



**SOMPO
HOLDINGS**

Innovation for Wellbeing

Highlights of 1H FY2016 Results

November 18, 2016

Sompo Holdings, Inc.



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Highlights of 1H FY2016 Results

- Due to improvement of underwriting profit of domestic P&C insurance, bottom-line increased.
- We maintained the initial business forecast for FY2016: consolidated ordinary profit of ¥206.0 billion and consolidated net income of ¥140.0 billion.

● Domestic P&C insurance

- Earnings increased because of a sharp increase in underwriting profit due to improvement of E/I loss ratio, despite market conditions such as strong yen.

● Domestic life insurance

- Policies in force kept expanding, and bottom-line steadily progressed against full-year business forecast.

● Overseas insurance

- Despite strong yen and impact of large losses in some group companies, earnings steadily progressed.

● Other issues

- Further strengthened financial base mainly by reducing exposure of strategic-holding stocks, and procuring funds through the issue of hybrid bonds in August.
- Reached agreement to commence procedures on the acquisition of Endurance on October 5. (assume that earnings contribution will begin from FY2017.)

■ Business forecast for FY2016

- Unchanged the initial plan.
(adjusted breakdown of each business segment based on current conditions.)

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

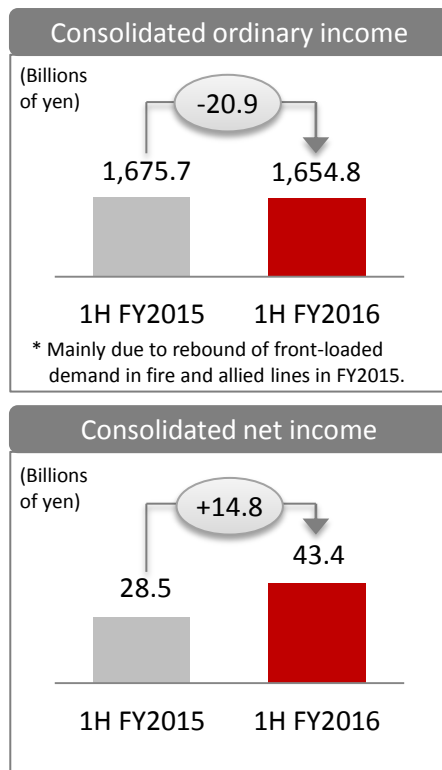
4. Nursing care & healthcare, etc.

5. Overseas insurance

6. ERM & asset management

Overview of 1H FY2016 Results – Consolidated Basis

- ◆ Due to earnings growth in domestic P&C insurance business, consolidated ordinary profit increased by ¥26.5 billion to ¥70.0 billion, and consolidated net income increased by ¥14.8 billion to ¥43.4 billion.



(Billions of yen)	1H FY2015	1H FY2016	Change
Consolidated ordinary income	1,675.7	1,654.8	-20.9 (-1.2%)
Net premiums written (P&C)	1,330.5	1,279.5	-50.9 (-3.8%)
Life insurance premiums	143.6	152.3	+8.6 (+6.0%)
Consolidated ordinary profit	43.5	70.0	+26.5
Sompo Japan Nipponkoa	20.1	62.1	+41.9
Himawari Life	9.5	7.0	-2.4
Overseas insurance subsidiaries	11.3	7.7	-3.6
Consolidated adjustment ^{*1} /Others	2.4	-6.9	-9.3
Consolidated net income ^{*2}	28.5	43.4	+14.8
Sompo Japan Nipponkoa	8.8	41.2	+32.3
Himawari Life	6.3	4.5	-1.8
Overseas insurance subsidiaries	9.2	6.7	-2.4
Consolidated adjustment ^{*1} /Others	4.1	-9.0	-13.2
(Reference) Adjusted profit (by business)	63.3	77.0	+13.7
Domestic P&C insurance	38.2	57.1	+18.9
Domestic life insurance	15.3	14.1	-1.1
Nursing care & healthcare, etc.	0.7	-1.4	-2.1
Overseas insurance	9.0	7.1	-1.8

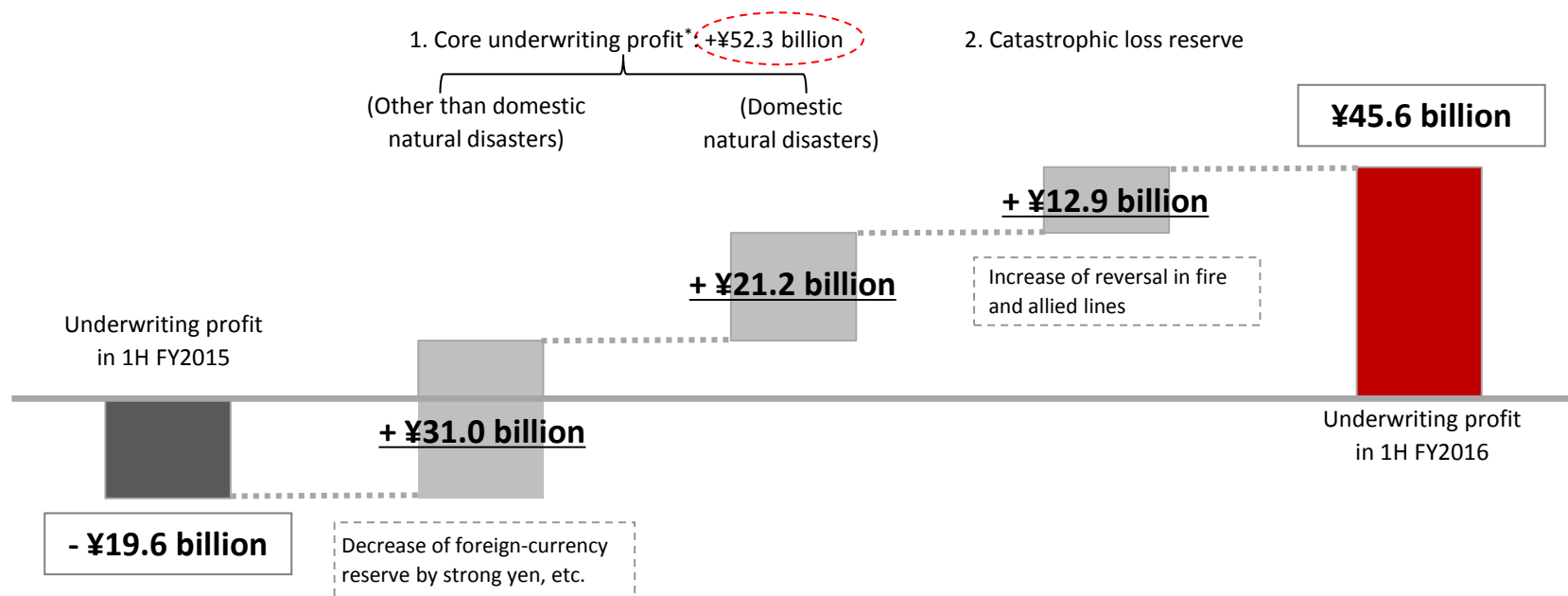
*1 "Purchase method" accounting was adopted upon the establishment of Sompo Holdings. In the consolidated accounts of the holdings, assets and liabilities of the former Nipponkoa and some group companies were acquired and carried on the balance sheet at fair value at the time of business integration.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

*2 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

- ◆ Underwriting profit increased by ¥65.2 billion to ¥45.6 billion mainly due to improvement of E/I loss ratio centered on fire and allied lines.

Changing factors of underwriting profit (Sompo Japan Nipponkoa)



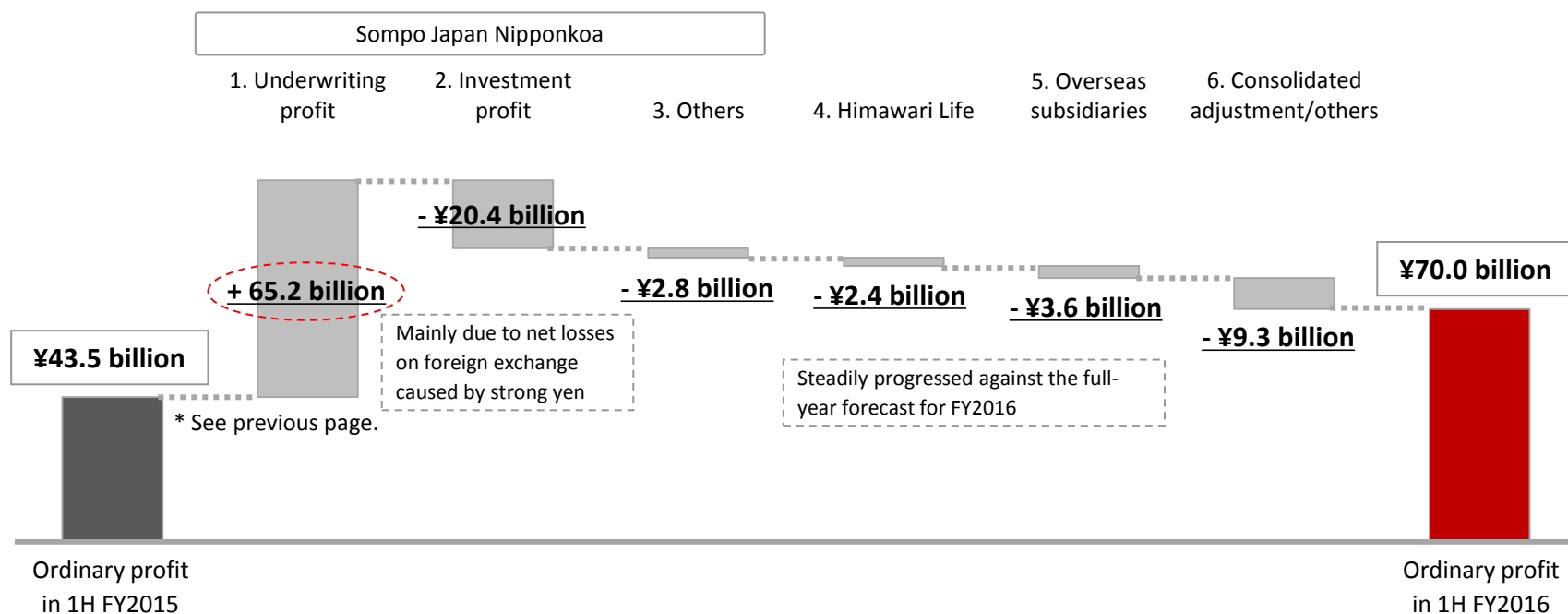
	1. Core underwriting profit	2. Catastrophic loss reserve	Underwriting profit
1H FY2015 Actual	¥21.3 billion	- ¥40.9 billion	- ¥19.6 billion
1H FY2016 Actual	¥73.6 billion	- ¥28.0 billion	¥45.6 billion

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

Main Points of Consolidated Results – (2) Ordinary Profit

- ◆ Consolidated ordinary profit increased by ¥26.5 billion to ¥70.0 billion mainly due to growth of underwriting profit.

Changing factors of consolidated ordinary profit

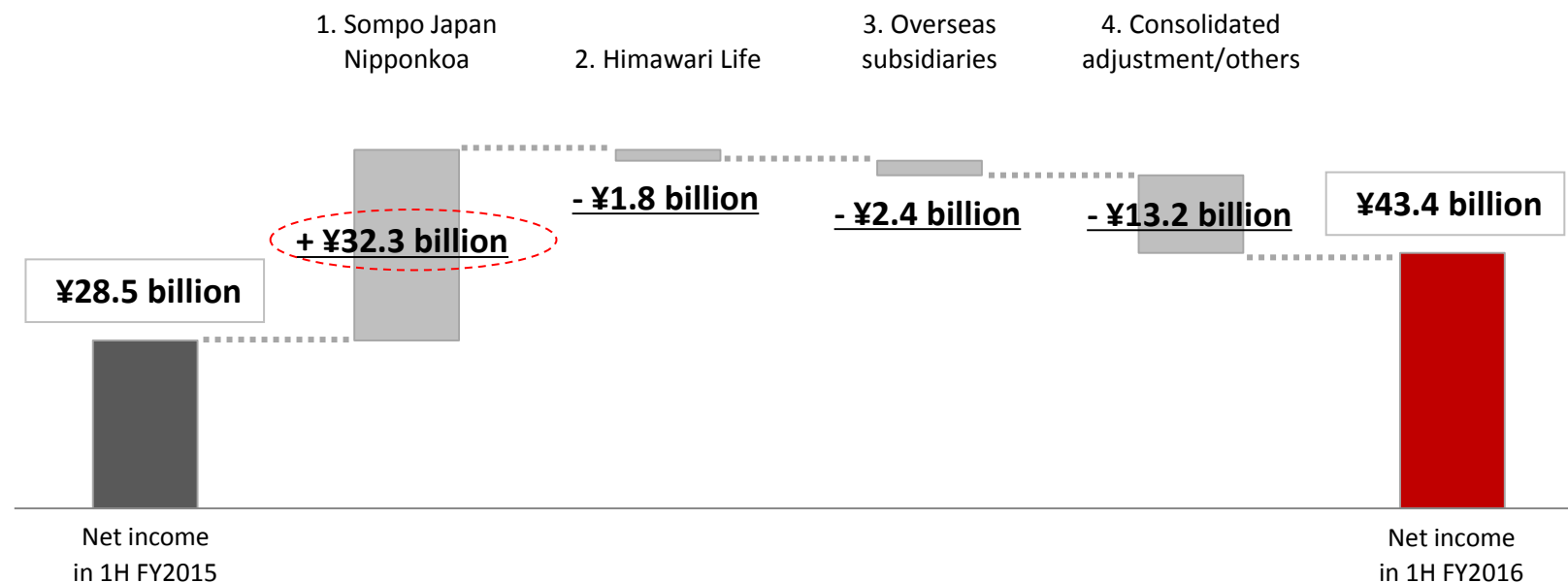


	1. Underwriting profit	2. Investment profit	3. Others	4. Himawari Life	5. Overseas subsidiaries	6. Consolidated adjustment/others	Ordinary profit
1H FY2015 Actual	- ¥19.6 billion	¥46.3 billion	- ¥6.5 billion	¥9.5 billion	¥11.3 billion	¥2.4 billion	¥43.5 billion
1H FY2016 Actual	¥45.6 billion	¥25.9 billion	- ¥9.4 billion	¥7.0 billion	¥7.7 billion	- ¥6.9 billion	¥70.0 billion

Main Points of Consolidated Results – (3) Net Income

- ◆ Consolidated net income increased by ¥14.8 billion to ¥43.4 billion, and various measures are progressing largely as planned.

Changing factors of consolidated net income



	1. Sompo Japan Nipponkoa	2. Himawari Life	3. Overseas subsidiaries	4. Consolidated adjustment/others*	Net income
1H FY2015 Actual	¥8.8 billion	¥6.3 billion	¥9.2 billion	¥4.1 billion	¥28.5 billion
1H FY2016 Actual	¥41.2 billion	¥4.5 billion	¥6.7 billion	- ¥9.0 billion	¥43.4 billion

* Changing factor in FY2015 was mainly the adjustment of impairment losses of group subsidiaries on a consolidated basis.

Business Forecasts for FY2016 – Consolidated Basis

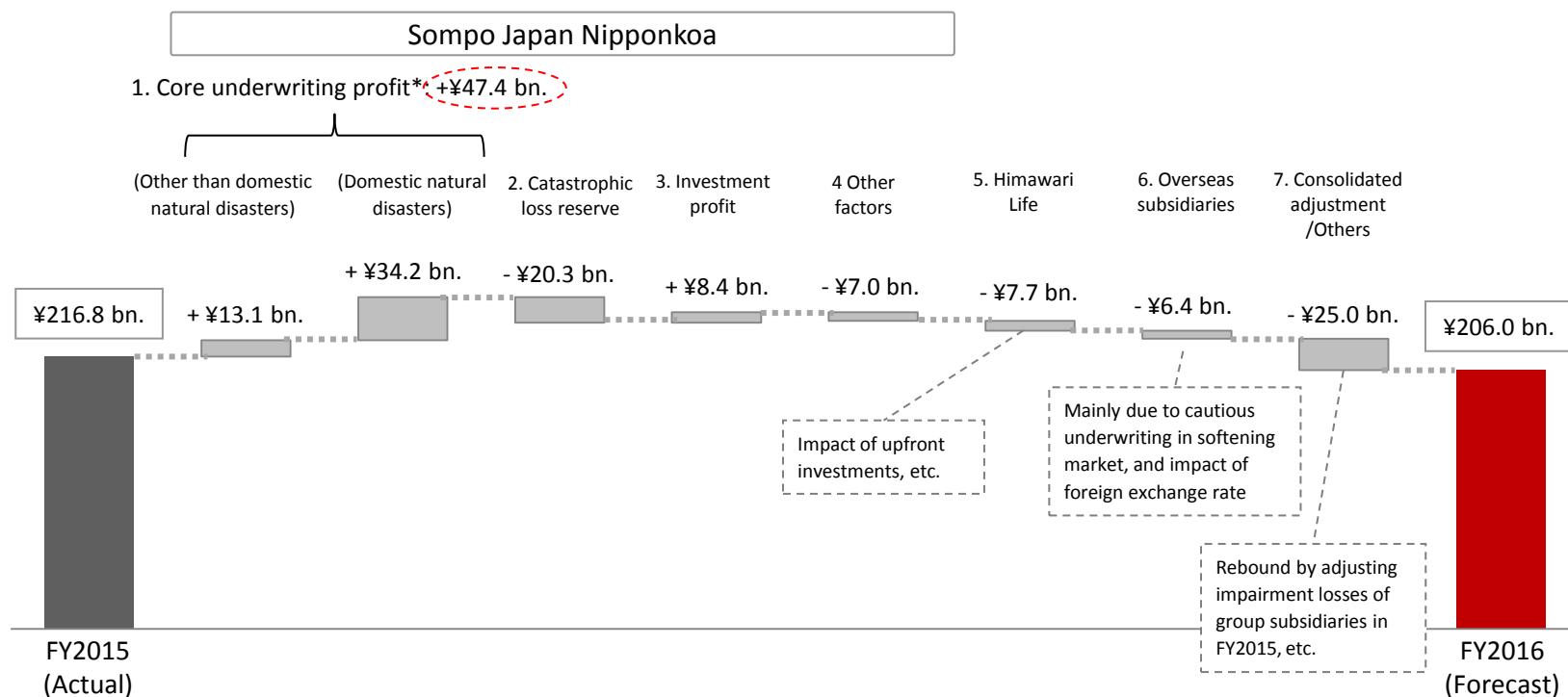
◆ Unchanged the initial forecast both for consolidated ordinary profit and consolidated net income.

(Billions of yen)	FY2015 (Actual)	FY2016 (Forecast)	Change	(Reference) FY2016 (Initial forecast)
Net premiums written (P&C)	2,552.1	2,505.5	-46.6	2,573.0
Life insurance premiums	297.6	309.5	+11.8	307.0
Consolidated ordinary profit	216.8	206.0	-10.8	206.0
Sompo Japan Nipponkoa	178.0	206.5	+28.4	196.5
Himawari Life	18.2	10.5	-7.7	10.5
Overseas subsidiaries	23.7	17.2	-6.4	18.0
Consolidated adjustment*/others	-3.2	-28.3	-25.0	-19.0
Consolidated net income	159.5	140.0	-19.5	140.0
Sompo Japan Nipponkoa	126.2	147.0	+20.7	140.0
Himawari Life	11.6	6.5	-5.1	6.5
Overseas subsidiaries	20.5	13.5	-6.9	14.2
Consolidated adjustment*/others	1.1	-27.0	-28.1	-20.7

* “Purchase method” accounting was adopted upon the establishment of Sompo 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.”

(Reference) Breakdown of Business Forecasts for FY2016

Main components of consolidated ordinary profit

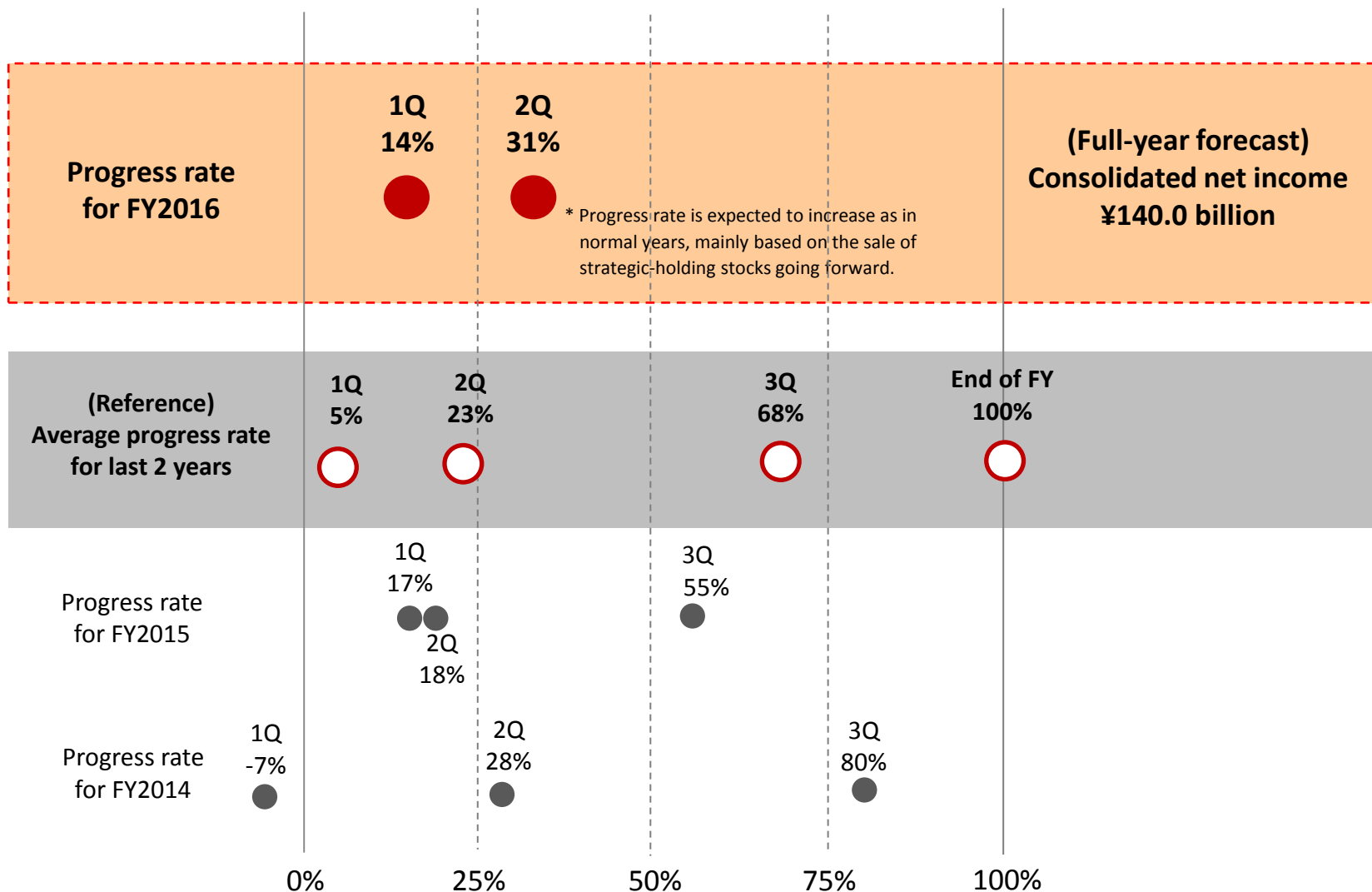


	1. Core underwriting profit	2. Catastrophic loss reserve	3. Investment profit	4. Other factors	5. Himawari Life	6. Overseas subsidiaries	7. Consolidated adjustment /Others	Ordinary profit
FY2015 Actual	¥75.7 bn.	¥2.5 bn.	¥108.5 bn.	- ¥8.7 bn.	¥18.2 bn.	¥23.7 bn.	- ¥3.2 bn.	¥216.8 bn.
FY2016 Forecast (Adjustment from the initial plan)	¥123.1 bn. (+¥2.0 bn.)	- ¥17.8 bn. (+ ¥16.6 bn.)	¥116.9 bn. (-¥4.5 bn.)	- ¥15.7 bn. (-4.1 bn.)	¥10.5 bn. (-)	¥17.2 bn. (-¥0.7 bn.)	- ¥28.3 bn. (-¥9.2 bn.)	¥206.0 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, etc.

Numerical management targets

(Billions of yen)	FY2015	FY2016		FY2018
	(Actual)	(1H actual)	(FY forecast)	(Plan)
Domestic P&C insurance ^{*1}	111.9	57.1	Over 114.0	Over 120.0
Domestic life insurance	30.4	14.1	Over 23.0	Over 32.0
Nursing care & healthcare, etc.	1.5	-1.4	Over -2.0	Over 8.0
Overseas insurance	20.4	7.1	Over 15.0	Over 60.0
Total (Adjusted consolidated profit)	164.3	77.0	150.0 – 160.0	220.0 – 230.0
Adjusted consolidated ROE^{*2}	6.9%	-	6.6%	Over 8%
(Reference) ROE (J-GAAP)	9.2%	-	8.7%	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)

^{*1} Total of Sompo Japan Nipponkoa, Saison Automobile & Fire, Sonpo 24, Sompo Japan Nipponkoa Insurance Services, and DC Securities

^{*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 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)

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Nursing care & healthcare, etc.

5. Overseas insurance

6. ERM & asset management

Overview of 1H FY2016 Results – Sompo Japan Nipponkoa

◆ Underwriting profit drastically increased due to improvement of E/I loss ratio, etc. Net income was ¥41.2 billion (+¥32.3 billion).

(Billions of yen)	1H FY2015	1H FY2016	Change	
Net premiums written	1,140.6	1,087.4	-53.1 (-4.7%)	
(excl. CALI, household earthquake)	981.7	939.3	-42.4 (-4.3%)	
Loss ratio	59.3%	61.9%	+2.6pt	
(excl. CALI, household earthquake)	56.3%	57.8%	+1.4pt	
E/I loss ratio (excl. CALI, household earthquake)	62.6%	57.9%	-4.7pt	
Net expense ratio	31.7%	32.1%	+0.4pt	
(excl. CALI, household earthquake)	33.5%	33.8%	+0.4pt	
Combined ratio	91.0%	94.0%	+3.0pt	
(excl. CALI, household earthquake)	89.8%	91.6%	+1.8pt	
Underwriting profit	-19.6	45.6	+65.2	Mainly due to rebound of front-loaded demand in fire and allied lines according to product revision in FY2015.
Investment profit	46.3	25.9	-20.4	
Ordinary profit	20.1	62.1	+41.9	
Net income	8.8	41.2	+32.3	Mainly due to improvement of E/I loss ratio centered on fire and allied lines.
+ Provisions for catastrophic loss reserve (after tax)	29.1	20.1	-9.0	
+ Provisions for reserve for price fluctuation (after tax)	2.9	2.8	-0.0	
- Gains/losses on sales of securities and impairment losses on securities (after tax)	-0.5	4.9	+5.5	Mainly due to net losses on foreign exchange caused by strong yen.
- Special factors (after tax)*	2.1	0.3	-1.8	
Adjusted profit	39.2	58.9	+19.6	

(Reference)
Adjusted
profit

* Special factors are gains /losses related to stock future, etc.

Net Premiums Written

- ◆ Net premiums written decreased in fire and allied lines, but kept on increasing trend in mainstay voluntary automobile.

Net premiums written by product line

(Billions of yen)	1H FY2015	1H FY2016	Change		FY2016 (Forecast)
Fire and Allied Lines	175.5	131.2	-44.3	(-25.2%)	281.5
Marine	26.0	22.1	-3.8	(-14.9%)	45.5
Personal Accident	99.9	98.0	-1.9	(-2.0%)	182.3
Voluntary Automobile	530.1	536.0	+5.9	(+1.1%)	1,072.5
CALI	158.3	147.5	-10.7	(-6.8%)	301.2
Other	150.5	152.3	+1.7	(+1.2%)	281.3
of which, Liability	88.8	87.4	-1.3	(-1.5%)	154.8
Total	1,140.6	1,087.4	-53.1	(-4.7%)	2,164.5
Total (excl. CALI, household earthquake)	981.7	939.3	-42.4	(-4.3%)	1,862.3

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

	Sompo Japan Nipponkoa		
	# of vehicles	Unit premium	Total Premium
Non-Fleet	-0.3%	+1.1%	+0.8%
Fleet	+0.3%	+0.5%	+0.8%
Total	-0.2%	+1.0%	+0.8%

*Performance evaluation basis

(Main changing factors)

Fire and Allied Lines: Impact of rebound of front-loaded demand ahead of product revision in October 2015, etc.

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

Marine: Mainly due to strong yen and decrease in trade volume, etc.

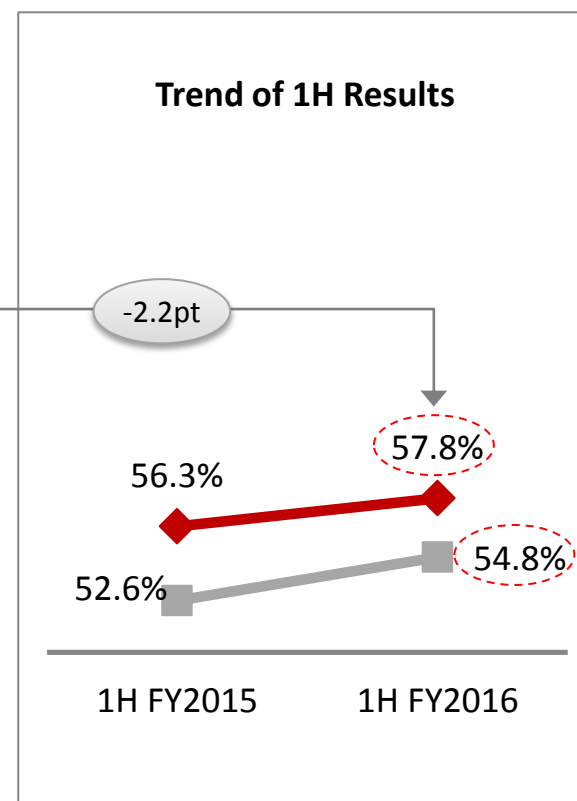
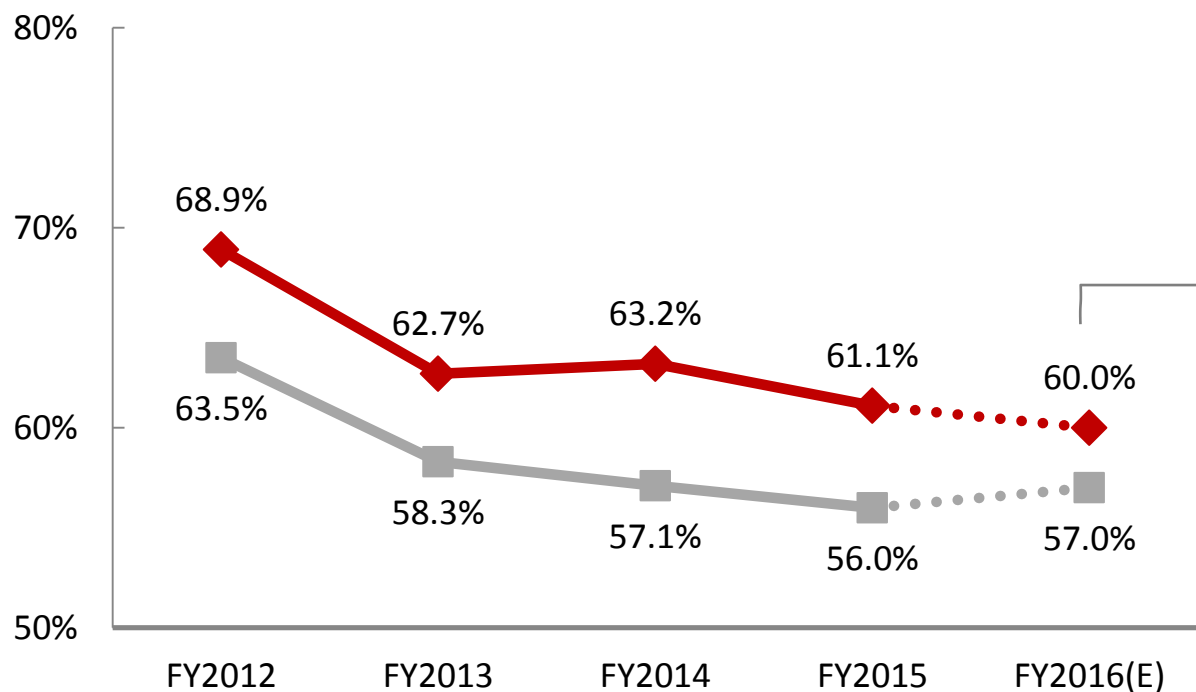
Voluntary Automobile: Increased due to the impact of product and rate revisions and initiatives to raise unit premium.

Other: Strong sales of packaged products to small and medium-sized enterprises.

Loss Ratio (W/P)

- ◆ Despite impact of decrease of premiums in fire and allied lines, loss ratio progressed as planned due to improved profitability of automobile insurance.

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



◆ Loss Ratio (excl. CALI, household earthquake)

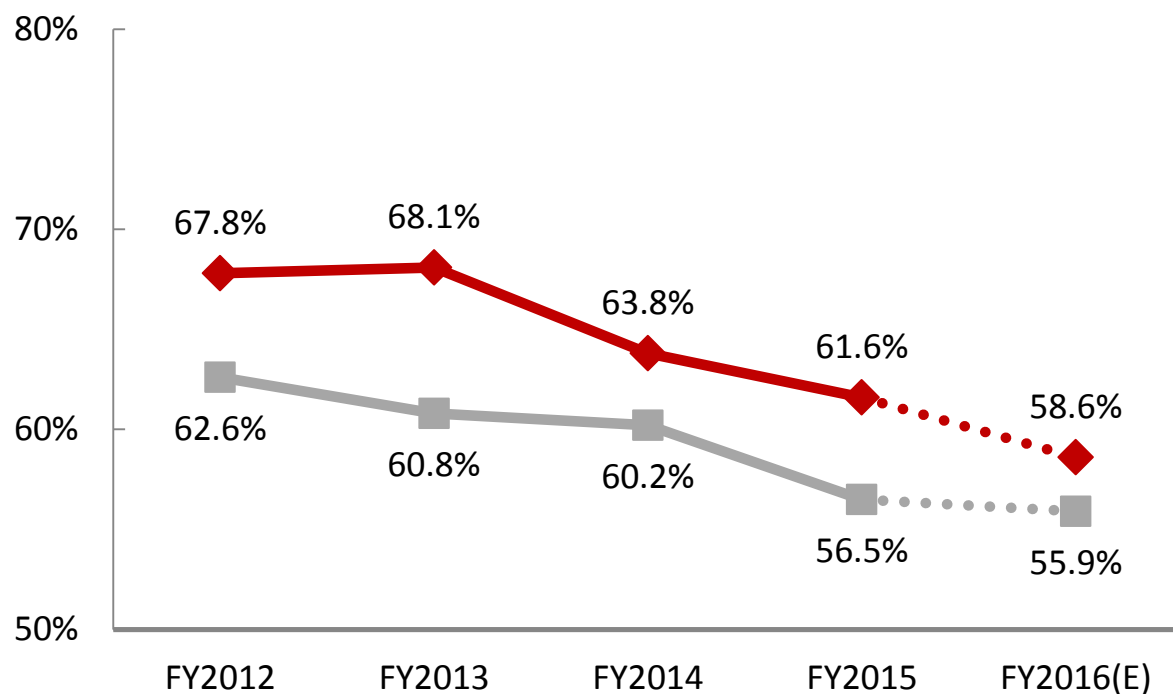
■ Reference; Loss Ratio (excl. CALI, household earthquake, domestic natural disasters)

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

Loss Ratio (E/I)

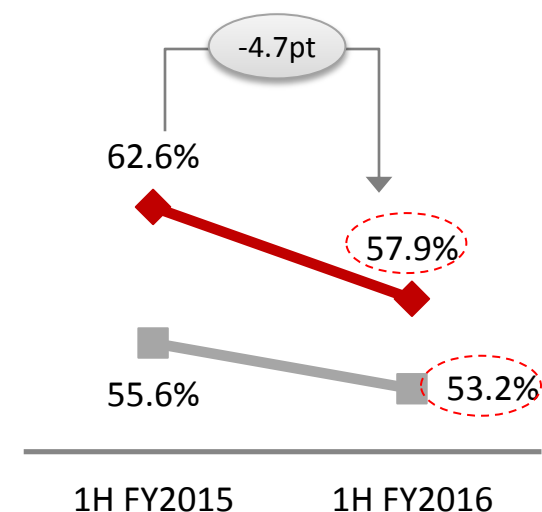
◆ E/I loss ratio improved by 4.7 points in 1H FY2016 due to decrease of domestic natural disasters, etc.

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



◆ E/I Loss Ratio (excl. CALI, household earthquake)
 ■ Reference; E/I Loss Ratio (excl. CALI, household earthquake, domestic natural disasters)

Trend of 1H Results

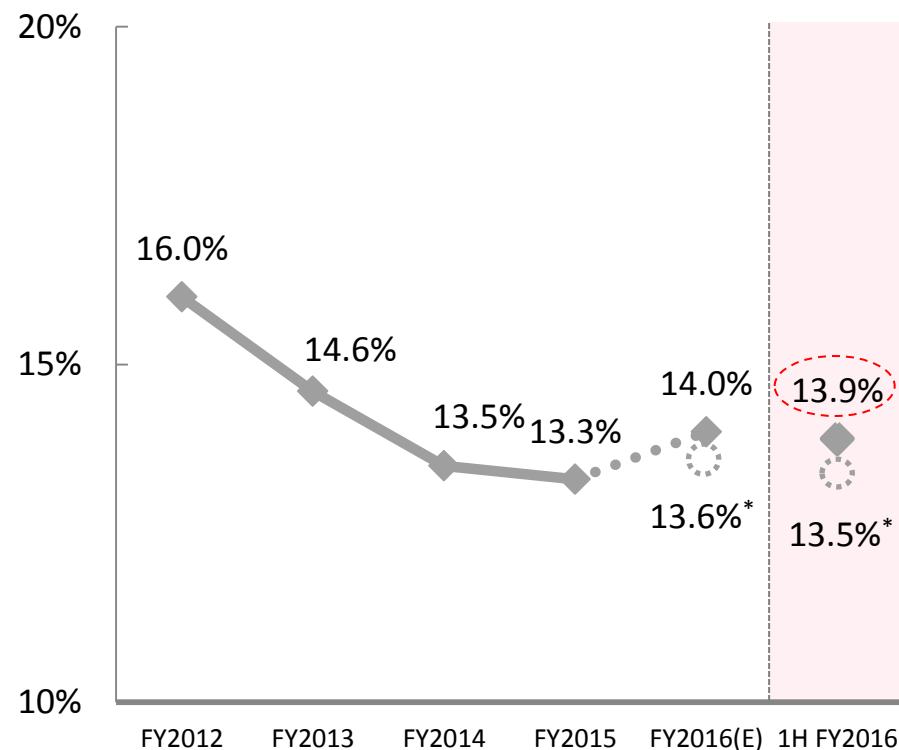
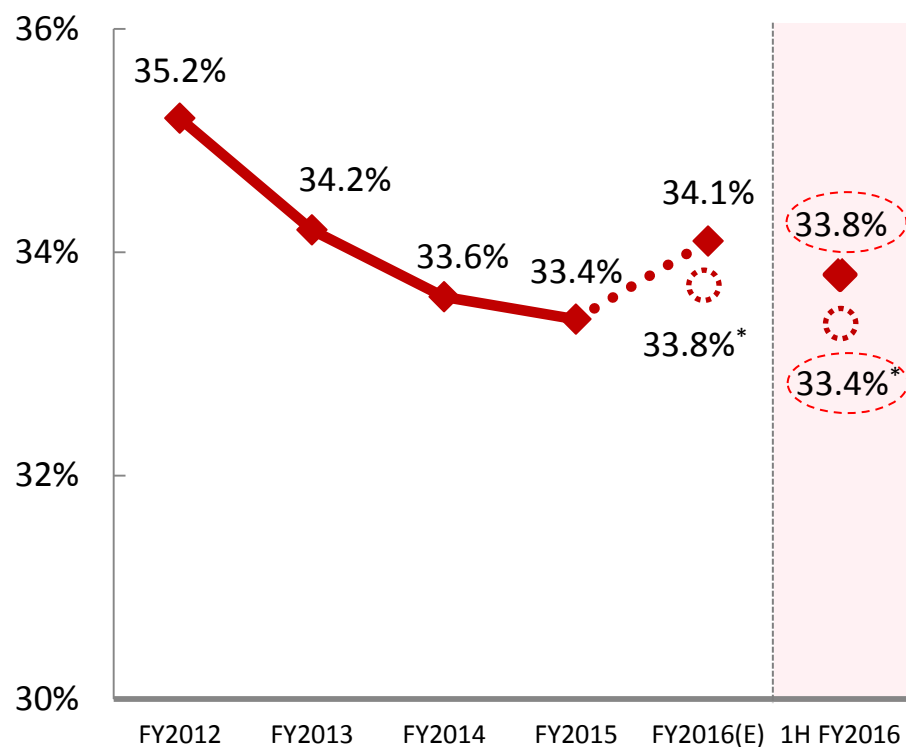


Net Expense Ratio

◆ Expense ratio progressed in line with the plan through appropriate control of expense.

Net expense ratio (excl. CALI, household earthquake)

Company expense ratio (excl. CALI, household earthquake)

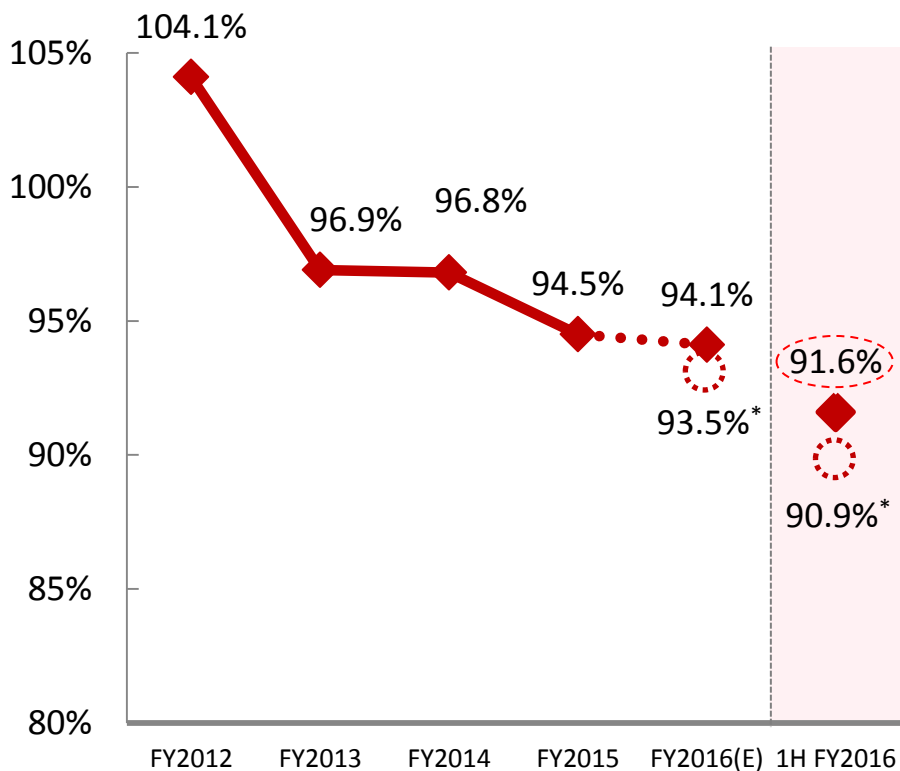


* Excluding upfront investments.

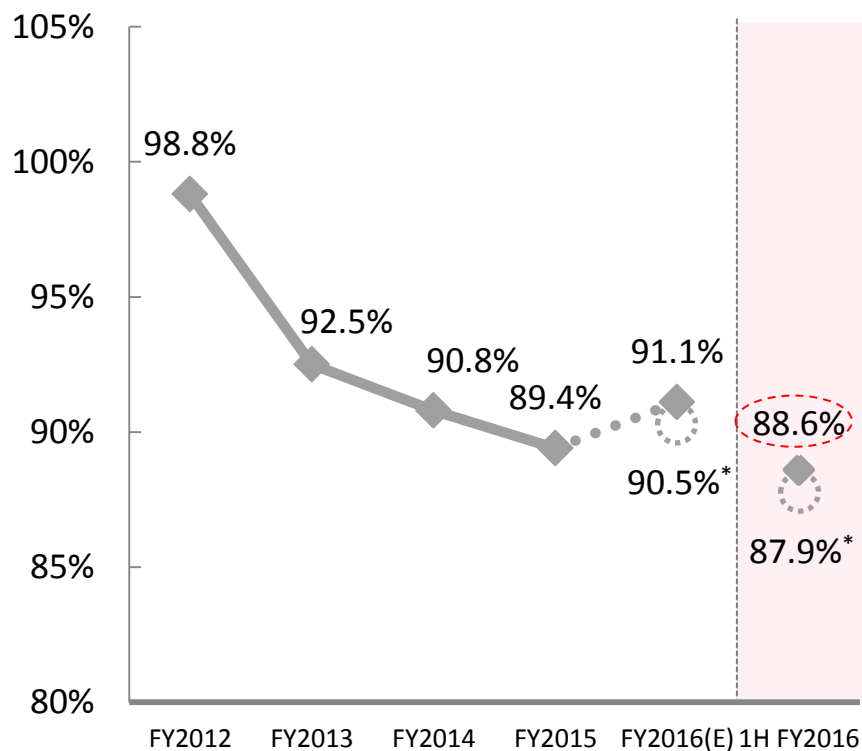
Combined Ratio

- ◆ Combined ratio progressed on lower level than planned due to improved profitability of automobile insurance, appropriate control of expense, etc.

Combined ratio (excl. CALI, household earthquake)



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



* Excluding upfront investments.

Investment Profit

- ◆ Net interest and dividend income progressed as planned. Exposure of strategic-holding stocks was also reduced steadily.

Investment profit (Sompo Japan Nipponkoa, non-consolidated)

(Billions of yen)		1H FY2015	1H FY2016	Change	FY2016 (Forecast)
Net interest and dividend income	1	35.2	26.3	-8.8	63.1
Interest and dividend income ^{*1}		57.5	48.7	-8.7	105.3
Gains on sales of securities ^{*1}	2	16.7	7.8	-8.8	67.9
of which, ones of domestic stocks		11.3	3.0	-8.3	61.9
Impairment losses on securities ^{*1}	3	-17.4	-0.8	+16.5	-2.1
of which, ones of domestic stocks		-17.3	-0.7	+16.6	-2.0
Gains on derivatives	4	2.2	1.1	-1.1	-2.3
Other investment income	5	9.6	-8.4	-18.0	-9.7
Investment profit	1+2+3+4+5	46.3	25.9	-20.4	116.9

Progress against the full-year forecast: 46%

(Reference)
Reduction of strategic-holding stocks

Actual ^{*2}	¥6.4 billion
Stock future ^{*3}	¥55.1 billion
Total	¥61.6 billion

^{*2} Net reduction on fair value basis.

(market value of sales minus market value of purchase)

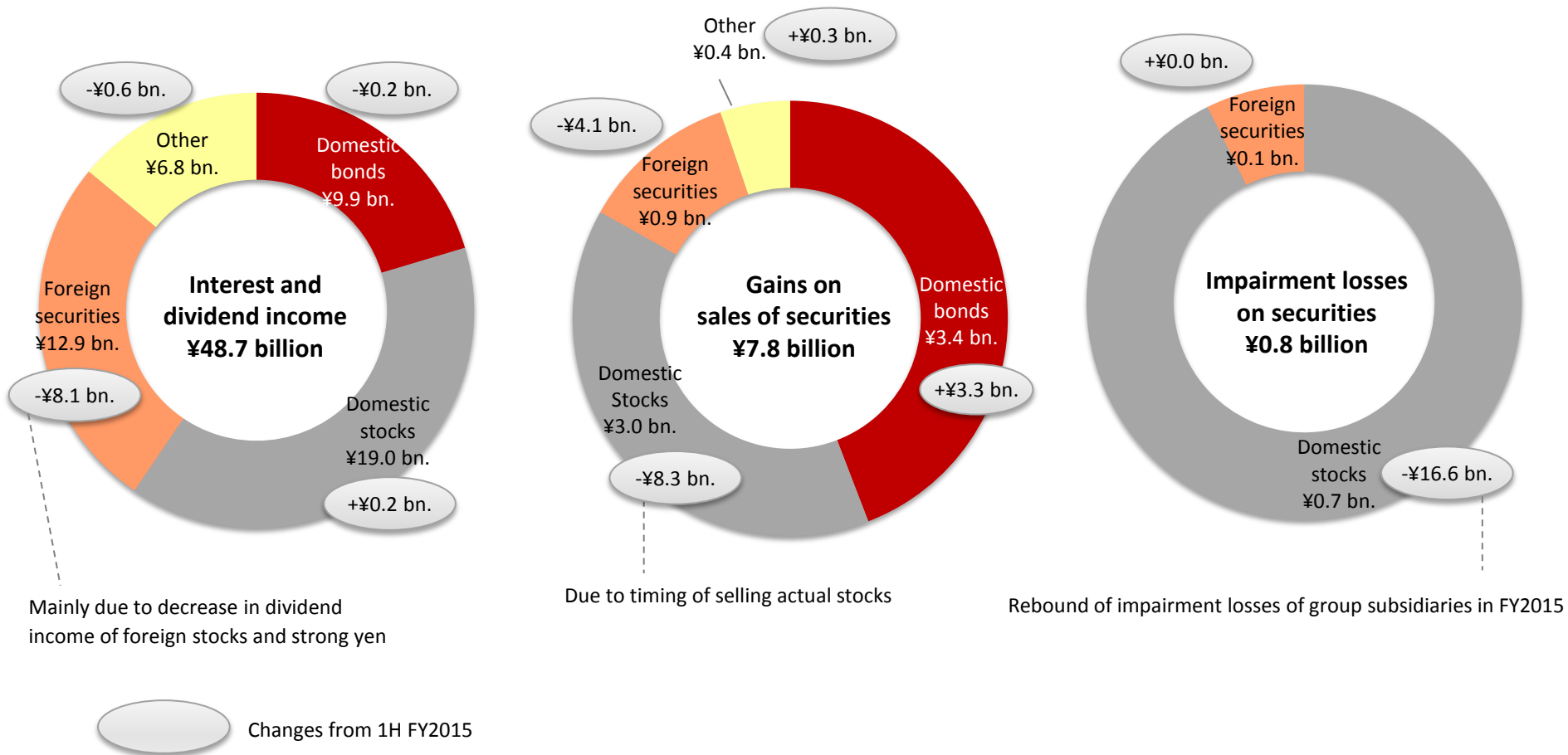
^{*3} Short position of Nikkei 225 Futures.

^{*1} See next page for breakdown

Recognized net losses on foreign exchange in foreign agency accounts receivable, etc. because of strong yen.

(Reference) Breakdown of Investment Profit

Breakdown of interest and dividend income, gains on sales of securities, and impairment losses on securities (1H FY2016)



(Reference) Business Forecasts for FY2016 – Sompo Japan Nipponkoa

(Billions of yen)	FY2015 (Actual)	FY2016 (Forecast)	Change
Net premiums written	2,218.4	2,164.5	-53.8 (-2.4%)
(excl. CALI, household earthquake)	1,910.8	1,862.3	-48.5 (-2.5%)
Loss ratio	63.7%	63.1%	-0.6pt
(excl. CALI, household earthquake)	61.1%	60.0%	-1.1pt
E/I loss ratio (excl. CALI, household earthquake)	61.6%	58.6%	-3.1pt
Net expense ratio	31.6%	32.3%	+0.7pt
(excl. CALI, household earthquake)	33.4%	34.1%	+0.7pt
Combined ratio	95.3%	95.4%	+0.1pt
(excl. CALI, household earthquake)	94.5%	94.1%	-0.4pt
Underwriting profit	78.2	105.3	+27.0 (+34.5%)
Investment profit	108.5	116.9	+8.4 (+7.8%)
Ordinary profit	178.0	206.5	+28.4 (+16.0%)
Net income	126.2	147.0	+20.7 (+16.4%)
+Provisions for catastrophic loss reserve (after tax)	-1.7	12.8	+14.6
+Provisions for reserve for price fluctuation (after tax)	5.7	7.1	+1.4
-Gains/losses on sales of securities and impairment losses on securities (after tax)	22.6	47.2	+24.6
-Special factors (after tax)*	-8.5	-	+8.5
Adjusted profit	116.1	119.7	+3.5 (+3.1%)

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

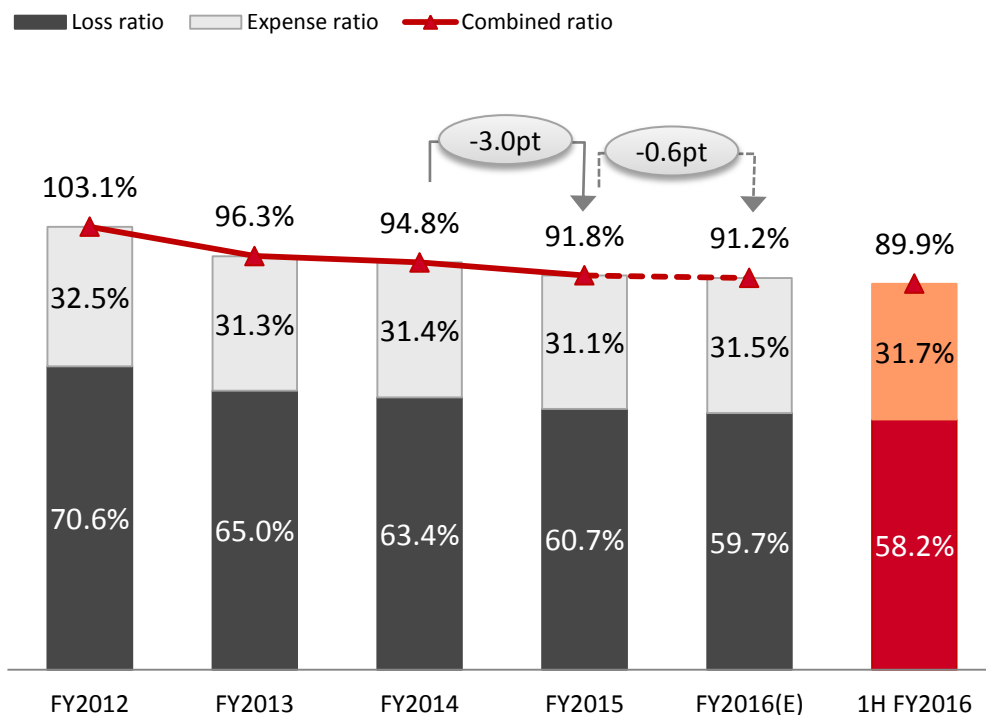
(Reference)
Adjusted
profit

(Reference) Assumption of Business Forecasts for FY2016

Losses from domestic natural disasters (occurring in the fiscal year)	¥43.0 billion * Other than above, ¥7.0 billion for Kumamoto earthquake, etc.
Catastrophic loss reserve	Net provision : ¥17.8 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 : ¥16,449 (Interest yield) 10y JGB : - 0.09% (Foreign exchange) 1US\$: ¥101.12, 1Euro : ¥113.36 * Assumptions for market indicators are based on ones as of end of September 2016.
Interest and dividend income	Gross : ¥105.3 billion Net : ¥63.1 billion
Realized gains on securities	Realized gains on security sales : ¥67.9 billion Impairment losses on securities : ¥2.1 billion
Reserve for price fluctuation	Net provision : ¥10.0 billion

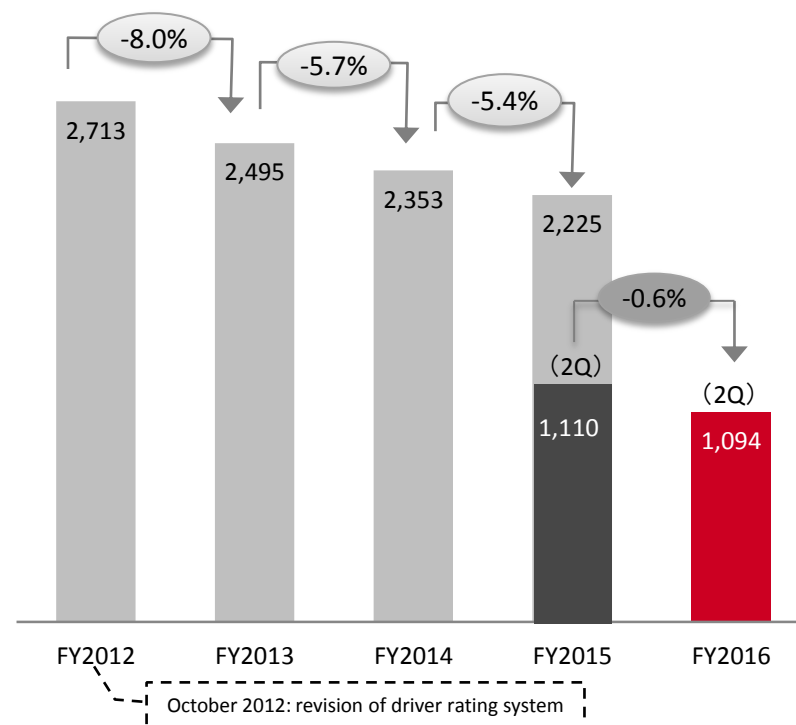
(Reference) Related Indicators of Automobile Insurance

Combined ratio



The number of reported claims

(Thousands)



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

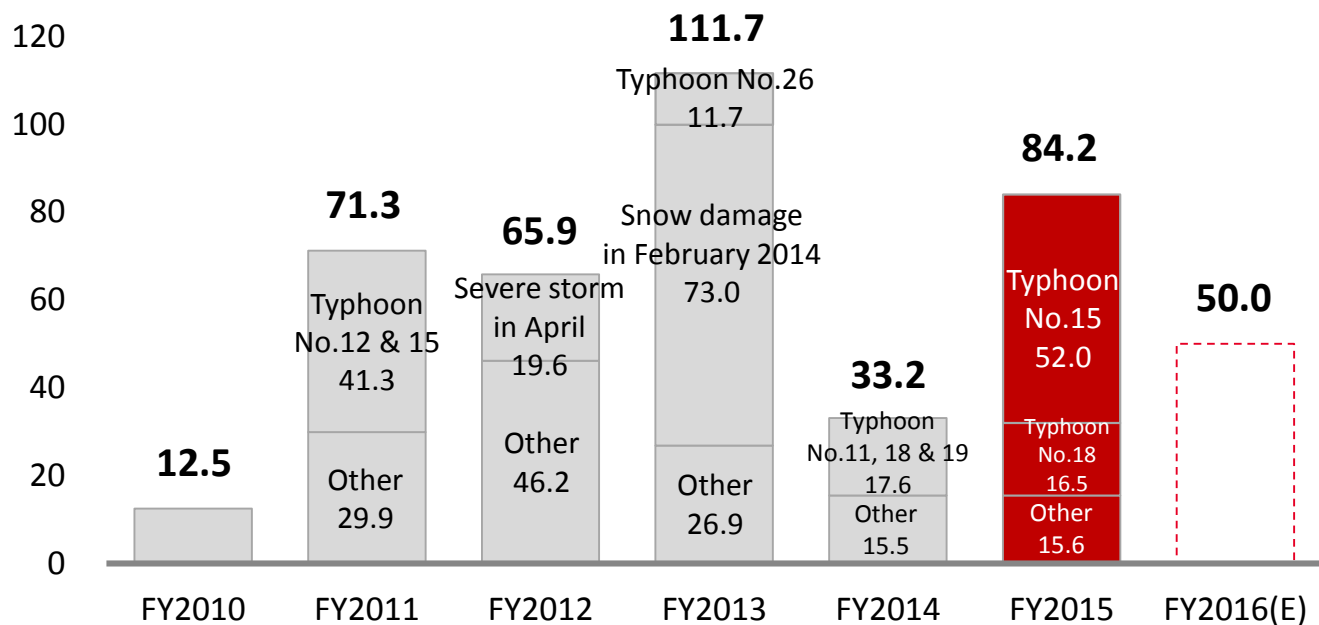
* Exclude certain natural disasters, whose incurred loss exceeds certain threshold.

(Reference) Domestic Natural Disasters

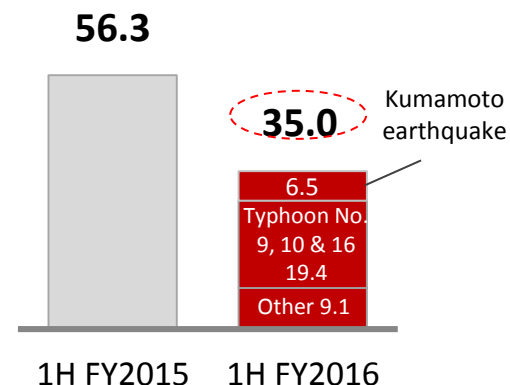
- ◆ Net loss occurred for domestic natural disasters, such as Typhoon No. 9, 10 and 16, and Kumamoto earthquake, was ¥35.0 billion in 1H FY2016

Trends of net loss occurred for domestic natural disasters (only events that occurred in the fiscal year)

(Billions of yen)



Trend of 1H Results



* Excluding CALI, household earthquake.

* Excluding Great East Japan Earthquake.

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Nursing care & healthcare, etc.

5. Overseas insurance

6. ERM & asset management

Overview of 1H FY2016 Results – Himawari Life

- ◆ Policies in force kept growing. Net income was ¥4.5 billion and steadily progressed against the full-year forecast of ¥6.5 billion.

Major indicators

(Billions of yen)	1H FY2015	1H FY2016	Change		FY2016 (Forecast)
Annualized new premium	20.3	21.6	+1.3	(+6.5%)	40.5
Premium and other income	193.2	202.5	+9.2	(+4.8%)	408.4
(excl. lump-sum payment)	191.1	202.4	+11.3	(+5.9%)	408.4
Investment profit (general account)	20.3	20.9	+0.5	(+2.5%)	43.0
Ordinary profit	11.9	9.3	-2.6	(-21.8%)	14.8
Net income	6.3	4.5	-1.8	(-28.6%)	6.5

(Billions of yen)	End of FY2015	End of 1H FY2016	Change
Amount of business in force	21,642.1	21,891.8	+249.6
Annualized premium in force	332.8	341.9	+9.0

Breakdown

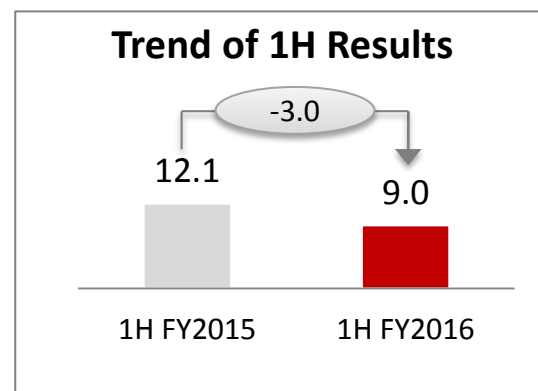
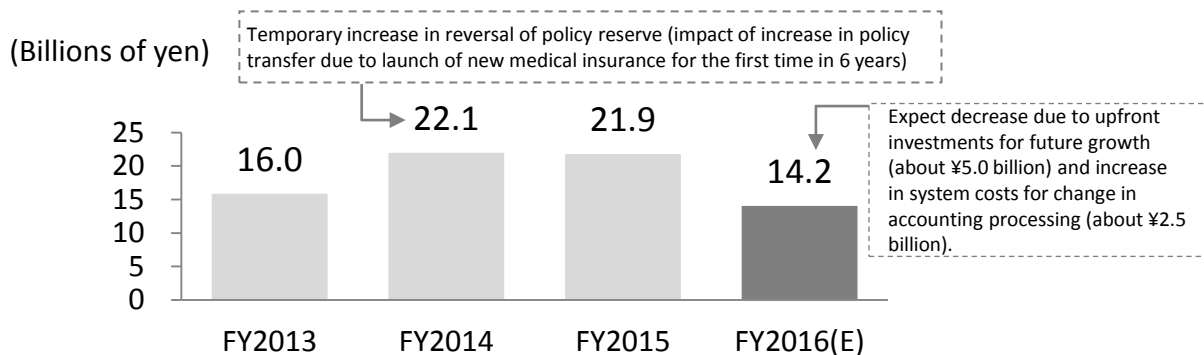
	Change
Protection-type	+3.8
Saving-type	+5.1
Total	+9.0

* The sum of individual insurance and individual annuities.

Profit – J-GAAP

◆ Basically progressed as planned in 1H FY2016.

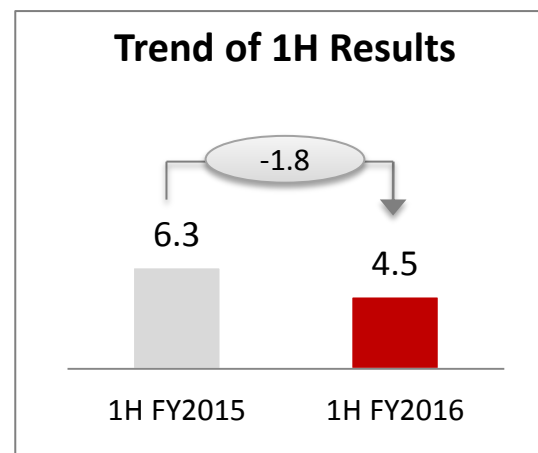
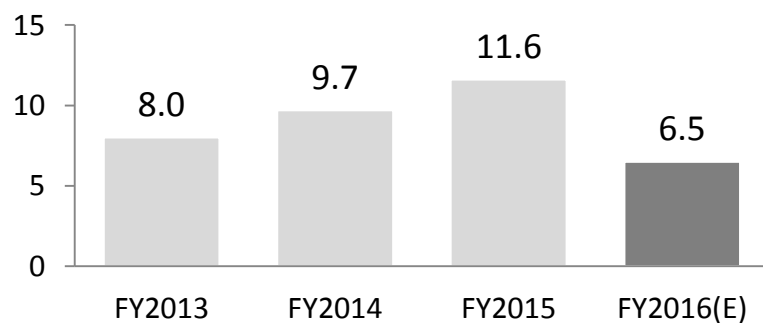
Basic profit*



* 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

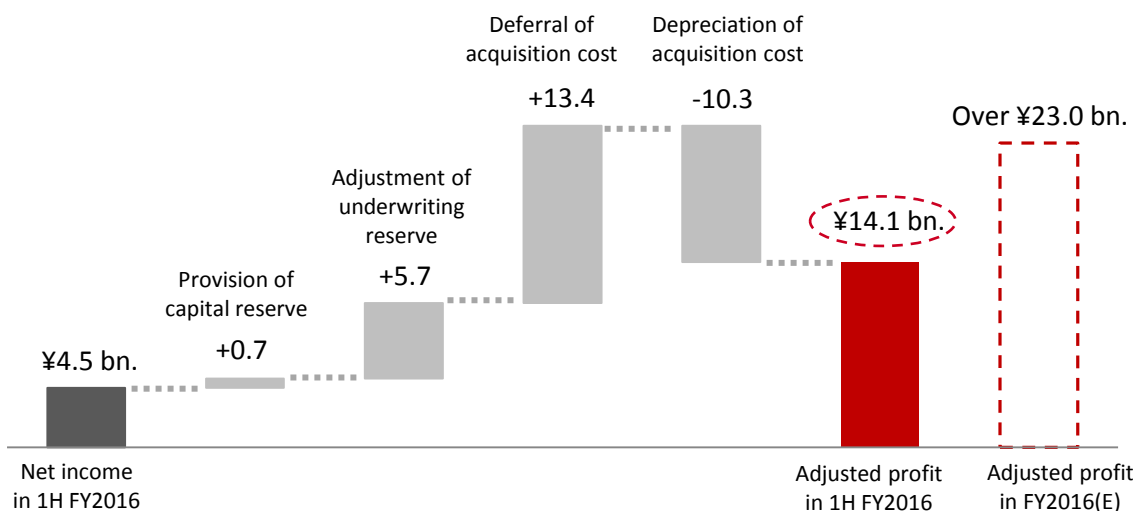
(Billions of yen)



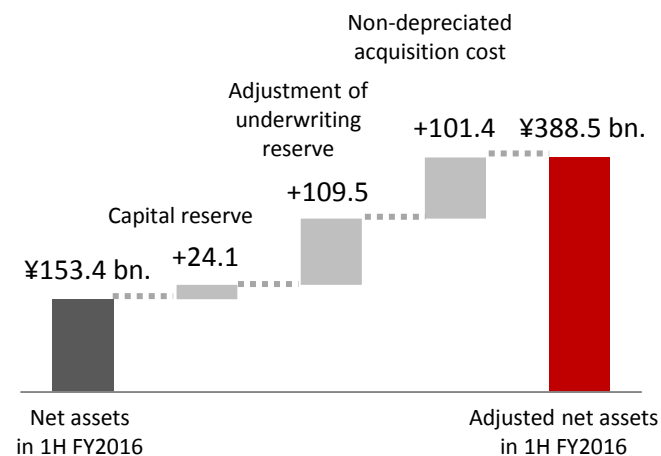
Adjusted Profit and Adjusted Net Assets – Himawari Life

◆ Adjusted profit in 1H FY2016 (¥14.1 billion) progressed to 62% against the full-year forecast.

Conversion from net income to adjusted profit



(Reference) Adjusted net assets



(Reference) Adjusted profit = Net income + Provision of capital reserve*¹
 + Adjustment of underwriting reserve*²
 + Deferral of acquisition cost*³
 – Depreciation of acquisition cost*³

(Reference) Adjusted net assets = Net assets + Capital reserve*¹
 + Adjustment of underwriting reserve*²
 + Non-depreciated acquisition cost*³

*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).

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Nursing care & healthcare, etc.

5. Overseas insurance

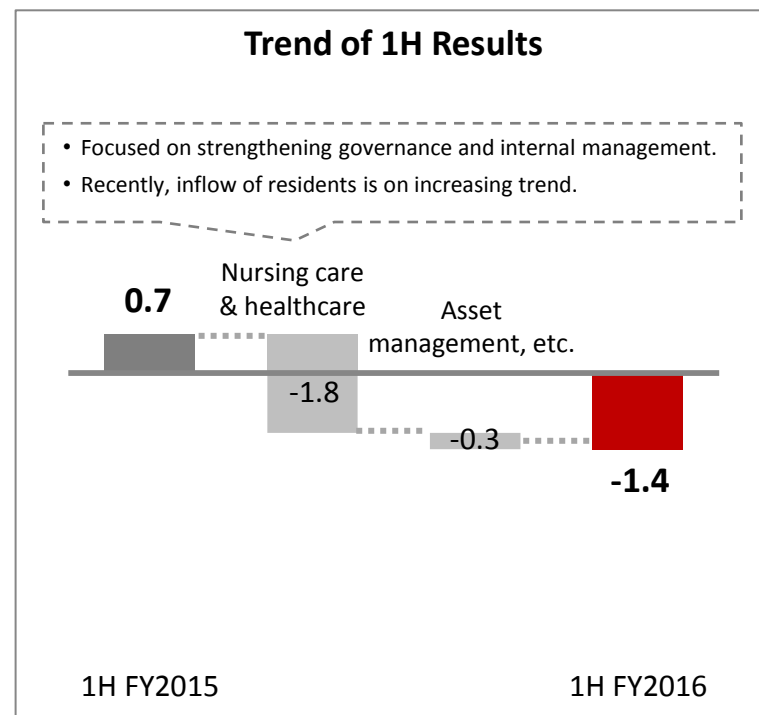
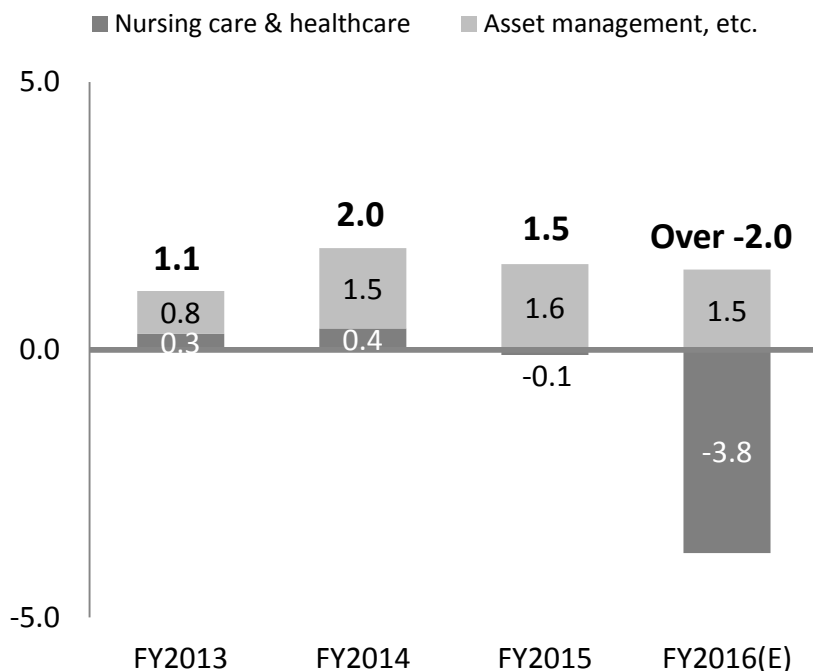
6. ERM & asset management

Overview of 1H FY2016 Results – Nursing Care & Healthcare, etc.

- ◆ While spending some costs, we focused on strengthening internal management and enhancing profitability in nursing care business.

Trends of net income

(Billions of yen)



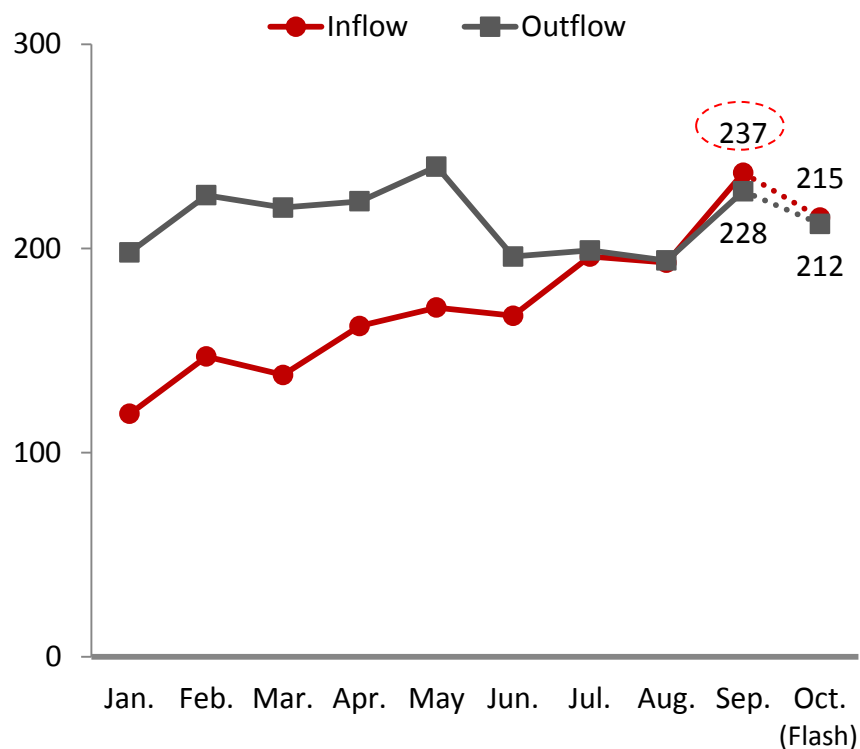
* Nursing care business is the sum of SOMPO Care Message, SOMPO Care Next, Cedar (non-consolidated), and Sompo Risk Management & Health Care.

(Reference) Inflow and Outflow of Residents

- ◆ The number of residents in nursing care business is on increasing trend. Recently inflow of residents exceeded outflow.

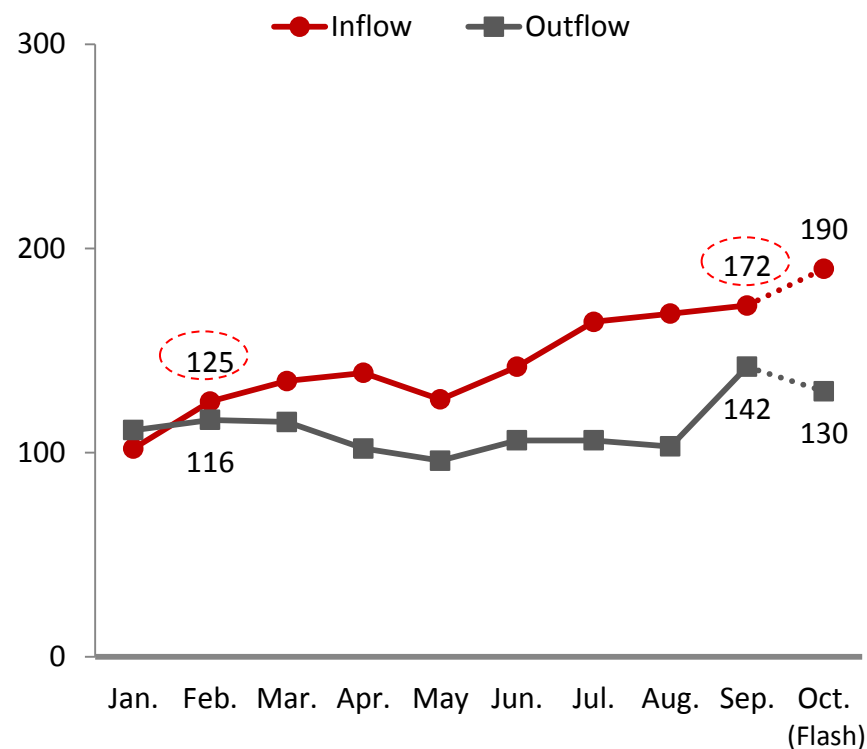
SOMPO Care Message (2016)

(The number of residents)



SOMPO Care Next (2016)

(The number of residents)



* Aggregating only specific facilities, such as pay nursing homes with long-term care.

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Nursing care & healthcare, etc.

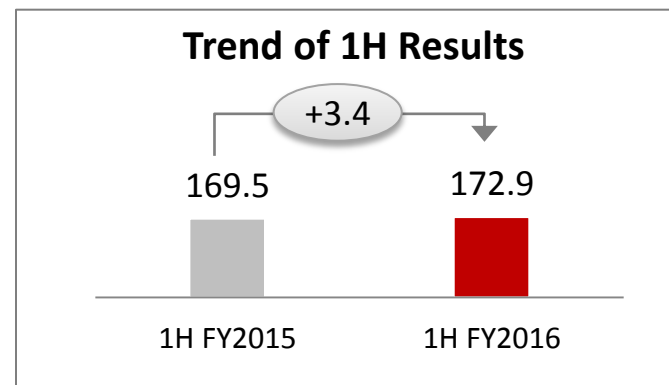
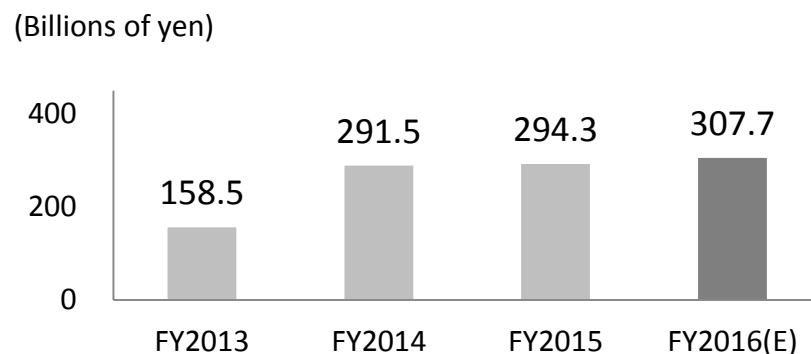
5. Overseas insurance

6. ERM & asset management

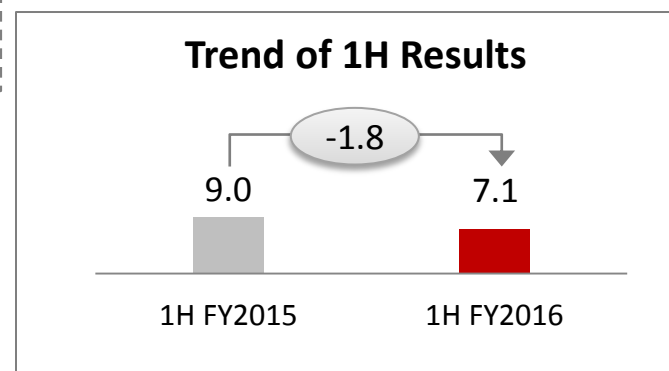
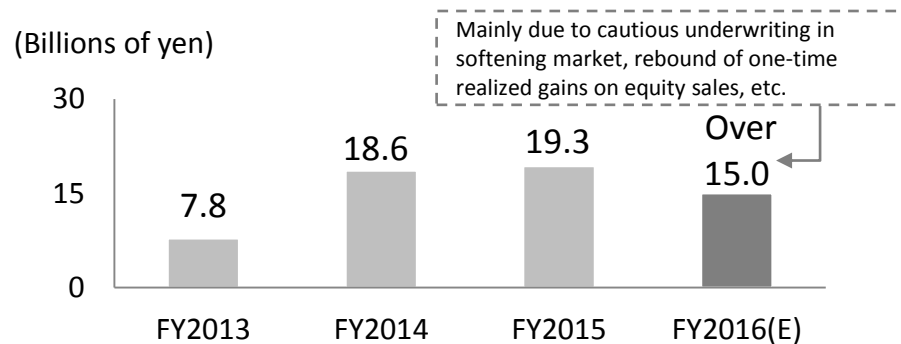
Overview of 1H FY2016 Results – Overseas Insurance

◆ Both top-line and bottom-line were in line with the plan in 1H FY2016.

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.

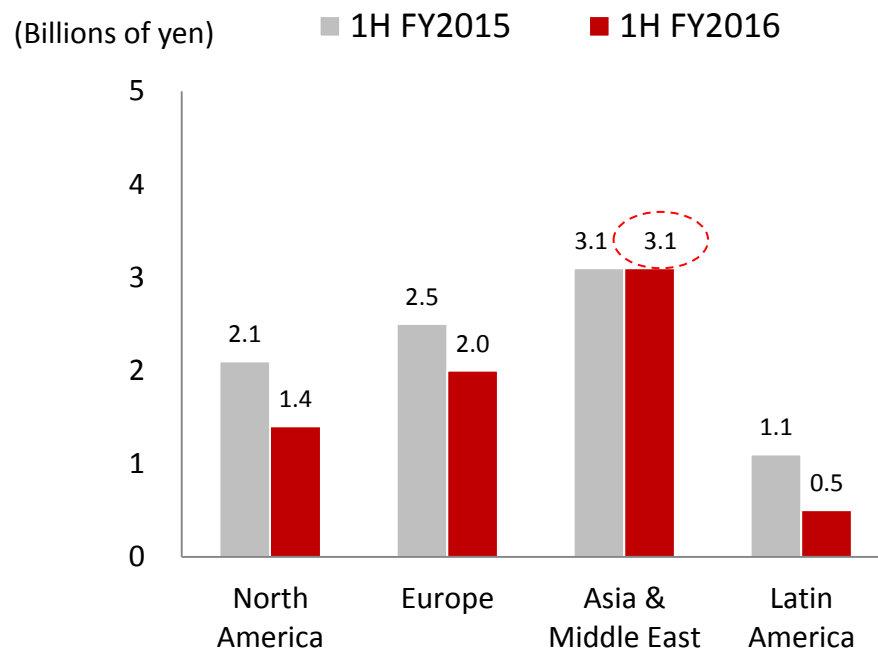
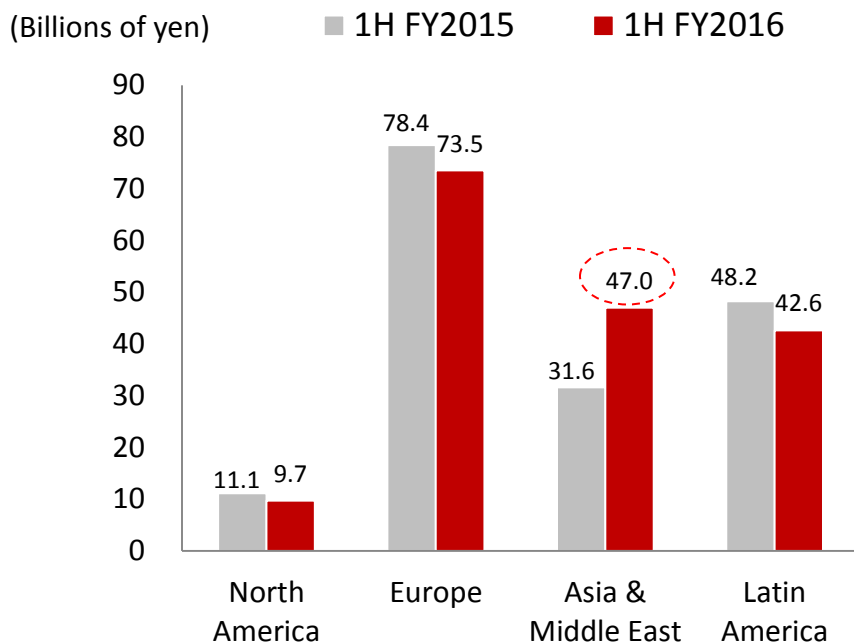
From FY2016, figures include non-consolidated subsidiaries: Sompo Indonesia, Sompo Thailand, PGA Sompo (Philippines), United Insurance (Vietnam), and Sompo Mexico (The same shall apply hereafter).

Business Results by Region

◆ Asia & Middle East took a lead both in top-line and bottom-line.

Net premiums written (by region)

Net income (by region)



(Reference) Business Results by Company

(Billions of yen)		Net premiums written			Net income			Key points for 1H FY2016	(Ref.) Exchange rate	
		1H FY2016	Change	FY2016 (Forecast)	1H FY2016	Change	FY2016 (Forecast)		1H FY2016*2	
North America	SJ America	9.7	-1.4	20.3	1.4	-0.7	1.5	Loss ratio was favorable, and net income was larger than planned.	102.91 JPY/USD	(-16.0%)
Europe	SJNK Europe	0.4	-2.7	0.7	0.7	+0.8	0.5	Expanded reinsurance coverage. There was one-time gain by reversal of reserves.	138.41 JPY/GBP	(-28.2%)
	Sompo Canopus (UK)	73.1	-2.1	118.3	1.3	-1.3	5.4	Despite large losses, net income will improve in 2H due to improving loss ratio.	102.91 JPY/USD	(-16.0%)
Asia & Middle East	SJ Sigorta (Turkey)	29.6	+17.5	49.0	1.5	+0.5	2.8	Compulsory automobile insurance grew drastically. Both underwriting and investment profit were steady.	35.62 JPY/TRY	(-21.3%)
	Sompo Singapore	3.1	-2.4	5.7	0.7	+0.0	0.8	Premiums decreased as assumed reinsurance were transferred within the group. Bottom-line was steady with favorable loss ratio.	76.41 JPY/SGD	(-16.0%)
	Berjaya Sompo (Malaysia)	5.4	-0.8	10.6	0.5	-0.4	0.9	Basically in line with the plan due to improvement of loss ratio.	25.66 JPY/MYR	(-20.7%)
	SJNK China NK China	2.6	-1.3	5.5	0.0	+0.0	-0.1	While tightening underwriting, cut expenses.	15.46 JPY/RMB	(-21.6%)
	Sompo Hong Kong	1.7	-0.6	3.2	0.1	-0.2	0.4	Basically in line with the plan despite earthquake in Taiwan.	13.26 JPY/HKD	(-16.0%)
	Universal Sompo (India)	1.3	-0.0	2.6	0.0	-0.0	0.1	Basically in line with the plan.	1.52 JPY/INR	(-16.9%)
Latin America	Sompo Seguros (Brazil)	42.3	-5.8	83.7	0.4	-0.7	1.8	Despite a slight delay in improvement of loss ratio, benefit of underwriting optimization began to appear gradually.	31.75 JPY/BRL	(-19.2%)
Other (non-consolidated)*1		3.2	+3.2	7.5	0.3	+0.3	0.6	-	-	-
Total		172.9	+3.4	307.7	7.1	-1.8	15.0	-	-	-

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

*2 For 1H FY2016 results, exchange rates as of the end of June 2016 are applied. (Change is comparison with exchange rate as of the end of June 2015.)

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Nursing care & healthcare, etc.

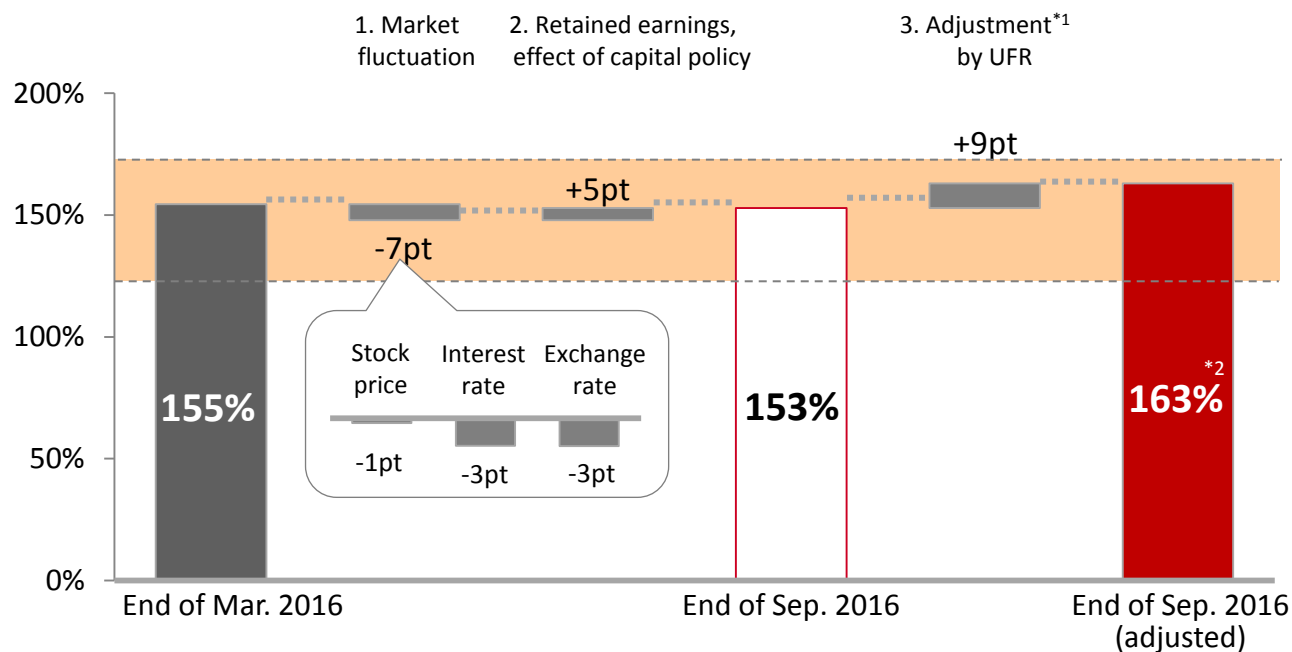
5. Overseas insurance

6. ERM & asset management

Financial Soundness – Internal Solvency Ratio

◆ Kept robust financial soundness.

Trend of internal solvency ratio



170%: The level set based on capital efficiency (ROE).

Target range is around 120% to 170%

120%: The level leading to stable financial soundness, based on the result of stress test, etc.

*1 Adjusted figure adopts more conservative capital management system than Solvency II.
(Use 99.95 % VaR to calculate risk amount.)

UFR (Ultimate Forward Rate) is a forward rate based on the assumption that interest rate will ultimately converge towards a certain level.
UFR complies with Solvency II, and assumes that forward rate will converge towards 3.2% during 40 years from the 30th year.

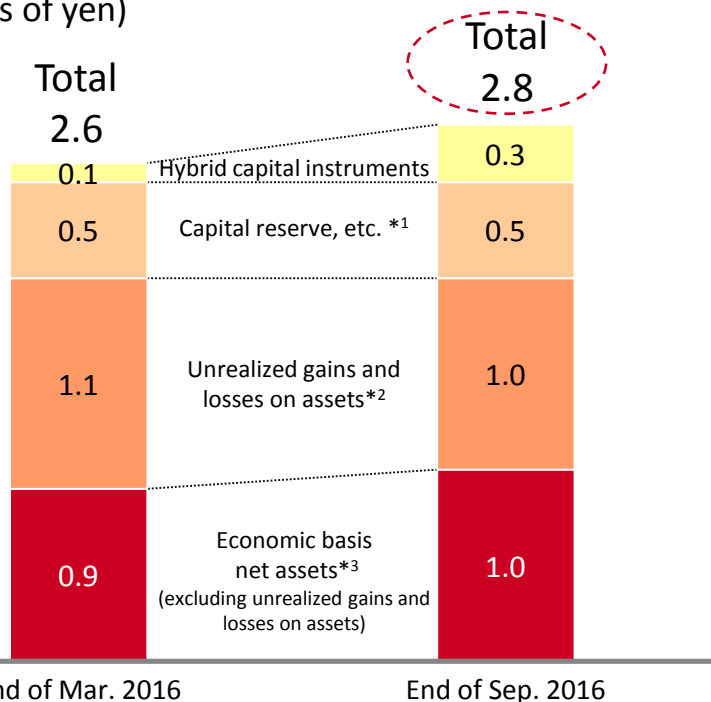
*2 Around 135% reflecting acquisition of Endurance.

(Reference) Market indicators	End of Mar. 2016	End of Sep. 2016	(Change)
Domestic stock price (Nikkei 225)	¥16,758	¥16,449	(-1.8%)
Domestic interest rate (30y JGB)	0.56%	0.46%	(-10bp)
Exchange rate (JPY/USD)	¥112.68/USD	¥101.12/USD	(-10.3%)

(Reference) Breakdown of Adjusted Capital and Risk

Trend of adjusted capital

(Trillions of yen)

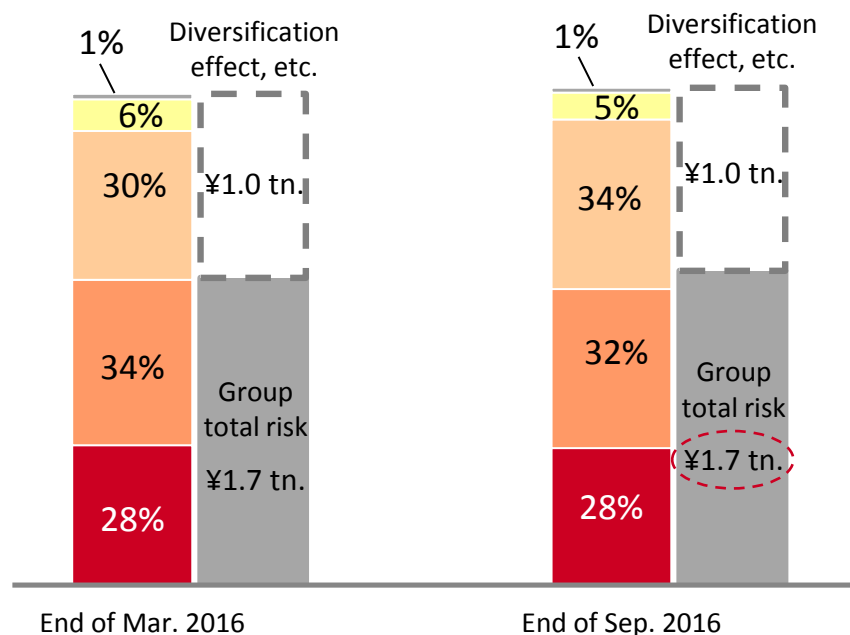


*1 Reserve for price fluctuation and catastrophic loss reserve, etc. (after tax)

*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



■ Nursing care & healthcare, etc.

■ 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.

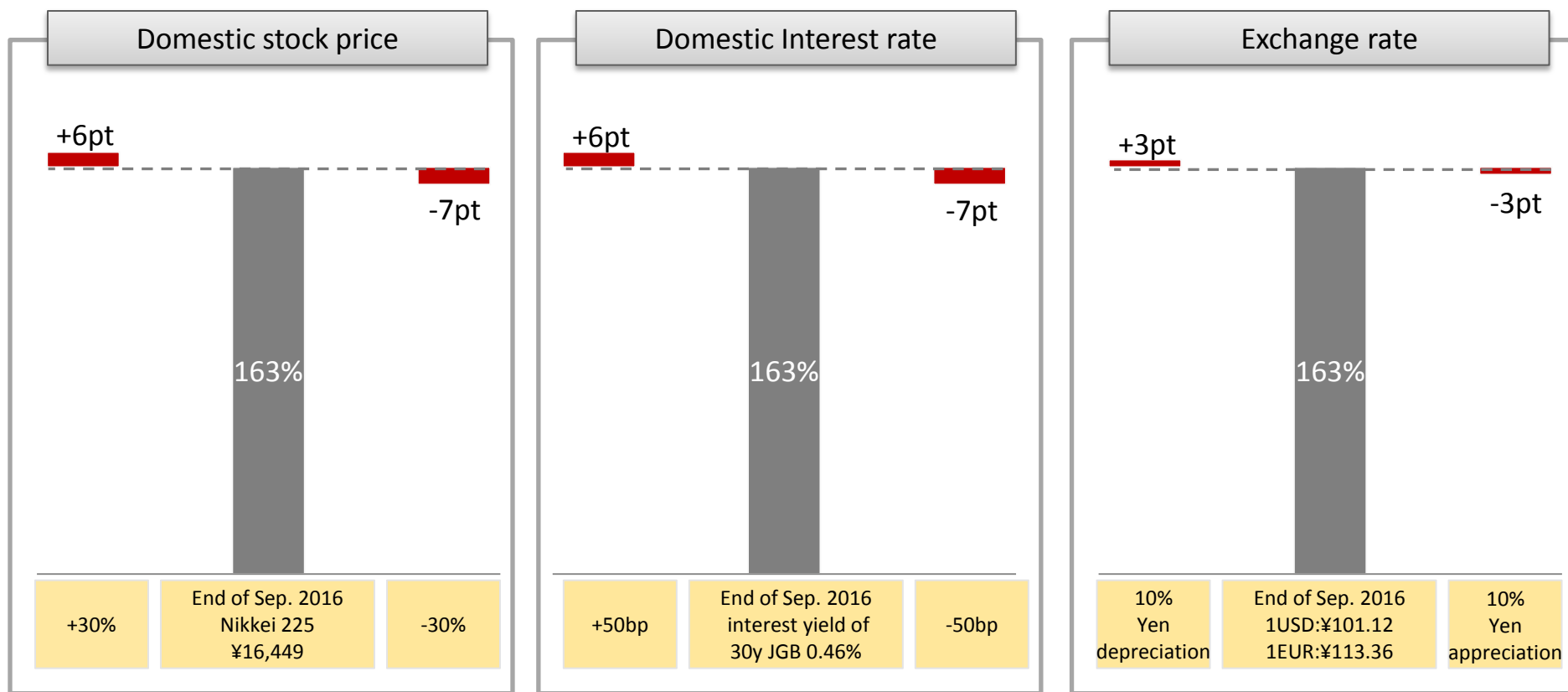
• Group total risk:

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

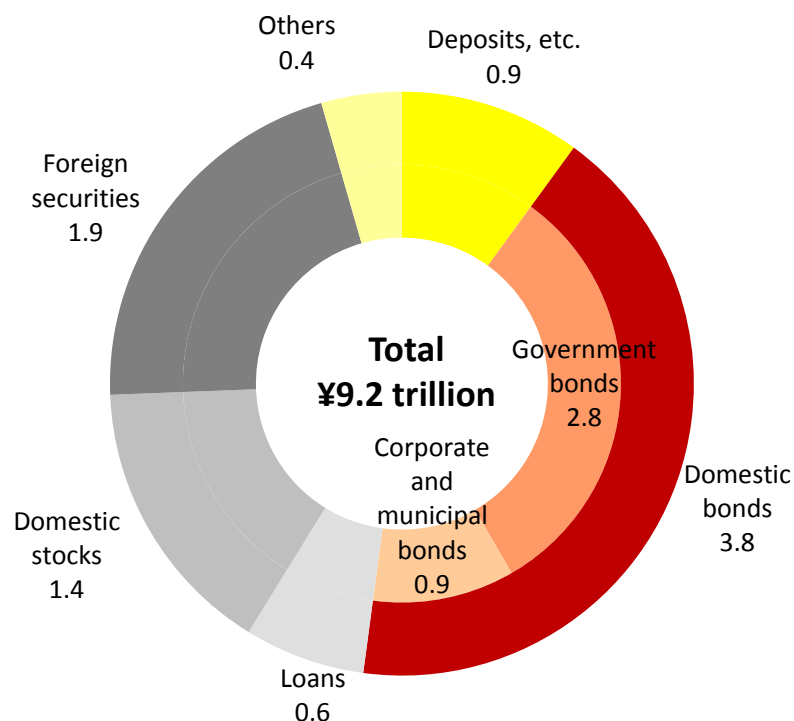
■ : Internal solvency ratio ■ : Change



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 September 2016)



By company (billions of yen)

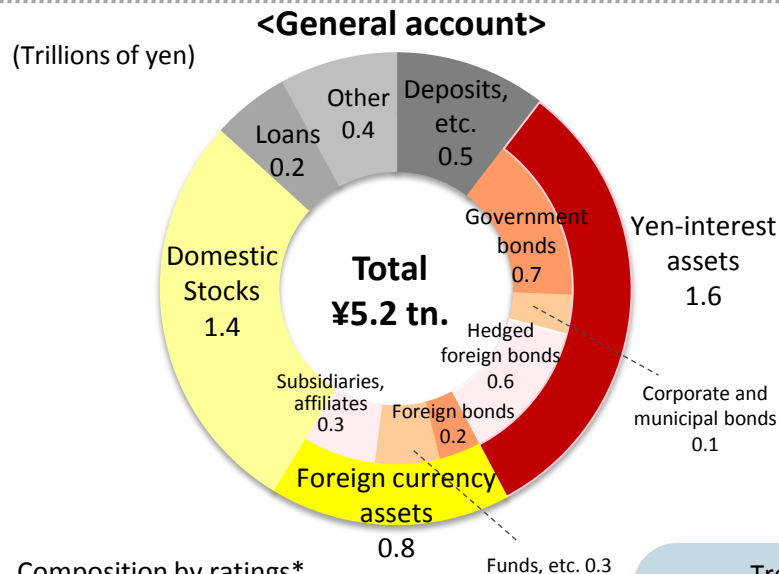
	Amount of investment assets	Composition
Sompo Japan Nipponkoa	6,092.7	65.8%
Himawari Life	2,467.7	26.6%
Overseas group subsidiaries	584.8	6.3%
Saison Automobile & Fire	41.6	0.4%
Sonpo 24	21.8	0.2%
Other domestic subsidiaries	53.9	0.6%
Total	9,262.7	100.0%

* Others include 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 low interest rate.

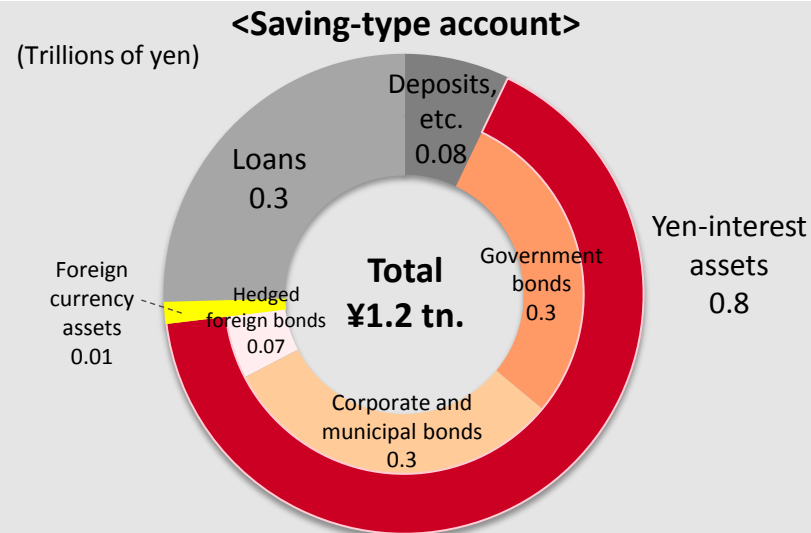
Amount of investment assets (end of September 2016, Sompo Japan Nipponkoa, non-consolidated)



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



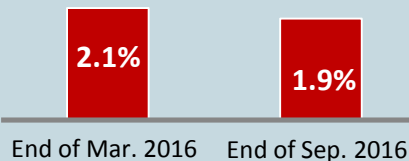
Composition by ratings*

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

Duration (years)

	End of Mar. 2016	End of Sep. 2016
Asset	4.7	4.6
Liability	7.2	6.6

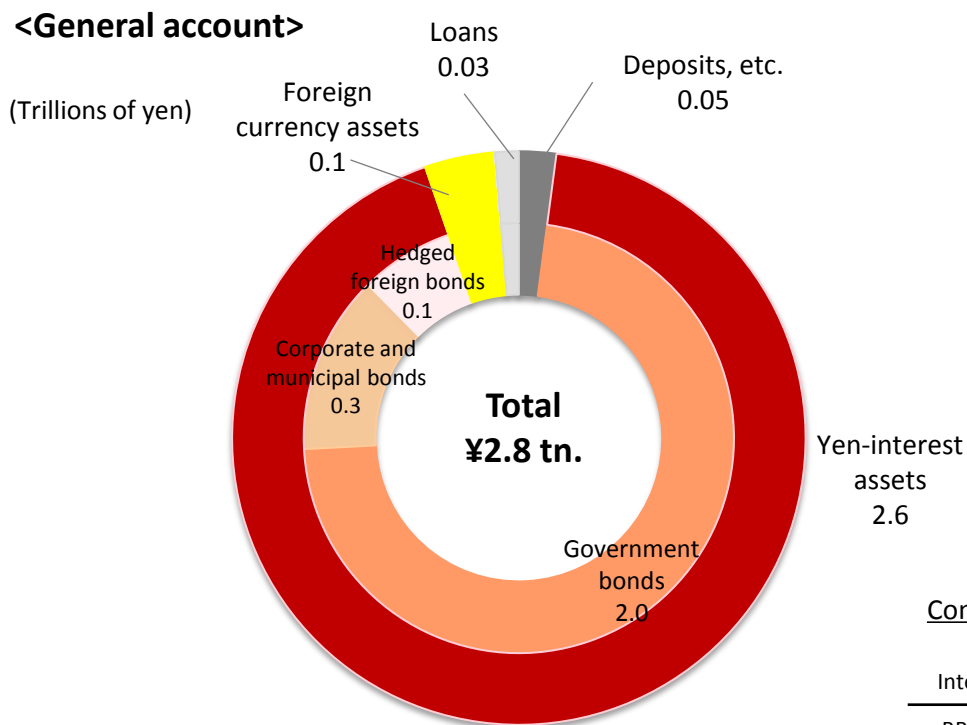
Trend of income yield



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 (end of September 2016, Himawari Life, non-consolidated)



Trend of income yield

1.8%

End of Mar. 2016

1.7%

End of Sep. 2016

Composition by ratings*

Internal rating	Composition
BBB or above	99.7%
BB or below	0.3%

Duration (years)

	End of Mar. 2016	End of Sep. 2016
Asset	14	14
Liability	23	21

(Reference) Amount of separate account (End of Sep. 2016): ¥19.9 billion
(mainly investment in domestic stocks and bonds)

* Total of yen-interest assets and foreign currency assets

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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