



SOMPO
HOLDINGS

Innovation for Wellbeing

Highlights of FY2015 Results

May 20, 2016

Sompo Japan Nipponkoa Holdings, Inc.



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Highlights of FY2015 Results

- Consolidated net income in FY2015 tripled to ¥159.5 billion in the absence of one-time merger costs, etc.
- Consolidated net income in FY2016 is expected to decrease due to upfront investments to achieve future growth and streamline operation.

FY2015 results

- Combined ratio (excluding CALI and household earthquake) improved by 2.3 points to 94.5% due to improvement of loss ratio and expense ratio.
- We steadily sold strategic-holding stocks by ¥565.7 billion on fair value for 4 years from FY2012.
- Himawari Life grew steadily mainly in medical insurance, and its net income improved by ¥1.8 billion to ¥11.6 billion.
- While overseas subsidiaries had one-time large losses, their net income increased due to gains on sales of stocks (+¥0.6 billion).
- Internal solvency ratio keeps 155% after change in market conditions.
- Dividend per share increased by ¥10 to ¥80, and share buyback of ¥33.5 billion was decided (total payout ratio was 50%).
- Adjusted consolidated ROE achieved 7.8% due to steady improvement of profitability (reference: J-GAAP ROE was 9.2%)

FY2016 forecast

- Consolidated ordinary profit is expected to be ¥206.0 billion (-¥10.8 billion), and consolidated net income is expected to be ¥140.0 billion.
- We plan to execute upfront investments in earnest for future growth centered on Sompo Japan Nipponkoa and Himawari Life, while maintaining level of profitability attained in FY2015.
- We plan to accelerate reduction of strategic-holding stocks compared with FY2015, and reduce exposure around ¥100.0 billion.

1. Trend of business results

2. Domestic P&C insurance

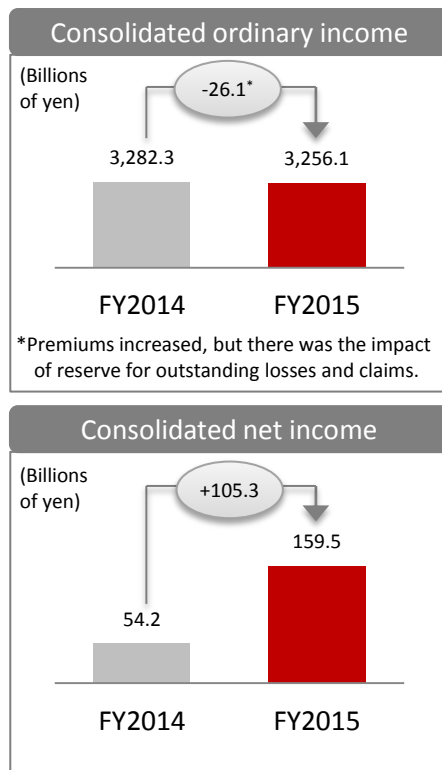
3. Domestic life insurance

4. Overseas insurance

5. ERM & Asset management

Overview of FY2015 Results – Consolidated basis

- ◆ Premiums steadily increased. Consolidated net income improved by ¥105.3 billion to ¥159.5 billion mainly due to improvement of bottom-line of domestic P&C insurance.



(Billions of yen)	FY2014	FY2015	Change
Consolidated ordinary income	3,282.3	3,256.1	-26.1 (-0.8%)
Net premiums written (P&C)	2,508.0	2,552.1	+44.1 (+1.8%)
Life insurance premiums	277.2	297.6	+20.4 (+7.4%)
Consolidated ordinary profit	208.3	216.8	+8.5
Sompo Japan Nipponkoa* ¹	195.1	178.0	-17.0
Himawari Life	18.3	18.2	-0.0
Overseas insurance subsidiaries	21.9	23.7	+1.7
Consolidated adjustment* ² /Others	-27.1	-3.2	+23.8
Consolidated net income* ³	54.2	159.5	+105.3
Sompo Japan Nipponkoa* ¹	45.0	126.2	+81.2
Himawari Life	9.7	11.6	+1.8
Overseas insurance subsidiaries	19.4	20.5	+1.0
Consolidated adjustment* ² /Others	-19.9	1.1	+21.1
(Reference) Adjusted profit (by business)	138.3	215.5	+77.1
Domestic P&C insurance	69.9	110.8	+40.9
Domestic life insurance	47.4	83.4	+36.0
Overseas insurance	18.6	19.3	+0.6
Financial & other services	2.3	1.8	-0.4

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

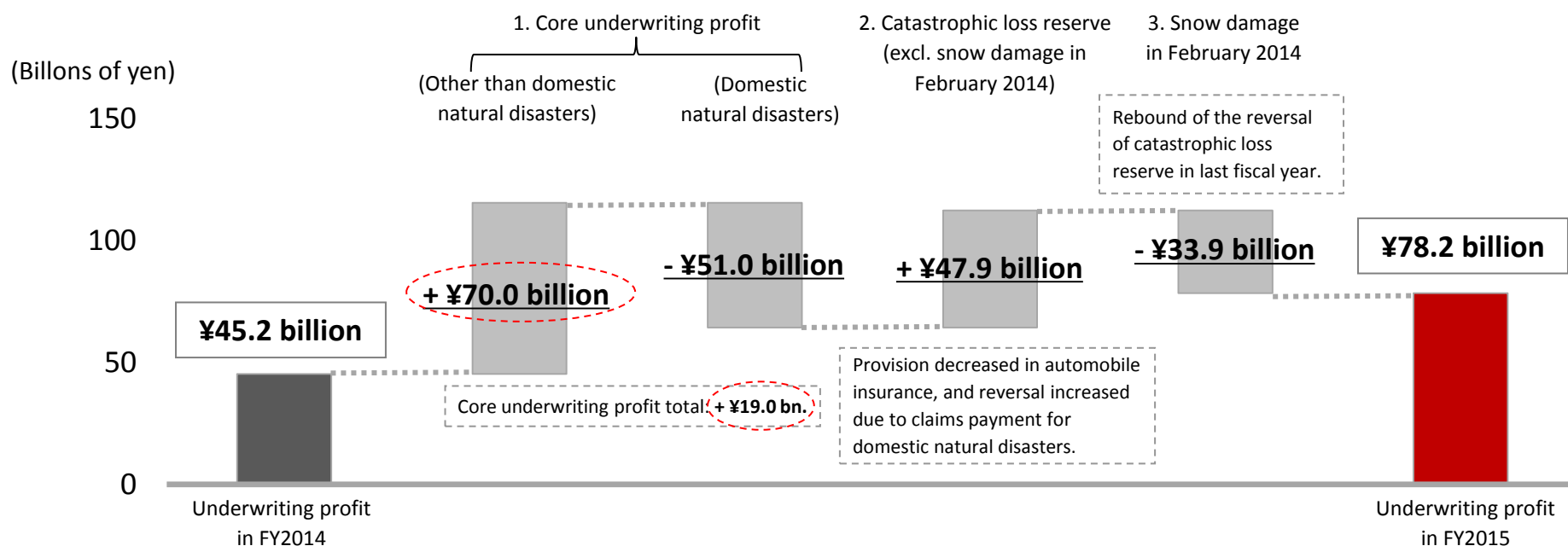
*2 "Purchase method" accounting was adopted upon the establishment of Sompo Japan Nipponkoa Holdings. In the consolidated accounts of the holdings, assets and liabilities of the former Nipponkoa and some group companies were acquired and carried on the balance sheet at fair value at the time of business 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 – Sompo Japan Nipponkoa

- ◆ Underwriting profit improved by ¥33.0 billion to ¥78.2 billion mainly due to drastic increase in core underwriting profit (excluding domestic natural disasters).

Changing factors of underwriting profit (Sompo Japan Nipponkoa)



	1. Core underwriting profit	2. Catastrophic loss reserve	3. Snow damage in February 2014
FY2014 Actual	¥60.3 billion	- ¥53.6 billion	¥38.5 billion
FY2015 Actual	¥79.3 billion	- ¥5.7 billion	¥4.6 billion

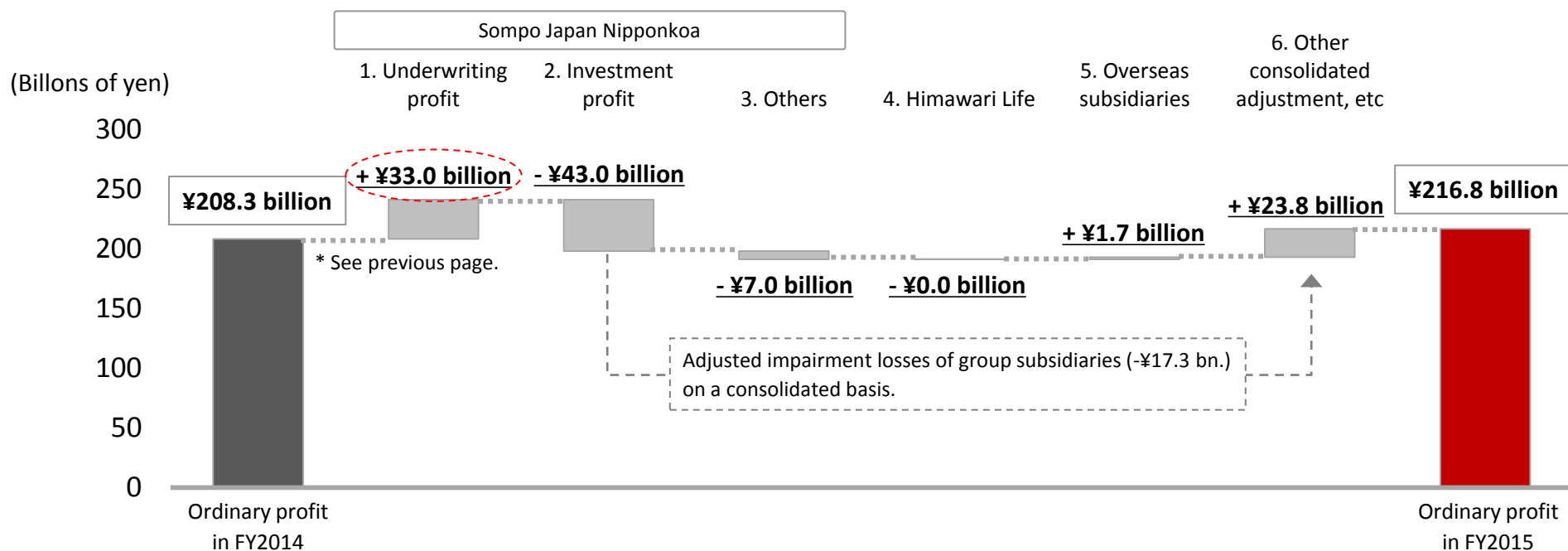
* Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve, and snow damage in February 2014.

* Above figures for domestic natural disasters are net incurred losses by domestic natural disasters that occurred in the fiscal year.

Main Points of Consolidated Results – (2) Ordinary Profit

- ◆ Consolidated ordinary profit improved by ¥8.5 billion to ¥216.8 billion mainly due to increase in underwriting profit.

Changing factors of consolidated ordinary profit



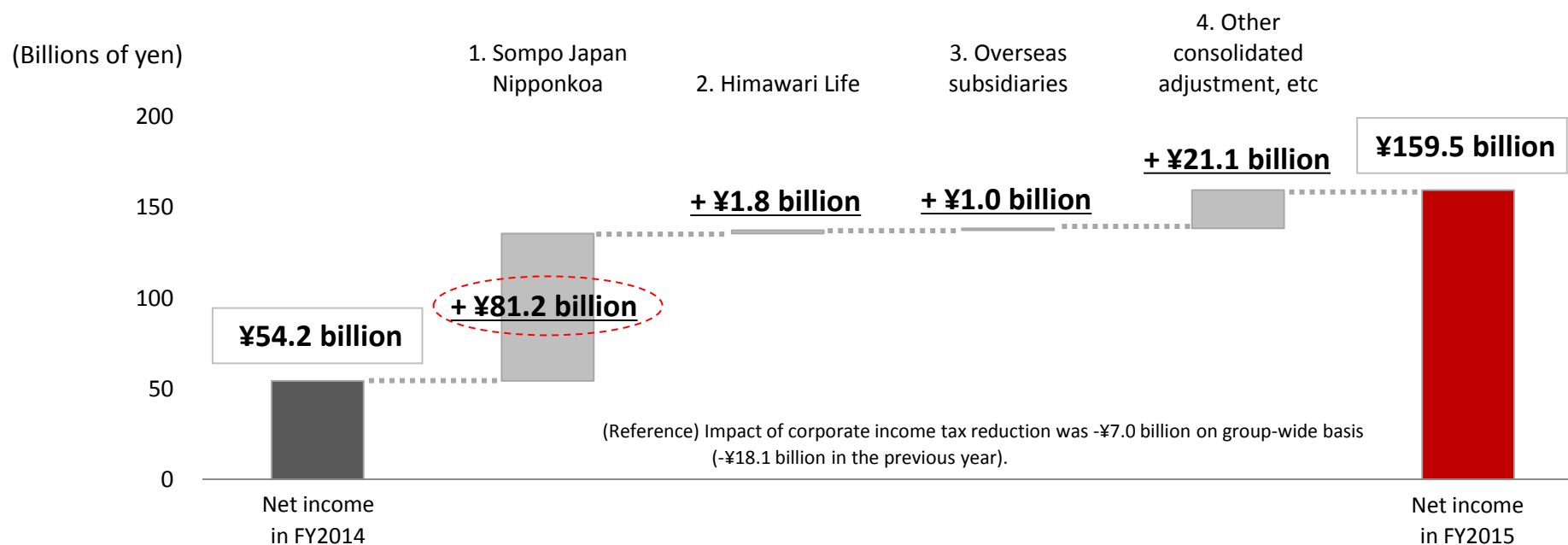
	1. Underwriting profit	2. Investment profit	3. Others	4. Himawari Life	5. Overseas subsidiaries	6. Other consolidated adjustment, etc
FY2014 Actual	¥45.2 billion	¥151.5 billion	- ¥1.6 billion	¥18.3 billion	¥21.9 billion	- ¥27.1 billion
FY2015 Actual	¥78.2 billion	¥108.5 billion	- ¥8.7 billion	¥18.2 billion	¥23.7 billion	- ¥3.2 billion

Main Points of Consolidated Results – (3) Net Income

- ◆ Consolidated net income improved by ¥105.3 billion to ¥159.5 billion in the absence of one-time merger costs*, etc.

* ¥79.5 billion of one-time merger cost was recorded as an extraordinary loss in FY2014.

Changing factors of consolidated net income



	1. Sompo Japan Nipponkoa	2. Himawari Life	3. Overseas subsidiaries	4. Other consolidated adjustment, etc
FY2014 Actual	¥45.0 billion	¥9.7 billion	¥19.4 billion	- ¥19.9 billion
FY2015 Actual	¥126.2 billion	¥11.6 billion	¥20.5 billion	¥1.1 billion

Business Forecasts for FY2016 – Consolidated basis

- ◆ Consolidated ordinary profit is expected to decrease by ¥10.8 billion to ¥206.0 billion, and consolidated net income is expected to be ¥140.0 billion.

(Billions of yen)	FY2015 (Actual)	FY2016 (Forecast)	Change	
Net premiums written (P&C)	2,552.1	2,573.0	+20.8	(+0.8%)
Life insurance premiums	297.6	307.0	+9.3	(+3.1%)
Consolidated ordinary profit	216.8	206.0	-10.8	(-5.0%)
Sompo Japan Nipponkoa	178.0	196.5	+18.4	(+10.3%)
Himawari Life	18.2	10.5	-7.7	(-42.2%)
Overseas subsidiaries	23.7	18.0	-5.7	(-24.1%)
Consolidated adjustment*/others	-3.2	-19.0	-15.8	(-)
Consolidated net income	159.5	140.0	-19.5	(-12.3%)
Sompo Japan Nipponkoa	126.2	140.0	+13.7	(+10.9%)
Himawari Life	11.6	6.5	-5.1	(-44.0%)
Overseas subsidiaries	20.5	14.2	-6.2	(-30.6%)
Consolidated adjustment*/others	1.1	-20.7	-21.8	(-1,907.9%)

* "Purchase method" accounting was adopted upon the establishment of Sompo Japan Nipponkoa 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 FY2016

- ◆ Consolidated ordinary profit is expected to stay almost flat mainly due to upfront investments to achieve future growth and streamline operation.

Domestic P&C insurance

(Sampo Japan Nipponkoa)

- Ordinary profit is expected to improve by ¥18.4 billion due to improvement of underwriting profit and investment profit.
- Combined ratio (excluding CALI and household earthquake) is expected to improve by 1.1 points to 93.4%.
 - Loss ratio is expected to improve by 1.8 points, and net expense ratio is expected to rise by 0.7 points, including ¥12.0 billion of upfront investments, etc.
- Reduction of strategic-holding stocks is planned to be about ¥100.0 billion.

Domestic life insurance

- Business is planned to expand steadily, and ordinary profit is expected to decrease by ¥7.7 billion mainly due to upfront investments.
 - Upfront investment for further growth is assumed to be about ¥5.0 billion, and system cost is expected to increase by about ¥2.5 billion in accordance with change in accounting processing.

Overseas insurance

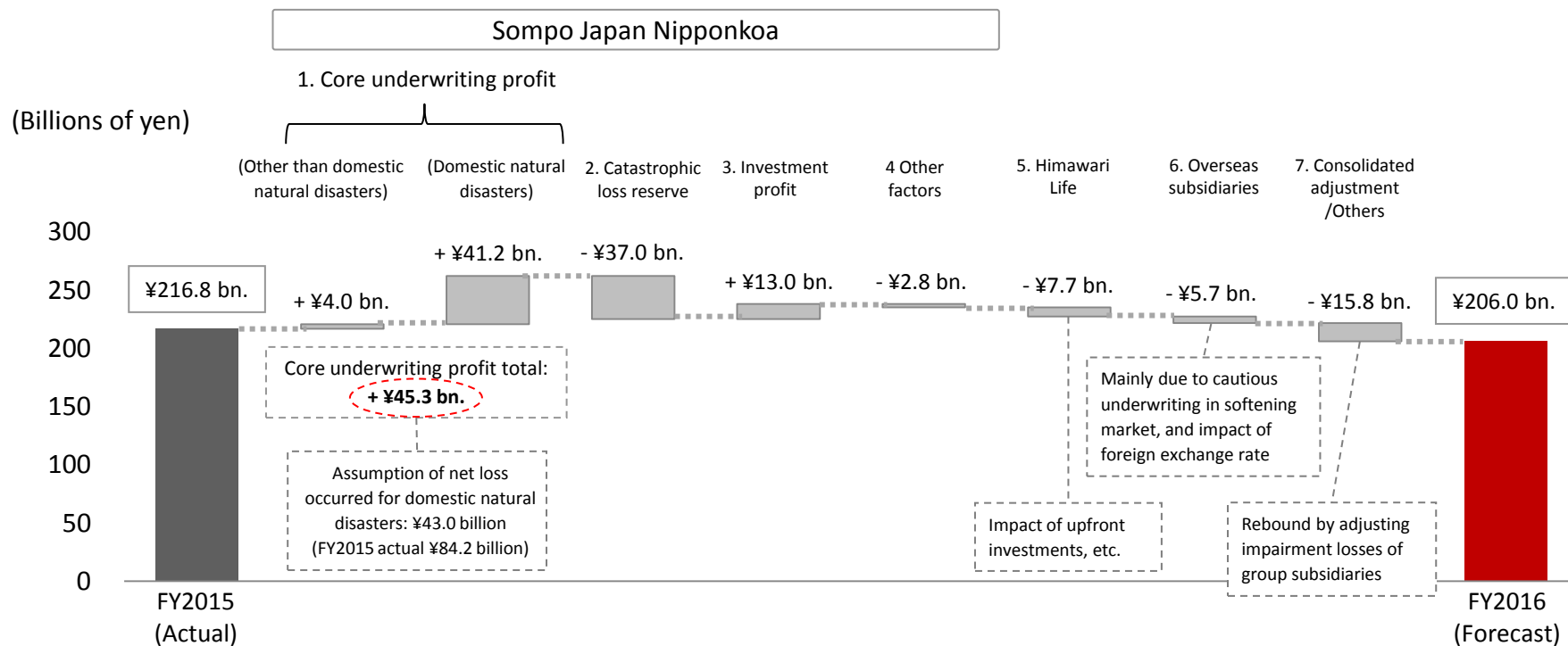
- Ordinary profit is expected to decrease by ¥5.7 billion mainly due to cautious underwriting in softening market and impact of foreign exchange rate.
 - Another factor is the rebound of one-time factor in previous fiscal year (¥1.7 billion of realized gains on equity sales in SJ America).

Others

- There is a decrease following adjustment of impairment losses of group subsidiaries on a consolidated basis (+¥17.3 billion) in the previous fiscal year.

(Reference) Breakdown of Business Forecasts for FY2016 (Ordinary Profit)

Main components of consolidated ordinary profit

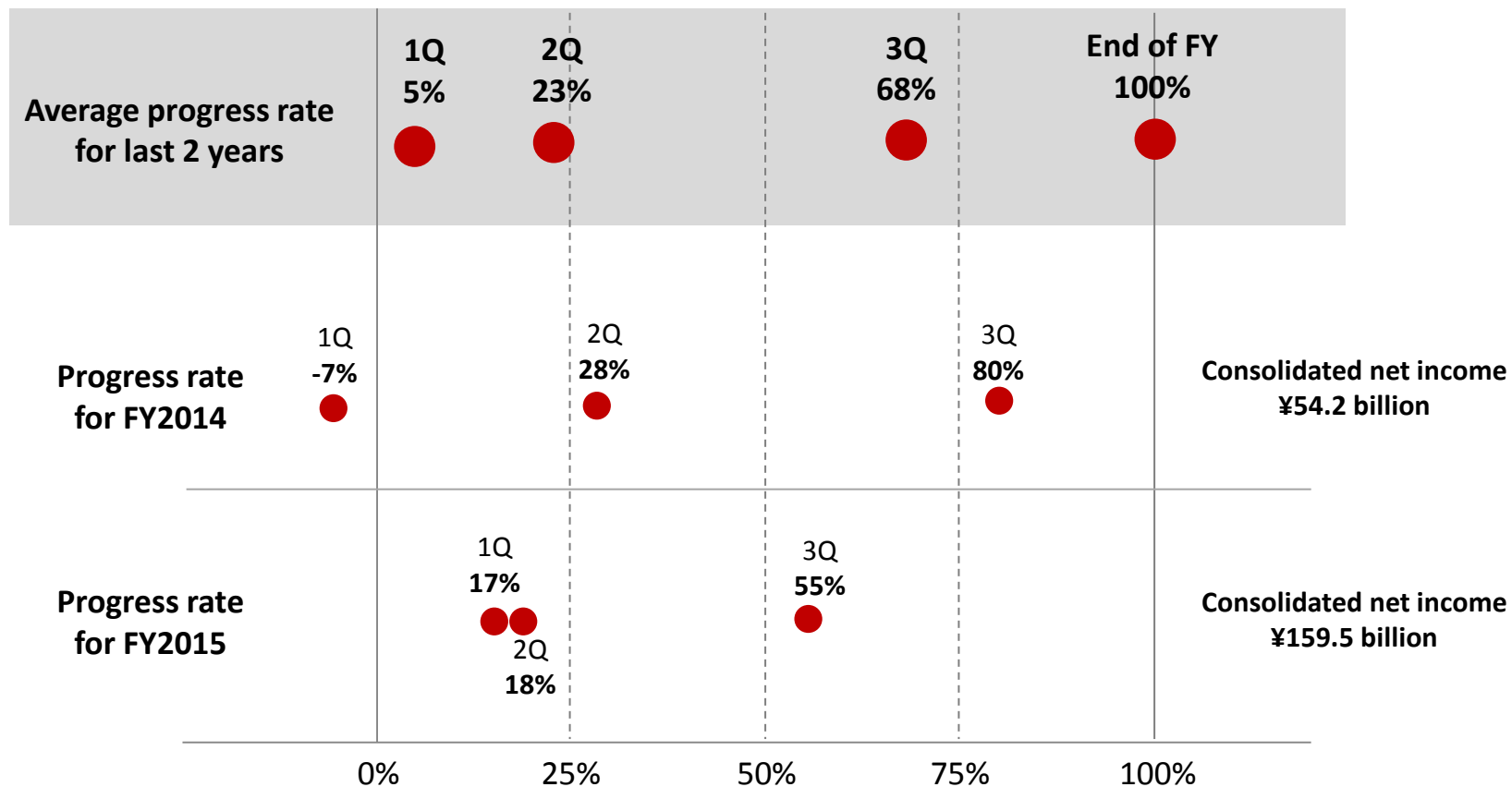


	1. Core underwriting profit	2. Catastrophic loss reserve	3. Investment profit	4. Other factors	5. Himawari Life	6. Overseas subsidiaries	7. Consolidated adjustment /Others
FY2015 Actual	¥75.7 bn.	¥2.5 bn.	¥108.5 bn.	- ¥8.7 bn.	¥18.2 bn.	¥23.7 bn.	- ¥3.2 bn.
FY2016 Forecast	¥121.0 bn.	- ¥34.5 bn.	¥121.5 bn.	- ¥11.6 bn.	¥10.5 bn.	¥18.0 bn.	- ¥19.0 bn.

* Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve.

(Reference) Past Progress of Quarterly Results

Progress in each quarter (consolidated net income)



(Reference) Numerical Management Targets

(Billions of yen)		FY2014	FY2015
Domestic P&C insurance ^{*1}	Adjusted profit	69.9	110.8
Sompo Japan Nipponkoa	Net premiums written	2,181.3	2,218.4
	(excl. CALI)	1,876.0	1,911.8
	Loss ratio	65.6%	63.7%
	(excl. CALI/Fin. Guarantee)	63.2%	61.0%
	Net expense ratio	31.8%	31.6%
	(excl. CALI)	33.6%	33.4%
	Combined ratio	97.4%	95.3%
	(excl. CALI/Fin. Guarantee)	96.8%	94.4%
Domestic life insurance	Growth in embedded value (EV)	47.4	83.4
Overseas insurance	Net income	18.6	19.3
Financial & other services	Net income	2.3	1.8
Group total	Adjusted consolidated profit	138.3	215.5
Adjusted consolidated ROE ^{*2}		5.2%	7.8%

Definition of adjusted profit

Domestic P&C insurance^{*1}

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} 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 (after tax) + Reserve for price fluctuation (after tax) + Life insurance subsidiary's EV

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Overseas insurance

5. ERM & Asset management

Overview of FY2015 Results – Sompo Japan Nipponkoa

- ◆ Combined ratio improved by 2.3 points mainly due to improved profitability of automobile insurance.
- ◆ Net income drastically improved in the absence of an extraordinary loss (one-time merger cost) recorded in previous fiscal year.

(Billions of yen)	FY2014	FY2015	Change
Net premiums written	2,181.3	2,218.4	+37.1 (+1.7%)
(excl. CALI, household earthquake)	1,875.2	1,910.8	+35.6 (+1.9%)
Loss ratio	65.6%	63.7%	-1.9pt
(excl. CALI, household earthquake)	63.2%	61.1%	-2.1pt
Net expense ratio	31.8%	31.6%	-0.2pt
(excl. CALI, household earthquake)	33.6%	33.4%	-0.2pt
Combined ratio	97.4%	95.3%	-2.1pt
(excl. CALI, household earthquake)	96.8%	94.5%	-2.3pt
Underwriting profit	45.2	78.2	+33.0
Investment profit	151.5	108.5	-43.0
Ordinary profit	195.1	178.0	-17.0
Net income	45.0	126.2	+81.2
+Provisions for catastrophic loss reserve (after tax)	-7.7	-1.7	+6.0
+Provisions for reserve for price fluctuation (after tax)	6.3	5.7	-0.5
-Gains/losses on sales of securities and impairment losses on securities (after tax)	45.6	26.4	-19.2
-Special factors (after tax)*	-80.0	-12.3	+67.6
Adjusted profit	77.9	116.1	+38.1

The impact of increase in impairment losses on securities (of which, -¥17.3 billion is canceled on a consolidated basis.)

(Reference)
Adjusted
profit

* Special factors are one-time merger costs, impact of corporate income tax reduction, etc.

Net Premiums Written

- ◆ Net premiums written (excluding CALI and household earthquake) increased by 1.9% mainly in fire and allied lines and voluntary automobile.

Net premiums written by product line

(Billions of yen)	FY2014	FY2015	Change		FY2016 (Forecast)	change
Fire and Allied Lines	323.2	330.6	+7.3	(+2.3%)	299.7	-30.8
Marine	52.5	51.2	-1.3	(-2.6%)	51.7	+0.5
Personal Accident	185.2	184.2	-1.0	(-0.6%)	185.2	+0.9
Voluntary Automobile	1,043.7	1,070.1	+26.4	(+2.5%)	1,071.6	+1.4
CALI	305.2	306.5	+1.3	(+0.5%)	302.1	-4.4
Other	271.2	275.6	+4.3	(+1.6%)	278.9	+3.2
of which, Liability	156.9	155.2	-1.7	(-1.1%)	153.4	-1.8
Total	2,181.3	2,218.4	+37.1	(+1.7%)	2,189.3	-29.0
Total (excl. CALI, household earthquake)	1,875.2	1,910.8	+35.6	(+1.9%)	1,886.2	-24.5

(Reference) Year-on-Year comparison of
voluntary automobile insurance
(April 2015 - March 2016)

	Sompo Japan Nipponkoa		
	# of vehicles	Premium /vehicle	Total Premium
Non-Fleet	-0.6%	+2.6%	+2.0%
Fleet	+0.1%	+2.9%	+3.1%
Total	-0.5%	+2.7%	+2.2%

*Performance evaluation basis

(Main changing factors in FY2015)

Fire and Allied Lines: Increased due to front-loaded demand ahead of product revision in October 2015.

(Abolition of long-term policies of over 10 years, and revision of premium rate)

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

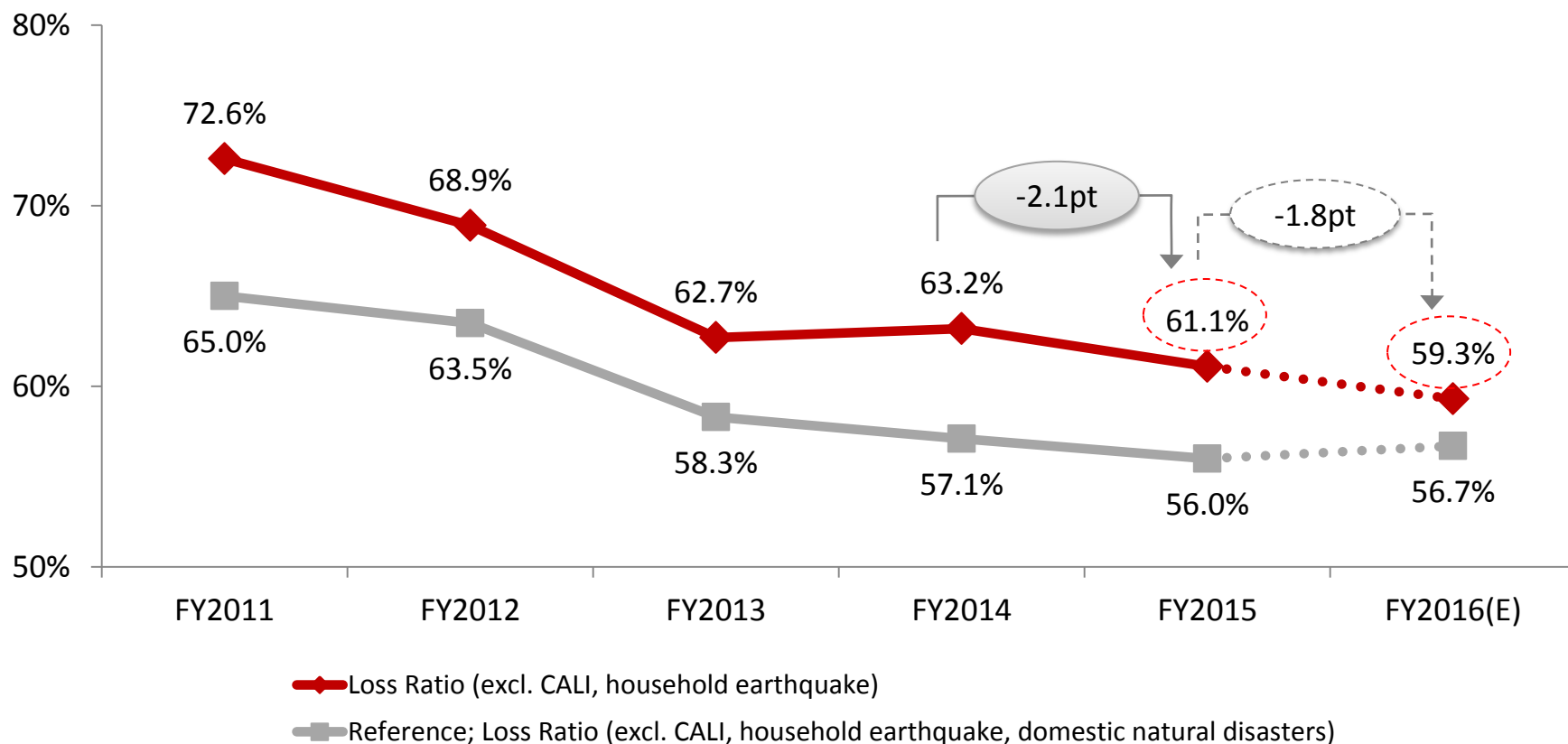
(Main changing factors in FY2016)

Fire and Allied Lines: Reduced due to rebound of front-loaded demand and transfer of assumed reinsurance premiums to reinsurance subsidiaries.

Loss Ratio (W/P)

- ◆ In FY2015, loss ratio dropped by 2.1 points because profitability of automobile insurance improved, and the impact of snow damage in February 2014 was gone.
- ◆ In FY2016, loss ratio is expected to improve by 1.8 points due to decrease in claims payment for domestic natural disasters, etc.

W/P loss ratio (excl. CALI, household earthquake)

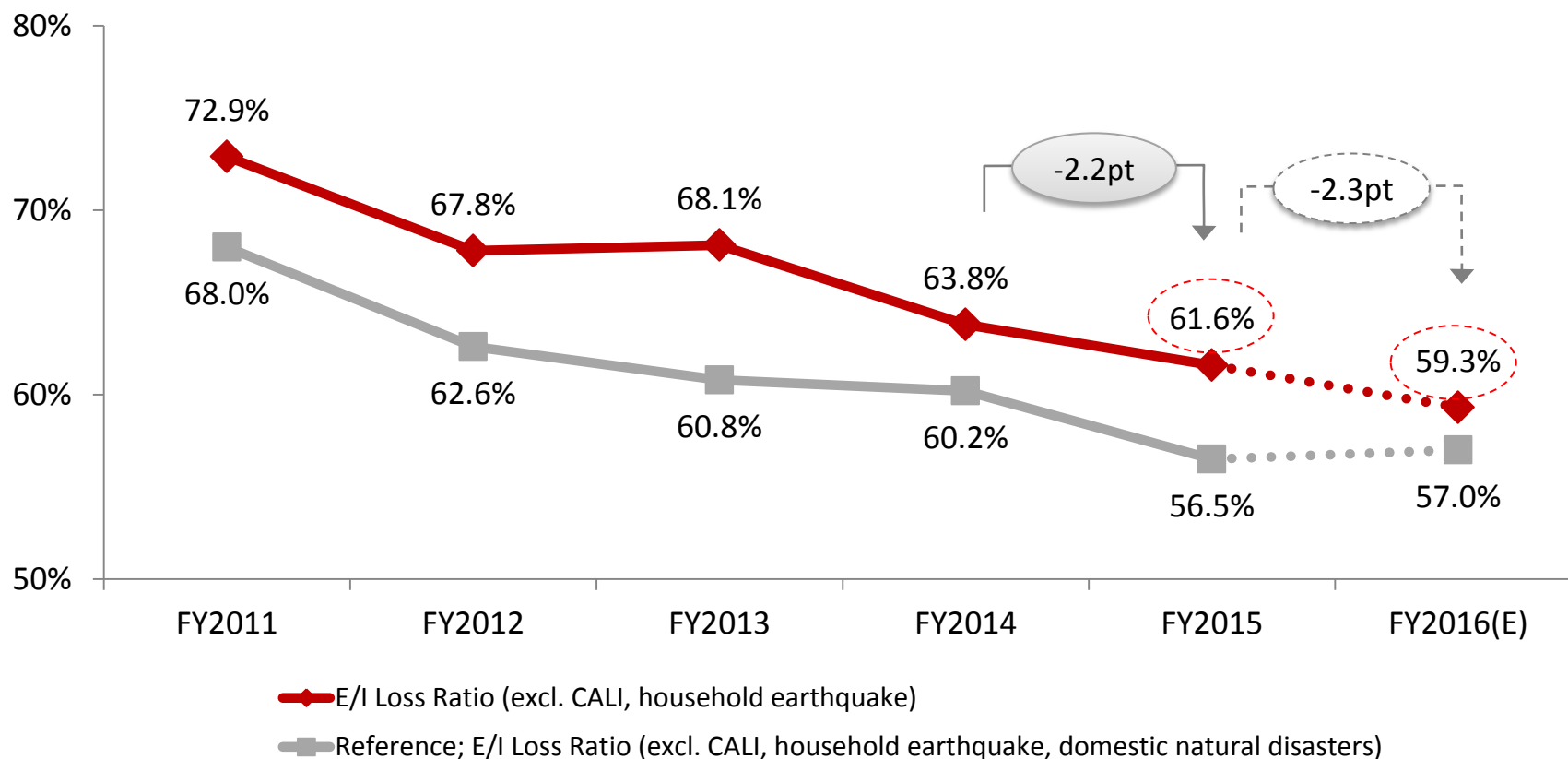


* Loss ratio includes loss adjustment expense.

Loss Ratio (E/I)

- ◆ In FY2015, E/I loss ratio dropped by 2.2 points due to improved profitability of automobile insurance, etc.
- ◆ In FY2016, E/I loss ratio is expected to improve further by 2.3 points due to decrease in claims payment for domestic natural disasters, etc.

E/I loss ratio (excl. CALI, household earthquake)

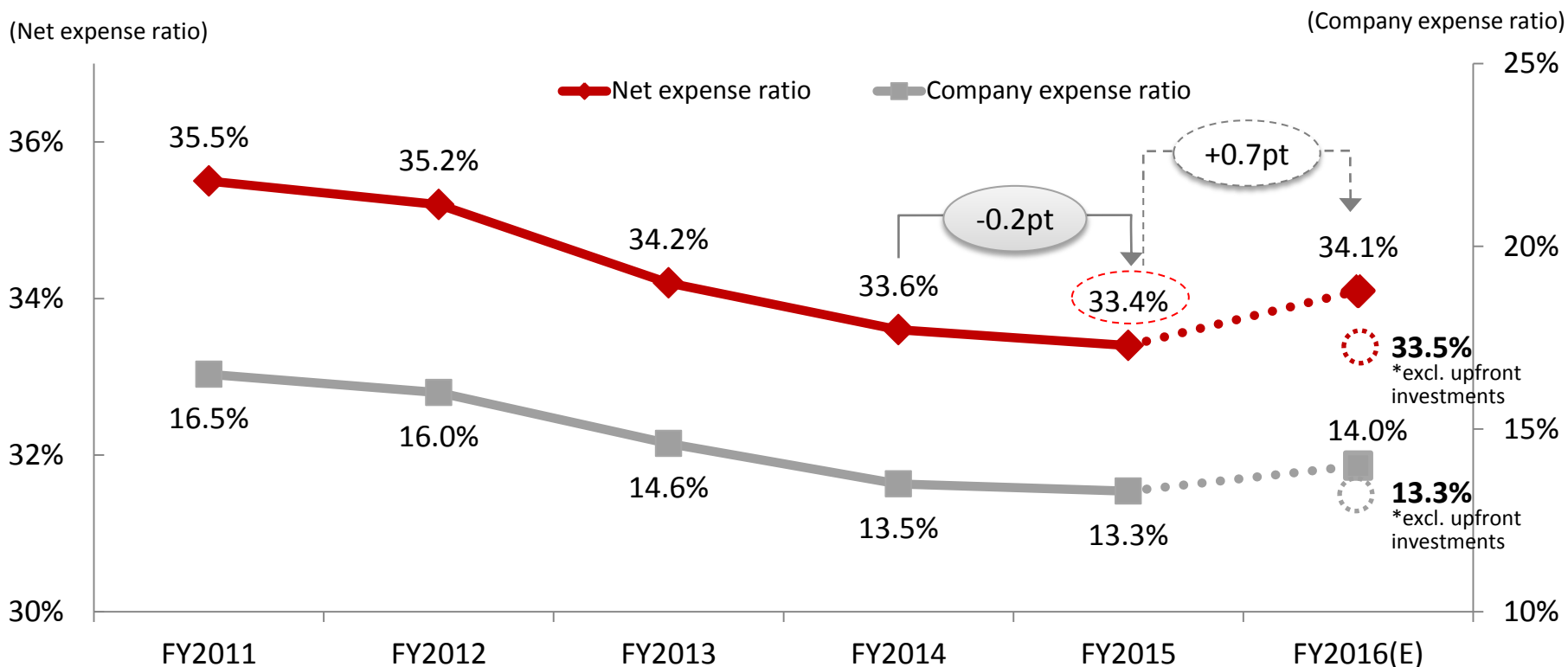


* Loss ratio includes loss adjustment expense.

Net Expense Ratio

- ◆ In FY2015, both net expense ratio and company expense ratio steadily improved.
- ◆ In FY2016, both ratios are expected to stay flat, excluding upfront investments to achieve future growth and streamline operation.

Net expense ratio (excl. CALI, household earthquake)



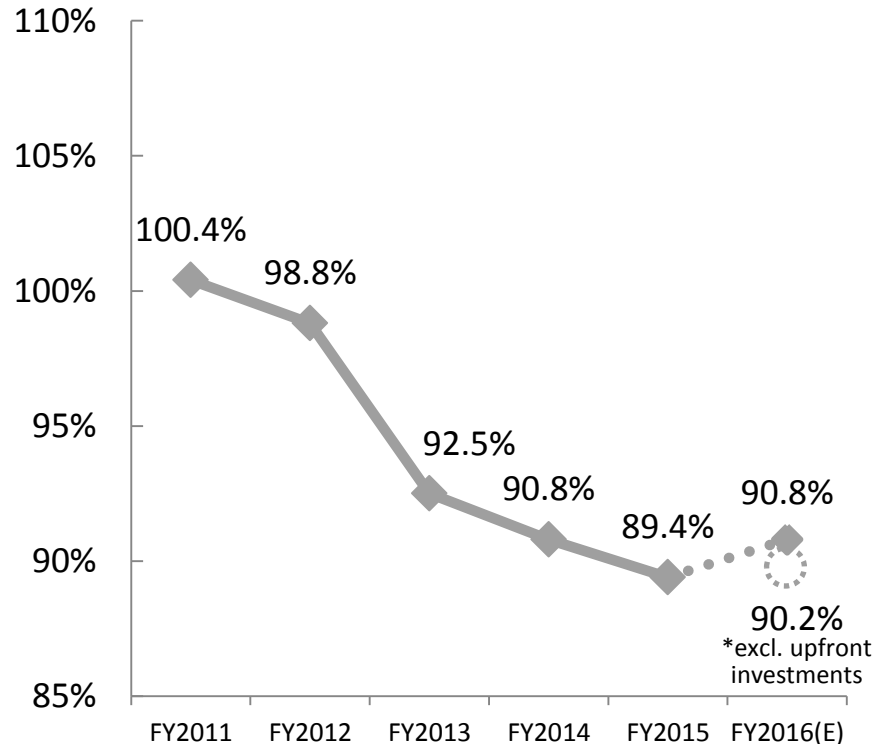
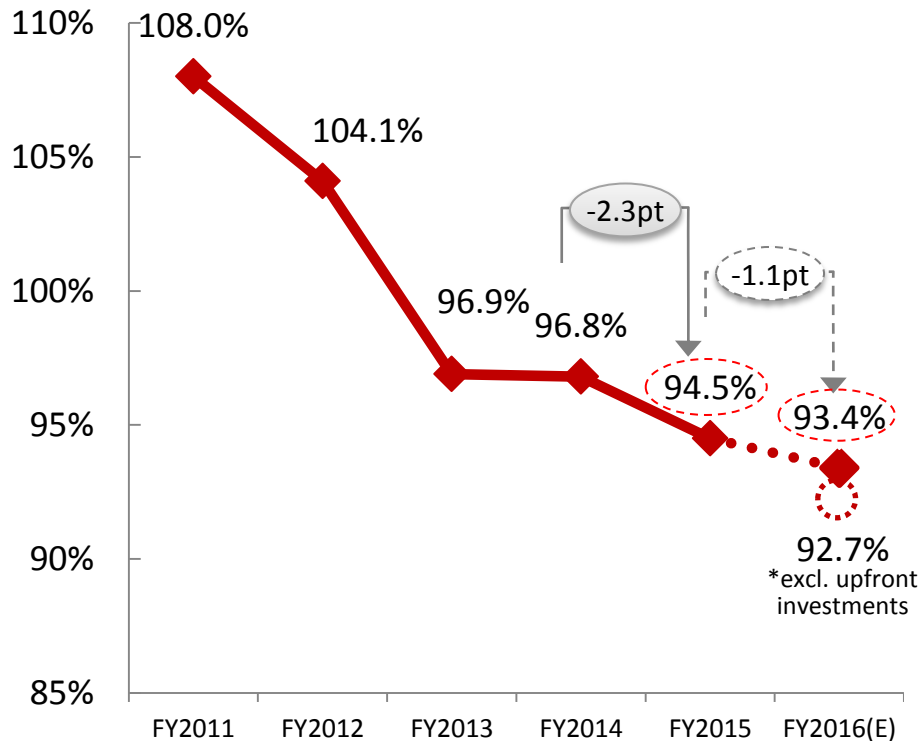
* Company expense ratio is the ratio of operating, general administrative expenses for underwriting against the net premiums written.

Combined Ratio

- ◆ In FY2015, combined ratio improved by 2.3 points to 94.5%.
- ◆ In FY2016, combined ratio is expected to improve by 1.1 points and stay on improving trend.

Combined ratio (excl. CALI, household earthquake)

(Reference) excl. CALI, household earthquake, domestic natural disasters



Investment Profit

- ◆ In FY2015, while impairment losses on securities increased, the part of it (- ¥17.3 billion) was canceled on a consolidated basis. Stock future hedging during the period (gains on derivatives) covered realized gains on sales of securities by capturing market movements.
- ◆ In FY2016, we plan to diversify investment instruments, while accelerating sales of domestic stocks, expecting ¥13.0 billion increase in investment profit.

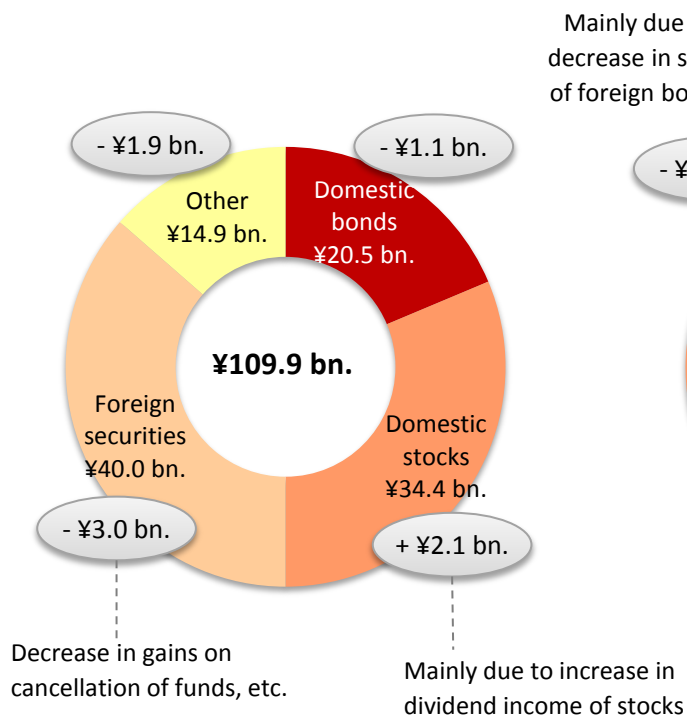
Investment profit (Sompo Japan Nipponkoa, non-consolidated)

(Billions of yen)		FY2014	FY2015	Change	FY2016 (Forecast)	Change
Net interest and dividend income	1	67.7	64.0	-3.6	63.0	-1.0
Interest and dividend income*		113.8	109.9	-3.9	105.1	-4.8
Gains on sales of securities*	2	70.9	60.5	-10.3	63.9	+3.3
of which, ones of domestic stocks		55.4	50.7	-4.6	61.9	+11.1
Impairment losses on securities*	3	-0.9	-28.7	-27.8	-2.0	+26.7
of which, ones of domestic stocks		-0.1	-21.4	-21.2	-2.0	+19.4
Gains on derivatives	4	-4.5	5.6	+10.2	-5.2	-10.8
Other investment income	5	18.3	6.9	-11.3	1.7	-5.2
Investment profit	1+2+3+4+5	151.5	108.5	-43.0	121.5	+13.0

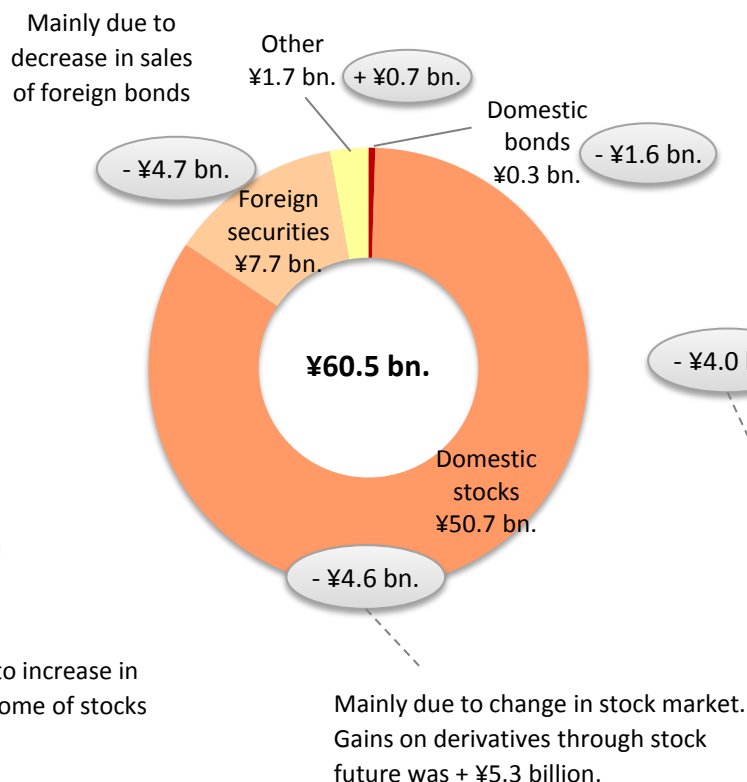
* See next page for breakdown

(Reference) Breakdown of Investment Profit

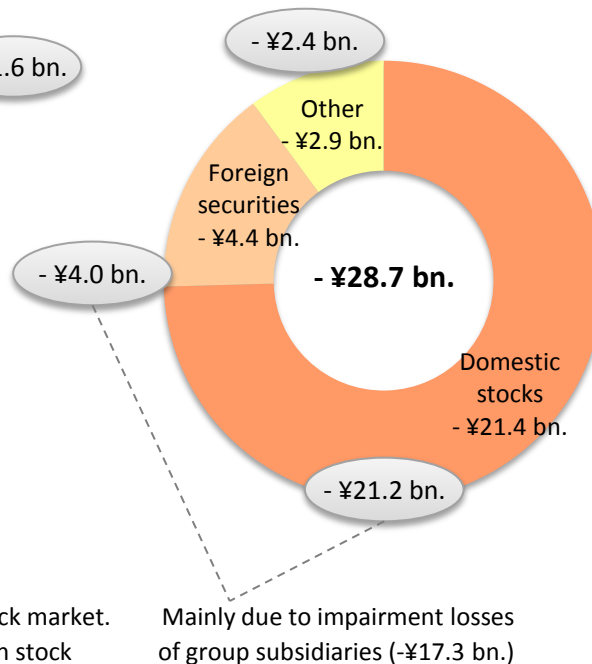
Interest and dividend income (FY2015)




Gains on sales of securities (FY2015)



Impairment losses on securities (FY2015)



 : Change from FY2014

Business Forecasts for FY2016 – Sompo Japan Nipponkoa

(Billions of yen)	FY2015 (Actual)	FY2016 (Forecast)	Change
Net premiums written	2,218.4	2,189.3	-29.0 (-1.3%)
(excl. CALI, household earthquake)	1,910.8	1,886.2	-24.5 (-1.3%)
Loss ratio	63.7%	62.6%	-1.1pt
(excl. CALI, household earthquake)	61.1%	59.3%	-1.8pt
E/I loss ratio (excl. CALI, household earthquake)	61.6%	59.3%	-2.3pt
Net expense ratio	31.6%	32.3%	+0.7pt
(excl. CALI, household earthquake)	33.4%	34.1%	+0.7pt
Combined ratio	95.3%	94.8%	-0.4pt
(excl. CALI, household earthquake)	94.5%	93.4%	-1.1pt
Underwriting profit	78.2	86.5	+8.2 (+10.6%)
Investment profit	108.5	121.5	+13.0 (+12.0%)
Ordinary profit	178.0	196.5	+18.4 (+10.3%)
Net income	126.2	140.0	+13.7 (+10.9%)
+Provisions for catastrophic loss reserve (after tax)	-1.7	24.7	+26.5
+Provisions for reserve for price fluctuation (after tax)	5.7	5.7	+0.0
-Gains/losses on sales of securities and impairment losses on securities (after tax)	26.4	44.5	+18.0
-Special factors (after tax)*	-12.3	-	+12.3
Adjusted profit	116.1	126.0	+9.8 (+8.5%)

* Special factors are impact of corporate income tax reduction, etc.

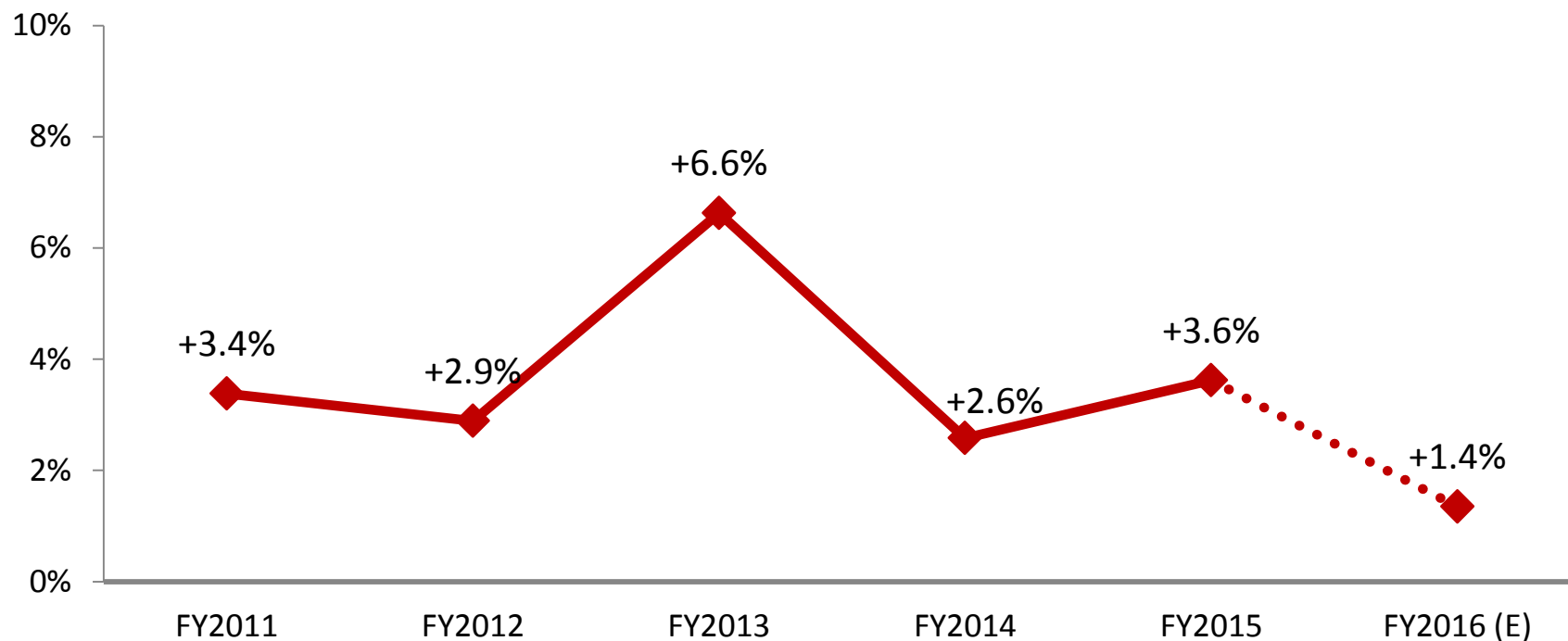
(Reference)
Adjusted
profit

Assumption of Business Forecasts for FY2016 – Sompo Japan Nipponkoa

Losses from domestic natural disasters (occurring in the fiscal year)	¥43.0 billion
Catastrophic loss reserve	Net provision : ¥34.5 billion
Provision rate of catastrophic loss reserve	Provision rate of fire group : fire 14.0% other 5.0% Provision rate of automobile group : 3.2%
Market indicators	(Stock) Nikkei 225 : ¥16,758 (Interest yield) 10y JGB : - 0.03% (Foreign exchange) 1US\$: ¥112.68 1Euro : ¥127.70 * Assumptions for market indicators are based on ones as of end of March 2016.
Interest and dividend income	Gross : ¥105.1 billion Net : ¥63.0 billion
Realized gains on securities	Realized gains on security sales : ¥63.9 billion Impairment losses on securities : ¥2.0 billion
Reserve for price fluctuation	Net provision : ¥8.0 billion

(Reference) Premiums (Performance Evaluation Basis)

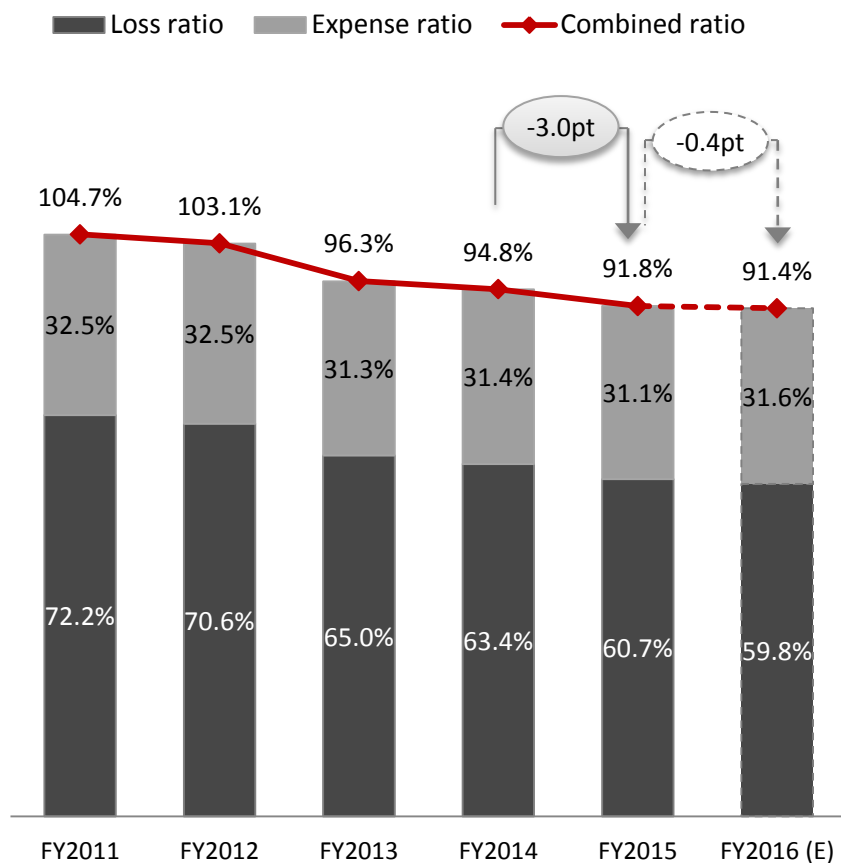
Premium on performance evaluation basis (General lines total, Year-on-Year comparison)



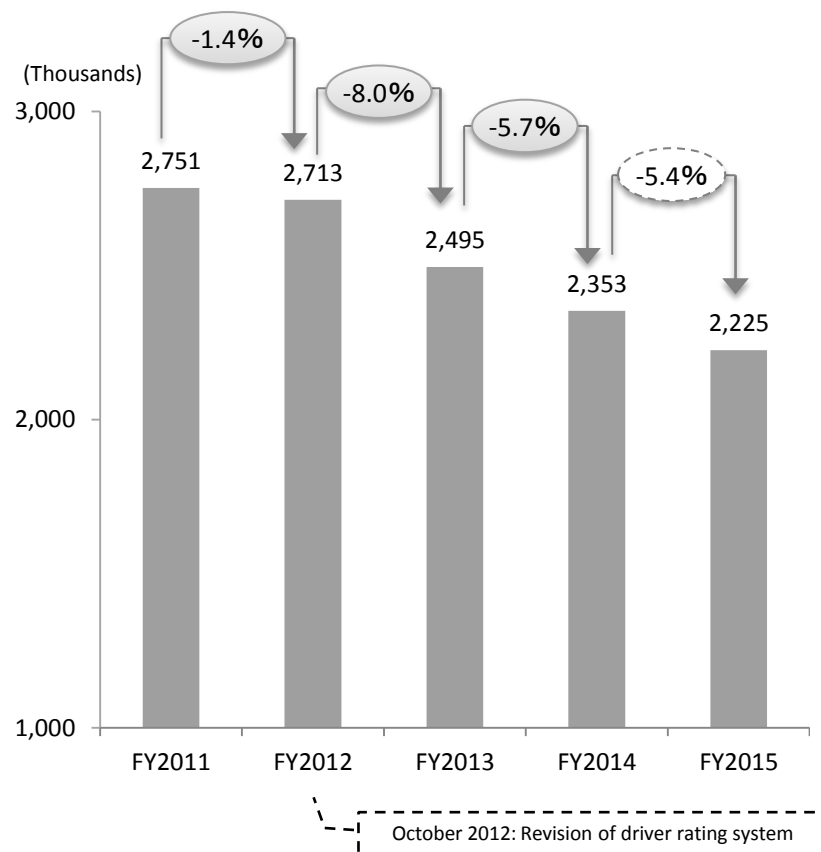
* Premium is performance evaluation basis.

(Reference) Related Indicators of Automobile Insurance

Combined ratio of automobile insurance



The number of reported claims



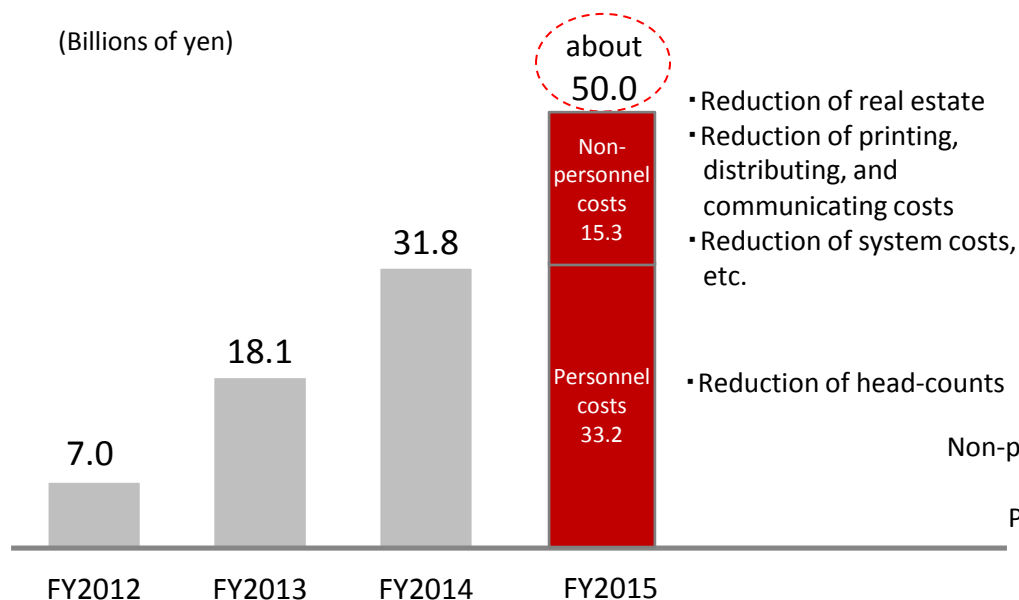
* Loss ratio is on a written paid basis (including loss adjustment expense).

* The number of reported claims are excluded for certain natural disasters, whose incurred loss exceeds certain threshold.

(Reference) Summary of Merger Synergies and One-time Costs

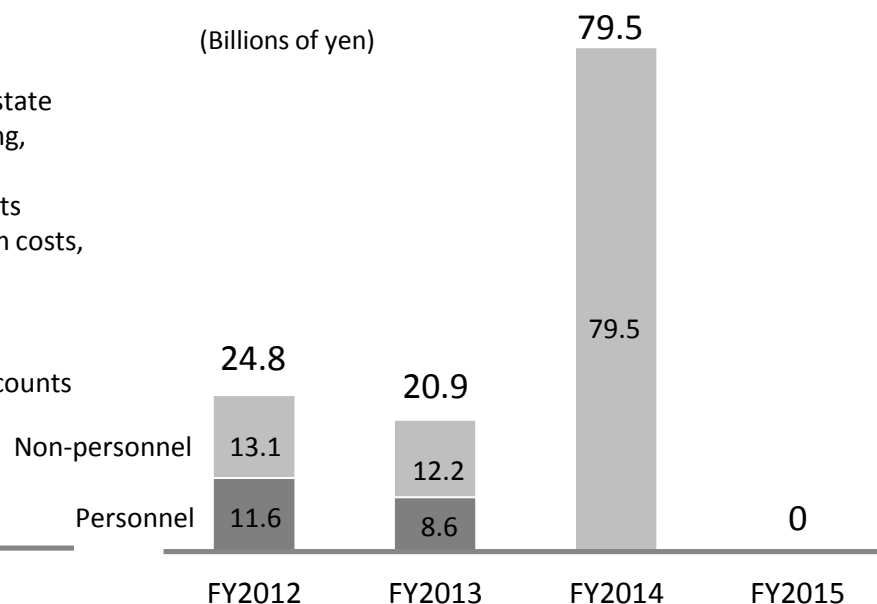
◆ Merger synergies and one-time merger costs for P&C insurance companies were in line with the plan.

Merger synergies (cost reduction from FY2011)



One-time merger costs

One-time merger costs were recognized in line with the plan, and amounted to ¥125.2 billion cumulatively. (personnel costs ¥20.3 billion, non-personnel costs ¥104.8 billion)



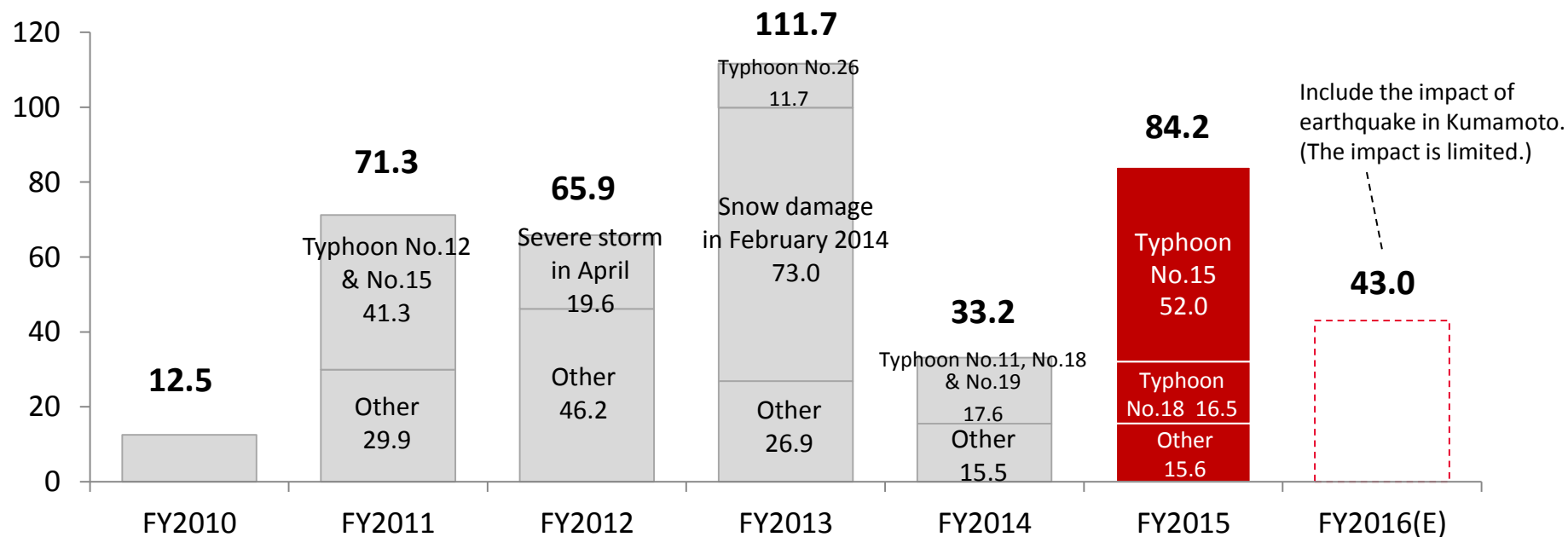
* One-time merger costs are excluded from calculation process of adjusted profit.

(Reference) Domestic Natural Disasters

◆ Net loss occurred for domestic natural disasters in FY2015 was ¥84.2 billion mainly due to typhoon No.15 and No.18.

Net loss occurred for domestic natural disasters (only events that occurred in the fiscal year)

(Billions of yen)



* Excluding CALI, household earthquake

* Excluding Great East Japan Earthquake

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Overseas insurance

5. ERM & Asset management

Overview of FY2015 Results – Himawari Life

- ◆ Annualized new premium steadily increased mainly in medical insurance. Net income improved by ¥1.8 billion to ¥11.6 billion.
- ◆ Net income is expected to decrease due to upfront investment for future growth in FY2016.

(Billions of yen)	FY2014	FY2015	Change		FY2016 (Forecast)	Change	
Annualized new premium	35.6	40.3	+4.6	(+13.2%)	40.5	+0.2	(+0.5%)
(of which, medical insurance)	15.8	19.1	+3.2	(+20.8%)	15.1	-4.0	(-21.1%)
Premium and other income	380.7	396.4	+15.7	(+4.1%)	408.4	+12.0	(+3.0%)
(excl. lump-sum payment)	377.5	392.5	+14.9	(+4.0%)	408.4	+15.9	(+4.0%)
Investment profit (general account)	39.6	42.2	+2.6	(+6.6%)	43.0	+0.7	(+1.9%)
Ordinary profit	22.5	22.5	-0.0	(-0.1%)	14.8	-7.7	(-34.1%)
Net income	9.7	11.6	+1.8	(+19.4%)	6.5	-5.1	(-44.0%)

* Mainly due to increase in upfront investments for future growth and system costs for change in accounting processing

(Billions of yen)	End of FY2014	End of FY2015	Change
Amount of business in force	21,043.1	21,642.1	+599.0
Annualized premium in force	317.4	332.8	+15.3

Breakdown

	Change
Protection-type	+11.8
Saving-type	+3.5
Total	+15.3

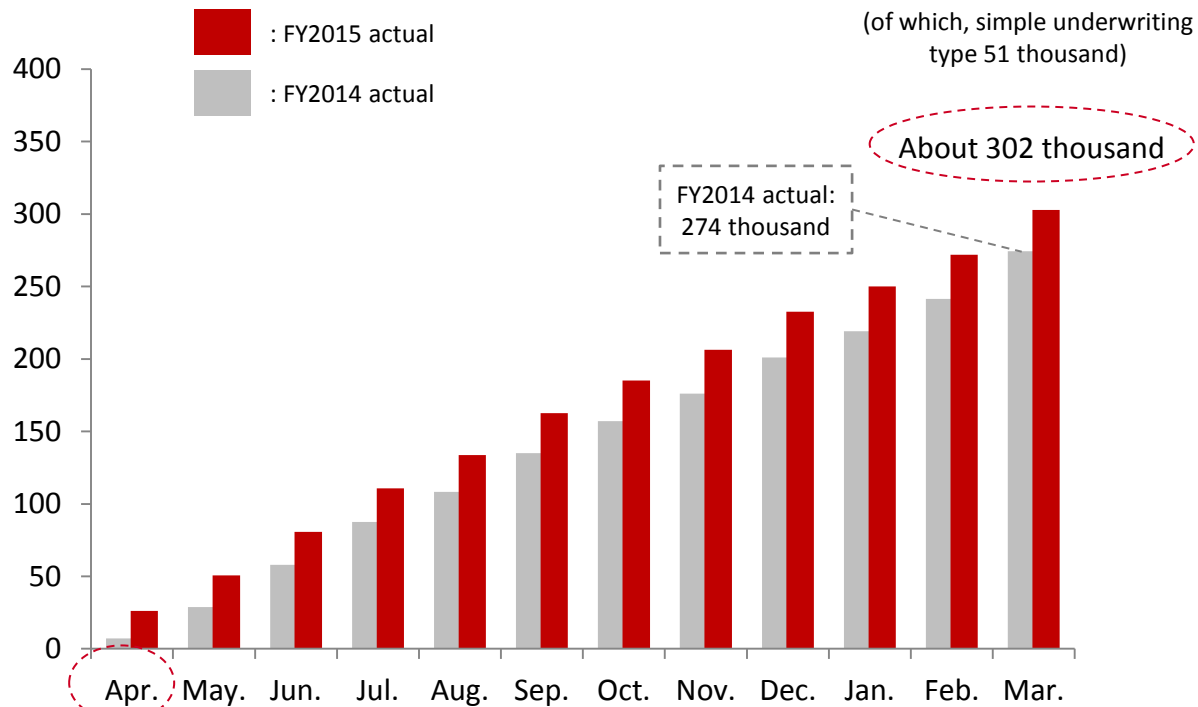
* The sum of individual insurance and individual annuities.

Sales of Medical Insurance Products

- ◆ Sales of medical Insurance products achieved about 302 thousand in FY2015 due to the effect of new medical insurance products. (Annual target was 300 thousand.)

Number of sales of medical insurance

(Thousands)



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

New simple underwriting medical insurance launched in April 2015

Profit – J-GAAP

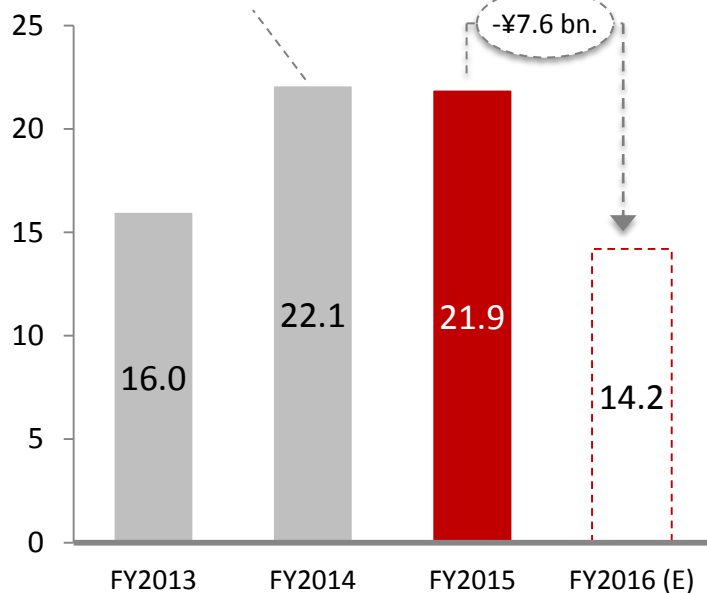
◆ We assume upfront investments for future growth in FY2016, but business is steadily growing.

Basic profit*

(Billions of yen)

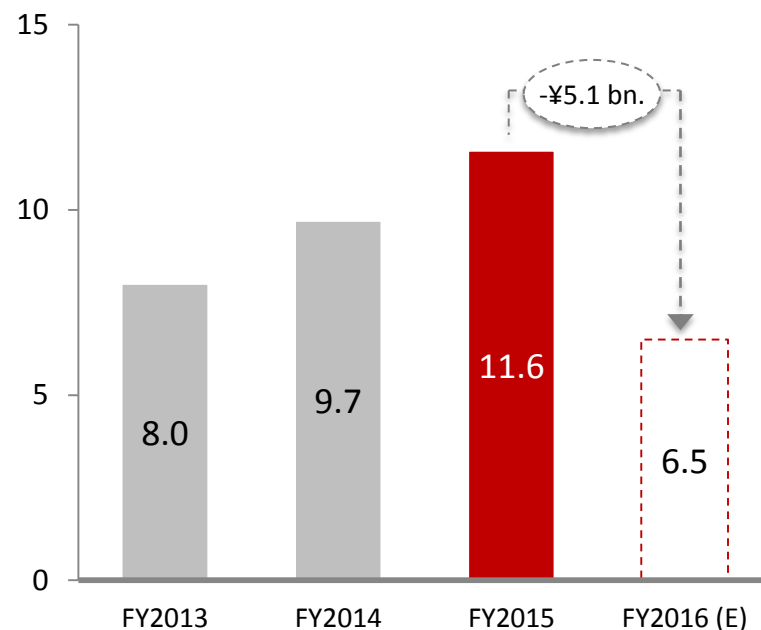
Basic profit would stay almost flat, excluding upfront investments for future growth (about ¥5.0 billion) and increase in system costs for change in accounting processing (about ¥2.5 billion).

Temporary increase in reversal of policy reserve (impact of increase in policy transfer due to launch of new medical insurance)



Net income

(Billions of yen)



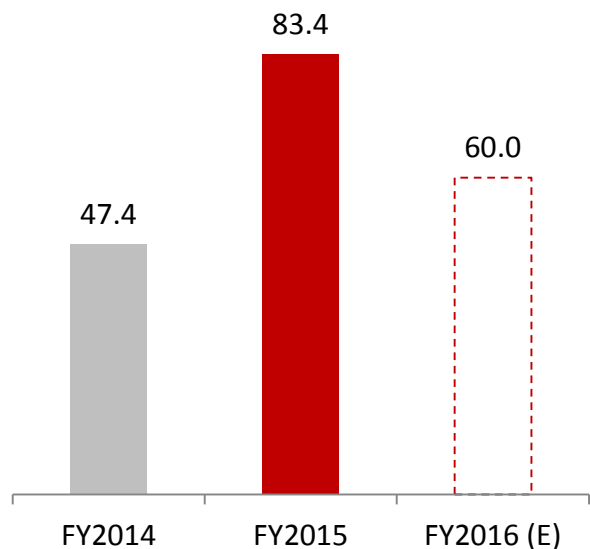
* Akin to a general business corporation's operating profit or a bank's business profit, basic profit is after deduction of capital gain or loss, such as gain or loss on the sale of securities from recurring profit, and one-time gains or losses such as provision for contingency reserve.

Growth in Adjusted EV

- ◆ We kept a certain amount of growth in adjusted EV thanks to growth in policies in force, despite lowering interest rate.

Trends of growth in adjusted EV

(Billions of yen)



Changing factors of MCEV

Growth in adjusted EV in FY2015	+¥83.4 bn.
(New business value)	+¥12.3 bn.
(Expected existing business contribution)	+¥44.4 bn.
(Experience variances and assumption change, etc.)	+¥26.6 bn.
Economic variances	-¥168.3 bn.
Other non operating variances	+¥0.4 bn.
MCEV at end of FY2015	¥700.0 bn.

Mainly due to lowering expense ratio

Mainly due to lowering interest rate*

*Interest yield of 30-year JGB
1.37% at end of FY2014
0.56% at end of FY2015

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Overseas insurance

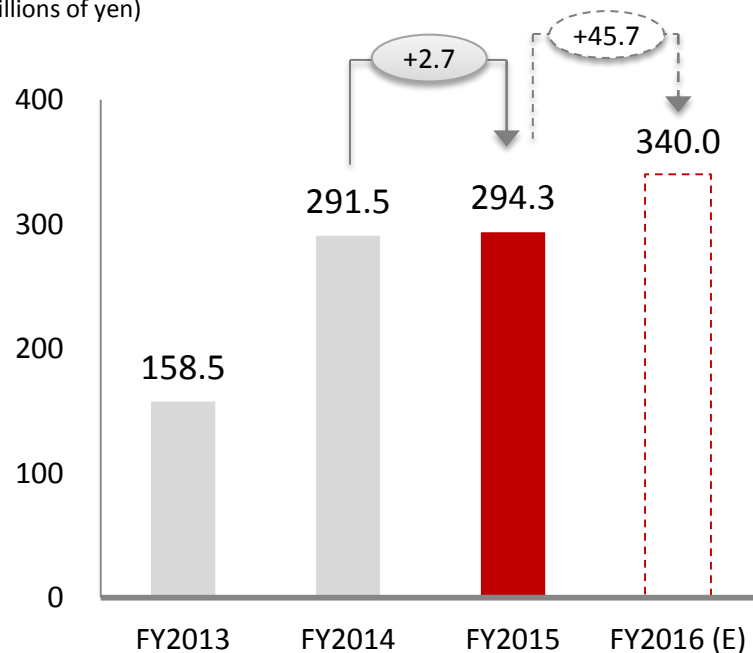
5. ERM & Asset management

Overview of FY2015 Results – Net Premiums Written, Net Income

- ◆ Top-line steadily expanded, and net income improved by ¥0.6 billion to ¥19.3 billion.
- ◆ In FY2016, net income is expected to decrease by ¥5.1 billion due to cautious underwriting in softening market, impact of foreign exchange rate, etc.

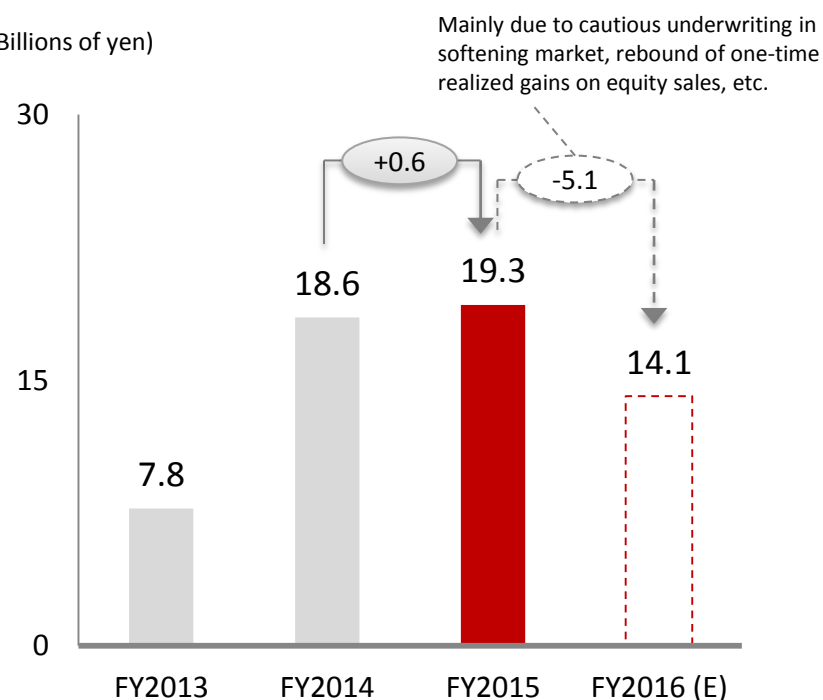
Net premiums written

(Billions of yen)



Net income

(Billions of yen)



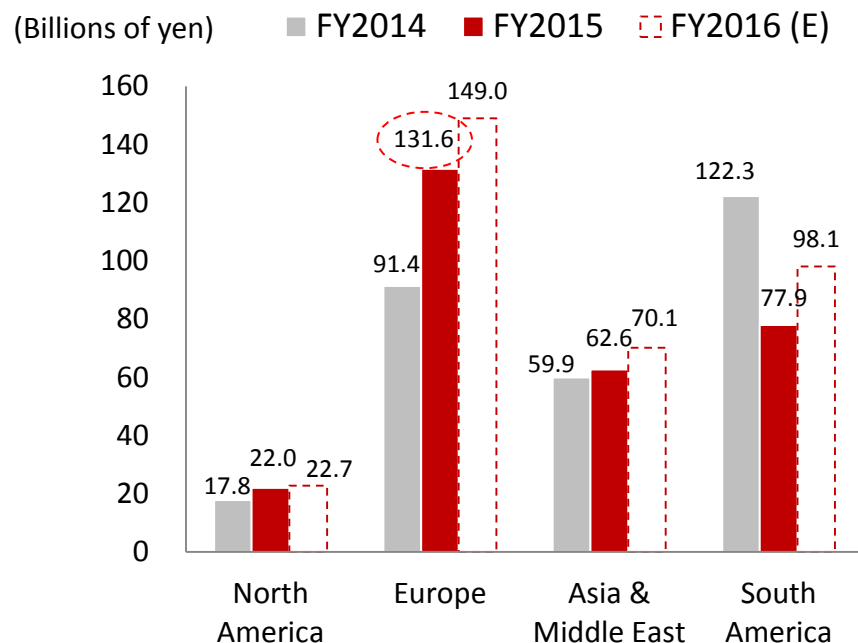
* Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements.
The net income figures also have been adjusted to reflect shareholdings and other factors.

(Note) Assumed reinsurance premiums of Sompo Japan Nipponkoa are ¥51.9 billion in FY2013, ¥67.7 billion in FY2014, ¥58.1 billion in FY2015, ¥43.0 billion in FY2016 (forecast).

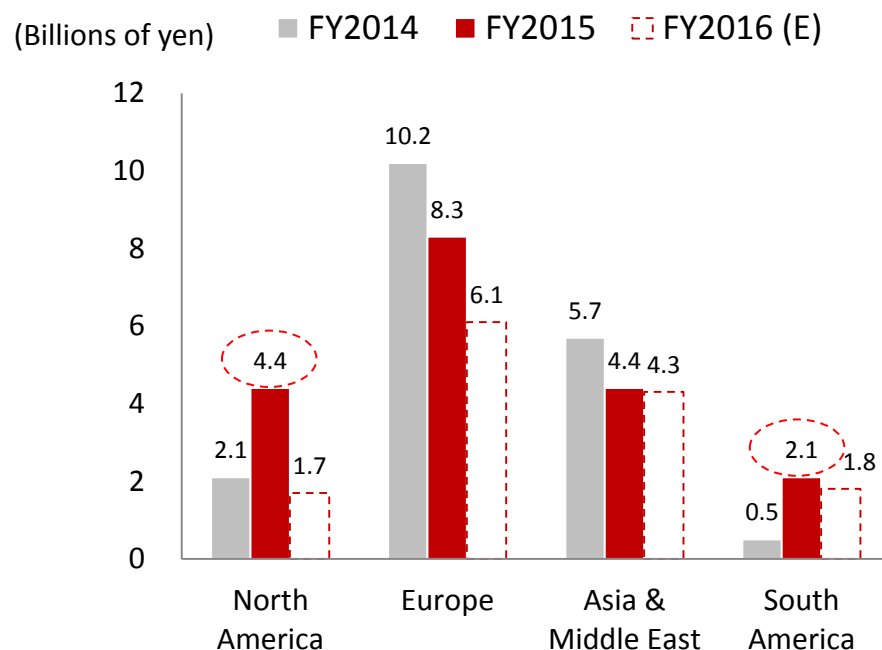
Business Results by Region

◆ In FY2015, net premiums written expanded mainly in Europe, and net income increased in North and South America.

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.

(Reference) Business Results by Company

Performance of overseas subsidiaries

(Billions of yen)		Net premiums written			Net income			Key points	(Reference) Exchange rate	
		FY2015	Change	FY2016 (Forecast)	FY2015	Change	FY2016 (Forecast)		FY2015	
North America	SJ America	22.0	+4.2	22.7	4.4	+2.2	1.7	In FY2015, impact of one-time realized gains on equity sales in accordance with restructuring of shareholders of invested company (+¥1.7 bn.)	120.61 JPY/USD	(+0.0%)
Europe	SJNK Europe NK Europe	4.5	-0.2	1.3	0.6	+0.2	0.0	FY2015 was in line with the plan. In FY2016, plan to stabilize earnings by reinsurance.	178.78 JPY/GBP	(-4.4%)
	Sompo Canopus (UK)	127.1	+40.4	147.7	7.6	-2.1	6.1	Assume cautious underwriting in softening market. In FY2015, there was an impact of Tianjin explosion (¥2.0 bn.)	178.78 JPY/GBP	(-4.4%)
Asia & Middle East	SJ Sigorta (Turkey)	30.2	+7.4	35.9	1.6	-0.5	2.0	Premium is steadily increasing mainly in automobile insurance.	41.49 JPY/TRY	(-20.2%)
	Sompo Singapore	8.4	-1.0	7.3	1.0	+0.1	0.6	Both underwriting profit and investment profit are steady.	85.39 JPY/SGD	(-6.3%)
	Berjaya Sompo (Malaysia)	10.6	-1.1	12.9	1.6	-0.1	1.0	In FY2015, investment profit, such as realized gains on equity sales, was favorable. In FY2016, premium is expected to increase.	28.12 JPY/MYR	(-18.3%)
	SJNK China NK China	6.6	-2.5	6.6	-0.5	-0.9	0.0	Impact of one-time large losses in FY2015. Plan to increase earnings by reducing expenses.	18.36 JPY/RMB	(-5.1%)
	SJNK Hong Kong	4.1	+0.0	3.6	0.4	+0.2	0.4	Plan to keep earnings level in FY2016.	15.56 JPY/HKD	(+0.1%)
	Universal Sompo (India)	2.5	-0.0	3.5	0.2	+0.0	0.1	Plan to increase premiums from FY2016.	1.70 JPY/INR	(-12.4%)
South America	Yasuda Maritima (Brazil)	77.9	-44.4	98.1	2.1	+1.5	1.8	While premiums decreased due to exchange rate and tightened underwriting, loss ratio improved and net income increased in FY2015.	31.20 JPY/BRL	(-30.0%)
Total		294.3	+2.7	340.0	19.3	+0.6	14.1	-	-	

* 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

2. Domestic P&C insurance

3. Domestic life insurance

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5. ERM & Asset management

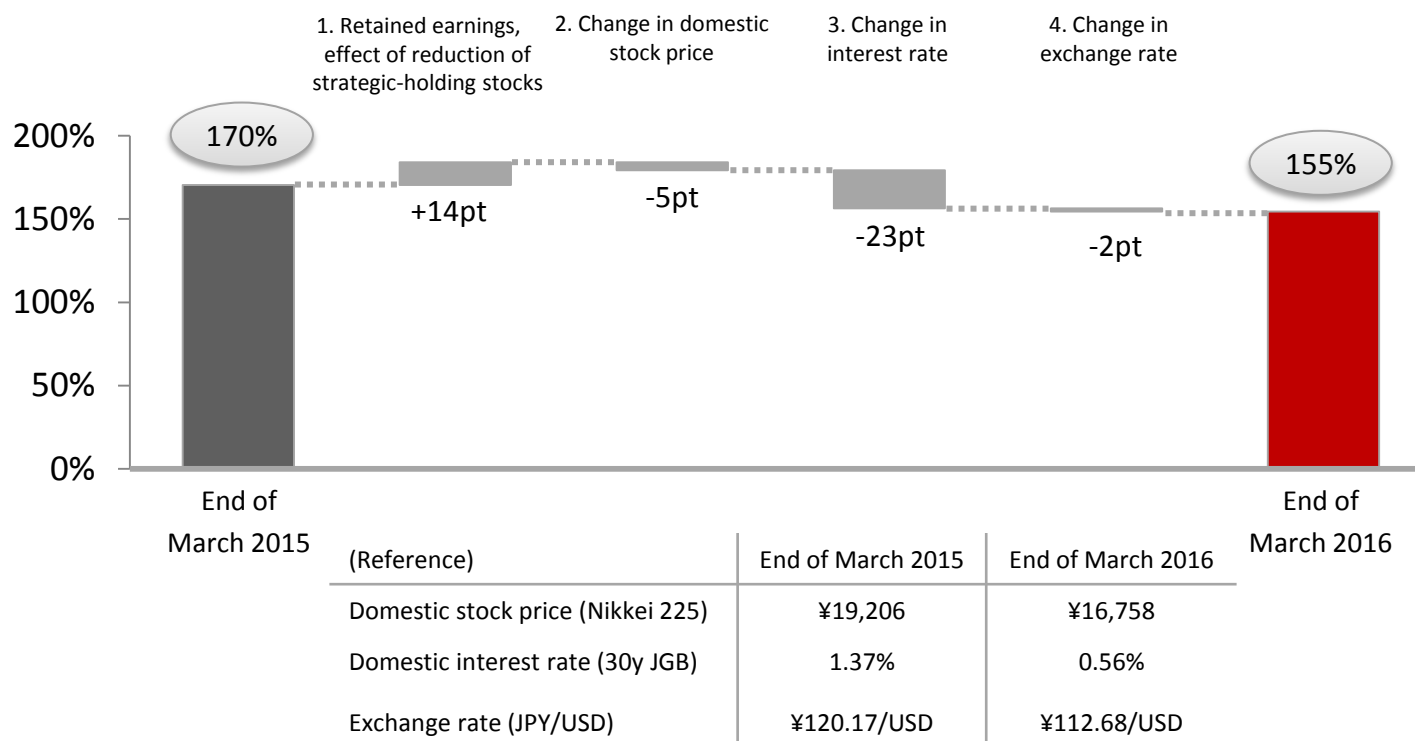
Financial Soundness – Internal Solvency Ratio

◆ Kept robust financial soundness despite volatile financial market.

Trend of internal solvency ratio

Adopt more conservative capital management system than Solvency II. (Use 99.95% VaR to calculate risk amount.)

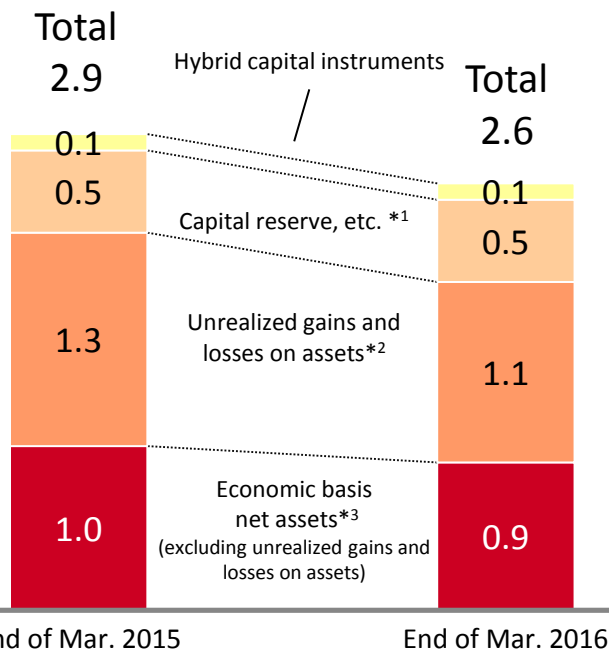
Target range is roughly 120% to 170% → 120%: The level leading to stable financial soundness, based on the result of stress test, etc.
170%: The level set based on capital efficiency.



(Reference) Breakdown of Adjusted Capital and Risk

Trend of adjusted capital

(Trillions of yen)

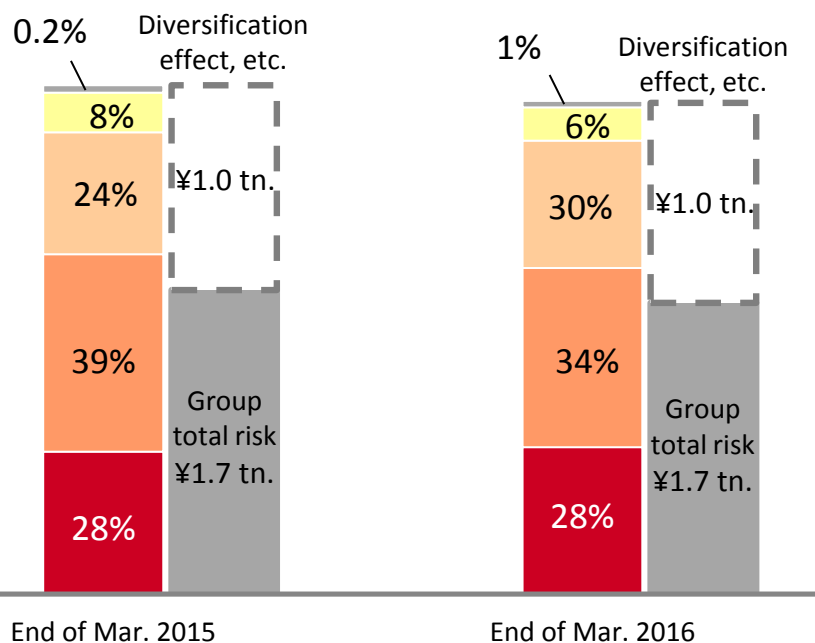


*1 Reserve for price fluctuation and catastrophic loss reserve, etc. (after tax)

*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.

Trend of breakdown of risk*4 by business



■ Financial & Other Services

■ Domestic Life

■ Domestic P&C (Underwriting)

■ Overseas Insurance

■ Domestic P&C (Investment)

*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.

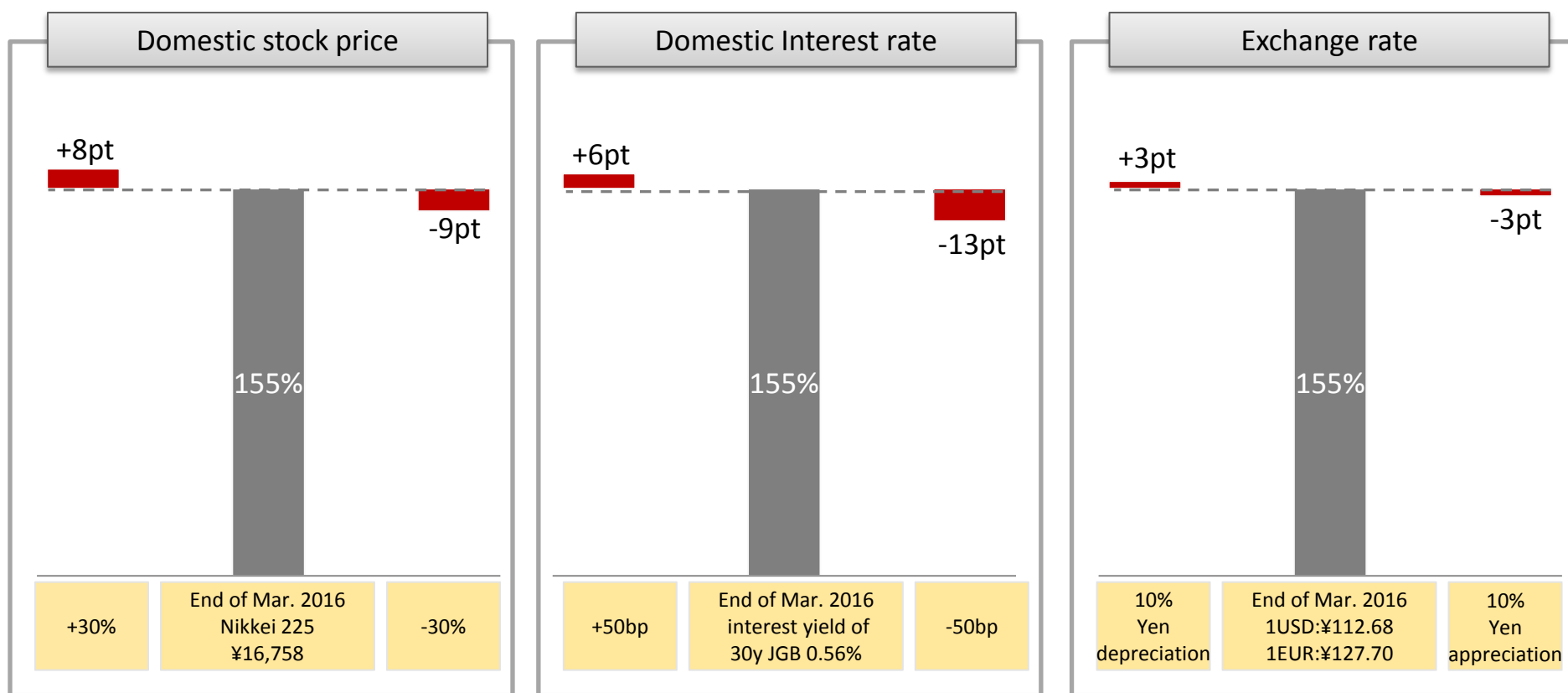
• Group total risk:

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

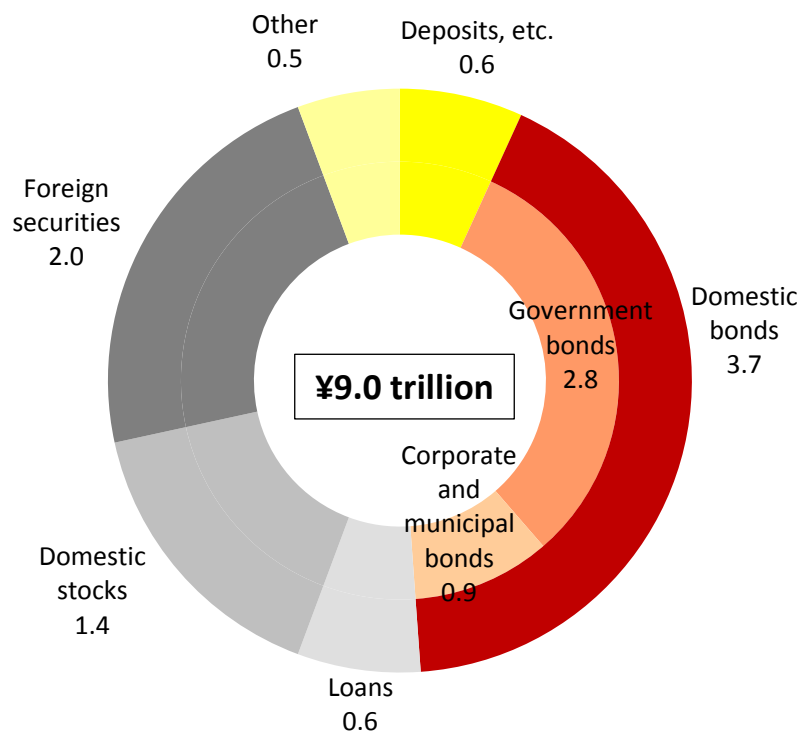


Asset Portfolio – Group-wide

- ◆ Keep thorough ALM, considering the character of liability and liquidity, and continue to reduce domestic stocks steadily.

Amount of investment assets (Group consolidated base, as of end of March 2016)

By asset class (trillions of yen)



By company (billions of yen)

	Amount of investment assets	Composition
Sompo Japan Nipponkoa (consolidated)	5,933.2	65.3%
Himawari Life (consolidated)	2,386.8	26.3%
Overseas group subsidiaries	640.1	7.0%
Saison Automobile & Fire	42.5	0.5%
Sonpo 24	21.6	0.2%
Other domestic subsidiaries	56.4	0.6%
Total	9,080.8	100%

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

Asset portfolio – Sompo Japan Nipponkoa

- ◆ The general account is managed with diversified investments while the saving-type account utilizes portfolio management based on ALM.
- ◆ Aim to diversify investment instruments (e.g. increase weight of hedged foreign bonds), considering lowering interest rate.

Amount of investment assets

(Sompo Japan Nipponkoa, non-consolidated)

Total
¥6.7 trillion

¥1.3 tn.

**Saving-type
account**

¥5.3 tn.

**General
account**

End of Mar. 2015

Total
¥6.3 trillion

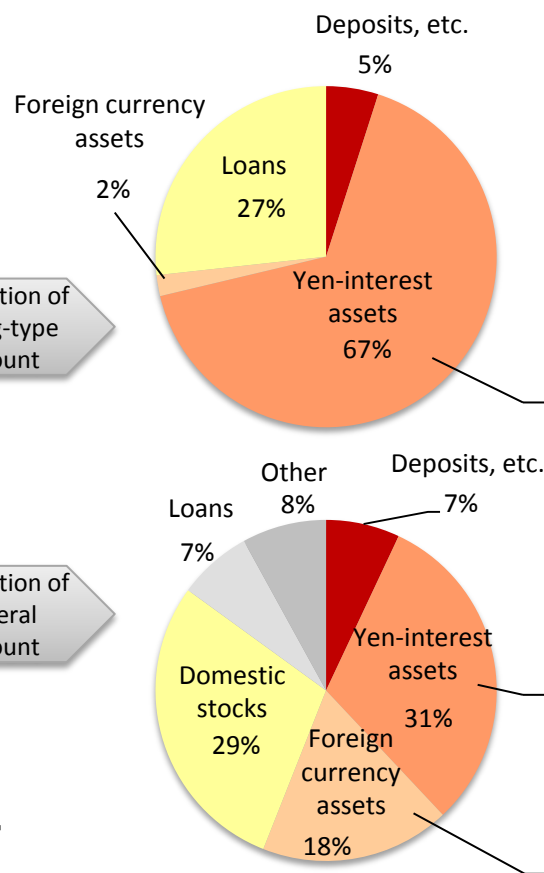
¥1.2 tn.

¥5.0 tn.

End of Mar. 2016

Proportion of
saving-type
account

Proportion of
general
account



Duration of saving-type account

	End of Mar. 2015	End of Mar. 2016
Asset	4.5y	4.7y
Liability	6.2y	7.2y

	Government bonds	Corporate and municipal bonds	Hedged foreign bonds
Break down	30%	31%	6%

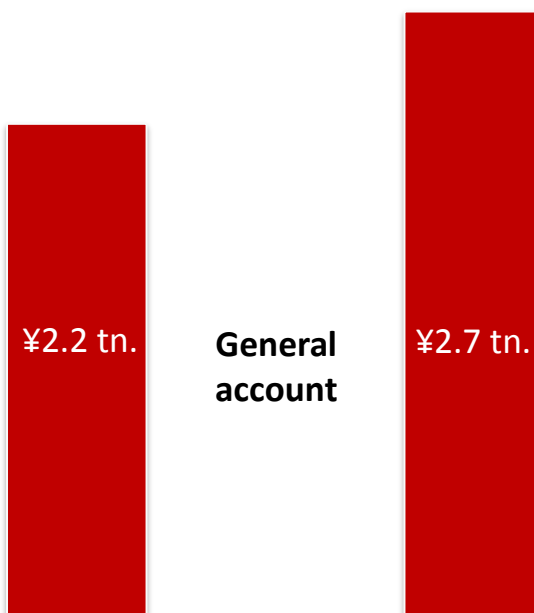
	Government bonds	Corporate and municipal bonds	Hedged foreign bonds
Break down	15%	3%	13%

	Foreign bonds	Funds, etc.	Subsidiaries, affiliates
Break down	4%	7%	7%

Asset portfolio – Himawari Life

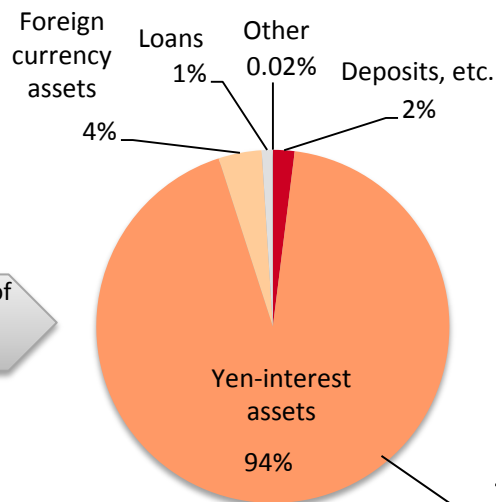
- ◆ Manage the portfolio through disciplined ALM, which mainly consists of yen-interest assets.
- ◆ Keep allocating investment assets to foreign currency assets, assuming normalization of low interest rate.

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



**General
account**

Proportion of
general
account



Duration of general account

	End of Mar. 2015	End of Mar. 2016
Asset	13.2y	13.7y
Liability	19.0y	23.1y

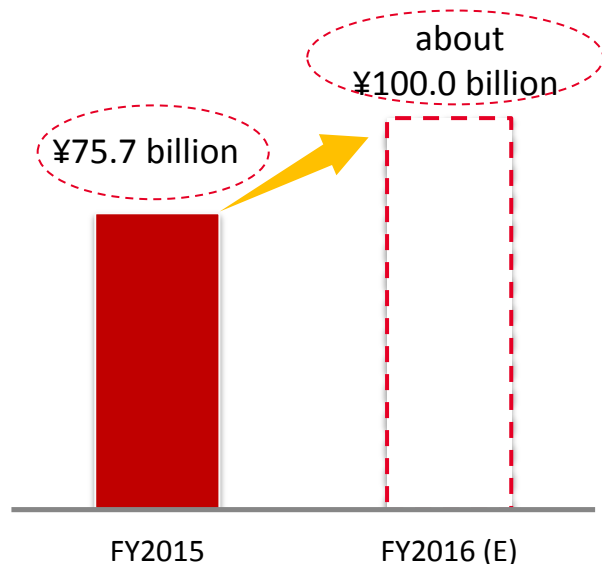
	Government bonds	Corporate and municipal bonds	Hedged foreign bonds
Break down	73%	14%	7%

* Amount of separate account is about ¥20.0 billion.

Reduction of Strategic-holding Stocks

- ◆ Reduction in FY2015 was ¥75.7 billion (achieve realized gains in line with the plan by utilizing stock future hedging to cope with change in stock price during the period).
- ◆ Plan to accelerate reduction of strategic-holding stocks and reduce ¥100.0 billion in FY2016.

Reduction of strategic-holding stocks



(Reference) Realized gains on strategic-holding stocks

FY2015	FY2016 (E)
+¥56.1 billion*	+¥61.9 billion

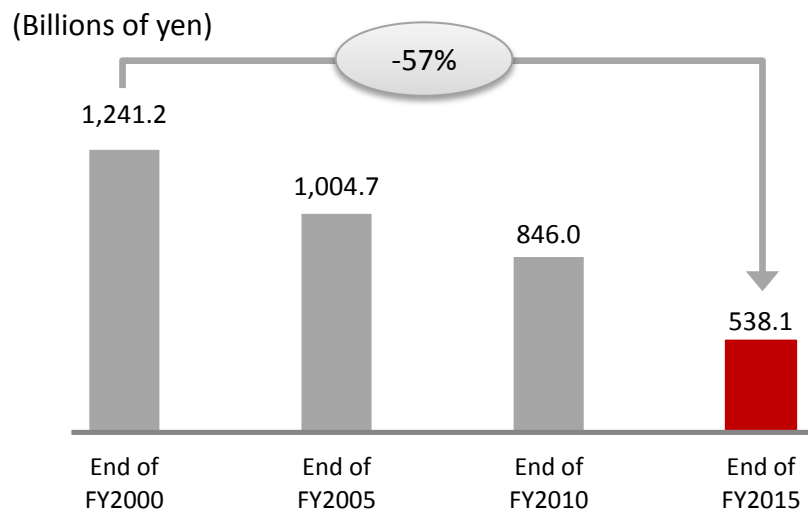
* of which +¥5.3 billion is gains on derivatives.

Reduction during previous mid-term management plan (fair value basis)

FY2012-FY2015 in total

¥565.7 billion

(Reference) Balance of strategic-holding stocks on book value



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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