



**SOMPO
HOLDINGS**

Innovation for Wellbeing

Highlights of FY2017 Results

May 18, 2018
Sompo Holdings, Inc.



- Hello. I'm Yukinori Kuroda, Head of Investor Relations at Sompo Holdings.
- Thank you for participating in our conference call today.
- I would like to go through our business results for FY2017 and our business forecasts for FY2018 focused on numerical data.
- In our presentation for analysts scheduled to be held next week, Sompo Holdings' management team, including the CEO, will discuss the Company's management strategy.
- Let's now turn to page 2.

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* SI stands for Sompo International(Endurance).

Highlights of FY2017 Results



- ◆ Consolidated ordinary profit for FY2017 decreased by ¥99.8 billion to ¥141.8 billion, mainly due to the impact of hurricanes in North America, etc. and large losses. Consolidated net income for FY2017 was held to a decrease of only ¥26.5 billion to ¥139.8 billion, mainly due to a decrease in tax expenses in connection with the reorganization of SI, etc.
- ◆ Consolidated ordinary profit is projected to double in FY2018 based on growth in each business with stripping out of one-time factors. Consolidated net income plans to increase by ¥70.1 billion to a record-high ¥210.0 billion.

FY2017 Actual

- Sompo Japan Nipponkoa : Ordinary profit decreased mainly due to the impact of a greater number of large losses than average year and certain investment-related expenses that are eliminated on a consolidated basis. Consolidated net income increased by ¥5.6 billion, mainly due to one-time factors*.
- Himawari life : Profit level was largely on par with the previous fiscal year, as growth in premium and other income was offset by provision for policy reserve and other impacts.
- Two major nursing care operating companies : Became profitable as planned based on an improving occupancy rate. (net income increased by ¥5.9 billion)
- Overseas insurance : Net income decreased by ¥57.3 billion, mainly due to hurricanes in North America, etc.

* A decrease in tax expenses in connection with the reorganization of SI, etc. is counted in adjusted profit on the overseas insurance business.

FY2018 Forecast

- Consolidated ordinary profit is projected to double in FY2018 based on the impact of hurricanes in North America, etc. and large losses.
- Consolidated net income plan to increase by ¥70.1 billion to a record-high ¥210.0 billion.

Shareholder Return

- Management approved increase in dividend per share for the fifth consecutive year (including FY2018 forecast) and share buy back of ¥39.1 billion. (Total payout ratio in FY2017 was 50%.)

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- This is highlights of FY2017 results.
- In FY2017, consolidated ordinary profit decreased sharply, mainly due to domestic and overseas natural disasters, including hurricanes in North America, etc. which occurred once in twenty years, and an increase in the number of large losses at Sompo Japan Nipponkoa.
- However, consolidated net income was declined only slightly to ¥139.8 billion, mainly due to a decrease in tax expenses in connection with the reorganization of SI, etc. as explained at the FY2017 1H results conference call.
- In FY2018, consolidated ordinary profit is projected to double and consolidated net income plan to increase by ¥70.1 billion to a record-high ¥210.0 billion, as the incidence of natural disasters, including hurricanes in North America, and large losses, is expected to return to the yearly average.
- Looking at the shareholder returns announced today in more detail, our management has approved share buybacks of ¥39.1 billion, bringing the total payout ratio in FY2017 to 50%. In addition, our annual dividend for FY2018 is forecast at ¥130 per share in our earnings report. This dividend forecast represents a dividend increase for the fifth consecutive year, with maintaining the pace of dividend increases at ¥20 per share.
- Please turn to page 4.

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

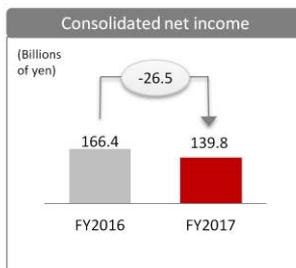
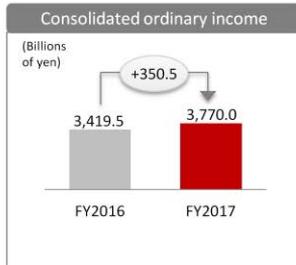
4. Nursing care & healthcare, etc.

5. Overseas insurance

6. ERM & asset management

Overview of FY2017 Results – Consolidated Basis

- ◆ The top-line increased mainly due to higher net premiums written in other lines at Sompo Japan Nipponkoa and the consolidation of P/L of SI.
- ◆ Consolidated net income was ¥139.8 billion by covering the impact of hurricanes in North America, etc. with a decrease in tax expenses in connection with reorganization of SI, etc.



(Billions of yen)	FY2016	FY2017	Change
Consolidated ordinary income	3,419.5	3,770.0	+350.5 (+10.3%)
Net premiums written (P&C)	2,550.3	2,854.7	+304.4 (+11.9%)
Life insurance premiums	323.8	346.9	+23.1 (+7.1%)
Consolidated ordinary profit	241.7	141.8	-99.8
Sompo Japan Nipponkoa	230.4	175.2	-55.2
Himawari Life	12.9	12.7	-0.2
Nursing care (SOMPO Care and Next)	-1.2	3.4	+4.7
Overseas insurance subsidiaries	22.7	-36.6	-59.3
Consolidated adjustment ^{*1} /Others	-23.1	-12.8	+10.2
Consolidated net income ^{*2}	166.4	139.8	-26.5
Sompo Japan Nipponkoa	164.4	170.0	+5.6
Himawari Life	8.3	8.1	-0.2
Nursing care (SOMPO Care and Next)	-2.9	2.9	+5.9
Overseas insurance subsidiaries	19.5	-37.8	-57.3
Consolidated adjustment ^{*1} /Others	-22.9	-3.4	+19.4
(Reference) Adjusted profit (by business)	183.2	162.7	-20.5
Domestic P&C insurance	134.9	85.3	-49.5
Domestic life insurance	29.1	29.2	+0.0
Nursing care & healthcare, etc.	-0.7	4.1	+4.8
Overseas insurance	19.9	44.0	+24.0

*1 "Purchase method" accounting was adopted upon the establishment of Sompo Holdings. The figures therefore include adjustments for gains/losses on sales, etc.

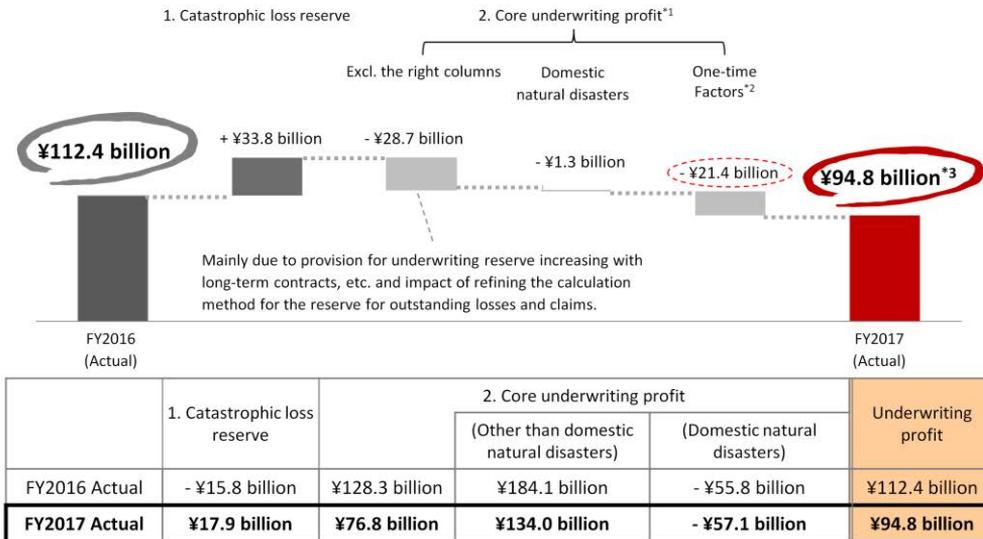
*2 Consolidated net income denotes net income (loss) attributable to shareholders of the parent. (The same shall apply hereafter.)

- This page shows an overview of our consolidated results for FY2017.
- In the following pages, I will discuss the main factors behind these results.
- Please turn to page 5.

Main Points of Consolidated Results – (1) Underwriting Profit

- ◆ Underwriting profit decreased by ¥17.6 billion to ¥94.8 billion mainly due to the impact of a greater number of large losses than average year(- ¥21.4 billion).

Changing factors of underwriting profit (Sompo Japan Nipponkoa)



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

*2 The breakdown (net incurred losses): hurricanes in North America, etc. (- ¥6.8 billion) and an increase in large losses (- ¥14.5 billion).

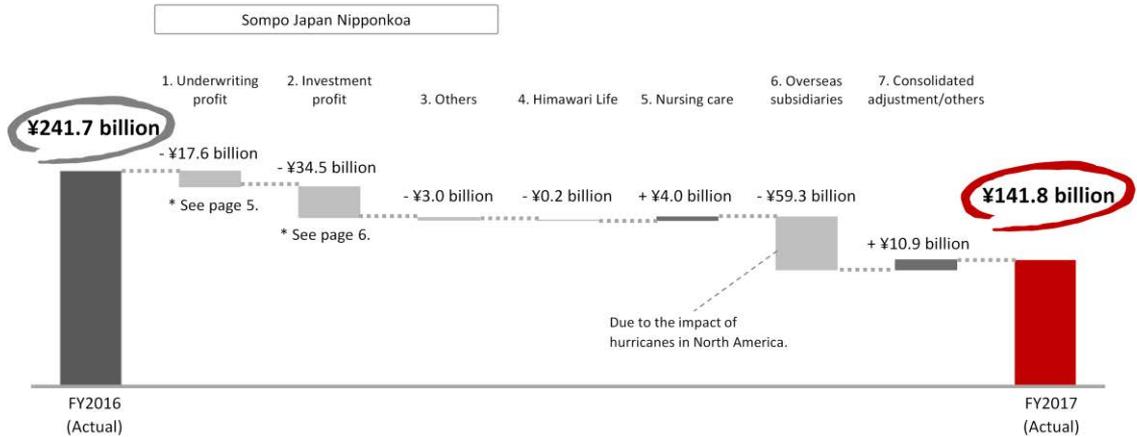
*3 The difference between the actual result and the previously disclosed FY2017 forecast (¥109.0 billion) is mainly due to hurricanes in North America, etc. and an increase in large losses.

- This page shows the status of underwriting profit of Sompo Japan Nipponkoa.
- Underwriting profit decreased by ¥17.6 billion to ¥94.8 billion, as the incidence of large losses, in addition to hurricanes in North America, etc. reached a total of ¥21.4 billion.
- Looking at the incidence of large losses in more detail, large losses in FY2016 amounted to around ¥10.0 billion, which was largely in line with the average year. However, in FY2017, large losses increased to around ¥25.0 billion, primarily in fire and allied lines and other lines.
- Please turn to page 6.

Main Points of Consolidated Results – (3) Ordinary Profit

- ◆ Consolidated ordinary profit decreased by ¥99.8 billion to ¥141.8 billion, mainly due to a decrease in the profit of Sompo Japan Nipponkoa and hurricanes in North America, etc.

Changing factors of consolidated ordinary profit



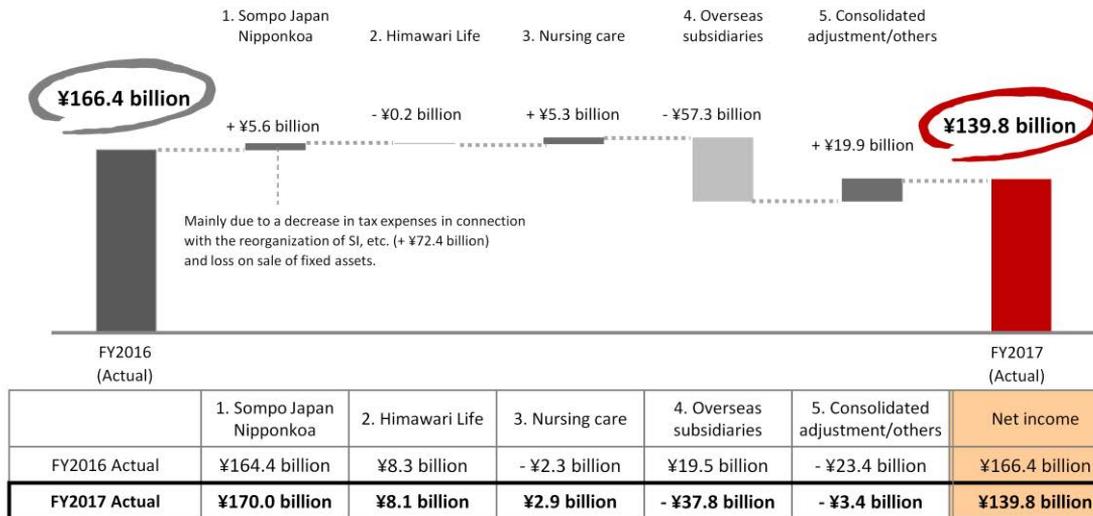
	1. Underwriting profit	2. Investment profit	3. Others	4. Himawari Life	5. Nursing care	6. Overseas subsidiaries	7. Consolidated adjustment/others	Ordinary profit
FY2016 Actual	¥112.4 billion	¥132.3 billion	- ¥14.3 billion	¥12.9 billion	- ¥0.6 billion	¥22.7 billion	- ¥23.8 billion	¥241.7 billion
FY2017 Actual	¥94.8 billion	¥97.8 billion	- ¥17.4 billion	¥12.7 billion	¥3.4 billion	- ¥36.6 billion	- ¥12.8 billion	¥141.8 billion

- This page shows consolidated ordinary profit.
- Consolidated ordinary profit decreased by ¥99.8 billion to ¥141.8 billion, mainly due to hurricanes in North America, etc. in overseas insurance business, in addition to the underwriting profit and the investment profit we have mentioned.
- Please turn to page 8.

Main Points of Consolidated Results – (4) Net Income

- ◆ Secured ¥139.8 billion due to positive contribution on a decrease in tax expenses in connection with the reorganization of SI, etc.

Changing factors of consolidated net income



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- This page shows consolidated net income.
- Looking at special factors, at the consolidated net income level, there was a positive impact of ¥72.4 billion due to a decrease in tax expenses in connection with the reorganization of SI, etc. that was recognized by Somo Japan Nipponkoa.
- Meanwhile, a loss on sale of fixed assets of ¥20.1 billion was also recorded, as explained at the FY2017 1H results conference call.
- As a result, consolidated net income was held to a decrease of only ¥26.5 billion to ¥139.8 billion.
- For reference, we present details of one-time factors such as hurricanes in North America, etc. in page 9.
- Please turn to page 10.

(Reference) Details of Hurricanes in North America, etc. and a Decrease in Tax Expenses in Connection with the Reorganization of SI, etc.

Impact of hurricanes in North America, etc.

(Billions of yen)	Net incurred claim ^{*1}	Impact on consolidated net income
Hurricanes in North America	74.0	-65.2
Harvey	22.9	-19.5
Irma	40.8	-36.6
Maria	10.3	-9.0
Earthquakes in Mexico	1.8	-1.4
Wild fires in California	10.1	-8.7
Total	86.1	-75.4

(Reference) Breakdown by companies

[Net incurred claim]

SI : ¥46.5 bn. Sompo Canopus : ¥31.6bn. Sompo Japan Nipponkoa : ¥6.8bn.

Other : ¥1.0bn.

[Impact on consolidated net income]

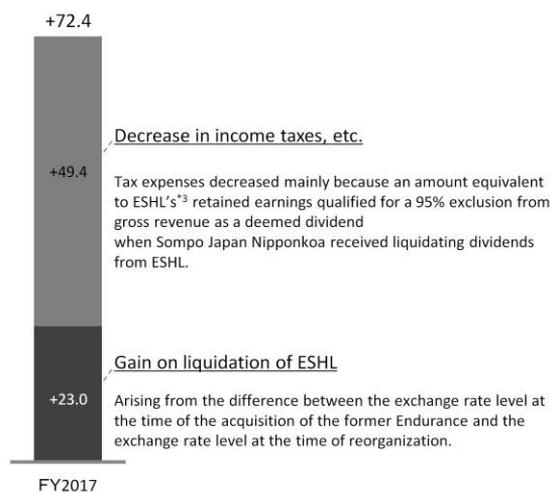
SI : -¥43.9bn. Sompo Canopus : -¥25.8bn. Sompo Japan Nipponkoa : -¥4.9bn.

Other : -¥0.6bn.

*1 Net of reinsurance and less net loss attributable to non-controlling shareholders, etc.

Impact of a decrease in tax expenses in connection with the reorganization of SI, etc.^{*2}

(Billions of yen)



Decrease in income taxes, etc.

Tax expenses decreased mainly because an amount equivalent to ESHL's^{*3} retained earnings qualified for a 95% exclusion from gross revenue as a deemed dividend when Sompo Japan Nipponkoa received liquidating dividends from ESHL.

Gain on liquidation of ESHL

Arising from the difference between the exchange rate level at the time of the acquisition of the former Endurance and the exchange rate level at the time of reorganization.

*2 The impact on net income of Sompo Japan Nipponkoa (non-consolidated).

*3 Former Endurance Specialty Holdings Ltd.

Business Forecasts for FY2018 – Consolidated Basis

- ◆ Consolidated ordinary profit is expected to double to ¥290.0 billion, and consolidated net income plans to increase ¥70.1 billion to ¥210.0 billion.

(Billions of yen)	FY2017 (Actual)	FY2018 (Forecasts)	Change
Net premiums written (P&C)	2,854.7	2,780.0	-74.7 (-2.6%)
Life insurance premiums	346.9	360.0	+13.0 (+3.7%)
Consolidated ordinary profit	141.8	290.0	+148.1
Sompo Japan Nipponkoa	175.2	250.0	+74.7
Himawari Life	12.7	17.6	+4.8
Nursing care (SOMPO Care and Next)	3.4	6.7	+3.2
Overseas subsidiaries	-36.6	41.0	+77.7
Consolidated adjustment/others	-12.8	-25.4	-12.5
Consolidated net income	139.8	210.0	+70.1 (+50.2%)
Sompo Japan Nipponkoa	170.0	187.0	+16.9
Himawari Life	8.1	12.0	+3.8
Nursing care (SOMPO Care and Next)	2.9	4.2	+1.2
Overseas subsidiaries	-37.8	30.1	+68.0
Consolidated adjustment/others	-3.4	-23.4	-19.9
Consolidated net income per share (Yen)	361	551	+190
(Reference) Adjusted profit (by business)	162.7	220.0	+57.2 (+35.2%)
Domestic P&C insurance	85.3	Over 118.0	+32.6
Domestic life insurance	29.2	Over 32.0	+2.7
Nursing care & healthcare, etc.	4.1	Over 6.0	+1.8
Overseas insurance	44.0	Over 63.0	+18.9
Adjusted profit per share (Yen)	420	578	+157 (+37.4%)

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- This page shows an overview of business forecasts for FY2018.
- Consolidated ordinary profit is projected to double by ¥148.1 billion to ¥290.0 billion and consolidated net income plan to increase by ¥70.1 billion to a record-high ¥210.0 billion.
- Please turn to page 11.

Main Points of Business Forecasts for FY2018

- ◆ Consolidated ordinary profit is expected to increase by ¥148.1 billion to ¥290.0 billion and consolidated net income is expected to ¥210.0 billion, setting a new record, due to stripping out the impacts of hurricanes in North America, etc. and large losses, a decrease in domestic natural disasters, as well as organic growth in businesses.
- ◆ Adjusted consolidated profit as funds of shareholder return is expected to increase by ¥57.2 billion to ¥220.0 billion.

Sompo Japan Nipponkoa

- Underwriting profit is expected to increase by ¥33.1 billion, mainly due to an improving E/I loss ratio on fire and allied lines and other lines, as well as stripping out the impact of large losses.
- Investment profit is expected to increase by ¥44.3 billion with reducing strategic-holding stocks as planned.
- As a result, ordinary profit is expected to increase by ¥74.7 billion to ¥250.0 billion and net income is expected to increase by ¥16.9 billion to ¥187.0 billion, partly due to stripping out of one-time factors in the previous fiscal year.

Himawari Life

- Ordinary profit and net income are both expected to increase based on growth in premium and other income at a pace of around 3%.

Nursing care (SOMPO Care and SOMPO Care Next)

- Net income is expected to increase, mainly due to cost savings from mergers, in addition to continuing improvement in occupancy rates.

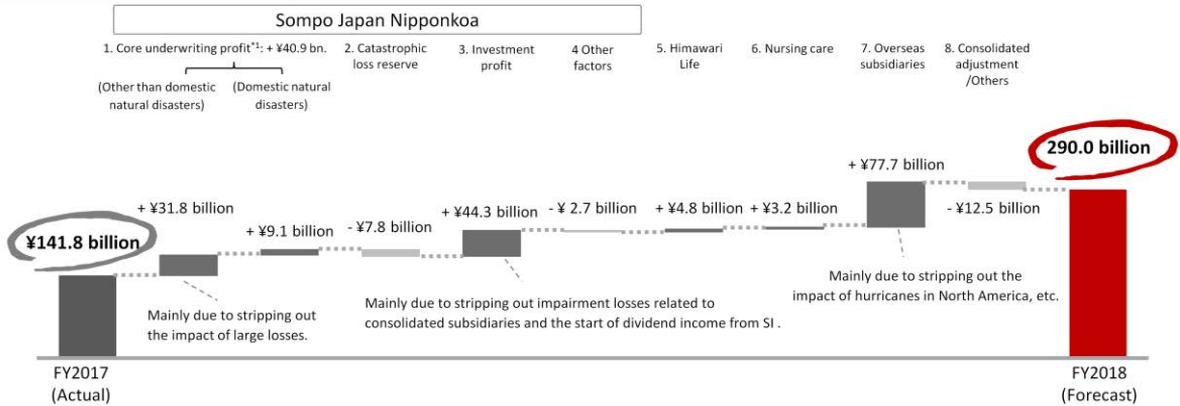
Overseas insurance

- Net income is expected to increase substantially (by ¥68.0 billion) to ¥30.1 billion, mainly due to stripping out the impact of hurricanes in North America, etc. and organic growth led by insurance business at SI.

- This page shows main points of business forecasts for FY2018.
- In the absence of one-time factors such as a loss on sale of fixed assets and hurricanes in North America, etc. , as well as a decrease in tax expenses in connection with the reorganization of SI, etc. , which occurred in the previous fiscal year, we assume that conditions will return to yearly averages to a certain extent.
- We are assuming that the reasons for the increase in earnings will be the return to yearly averages of natural disasters, such as hurricanes in North America, etc. and the incidence of large losses, along with organic growth achieved by each business.
- For reference, page 12 shows a breakdown of the forecast of consolidated ordinary profit.
- Please turn to page 13.

(Reference) Breakdown of Business Forecasts for FY2018

Main components of consolidated ordinary profit



	1. Core underwriting profit		2. Catastrophic loss reserve	3. Investment profit	4. Other Factors	5. Himawari Life	6. Nursing care	7. Overseas subsidiaries	8. Consolidated adjustment /Others	Ordinary profit
	(Other than domestic natural disasters)	(Domestic natural disasters)								
FY2017 Actual	¥134.0 billion	- ¥57.1 billion	¥17.9 billion	¥97.8 billion	- ¥17.4 billion	¥12.7 billion	¥3.4 billion	- ¥36.6 billion	- ¥12.8 billion	¥141.8 billion
FY2018 Forecasts	¥165.8 billion	- ¥48.0 billion	¥10.1 billion	¥142.1 billion	- ¥20.1 billion	¥17.6 billion	¥6.7 billion	¥41.0 billion	- ¥25.4 billion ²	¥290.0 billion

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

*2 The goodwill for the SI acquisition is \$1,513 million. Combined with intangible assets, the net amortization amount is around \$2,000 million (as of the date of acquisition). The amortization period for the goodwill is 10 years, and the amortization period for intangible asset has been set appropriately. The total annual amortization costs is projected at ¥25.3 billion for FY2018.

(Reference) Past Progress of Quarterly Results

Progress in each quarter (consolidated net income)



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- For reference, we present past progress of quarterly results in five years. We would like to provide additional details.
- Sompo Holdings experiences a seasonal concentration of insurance policies in April, and natural disasters such as typhoons usually occur in the summer. Due in part to these reasons, the progress rate against forecasts tends not to increase very much until the end of the 1H of the fiscal year.
- One more factor behind this trend has been negotiations on the sale of strategic-holding stocks. These negotiations are progressing steadily, and we are working to sell strategic-holding stocks ahead of schedule to the greatest extent possible in FY2018.
- For reference, page 14 shows our numerical management targets, such as adjusted profit.
- Please turn to page 16.

(Reference) Numerical Management Targets, etc.

Numerical management targets

Definition of adjusted profit

(Billions of yen)	FY2016	FY2017		FY2018		(Reference : Plan) Announced on November 2016	
	(Actual)	(Actual)	Change	(Forecasts)	Change		
Domestic P&C insurance ^{*1}	134.9	85.3	-49.5	Over 118.0	+32.6	Over 120.0	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	29.1	29.2	+0.0	Over 32.0	+2.7	Over 32.0	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.	-0.7	4.1	+4.8	Over 6.0	+1.8	Over 8.0	Nursing care & healthcare, etc. Net income
Overseas insurance	19.9	44.0	+24.0	Over 63.0	+18.9	Over 60.0	Overseas insurance Net income (including major non-consolidated subsidiaries) Adjusted profit of SI (Endurance) is operating income ^{*3}
Total (Adjusted consolidated profit)	183.2	162.7	-20.5	220.0	+57.2	220.0 - 230.0	
Adjusted consolidated ROE^{*2}	7.6%	6.4%	-1.3pt	8.3%	+1.9pt	Over 8%	
(Reference) ROE (J-GAAP)	9.7%	7.6%	-2.1pt	Around 11%	+3.4pt	Around 10% level	

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

*2 Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)

Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance (after tax)
 + Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets
 Domestic life insurance adjusted net assets = Net assets (J-GAAP) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax)
 + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

*3 Adjusted profit of SI is defined as operating income, which excludes one-time factors (operating income = net income - net foreign exchange gains/losses

- net realized and unrealized gains/losses - net impairment losses recognized in earnings, etc.). Actual for the overseas insurance business in FY2017 includes a decrease in tax expenses in connection with the reorganization of SI.

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 FY2017 Results – Sampo Japan Nipponkoa

- ◆ Ordinary profit decreased by ¥55.2 billion to ¥175.2 billion, mainly due to decreases in both underwriting profit and investment profit.
- ◆ Net income increased by ¥5.6 billion to ¥170.0 billion, due partly to the positive impact of a decrease in tax expenses in connection with the reorganization of SI, etc.

(Billions of yen)	FY2016	FY2017	Change
Net premiums written	2,165.6	2,168.0	+2.3 (+0.1%)
(excl. CALI, household earthquake)	1,869.5	1,876.0	+6.4 (+0.3%)
Net premiums earned (excl. CALI, household earthquake)	1,883.7	1,882.1	-1.6 (-0.1%)
Loss ratio	63.2%	64.4%	+1.2pt
(excl. CALI, household earthquake)	59.8%	62.0%	+2.2pt
E/I loss ratio (excl. CALI, household earthquake)	59.5%	61.7%	+2.2pt
Net expense ratio	32.0%	32.3%	+0.3pt
(excl. CALI, household earthquake)	33.7%	34.0%	+0.3pt
Combined ratio	95.2%	96.7%	+1.5pt
(excl. CALI, household earthquake)	93.5%	95.9%	+2.4pt
Underwriting profit	112.4	94.8	-17.6
Investment profit	132.3	97.8	-34.5
Ordinary profit	230.4	175.2	-55.2
Net income	164.4	170.0	+5.6
(Reference) Adjusted profit			
+) Provisions for catastrophic loss reserve (after tax)	11.4	-12.8	-24.2
+) Provisions for reserve for price fluctuation (after tax)	7.5	7.5	-0.0
-) Gains/losses on sales of securities and impairment losses on securities (after tax)	49.8	29.1	-20.6
-) Special factors (after tax)*	-5.0	47.6	+52.7
Adjusted profit	138.5	87.8	-50.7

Mainly due to hurricanes in North America, etc. and an increase in large losses.

Mainly the loss on sales and impairment losses related to consolidated subsidiaries, which is eliminated on a consolidated basis.

a decrease in tax expenses in connection with the reorganization of SI, etc. (+ ¥72.4 billion).

* Special factors are a decrease in tax expenses in connection with the reorganization of SI, etc., loss on sale of fixed assets and gains/losses related to stock future, etc.

- This page provides an overview of the results of Sampo Japan Nipponkoa.
- In the following pages, I will go through each line item in turn.
- Please turn to page 17.

Net Premiums Written

- ◆ Net premiums written (excl. CALI, household earthquake) increased by 0.3%, mainly due to an increase in the number of voluntary automobile insurance policies and strong sales in other lines.

Net premiums written by product line

(Billions of yen)	FY2016	FY2017	Change		FY2018 (Forecasts)
Fire and Allied Lines	285.3	281.7	-3.6	(-1.3%)	262.0
Marine	43.9	47.3	+3.4	(+7.7%)	45.6
Personal Accident	181.7	179.9	-1.8	(-1.0%)	176.4
Voluntary Automobile	1,077.7	1,078.5	+0.7	(+0.1%)	1,068.7
CALI	295.2	291.3	-3.8	(-1.3%)	281.6
Other	281.5	289.0	+7.4	(+2.7%)	311.4
of which, Liability	153.7	157.4	+3.7	(+2.4%)	167.7
Total	2,165.6	2,168.0	+2.3	(+0.1%)	2,146.0
Total (excl. CALI, household earthquake)	1,869.5	1,876.0	+6.4	(+0.3%)	1,863.5

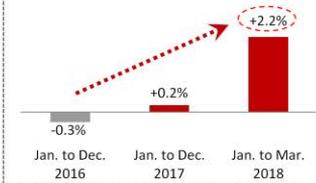
(Reference) Year-on-Year comparison of voluntary automobile insurance (April 2017 - March 2018)

	# of vehicles	Unit premium	Total Premium
Non-fleet	+0.5%	-1.0%	-0.4%
Fleet	+2.1%	+0.8%	+2.9%
Total	+0.8%	-0.7%	+0.1%

(Performance evaluation basis)

<Trends of the number of non-fleet vehicles>

Acceleration in the growth trend following product revisions in January 2018, after shifting to an increasing trend in the previous year.



(Main changing factors)

Fire and Allied Lines: Mainly due to a decrease in reinsurance premiums assumed, despite an increase in the number of policies.

Marine: Premiums increased mainly due to an increase in trade volume and the acquisition of major policies. Voluntary Automobile: Mainly due to the increase in the number of vehicles by product revisions.

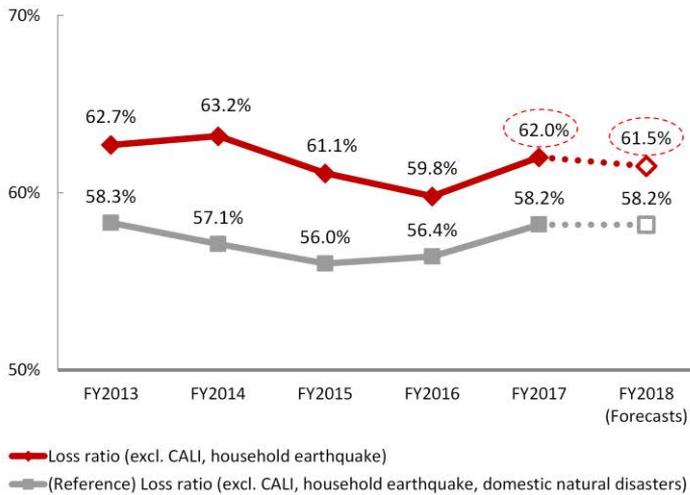
Other: Maintained strong sales of packaged products to small and medium-sized enterprises.

- This page presents net premiums written.
- Net premiums written totally increased.
- Fire and allied lines decreased mainly due to a decrease in reinsurance premiums assumed.
- On the other hand, other lines trended firmly and in voluntary automobile insurance, we achieved growth in net premiums written through an increase in the number of insured vehicles.
- Please turn to page 18.

Loss Ratio (W/P)

◆ The loss ratio rose in FY2017, partly due to the impact of a greater number of large losses than average year, while the loss ratio is expected to improve in FY2018 mainly based on a decrease in claims payments for domestic natural disasters.

Loss ratio(W/P)



(Reference) Loss ratio (W/P) by product line

	FY2017	
	Loss Ratio	Change
Fire and Allied lines (excl. household earthquake)	73.5%	+8.5pt
Marine	64.3%	-1.1pt
Personal Accident	56.7%	+0.2pt
Voluntary Automobile	61.5%	+1.4pt
Other	55.5%	+0.7pt
Total (excl. CALI, household earthquake)	62.0%	+2.2pt

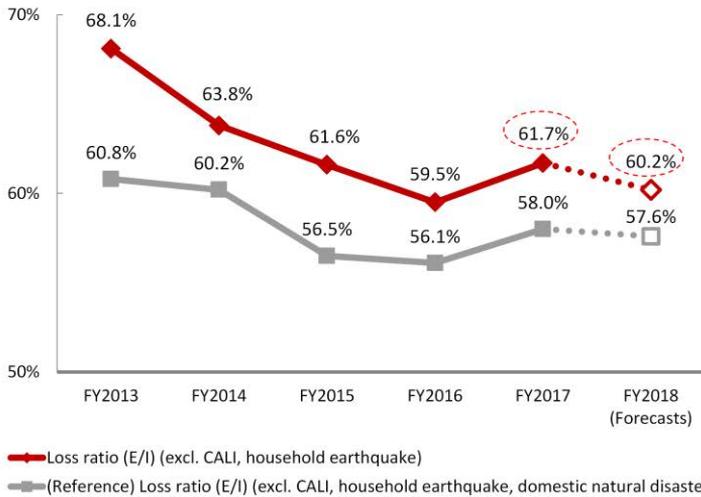
Loss ratio increased due to an improvement in the completion rate for claim payments. Meanwhile, E/I loss ratio improved, reflecting a decrease in the number of accidents. (-0.2pt) *See next page.

- This page shows the loss ratio on a written paid basis.
- The loss ratio rose in FY2017, mainly due to the impact of a greater number of large losses than average year in fire and allied lines and other lines.
- The loss ratio in FY2018 is totally expected to improve by 0.5pt mainly based on a decrease in claims payments for domestic natural disasters, despite conservative forecasts for repair costs per claims.
- Please turn to page 19.

Loss Ratio (E/I)

◆ An improvement of -1.5 pt is expected for FY2018, mainly based on a decrease of domestic natural disasters and stripping out impact of large losses.

Loss ratio(E/I)



(Reference) Loss ratio (E/I) by product line

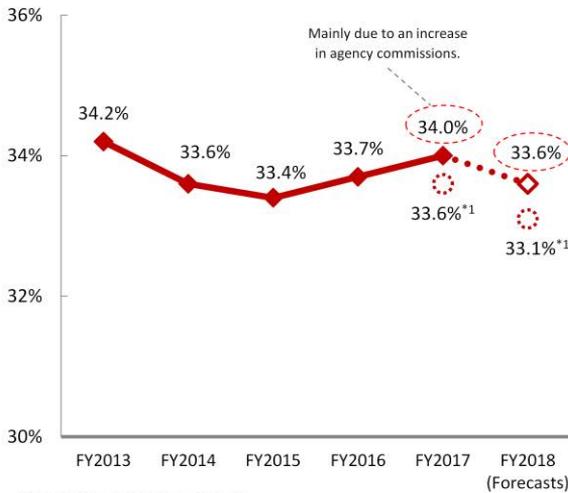
	FY2017	
	Loss Ratio	Change
Fire and Allied lines (excl. household earthquake)	69.1%	+8.8pt
Marine	60.1%	+5.8pt
Personal Accident	56.3%	+0.6pt
Voluntary Automobile	60.5%	-0.2pt
Other	62.5%	+4.7pt
Total (excl. CALI, household earthquake)	61.7%	+2.2pt

- This page shows the loss ratio on an earned incurred basis.
- As the loss ratio on a written paid basis, the loss ratio in FY2017 rose totally, while in FY2018 it is expected to improve by 1.5pt mainly due to stripping out impact of large losses in addition to a decrease in domestic natural disasters.
- Please turn to page 20.

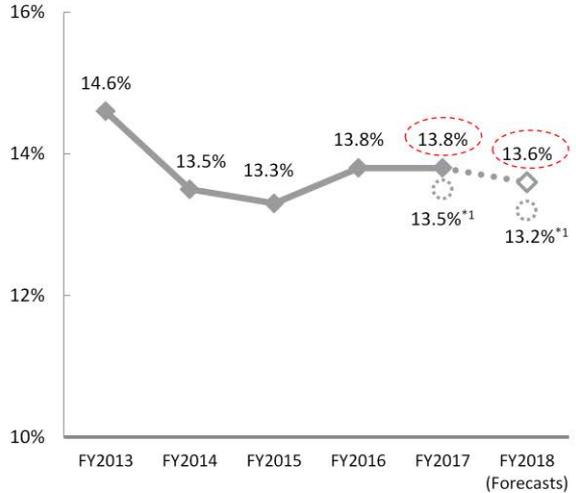
Net Expense Ratio

◆ The expense ratio was controlled as planned, focusing on the company expenses ratio.

Net expense ratio (excl. CALI, household earthquake)



Company expense ratio*2 (excl. CALI, household earthquake)



*1 Excluding upfront investments

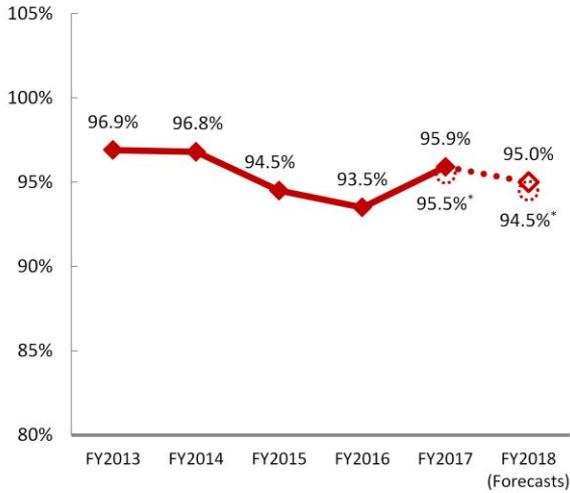
*2 Ratio of general administrative and selling expense related with underwriting to net premium written

- This page shows net expense ratio.
- Net expense ratio in FY2017 slightly rose mainly due to an increase in insurance lines that have relatively high agency commission rates, while company expense is properly controlled and net expense ratio in FY2018 is expected to improve.
- Page 21 shows combined ratio.
- Please turn to page 22.

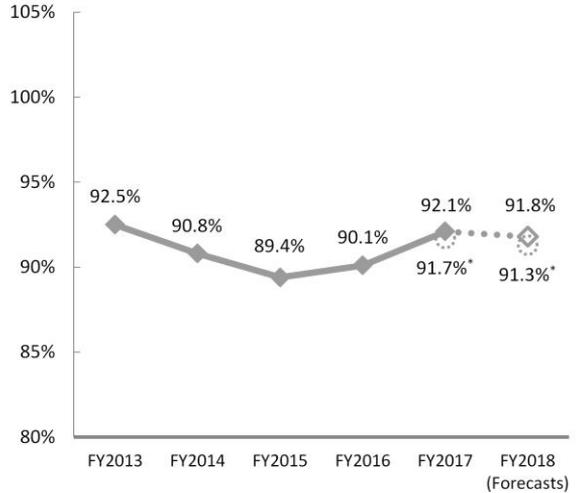
Combined Ratio

◆ The combined ratio in FY2017 was 95.9% (+2.4pt, YoY), while in FY2018 it is expected to improve to 95.0% (- 0.9pt, YoY).

Combined ratio (excl. CALI, household earthquake)



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



Investment Profit

- ◆ Investment profit was largely in line with the previous year's level, excluding losses on sales of securities and impairment losses on securities, which are eliminated on a consolidated basis.
- ◆ The reduction of strategic-holding stocks in FY2017 amounted to ¥109.6 billion, surpassing initial plan (around ¥100.0 billion).

Investment profit (Sompo Japan Nipponkoa, non-consolidated)

(Billions of yen)		FY2016	FY2017	Change	FY2018 (Forecasts)
Net interest and dividend income	1	73.1	66.9	-6.1	92.4
Interest and dividend income*		114.8	106.2	-8.6	131.5
of which, dividends from overseas subsidiaries		0.9	0.8	-0.0	26.3
Gains on sales of securities*	2	71.0	67.3	-3.7	51.1
of which, domestic stocks		74.9	77.6	+2.7	67.0
Impairment losses on securities*	3	-1.6	-26.7	-25.0	-1.0
of which, domestic stocks		-0.5	-13.0	-12.5	-1.0
Gains on derivatives	4	-16.2	-11.3	+4.8	-6.6
Other investment income	5	5.9	1.5	-4.4	6.2
Investment profit	1+2+3+4+5	132.3	97.8	-34.5	142.1

* See next page for breakdown

Mainly the loss related to consolidated subsidiaries, which is eliminated on a consolidated basis. (-¥24.8 billion)

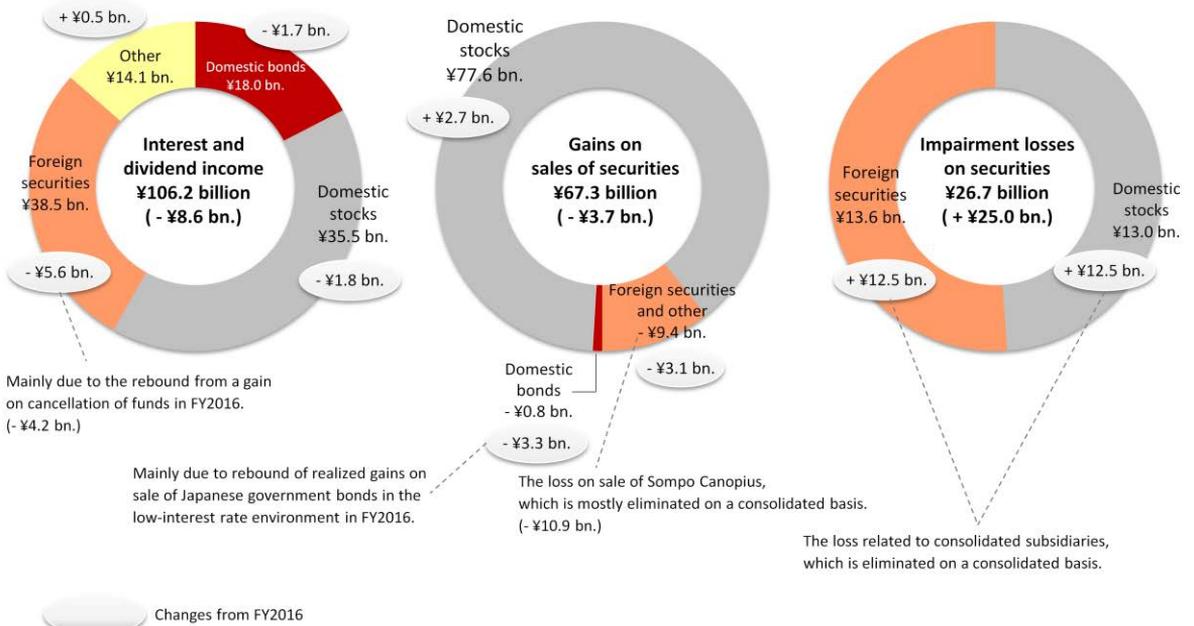
Reduction of strategic-holding stocks
¥109.6 billion
 Net reduction on fair value basis.
 (market value of sales minus market value of purchase)

22

- This page shows investment profit.
- Investment profit in FY2017 is as explained earlier, while we sold strategic-holding stocks of ¥109.6 billion, against our sales forecast of around ¥100.0 billion, thereby surpassing our forecast.
- In FY2018, investment profit is expected to increase by ¥44.3 billion to ¥142.1 billion. This forecast is based on expectations of dividends from SI, which is eliminated on a consolidated basis, in addition to stripping out one-time losses on sales and impairment losses in the previous fiscal year.
- Page 23 shows the details of interest and dividend income, gains on sales of securities and impairment losses on securities.
- Please turn to page 24.

(Reference) Breakdown of Investment Profit

Breakdown of interest and dividend income, gains on sales of securities, and impairment losses on securities (FY2017)



Business Forecasts for FY2018 – Sampo Japan Nipponkoa

(Billions of yen)	FY2017 (Actual)	FY2018 (Forecasts)	Change
Net premiums written	2,168.0	2,146.0	-22.0 (-1.0%)
(excl. CALI, household earthquake)	1,876.0	1,863.5	-12.4 (-0.7%)
Net premiums earned (excl. CALI, household earthquake)	1,882.1	1,872.8	-9.2 (-0.5%)
Loss ratio	64.4%	64.1%	-0.3pt
(excl. CALI, household earthquake)	62.0%	61.5%	-0.5pt
E/I loss ratio (excl. CALI, household earthquake)	61.7%	60.2%	-1.5pt
Net expense ratio	32.3%	32.0%	-0.3pt
(excl. CALI, household earthquake)	34.0%	33.6%	-0.4pt
Combined ratio	96.7%	96.1%	-0.6pt
(excl. CALI, household earthquake)	95.9%	95.0%	-0.9pt
Underwriting profit	94.8	128.0	+33.1 (+35.0%)
Investment profit	97.8	142.1	+44.3 (+45.3%)
Ordinary profit	175.2	250.0	+74.7 (+42.7%)
Net income	170.0	187.0	+16.9 (+10.0%)
(Reference) Adjusted profit			
+) Provisions for catastrophic loss reserve (after tax)	-12.8	-7.3	+5.5
+) Provisions for reserve for price fluctuation (after tax)	7.5	3.0	-4.4
-) Gains/losses on sales of securities and impairment losses on securities (after tax)	29.1	36.1	+6.9
-) Special factors (after tax)*	47.6	25.9	-21.6
Adjusted profit	87.8	120.6	+32.8 (+37.4%)

* Special factors are a decrease in tax expenses in connection with the reorganization of SI, etc., loss on sale of fixed assets, gains / losses related to stock future and dividend from consolidated subsidiaries, etc.

- Please take a look at this page for details of business forecasts for Sampo Japan Nipponkoa.
- In conjunction with these forecasts, please take a look at the assumptions for the business forecasts on page 25, and the automobile insurance-related data on page 26.
- Please turn to page 27.

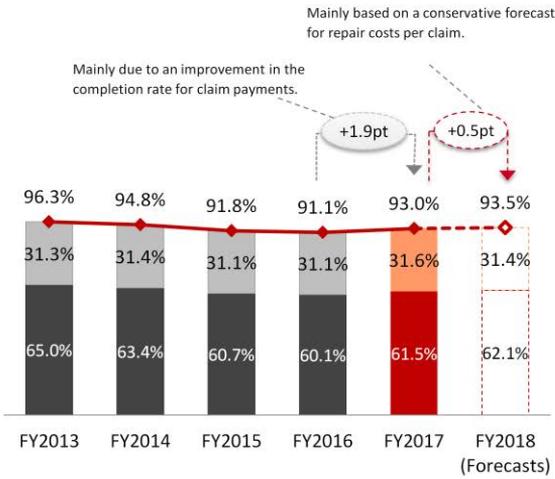
Assumption of Business Forecasts for FY2018

Losses from domestic natural disasters (occurring in the fiscal year)	¥48.0 billion
Catastrophic loss reserve	Net reversal : ¥10.1 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 : ¥21,454 (Interest yield) 10y JGB : 0.05% (Foreign exchange) 1US\$: ¥106.24 1Euro : ¥130.52 <small>* Assumptions for market indicators are based on ones as of end of March 2018.</small>
Interest and dividend income	Gross : ¥131.5 billion Net : ¥92.4 billion
Realized gains on securities	Realized gains on security sales : ¥51.1 billion Impairment losses on securities : ¥1.0 billion
Reserve for price fluctuation	Net provision : ¥4.2 billion

(Reference) Related Indicators of Automobile Insurance

Combined ratio

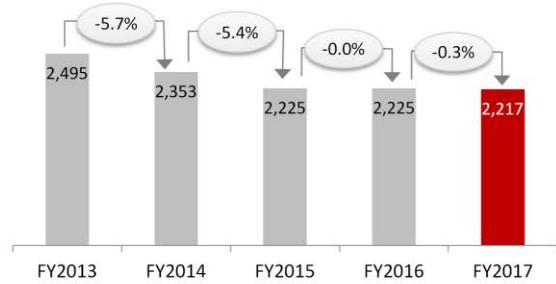
Loss ratio Expense ratio Combined ratio



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

The number of reported claims

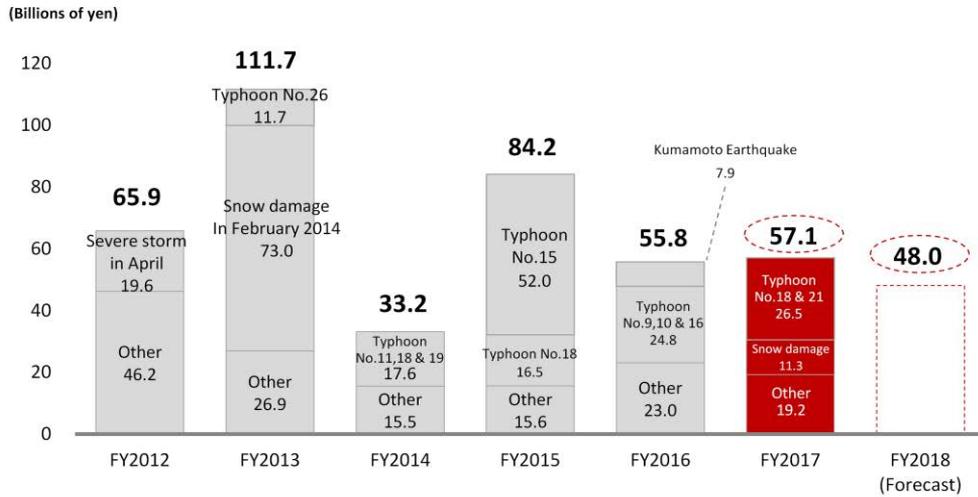
(Thousands)



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

(Reference) Domestic Natural Disasters

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



- I'd like to share an additional detail on the status of domestic natural disasters.
- The initial assumption for domestic natural disasters had been set at ¥43.0 billion until the previous fiscal year, while considering factors such as the occurrence of typhoons and snow damages the assumption in FY2018 sets conservatively at ¥48.0 billion.
- The next page shows reference data for reserves and related items.
- Please turn to page 30.

(Reference) Fund and Reserve**Underwriting reserves and reserve for outstanding losses and claims (at the end of FY2017)**

(Billions of yen)	Ordinary underwriting reserve ^{*1}		Catastrophic loss reserve		Reserve for outstanding losses and claims	
	Amount	Change	Amount	Change	Amount	Change
Fire and allied lines ^{*2}	737.0	-10.0	155.9	-19.3	119.7	-5.2
Marine	20.4	+1.4	49.5	+1.4	23.8	-2.0
Personal accident	124.9	+1.5	70.6	-0.1	64.7	-1.5
Voluntary automobile	311.8	+1.1	60.1	-8.7	398.6	-11.4
CALI ^{*2}	429.3	+10.2	-	-	80.3	-4.3
Other	322.9	+7.8	210.0	+8.9	220.0	+19.2
Total	1,946.6	+12.1	546.2	-17.9	907.4	-5.3
Total (excluding CALI and household earthquake)	1,508.3	+1.5	546.2	-17.9	827.0	-0.9
	Amount	Change				
Reserve for saving-type products ^{*3}	1,365.9	-83.5				

*1 Include reserves for maturity refund of non-saving-type insurance.

*2 Underwriting reserves of earthquake insurance and CALI are included in ordinary underwriting reserves.

*3 Deposit of premiums by policyholders and its investment profit cumulated as total of reserves for maturity refund and reserves for policyholders' dividends.

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Nursing care & healthcare, etc.

5. Overseas insurance

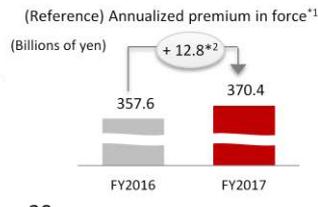
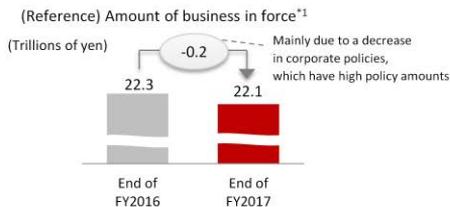
6. ERM & asset management

Overview of FY2017 Results – Himawari Life

- ◆ Ordinary profit and net income were mostly unchanged year on year as growth in premium and other income was offset by an increase in provision for policy reserve.
- ◆ Net income in FY2018 is expected to increase by ¥3.8 billion to ¥12.0 billion, mainly due to continued growth in policies in force.

Major indicators

(Billions of yen)	FY2016	FY2017	Change		FY2018 (Forecasts)	Change	
Annualized new premium	50.2	35.8	-14.3	(-28.6%)	42.3	+6.4	(+18.0%)
Premium and other income	419.5	438.4	+18.9	(+4.5%)	452.0	+13.5	(+3.1%)
Expense	104.3	95.5	-8.7	(-8.4%)	99.6	+4.0	(+4.3%)
Investment profit	45.2	45.0	-0.1	(-0.4%)	45.3	+0.3	(+0.7%)
of which, general account	43.3	43.5	+0.1	(+0.4%)	44.7	+1.1	(+2.7%)
Basic profit	16.5	17.5	+1.0	(+6.4%)	22.9	+5.3	(+30.6%)
Ordinary profit	16.8	16.7	-0.1	(-0.9%)	21.9	+5.2	(+31.1%)
Net income	8.3	8.1	-0.2	(-2.4%)	12.0	+3.8	(+47.8%)
Adjusted profit	29.1	29.2	+0.0	(+0.3%)	Over 32.0	+2.7	(+9.6%)



*¹ The sum of individual insurance and individual annuities.
*² Of which protection-type + ¥7.2 bn.

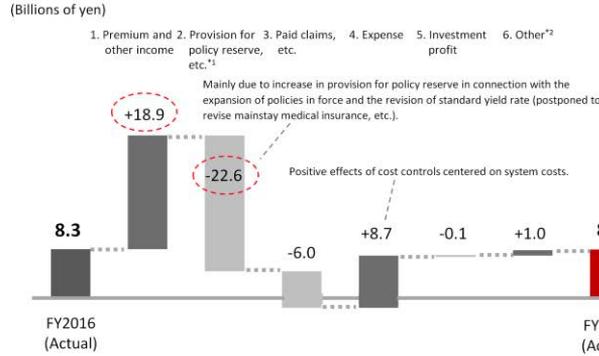
30

- This page presents an overview of the results of Himawari Life.
- The plan is progressing steadily. Ordinary profit and net income were largely on par with the previous fiscal year, as continued growth in premium and other income in FY2017 was offset by provision for policy reserve in line with the revision of the standard yield rate. Ordinary profit and net income both surpassed the initially anticipated level.
- Ordinary profit in FY2018 is expected to increase by ¥5.2 billion and Net income in FY2018 is expected to increase by ¥3.8 billion to ¥12.0 billion mainly due to growth in premium and other income.
- Please refer to page 31 for an analysis of the main components of net income in FY2017 and FY2018 and to page 32 for the status of adjusted profit.
- In addition, we have presented an overview on MCEV on page 33 and details on MCEV are disclosed separately. Please refer to this page later.
- Please turn to page 35.

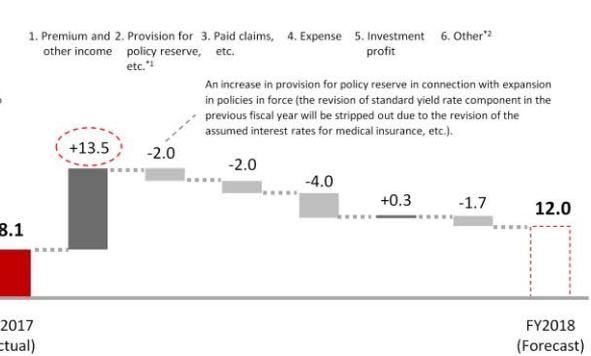
Net Income – J-GAAP

- ◆ Net income in FY 2017 was mostly the same as the previous fiscal year, mainly due to steady growth in premium and other income, despite an increase in provision for policy reserve.
- ◆ Net income in FY 2018 is expected to improve, mainly due to premium and other income increasing.

Changing factors of net income (FY2017, Actual)



Changing factors of net income (forecast for FY2018)



	1. Premium and other income	2. Provision for policy reserve, etc.	3. Paid claims, etc.	4. Expense	5. Investment profit	6. Other	Net income
FY2016 Actual	¥419.5 billion	- ¥280.5 billion	- ¥60.4 billion	- ¥104.3 billion	¥45.2 billion	- ¥11.0 billion	¥8.3 billion
FY2017 Actual	¥438.4 billion	- ¥303.2 billion	- ¥66.5 billion	- ¥95.5 billion	¥45.0 billion	- ¥10.0 billion	¥8.1 billion
FY2018 Forecasts	¥452.0 billion	- ¥305.3 billion	- ¥68.6 billion	- ¥99.6 billion	¥45.3 billion	- ¥11.7 billion	¥12.0 billion

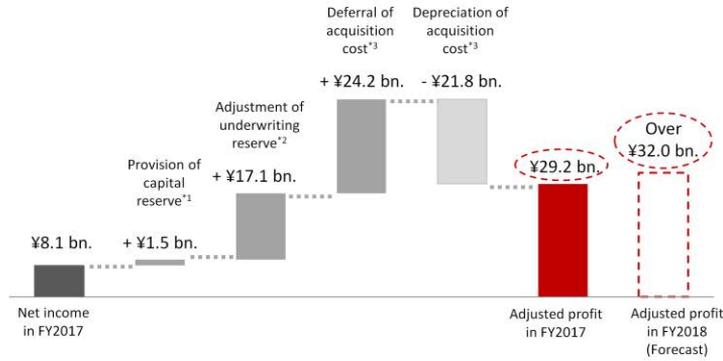
*1 Include the impact of cancellation refund.

*2 The sum of other ordinary expense, special gains and losses, provision for reserve of policy holder dividend, corporate tax, etc.

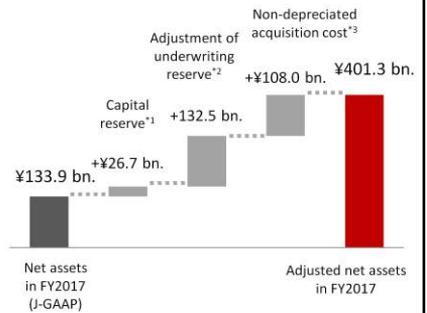
(Reference) Adjusted Profit and Adjusted Net Assets

- ◆ In FY2017, adjusted profit exceeded the initial plan (¥28.0 billion) and amounted to ¥29.2 billion due to expansion of policies in force, etc.
- ◆ In FY2018, adjusted profit is expected to increase by ¥3.8 billion over ¥32.0 billion, mainly based on a continued steady accumulation of policies in force.

Conversion from net income to adjusted profit



(Reference) Adjusted net assets

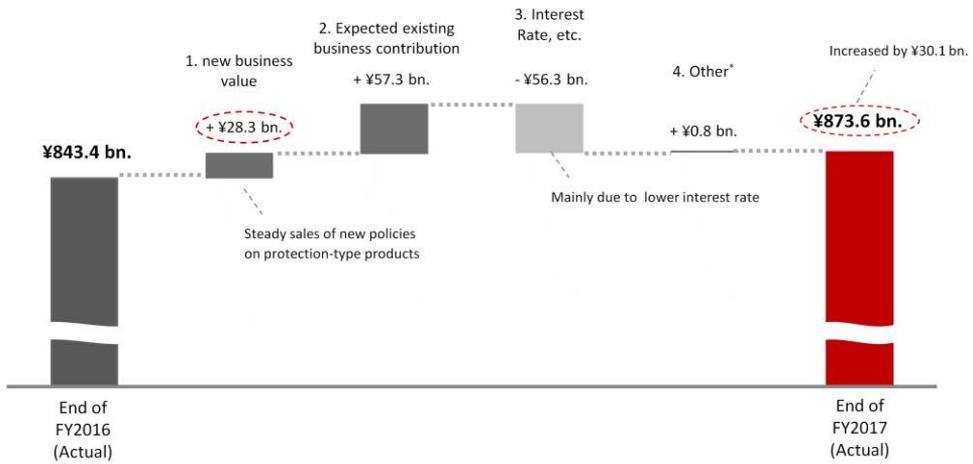


*1 Contingency reserve and reserve for price fluctuation (after tax).

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

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

Changing factors of MCEV



* Due to paid dividend, changing assumption of cancelation ratio, etc. and internal modeling on cost of residual non hedgeable risks.

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 FY2017 Results – Nursing Care & Healthcare, etc.

- ◆ Achieved profitability in the nursing care business mainly due to improved occupancy rates. Net income increased by ¥5.9 billion to ¥2.9 billion.
- ◆ In FY2018, net income is expected to increase by ¥1.2 billion to ¥4.2 billion, mainly based on further improvement in occupancy rates and cost savings.

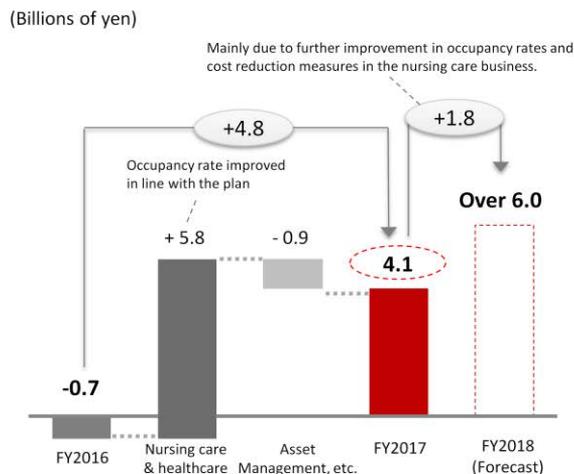
Results of two major nursing care operating companies*1

(Billions of yen)	FY2017		FY2018
	(Actual)	(Change)	(Forecasts)
Sales	119.2	+8.3	123.2
(SOMPO Care)	77.9	+4.5	-
(SOMPO Care Next)	41.2	+3.8	-
Net income	2.9	+5.9	4.2
(SOMPO Care)	1.9	+3.9	-
(SOMPO Care Next)	1.0	+1.9	-
Occupancy rate (SOMPO-no-le)*2	91.7%	+4.3pt	93.5%
(SOMPO-no-le S)*2	90.0%	+6.3pt	91.0%
(La vie Re)*2	85.3%	+5.2pt	88.8%

*1 SOMPO Care and SOMPO Care Next. These are scheduled to merge in July 2018.

*2 SOMPO-no-le, SOMPO-no-le S, and La vie Re are brands of SOMPO Care's nursing homes, SOMPO Care's serviced residential complexes for elderly, and SOMPO Care Next's nursing facilities respectively.

Changing factors of adjusted profit (Nursing Care & Healthcare, etc.)*3

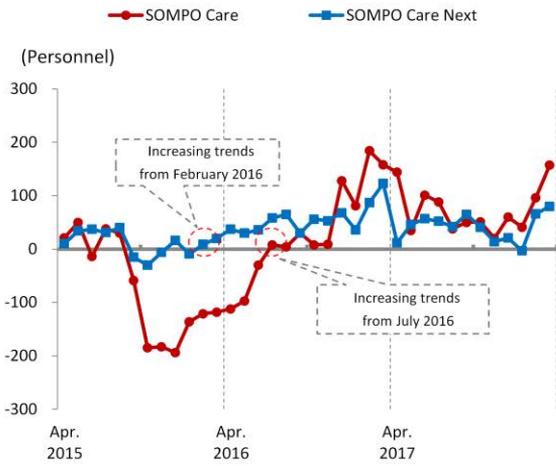


*3 Nursing care & healthcare business is the sum of SOMPO Care, SOMPO Care Next and asset management, etc. (from FY2017).

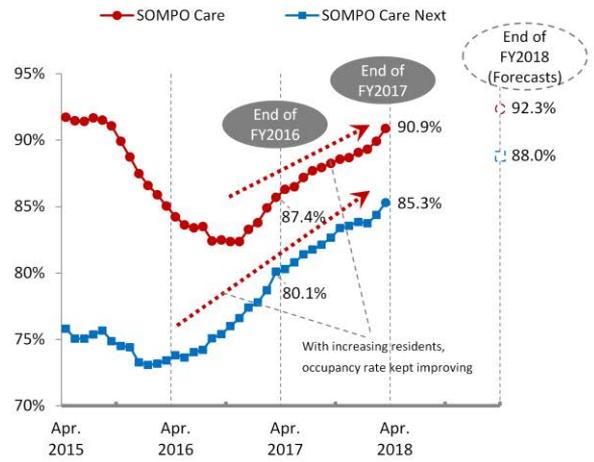
- This page shows the nursing care and healthcare business.
- Profitability was achieved in FY2017 mainly due to steady improvement in the occupancy rate, a main indicator of the nursing care business as planned.
- Net income in this sector for FY2018 is expected to increase with further improvement in the occupancy rate by current practice as well as the cost reductions through measures such as the merger of SOMPO Care and SOMPO Care Next, which is scheduled for July.
- For reference, trends in the occupancy rate, etc. are shown on page 36.
- Please turn to page 38.

(Reference) Major Indicators of Nursing Care Business

Inflow of residents*1



Occupancy rate*2



*1 Inflow of residents = the number of new residents – the number of departing residents

*2 Occupancy rate = the number of residents / capacity of facilities

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Nursing care & healthcare, etc.

5. Overseas insurance

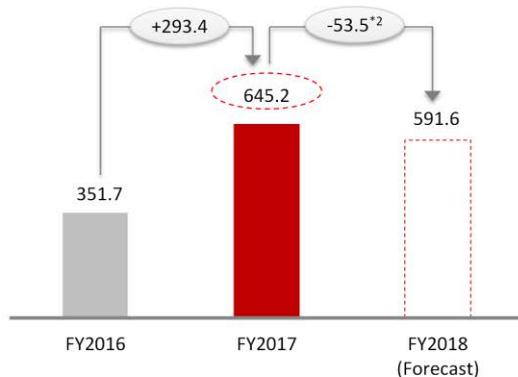
6. ERM & asset management

Overview of FY2017 Results – Overseas Insurance

- ◆ In FY2017, earnings increased by covering the impact of hurricanes in North America, etc., with a decrease in tax expenses in connection with reorganization of SI, etc.
- ◆ In FY2018, adjusted profit is expected over ¥63.0 billion, mainly due to stripping out the impact of hurricanes in North America, etc. and organic growth at SI.

Net premiums written*¹

(Billions of yen)

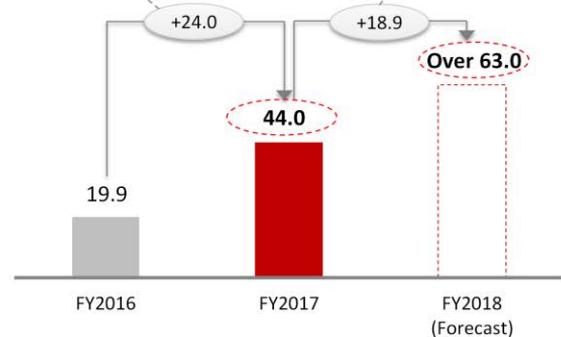


Adjusted profit*¹

(Billions of yen)

Positive contribution from a decrease in tax expenses in connection with the reorganization of SI, etc., despite the impact of hurricanes in North America, etc.

Mainly due to stripping out one-time factors in FY2017 and organic growth in insurance business at SI.



*¹ Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements.

Adjusted profits have been adjusted to reflect shareholdings and other factors.

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

*² Due to sales of Sompo Canopus, stripping out contribution of Sompo Canopus. Net premiums written from Sompo Canopus in FY2017 was ¥129.7 bn. and adjusted profit was - ¥26.8 bn. (Net premiums written from Sompo Canopus in FY2016 was ¥133.2bn., and adjusted profit was ¥5.9bn.)

38

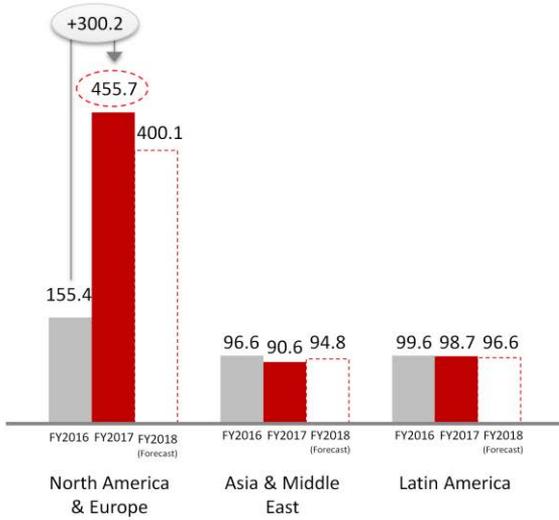
- This page presents an overview of results for the overseas insurance business.
- Net premiums written in FY2017 increased largely due to the start of consolidation of the profit of Sompo International.
- Net premiums written in FY2018 is expected to decrease by ¥53.5 billion to the level of ¥590.0 billion due to stripping out contribution of Sompo Canopus (in FY2017: 129.7 billion), despite growth in insurance business at Sompo International.
- Adjusted profit in FY2017 increased by ¥24.0 billion mainly due to positive contribution from a decrease in tax expenses in connection with the reorganization of SI, etc. despite the impact of hurricanes in North America, etc.
- While stripping out these factors, adjusted profit in FY2018 is expected to increase by ¥18.9 billion to ¥63.0 billion due to steady growth in specialty insurance in US insurance business.
- Page 39 shows a breakdown of business results by region and page 40 shows the main points of business results by company. Please take a look at these pages later.
- Please turn to page 41.

Business Results by Region

- ◆ Due to the consolidation of P/L of SI, net premiums written in North America & Europe increased in FY2017.
- ◆ In FY2017, adjusted profit increased in North America & Europe as well as in Turkey.
In FY2018, adjusted profit is expected to increase, primarily in North America & Europe.

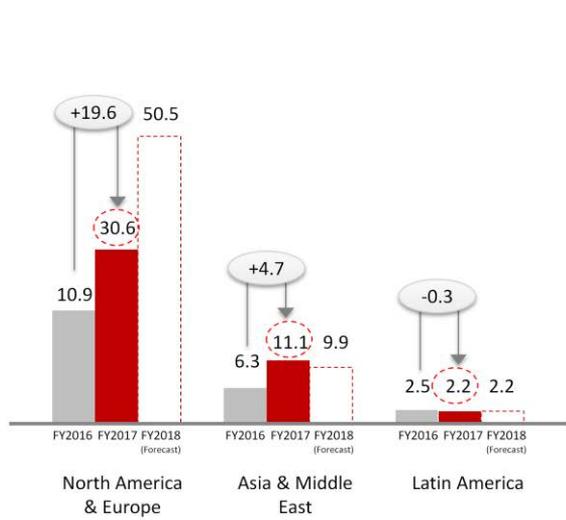
Net premiums written (by region)

(Billions of yen)



Adjusted profit (by region)

(Billions of yen)



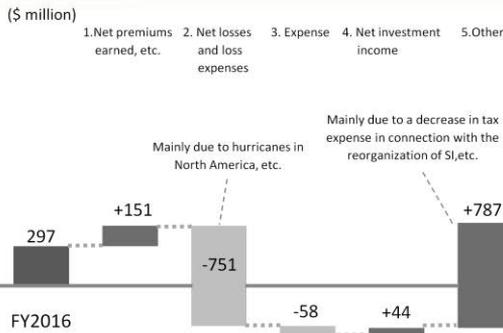
(Reference) Business Results by Company

(Billions of yen)		Net Premiums written			Adjusted profit			Key points	(Reference) Exchange rate	
		FY2017	Change	FY2018 (Forecasts)	FY2017	Change	FY2018 (Forecasts)		Dec. 2017 (YoY Change)	
North America & Europe	SI	303.2	+303.2	399.0	53.2	+53.2	50.8	In FY2018, it is expected to improve due to stripping out one-time factors and organic growth in insurance business.	113.00 JPY/USD	(-3.0%)
	Sompo America	21.5	+0.3	Integrated by SI	3.2	-0.7	Integrated by SI	In FY2017, the impact of hurricanes in North America, etc.	113.00 JPY/USD	(-3.0%)
	SINK Europe	1.2	+0.2	1.1	0.9	-0.0	-0.3	In FY2018, integration costs with SI and related expenses are expected.	151.95 JPY/GBP	(+6.3%)
	Sompo Canopus	129.7	-3.4	Sold 100% of the shares	-26.8	-32.8	Sold 100% of the shares	In FY2017, adjusted profit decreased mainly due to the impact of hurricanes in North America ,etc.(¥25.8 bn.) (Sold 100% of the shares in March 2018).	113.00 JPY/USD	(-3.0%)
Asia & Middle East	SJ Sigorta (Turkey)	45.5	-13.2	42.5	8.3	+3.8	6.7	Positive contributions from a improving loss ratio and investment profit in FY2017. In FY2018, the loss ratio is expected conservatively.	29.90 JPY/TRY	(-9.7%)
	Sompo Singapore	7.3	+0.9	7.7	1.1	+0.0	0.8	Basically in line with the plan.	84.49 JPY/SGD	(+4.8%)
	Berjaya Sompo (Malaysia)	11.9	+0.9	15.5	0.9	-0.0	1.0	Strengthening bancassurance with CIMB in FY2018.	27.79 JPY/MYR	(+7.0%)
	Sompo Indonesia	5.6	+1.6	8.9	-0.1	-0.5	0.4	Investment profit was below plan in FY2017, while it is expected to improve in FY2018 through measures such as curtailing expenses.	0.0084 JPY/IDR	(-3.4%)
	Sompo China NK China	5.6	+0.1	5.3	-0.1	+0.9	0.1	While the impact of Typhoon No.13, basically in line with the plan.	17.29 JPY/RMB	(+3.2%)
	Sompo Hong Kong	3.3	-0.1	3.2	0.5	+0.1	0.4	Basically in line with the plan.	14.46 JPY/HKD	(-3.7%)
	Universal Sompo (India)	5.9	+2.9	7.4	1.2	+1.0	0.2	In FY2017, crop insurance and automobile insurance performed favorably. In FY2018, underwriting profit in crop insurance is expected conservatively.	1.65 JPY/INR	(-4.1%)
Latin America	Sompo Seguros (Brazil)	98.3	-0.9	96.6	1.9	-0.2	2.2	In FY2017, the bottom line improved, following the execution of measures to improve the loss ratio, including changes in underwriting conditions.	34.11 JPY/BRL	(-4.7%)
Other (non-consolidated)*		5.8	-3.1	3.9	-0.4	-1.1	0.1	—	—	-
Total		645.2	+293.4	591.6	44.0	+24.0	Over 63.0	—	—	-

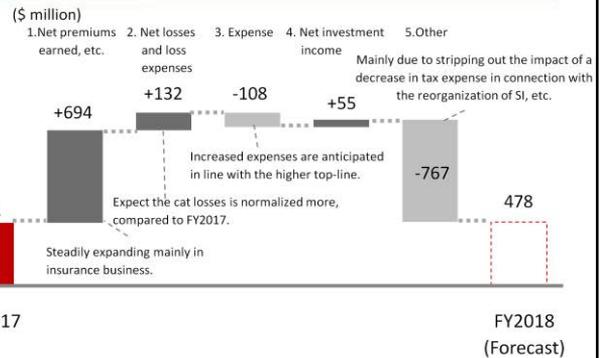
* Sum of Sompo Thailand, PGA Sompo (Philippines), United Insurance (Vietnam) and Sompo Mexico.

(Reference) Overview of Business Results of SI (1)

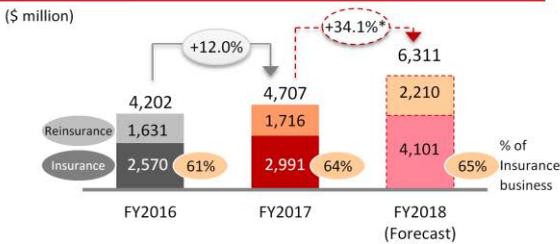
Change factors of adjusted profit (FY2017, Actual)



Change factors of adjusted profit (forecast for FY2018)

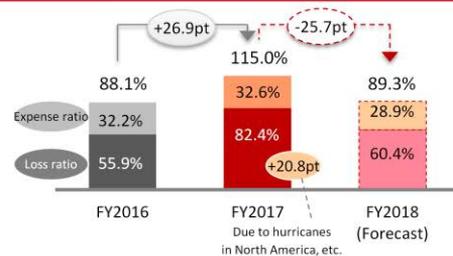


Gross premiums written



* Incl. the effects on the integration with Sompo America, bolt-on M&A, etc. (around +13%)

Combined ratio



* One-time merger cost is excluded as a special factor in expense ratio and combined ratio in FY2017.

The denominator of loss ratio, expense ratio and combined ratio is net premiums earned.

- I would like to provide some supplementary information on Sompo International on page 41 and page 42.
- Underwriting profit in FY2017 was impacted by the occurrence of large losses in certain lines of insurance such as energy-related insurance and marine insurance, in addition to deterioration in loss ratio in property insurance as well as hurricanes in North America, etc., while there was a positive impact from the decrease in tax expenses, etc.
- In FY2018, we expect to achieve growth led by the U.S. insurance business, in conjunction with benefiting from a certain degree of hardening of market conditions, although it has not reached the anticipated level at this time.
- Combined ratio is expected to the level of 89.3%.
- Please turn to page 42.

(Reference) Overview of Business Results of SI (2)

(\$ million)	FY2016	FY2017		FY2018		
	(Actual)	(Actual)	Change	(Forecasts)	Change	
Gross premiums written	4,202	4,707	+505	6,311	+1,604	Including the effects on the integration with Sompo America, bolt-on M&A, etc.
Net premiums written	2,369	2,683	+313	3,755	+1,072	
Net premiums earned	2,363	2,515	+151	3,209	+694	Steadily expanding mainly in insurance business.
Net losses and loss expenses	1,321	2,073	+751	1,940	-132	
Expense ^{*1}	760	819	+58	927	+108	
Loss ratio ^{*1}	55.9%	82.4%	+26.5pt	60.4%	-22.0pt	
Expense ratio ^{*1}	32.2%	32.6%	+0.4pt	28.9%	-3.7pt	Mainly due to growth in net premiums earned with expense management.
Combined ratio ^{*1}	88.1%	115.0%	+26.9pt	89.3%	-25.7pt	
Underwriting income	281	-434	-715	353	+788	Impact of hurricanes in North America, etc. to underwriting income: - \$510 mn.
Net investment income	176	221	+44	277	+55	
Net income (After Preferred dividend)	333	-234	-568	478	+713	
(Reference) Adjusted profit						
+) Net foreign exchange gains	-74	+11	+85	-	-11	
+) Net realized and unrealized gains, net impairment losses, etc.	+23	-29	-52	-	+29	
+) Income tax expense	+16	-13	-29	-	+13	
+) One-time merger cost	-	+56	+56	-	-56	
+) A decrease in tax expense in connection with reorganization, etc.	-	+681	+681	-	-681	
Adjusted profit	297	471	+173	478	+7	

*1 The denominator of loss ratio, expense ratio and combined ratio is net premiums earned.

One-time merger cost is excluded as a special factor in expense, expense ratio and combined ratio in FY2017.

*2 Impact of US tax reform (FY2017): around + ¥ 0.5 billion (due to reversal of deferred tax liabilities, consolidated), only a limited impact from FY2018 onward.

(Reference) Timing of recognizing net premiums earned in crop insurance (Seasonality) 1Q: 10-15% 2Q: 25-30% 3Q: 30-35% 4Q: 25-30%

- The impact of US tax reform on the Sompo Group is negligible per the note below the table.
- Please turn to page 44.

1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

4. Nursing care & healthcare, etc.

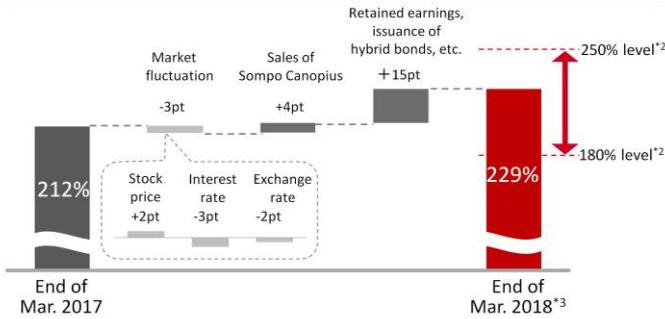
5. Overseas insurance

6. ERM & asset management

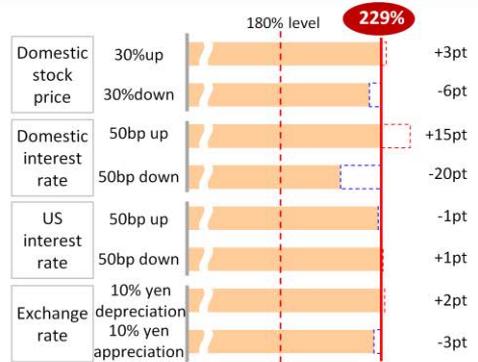
Financial Soundness – ESR (99.5%VaR)

◆ Maintained a robust financial base by steadily evolving ERM management.

Trend of ESR (99.5%VaR)^{*1}



Sensitivity of ESR (99.5%VaR)



*1 In accordance with Solvency II

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

250% level: The level set based on capital efficiency (ROE).
180% level: The level leading to stable financial soundness, based on the result of stress test, etc.

*3 (Reference) ESR (99.95%VaR) at the end of March 2018: 157%
(Target range under this standard was around 120% to 170%)

(Reference) Market indicators

(Reference) Market indicators	End of Mar. 2017	End of Mar. 2018	
Domestic stock price (Nikkei 225)	¥18,909	¥21,454	(+13.5%)
Domestic interest rate (30y JGB)	0.85%	0.74%	(-11bp)
US interest rate	2.39%	2.73%	(+35bp)
Exchange rate (JPY/USD)	¥112.19/USD	¥106.24/USD	(-5.3%)
Exchange rate (JPY/EUR)	¥119.79/EUR	¥130.52/EUR	(+9.0%)

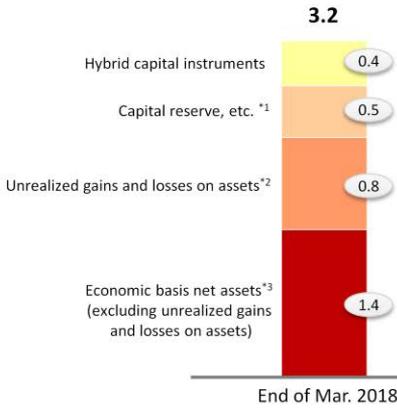
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- This page shows the status of ESR. Our financial soundness continues to present no problem.
- Page 45 presents a breakdown of adjusted capital and risk. Please take a look at this page later.
- Please turn to page 46.

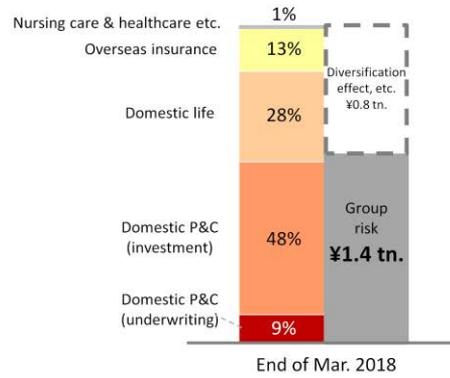
(Reference) Breakdown of Adjusted Capital and Risk (99.5% VaR)

Adjusted capital

(Trillions of yen)



Risk amount*4



*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.

(Reference) Formula for adjusted capital: Adjusted capital

= Total of net assets on the non-consolidated balance sheet + value in force – goodwill, etc. + unrealized gains and losses on non mark-to-market assets + capital reserve, etc. + hybrid capital instruments

*4 Risk : 1 year holding period, 99.5% VaR

• Risk amount of each business:

Before reflecting risk diversification effect among businesses and before-tax basis.

• Group total risk:

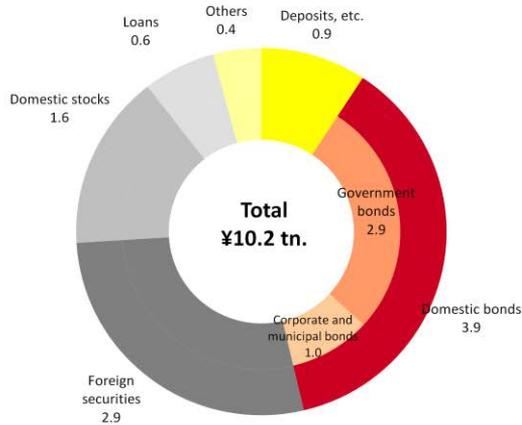
Sum of risk amount of each business less risk diversification effect among businesses and tax impact.

Asset Portfolio – Group-wide

- ◆ Built a stable portfolio centered on bonds, considering liability, liquidity and other characteristics.

Amount of investment assets (Group consolidated base, as of end of March 2018)

(Trillions of yen)



Investment assets by company

(Billions of yen)	Amount of investment assets	Composition
Sompo Japan Nipponkoa	5,960.2	56.4%
Himawari Life (General account)	3,008.8	28.5%
Overseas group subsidiaries	1,458.2	13.8%
(Of which, SI)	(1,025.6)	(9.7%)
Saison Automobile & Fire	45.7	0.4%
Sonpo 24	22.8	0.2%
Other domestic subsidiaries	63.4	0.6%
Total	10,559.3	100.0%

* Others include lands, buildings and stocks of non-consolidated subsidiaries, etc.

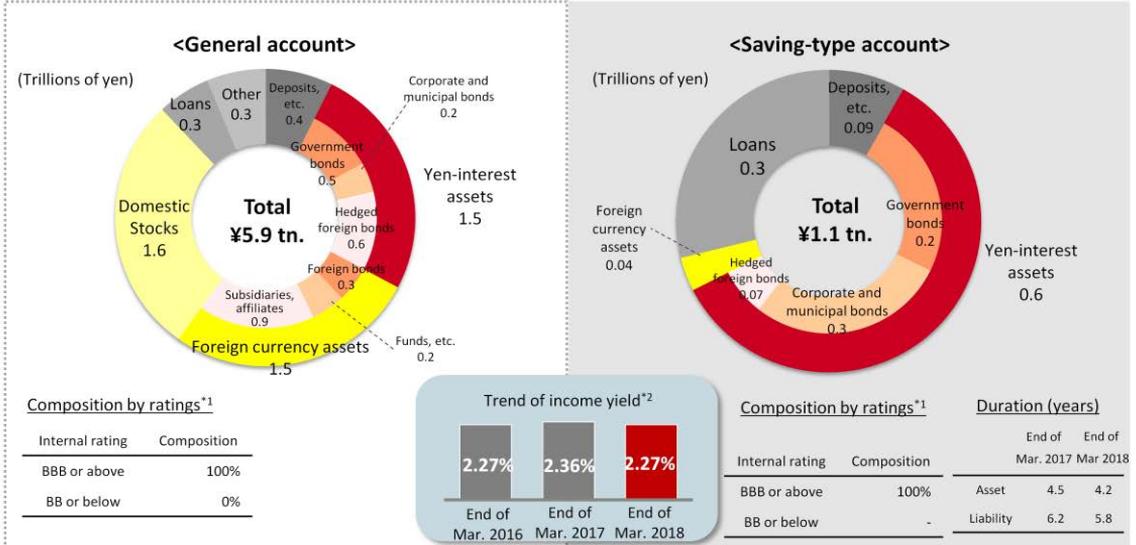
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- In closing, we present our Group-wide asset portfolio.
- There have been no major notable movements in the asset portfolio.
- The asset portfolio of SI, as well as the previously disclosed asset portfolios of Sompo Japan Nipponkoa and Himawari Life, are shown on page 47 and subsequent pages. Our portfolios are focused on stability. Please take a look at these pages later.
- That brings my presentation to a close. Thank you for your attention.

Asset Portfolio – Sompo Japan Nipponkoa

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

Amount of investment assets (end of March 2018, Sompo Japan Nipponkoa, non-consolidated)



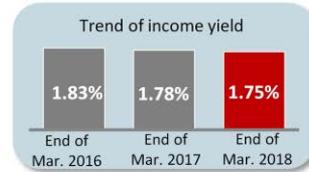
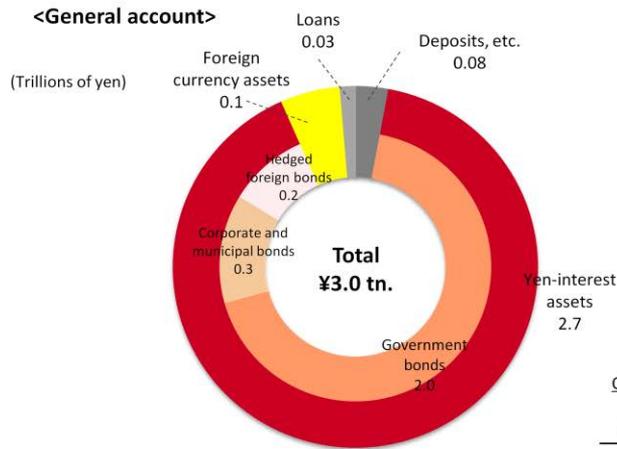
*1 Total of yen-interest assets and foreign currency bonds
 *2 Excluding overseas subsidiaries' shares, etc.

Asset Portfolio – Himawari Life



- ◆ Manage the portfolio through disciplined ALM, which mainly consists of yen-interest assets.
- ◆ Slightly increased allocation to foreign currency assets, in light of the domestic low interest rate environment.

Amount of investment assets (end of March 2018, Himawari Life, non-consolidated)



Composition by ratings*

Internal rating	Composition
BBB or above	100%
BB or below	-

Duration (years)

	End of Mar. 2017	End of Mar. 2018
Asset	13	13
Liability	21	23

(Reference) Amount of separate account (End of Mar. 2018): ¥22.7 billion
(mainly investment in domestic stocks and bonds in the separate account)

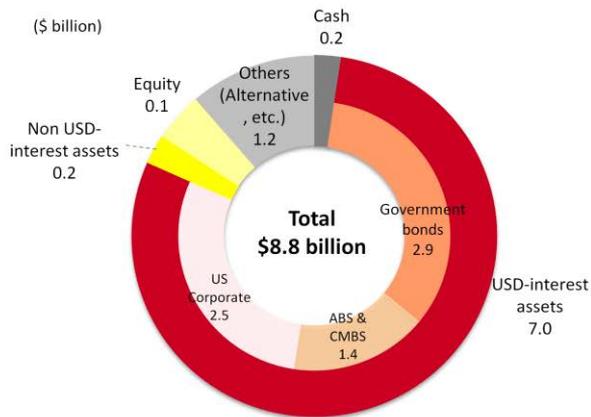
* Total of yen-interest assets and foreign currency bonds

Asset Portfolio - SI



- ◆ Emphasis on liquid, high quality assets to meet company liabilities.
- ◆ While investing in USD-interest assets at the base, maximizing risk adjusted returns by adjusting allocations.

Amount of investment assets (end of December 2017, SI, consolidated)



Composition by ratings

Rating	Composition
BBB or above	92%
BB or below	8%

Duration (years)

	End of Dec. 2016	End of Dec. 2017
Asset	3.4	3.6
Liability	2.6	2.9

(Reference) Income yield * in FY2017 : 2.85%

*Incl. Changes in unrealized gains and losses on certain funds, etc.

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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