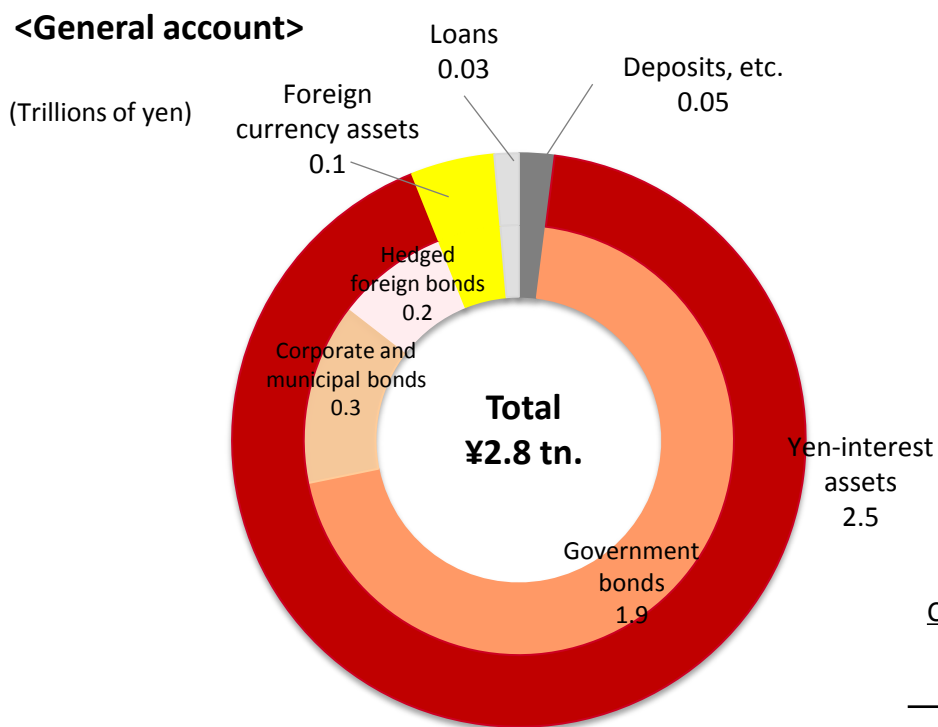
Trend of income yield



Asset Portfolio – Himawari Life

- ◆ Manage the portfolio through disciplined ALM, which mainly consists of yen-interest assets.
- ◆ Allocate investment assets to foreign currency assets, assuming normalization of domestic low interest rate.

Amount of investment assets (end of March 2017, Himawari Life, non-consolidated)



Trend of income yield

1.8%

1.7%

End of Mar. 2016 End of Mar. 2017

Composition by ratings*

Internal rating	Composition
BBB or above	99.9%
BB or below	0.1%

Duration (years)

	End of Mar. 2016	End of Mar. 2017
Asset	14	13
Liability	23	21

(Reference) Amount of separate account (End of Mar. 2017): ¥21.9 billion
(mainly investment in domestic stocks and bonds)

* Total of yen-interest assets and foreign currency assets

(Reference) Numerical Management Targets, etc.

Numerical management targets

	FY2015	FY2016	FY2017	FY2018(Plan)
(Billions of yen)	(Actual)	(Actual)	(Forecast)	Reviewed and Announced on November 2016
Domestic P&C insurance* ¹	111.9	134.9	114.9	Over 120.0
Domestic life insurance	30.4	29.1	28.0	Over 32.0
Nursing care & healthcare, etc.	1.5	-0.7	3.4	Over 8.0
Overseas insurance	20.4	19.9	58.4	Over 60.0
Total (Adjusted consolidated profit)	164.3	183.2	205.0	220.0 – 230.0
Adjusted consolidated ROE*²	6.9%	7.6%	8.1%	Over 8%
(Reference) ROE (J-GAAP)	9.2%	9.7%	10.1%	Around 10% level

Definition of adjusted profit

Domestic P&C insurance

Net income
 + Provisions for catastrophic loss reserve (after tax)
 + Provisions for reserve for price fluctuation (after tax)
 – Gains/losses on sales of securities and impairment losses on securities (after tax)
 – Special factors (e.g. dividend from subsidiaries)

Domestic life insurance

Net income
 + Provision of contingency reserve (after tax)
 + Provision of reserve for price fluctuation (after tax)
 + Adjustment of underwriting reserve (after tax)
 + Deferral of acquisition cost (after tax)
 – Depreciation of acquisition cost (after tax)

Nursing care & healthcare, etc.

Net income

Overseas insurance

Net income
 (including major non-consolidated subsidiaries)
 Adjusted profit of SI (Endurance) is operating income*³

*1 Total of Sompo Japan Nipponkoa, Saison Automobile & Fire, Sonpo 24, Sompo Japan Nipponkoa Insurance Services, DC Securities and Sompo Risk Management & Healthcare (from FY2017)

*2 Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)
 Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance (after tax)
 + Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets
 Domestic life insurance adjusted net assets = Net assets (J-GAAP, after tax) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax)
 + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

*3 Adjusted profit of SI (Endurance) is defined as operating income, which excludes one-time factors (operating income = net income - net foreign exchange gains/losses - net realized and unrealized gains/ losses - net impairment losses recognized in earnings, etc.)

1. Mid-term management plan

P1

(1) Key points of management plan

P1

(2) Business strategies for each business segment

P6

(3) ERM, capital policy & asset management

P22

2. About SOMPO Holdings

P29

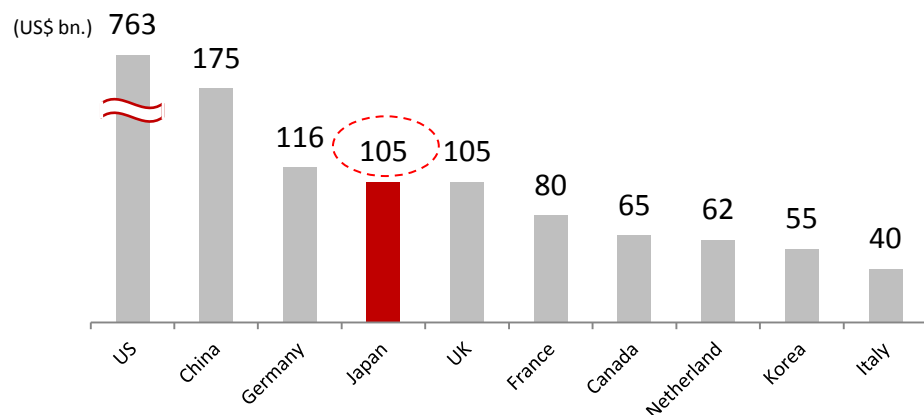
Appendix

P33

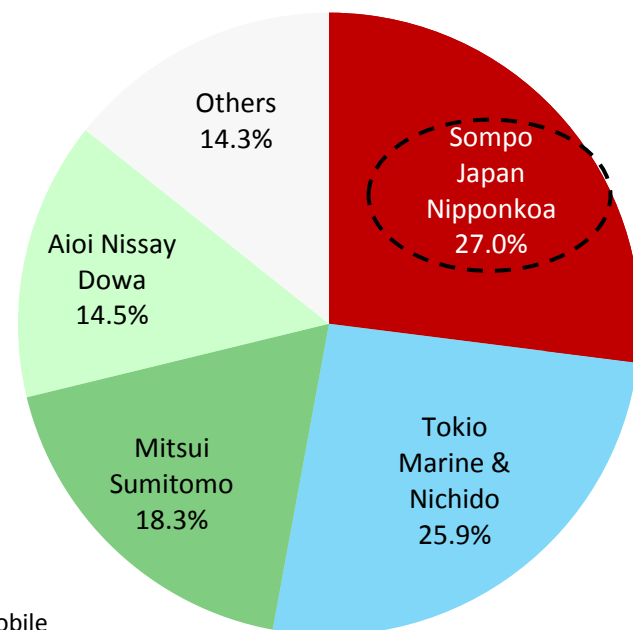
Overview of the Japanese P&C Insurance Market and our Position

- ◆ Premiums are stable and earned mainly from automobile insurance. The total market share of the top 4 companies is approximately 90%.
- ◆ Sompo Japan Nipponkoa has the largest share in the Japanese P&C insurance market.

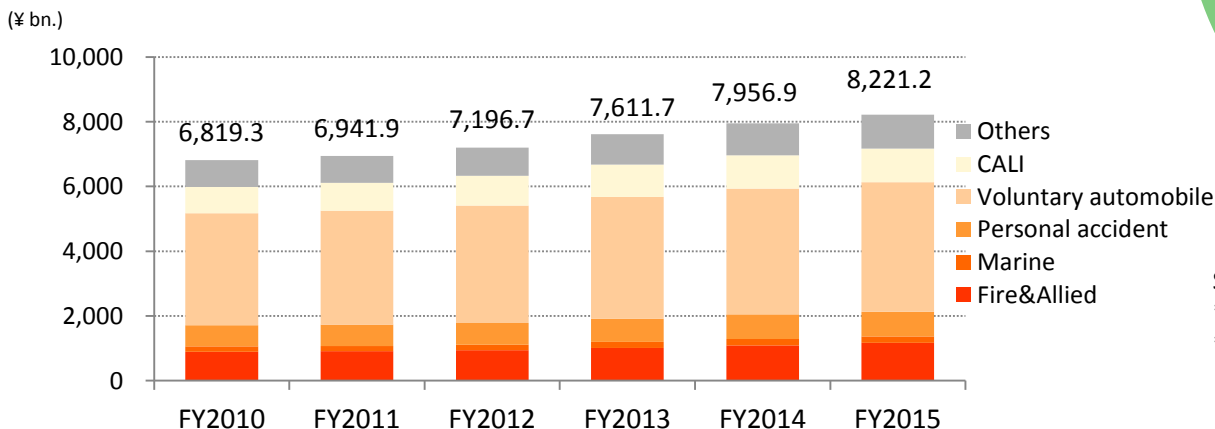
Size of P&C insurance market by country*¹ (FY2015)



Market share in the Japanese P&C insurance market*² (FY2015)



Historical premiums in the Japanese P&C insurance market*²



Source: Swiss Re "Sigma Report", Hoken Kenkyujo "Insurance".

*¹ Gross premiums, including reinsurance premiums

*² Based on net premiums of P&C insurers in Japan excluding reinsurance companies

Overview of SOMPO Holdings

- ◆ Positioning the Sampo Japan Nipponkoa as the core, SOMPO Holdings develops insurance businesses at home and abroad, etc.
- ◆ Ordinary income amounted to over ¥3.4 trillion and total assets amounted to around ¥12 trillion.

Group at a glance



SOMPO HOLDINGS

Domestic P&C

Sampo Japan Nipponkoa

- Saison Automobile & Fire
- Sonpo 24
- Insurance Service
- DC Securities
- Risk Management & Healthcare

Domestic Life

Himawari Life

Nursing care & healthcare business, etc.

- SOMPO Care Message
- SOMPO Care Next
- Asset management business
- Assistance business, etc.

Overseas insurance

- SI (Endurance)
- Sampo Canopus
- Sampo Seguros (Brazil)
- Sampo America (US)
- SJ Sigorta (Turkey)
- Berjaya Sampo (Malaysia)
- Sampo Singapore, etc.

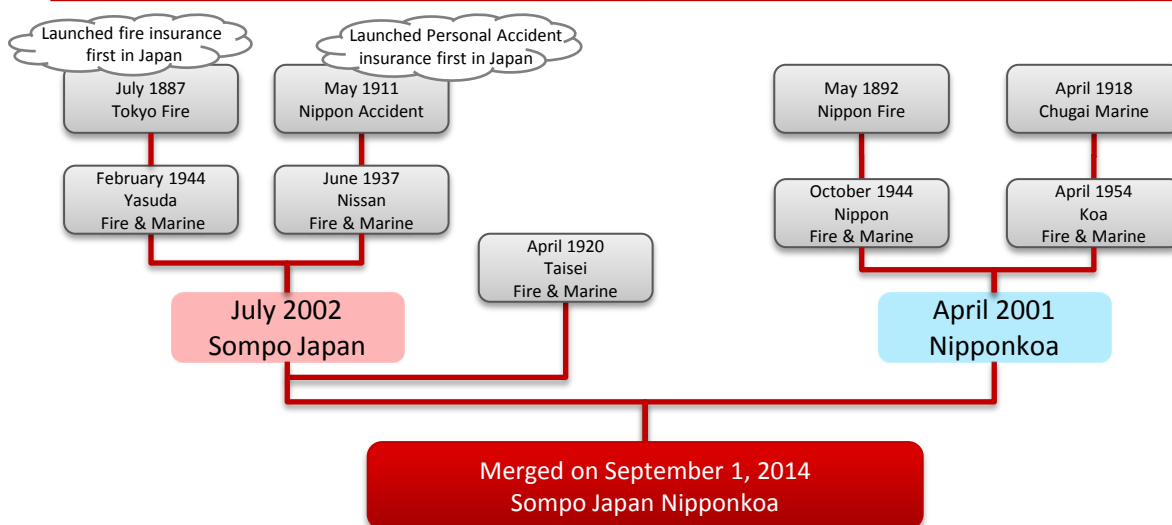
Selected financial data (Consolidated)

(¥ bn.)	FY2015	FY2016	FY2017(E)
Consolidated Ordinary Income	3,256.1	3,419.5	-
Consolidated Ordinary Profit (Loss)	216.8	241.7	259.0
Consolidated Net Income (Loss)	159.5	166.4	183.0
Total Assets	10,186.7	11,931.1	-
Total Net Assets	1,652.8	1,868.9	-
Market Capitalization	1,288.4	1,607.1	-

Overview of Somo Japan Nipponkoa

◆ We have 130 years of history, and net premiums written amount to more than ¥2.2 trillion.

History of domestic P&C insurance



Selected financial data

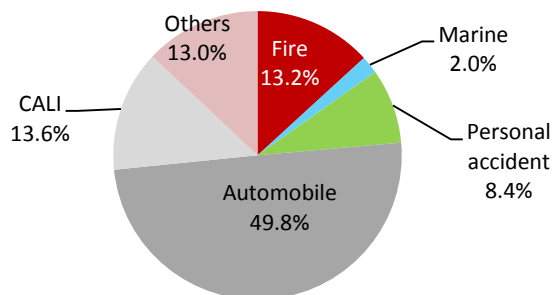
(¥ bn)	FY2015	FY2016	FY2017(E)
Net Premiums	2,218.4	2,165.6	2,205.4
Ordinary Profit (Loss)	178.0	230.4	227.0
Net Income (Loss)	126.2	164.4	157.0
Total Assets	7,036.2	7,568.7	-
Total Net Assets	1,324.8	1,455.2	-
Combined Ratio	95.3%	95.2%	94.8%

Credit Ratings (As of April 2017)

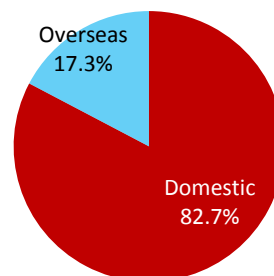
Moody's	S&P	R&I	JCR	A.M. Best
A1 (Stable)	A+ (Stable)	AA- (Positive)	AA+ (Stable)	A+ (Stable)

Premiums in FY2016

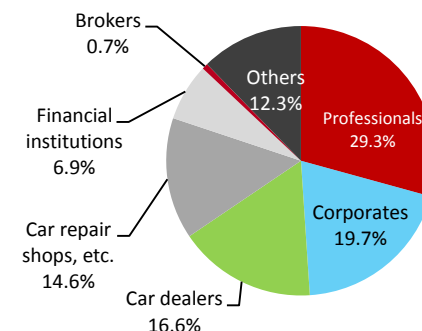
By products (Net premiums)



Domestic vs. Overseas^{*1} (Net premiums)



By distribution channel^{*2} (Gross premiums)



^{*1} Overseas net premiums = Net premiums of overseas subsidiaries + Net premiums from overseas insurance contracts of Somo Japan Nipponkoa

^{*2} Gross premium on a performance evaluation basis, excluding saving-type insurance.

"Professionals", "Corporates", "Car dealers", "Car repair shops, etc.", "Financial institutions" and "Others" are all agents.

1. Mid-term management plan	P1
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(1) Key points of management plan	P1
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(2) Business strategies for each business segment	P6
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(3) ERM, capital policy & asset management	P22
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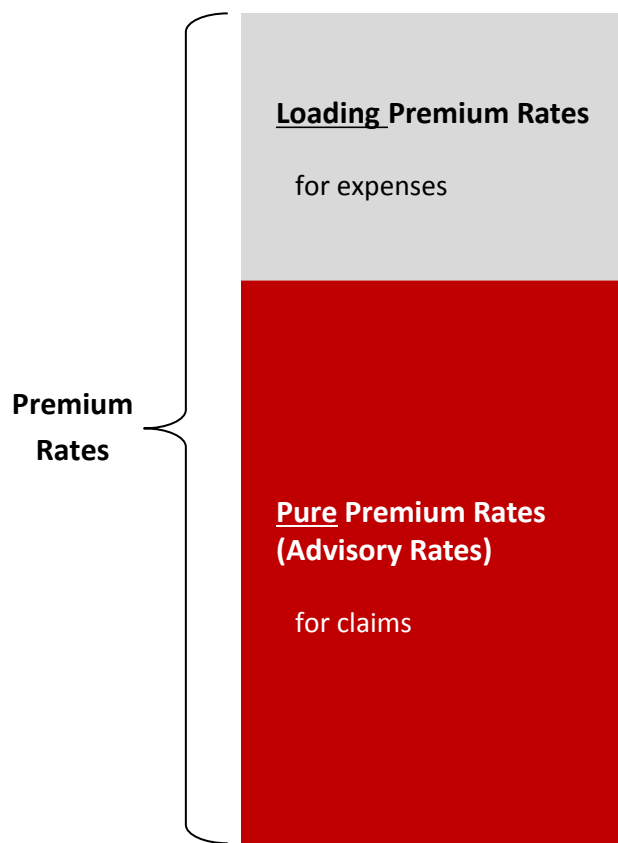
2. About SOMPO Holdings	P29
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Appendix

P33

(Domestic P&C) Advisory Rating System in Japan

- ◆ Advisory rates are pure premium calculated based on a wide range of statistics, and member insurance companies*¹ refer them when calculating their own premiums.
- ◆ The advisory rating system functions as a profit stabilizer.



Advisory Pure Premium Rates

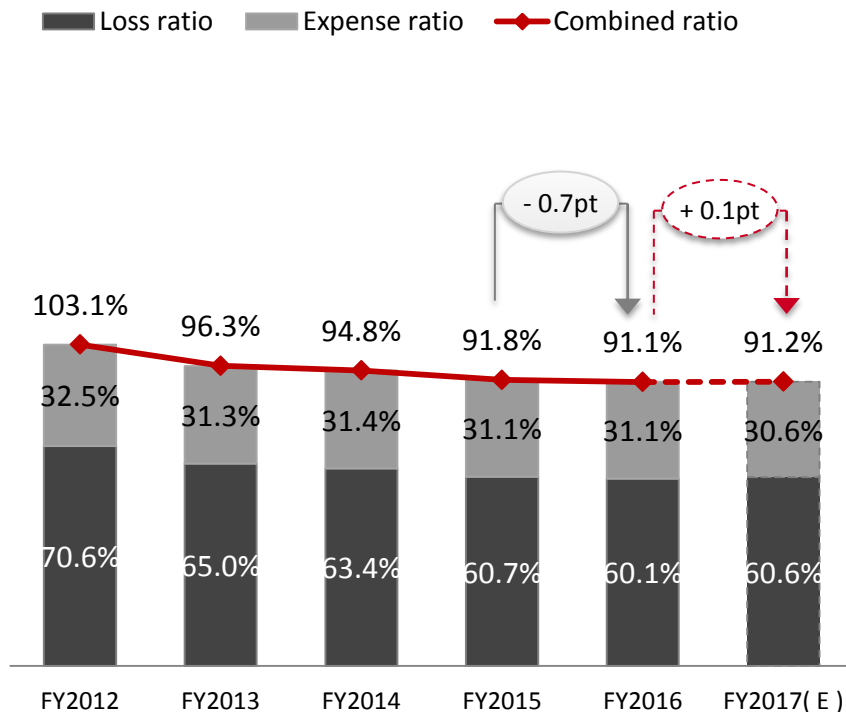
- Calculated for: fire insurance, personal accident insurance, automobile insurance, etc.
- Calculated by the GIROJ.*²
- The GIROJ collects large quantities of data from member insurance companies.
- The GIROJ uses statistical approach to calculate the advisory pure premium rates and present it to member insurance companies.*¹
- Member insurance companies can use the advisory pure premium rates with respect to the pure premium rates as a basis of calculating their own premium rates.
- The GIROJ annually reviews whether the current advisory pure premium rates are at an appropriate level and reports the result to FSA. If they are judged to be inappropriate, the advisory rates are promptly recalculated.

*¹ Member companies of the General Insurance Association of Japan

*² General Insurance Rating Organization of Japan

(Domestic P&C) Automobile Insurance (1)

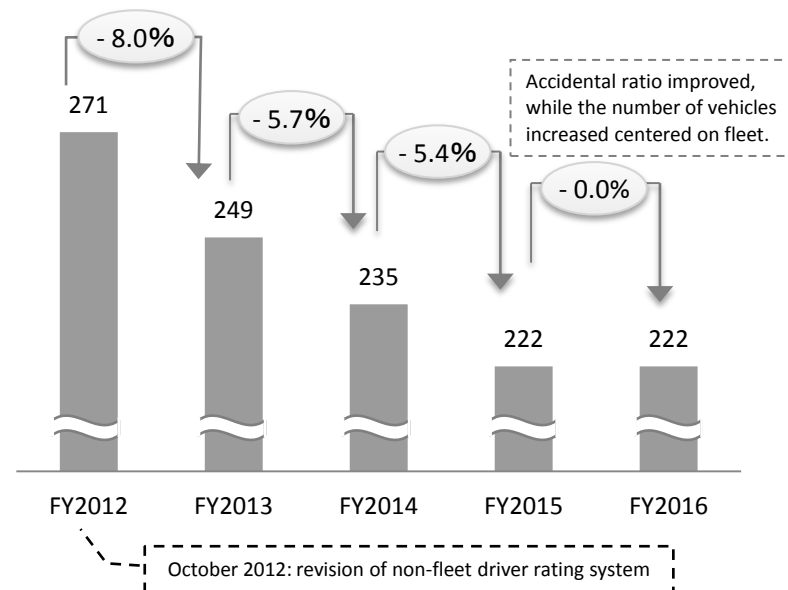
Combined ratio of Sompo Japan Nipponkoa



* Loss ratio is on a written paid basis (including loss adjustment expense).

The number of reported claims of Sompo Japan Nipponkoa

(Ten Thousands)



* Exclude certain natural disasters, whose incurred loss exceeds certain threshold.

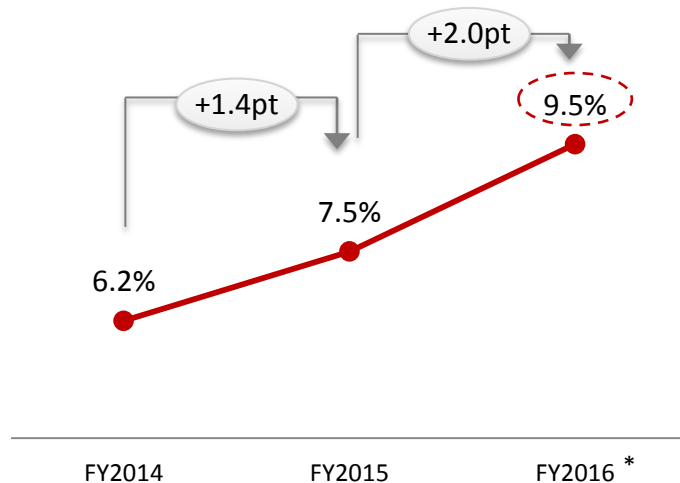
(Domestic P&C) Automobile Insurance (2) - Direct Business

- ◆ Market share in terms of new business premiums rose to No. 2 in the direct market in FY2016.
- ◆ Policies in force are steadily increasing in line with the plan to be profitable in FY2020.

Market share of Saison Automobile & Fire in direct automobile insurance market

Due to “ALSOK reliable accident site support service,” etc.
new policies increased by 20% in FY2016
(No. 2 in market share of new business premiums in the market*)

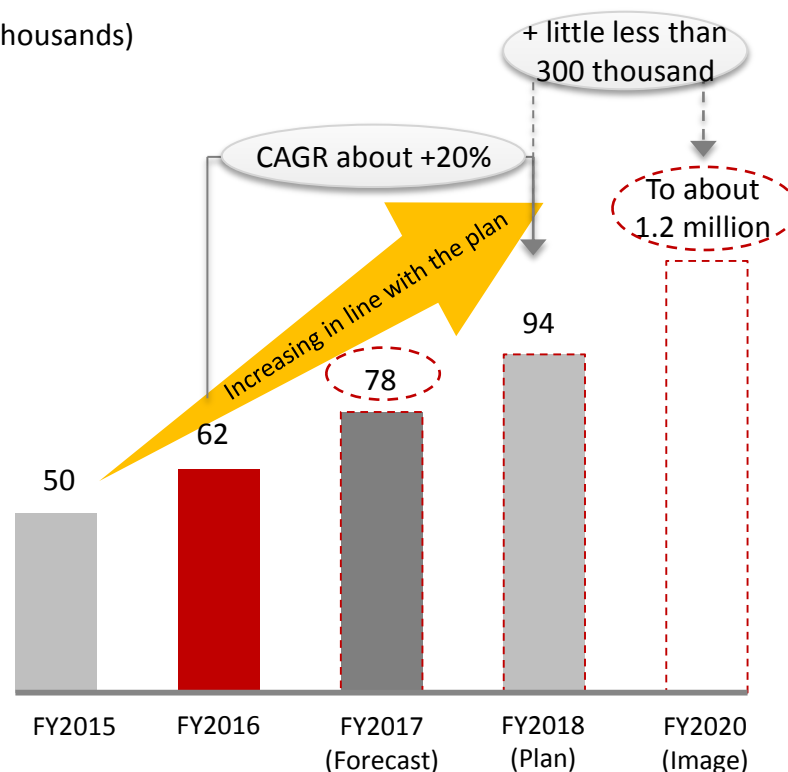
Market share in the direct market



* Until 3Q FY2016 (Market share of new business premiums is estimation by Saison Automobile & Fire based on direct premiums.)

Policies in force of “Otona no Jidosha Hoken” of Saison Automobile & Fire

(10 thousands)



(Overseas insurance) Business Results of Group subsidiaries

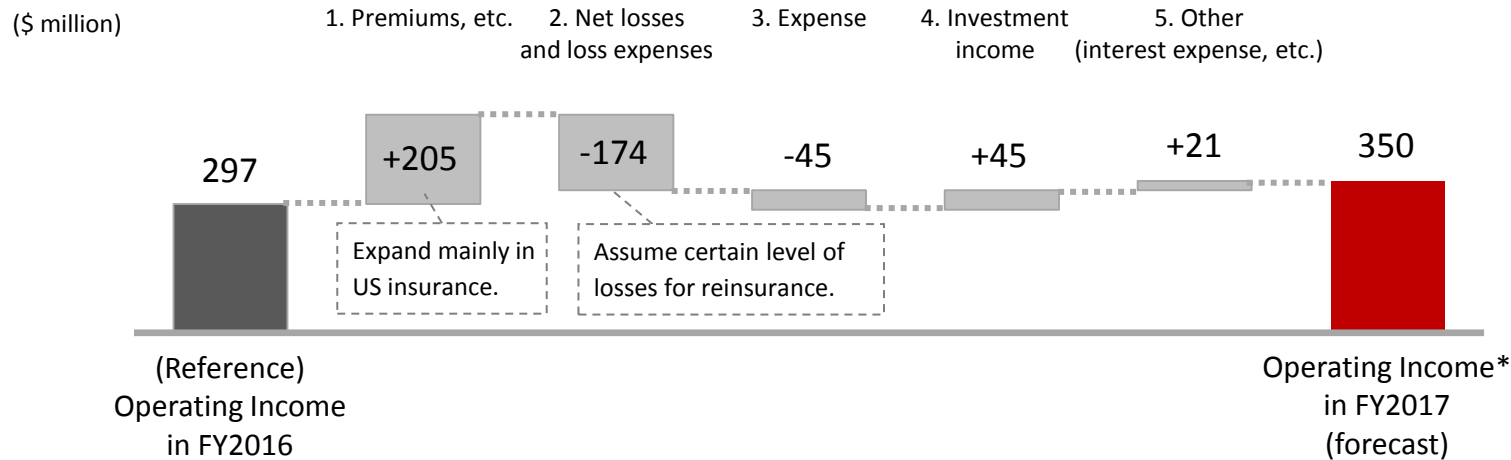
(Billions of yen)		Net premiums written			Net income			Key points	(Reference) Exchange rate	
		FY2016		FY2017	FY2016		FY2017		Dec. 2016 (YOY Change)	
			Change	(Forecast)		Change	(Forecast)			
North America	Sompo America	21.2	-0.8	24.7	4.0	-0.3	2.2	Loss ratio was favorable in workers compensation, etc. in FY2016. Conservative forecast has been adopted for FY2017.	116.49 JPY/USD	(3.4%)
	SI (Endurance)	-	-	309.8	-	-	39.3	Consolidated from FY2017. ¥39.3 billion of earnings contribution is expected.	-	
Europe	SJNK Europe	0.9	-3.5	1.0	0.9	+0.3	0.0	Expanded reinsurance coverage in FY2016. Bottom-line increased due to one-time gain by reversal of reserves, etc.	143.00 JPY/GBP	(-20.0%)
	Sompo Canopius	133.2	+6.1	126.5	5.9	-1.6	5.9	In line with the plan despite the impact of softening market in FY2016.	116.49 JPY/USD	(3.4%)
Asia & Middle East	SJ Sigorta (Turkey)	58.7	+28.4	48.6	4.4	+2.8	6.2	Premiums of Motor Third-party Liability Insurance, etc. grew in FY2016, and has positive impact on profit in FY2017.	33.11 JPY/TRY	(-20.2%)
	Sompo Singapore*1	6.4	-2.0	7.6	1.0	+0.0	0.5	Loss ratio was favorable in FY2016.	80.63 JPY/SGD	(-5.6%)
	Berjaya Sompo*1 (Malaysia)	10.9	+0.2	13.1	1.0	-0.6	0.6	Despite the rebound of realized gain on stocks in FY2015, loss ratio stays favorable.	25.98 JPY/MYR	(-7.6%)
	SJNK China NK China	5.4	-1.1	5.6	-1.1	-0.5	-0.1	There was the impact of large losses in FY2016.	16.76 JPY/RMB	(-8.7%)
	Sompo Hong Kong	3.4	-0.6	3.6	0.4	+0.0	0.4	Loss ratio is on improving trend.	15.02 JPY/HKD	(-3.5%)
	Universal Sompo (India)	2.9	+0.4	4.5	0.2	+0.0	0.2	Basically in line with the plan.	1.73 JPY/INR	(+1.8%)
Latin America	Sompo Seguros (Brazil)	99.2	+21.3	109.1	2.2	+0.0	2.7	Loss ratio is on improving trend. Top-line is expected to increase gradually.	35.78 JPY/BRL	(+14.7%)
Other (non-consolidated)*2		9.0	+9.0	17.3	0.6	+0.6	0.2	-	-	
Total		351.7	+57.4	671.9	19.9	+0.6	58.4	-	-	

*1 There is the impact of initial cost for CIMB bancassurance in FY2017.

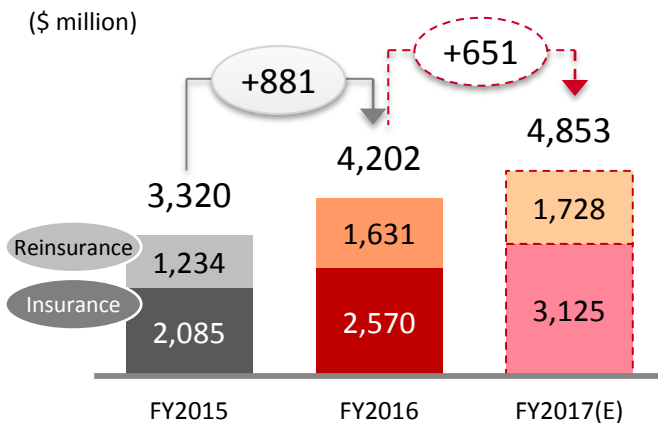
*2 Sum of Sompo Indonesia, Sompo Thailand, PGA Sompo (Philippines), United Insurance (Vietnam), and Sompo Mexico.

(Overseas insurance) Overview of Business Results of SI (Endurance)

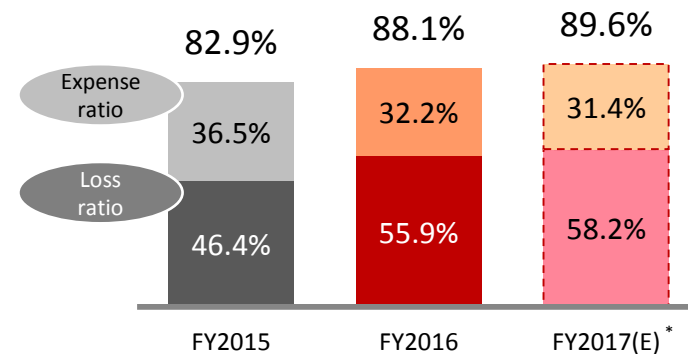
Changing factors of adjusted profit (Operating Income) (forecast for FY2017)



Trends of gross premiums



Trends of combined ratio

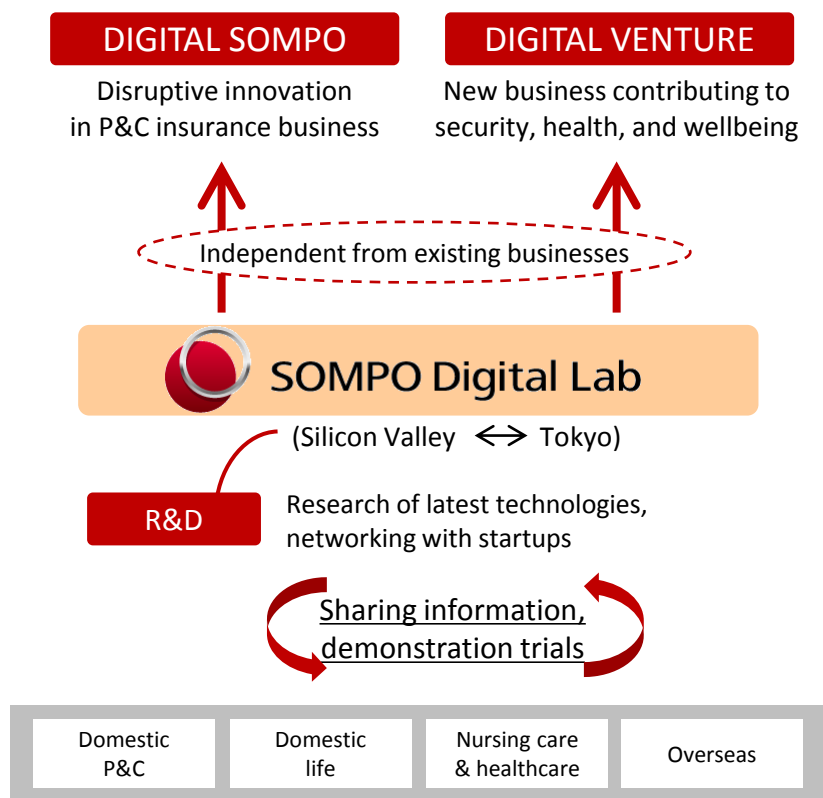


* In 2017(E), one-time merger cost of \$62 million is excluded as a special factor.
(If it is not excluded, operating income is \$288 million, and combined ratio is 92.0%.)

Digital Strategy

◆ Accelerate demonstration trials utilizing digital technologies beyond conventional frameworks.

Organization structure for digital strategy



Examples of utilization of digital technologies

Stages of development

Research/Planning

Demonstration trials

Launch

New business model

Customer contacts

● Block chain
(underwriting)



● Wearable
(life products and services)



● Video chat
(claim service)



Business efficiency

● Artificial intelligent
(call center)



● Voice recognition
(nursing care)



● Image recognition
(analysis of certificate)



● Drone
(loss adjustment)



Governance

- ◆ Achieve both robust governance and agile and flexible execution of operation.
- ◆ Established unique governance structure in overseas insurance business (developed countries).

Governance structure of Sampo Holdings (as of April 1, 2017)

Robust governance

- Diverse plural outside directors
(4 out of 12 directors are outside directors.)
- Voluntary establishment of Nomination and Compensation Committee
(4 out of 5 members are outside directors. Committee is chaired by a outside director)

Proactive engagement of outside directors

- Diverse background: 2 executives, 1 lawyer, and 1 professor
(2 women, 1 non-Japanese)
- Integrating preliminary briefing session and Board of Directors meeting
- 98% of attendance rate (FY2016)



Agile and flexible execution of operation

- Agile decision-making by delegating authority to business owners
- Introduction of CxO* system (April 2017), appointing heads of functions in the group

* CFO (finance), CRO (risk management), CACO (internal control and compliance), CIO (IT system), CDO (digital), CHRO (human resource)

Governance of overseas insurance business (developed countries)

- Out of 3 directors of a management company of business in developed countries, Sampo Holdings sends 2 directors to keep effectiveness of governance.
- Delegating authority to Board of Directors of Sampo International to realize agile decision-making.



Overview of FY2016 Results and Business Forecasts for FY2017 – Consolidated Basis

(Billions of yen)	FY2016 (Actual)	FY2017 (Forecast)	Change
Net premiums written (P&C)	2,550.3	2,908.0	+ 357.6(+ 14.0%)
Life insurance premiums	323.8	339.0	+ 15.1(+ 4.7%)
Consolidated ordinary profit	241.7	259.0	+ 17.2
Sompo Japan Nipponkoa	230.4	227.0	- 3.4
Himawari Life	12.9	10.0	- 2.9
Nursing care (SOMPO Care Message and Care Next)	-1.2	2.9	+ 4.1
Overseas subsidiaries	22.7	59.4	+ 36.7
Consolidated adjustment*/others	-23.1	-40.3	- 17.2
Consolidated net income	166.4	183.0	+ 16.5
Sompo Japan Nipponkoa	164.4	157.0	- 7.4
Himawari Life	8.3	6.0	- 2.3
Nursing care (SOMPO Care Message and Care Next)	-2.9	2.0	+ 4.9
Overseas subsidiaries	19.5	50.5	+31.0
Consolidated adjustment*/others	-22.9	-32.5	- 9.6
(Reference) Adjusted profit (by business)	183.2	205.0	+ 21.7
Domestic P&C insurance	134.9	114.9	- 20.0
Domestic life insurance	29.1	28.0	- 1.1
Nursing care & healthcare, etc.	-0.7	3.4	+ 4.1
Overseas insurance	19.9	58.4	+ 38.4

Overview of FY2016 Results and Business Forecasts for FY2017 – Major Subsidiaries

Sompo Japan Nipponkoa

(Billions of yen)	FY2016	FY2017(Forecast)	Change
Net premiums written	2,165.6	2,205.4	+ 39.8 (+ 1.8%)
(excl. CALI, household earthquake)	1,869.5	1,917.9	+ 48.3 (+ 2.6%)
Loss ratio	63.2%	63.1%	- 0.1pt
(excl. CALI, household earthquake)	59.8%	59.9%	+ 0.1pt
E/I loss ratio (excl. CALI, household earthquake)	59.5%	60.1%	+ 0.5pt
Net expense ratio	32.0%	31.7%	- 0.2pt
(excl. CALI, household earthquake)	33.7%	33.2%	- 0.5pt
Combined ratio	95.2%	94.8%	- 0.3pt
(excl. CALI, household earthquake)	93.5%	93.1%	- 0.4pt
Underwriting profit	112.4	115.8	+ 3.3 (+ 3.0%)
Investment profit	132.3	128.6	- 3.7 (- 2.8%)
Ordinary profit	230.4	227.0	- 3.4 (- 1.5%)
Net income	164.4	157.0	- 7.4 (- 4.5%)
Adjusted profit	138.5	119.3	- 19.2 (- 13.9%)

Himawari Life

(Billions of yen)	FY2016	FY2017(Forecast)	Change
Annualized new premium	50.2	40.0	- 10.2 (- 20.4%)
Premium and other income	419.5	439.3	+ 19.8 (+ 4.7%)
Investment profit (general account)	43.3	44.0	+ 0.6 (+ 1.6%)
Ordinary profit	16.8	13.9	- 2.9 (- 17.4%)
Net income	8.3	6.0	- 2.3 (- 27.9%)
Adjusted profit	29.1	28.0	- 1.1 (- 3.8%)

Note Regarding Forward-looking Statements

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

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