

# Highlights of 1Q FY2015 Results

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August 7, 2015

Sompo Japan Nipponkoa Holdings, Inc.



# Key Points of 1Q Results

- Top-line steadily increased, and domestic P&C combined ratio also improved.
- Consolidated net income improved by ¥30.5 billion to ¥26.5 billion in the absence of one-time merger costs.

\*Unchanged the business forecasts for FY2015

## Domestic P&C

(Sompo Japan  
Nipponkoa)

- Core underwriting profit improved by ¥15.0 billion to ¥19.4 billion year on year.
- Combined ratio, excluding CALI and household earthquake, improved by 9.6 points to 88.0%.
- Net income drastically improved to ¥19.3 billion (+¥21.8 billion) in the absence of one-time merger costs.

## Domestic Life

- Annualized new premium steadily increased, mainly in medical insurance.
- Net income was ¥3.5 billion, and progressed 34% against the fiscal year forecast (¥10.2 billion).

## Overseas Insurance

- Both top-line and bottom-line drastically improved due to full-year contribution of Canopius.
- Net income doubled to ¥5.2 billion year on year.

## ERM & Capital Policy

- Reduction of exposure of strategic-holding stocks steadily progressed to ¥20.7 billion.  
( During current management plan, total reduction amounted to ¥510.7 billion since FY2012.)
- We conducted ¥17 billion of share buybacks from this May to June.

1. Trend of business results

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2. Domestic P&C insurance

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3. Domestic life insurance

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# Overview of 1Q FY2015 Results – Consolidated basis

- ◆ Top-line steadily increased both in P&C and life.
- ◆ Consolidated net income drastically improved by ¥30.5 billion in the absence of one-time merger costs, and adjusted profit also steadily progressed.

(Billions of yen)	1 Q FY2014	1Q FY2015	Change	FY2015 (Forecasts)
Consolidated ordinary income	802.4	832.9	+30.4 (+3.8%)	-
Net premiums written (P&C)	614.8	652.6	+37.7 (+6.1%)	2,607.0
Life insurance premiums	64.0	67.5	+3.5 (+5.5%)	277.0
Consolidated ordinary profit	53.7	37.4	-16.2	230.0
Sompo Japan Nipponkoa*1	53.9	27.8	-26.0	186.0
Himawari Life	6.4	5.2	-1.2	15.9
Overseas insurance subsidiaries	3.0	6.0	+2.9	25.5
Consolidated adjustment*2/Others	-9.7	-1.6	+8.0	2.5
Consolidated net income*3	-4.0	26.5	+30.5	160.0
Sompo Japan Nipponkoa*1	-2.5	19.3	+21.8	128.0
Himawari Life	4.4	3.5	-0.8	10.2
Overseas insurance subsidiaries	2.6	5.3	+2.6	19.5
Consolidated adjustment*2/Others	-8.7	-1.6	+7.0	2.1
(Reference ) Adjusted profit	-	-	-	228.0
Domestic P&C insurance	22.5	32.5	+10.0	116.7
Domestic life insurance	-	-	-	90.0
Overseas insurance	2.6	5.2	+2.6	19.2
Financial & other services	0.2	0.4	+0.1	2.4

\*1 The figures prior to September 1, 2014 are the sum of Sompo Japan and Nipponkoa. (The same shall apply hereafter.)

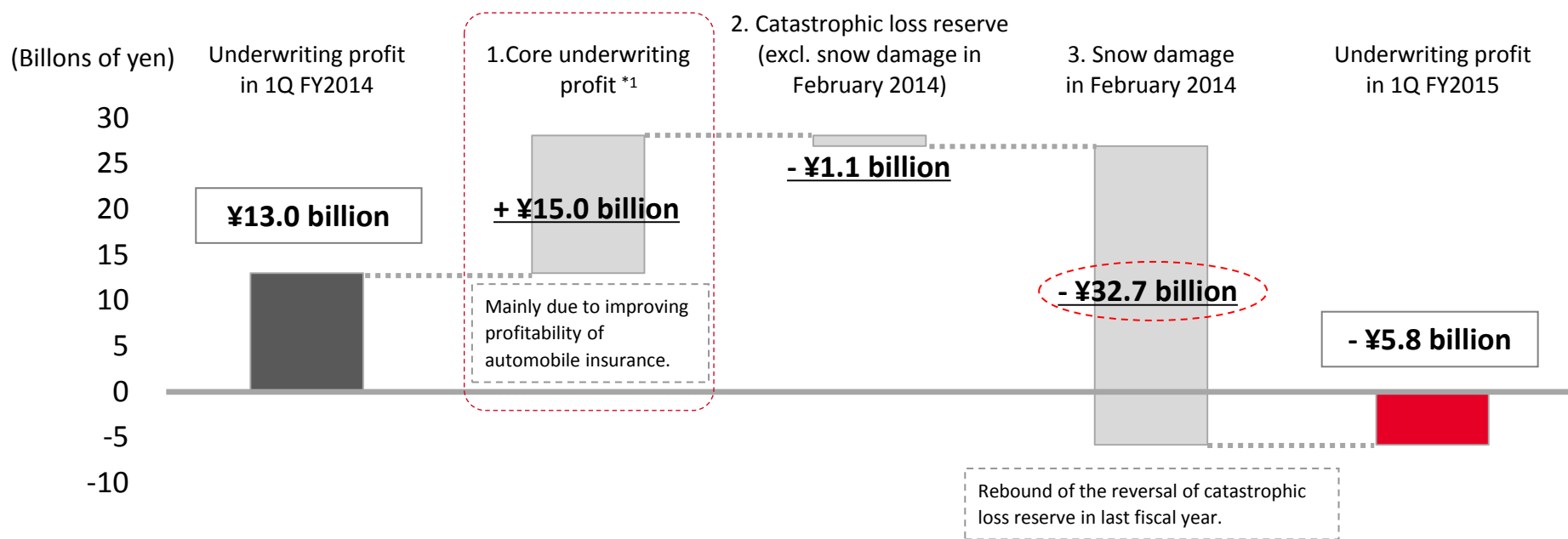
\*2 "Purchase method" accounting was adopted upon the establishment of Sompo Japan Nipponkoa Holdings (the former NKSJ Holdings). In the consolidated accounts of the holdings, assets and liabilities of the former Nipponkoa and some group companies were acquired and carried on the balance sheet at fair value at the time of business integration. (This gave rise to a difference between the carrying amount in the non-consolidated accounts of Sompo Japan Nipponkoa and some group companies', and the carrying amount in consolidated accounts of the holdings.) Therefore, realized gains/losses, etc. of Sompo Japan Nipponkoa must be adjusted, and this adjustment is included in the above "consolidated adjustment."

\*3 Consolidated net income denotes net income (loss) attributable to shareholders of the parent. (The same shall apply hereafter.)

# Main points of Consolidated Results – (1) Underwriting profit

- ◆ Core underwriting profit steadily improved mainly due to improving profitability of automobile insurance.

## Changing factors of underwriting profit (Sompo Japan Nipponkoa)



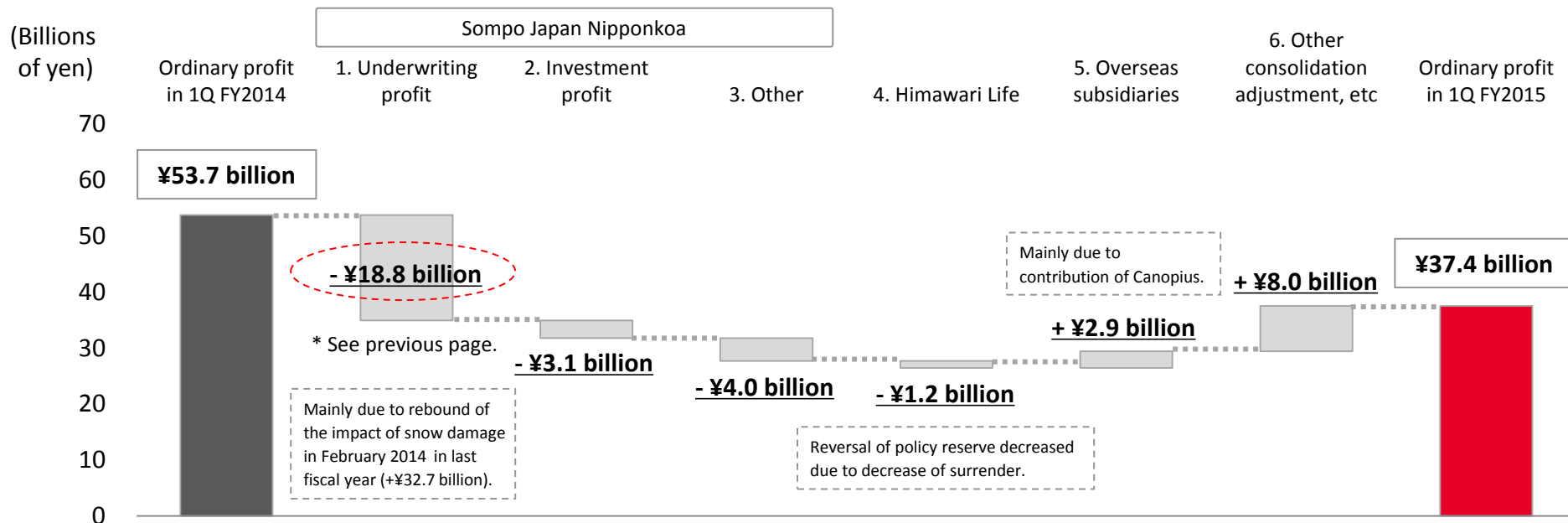
	1. Core underwriting profit	2. Catastrophic loss reserve	3. Snow damage in February 2014
1Q FY2014 Actual	¥4.3 billion	- ¥24.0 billion	¥32.7 billion
1Q FY2015 Actual	¥19.4 billion	- ¥25.2 billion	¥0.0 billion

\*1 Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve, and snow damage in February 2014.

## Main points of Consolidated Results – (2) Ordinary profit

- ◆ Ordinary profit would have increased if the last year's impact of snow damage in February 2014 of +¥32.7 billion had been excluded.

### Changing factors of consolidated ordinary profit

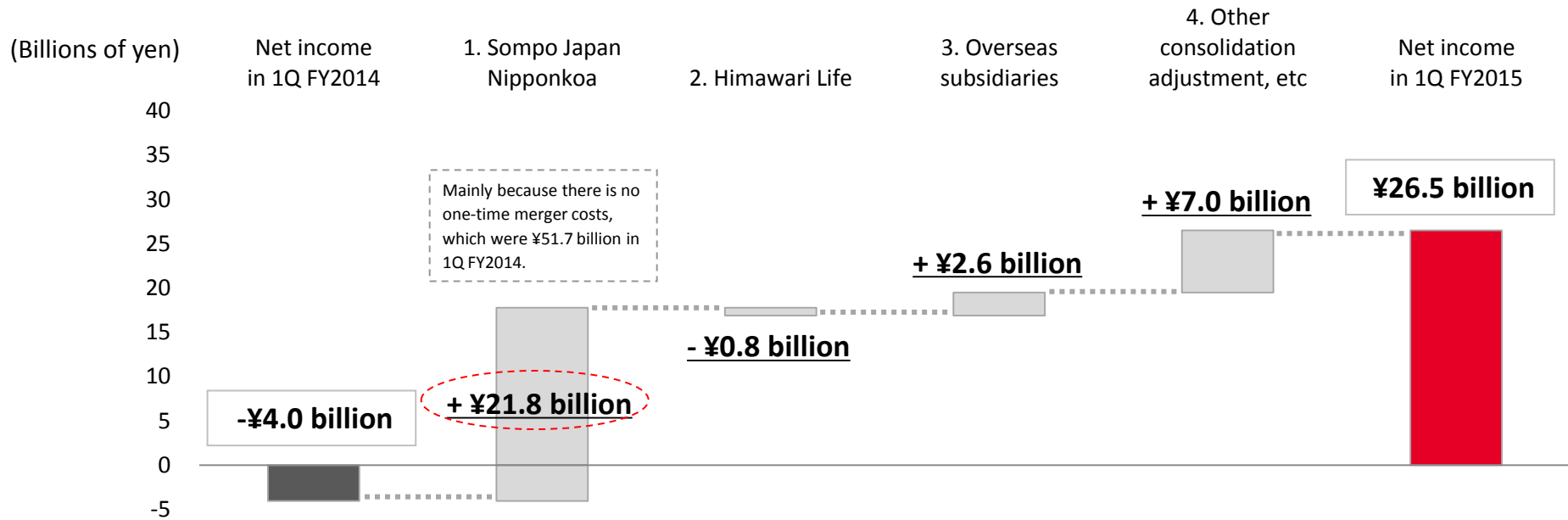


	1. Underwriting profit	2. Investment profit	3. Other	4. Himawari Life	5. Overseas subsidiaries	6. Other consolidation adjustment, etc
1Q FY2014 Actual	¥13.0 billion	¥41.3 billion	- ¥0.3 billion	¥6.4 billion	¥3.0 billion	- ¥9.7 billion
1Q FY2015 Actual	<b>- ¥5.8 billion</b>	<b>¥38.1 billion</b>	<b>- ¥4.4 billion</b>	<b>¥5.2 billion</b>	<b>¥6.0 billion</b>	<b>- ¥1.6 billion</b>

## Main points of Consolidated Results – (3) Net income

- ◆ Consolidated net income improved by ¥30.5 billion to ¥26.5 billion in the absence of one-time merger costs.

### Changing factors of consolidated net income



	1. Somo Japan Nipponkoa	2. Himawari Life	3. Overseas subsidiaries	4. Other consolidation adjustment, etc
1Q FY2014 Actual	- ¥2.5 billion	¥4.4 billion	¥2.6 billion	- ¥8.7 billion
1Q FY2015 Actual	¥19.3 billion	¥3.5 billion	¥5.3 billion	- ¥1.6 billion

# Summary of Business Forecasts for FY2015 – Consolidate basis

(Billions of yen)	FY2014 (Actual)	FY2015 (Forecasts)	Change	
Net premiums written (P&C)	2,508.0	2,607.0	+98.9	(+3.9%)
Life insurance premiums	277.2	277.0	-0.2	(-0.1%)
Consolidated ordinary profit	208.3	230.0	+21.6	(+10.4%)
Sompo Japan Nipponkoa	195.1	186.0	-9.1	(-4.7%)
Himawari Life	18.3	15.9	-2.3	(-12.8%)
Overseas subsidiaries	21.9	25.5	+3.5	(+16.0%)
Consolidated adjustment* <sup>1</sup> /others	-27.1	2.5	+29.6	(-)
Consolidated net income	54.2	160.0	+105.7	(+194.8%)
Sompo Japan Nipponkoa	45.0	128.0	+82.9	(+184.1%)
Himawari Life	9.7	10.2	+0.5	(+5.7%)
Overseas subsidiaries	19.4	19.5	+0.1	(+0.5%)
Consolidated adjustment* <sup>1</sup> /others	-19.9	2.1	+22.1	(-)
(Reference) Adjusted profit	138.3	228.0	+89.6	(+64.8%)
Domestic P&C insurance	69.9	116.7	+46.8	(+66.9%)
Domestic life insurance	47.4	90.0	+42.6	(+89.9%)
Overseas insurance	18.6	19.2	+0.5	(+3.0%)
Financial & other services	2.3	2.4	+0.0	(+4.3%)

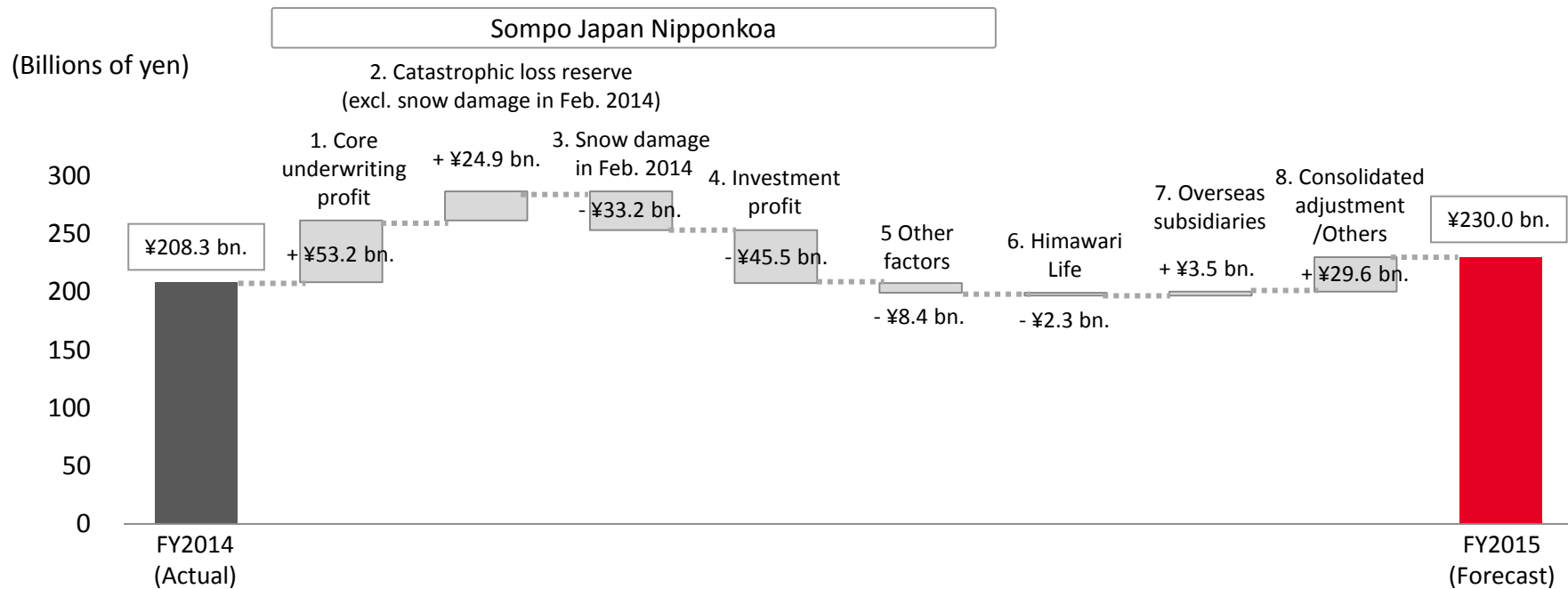
\*1 “Purchase method” accounting was adopted upon the establishment of Sompo Japan Nipponkoa Holdings (the former NKSJ Holdings). In the consolidated accounts of the holdings, assets and liabilities of the former Nipponkoa and some group companies were acquired and carried on the balance sheet at fair value at the time of business integration. (This gave rise to a difference between the carrying amount in the non-consolidated accounts of Sompo Japan Nipponkoa and some group companies’, and the carrying amount in consolidated accounts of the holdings.) Therefore, realized gains/losses, etc. of Sompo Japan Nipponkoa must be adjusted, and this adjustment is included in the above “consolidated adjustment.”



# Main points of Business Forecasts for FY2015 – Ordinary Profit

- ◆ Consolidated ordinary profit is forecast to improve to ¥230.0 billion (+¥21.6 billion) mainly due to increase in underwriting profit.

## Main components of consolidated ordinary profit



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**2. Domestic P&C insurance P.9**

3. Domestic life insurance P.20

4. Overseas insurance P.24

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## Overview of 1Q FY2015 Results (Sompo Japan Nipponkoa)

- ◆ Combined ratio drastically dropped mainly because profitability of automobile insurance improved and because the impact of snow damage in February 2014 was gone.
- ◆ Net income improved by ¥21.8 billion to ¥19.3 billion in the absence of special factor of one-time merger costs.

(Billions of yen)	1Q FY2014	1Q FY2015	Change
Net premiums written	555.4	562.7	+7.3 (+1.3%)
(excl. CALI, household earthquake)	484.6	489.9	+5.2 (+1.1%)
Loss Ratio	66.9%	58.6%	-8.3pt
(excl. CALI, household earthquake)	64.0%	55.0%	-9.0pt
Expense Ratio	32.0%	31.6%	-0.4pt
(excl. CALI, household earthquake)	33.5%	33.0%	-0.6pt
Combined Ratio	98.9%	90.2%	-8.7pt
(excl. CALI, household earthquake)	97.6%	88.0%	-9.6pt
Underwriting profit	13.0	-5.8	-18.8
Investment profit	41.3	38.1	-3.1
Ordinary profit	53.9	27.8	-26.0
Net income	-2.5	19.3	+21.8
Net income	-2.5	19.3	+21.8
+Provisions for catastrophic loss reserve (after tax)	-6.0	17.9	+23.9
+Provisions for reserve for price fluctuation (after tax)	1.3	1.4	+0.0
-Gains/losses on sales of securities and impairment losses on securities (after tax)	8.4	5.0	-3.3
-Special factors (after tax)* <sup>1</sup>	-39.9	-	+39.9
Adjusted profit	24.5	33.6	+9.1

(Reference)  
Adjusted  
profit

\*1 Special factors are one-time merger costs, etc.

## Net Premiums Written

- ◆ Net premiums written increased by 1.3% due to the impact of product and premium rate revisions of automobile insurance, etc.

### Net premiums written by product line

(Billions of yen)	1Q FY2014	1Q FY2015	Change		FY2015 (Forecasts)
Fire and Allied Lines	73.7	69.7	-4.0	(-5.5%)	312.5
Marine	12.5	12.7	+0.2	(+1.6%)	55.5
Personal Accident	53.0	54.6	+1.5	(+3.0%)	186.4
Voluntary Automobile	262.8	271.4	+8.6	(+3.3%)	1,086.2
CALI	70.6	72.6	+1.9	(+2.8%)	304.8
Other	82.6	81.5	-1.0	(-1.3%)	274.9
of which, Liability	53.4	49.9	-3.5	(-6.6%)	153.0
<b>Total</b>	<b>555.4</b>	<b>562.7</b>	<b>+7.3</b>	<b>(+1.3%)</b>	<b>2,220.6</b>
Total (excl. CALI, household earthquake)	484.6	489.9	+5.2	(+1.1%)	1,914.7

(Reference) Year-on-Year comparison of voluntary automobile insurance (end of June 2015)

	Sompo Japan Nipponkoa		
	# of vehicles	Premium /vehicle	Total Premium
Non-Fleet	-1.0%	+5.1%	+4.0%
Fleet	+0.6%	+5.9%	+6.6%
<b>Total</b>	<b>-0.7%</b>	<b>+5.1%</b>	<b>+4.4%</b>

\*Performance evaluation basis

(Main factors for growth of net premiums written)

Fire and Allied Lines: mainly due to decreasing premiums of overseas assumed reinsurance.

Voluntary Automobile: mainly due to the impact of product and premium rate revisions.

Other: mainly due to decreasing premium because of improvement of underwriting result in certain big contracts (liability).

## Loss Ratio (W/P)

- ◆ Loss ratio drastically dropped mainly because profitability of automobile insurance improved and because the impact of snow damage in February 2014 was gone in fire and allied lines.

### Loss ratio by product line

(Billions of yen)	Net claims paid		Loss Ratio (W/P)			
		Change		Change		
Fire and Allied lines	44.2	-30.8	65.1%	-38.6pt		
Marine	5.8	+0.7	49.5%	+6.8pt		
Personal Accident	24.6	-0.0	48.8%	-2.4pt		
Voluntary Automobile	136.9	-6.9	58.0%	-4.4pt		
CALI	54.8	-0.7	82.7%	-3.6pt		
Other	31.0	-3.5	41.2%	-3.7pt		
of which, Liability	18.3	-1.5	39.7%	-0.2pt	(Reference) E/I Loss ratio	change
Total	297.6	-41.4	58.6%	-8.3pt	Voluntary Automobile	62.0%    -4.0pt
Total (excl. CALI, household earthquake)	242.7	-40.6	55.0%	-9.0pt	Total (excl. CALI, household earthquake)	61.5%    -1.2pt
Total (excl. CALI, household earthquake, domestic natural disasters)	233.1	+1.6	53.6%	+0.3pt		

## Net Expense Ratio

- ◆ Net expense ratio dropped by 0.6 points due to the continuous reduction of company expenses as well as the growth of net premiums written.

### Net expense

(Billions of yen)	Amount		Net expense ratio	
		Change		Change
Net commissions and brokerage fees	102.4	+1.5	18.2%	+0.0pt
Operating, general and administrative expenses*	75.4	-1.4	13.4%	-0.4pt
Total	177.9	+0.0	31.6%	-0.4pt
Total (excl. CALI, household earthquake)	161.4	-1.0	33.0%	-0.6pt

\* Only for underwriting

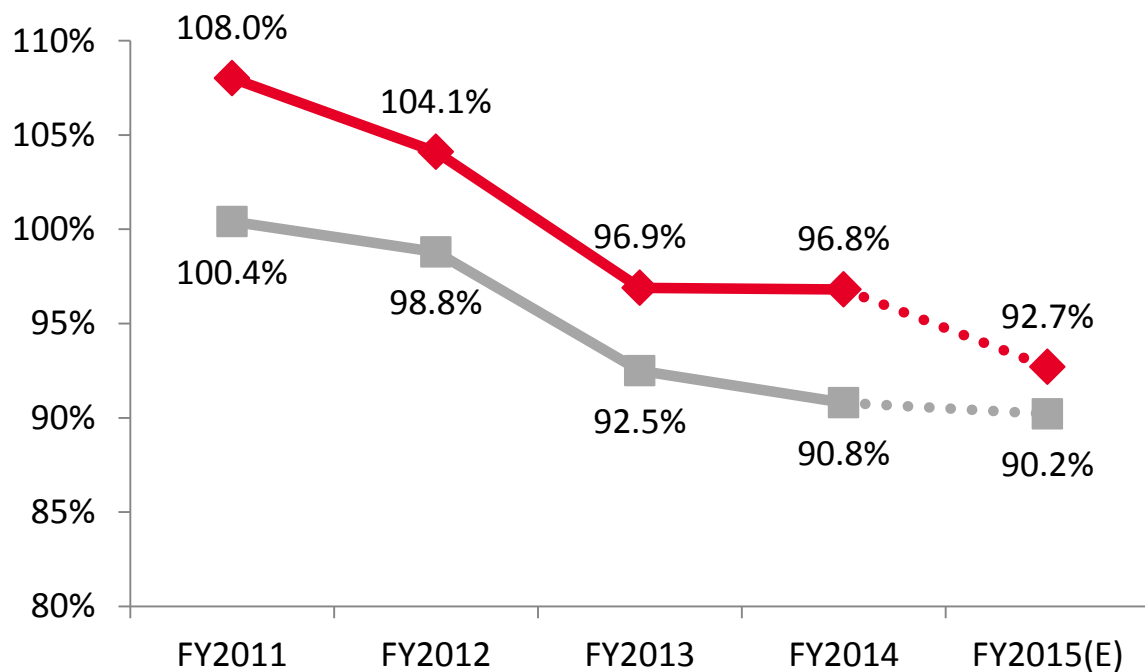
### Company expense

(Billions of yen)	Amount		% of net premium	
		Change		Change
Personnel expenses	33.8	-1.7	6.0%	-0.4pt
Non-Personnel expenses	36.4	-0.3	6.5%	-0.1pt
Tax and contributions	5.2	+0.6	0.9%	+0.1pt
Total	75.4	-1.4	13.4%	-0.4pt

# Combined Ratio

◆ Combined ratio improved faster than planned to 88.0% due to drastic improvement of loss ratio, etc.

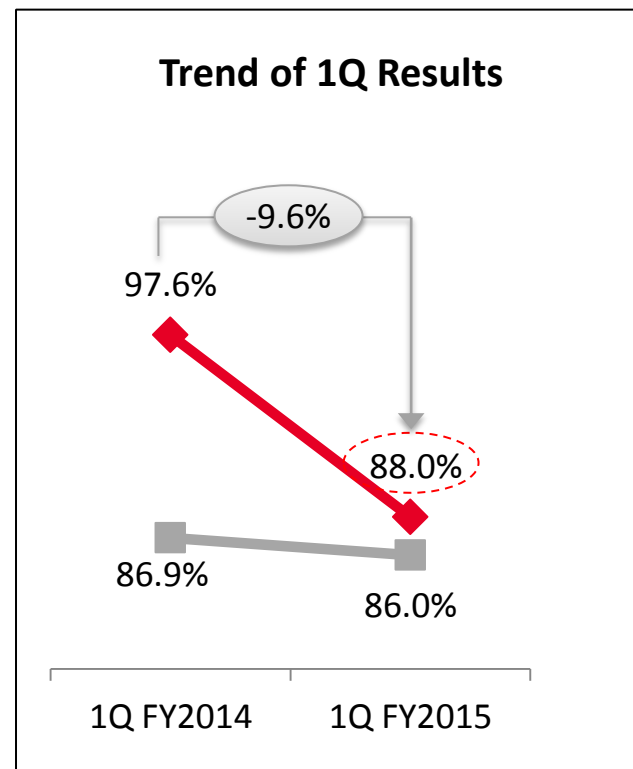
## Trends of combined ratio (excl. CALI, household earthquake)



◆ Combined Ratio (excl. CALI, household earthquake)

■ Reference; Combined Ratio (excl. CALI, household earthquake, domestic natural disasters)

## Trend of 1Q Results



## Investment Profit

- ◆ Investment profit, in particular net interest and dividend income, progressed in line with FY2015 forecast, and amounted to ¥38.1 billion (progressed 36% against the forecast).

(Billions of yen)		1Q FY2014	1Q FY2015	Change	(Reference) FY2015 (Forecasts)
Interest and dividend income		37.2	34.8	-2.3	106.6
Net interest and dividend income	1	25.4	23.7	-1.7	64.0
Gains on sales of securities	2	12.2	9.7	-2.5	58.4
of which, gains on sales of domestic stocks		10.4	7.3	-3.0	53.2
Impairment losses on securities	3	-0.1	-2.6	-2.5	-20.5
of which, impairment losses on domestic stocks		-0.0	-2.6	-2.6	-20.5
Gains on derivatives	4	0.3	0.0	-0.3	0.0
Other investment income	5	3.3	7.2	3.8	4.0
Investment profit	1+2+3+4+5	41.3	38.1	-3.1	106.0

Mainly foreign exchange gains



# Business Forecasts for FY2015 – Sompo Japan Nipponkoa

(Billions of yen)	FY2014 Actual	FY2015 Forecast	Change
Net premiums written	2,181.3	2,220.6	+39.3 (+1.8%)
(excl. CALI, household earthquake)	1,875.2	1,914.7	+39.5 (+2.1%)
Loss Ratio	65.6%	62.5%	-3.1pt
(excl. CALI, household earthquake)	63.2%	59.7%	-3.5pt
E/I Loss Ratio (excl. CALI, household earthquake)	63.8%	60.2%	-3.5pt
Expense Ratio	31.8%	31.4%	-0.4pt
(excl. CALI, household earthquake)	33.6%	33.1%	-0.6pt
Combined Ratio	97.4%	93.8%	-3.6pt
(excl. CALI, household earthquake)	96.8%	92.7%	-4.1pt
Underwriting profit	45.2	88.0	+42.7 (+94.6%)
Investment profit	151.5	106.0	-45.5 (-30.1%)
Ordinary profit	195.1	186.0	-9.1 (-4.7%)
Net income	45.0	128.0	+82.9 (+184.1%)
+Provisions for catastrophic loss reserve (after tax)	-7.7	16.6	+24.4
+Provisions for reserve for price fluctuation (after tax)	6.3	5.8	-0.4
-Gains/losses on sales of securities and impairment losses on securities (after tax)	45.6	26.9	-18.6
-Special factors (after tax)* <sup>1</sup>	-80.0	-	+80.0
Adjusted profit	77.9	123.5	+45.5 (+58.4%)

(Reference)  
Adjusted  
profit

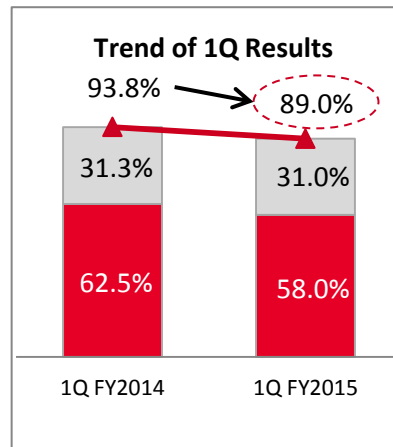
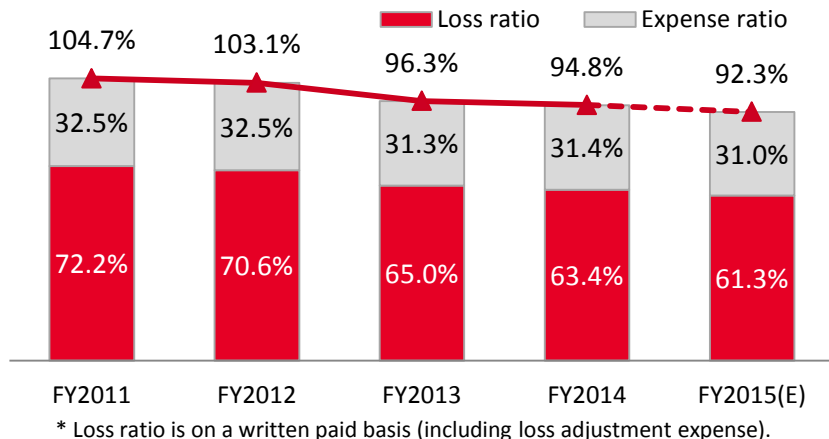
\*1 Special factors are one-time merger costs, etc.

## Assumption of Business Forecasts – Sompo Japan Nipponkoa

<b>Losses from domestic natural disasters</b> (occurring in the fiscal year)	¥43.0 billion
<b>Snow damage in February 2014</b>	Net claims paid : ¥5.3 billion
<b>Catastrophic loss reserve</b>	Net provision : ¥23.4 billion
<b>Provision rate of catastrophic loss reserve</b>	Provision rate of fire group : 10% Provision rate of automobile group : 3.2%
<b>Market indicators</b>	(Stock) Nikkei 225 : ¥19,206 (Interest yield) 10y JGB : 0.41% (Foreign exchange) 1US\$ : ¥120.17 1Euro : ¥130.32
<b>Interest and dividend income</b>	Gross : ¥106.6 billion    Net : ¥64.0 billion
<b>Realized gains on securities</b>	Realized gains on security sales : ¥58.4 billion Impairment losses on securities : ¥20.5 billion
<b>Reserve for price fluctuation</b>	Net provision : ¥8.2 billion

# (Reference) Related Indicators of Automobile Insurance

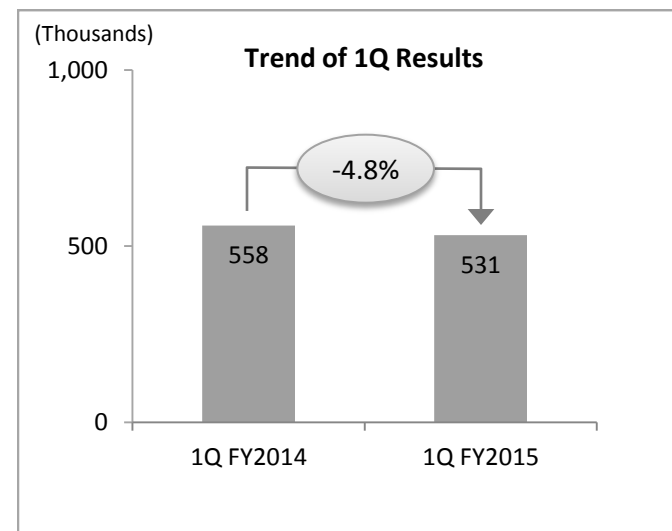
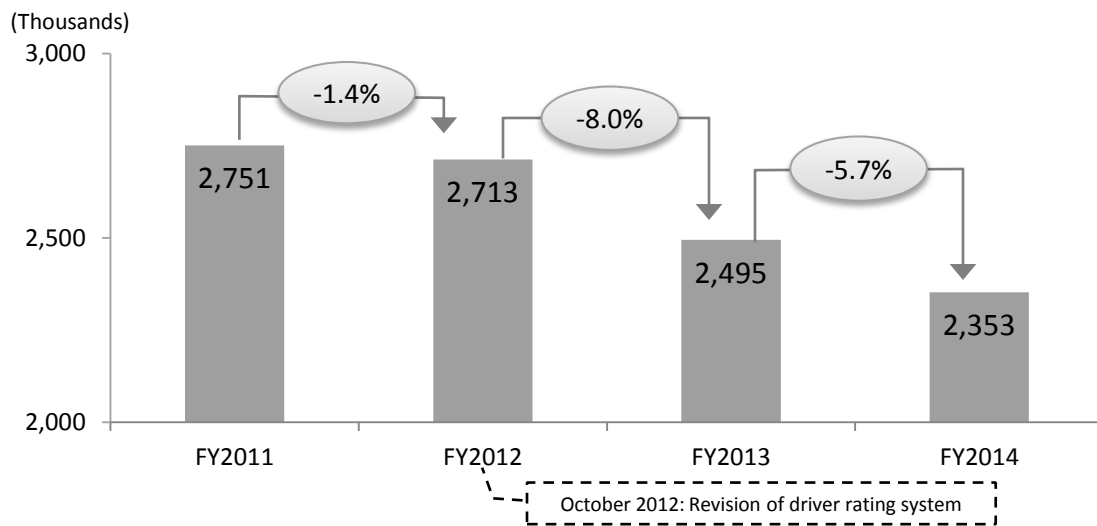
## Trends of combined ratio



(Reference)  
premium rate revisions & driver rating system revision (non-fleet)

	Sompo Japan	Nipponkoa
FY2010	Apr. +0.8%	Dec. +1.4%
FY2011	Apr. +1.7%	Jan. +1.8%
FY2012	Oct. Driver rating system revision	
FY2013	Apr. +2.1%	Apr. +2.0%
FY2014	Jul. +2.5%	Sep. +2.5%

## Trends of the number of reported claims\*1



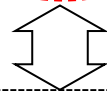
\*1 Special factors in each fiscal year (The Great East Japan Earthquake, typhoon No.12 and 15 in FY2011, the severe storm in April 2012, and snow damage in February 2014) are excluded.

## (Reference) Domestic Natural Disasters

◆ There were no large-scale domestic natural disasters in 1Q FY2015.

### Net claims paid

(Billions of yen)	1Q FY2014	1Q FY2015	Change
Fire and Allied lines	0.2	0.2	+0.0
Marine	-	-	-
Personal Accident	0.0	-	-0.0
Voluntary Automobile	0.0	0.0	+0.0
Other	0.0	0.0	-0.0
<b>Total</b>	<b>0.2</b>	<b>0.3</b>	<b>+0.0</b>



Incurred loss  
assumption of  
full year forecasts  
¥43.0 billion

\*Above figures are net claims paid caused by domestic natural disasters incurred in the fiscal year. Net claims paid incurred in the previous year are not included.

\* Since outstanding loss reserve is worked out by compendium method in the quarterly results, incurred losses related to natural disasters were not aggregated.

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**3. Domestic life insurance P.20**

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## Overview of 1Q FY2015 Results (Himawari Life)

- ◆ Annualized new premium increased, mainly in medical insurance, and progressed 25% against the fiscal year forecast (¥39.5 billion).
- ◆ Policies in force steadily increased mainly in protection-type product.

(Billions of yen)	1Q		Change		FY2014	FY2015 (Forecast)		Change	
	FY2014	FY2015							
Annualized new premium	7.9	10.0	+2.0	(+26.4%)	35.6	39.5	+3.9	(+11.0%)	
Premium and other income	89.4	92.7	+3.3	(+3.7%)	380.7	390.8	+10.0	(+2.6%)	
(excl. lump-sum payment)	88.6	91.2	+2.5	(+2.9%)	377.5	387.9	+10.3	(+2.7%)	
Ordinary profit	8.0	6.5	-1.4	(-18.7%)	22.5	20.2	-2.3	(-10.4%)	
Net income	4.4	3.5 <sup>*1</sup>	-0.8	(-20.0%)	9.7	10.2	+0.5	(+5.7%)	
Growth in adjusted EV	-	-	-	-	47.4	90.0	+42.6	(+89.9%)	

\*1 Net income decreased because temporary hike of reversal of policy reserve decreased (impact of increase in policy transfer due to launch of new medical insurance for the first time in 6 years).

(Billions of yen)	End of		Change	
	FY2014	FY2015		
Amount of business in force	21,043.1	21,165.2	+122.1	(+0.6%)
Annualized premium in force	317.4	321.0	+3.5	(+1.1%)

Breakdown

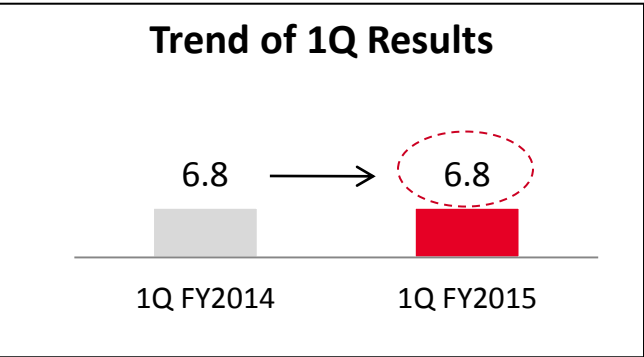
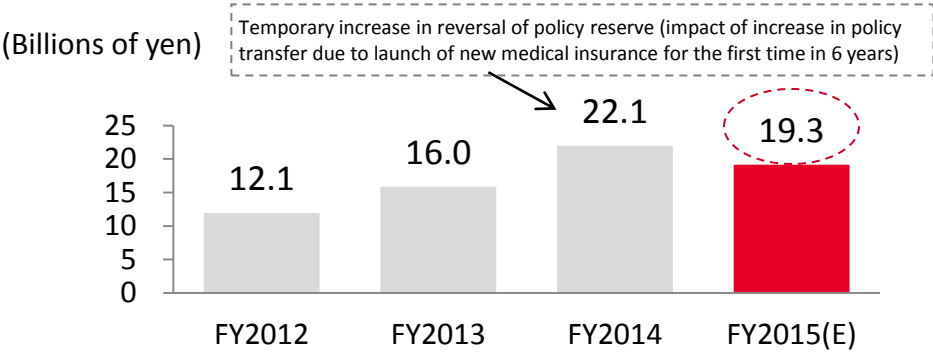
Change	
Protection-type	+3.2
Saving-type	+0.2
Total	+3.5

\* Amount of business and annualized premium are the sum of individual insurance and individual annuities.

# Profit (J-GAAP)

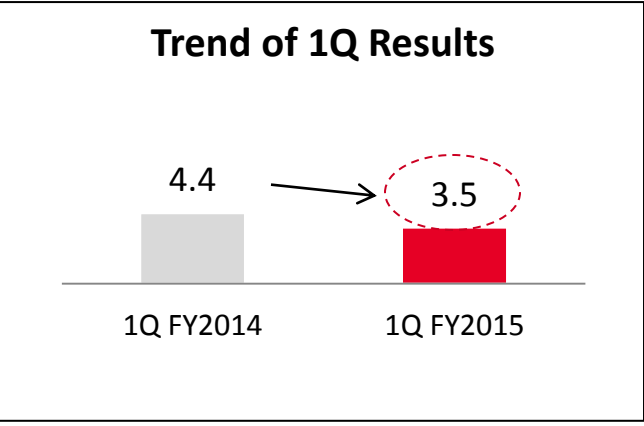
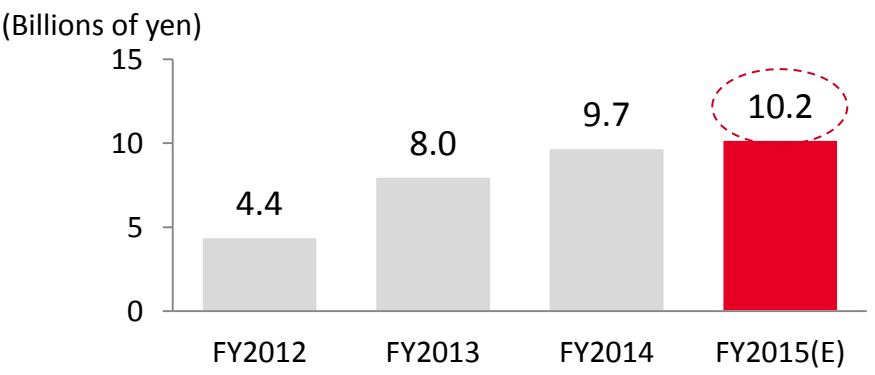
◆ Basic profit in 1Q FY2015 was ¥6.8 billion, and almost the same as that in 1Q FY2014.

## Basic profit\*1



\*1 Akin to a general business corporation's operating profit or a bank's business profit, basic profit is after deduction of capital gain or loss, such as gain or loss on the sale of securities from recurring profit, and one-time gains or losses such as provision for contingency reserve.

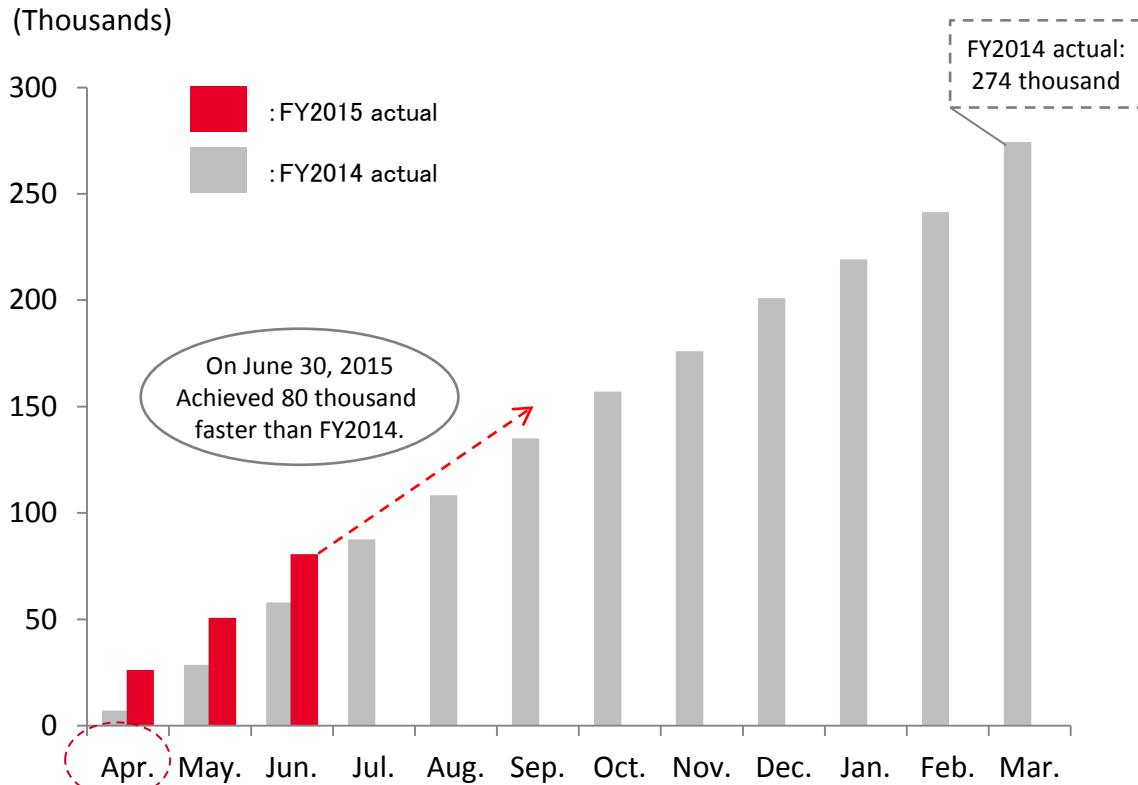
## Net income



# (Reference) Sales of Medical Insurance Products

◆ Sales of medical Insurance products was about 80 thousand (of which simple underwriting medical was 15 thousand) in 1Q FY2015, and steadily progressed against the annual target of 300 thousand.

## Number of sales of medical insurance



New simple underwriting medical insurance launched in April 2015

## History of product development

Key points		
FY2008	Medical	Increased coverage & price appeal
FY2009	Income compensation	Discount for Non smoker & healthy people
FY2010	Cancer and rider	Coverage for outpatient treatment (1st in industry)
FY2014	Medical	Further increased coverage & price appeal
FY2015	Simple underwriting medical	Eased underwriting, keeping profitability



1. Trend of business results P.2

2. Domestic P&C insurance P.9

3. Domestic life insurance P.20

**4. Overseas insurance P.24**

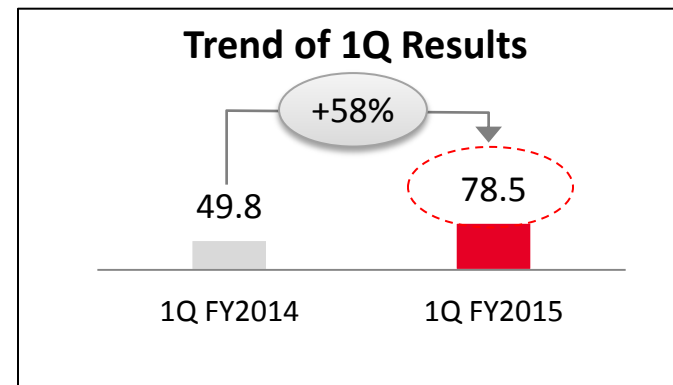
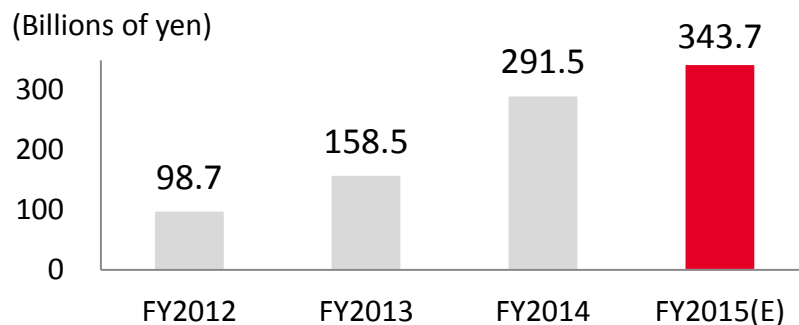
5. ERM & Capital policy P.28

Appendix P.36

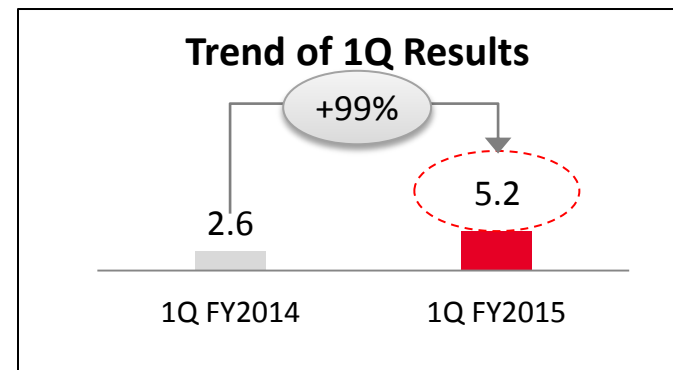
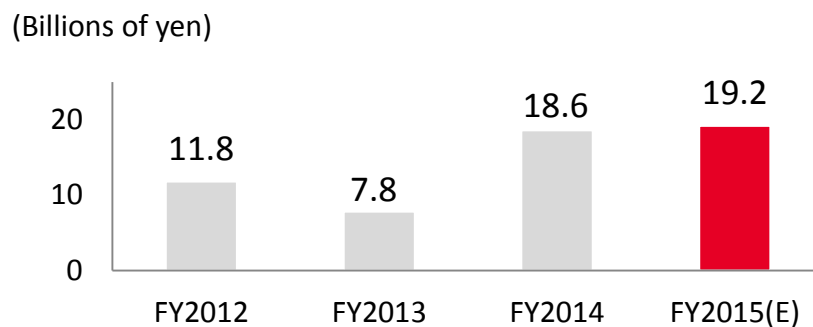
## Overview of 1Q FY2015 Results (Net Premiums Written, Net Income)

◆ Both top-line and bottom-line drastically increased due to contribution of Canopiuis.

### Net premiums written



### Net income



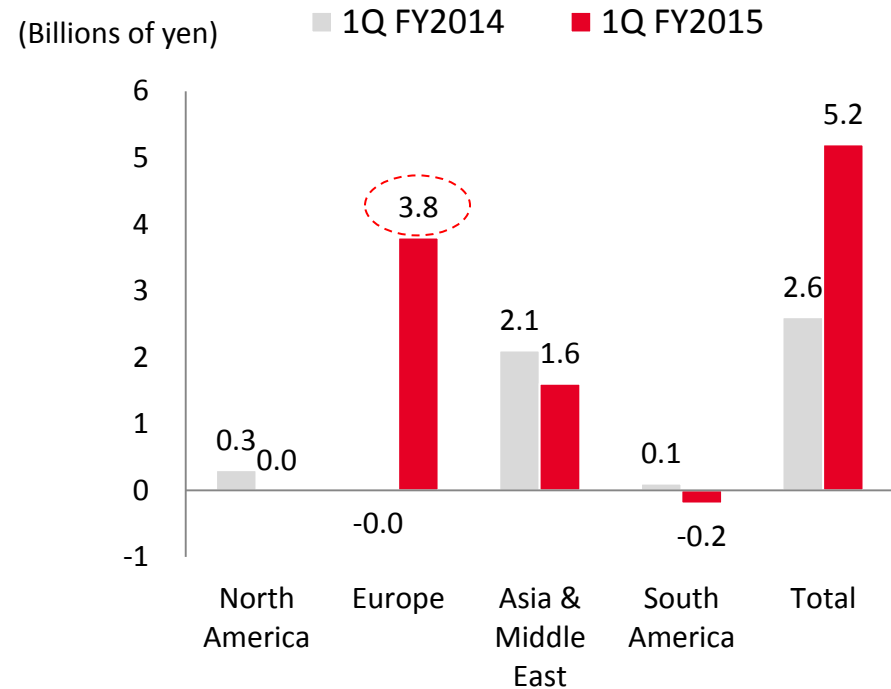
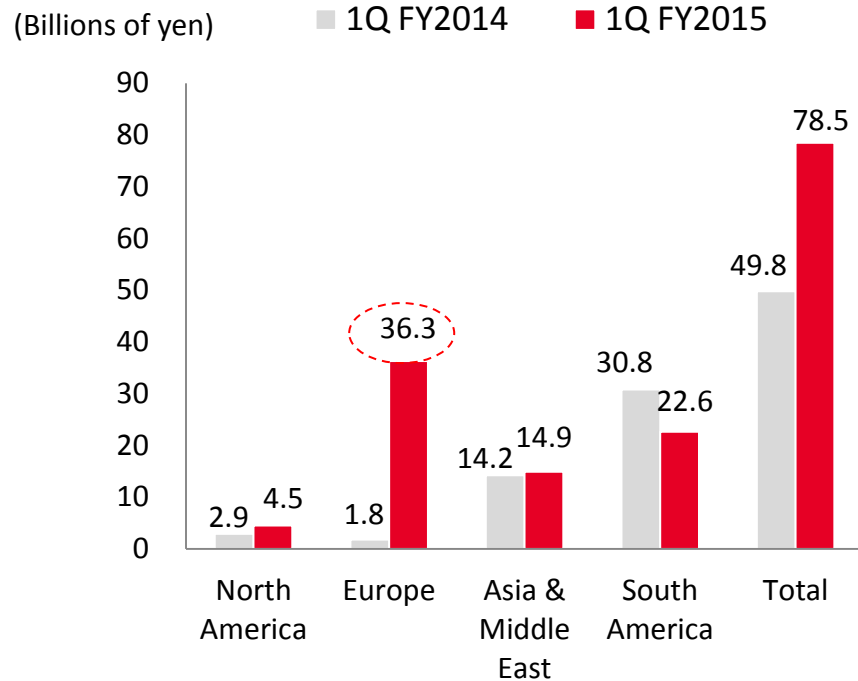
\* Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements. The net income figures also have been adjusted to reflect shareholdings and other factors.

## Business Results by Region

◆ Europe contributed the most both in top-line and bottom-line.

### Net premiums written (by region)

### Net income (by region)



\* 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.

## Business Results by Company

### Performance of overseas subsidiaries

(Billions of yen)		Net premiums written			Net income			Key points of net income in 1Q FY2015
		1Q FY2015	Change	FY2015 (Forecast)	1Q FY2015	Change	FY2015 (Forecast)	
North America	SJ America	4.5	+1.5	23.9	0.0	-0.2	2.7	Loss ratio of automobile insurance, etc. slightly increased.
Europe	SJNK Europe + NK Europe	2.1	+0.3	5.3	-0.3	-0.2	0.4	Due to one-time big claims.
	Canopus (UK)	34.2	+34.2	150.5	4.1	+4.1	9.0	Mainly because investment profit exceeded initial forecast.
Asia & Middle East	SJ Sigorta (Turkey)	5.5	+0.5	22.5	0.5	-0.3	1.8	In line with the plan .
	Tenet Sompo (Singapore)	2.6	-0.3	8.3	0.3	-0.2	0.8	In line with the plan.
	Berjaya Sompo (Malaysia)	2.9	+0.4	12.5	0.1	-0.1	1.3	Loss ratio slightly increased but on improving trend.
	SJNK China + NK China	1.8	-0.3	7.6	0.2	+0.1	0.0	In line with the plan.
	SJNK Hong Kong	1.1	+0.1	4.3	0.2	-0.0	0.6	In line with the plan.
	Universal Sompo (India)	0.8	+0.2	3.2	0.0	+0.0	0.1	In line with the plan.
South America	Yasuda Maritima (Brazil)	22.6	-8.1	105.2	-0.2	-0.4	2.1	Expected to turn to black going forward due to improvement of loss ratio.
Total		78.5	+28.6	343.7	5.2	+2.6	19.2	—

\* 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.

1. Trend of business results P.2

2. Domestic P&C insurance P.9

3. Domestic life insurance P.20

4. Overseas insurance P.24

**5. ERM & Capital policy P.28**

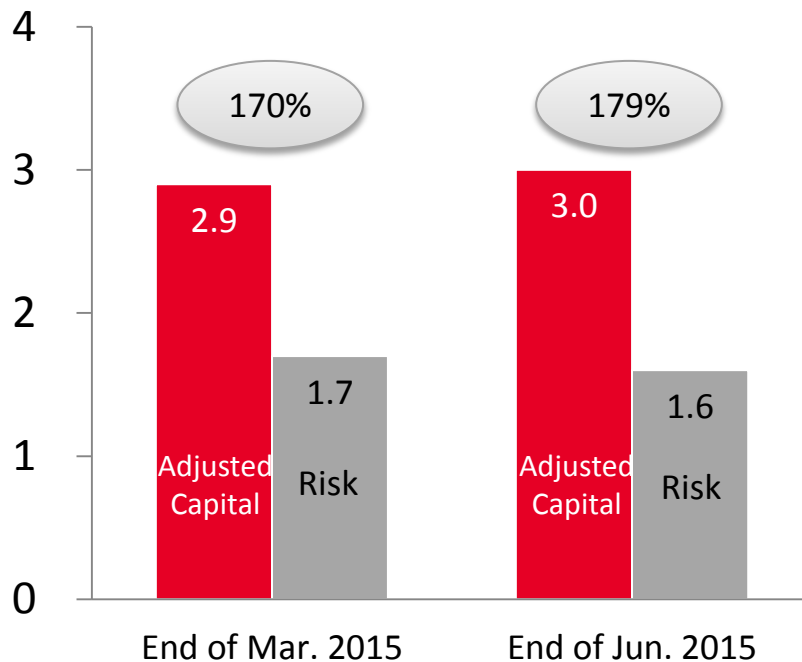
Appendix P.36

## Financial Soundness – Internal Solvency Ratio

- ◆ Maintain strong financial soundness against a backdrop of favorable market conditions.

### Trend of internal solvency ratio

(Trillions of yen)



Internal solvency ratio is the indicator of financial soundness on economic value basis calculated according to Solvency II.

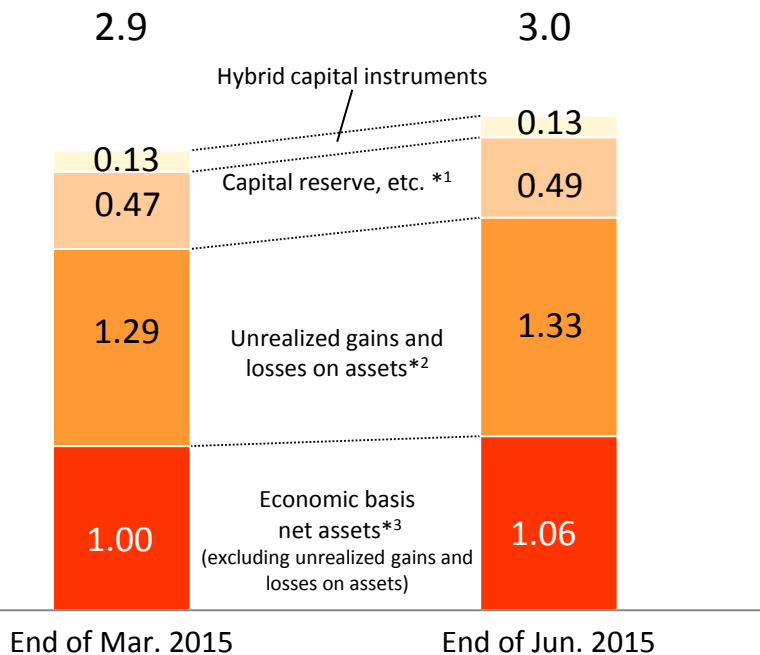
- Targeting roughly 120%-170%.  
120%: The level leading to stable financial soundness, based on the result of stress test, etc.  
170%: The level set based on capital efficiency.

\*To be verified annually in principle, based on situation of ROE target and risk.

# (Reference) Breakdown of Adjusted Capital and Risk

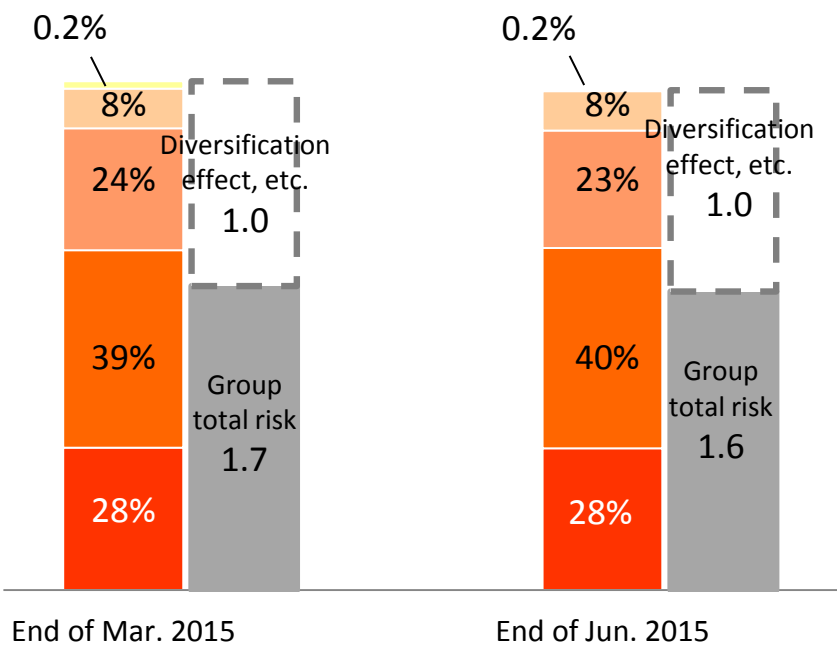
## Trend of adjusted capital

(Trillions of yen)



## Trend of breakdown of risk\*4 by business

(Trillions of yen)



- Finacial & Other Services
- Overseas Insurance
- Domesti Life
- Domestic P&C (Investment)
- Domesti P&C (Underwriting)

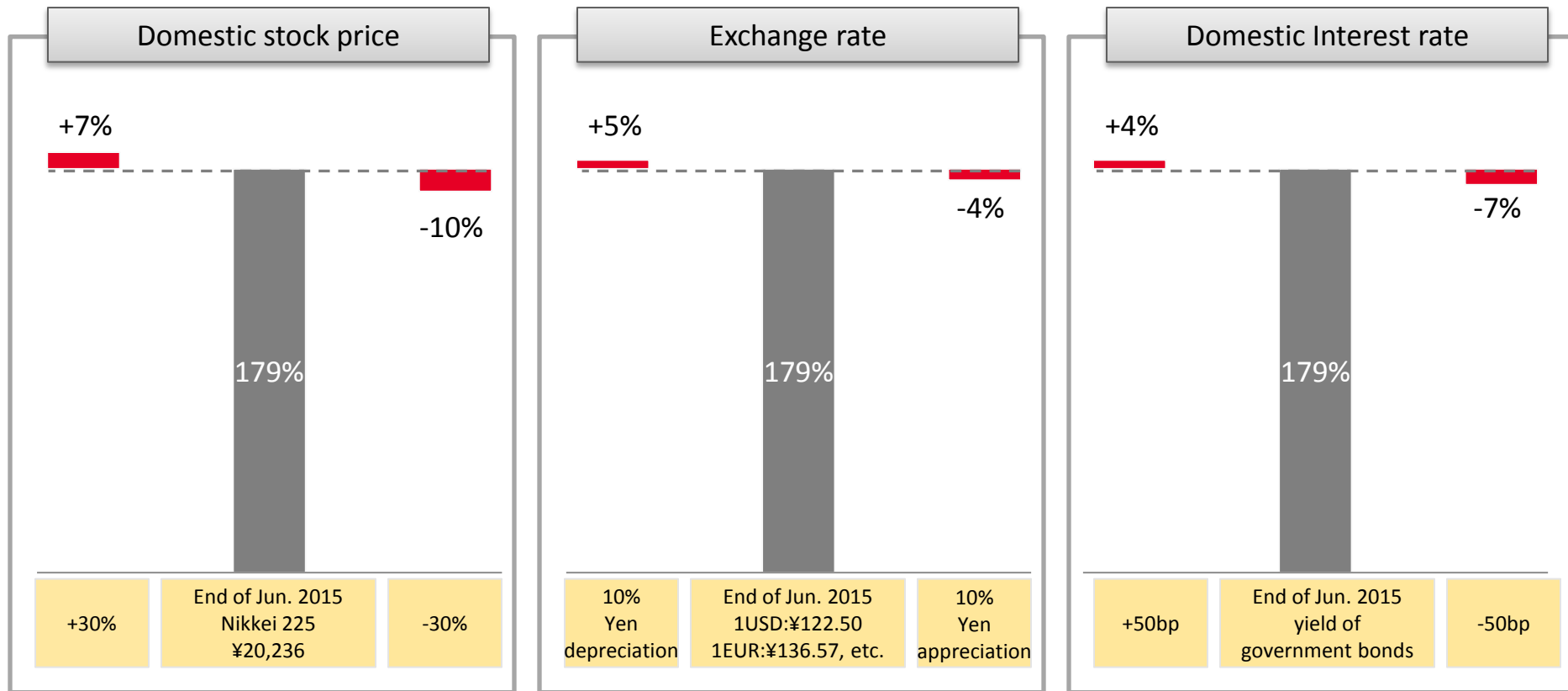
\*1 Reserve for price fluctuation and catastrophic loss reserve, etc. (after tax)  
 \*2 Unrealized gains and losses on securities, etc., including non mark-to-market assets (e.g. policy reserve matching bonds)  
 \*3 Total of net assets on non-consolidated balance sheets, and value in force of P&C and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

\*4 Risk : 1 year holding period, 99.95% VaR (AA equivalent confidence level)  
Risk amount of each business:  
 99.95% VaR 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.

# (Reference) Market Sensitivity

## Market sensitivity of internal solvency ratio

■ : Internal solvency ratio ■ : Change





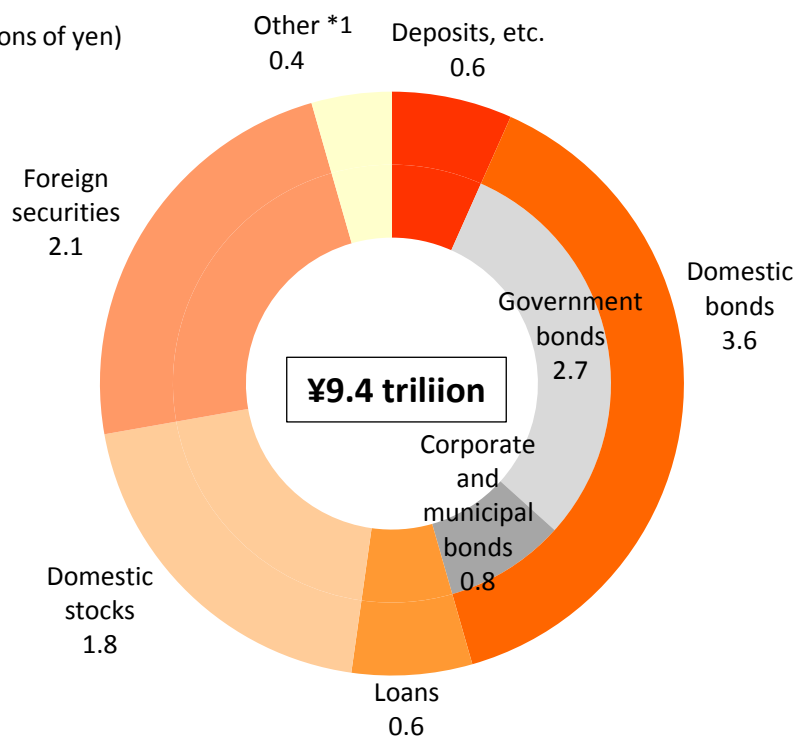
## Asset Portfolio (Group-wide)

- ◆ Aim at stable investment profit through the ALM, considering the character of liability and liquidity.
- ◆ Continue to sell the domestic stocks according to the plan for reduction of strategic-holding stocks.

### Amount of investment assets (Group consolidated base, as of end of June 2015)

#### By asset class

(Trillions of yen)



#### By company

	Amount of investment assets (billion of yen)	Composition
Sompo Japan Nipponkoa (consolidated)	6,448.7	68.6%
Himawari Life (consolidated)	2,247.9	23.9%
Overseas group subsidiaries	634.2	6.7%
Saison Automobile & Fire	38.1	0.4%
Sonpo 24	20.7	0.2%
Other domestic subsidiaries	11.1	0.1%
<b>Total</b>	<b>9,401.0</b>	<b>100%</b>

\*1 Other includes lands, buildings and stocks of non-consolidated subsidiaries, etc.

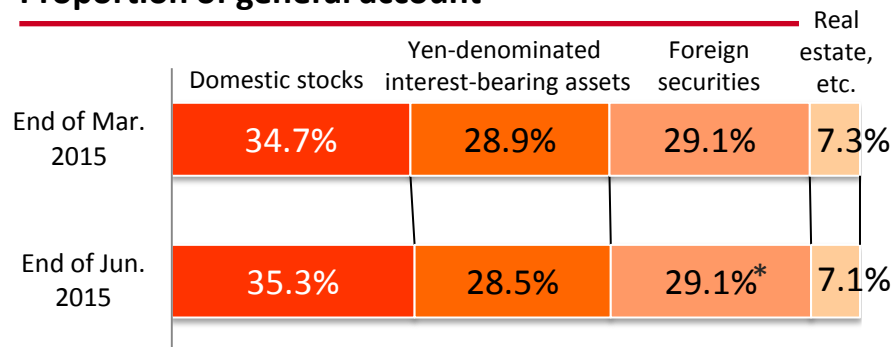
## Asset Portfolio (Sompo Japan Nipponkoa, non-consolidated)

- ◆ The general account is managed with diversified investments while the saving-type account utilizes portfolio management based on ALM.

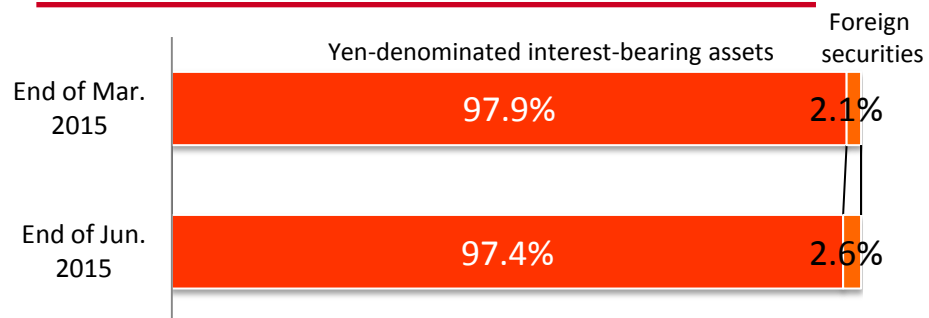
### Amount of investment assets (Sompo Japan Nipponkoa, non-consolidated)



### Proportion of general account



### Proportion of saving-type account



\* Breakdown of foreign securities (foreign currencies) (End of Jun. 2015)

	USD	EUR	Others	Total
Bonds	26%	13%	10%	50%
Funds, etc.	22%	0%	6%	28%
Subsidiaries, affiliates	4%	5%	13%	22%
Total	52%	18%	30%	100%

### Asset/Liability Duration (Saving-type)

	End of Mar. 2015	End of Jun. 2015
Asset	4.5y	4.5y
Liability	6.2y	6.3y

## Asset Portfolio (Himawari Life, non-consolidated)

- ◆ Manage the portfolio through disciplined ALM, which mainly consists of yen-denominated interest-bearing assets.

### Amount of investment assets (Himawari Life, non-consolidated)



### Asset/Liability Duration

	End of Mar. 2015	End of Jun. 2015
Asset	13.2y	13.2y
Liability	19.0y	18.7y

\* Duration is adjusted based on the difference of amount balance of asset and liability to control duration gap appropriately.

## Reduction of Strategic-holding Stocks

- ◆ Continued to reduce the strategic-holding stocks in line with the initial plan, and the total reduction from FY2012 to 1Q FY2015 amounted to ¥510.7 billion.
- ◆ In accordance with the Corporate Governance Code, we continue to reduce strategic-holding stocks from FY2016 onward.

### Net reduction in 1Q FY2015\*<sup>1</sup> (Sompo Japan Nipponkoa)

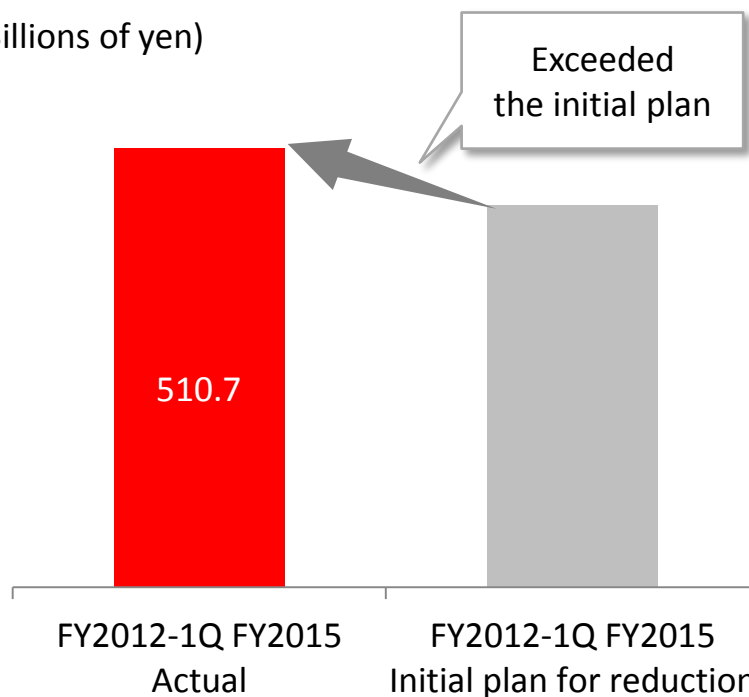
Actual	¥10.6 billion
Stock future * <sup>2</sup>	¥10.0 billion
<b>Total</b>	<b>¥20.7 billion</b>

\*1 Net reduction means “market value of sales minus market value of purchase.”

\*2 Short position of Nikkei 225 Futures.

### Progress of the plan for reduction of strategic-holding stocks (FY2012- FY2015)

(Billions of yen)



1. Trend of business results P.2

2. Domestic P&C insurance P.9

3. Domestic life insurance P.20

4. Overseas insurance P.24

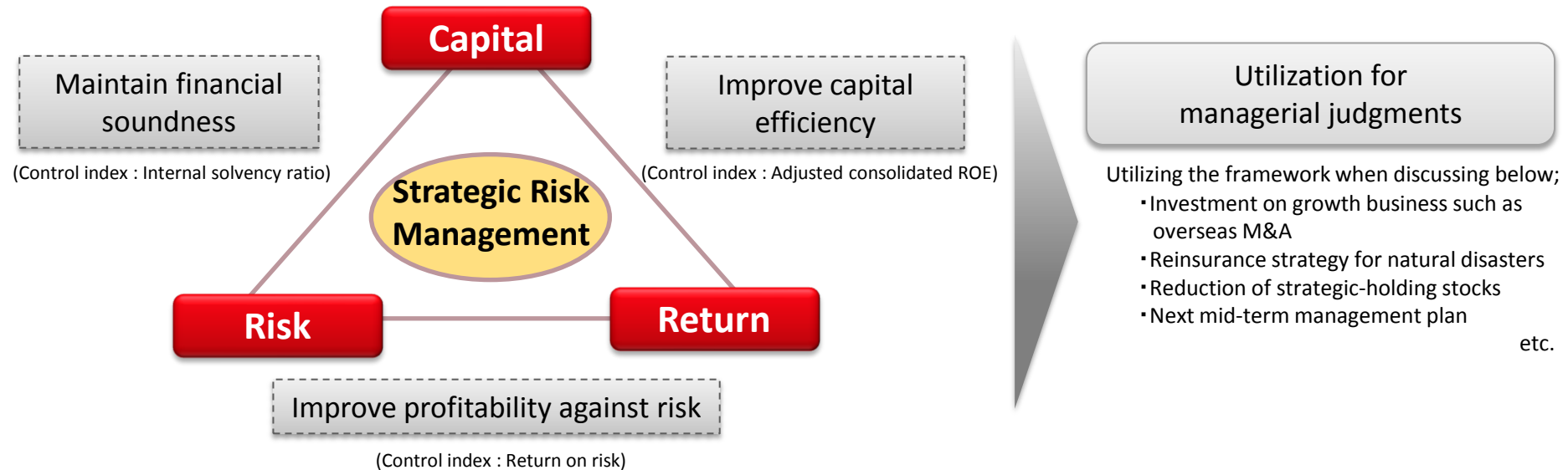
5. ERM & Capital policy P.28

**Appendix**

**P.36**

## Strategic Risk Management (ERM)

- ◆ Promote Strategic Risk Management (ERM) which is mixture of business strategy and risk management.
- ◆ Aim to maximize the corporate value by controlling the balance among capital, return and risk appropriately.



### Risk Appetite Principles

- (1) Become a globally competitive group while controlling the balance among capital, return and risk appropriately, and maximizing corporate value by improving capital efficiency.
- (2) Gain greater profit by taking risks via financial and other services in addition to insurance underwriting and investment.
- (3) Retain competitiveness among global insurers by maintaining financial soundness with a target credit rating of AA.
- (4) Maintain the stable return, and target adjusted consolidated ROE of over 7% in FY2015 to ensure group's sustainable growth.

# Numerical Management Targets, Definition, etc.

(Billions of yen)		FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)	FY2015		
					(1Q Actual)	(Forecast)	(Plan)
Domestic P&C insurance* <sup>1</sup>	Adjusted profit	-8.9	6.5	69.9	32.5	116.7	70.0-80.0
Sompo Japan Nipponkoa* <sup>2</sup>	Net premiums written	1,966.2	2,082.1	2,181.3	562.7	2,220.6	2,040.0
	(excl. CALI)	1,691.7	1,783.9	1,876.0	490.1	1,915.8	1,740.0
	Loss ratio	72.0%	65.7%	65.6%	58.6%	62.5%	65.6%
	(excl. CALI/Fin. Guarantee)	68.8%	62.7%	63.2%	55.0%	59.6%	62.8%
	Expense ratio	33.4%	32.2%	31.8%	31.6%	31.4%	30.6%
	(excl. CALI)	35.2%	34.2%	33.6%	32.9%	33.1%	32.6%
	Combined ratio	105.4%	97.9%	97.4%	90.2%	93.8%	96.2%
	(excl. CALI/Fin. Guarantee)	104.1%	96.9%	96.8%	87.9%	92.7%	95.3%
Domestic life insurance	Growth in embedded value (EV)	107.8	85.7	47.4	-	90.0	100.0-110.0
Overseas insurance	Net income	11.8	7.8	18.6	5.2	19.2	14.0-20.0
Financial & other services	Net income	0.7	1.5	2.3	0.4	2.4	2.0-3.0
Group total	Adjusted consolidated profit	111.6	101.5	138.3	-	228.0	180.0-210.0
Adjusted consolidated ROE* <sup>3</sup>		5.4%	4.3%	5.2%	-	7.6%	Over 7%

## Definition of adjusted profit

Domestic P&C insurance\*<sup>1</sup>

Net income  
+ Provisions for catastrophic loss reserve (after tax)  
+ Provisions for reserve for price fluctuation (after tax)  
- Gains/losses on sales of securities and impairment losses on securities (after tax)  
- Special factors

Domestic life insurance

Growth in embedded value (EV)  
- Capital transactions such as equity issuance  
- Changes in EV attributable to fluctuation of interest rates, etc.

Overseas insurance

Net income

Financial and other services

Net income

\*1 Total of Sompo Japan Nipponkoa, Sonpo 24, and Saison Automobile & Fire (non-consolidated).

\*2 The figures prior to September 1, 2014 are the sum of Sompo Japan and Nipponkoa.

\*3 Adjusted consolidated ROE = Adjusted consolidated profit / [Consolidated net assets (excluding life insurance subsidiary's net assets)  
+ Catastrophic loss reserve (after tax) + Reserve for price fluctuation (after tax) + Life insurance subsidiary's EV]

\*The denominator is the average balance at the end/start of each fiscal year.

## 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.

## Contacts



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