



**SOMPO  
HOLDINGS**

Innovation for Wellbeing

# Highlights of 1Q FY2018 Results

August 10, 2018

Sompo Holdings, Inc.



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\* SI stands for Sompo International(hereafter).

# Highlights of 1Q FY2018 Results

- ◆ Consolidated ordinary profit increased by ¥35.8 billion to ¥72.7 billion and consolidated net income doubled to ¥55.5 billion by ¥28.4 billion.
- ◆ Adjusted consolidated profit for 1Q FY2018 increased by ¥18.8 billion to ¥71.6 billion with steady progress.

- Sompo Japan Nipponkoa's combined ratio (excl. CALI, household earthquake) was 87.6% (decreased by 3.8pt against 1Q FY2017) at favorable level. As investment profit improved as well, both ordinary profit and net income expanded largely. (Reference) The amount of net losses incurred of domestic natural disasters (heavy rain on July 2018, etc.), which occurred up to the end of July 2018, is forecast to be around ¥38.0 billion as of today.
- Domestic life insurance business expanded steadily due partly to launch of new income compensation product, etc.
- Nursing care business progressed as planned in light of occupancy rate improvement and further cost reduction, etc.
- Adjusted profit in Overseas insurance business increased by ¥0.6 billion to ¥11.9 billion. While hardening level of reinsurance market didn't reached our expectation, 1Q FY2018 progressed almost in line with the plan taking seasonal factors, etc. into consideration.
- Reduction of strategic-holding stocks amounted to ¥25.8 billion. (The amount including hedges: ¥32.8 billion)  
\* The amount of reduction in annual plan: around ¥100.0 billion
- Adjusted consolidated profit was ¥71.6 billion and progress rate was 33% against FY2018 forecasts (¥220.0 billion).

# 1. Trend of business results

2. Domestic P&C insurance

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3. Domestic life insurance

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4. Nursing care & healthcare, etc.

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5. Overseas insurance

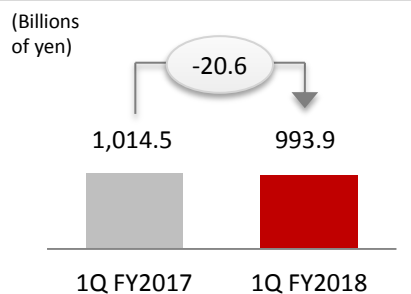
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6. ERM & asset management

# Overview of 1Q FY2018 Results – Consolidated Basis

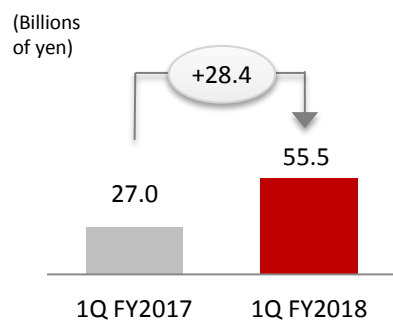
- ◆ Mainly due to earning growth of Sompo Japan Nipponkoa, consolidated ordinary profit increased by ¥35.8 billion to ¥72.7 billion and consolidated net income increased by ¥28.4 billion to ¥55.5 billion. Started favorably in 1Q FY2018.

## Consolidated ordinary income



1Q FY2017 includes Sompo Canopus's net premiums written ¥35.7 billion, etc.

## Consolidated net income



(Billions of yen)	1Q FY2017	1Q FY2018	Change
Consolidated ordinary income	1,014.5	993.9	-20.6(-2.0%)
Net premiums written (P&C)	777.7	747.3	-30.4(-3.9%)
Life insurance premiums	81.6	83.1	+1.5(+1.9%)
Consolidated ordinary profit	36.9	72.7	+35.8
Sompo Japan Nipponkoa	36.3	52.7	+16.4
Himawari Life	3.4	6.7	+3.3
Nursing care (SOMPO Care)	0.8	1.3	+0.4
Overseas insurance subsidiaries	3.9	3.1	-0.7
Consolidated adjustment <sup>*1</sup> /Others	-7.6	8.8	+16.4
Consolidated net income <sup>*2</sup>	27.0	55.5	+28.4
Sompo Japan Nipponkoa	24.3	39.1	+14.8
Himawari Life	2.1	4.7	+2.5
Nursing care (SOMPO Care)	0.5	0.9	+0.4
Overseas insurance subsidiaries	4.8	2.4	-2.4
Consolidated adjustment <sup>*1</sup> /Others	-4.9	8.2	+13.1
(Reference) Adjusted profit (by business)	52.7	71.6	+18.8
Domestic P&C insurance	33.7	49.8	+16.1
Domestic life insurance	6.9	8.7	+1.7
Nursing care & healthcare, etc.	0.7	1.1	+0.3
Overseas insurance	11.3	11.9	+0.6

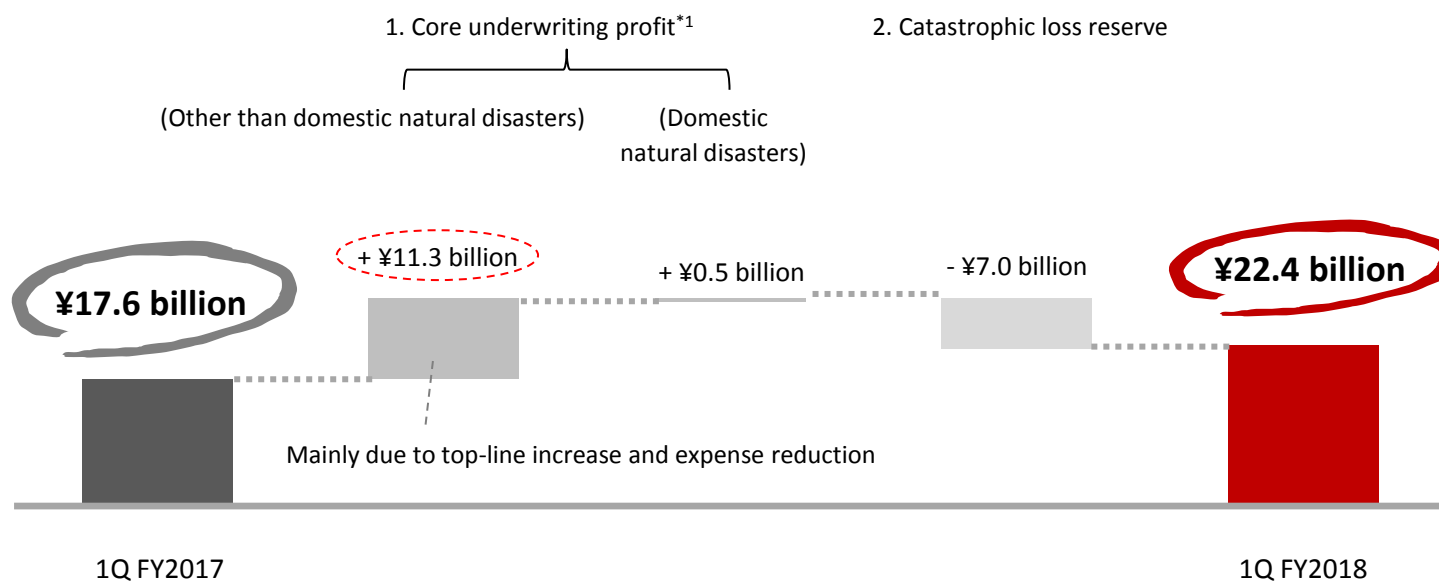
\*1 "Purchase method" accounting was adopted upon the establishment of Sompo Holdings. The figures therefore include adjustments for gains/losses on sales, etc.

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

# Main Points of Consolidated Results – (1) Underwriting Profit

- ◆ Mainly due to core underwriting profit expansion, underwriting profit increased by ¥4.7 billion to ¥22.4 billion.

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



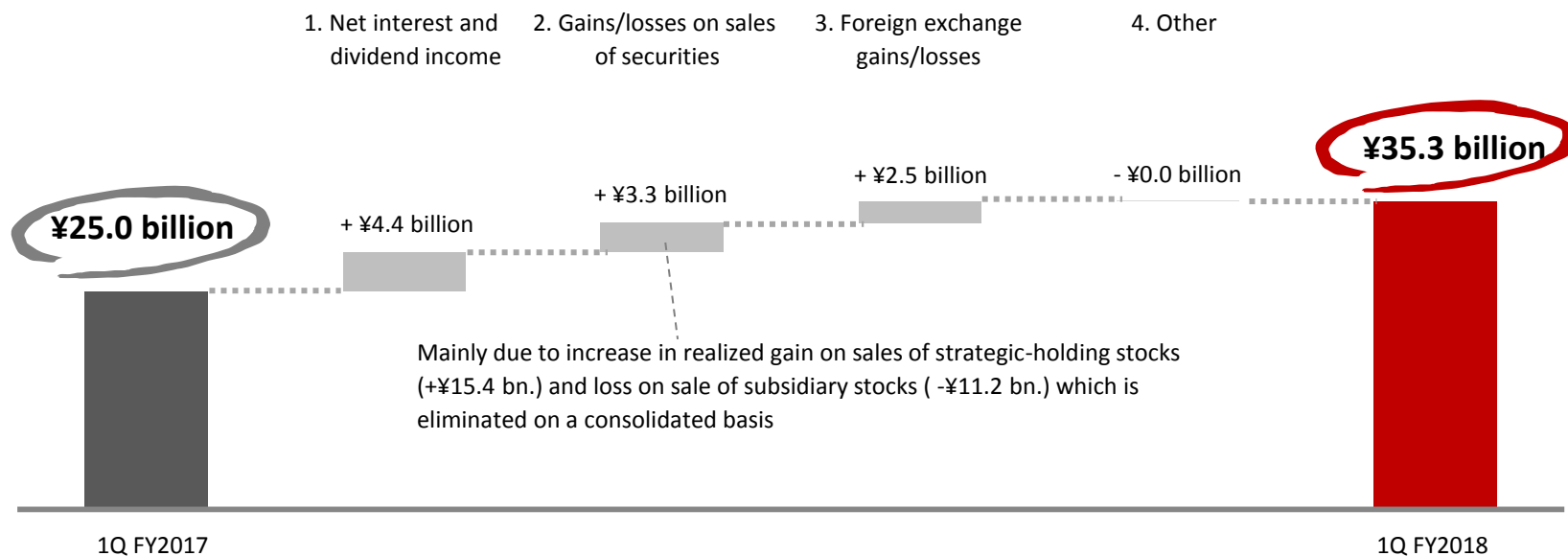
		1. Core underwriting profit		2. Catastrophic loss reserve	Underwriting profit
		(Other than domestic natural disasters)	(Domestic natural disasters)		
1Q FY2017	¥32.1 billion	¥33.0 billion	- ¥0.9 billion	- ¥14.4 billion	¥17.6 billion
1Q FY2018	¥43.9 billion	¥44.3 billion	- ¥0.4 billion	- ¥21.5 billion	¥22.4 billion

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

## Main Points of Consolidated Results – (2) Investment Profit

- ◆ Due partly to favorable progress of reduction of strategic-holding stocks, etc., investment profit increased by ¥10.2 billion to ¥35.3 billion.

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

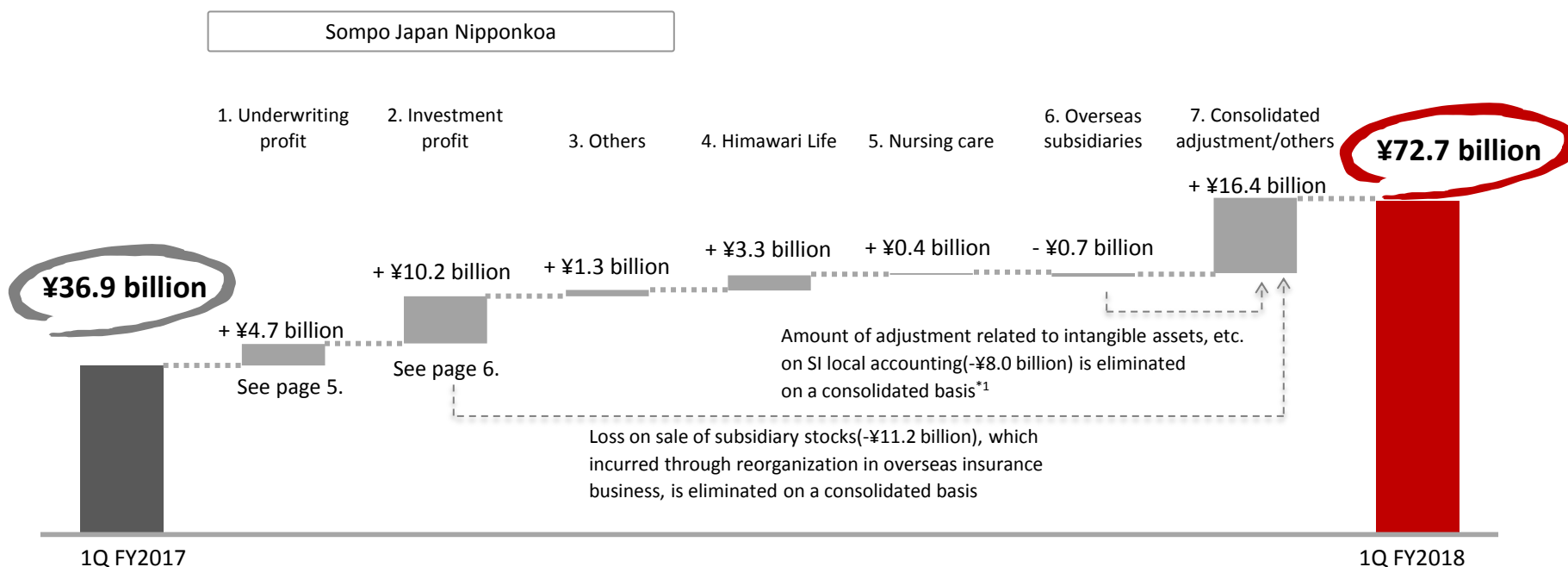


	1. Net interest and dividend income	2. Gains/losses on sales of securities	3. Foreign exchange gains/losses	4. Other	Investment profit
1Q FY2017	¥21.0 billion	¥3.9 billion	¥1.1 billion	- ¥1.0 billion	¥25.0 billion
1Q FY2018	¥25.5 billion	¥7.2 billion	¥3.6 billion	- ¥1.1 billion	¥35.3 billion

## Main Points of Consolidated Results – (3) Ordinary Profit

- ◆ Mainly due to earning growth in Sompo Japan Nipponkoa, consolidated ordinary profit increased by ¥35.8 billion to ¥72.7 billion.

### 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
1Q FY2017	¥17.6 billion	¥25.0 billion	- ¥6.4 billion	¥3.4 billion	¥0.8 billion	¥3.9 billion	- ¥7.6 billion	¥36.9 billion
<b>1Q FY2018</b>	<b>¥22.4 billion</b>	<b>¥35.3 billion</b>	<b>- ¥5.0 billion</b>	<b>¥6.7 billion</b>	<b>¥1.3 billion</b>	<b>¥3.1 billion</b>	<b>¥8.8 billion</b>	<b>¥72.7 billion</b>

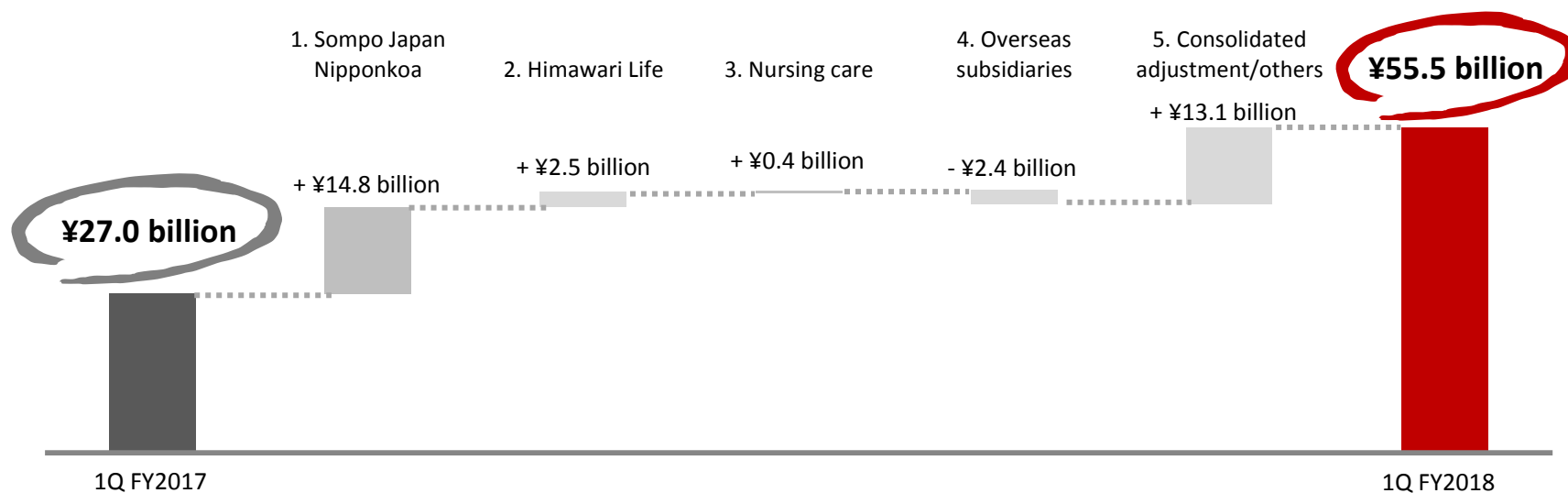
\*<sup>1</sup> Net amortization amount (before tax) of goodwill and intangible assets, etc. of SI for 1Q FY2018: ¥6.4 billion



## Main Points of Consolidated Results – (4) Net Income

- ◆ Consolidated net income increased by ¥28.4 billion to ¥55.5 billion. Progress rate was 26% against FY2018 forecasts (¥210.0 billion).

### Changing factors of consolidated net income



	1. Sompo Japan Nipponkoa	2. Himawari Life	3. Nursing care	4. Overseas subsidiaries	5. Consolidated adjustment/others	Net income
1Q FY2017	¥24.3 billion	¥2.1 billion	¥0.5 billion	¥4.8 billion	- ¥4.9 billion	¥27.0 billion
1Q FY2018	¥39.1 billion	¥4.7 billion	¥0.9 billion	¥2.4 billion	¥8.2 billion	¥55.5 billion

## Business Forecasts for FY2018 – Consolidated Basis

◆ Consolidated ordinary profit is expected to double to ¥290.0 billion, and consolidated net income plans to increase by ¥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
Sampo 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%)
Sampo 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%)

# 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.

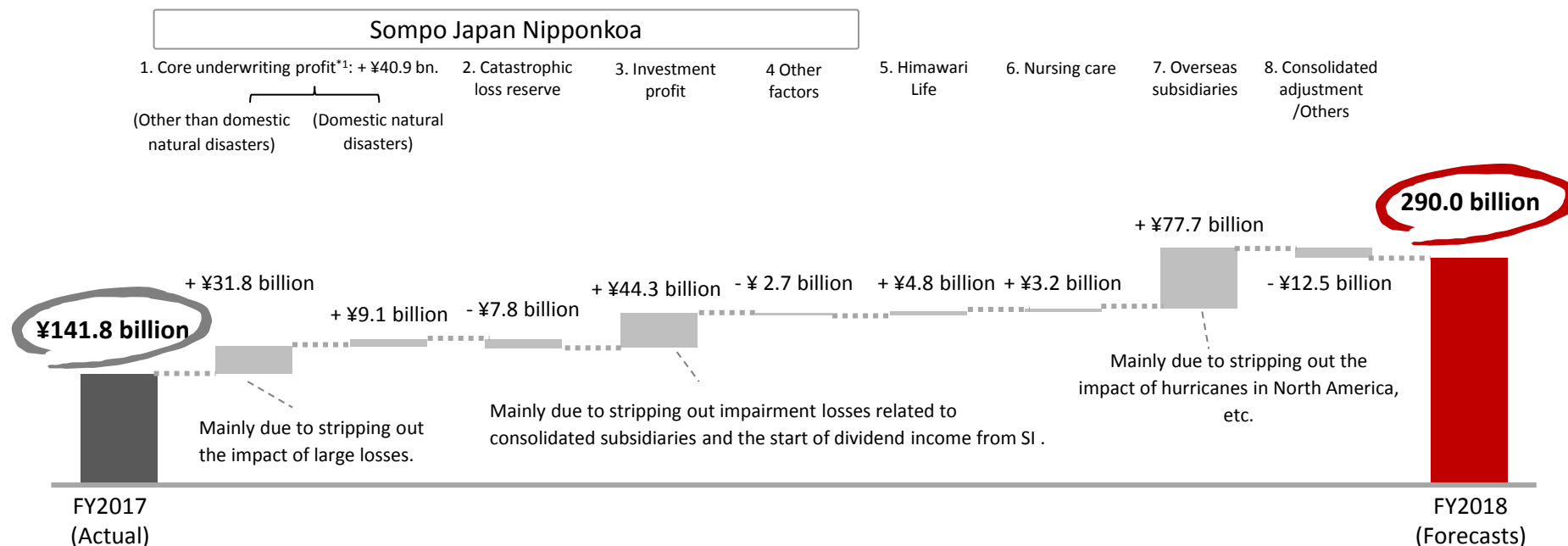
## Overseas insurance

- 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.

\* Assumption of Business Forecasts for FY2018 (Stock) Nikkei 225 : ¥21,454 as of end of March 2018  
(Foreign exchange) 1US\$ : ¥106.24 as of end of March 2018

# (Reference) Breakdown of Business Forecasts for FY2018

## Main components of consolidated ordinary profit



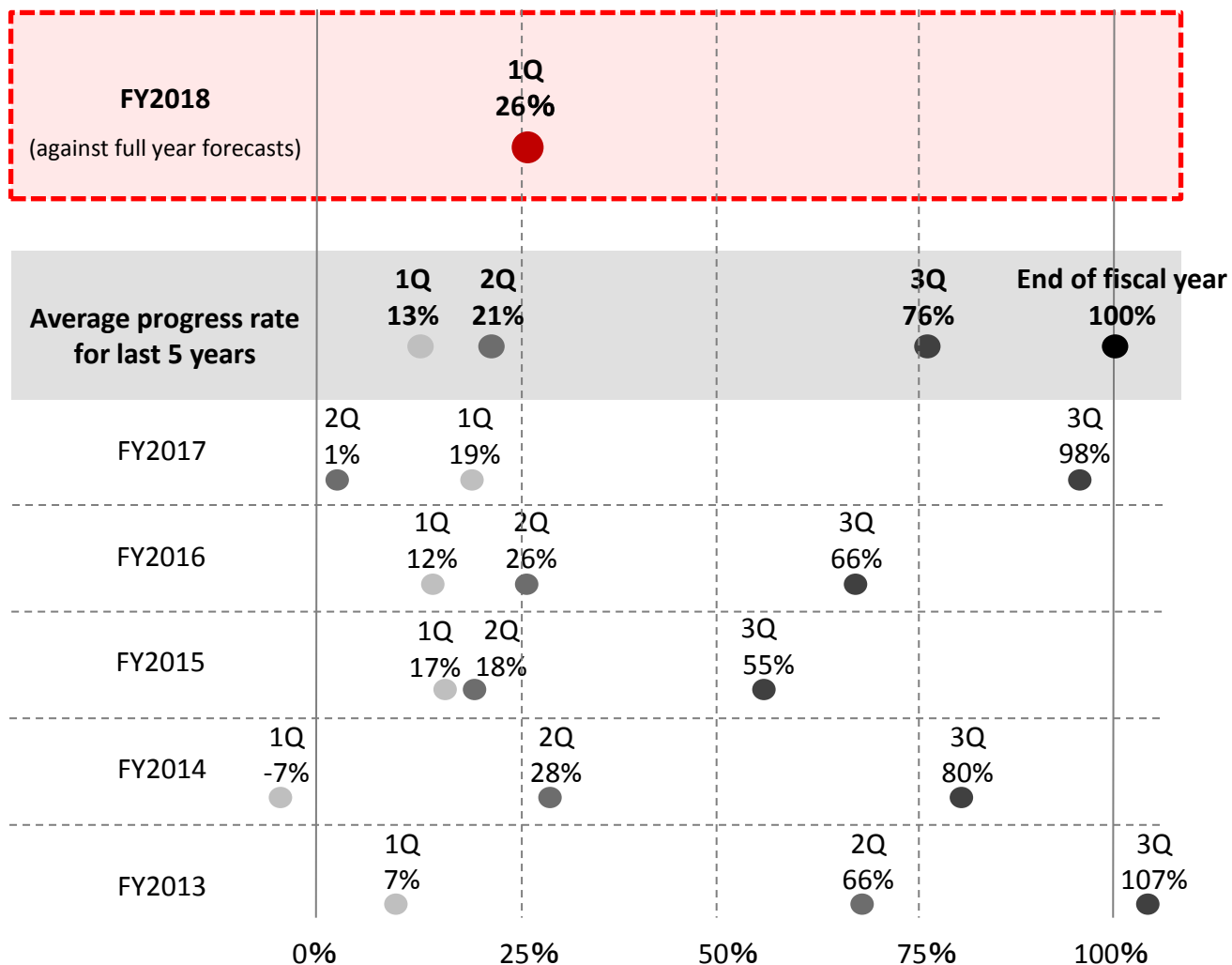
	1. Core underwriting profit		2. Catastrophic loss reserve	3. Investment profit	4. Other Factors	5. Himawari Life	6. Nursing care	7. Overseas subsidiaries	8. Consolidated adjustment /Others	Ordinary profit
	(Other than domestic natural disasters)	(Domestic natural disasters)								
FY2017 Actual	¥134.0 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
<b>FY2018 Forecasts</b>	<b>¥165.8 billion</b>	<b>- ¥48.0 billion</b>	<b>¥10.1 billion</b>	<b>¥142.1 billion</b>	<b>- ¥20.1 billion</b>	<b>¥17.6 billion</b>	<b>¥6.7 billion</b>	<b>¥41.0 billion*<sup>2</sup></b>	<b>- ¥25.4 billion*<sup>2</sup></b>	<b>¥290.0 billion</b>

\*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 ¥24.5 billion for FY2018. Amount of adjustment related to intangible assets, etc. on SI local accounting (-¥31.7 billion) is eliminated on a consolidated basis.

# (Reference) Historical Progress Rates of Quarterly Results

Progress in each quarter (consolidated net income)



# (Reference) Numerical Management Targets, etc.

## Numerical management targets

(Billions of yen)	FY2017	FY2018		
	(Actual)	(1Q Actual)	(Forecasts)	(Reference : Plan) Announced on November 2016
Domestic P&C insurance* <sup>1</sup>	85.3	49.8	Over 118.0	Over 120.0
Domestic life insurance	29.2	8.7	Over 32.0	Over 32.0
Nursing care & healthcare, etc.	4.1	1.1	Over 6.0	Over 8.0
Overseas insurance	44.0	11.9	Over 63.0	Over 60.0
<b>Total (Adjusted consolidated profit)</b>	<b>162.7</b>	<b>71.6</b>	<b>220.0</b>	<b>220.0 - 230.0</b>
<b>Adjusted consolidated ROE*<sup>2</sup></b>	<b>6.4%</b>	<b>-</b>	<b>8.3%</b>	<b>Over 8%</b>
(Reference) ROE (J-GAAP)	7.6%	-	Around 11%	Around 10% level

## Definition of adjusted profit

### Domestic P&C insurance

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

### Domestic life insurance

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

### Nursing care & healthcare, etc.

Net income

### Overseas insurance

Net income  
 (including major non-consolidated subsidiaries)  
 Adjusted profit of SI is operating income\*<sup>3</sup>

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

\*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.

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1. Trend of business results

2. Domestic P&C insurance

3. Domestic life insurance

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4. Nursing care & healthcare, etc.

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5. Overseas insurance

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6. ERM & asset management

# Overview of 1Q FY2018 Results – Sompo Japan Nipponkoa

◆ Both underwriting profit and investment profit improved. Net income increased by ¥14.8 billion to ¥39.1 billion.

(Billions of yen)	1Q FY2017	1Q FY2018	Change
Net premiums written	559.7	553.5	-6.1(-1.1%)
(excl. CALI, household earthquake)	486.9	490.1	+3.2(+0.7%)
Net premiums earned (excl. CALI, household earthquake)	459.7	463.8	+4.1(+0.9%)
Loss ratio	60.3%	58.7%	-1.6pt
(excl. CALI, household earthquake)	57.4%	54.8%	-2.6pt
E/I loss ratio (excl. CALI, household earthquake)	58.3%	57.6%	-0.7pt
Net expense ratio	32.5%	31.9%	-0.6pt
(excl. CALI, household earthquake)	34.0%	32.8%	-1.2pt
Combined ratio	92.8%	90.6%	-2.2pt
(excl. CALI, household earthquake)	91.4%	87.6%	-3.8pt
Underwriting profit	17.6	22.4	+4.7
Investment profit	25.0	35.3	+10.2
Ordinary profit	36.3	52.7	+16.4
Net income	24.3	39.1	+14.8
(Reference) Adjusted profit			
+ Provisions for catastrophic loss reserve (after tax)	10.3	15.5	+5.1
+ Provisions for reserve for price fluctuation (after tax)	1.9	0.7	-1.1
- Gains/losses on sales of securities and impairment losses on securities (after tax)	2.6	4.9	+2.3
- Special factors (after tax)*	-0.8	-0.0	+0.7
Adjusted profit	34.8	50.4	+15.6

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



◆ Expansion of net premiums written on other lines led top-line growth.

## Net premiums written by product line

(Billions of yen)	1Q FY2017	1Q FY2018	Change		FY2018 (forecasts)
Fire and Allied Lines	61.0	58.4	-2.5	(-4.2%)	262.0
Marine	11.4	11.5	+0.1	(+1.1%)	45.6
Personal Accident	53.9	52.6	-1.2	(-2.4%)	176.4
Voluntary Automobile	275.6	273.6	-2.0	(-0.7%)	1,068.7
CALI	72.6	63.2	-9.3	(-12.9%)	281.6
Other	85.0	94.0	+8.9	(+10.5%)	311.4
of which, Liability	50.3	56.0	+5.6	(+11.2%)	167.7
Total	559.7	553.5	-6.1	(-1.1%)	2,146.0
Total (excl. CALI, household earthquake)	486.9	490.1	+3.2	(+0.7%)	1,863.5

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

	# of vehicles	Unit premium	Total Premium
Non-fleet	+0.4%	-1.5%	-1.1%
Fleet	+1.8%	-2.2%	-0.4%
Total	+0.7%	-1.7%	-1.0%

(Performance evaluation basis)

(Main changing factors)

Fire and Allied Lines: Decreased mainly due to transfer of overseas reinsurance assumed to SI

Voluntary Automobile: While increase in the number of vehicles, impacted by rate revision on Jan. 2018 effect on the whole of voluntary auto: -1.7%

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

## Loss Ratio (W/P)

- ◆ Mainly due to loss ratio improvement on fire and allied lines, W/P loss ratio (excl. CALI, household earthquake) decreased by 2.6pt to 54.8%.

### Loss ratio(W/P)

(Billions of yen)	1Q FY2018			
	Net claims paid	Change	Loss ratio	Change
Fire and Allied lines	36.3	-14.2	64.2%	-20.7pt <sup>*1</sup>
Marine	4.8	-0.6	45.2%	-6.1pt
Personal Accident	23.0	-0.4	47.1%	-0.1pt
Voluntary Automobile	141.2	+2.8	59.1%	+1.2pt
CALI	51.4	-1.3	88.8%	+9.2pt
Other	36.8	+2.5	42.0%	-1.4pt
of which, Liability	19.7	+1.3	37.7%	-1.7pt
Total	293.8	-11.2	58.7%	-1.6pt
Total (excl. CALI, household earthquake)	242.4	-9.9	54.8%	-2.6pt
Total (excl. CALI, household earthquake, domestic natural disasters <sup>*2</sup> )	242.0	-9.4	54.8%	-2.5pt

(Reference) E/I Loss ratio	1Q FY2018	
	E/I loss ratio	Change
Fire and Allied lines (excl. household earthquake)	41.3%	-7.2pt
Marine	60.5%	-5.1pt
Personal Accident	58.0%	-0.6pt
Voluntary Automobile	61.9%	+0.7pt
Other	57.0%	+1.8pt
Total (excl. CALI, household earthquake)	57.6%	-0.7pt

\*1 Improved due to rebound of net claims paid of large losses in FY2017, etc.

\*2 Refer to page 25 regarding breakdown of domestic natural disasters

## Net Expense Ratio

- ◆ Net expense ratio decreased by 0.6pt to 31.9%, due to steady expense reduction centered on non-personnel expenses.

### Net expense ratio

(Billions of yen)	1Q FY2018			
	Amount	Change	Net expense ratio	Change
Net commissions and brokerage fees	100.9	-2.0	18.2%	-0.2pt
Operating, general and administrative expenses * 1	75.5	-3.3	13.6%	-0.4pt
<b>Total</b>	<b>176.4</b>	<b>-5.3</b>	<b>31.9%</b>	<b>-0.6pt</b>
Total (excl. CALI, household earthquake)	160.7	-4.6	32.8%	-1.2pt
Total (excl. CALI, household earthquake, upfront investment * 2)	159.7	-4.3	32.6%	-1.1pt

\* 1 Only for underwriting (company expense)

\* 2 The amount of upfront investments for the entire line item was ¥1.9 billion in 1Q FY2018. (1Q FY2017 actual was ¥2.1 billion. FY2018 (forecasts) is around ¥10.0 billion.)

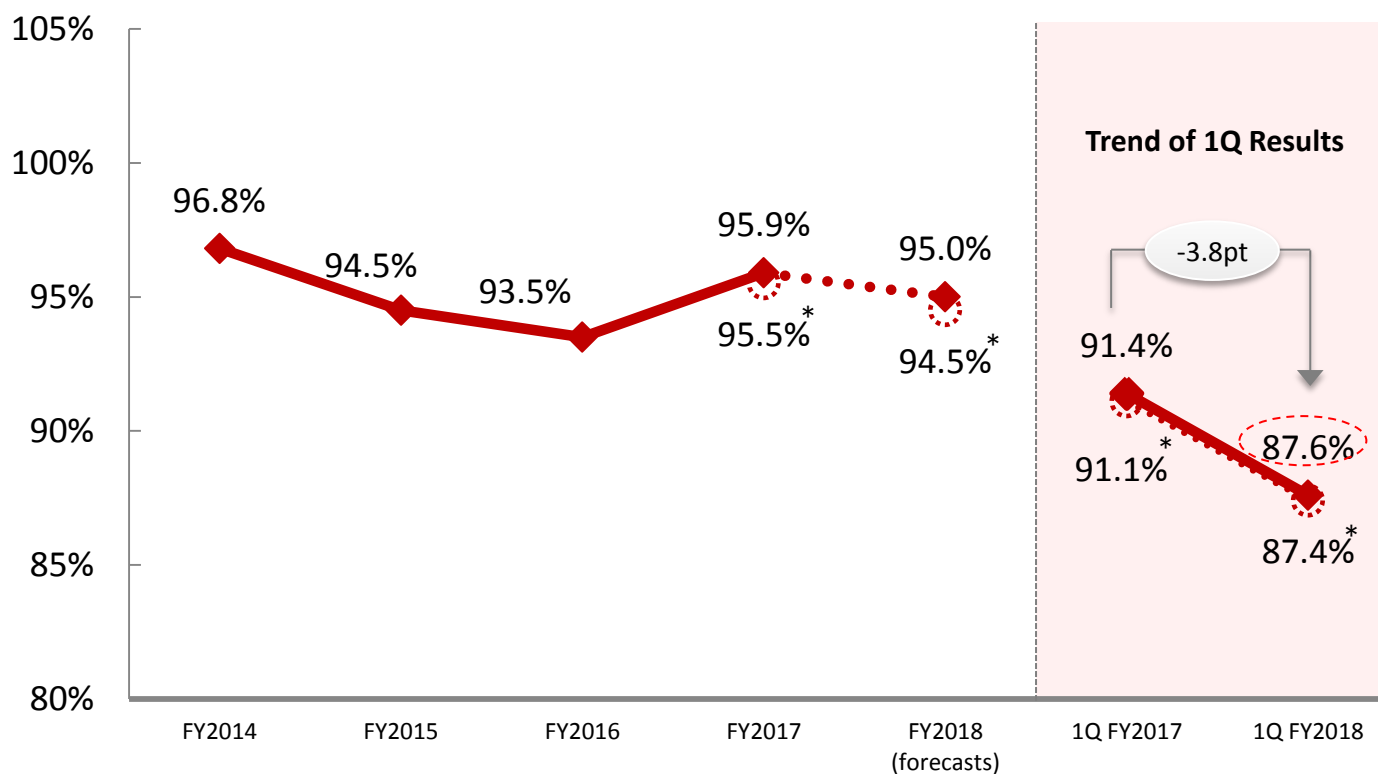
### Company expense ratio

(Billions of yen)	1Q FY2018			
	Amount	Change	Company expense ratio	Change
Personnel expenses	35.2	-0.1	6.4%	+0.0pt
Non-personnel expenses	36.1	-1.9	6.5%	-0.3pt
Tax and contributions	4.1	-1.1	0.8%	-0.2pt
<b>Total</b>	<b>75.5</b>	<b>-3.3</b>	<b>13.6%</b>	<b>-0.4pt</b>
Total (excl. upfront investment)	74.5	-3.0	13.5%	-0.4pt

# Combined Ratio

◆ Combined ratio in 1Q FY2018 progressed favorably below 90% level.

## Combined ratio (excl. CALI, household earthquake)



\* Excluding upfront investments

# Investment Profit

◆ Due partly to progress on the sale of strategic-holding stocks from the beginning of FY2018, investment profit tracked plans.

## Investment profit (Sompo Japan Nipponkoa, non-consolidated)

(Billions of yen)		1Q FY2017	1Q FY2018	Change	FY2018 (forecasts)
Net interest and dividend income	1	21.0	25.5	+4.4	92.4
Interest and dividend income* <sup>1</sup>		31.0	34.9	+3.8	131.5
of which, dividends from overseas subsidiaries		0.0	0.0	+0.0	26.3
Gains on sales of securities* <sup>1</sup>	2	3.9	7.2	+3.3	51.1
of which, domestic stocks		3.7	19.2	+15.4	67.0
Impairment losses on securities* <sup>1</sup>	3	-0.2	-0.3	-0.0	-1.0
of which, domestic stocks		-0.0	-0.3	-0.3	-1.0
Gains on derivatives	4	-2.1	-2.5	-0.3	-6.6
Other investment income	5	2.5	5.4	+2.9	6.2
Investment profit	1+2+3+4+5	25.0	35.3	+10.2	142.1

The impact of loss on sale of subsidiary stocks(-¥11.2 billion) incurred through reorganization in overseas Insurance business, which is eliminated on a consolidated basis

(Reference)  
Reduction of strategic-holding stocks

Actual* <sup>2</sup>	¥25.8 billion
Stock future* <sup>3</sup>	¥6.9 billion
Total	¥32.8 billion

\*<sup>2</sup> Net reduction on fair value basis  
(market value of sales minus market value of purchase)

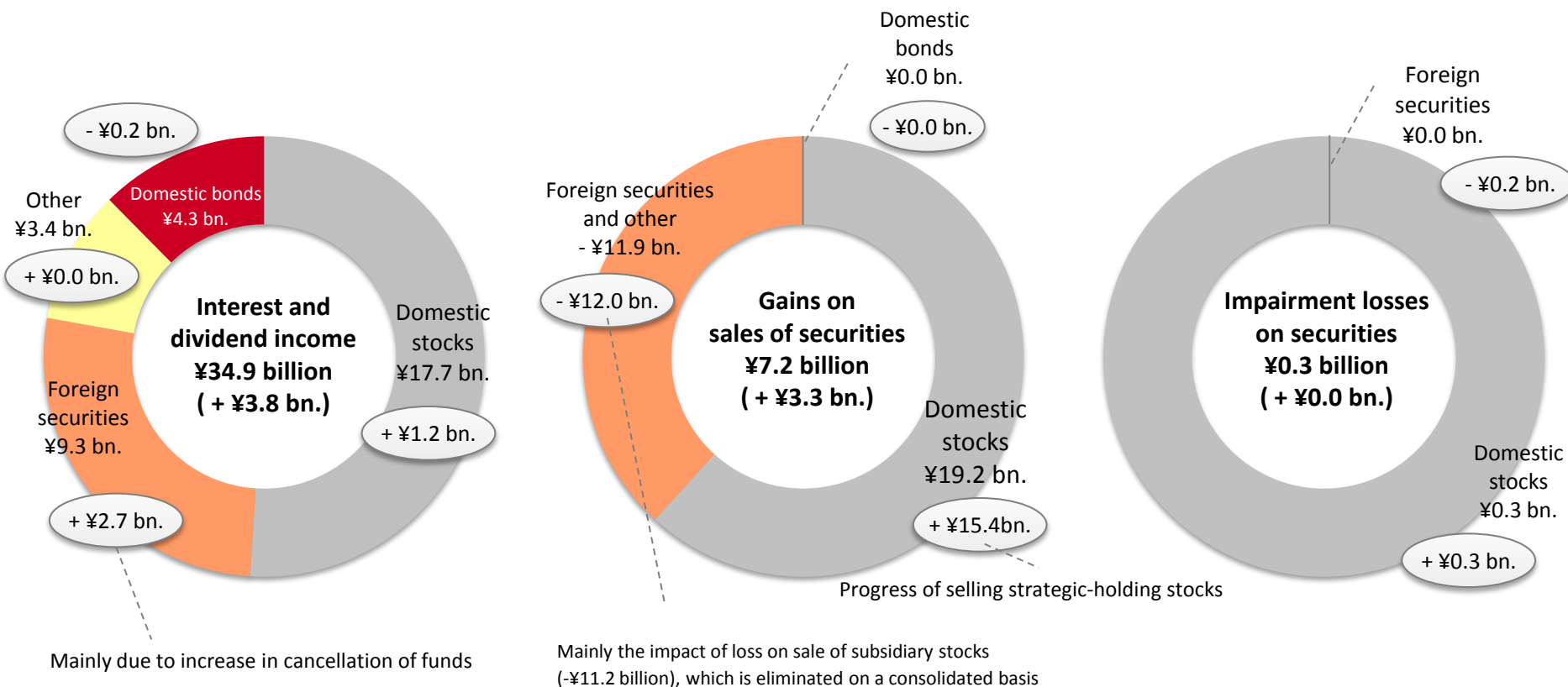
The forecast amount of reduction in annual plan is around ¥100.0 billion.

\*<sup>3</sup> Short position of Nikkei 225 Futures

\*<sup>1</sup> Refer to next page for the breakdown

# (Reference) Breakdown of Investment Profit

## Breakdown of interest and dividend income, gains on sales of securities, and impairment losses on securities (1Q FY2018)



Changes from 1Q FY2017

# (Reference) Business Forecasts for FY2018 – Sompo 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%)
+			
+) 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.

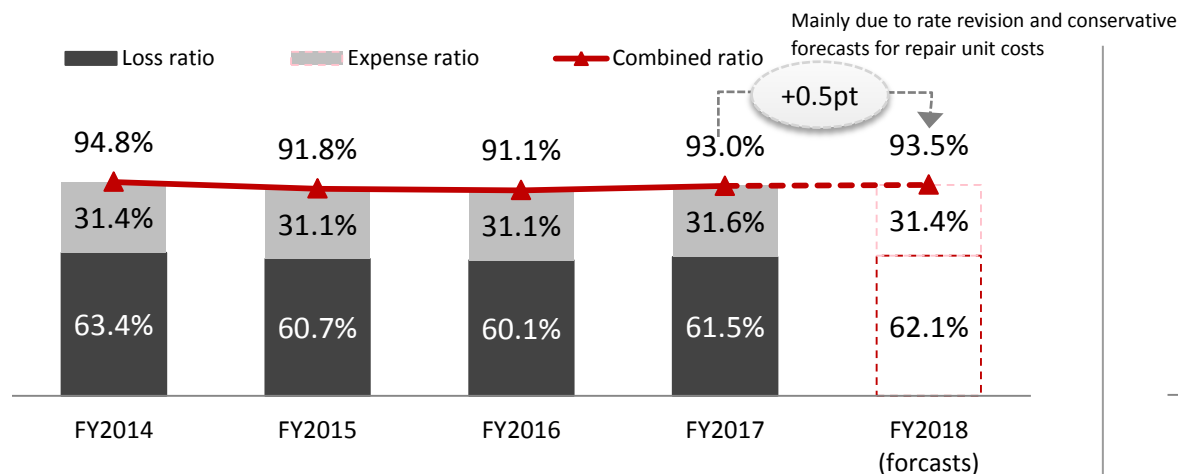
## (Reference) Assumption of Business Forecasts for FY2018

<b>Losses from domestic natural disasters</b> (occurring in the fiscal year)	¥48.0 billion
<b>Catastrophic loss reserve</b>	Net reversal : ¥10.1 billion (Fire and allied lines: net reversal ¥5.5 billion, Voluntary automobile: net reversal ¥19.0 billion)
<b>Provision rate of catastrophic loss reserve</b>	Provision rate of fire group : fire 14.0% other 5.0% Provision rate of automobile group : 3.2%
<b>Market indicators</b>	(Stock) Nikkei 225 : ¥21,454 (Interest yield) 10y JGB : 0.05% (Foreign exchange) 1US\$ : ¥106.24 1Euro : ¥130.52 * Assumptions for market indicators are based on ones as of end of March 2018.
<b>Interest and dividend income</b>	Gross : ¥131.5 billion    Net : ¥92.4 billion
<b>Realized gains on securities</b>	Realized gains on security sales : ¥51.1 billion Impairment losses on securities : ¥1.0 billion
<b>Reserve for price fluctuation</b>	Net provision : ¥4.2 billion



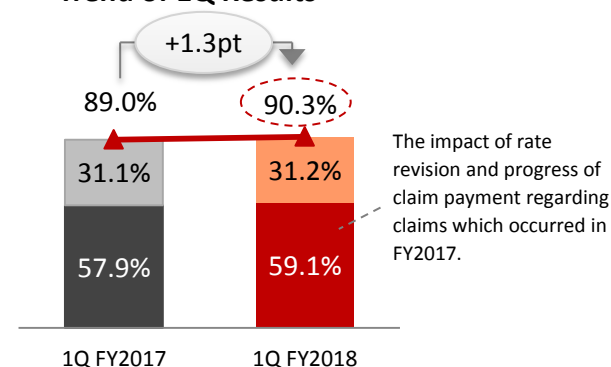
# (Reference) Indicators Related to Automobile Insurance

## Combined ratio

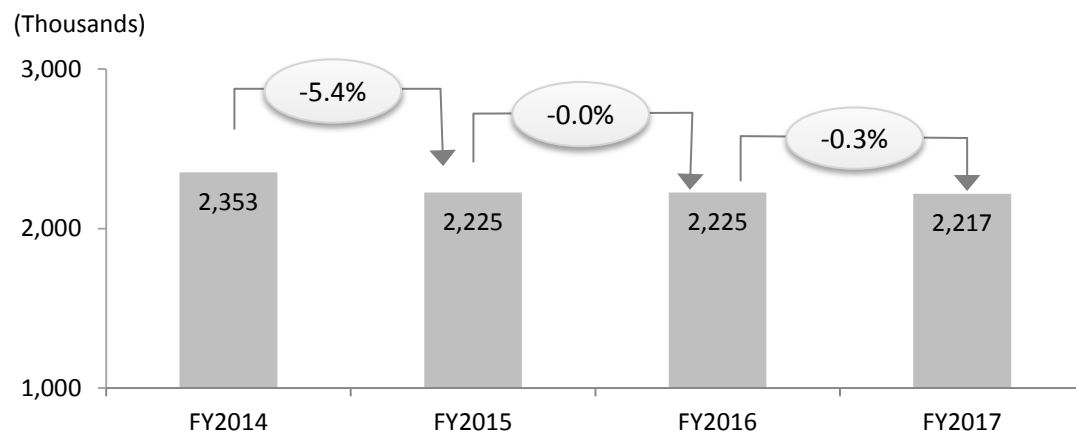


\* Loss ratio is on a written paid basis (including loss adjustment expense)

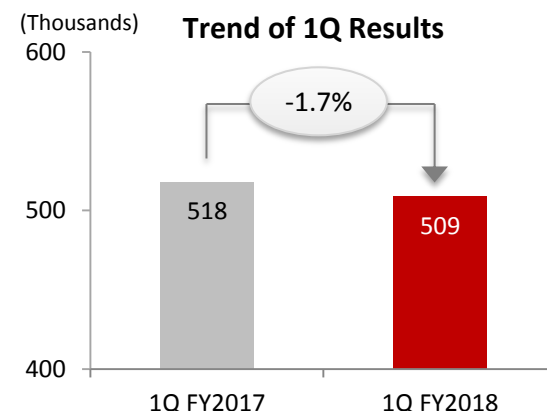
### Trend of 1Q Results



## The number of reported claims



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



## (Reference) Domestic Natural Disasters

### Net claims paid for natural disasters that occurred in the fiscal year (excluding CALI, household earthquake)\*<sup>1</sup>

(Billions of yen)	1Q FY2017	1Q FY2018	Change
Fire and Allied lines	0.8	0.4	-0.4
Marine	-	-	-
Personal Accident	-	0.0	+0.0
Voluntary Automobile	0.0	0.0	-0.0
Other	0.0	0.0	-0.0
<b>Total</b>	<b>0.9</b>	<b>0.4</b>	<b>-0.5</b>

\*<sup>1</sup> Since outstanding loss reserve is worked out by compendium method in 1Q results, incurred losses related to natural disasters were not aggregated.

(Reference) Amount of net losses incurred (forecasts) for natural disasters which occurred from April to July 2018

• The amount of net losses incurred (after reinsurance and other items) occurred during the period from (1) the major earthquake centered on northern Osaka Prefecture, (2) Typhoon No.7, (3) the heavy rains of July 2018, and (4) Typhoon No.12 are forecast at around ¥38.0 billion as of July 31, 2018

\* Assumption of FY2018 business forecasts for net losses incurred from domestic natural disasters (occurring in the fiscal year): ¥48.0 billion

## (Reference) Fund and Reserve

### Underwriting reserves and reserve for outstanding losses and claims (at the end of 1Q FY2018)

(Billions of yen)	Ordinary underwriting reserve* <sup>1</sup>		Catastrophic loss reserve		Reserve for outstanding losses and claims	
	Amount	Change	Amount	Change	Amount	Change
Fire and allied lines* <sup>2</sup>	723.5	-13.5	164.2	+8.2	111.9	-7.7
Marine	19.5	-0.9	50.2	+0.6	25.1	+1.2
Personal accident	135.5	+10.5	72.2	+1.6	64.4	-0.3
Voluntary automobile	318.2	+6.4	66.4	+6.2	402.2	+3.6
CALI* <sup>2</sup>	422.5	-6.8	-	-	80.3	-
Other	338.9	+16.0	214.6	+4.5	221.5	+1.4
Total	1,958.3	+11.6	567.7	+21.5	905.6	-1.7
Total (excluding CALI and household earthquake)	1,526.6	+18.3	567.7	+21.5	825.2	-1.7
	Amount	Change				
Reserve for saving-type products* <sup>3</sup>	1,358.6	-7.3				

\*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.

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1. Trend of business results

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2. Domestic P&C insurance

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3. Domestic life insurance

4. Nursing care & healthcare, etc.

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5. Overseas insurance

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6. ERM & asset management

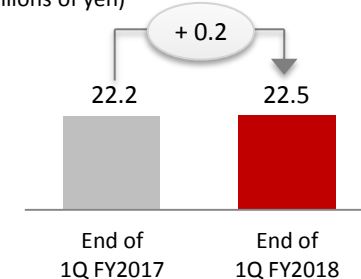
# Overview of 1Q FY2018 Results – Himawari Life

- ◆ Due partly to strong sales of new income compensation line launched on April 2018, new policies of protection-type products expanded.
- ◆ Net income increased by ¥2.5 billion to ¥4.7 billion, progressed favorably against FY2018 forecast (¥12.0 billion).

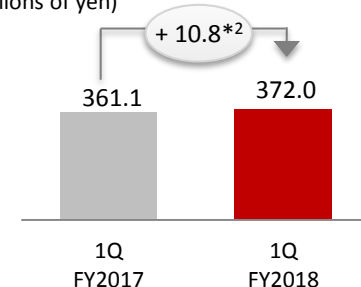
## Major indicators

(Billions of yen)	1Q FY2017	1Q FY2018	Change		FY2018 (Forecasts)
Annualized new premium	9.1	9.0	-0.0	(-0.9%)	42.3
of which, protection-type product	4.1	5.4	+1.2	(+30.7%)	28.0
Premium and other income	104.6	105.4	+0.8	(+0.8%)	452.0
Expense	22.6	21.9	-0.7	(-3.3%)	99.6
Investment profit	10.7	10.9	+0.1	(+1.3%)	45.3
of which, general account	10.1	10.5	+0.4	(+4.4%)	44.7
Basic profit	5.3	8.7	+3.3	(+62.9%)	22.9
Ordinary profit	4.5	7.8	+3.3	(+73.9%)	21.9
Net income	2.1	4.7	+2.5	(+118.4%)	12.0
Adjusted profit	6.9	8.7	+1.7	(+24.9%)	Over 32.0

(Reference)  
Amount of business in force\*1  
(Trillions of yen)



(Reference)  
Annualized premium in force\*1  
(Billions of yen)



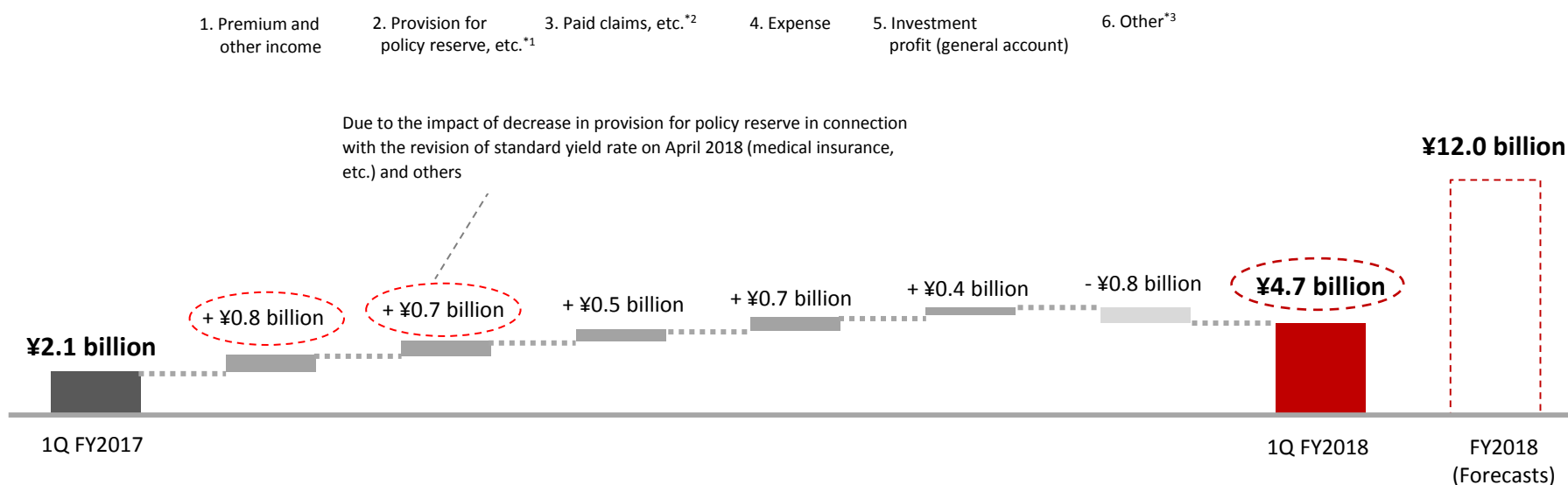
\*1 The sum of individual insurance and individual annuities.

\*2 Of which protection-type +¥6.7 bn.

## Net Income – J-GAAP

- ◆ Due partly to decrease in provision for policy reserve in addition to expansion in policies in force, progress rate for net income was 39%.

### Changing factors of net income



	1. Premium and other income	2. Provision for policy reserve, etc.	3. Paid claims, etc.	4. Expense	5. Investment profit (general account)	6. Other	Net income
1Q FY2017	¥104.6 billion	- ¥70.3 billion	- ¥16.4 billion	- ¥22.6 billion	¥10.1 billion	- ¥3.1 billion	¥2.1 billion
<b>1Q FY2018</b>	<b>¥105.4 billion</b>	<b>- ¥69.6 billion</b>	<b>- ¥15.8 billion</b>	<b>- ¥21.9 billion</b>	<b>¥10.5 billion</b>	<b>- ¥3.9 billion</b>	<b>¥4.7 billion</b>
FY2018 Forecasts	¥452.0 billion	- ¥304.6 billion	- ¥69.3 billion	- ¥99.6 billion	¥44.7 billion	- ¥11.7 billion	¥12.0 billion

\*1 Include the impact of cancellation refund, maturity insurance amount, survival benefits, pension and other refund and gains or losses on investments in separate accounts

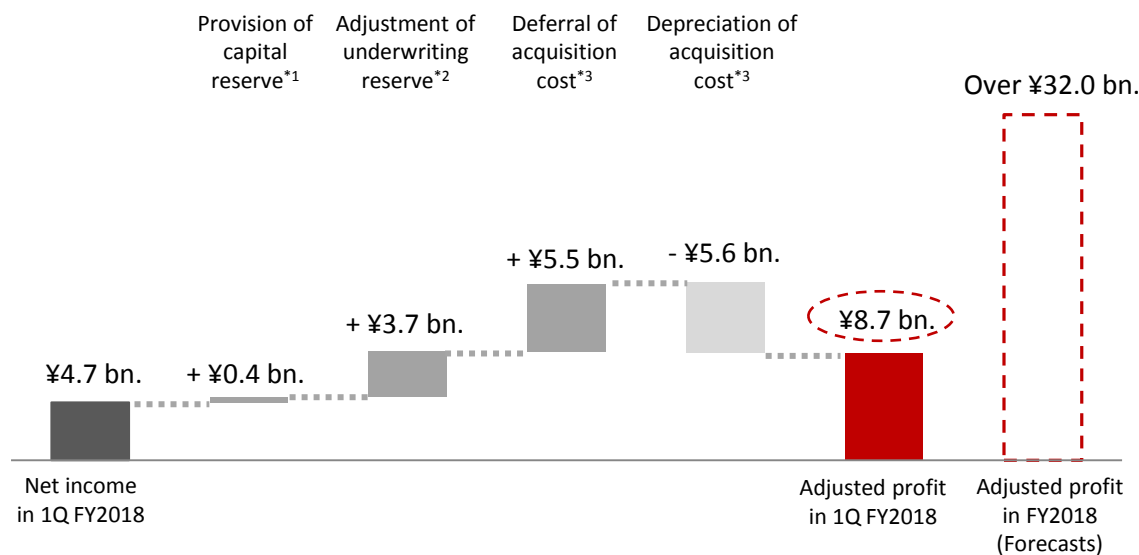
\*2 Include the effect of provision or reversal of reserve for outstanding claims (excluding maturity insurance amount and survival benefits)

\*3 The sum of other ordinary expense, special gains and losses, provision for reserve of policy holder dividend, corporate tax, etc.

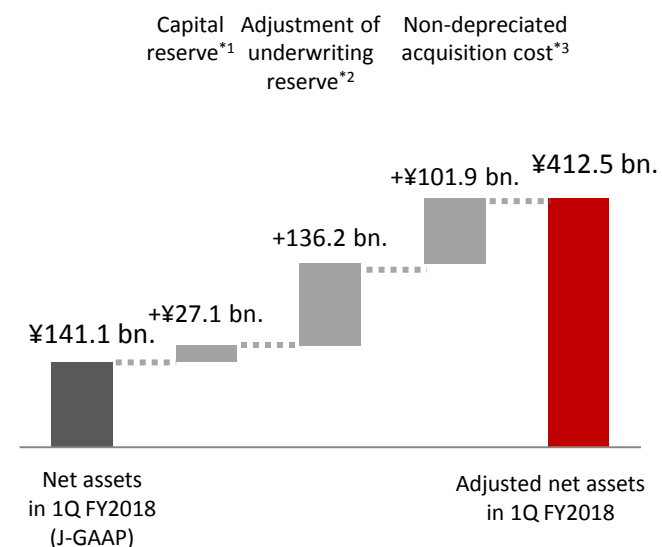
# Adjusted Profit and Adjusted Net Assets – Himawari Life

◆ Progress rate (adjusted profit in 1Q FY2018: ¥8.7 billion) was 27% against FY2018 forecasts (¥32.0 billion).

## 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).

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1. Trend of business results

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2. Domestic P&C insurance

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3. Domestic life insurance

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4. Nursing care & healthcare, etc.

5. Overseas insurance

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6. ERM & asset management



# Overview of 1Q FY2018 Results – Nursing Care & Healthcare, etc.

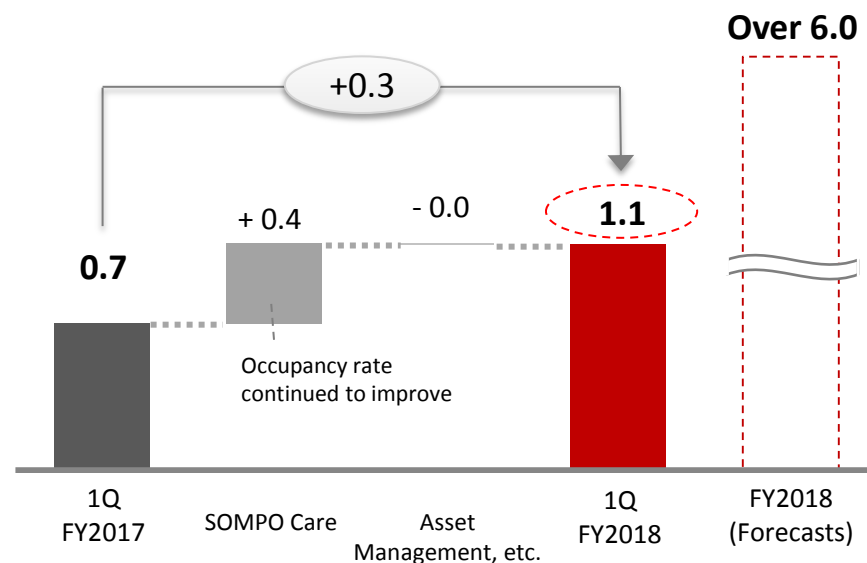
◆ Due partly to continuous improvement of occupancy rate, net income in nursing care & healthcare, etc. increased by ¥0.3 billion.

## Results of nursing care business (SOMPO Care<sup>\*1</sup>)

## Changing factors of adjusted profit (Nursing Care & Healthcare, etc.<sup>\*3</sup>)

	1Q FY2018		FY2018
(Billions of yen)	(Actual)	(Change)	(Forecasts)
Sales	30.9	+1.6	123.2
Net income	0.9	+0.4	4.2
Occupancy rate <sup>*2</sup>			
(SOMPO-no-le)	90.8%	+2.6pt	93.5%
(SOMPO-no-le S)	90.0%	+3.9pt	91.0%
(La vie Re)	85.7%	+4.3pt	88.8%
Number of users of at-home nursing care services (headcount)	46,829	+3,483	-

(Billions of yen)



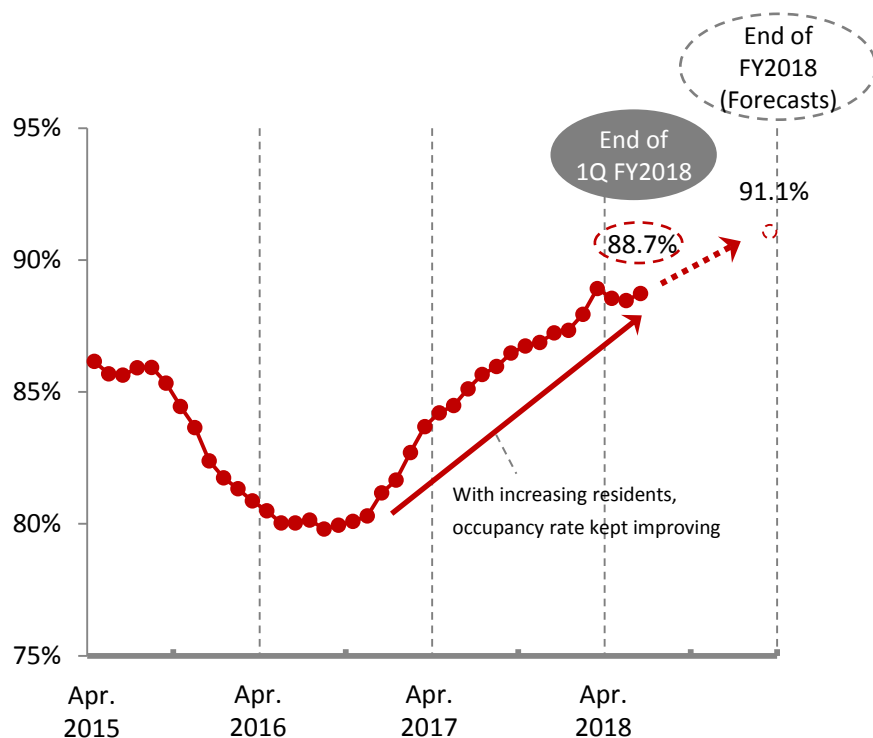
\*1 Former SOMPO Care and SOMPO Care Next merged in July 2018.

\*2 Occupancy rate = the number of residents / capacity of facilities  
SOMPO-no-le, SOMPO-no-le S, and La vie Re are brands of former SOMPO Care's nursing homes, serviced residential complexes for elderly, and former SOMPO Care Next's nursing homes respectively.

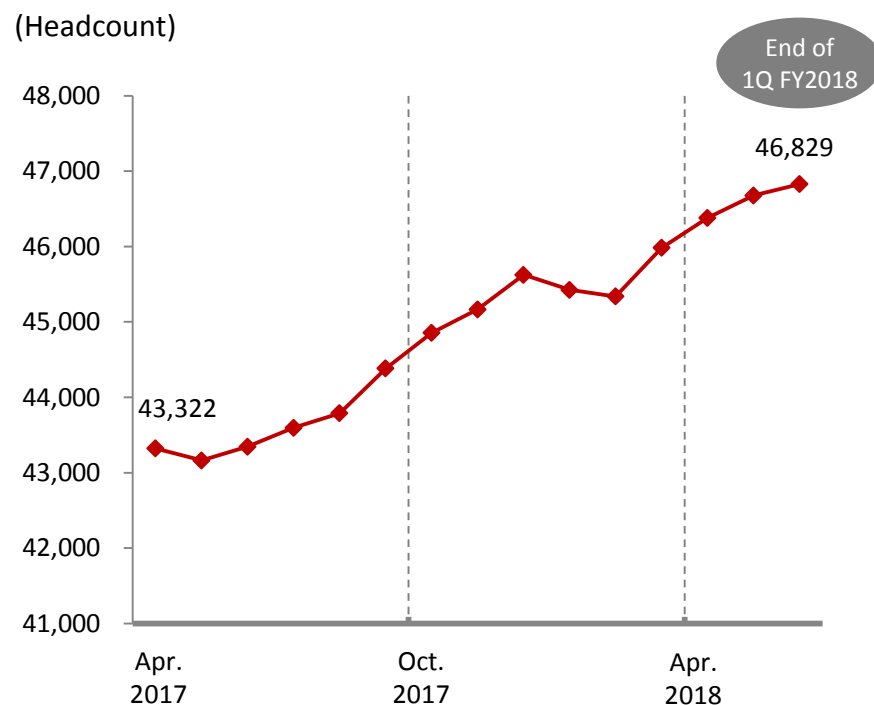
\*3 Nursing care & healthcare business is the sum of SOMPO Care and asset management, etc.

## (Reference) Major indicators of SOMPO Care

### Progress of occupancy rate\*



### Progress of Number of users of at-home nursing care services



\* Integrate the occupancy rate of former SOMPO Care and SOMPO Care Next

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1. Trend of business results

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2. Domestic P&C insurance

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3. Domestic life insurance

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4. Nursing care & healthcare, etc.

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5. Overseas insurance

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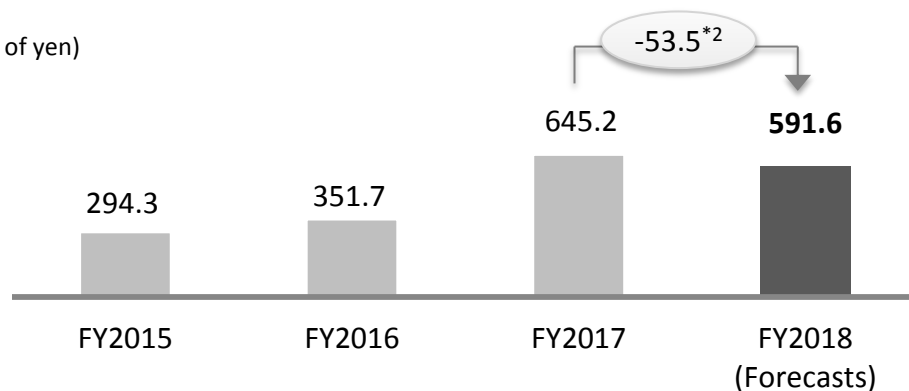
6. ERM & asset management

# Overview of 1Q FY2018 Results – Overseas Insurance

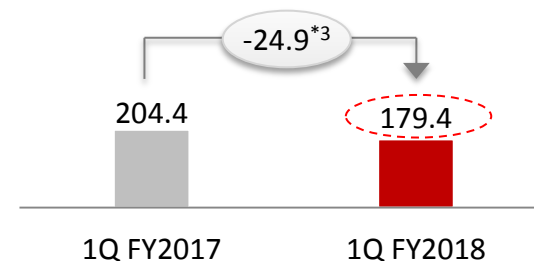
◆ Adjusted profit of overseas insurance in 1Q FY2018 increased by ¥0.6 billion to ¥11.9 billion.

## Net premiums written\*1

(Billions of yen)

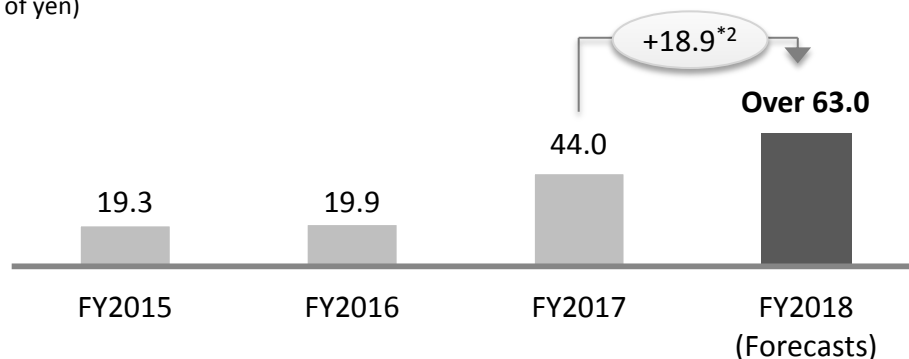


## Trend of 1Q Results

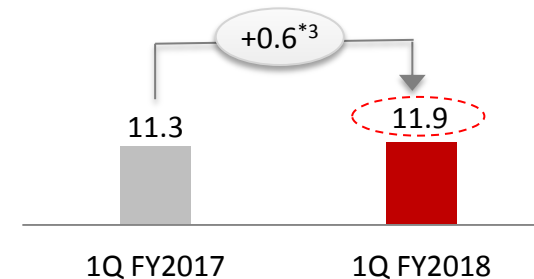


## Adjusted profit\*1

(Billions of yen)



## Trend of 1Q Results



\*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 Net premiums written from Sompo Canopus in FY2017 was ¥129.7 bn. and adjusted profit was -¥26.8 bn. The impact slips in FY2018 by completing sales of Sompo Canopus.

\*3 The impact of sales of Sompo Canopus in 1Q FY2018 was -¥35.7 bn. on net premiums written and -¥1.2 bn. on adjusted profit.

## Business Results by Region

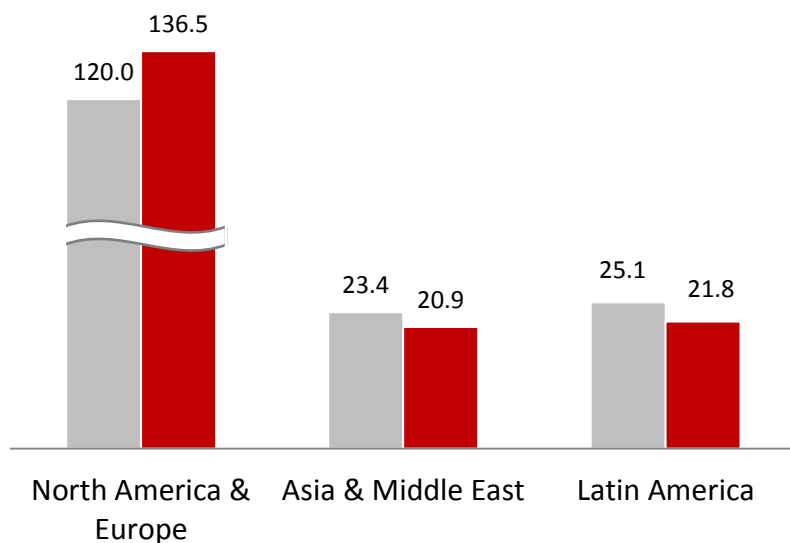
- ◆ Bottom-line of Asia & Middle East and Latin America increased.  
North America & Europe's bottom-line decreased due partly to the impact of foreign exchange.

### Net premiums written (by region)

(Billions of yen)

■ 1Q FY2017  
(excl. Sampo Canopus)

■ 1Q FY2018

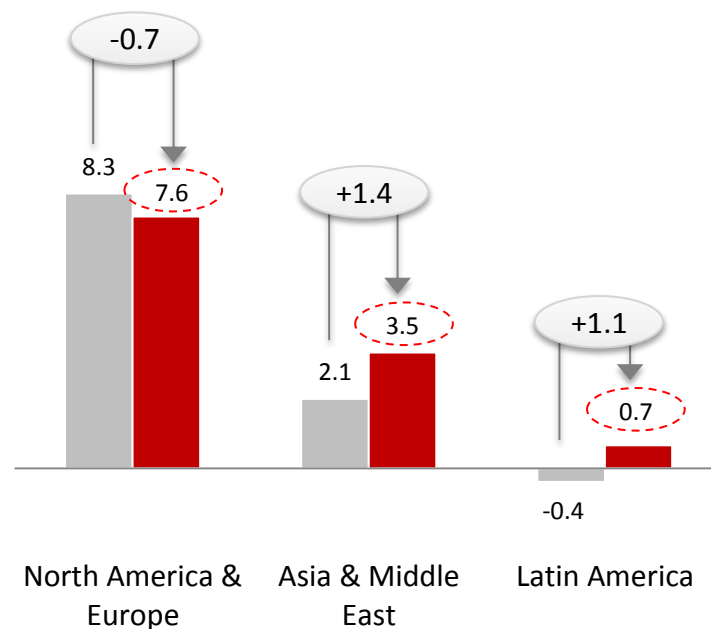


### Adjusted profit (by region)

(Billions of yen)

■ 1Q FY2017  
(excl. Sampo Canopus)

■ 1Q FY2018



## (Reference) Business Results by Company

(Billions of yen)		Net Premiums written			Adjusted profit			1Q Key points	(Reference) Exchange rate
		1Q FY2018	Change	FY2018 (Forecasts)	1Q FY2018	Change	FY2018 (Forecasts)		Mar. 2018 <sup>*3</sup> (YoY Change)
North America & Europe <sup>*1</sup>	SI	136.4	+16.6	399.0	7.4	-0.7	50.8	*Refer to next page.	106.24 JPY/USD (-5.3%)
	SJNK Europe	0.1	-0.1	1.1	0.1	+0.0	-0.3	Favorable progress of loss ratio.	148.84 JPY/GBP (+6.3%)
Asia & Middle East	SJ Sigorta (Turkey)	9.3	-3.8	42.5	2.1	+0.5	6.7	Solid investment profit in line with growth in assets.	26.94 JPY/TRY (-12.3%)
	Sompo Singapore	2.0	+0.1	7.7	0.0	-0.3	0.8	Basically in line with the plan.	81.02 JPY/SGD (+0.9%)
	Berjaya Sompo (Malaysia)	3.7	+0.7	15.5	0.2	+0.1	1.0	Basically in line with the plan.	27.51 JPY/MYR (+8.4%)
	Sompo Indonesia	1.6	+0.6	8.9	0.0	+0.0	0.4	Basically in line with the plan.	0.0078 JPY/IDR (-7.1%)
	Sompo China NK China	1.1	+0.0	5.3	0.5	+0.3	0.1	Increase in profit mainly due to less large losses.	16.92 JPY/RMB (+3.9%)
	Sompo Hong Kong	0.9	-0.0	3.2	0.1	+0.0	0.4	Basically in line with the plan.	13.54 JPY/HKD (-6.2%)
	Universal Sompo (India)	1.0	+0.1	7.4	0.2	+0.1	0.2	Favorable progress of crop insurance	1.62 JPY/INR (-7.4%)
Latin America	Sompo Seguros (Brazil)	21.8	-3.3	96.6	0.7	+1.1	2.2	Loss ratio improved due partly to rate revision of voluntary automobile insurance.	32.13 JPY/BRL (-9.8%)
Other (non-consolidated) <sup>*2</sup>		0.9	-0.2	3.9	0.0	+0.3	0.1	—	-
Total		179.4	+10.7	591.6	11.9	+1.8	Over 63.0	—	-

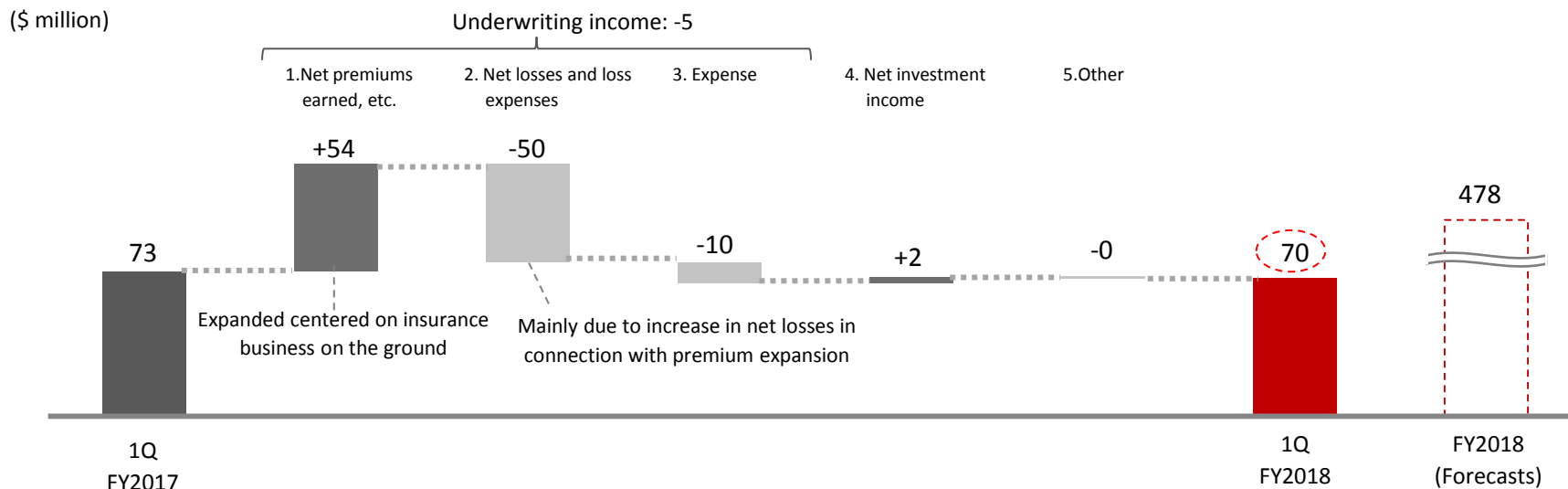
\*1 FY2017(actual) includes former Sompo America and Sompo Mexico, but not include Sompo Canopus which was completed to be sold.(hereafter)

\*2 Sum of Sompo Thailand, PGA Sompo (Philippines), United Insurance (Vietnam).

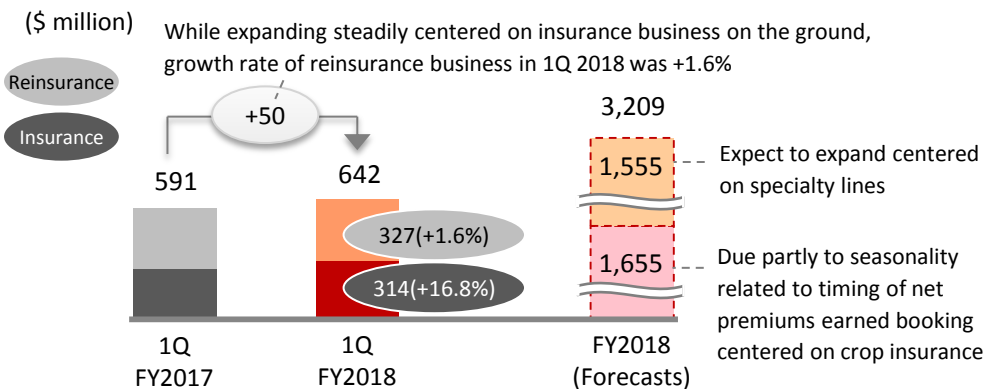
\*3 Universal Sompo's exchange rate is based on June 2018.

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

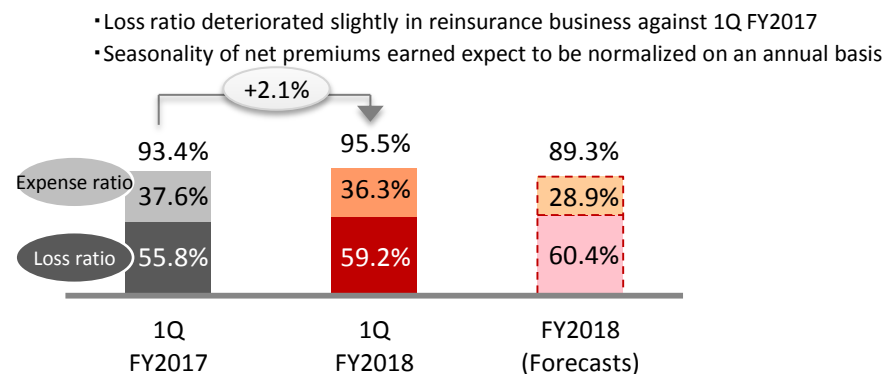
## Change factors of adjusted profit



## Net premiums earned



## Combined ratio



\* One-time merger cost is excluded as a special factor in expense ratio and combined ratio in 1Q FY2017

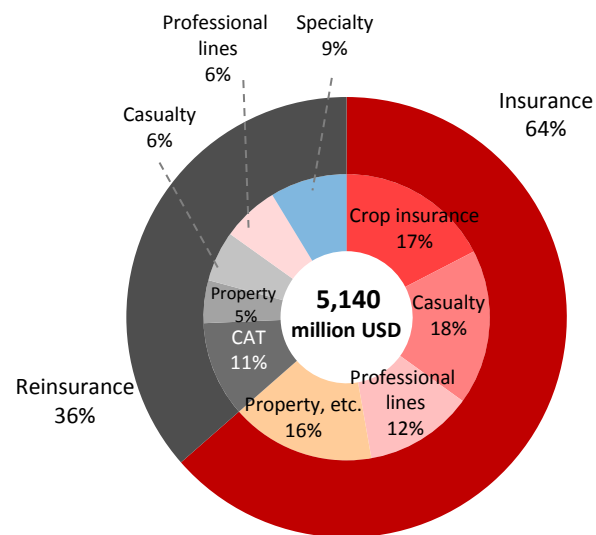
\* The denominator of loss ratio, expense ratio and combined ratio is net premiums earned

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

(\$ million)	FY2017 (Actual)	1Q FY2018 (Actual)	Change	FY2018 (Forecasts)
Gross premiums written	5,140	2,193	+311	6,311
Net premiums written	2,877	1,284	+216	3,755
Net premiums earned	2,708	642	+50	3,209
Net losses and loss expenses	2,204	380	+50	1,940
Expense <sup>*1</sup>	876	232	+10	927
Loss ratio <sup>*1</sup>	81.4%	59.2%	+3.4pt	60.4%
Expense ratio <sup>*1</sup>	32.3%	36.3%	-1.3pt	28.9%
Combined ratio <sup>*1</sup>	113.8%	95.5%	+2.1pt	89.3%
Underwriting income	-430	33	+50	353
Net investment income	260	64	+2	277
Net income (After Preferred dividend)	-203	52	+30	478
(Reference) Adjusted profit				
+ Net foreign exchange gains	11	-10	-9	-
+ Net realized and unrealized gains, net impairment losses, etc.	-29	32	+35	-
+ Income tax expense	-13	-3	-3	-
+ One-time merger cost	56	-	-56	-
+ A decrease in tax expense in connection with reorganization, etc. <sup>*2</sup>	681	-	-	-
Adjusted profit	503	70	-3	478

(Reference)

Gross premiums written by product line<sup>\*3</sup> (FY2017)



<sup>\*1</sup> 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

<sup>\*2</sup> Impact of US tax reform (FY2017): around + ¥ 0.5 billion (consolidated basis), only a limited impact from FY2018 onward

<sup>\*3</sup> The product mix doesn't include former Sompo America and Mexico

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



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1. Trend of business results

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2. Domestic P&C insurance

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3. Domestic life insurance

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4. Nursing care & healthcare, etc.

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5. Overseas insurance

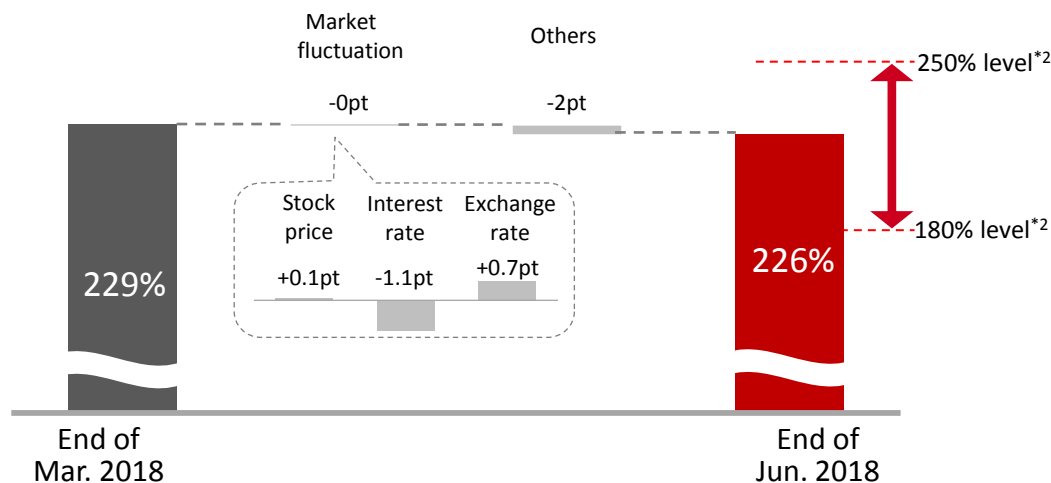
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6. ERM & asset management

# Financial Soundness – ESR (99.5%VaR)

- ◆ Financial soundness presents no particular problems as enterprise risk management (ERM) has been instilled throughout the Group.

## Trend of ESR (99.5%VaR)\*1



\*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).

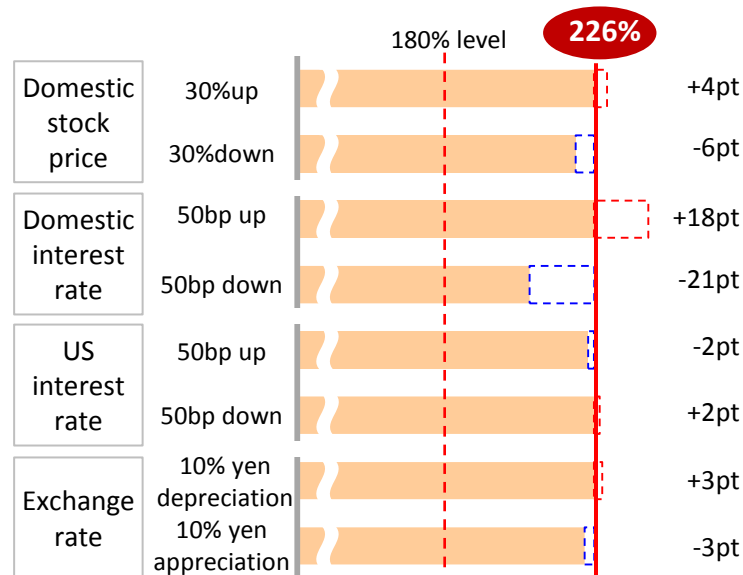
180% level: The level leading to stable financial soundness, based on the result of stress test, etc.

Typical actions in case of constant deviation from target range

【Over 250% level】 Consider additional risk-taking (investments in growth fields) and enhance shareholder returns by share buy-back and others

【Under 180% level】 Execute a variety of measures to reduce risks, consider enhancing capital buffer by hybrid bond issuance, etc. and retain more earnings and others

## Sensitivity of ESR (99.5%VaR)



(Reference) Market indicators

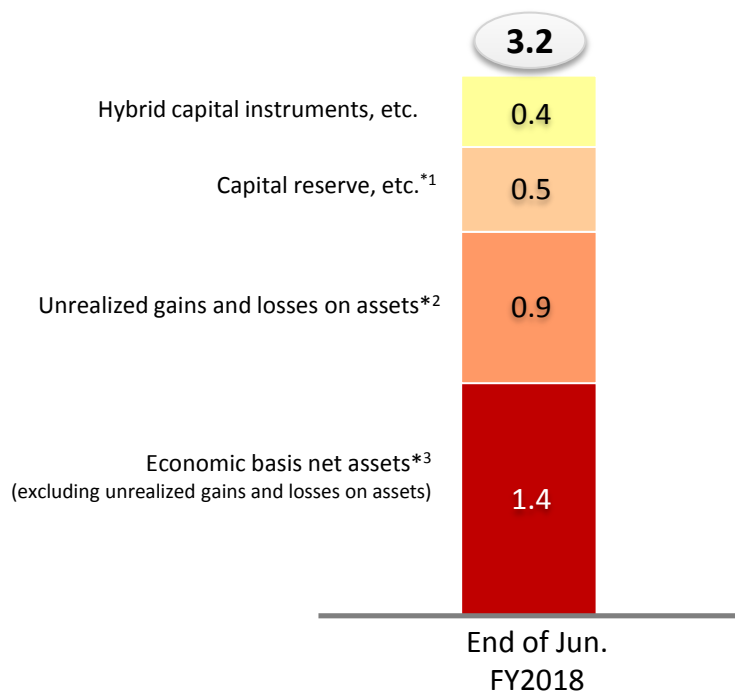
	End of Jun. 2018	(change*3)
Domestic stock price (Nikkei 225)	¥22,304	(+4.0%)
Domestic interest rate (30y JGB)	0.71%	(-3bp)
US interest rate	2.86%	(+12bp)
Exchange rate (JPY/USD)	¥110.54	(+4.0%)

\*3 Against the end of March 2018

# (Reference) Breakdown of Adjusted Capital and Risk

## Adjusted capital

(Trillions of yen)



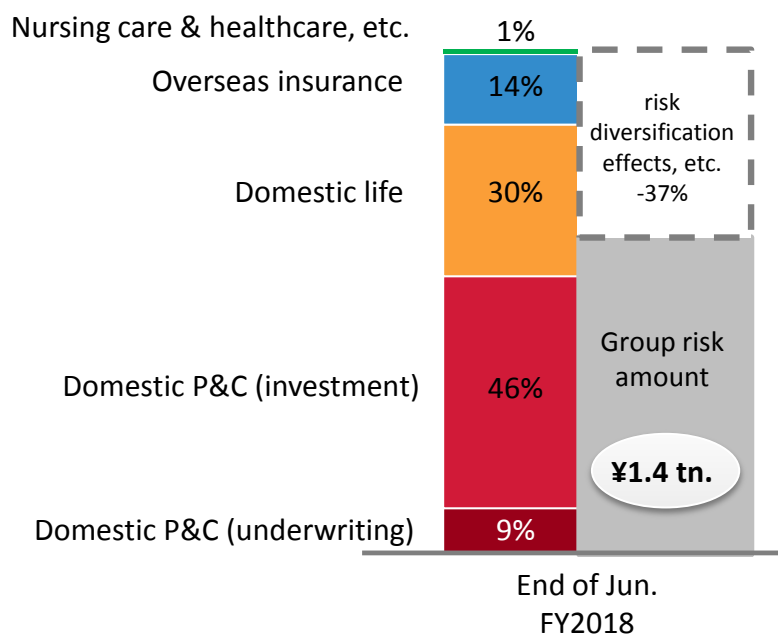
\*1 Reserve for price fluctuation and catastrophic loss reserve, etc. (after tax)

\*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.

(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

## Risk amount\*4



\*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:

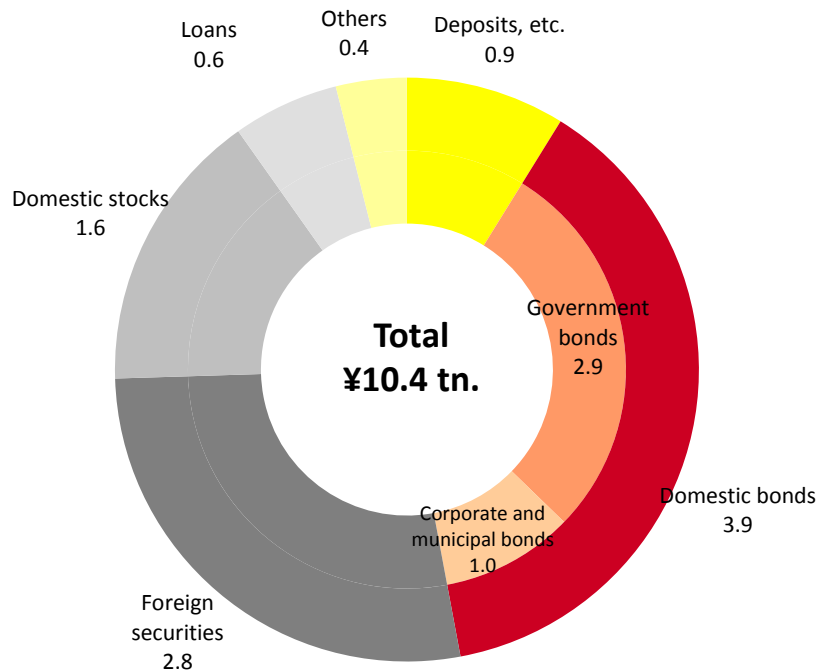
Sum of risk amount of each business less risk diversification effect among businesses and tax impact.

## Asset Portfolio – Group-wide

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

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

(Trillions of yen)



### Investment assets by company

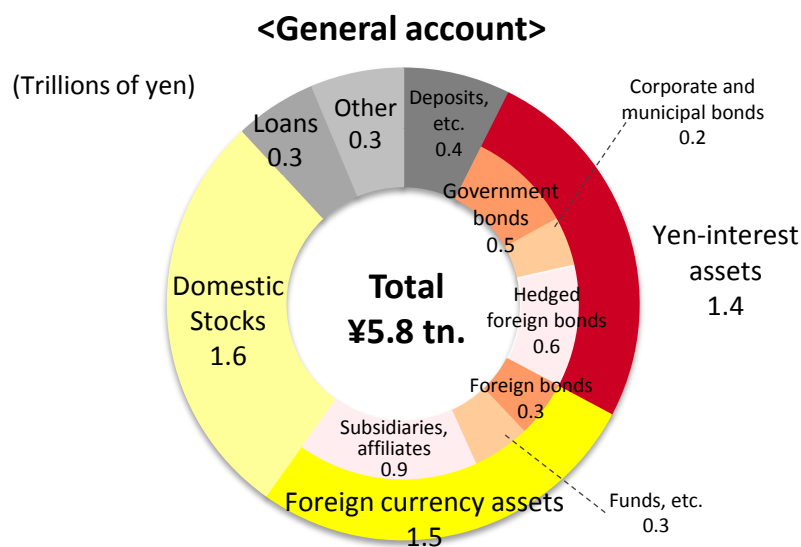
(Billions of yen)	Amount of investment assets	Composition
Sompo Japan Nipponkoa	5,906.2	56.3%
Himawari Life (General account)	3,057.8	29.2%
Overseas group subsidiaries	1,387.8	13.2%
(Of which, SI)	(1,103.7)	(10.5%)
Saison Automobile & Fire and Sonpo 24	68.0	0.6%
Other domestic subsidiaries	65.5	0.6%
<b>Total</b>	<b>10,485.6</b>	<b>100.0%</b>

\* 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.
- ◆ Continue to improve adjusted return.

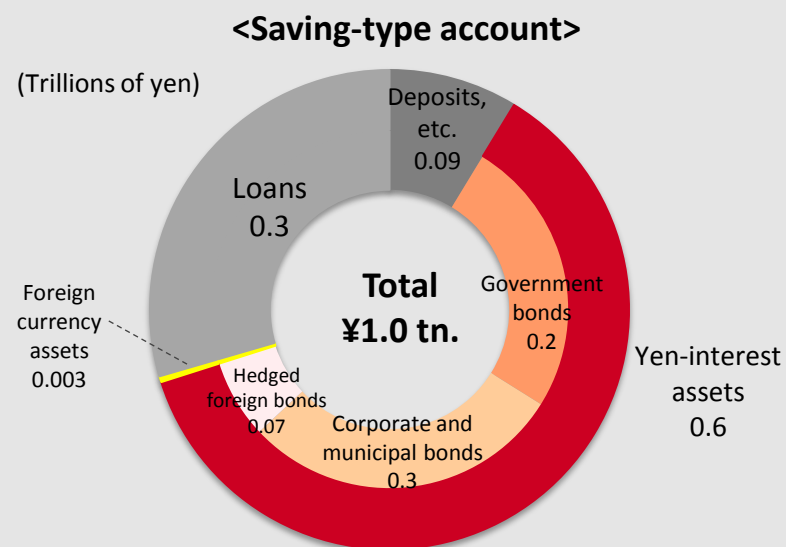
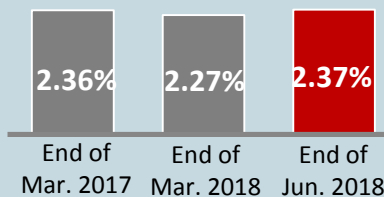
### Amount of investment assets (end of June 2018, Sompo Japan Nipponkoa, non-consolidated)



#### Composition by ratings\*1

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

#### Trend of income yield\*2



#### Composition by ratings\*1

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

#### Duration (years)

	End of Mar. 2018	End of Jun. 2018
Asset	4.2	4.0
Liability	5.8	5.8

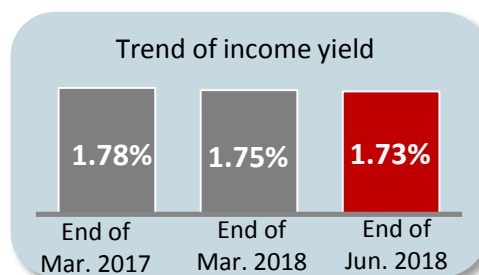
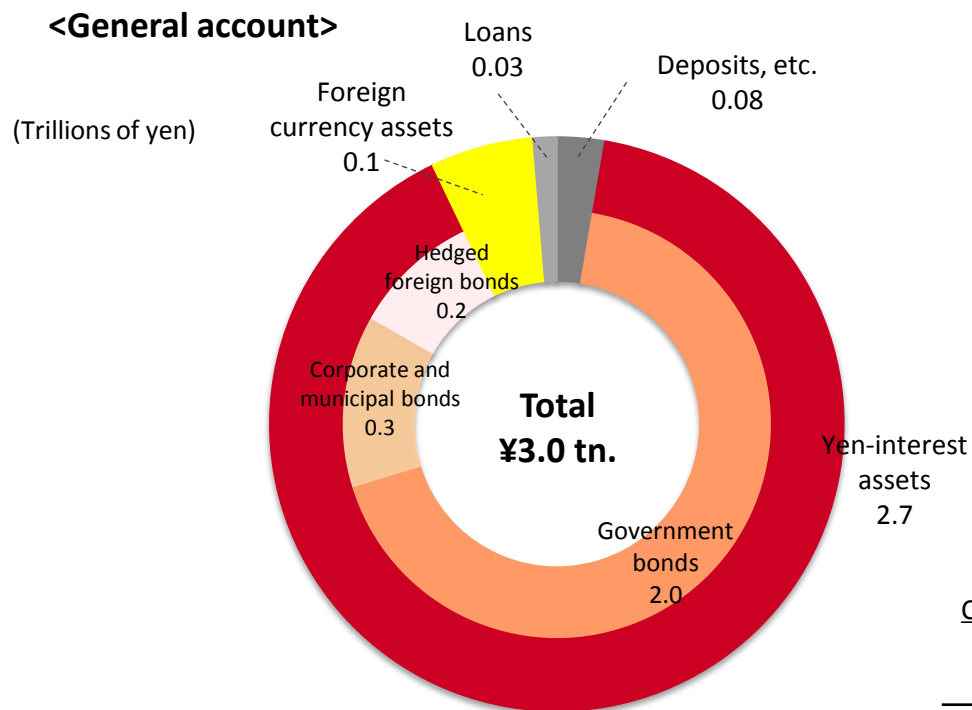
\*1 Total of yen-interest assets and foreign currency bonds

\*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 June 2018, Himawari Life, non-consolidated)



### Composition by ratings\*

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

### Duration (years)

	End of Mar. 2018	End of Jun. 2018
Asset	13	13
Liability	23	25

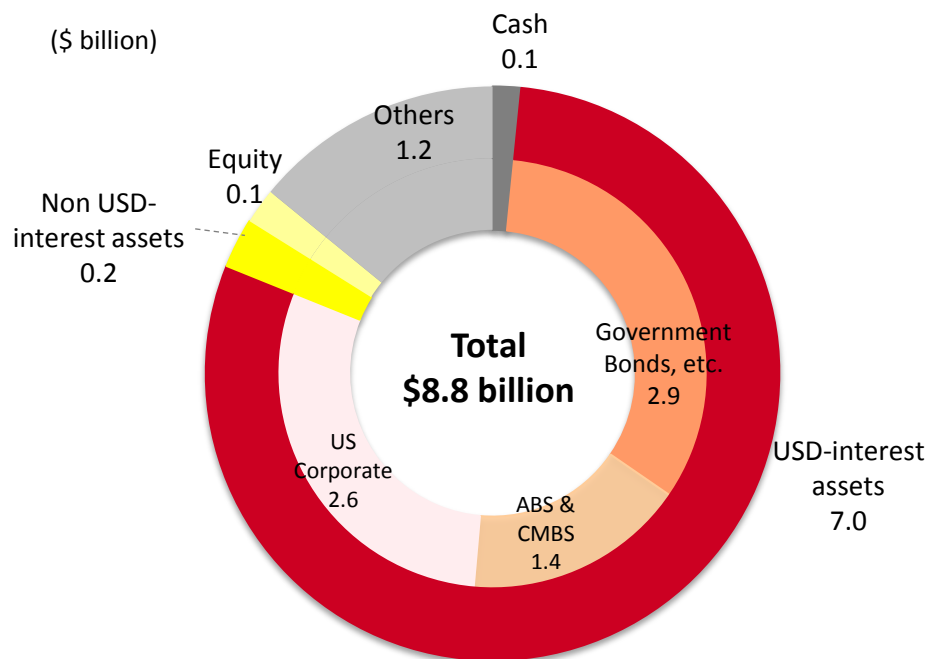
(Reference) Amount of separate account (End of Jun. 2018): ¥23.0 billion  
(mainly investment in domestic stocks and bonds in the separate account)

\* Total of yen-interest assets and foreign currency bonds

## Asset Portfolio - SI

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

### Amount of investment assets (end of March 2018, SI, consolidated)



#### Composition by ratings

Rating	Composition
BBB or above	93%
BB or below	7%

#### Duration (years)

	End of Dec. 2017	End of Mar. 2018
Asset	3.6	3.6
Liability	2.9	2.8

(Reference) Income yield\* at the end of March 2018: 2.87%

\*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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