

Highlights of 1Q FY2020 Results

August 7, 2020
Sompo Holdings, Inc.



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Exchange rate (USD/JPY)		
1Q FY2020	107.74 (YOY -0.0%)	End of Jun. 2020
Actual	- for overseas entities 108.83 (YOY -1.9%)	End of Mar. 2020
FY2020 Full year forecast	108.83	End of Mar. 2020

* W/P loss ratio means written-paid loss ratio; numerator is net claims paid, and denominator is net premiums written.

* SI stands for “Sompo International (Corporate)”. (The same shall apply hereafter.)

Highlights of 1Q FY2020 Results

- ◆ Mainly due to loss ratio improvement in Sompo Japan, both consolidated ordinary profit and net income increased substantially.
- ◆ Negative impact of COVID-19 on consolidated net income was around -¥5.0 billion, which is in line with the full year forecast (-¥14.0 billion).

Sompo Japan

- Underwriting profit increased by ¥33.4 billion mainly due to the E/I loss ratio improvement in automobile line in light of COVID-19 “stay-at-home”.
 - * E/I loss ratio of automobile insurance improved by 15.1% against 1Q FY2019.
 - The number of reported claims decreased by 23.3%.
- The amount of reduction in strategic holding stocks was ¥29.7 billion. (Including hedged amount)
 - * Full-year reduction plan: approximately ¥100.0 billion
 Partly due to decrease in net interest and dividend income by COVID-19, investment profit decreased by ¥5.0 billion against YoY.
- Both ordinary profit and net income increased drastically , progress was more favorable than plan.

Overseas insurance

- Due to SI growth focused on specialty lines, top-line expanded steadily.
- Partly due to lower net investment income as alternative asset values were impacted by COVID-19 and yen appreciation, adjusted profit decreased by ¥2.9 billion.

Himawari Life

- While the number of new policies was negatively affected by COVID-19, net income increased.

Nursing care and health care

- While net income decreased partly due to payment of special allowances to nursing staff at work (incorporated into full year forecast), the progress was in line with plan.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

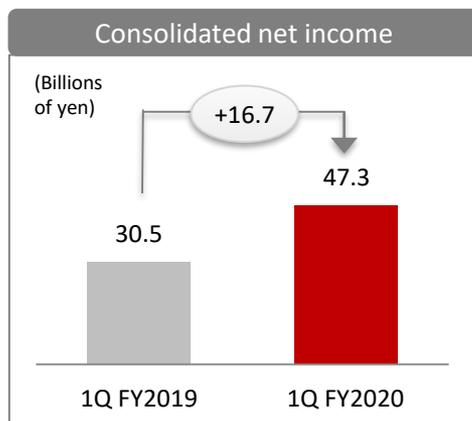
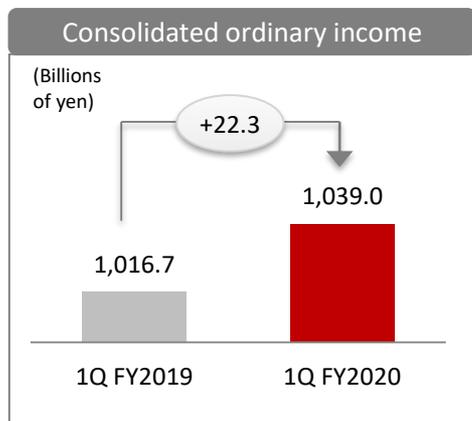
4. Domestic life insurance

5. Nursing care & healthcare, etc.

6. ERM & asset management

Overview of 1Q FY2020 Results – Consolidated Basis

- ◆ Net premiums written increased by ¥25.6 billion, driven by SI growth.
- ◆ Mainly due to increase in profit of Sompo Japan, both consolidated ordinary profit and net income increased drastically.



(Billions of yen)	1Q FY2019	1Q FY2020	Change	FY2020 (Forecast)
Consolidated ordinary income	1,016.7	1,039.0	+22.3 (+2.2%)	-
Net premiums written (P&C)	794.4	820.0	+25.6 (+3.2%)	2,860.0
Life insurance premiums	82.9	80.8	-2.0 (-2.5%)	358.5
Consolidated ordinary profit	42.8	68.2	+25.3	223.0
Sompo Japan	28.7	57.6	+28.8	210.0
Overseas insurance subsidiaries	29.8	-16.4	-46.3	60.1
Himawari Life	6.9	7.3	+0.4	24.6
Nursing care and healthcare*1	1.8	2.4	+0.6	10.4
Consolidated adjustment**2/Others	-24.4	17.1	+41.6	-82.3
Consolidated net income*3	30.5	47.3	+16.7	150.0
Sompo Japan	21.2	41.5	+20.3	156.0
Overseas insurance subsidiaries	25.8	-15.5	-41.3	48.9
Himawari Life	4.8	5.1	+0.3	17.0
Nursing care and healthcare	1.0	0.4	-0.6	6.4
Consolidated adjustment/Others	-22.4	15.6	+38.0	-78.3
(Reference) Adjusted profit (by business)	54.9	71.2	+16.2	187.0
Domestic P&C insurance	33.3	53.8	+20.4	96.5
Overseas insurance	12.2	9.2	-2.9	51.0
Domestic life insurance	8.2	7.9	-0.3	32.5
Nursing care & healthcare, etc.	1.0	0.2	-0.8	7.0

*1 Nursing care and healthcare is sum of SOMPO Care and SOMPO health support.

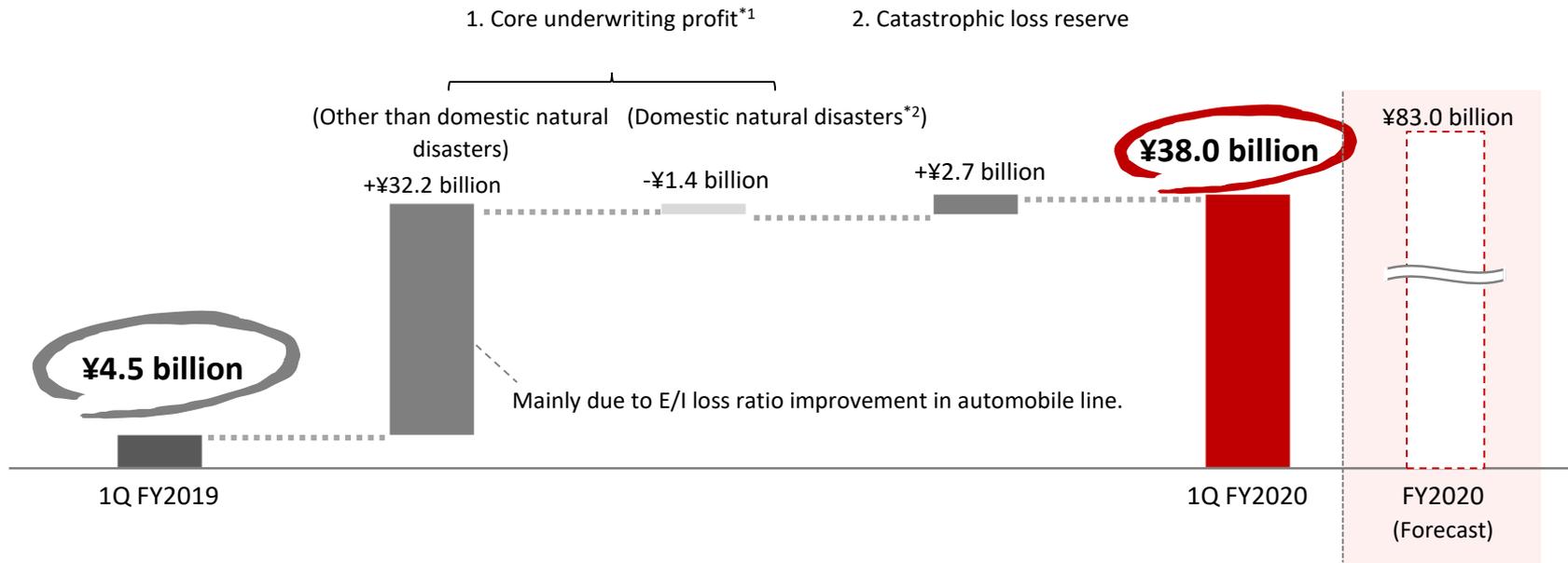
*2 Incl. profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.

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

Main Points of Consolidated Results – (1) Underwriting Profit (Sompo Japan)

◆ Underwriting profit increased by ¥33.4 billion mainly due to the loss ratio improvement in automobile line.

Changing factors of underwriting profit (Sompo Japan)



	1. Core underwriting profit			2. Catastrophic loss reserve	Underwriting profit
		(Other than domestic natural disasters)	(Domestic natural disasters)		
1Q FY2019	¥29.9 billion	¥29.9 billion	- ¥0.0 billion	-¥25.3 billion	¥4.5 billion
1Q FY2020	¥60.6 billion	¥62.1 billion	- ¥1.5 billion	-¥22.6 billion	¥38.0 billion

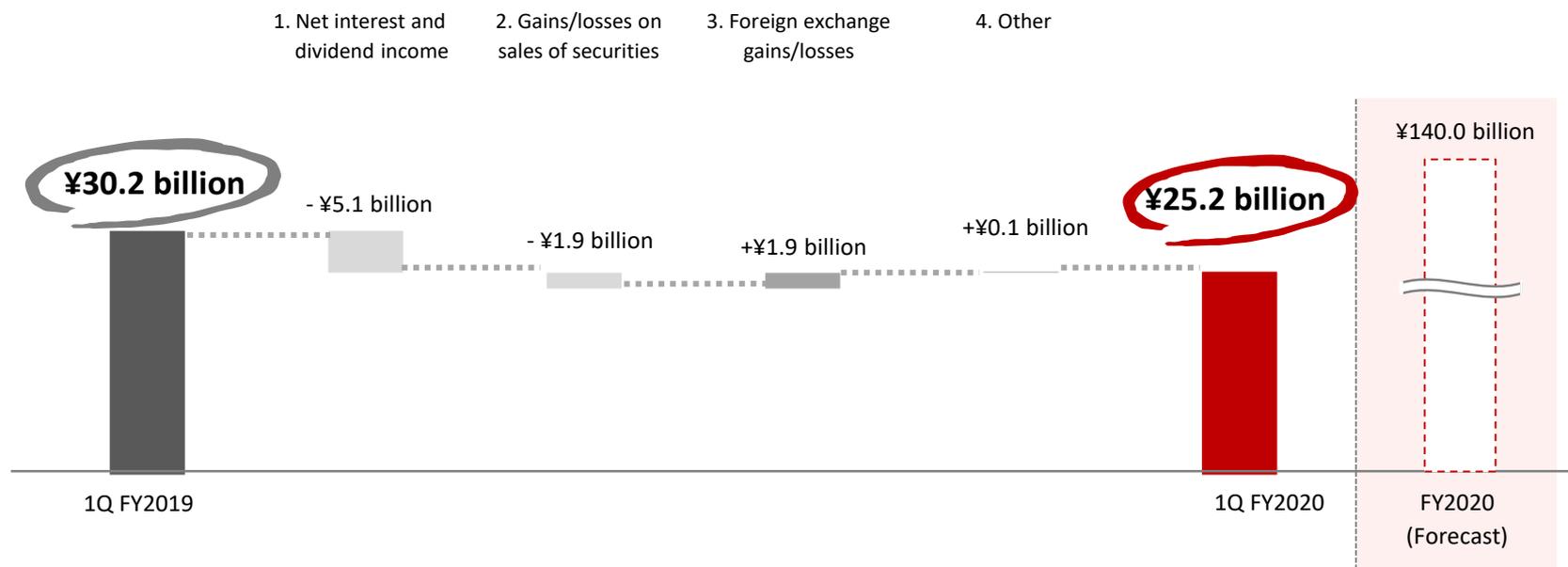
*1 Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve.

*2 Domestic natural disasters is sum of net claims paid that occurred in the current fiscal year

Main Points of Consolidated Results – (2) Investment Profit (Sompo Japan)

- ◆ Despite decrease in net interest and dividend in light of negative impact by COVID-19, investment profit was ¥25.2 billion.

Changing factors of investment profit (Sompo Japan)

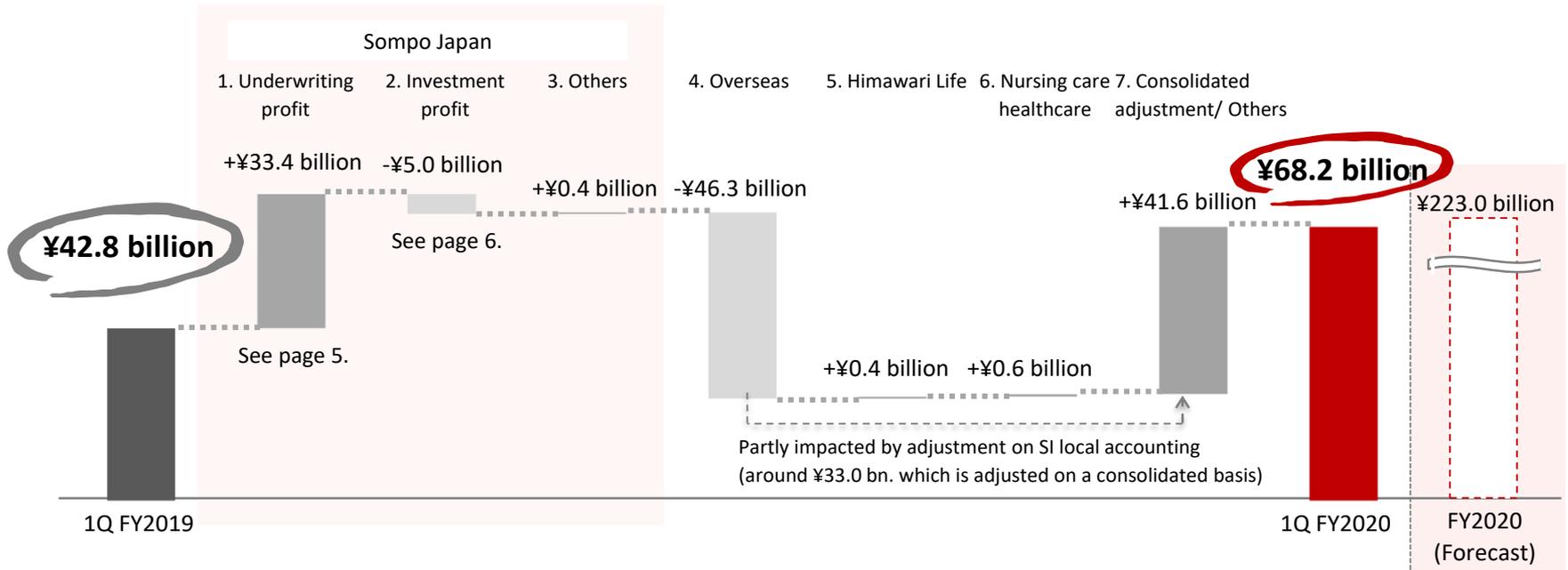


	1. Net interest and dividend income	2. Gains/losses on sales of securities	3. Foreign exchange gains/losses	4. Other	Investment profit
1Q FY2019	¥24.8 billion	¥9.5 billion	-¥2.5 billion	-¥1.6 billion	¥30.2 billion
1Q FY2020	¥19.7 billion	¥7.5 billion	-¥0.5 billion	-¥1.4 billion	¥25.2 billion

Main Points of Consolidated Results – (3) Ordinary Profit

◆ Consolidated ordinary profit increased by ¥25.3 billion, mainly due to profit growth of Sompo Japan in light of favorable loss ratio in auto lines.

Changing factors of consolidated ordinary profit



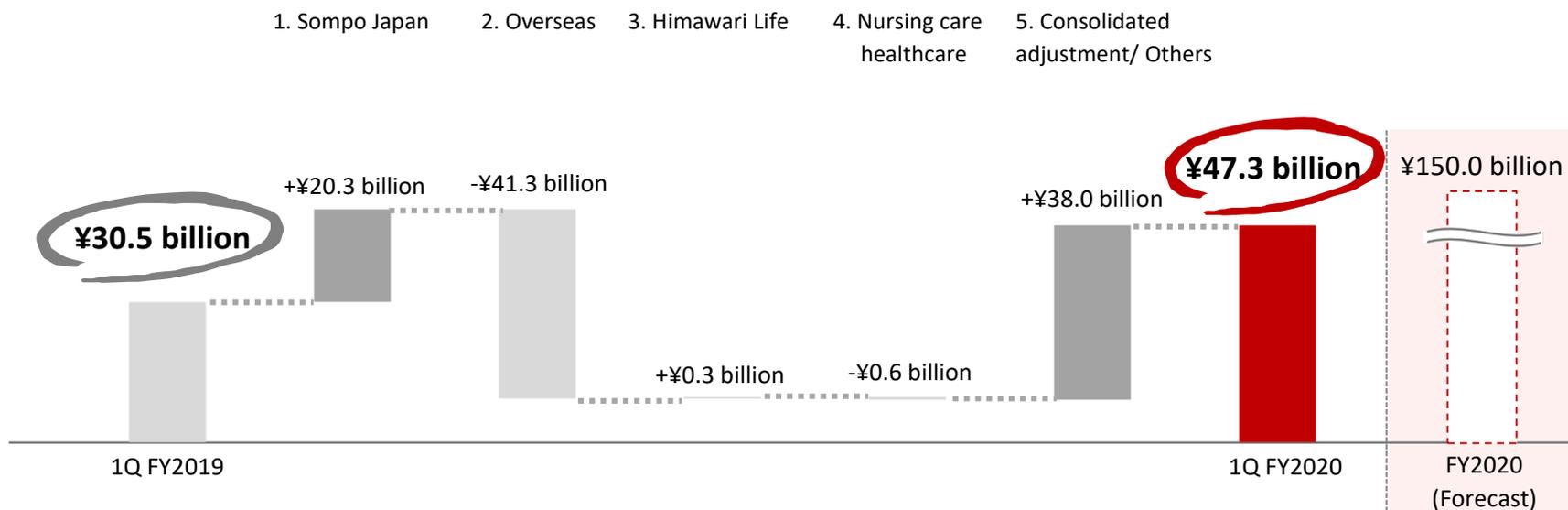
	1. Underwriting profit	2. Investment profit	3. Others	4. Overseas subsidiaries	5. Himawari Life	6. Nursing care healthcare	7. Consolidated adjustment/others	Ordinary profit
1Q FY2019	¥4.5 billion	¥30.2 billion	-¥6.0 billion	¥29.8 billion	¥6.9 billion	¥1.8 billion	-¥24.4 billion	¥42.8 billion
1Q FY2020	¥38.0 billion	¥25.2 billion	-¥5.5 billion	-¥16.4 billion	¥7.3 billion	¥2.4 billion	¥17.1 billion*	¥68.2 billion

* Net amortization amount (before tax) of goodwill and intangible assets, etc. of SI for 1Q FY2020: ¥6.3 billion

Main Points of Consolidated Results – (4) Net Income

◆ Consolidated net income was ¥47.3 billion(Progress rate against full year forecast:32%).

Changing factors of consolidated net income



	1. Somo Japan	2. Overseas subsidiaries	3. Himawari Life	4. Nursing care	5. Consolidated adjustment/others	Net income
1Q FY2019	¥21.2 billion	¥25.8 billion	¥4.8 billion	¥1.0 billion	-¥22.4 billion	¥30.5 billion
1Q FY2020	¥41.5 billion	-¥15.5 billion	¥5.1 billion	¥0.4 billion	¥15.6 billion	¥47.3 billion

(Reference) Business Forecasts for FY2020 – Consolidated Basis

(Billions of yen)	FY2020 (Actual)	FY2020 (Forecasts)	Change
Net premiums written (P&C)	2,825.4	2,860.0	+34.5 (+1.2%)
Life insurance premiums	356.0	358.5	+2.4 (+0.7%)
Consolidated ordinary profit	192.4	223.0	+30.5
Sompo Japan	182.3	210.0	+27.6
Overseas subsidiaries	87.9	60.1	-27.7
Himawari Life	25.5	24.6	-0.8
Nursing care (SOMPO Care)	10.1	10.4	+0.3
Consolidated adjustment/others	-113.5	-82.3	+31.2
Consolidated net income	122.5	150.0	+27.4 (+22.4%)
Sompo Japan	130.5	156.0	+25.4
Overseas subsidiaries	75.3	48.9	-26.3
Himawari Life	16.5	17.0	+0.4
Nursing care (SOMPO Care)	6.1	6.4	+0.2
Consolidated adjustment/others	-106.1	-78.3	+27.8
(Reference) Adjusted profit (by business)	150.8	187.0	+36.1 (+24.0%)
Domestic P&C insurance	60.8	96.5	+35.6
Overseas insurance	50.1	51.0	+0.8
Domestic life insurance	32.0	32.5	+0.4
Nursing care & healthcare, etc.	7.7	7.0	-0.7

(Reference) Main Points of Business Forecasts for FY2020

- ◆ Consolidated ordinary profit is expected to increase by ¥30.5 billion to ¥223.0 billion and consolidated net income is expected to increase by ¥27.4 billion to ¥150.0 billion, mainly due to the normalization of the impact from domestic natural disasters, in addition to organic growth in each business, while the initial impact of COVID-19 is included in the forecast for FY2020.
- ◆ Adjusted consolidated profit as funds of shareholder return is expected to increase by ¥36.1 billion to ¥187.0 billion.

Sompo Japan

- Underwriting profit is expected to increase by ¥39.8 billion, mainly due to the top-line growth with rate revisions in addition to the normalization of the impact from domestic natural disasters and the rebound of one-time special factors.
- Amount of the reduction of strategic-holding stocks is expected to be around ¥100.0 billion.
- Investment profit is expected to decrease by ¥10.8 billion due to the rebound of the gain on sale of bonds, partly offset by a decrease in impairment losses on securities.
- As a result, ordinary profit is expected to increase by ¥27.6 billion to ¥210.0 billion and net income is expected to increase by ¥25.4 billion to ¥156.0 billion.

Overseas insurance

- Adjusted profit is expected to increase due to the organic growth of SI insurance business, while impact of market fluctuation on net investment income caused by COVID-19, etc. is factored into the forecast for FY2020.

Himawari Life

- Base profit is expected to increase based on growth in policies in force, etc.

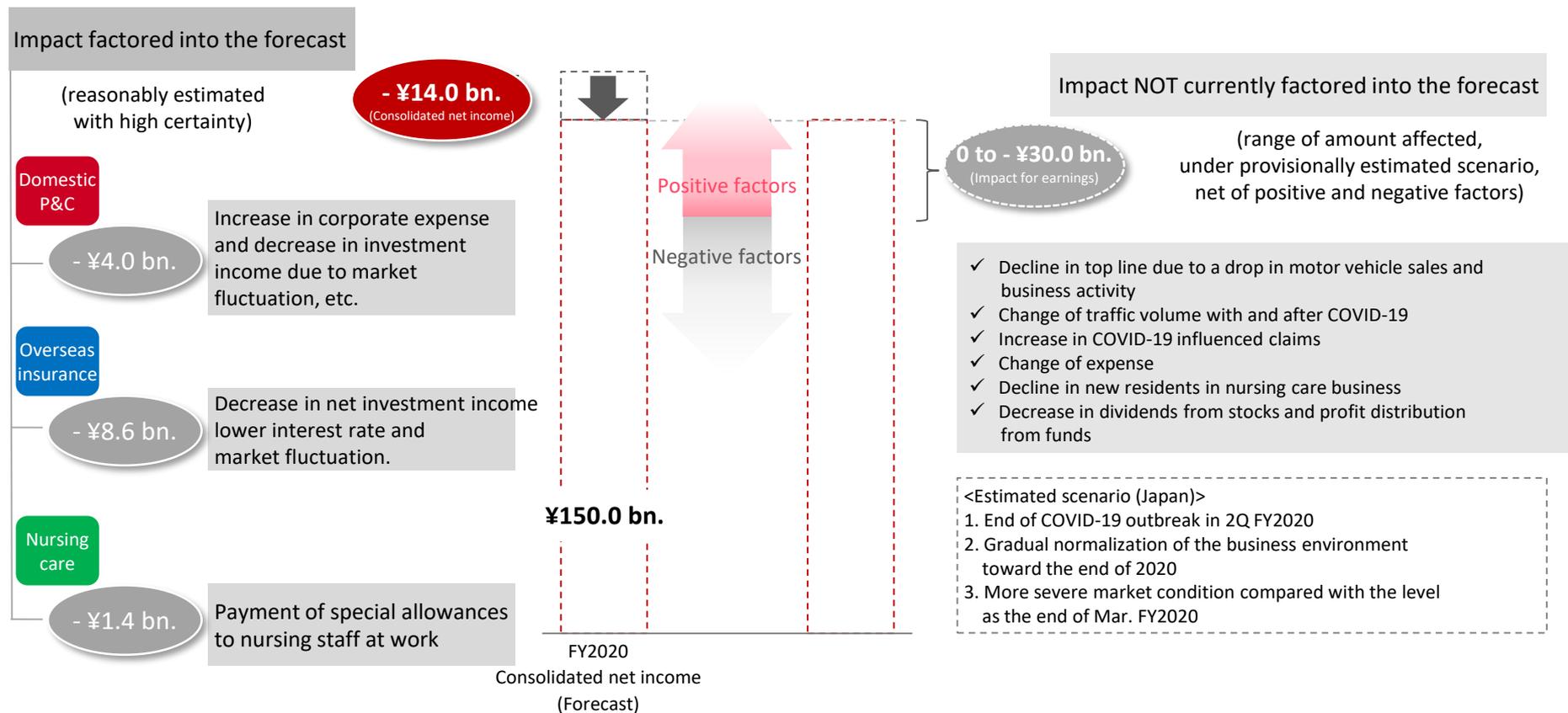
Nursing care

- The expense related to COVID-19 is factored into the forecast for FY2020, while occupancy rate is expected to improve further.

(Reference) Impact of COVID-19

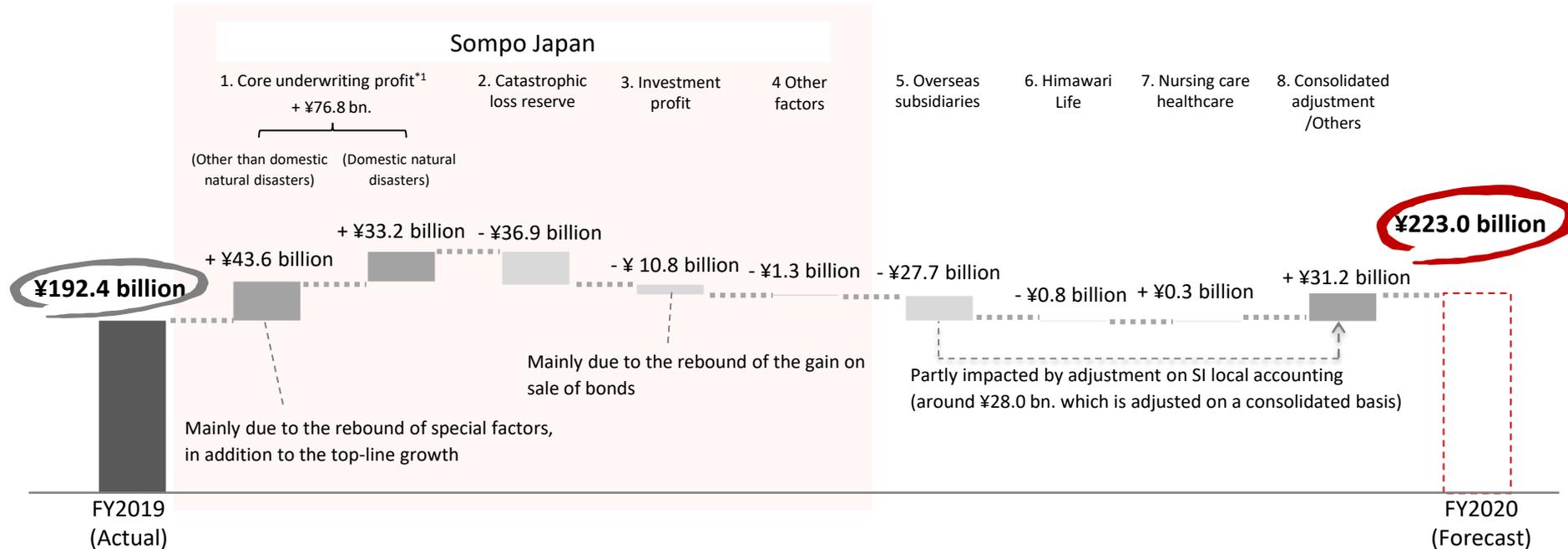
- ◆ Initial impact of COVID-19 for the forecast of consolidated net income for FY2020 is expected to be - ¥14.0 billion at this time.
- ◆ Additional impact based on provisionally estimated scenario is calculated to be from 0 to -¥30.0 billion.

Impact for the forecast for FY2020



(Reference) Breakdown of Business Forecasts for FY2020

Changing Factors of consolidated ordinary profit



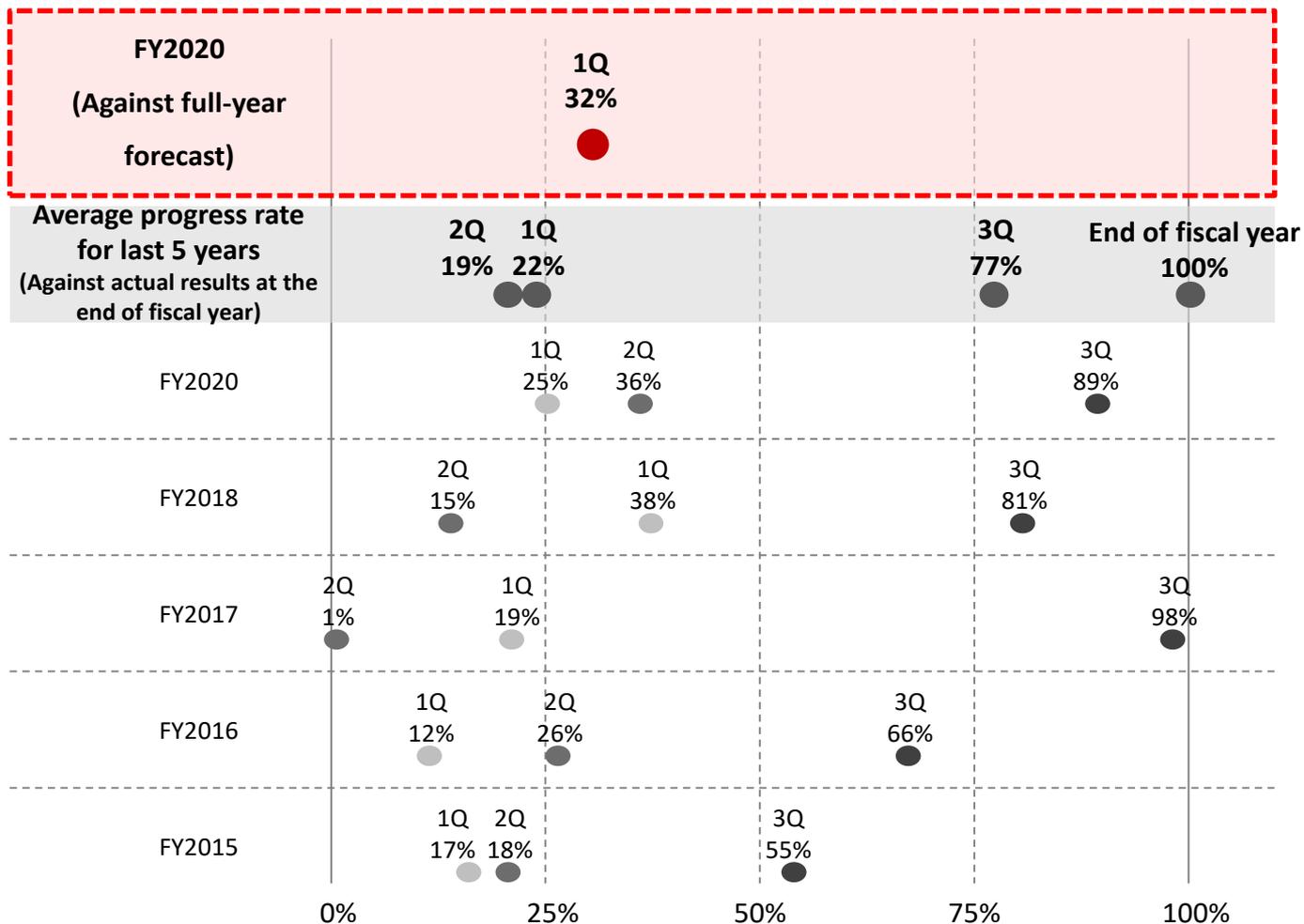
	1. Core underwriting profit		2. Catastrophic loss reserve	3. Investment profit	4. Other Factors	5. Overseas subsidiaries	6. Himawari Life	7. Nursing care healthcare	8. Consolidated adjustment /Others	Ordinary profit
	(Other than domestic natural disasters)	(Domestic natural disasters)								
FY2019 Actual	¥102.6 billion	- ¥93.2 billion	¥33.6 billion	¥150.9 billion	- ¥11.6 billion	¥87.9 billion	¥25.5 billion	¥10.1 billion	- ¥113.5 billion	¥192.4 billion
FY2020 forecasts	¥146.2 billion	- ¥60.0 billion	- ¥3.2 billion	¥140.0 billion	- ¥13.0 billion	¥60.1 billion*²	¥24.6 billion	¥10.4 billion	- ¥82.3 billion*²	¥223.0 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 ¥24.2 billion for FY2020 forecast. Due to changes in SI's accounting policy, no adjustment will be made from FY2020 onwards for amount of adjustment related to intangible assets, etc.

(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)	FY2019	FY2020	
	(Actual)	(1Q Actual)	(Forecasts)
Domestic P&C insurance	60.8	53.8	96.5
Overseas insurance	50.1	9.2	51.0
Domestic life insurance	32.0	7.9	32.5
Nursing care & healthcare, etc.	7.7	0.2	7.0
Total (Adjusted consolidated profit)	150.8	71.2	187.0
Adjusted consolidated ROE*²	6.4%	-	8.1%
ROE (J-GAAP)	7.3%	-	9.4%

Definition of adjusted profit*¹

Domestic P&C insurance

Net income
 + Provisions for catastrophic loss reserve, etc. (after tax)
 + Provisions for reserve for price fluctuation (after tax)
 – Gains/losses on sales of securities and impairment losses on securities (after tax)

Overseas insurance

Net income
 (including major non-consolidated subsidiaries)
 Adjusted profit of SI is operating income*³

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

*¹ Adjusted profit for each business excludes one-time factors and special factors such as subsidiary dividends, etc.

*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, etc. 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 Operating income of SI = Net income - Net foreign exchange gains/losses - Net realized and unrealized gains/losses - Net impairment losses recognized in earnings, etc.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc.

6. ERM & asset management

◆ Net income increased by ¥20.3 billion, mainly due to improvement of underwriting profit in light of favorable loss ratio in automobile line.

(Billions of yen)	1Q FY2019	1Q FY2020	Change	FY2020 (Forecasts)
Net premiums written	563.7	551.3	-12.3 (-2.2%)	2,173.5
(excl. CALI, household earthquake)	497.0	489.6	-7.3 (-1.5%)	1,943.1
Net premiums earned (excl. CALI, household earthquake)	459.9	459.9	-0.0 (-0.0%)	1,925.0
E/I loss ratio (excl. CALI, household earthquake)	58.9%	52.1%	-6.8pt	61.8%
W/P Loss ratio	57.1%	54.5%	-2.6pt	64.1%
(excl. CALI, household earthquake)	54.3%	51.4%	-3.0pt	61.0%
Net expense ratio	31.6%	32.9%	+1.3pt	32.8%
(excl. CALI, household earthquake)	32.7%	33.8%	+1.1pt	33.5%
Combined ratio (W/P) (excl. CALI, household earthquake)	87.0%	85.1%	-1.9pt	94.6%
(Reference) Combined ratio (E/I)* ¹ (excl. CALI, household earthquake)	91.6%	85.9%	-5.8pt	95.3%
Underwriting profit	4.5	38.0	+33.4	83.0
Investment profit	30.2	25.2	-5.0	140.0
Ordinary profit	28.7	57.6	+28.8	210.0
Net income	21.2	41.5	+20.3	156.0
+ Provisions for catastrophic loss reserve (after tax)	18.3	16.3	-1.9	+2.4
+ Provisions for reserve for price fluctuation (after tax)	0.7	0.7	-0.0	+2.8
- Gains/losses on sales of securities and impairment losses on securities (after tax)	-6.2	-4.4	+1.8	-43.6
- Special factors (after tax)* ²	+0.0	-0.7	-0.7	-19.0
Adjusted profit	34.0	53.4	+19.4	98.6

(Reference)
Adjusted
profit

*1 Sum of E/I loss ratio and net expense ratio. (The same shall apply hereafter.)

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

◆ While net premiums written decreased mainly due to COVID-19, fundamental sales force remains stable.

Net premiums written by product line

(Billions of yen)	1Q FY2019	1Q FY2020	Change		FY2020 (Forecasts)
Fire and Allied Lines	62.5	60.4	-2.0	(-3.3%)	291.2
Marine	11.7	10.7	-0.9	(-8.3%)	45.2
Personal Accident	50.8	47.0	-3.7	(-7.4%)	168.5
Voluntary Automobile	276.7	276.6	-0.0	(-0.0%)	1,106.9
CALI	66.5	61.5	-4.9	(-7.4%)	229.9
Other	95.3	94.7	-0.5	(-0.6%)	331.4
of which Liability	55.0	54.3	-0.7	(-1.3%)	167.7
Total	563.7	551.3	-12.3	(-2.2%)	2,173.5
Total (excl. CALI, household earthquake)	497.0	489.6	-7.3	(-1.5%)	1,943.1

(Main change factors)

Fire and Allied Lines: While gross premiums written increased mainly due to optimizing underwriting and pricing net premiums decreased due to reinsurance cost hike.

Personal Accident: Decreased centered on overseas travel insurance due to “stay-at-home”

Voluntary Automobile: Impacted mainly by new car sales slow-down, which were offset by rate revisions in Jan.2020

Other: Decreased mainly due to the absence of large contract recorded in FY2019

(Reference) Year-on-Year comparison of voluntary automobile insurance (April 2020 - June 2020)

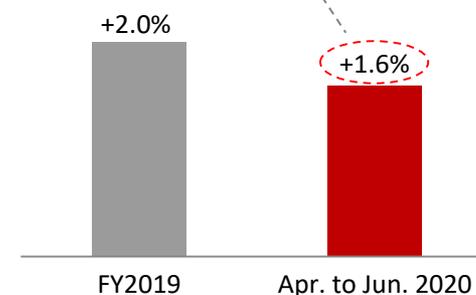
(Performance evaluation basis)

	# of vehicles*	Unit premium	Total Premium
Non-fleet	-1.7%	+1.6%	-0.1%
Fleet	-4.2%	+2.5%	-1.7%
Total	-2.3%	+1.9%	-0.4%

* Exclude per hour type automobile insurance

<Non-fleet unit premium>

While unit-premium continued to increase due to rate revisions in Jan. 2020, long-term policy premium growth is sluggish.



◆ E/I loss ratio improved by 6.8 points, mainly due to accident rate improvement in automobile line.

Loss ratio (E/I) by product line

(Billions of yen)	1Q FY2020				FY2020 (Forecast)
	Net incurred loss*2	Change	Loss ratio	Change	
Fire and Allied lines(excl. household earthquake)	35.1	+3.5	52.8%	+5.5pt	65.4%
Marine	6.2	+0.4	61.0%	+3.3pt	56.9%
Personal Accident	20.5	-1.9	55.0%	-0.9pt	55.4%
Voluntary Automobile	129.8	-39.3	48.1%	-15.1pt	62.5%
Other	47.7	+5.7	63.3%	+7.2pt	60.0%
of which Liability	22.0	+1.7	59.2%	+5.6pt	58.7%
Total (excl. CALI, household earthquake)	239.6	-31.5	52.1%	-6.8pt	61.8%

Mainly due to accident rate improvement by the impact of "stay-at-home"

Impacted by one-time factors of large loss and compendium method.

	1Q FY2020	
(Reference) W/P Loss ratio*3	loss ratio	change
Fire and Allied lines(excl. household earthquake)	76.8%	+5.6pt
Marine	57.0%	+8.3pt
Personal Accident	38.0%	-6.7pt
Voluntary Automobile	50.3%	-6.1pt
Other	44.3%	+1.2pt
Total (excl. CALI, household earthquake)	51.4%	-3.0pt

*1 Outstanding loss reserve is worked out by compendium method in 1Q results

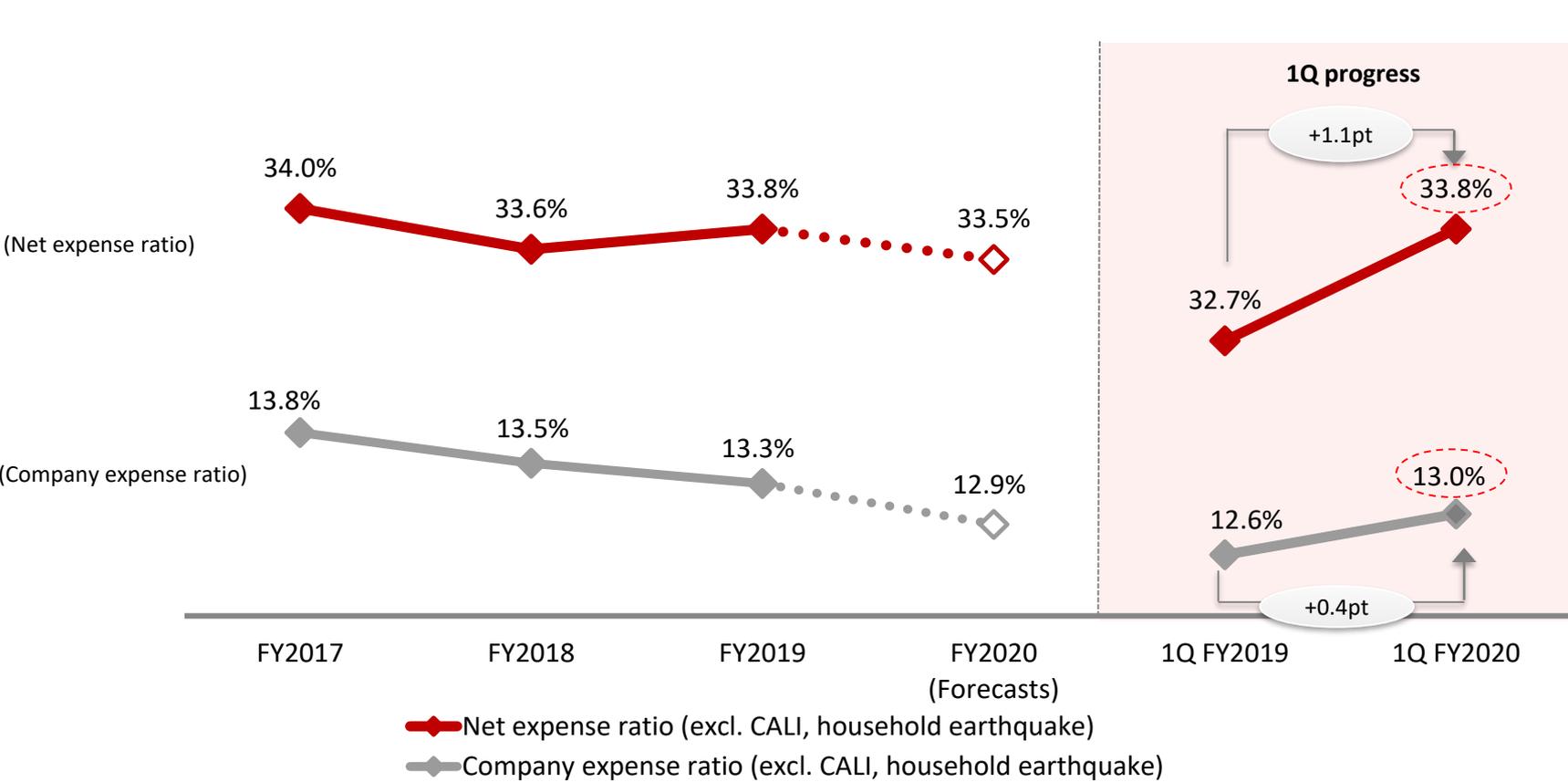
*2 Include loss adjustment expenses

*3 W/P loss ratio means written-paid loss ratio; numerator is net claims paid, and denominator is net premiums written

Net Expense Ratio

◆ While net expense ratio increased against YoY mainly due to consumption tax hike, the impact was already incorporated into full year forecasts.

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



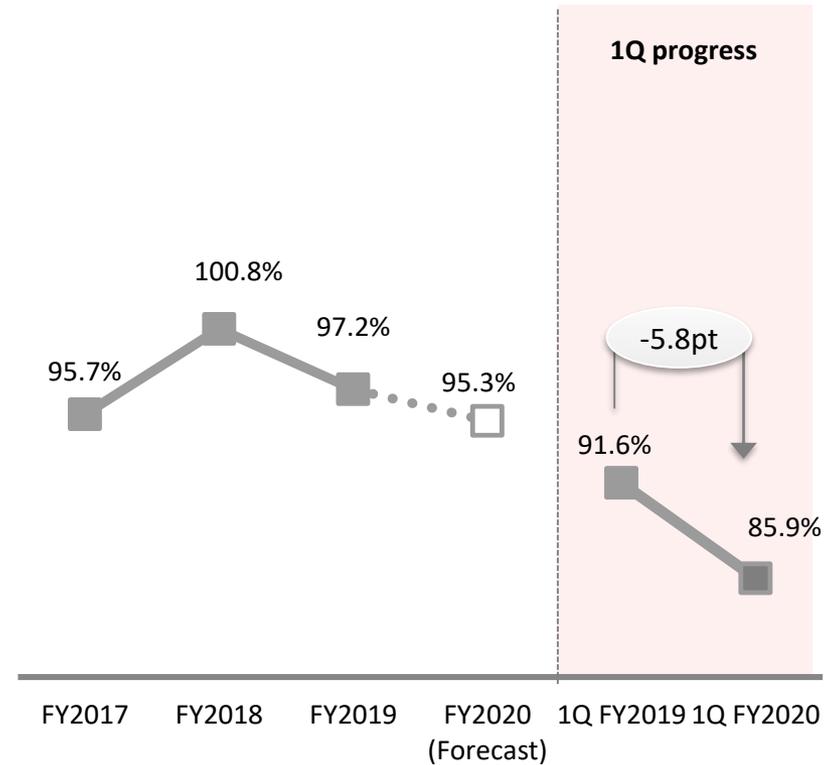
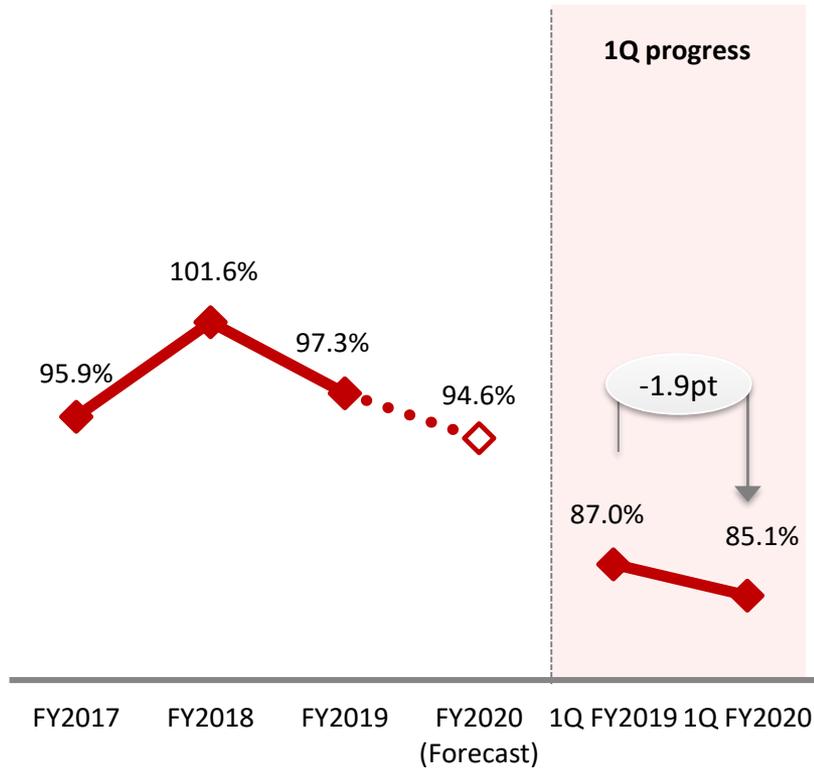
* Ratio of general administrative and selling expense related with underwriting to net premium written

Combined Ratio

◆ 1Q FY 2020 combined ratio improved by 1.9 points to 85.1% (YoY).

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

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



◆ Managed to reduce strategic-holding stocks roughly in line with the plan.

Investment profit (Sompo Japan, non-consolidated)

(Billions of yen)		1Q FY2019	1Q FY2020	Change	FY2020 (Forecasts)
Net interest and dividend income	1	24.8	19.7	-5.1	82.6
Interest and dividend income*1		34.1	28.2	-5.8	116.8
of which, dividends from overseas subsidiaries		0.0	1.1	+1.1	21.7
Gains on sales of securities*1	2	9.5	7.5	-1.9	63.5
of which, domestic stocks		8.0	7.0	-1.0	61.0
Impairment losses on securities	3	-0.9	-1.1	-0.1	-3.0
of which, domestic stocks		-0.7	-0.3	+0.3	-2.0
Gains on derivatives	4	-0.5	-0.3	+0.2	-6.9
Other investment income	5	-2.6	-0.6	+2.0	3.8
Investment profit 1+2+3+4+5		30.2	25.2	-5.0	140.0

(Reference)
Reduction of strategic-holding stocks

Spot*2	¥10.7 billion
Stock future*3	¥18.9 billion
Total	¥29.7 billion

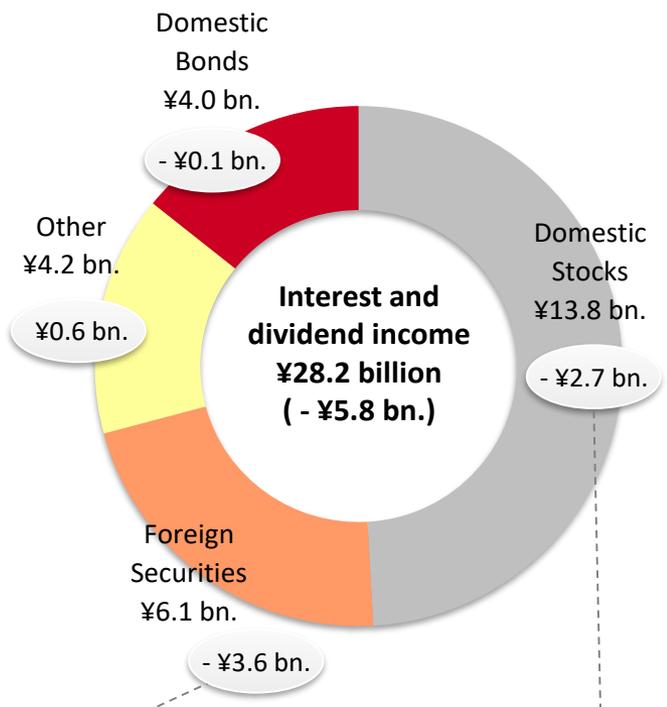
*2 Net reduction on fair value basis
(market value of sales minus market value of purchase)
The target amount of reduction in FY2020 on a full-year basis: around ¥100.0 billion

*3 Short position of Nikkei 225 Futures

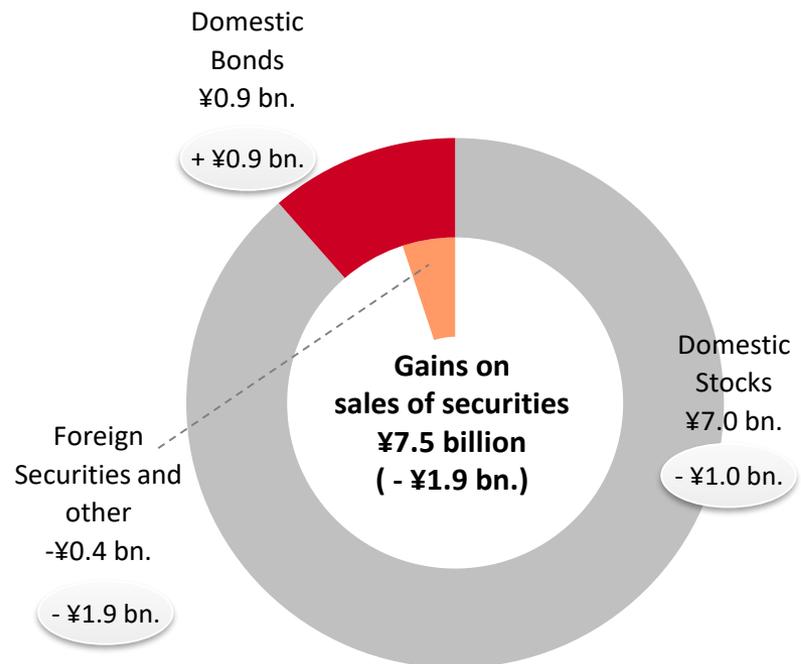
*1 Refer to next page for the breakdown

(Reference) Breakdown of Investment Profit

Breakdown of interest and dividend income and gains on sales of securities (1Q FY2020)



Due to the absence of income from fund cancellation in 1Q FY2019



Decreased due to the impact of reduction of strategic-holding stocks and unfavorable financial market

 Changes from 1Q FY2019

Domestic P&C	Overseas
Domestic life	Nursing care & healthcare, etc.

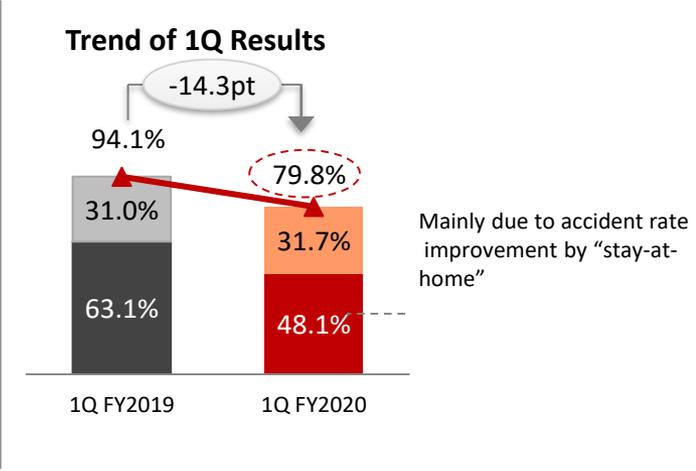
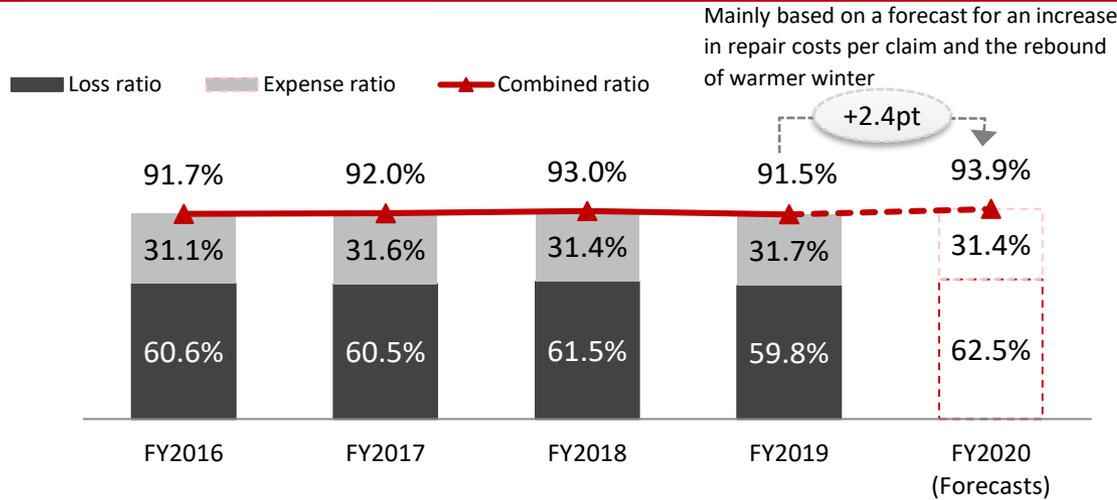
(Reference) Business Forecasts for FY2020 – Sompo Japan

(Billions of yen)	FY2019 (Actual)	FY2020 (Forecasts)	Change
Net premiums written	2,184.7	2,173.5	-11.2 (-0.5%)
(excl. CALI, household earthquake)	1,903.8	1,943.1	+39.3 (+2.1%)
Net premiums earned (excl. CALI, household earthquake)	1,873.9	1,925.0	+51.1 (+2.7%)
E/I loss ratio (excl. CALI, household earthquake)	63.3%	61.8%	-1.5pt
Written paid (W/P) loss ratio	64.9%	64.1%	-0.8pt
(excl. CALI, household earthquake)	63.5%	61.0%	-2.4pt
Net expense ratio	32.4%	32.8%	+0.4pt
(excl. CALI, household earthquake)	33.8%	33.5%	-0.3pt
Combined ratio (W/P) (excl. CALI, household earthquake)	97.3%	94.6%	-2.8pt
Combined ratio (E/I) (excl. CALI, household earthquake)	97.2%	95.3%	-1.8pt
Underwriting profit	43.1	83.0	+39.8 (+92.5%)
Investment profit	150.9	140.0	-10.8 (-7.2%)
Ordinary profit	182.3	210.0	+27.6 (+15.1%)
Net income	130.5	156.0	+25.4 (+19.5%)
Provisions for catastrophic loss reserve (after tax)	-23.9	+2.4	+26.4
Provisions for reserve for price fluctuation (after tax)	+2.8	+2.8	+0.0
Gains/losses on sales of securities and impairment losses on securities (after tax)	-46.9	-43.6	+3.2
Special factors (after tax)*	+1.5	-19.0	-20.6
Adjusted profit	64.1	98.6	+34.4 (+53.8%)

* Dividend from consolidated subsidiaries, etc.

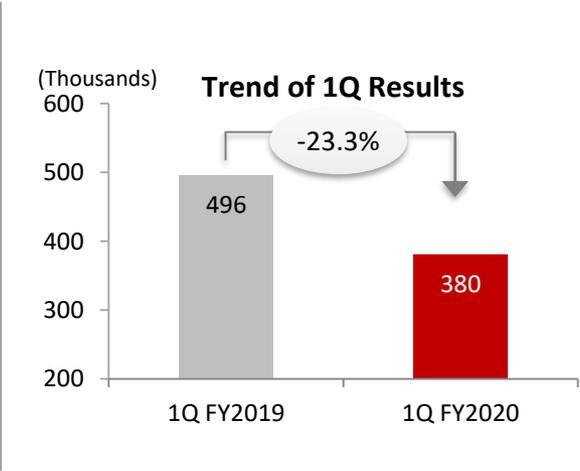
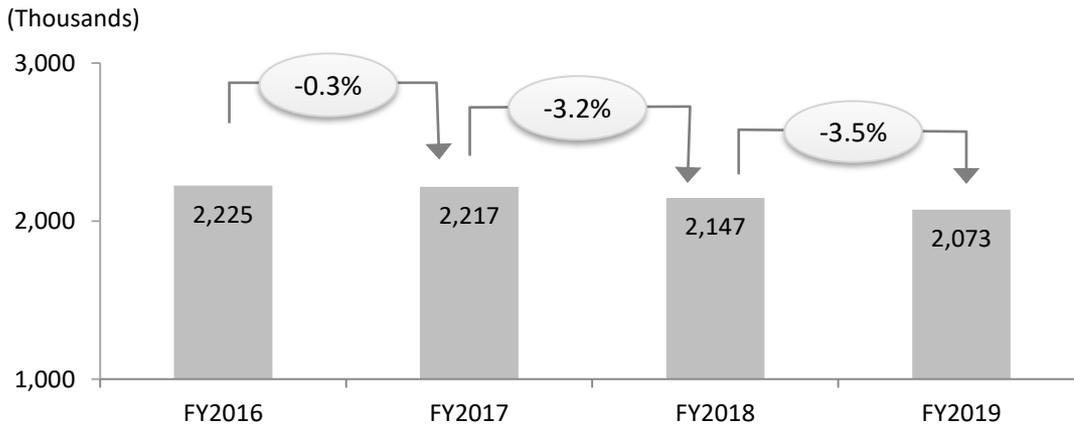
(Reference) Indicators Related to Automobile Insurance

Combined ratio (E/I)



* Loss ratio is on a E/I basis (including loss adjustment expense)

The number of reported claims



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

Net claims paid for natural disasters that occurred in the same fiscal year (excluding CALI, household earthquake)*

(Billions of yen)	1Q FY2019	1Q FY2020	Change
Fire and Allied lines	0.0	1.4	+1.4
Marine	-	-	-
Personal Accident	-	0.0	+0.0
Voluntary Automobile	0.0	0.0	+0.0
Other	0.0	0.0	+0.0
Total	0.0	1.5	+1.4

* Assumption of FY2019 business forecasts for net losses incurred from domestic natural disasters (occurring in the fiscal year): ¥60.0 billion
 Since outstanding loss reserve is worked out by compendium method in 1Q results, incurred losses related to natural disasters were not aggregated.

Underwriting reserves and reserve for outstanding losses and claims (at the end of 1Q FY2020)

(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	753.9	-6.2	115.6	+8.7	97.3	-11.2
Marine	19.2	-2.2	44.4	+0.3	22.6	+0.1
Personal accident	137.0	+9.5	73.0	+1.5	56.6	+2.7
Voluntary automobile	325.9	+6.5	44.6	+8.9	368.9	-9.2
CALI* ²	462.5	-0.4	-	-	68.8	-
Other	363.2	+16.5	202.6	+3.0	232.8	+5.7
Total	2,061.9	+23.6	480.5	+22.6	847.2	-11.8
Total (excluding CALI and household earthquake)	1,593.6	+23.9	480.5	+22.6	778.4	-11.8
	Amount	Change				Change
Reserve for saving-type products* ³	1,211.9	-9.0			Impact of exchange rates on reserve for outstanding losses and claims	+0.7

*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 accumulated as total of reserves for maturity refund and reserves for policyholders' dividends.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc.

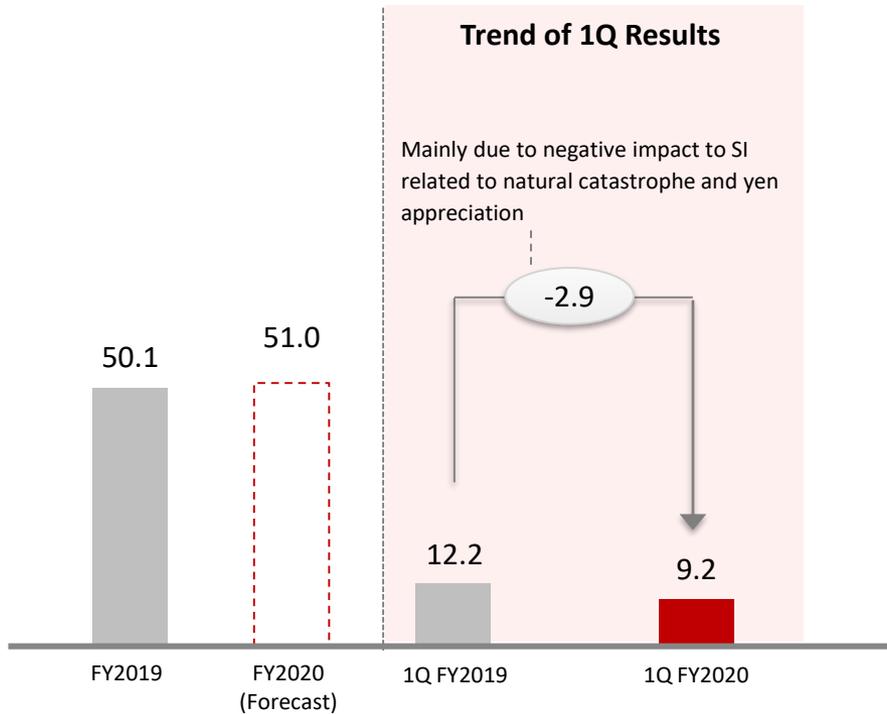
6. ERM & asset management

Overview of 1Q FY2020 Results – Overseas Insurance

◆ Adjusted profit decreased by ¥2.9 billion to ¥9.2 billion, mainly due to decrease in SI net investment income and yen appreciation.

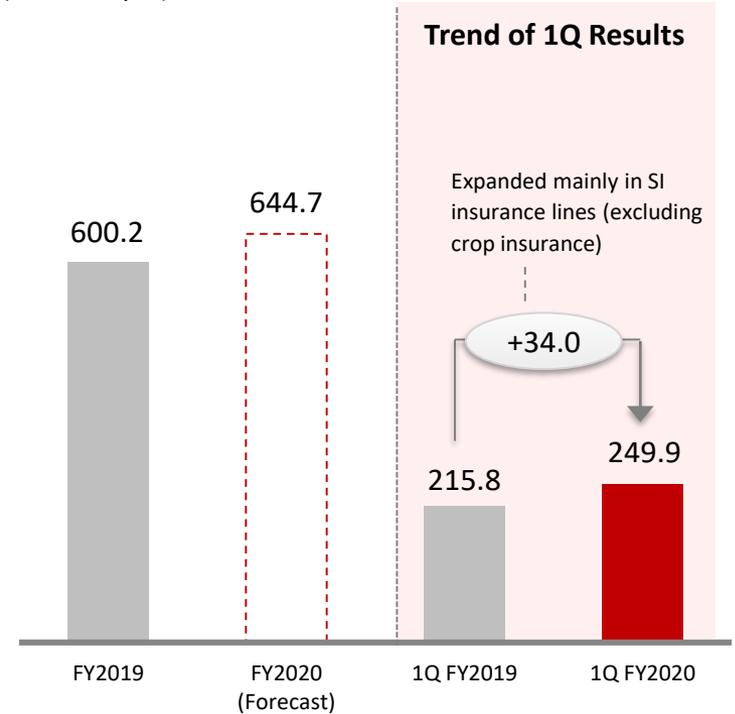
Adjusted profit*

(Billions of yen)



(Reference) Net premiums written*

(Billions of yen)



* Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with the group consolidated financial statements. Adjusted profits have been adjusted to reflect shareholdings and other factors.

(Reference) Business Results by Company

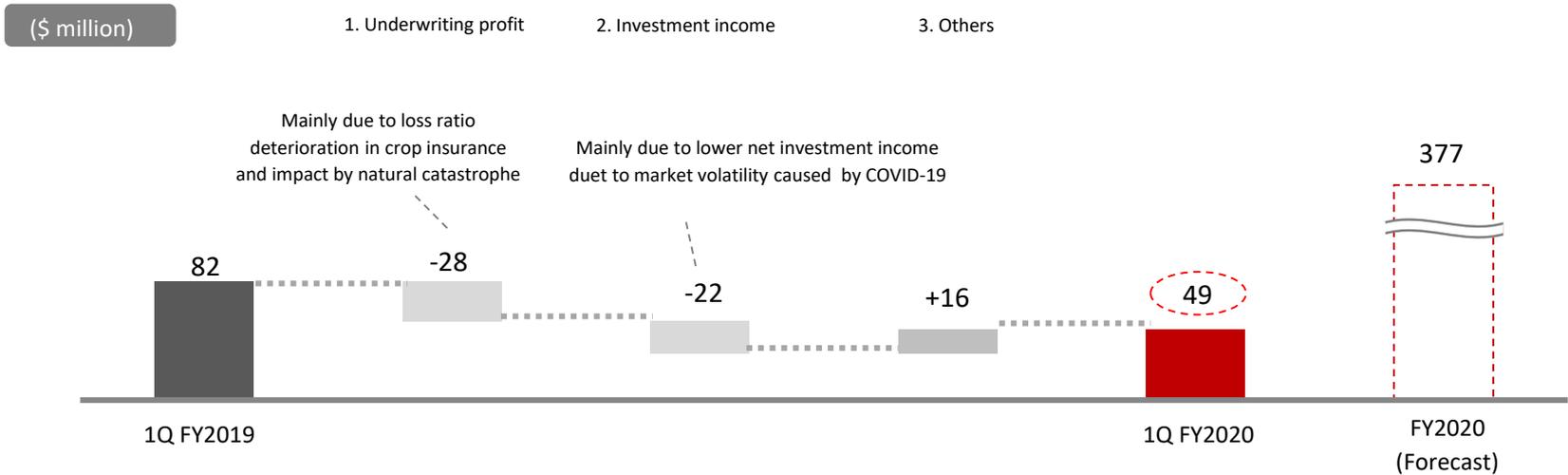
(Billions of yen)		Net premiums written			Adjusted profit			Key points	(Reference) Exchange rate	
		1Q FY2020		FY2020	1Q FY2020		FY2020		Mar. 2020*2	
		Actual	Change	Forecasts	Actual	Change	Forecasts		(YoY Change)	
North America & Europe	SI	216.4	+38.4	474.8	5.3	-3.8	41.0	*Refer to page 30 and 31	108.83 JPY/USD	(-1.9%)
Asia & Middle East	Sompo Sigorta (Turkey)	8.7	+0.1	44.2	2.1	+0.0	4.6	While impacted by currency depreciation, loss ratio improved.	16.53 JPY/TRY	(-17.0%)
	Sompo Singapore	1.9	-0.2	7.5	0.2	+0.2	0.6	-	76.37 JPY/SGD	(-6.7%)
	Berjaya Sompo (Malaysia)	3.2	-0.7	14.8	0.5	+0.1	1.2	Loss ratio progressed favorably.	25.16 JPY/MYR	(-7.5%)
	Sompo Indonesia	0.7	-0.2	8.0	-0.0	-0.1	0.5	Impacted by slow down of automobile line.	0.0067 JPY/IDR	(-14.1%)
	Sompo China NK China	1.3	+0.0	7.5	0.2	-0.0	0.6	-	15.31 JPY/RMB	(-7.0%)
	Sompo Hong Kong	0.8	-0.1	3.5	0.0	+0.0	0.3	-	14.04 JPY/HKD	(-0.7%)
	Universal Sompo (India)	1.4	+0.0	9.0	0.2	+0.1	0.3	Loss ratio progressed favorably.	1.44 JPY/INR	(-8.3%)
	AYA SOMPO (Myanmar)	0.0	+0.0	0.2	0.0	+0.0	0.0	-	0.0737 JPY/MMK	(-)
Latin America	Sompo Seguros (Brazil)	14.3	-3.2	70.2	-0.7	-0.6	1.5	Impacted mainly by provision of IBNR loss reserve in fire line.	20.95 JPY/BRL	(-26.3%)
Other (non-consolidated)*1		0.7	-0.0	4.4	0.1	+0.0	0.0	-	-	-
Total		249.9	+34.0	644.7	9.2	-2.9	51.0	-	-	-

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

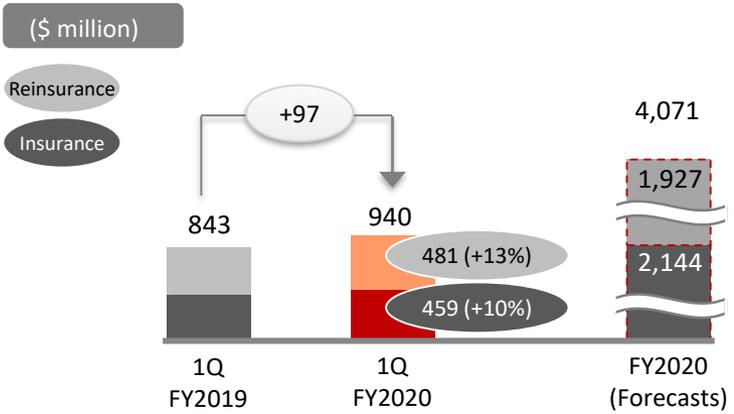
*2 Universal Sompo's exchange rate is based at the end of June 2020. AYA SOMPO's exchange rate is based at the end of December 2019. Exchange rate for forecasts for FY2020 is based at the end of March 2020.

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

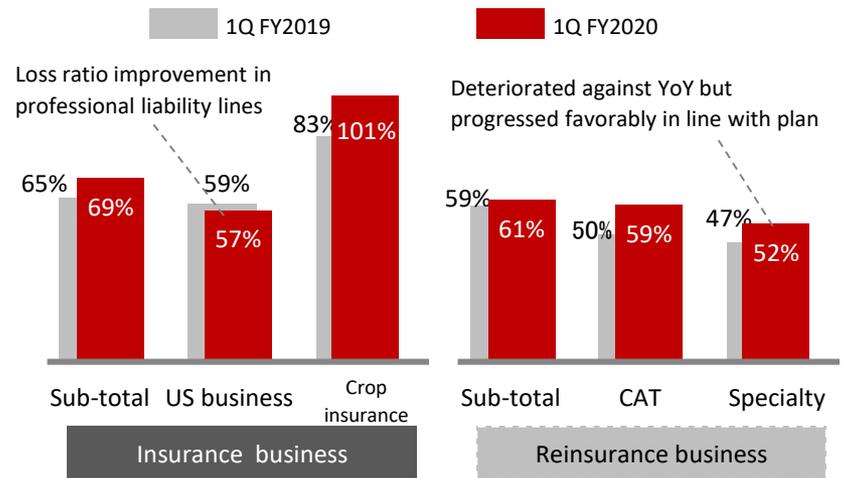
Change factors of adjusted profit (1Q FY2020)



Net premiums earned



Loss ratio (Main lines of business)



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

	FY2019 (Actual)	1Q FY2020		FY2020		
		(Actual)	YoY Change	(Forecasts)	YoY Change	
(\$ million)						
Gross premiums written	6,787	3,062	+495	7,111	+323	→ Driven by price improvement
Net premiums written	3,921	1,989	+385	4,363	+442	
Net premiums earned	3,603	940	+97	4,071	+467	
Net losses and loss expenses	2,372	609	+87	2,550	+178	
Expense	1,095	288	+9	1,234	+138	Mainly due to loss ratio deterioration in crop insurance and impact by natural catastrophe
Loss ratio* ¹	65.8%	64.8%	+2.9pt	62.6%	-3.2pt	→
Expense ratio* ¹	30.4%	30.7%	-2.4pt	30.3%	-0.1pt	→
Combined ratio* ¹	96.2%	95.4%	+0.5pt	93.0%	-3.3pt	→ Both Company expense ratio and commission ratio improved
Underwriting income	143	10	-28	295	+152	
Net investment income	301	63	-22	230	-70	
Other income	177	-232	-346	-71	-249	→ Mainly due to an increase in unrealized losses on securities
Net income (After Preferred dividend)	553	-146	-353	377	-176	
(Reference)						
Adjusted profit						
+) Net foreign exchange gains	+6	+15	+23	-	-6	
+) Net realized and unrealized gains, net impairment losses, etc.* ²	-274	+198	+329	-	+274	
+) Tax (loss) benefit	+35	-18	-33	-	-35	
Adjusted profit	320	49	-33	377	+57	

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

*2 Includes unrealized gains and losses of securities

(Reference) Timing of recognizing net premiums earned in crop insurance (Seasonality)

1Q : 10-15% 2Q : 25-30% 3Q : 30-35% 4Q : 25-30%

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc.

6. ERM & asset management

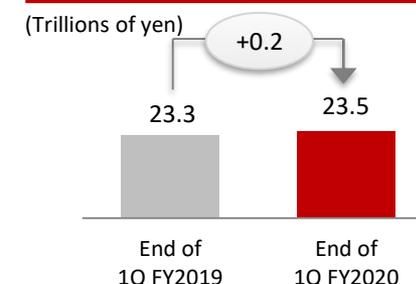
- ◆ While annualized new premium decreased due to COVID-19, net income increased by ¥0.3 billion .
- ◆ Annualized new premium in July 2020 recovered to a level experienced last year.

Major indicators

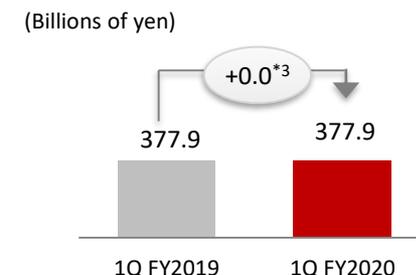
(Billions of yen)	1Q FY2019	1Q FY2020	Change		FY2020 (Forecasts)
Annualized new premium	5.5	4.2	-1.2	(-23.3%)	31.0
Premium and other income ^{*1}	105.7	104.6	-1.1	(-1.1%)	453.6
Paid claims, etc.	18.1	18.6	+0.5	(+2.8%)	75.1
Expense	20.1	19.4	-0.6	(-3.5%)	93.4
Investment profit	10.9	12.1	+1.1	(+10.7%)	47.6
of which, general account	11.0	10.9	-0.0	(-0.3%)	47.0
Basic profit	8.2	8.8	+0.6	(+7.9%)	26.9
Ordinary profit ^{*1}	7.8	8.2	+0.3	(+4.5%)	27.5
Net income	4.8	5.1	+0.3	(+7.3%)	17.0
Adjusted profit	8.2	7.9	-0.3	(-4.3%)	32.5

*1 Figures based on legally required format for life insurance companies (which differs from the consolidated format).

(Reference)
Amount of business in force^{*2}



(Reference)
Annualized premium in force^{*2}



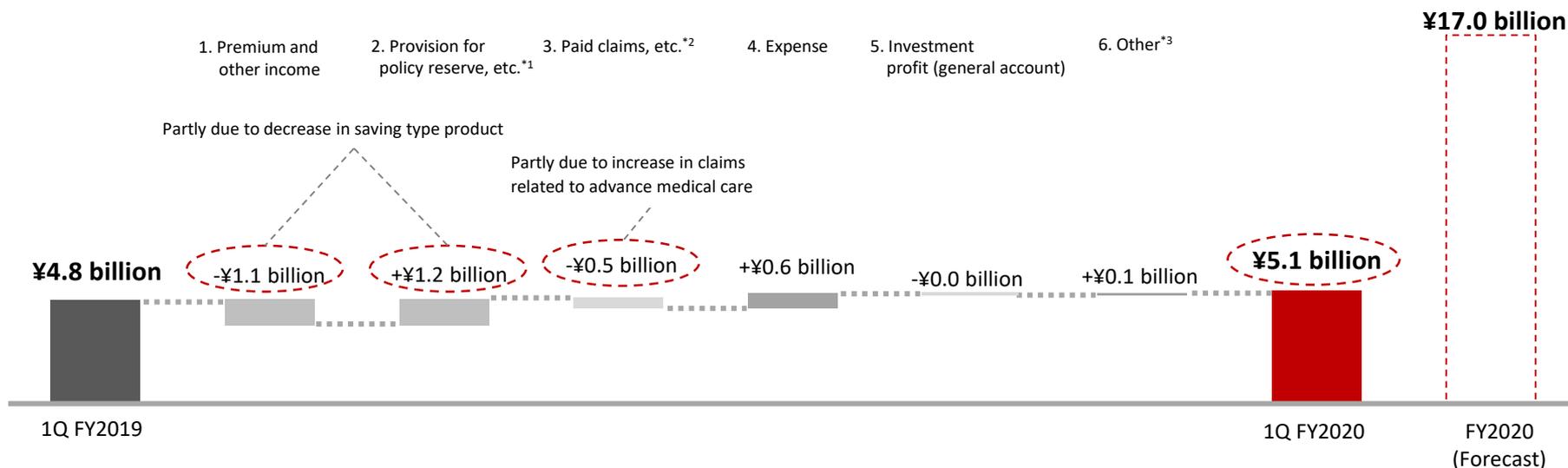
*2 The sum of individual insurance and individual annuities.

*3 Of which protection-type + ¥4.8 bn.

Net Income (J-GAAP) – Himawari Life

◆ Net income progressed steadily, mainly due to decrease in provision for policy reserve in light of decrease in saving products.

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 FY2019	¥105.7 billion	- ¥69.8 billion	- ¥18.1 billion	- ¥20.1 billion	¥11.0 billion	- ¥3.8 billion	¥4.8 billion
1Q FY2020	¥104.6 billion	- ¥68.5 billion	- ¥18.6 billion	- ¥19.4 billion	¥10.9 billion	- ¥3.7 billion	¥5.1 billion
FY2020 Forecasts	¥453.6 billion	- ¥302.3 billion	- ¥75.1 billion	- ¥93.4 billion	¥47.0 billion	- ¥12.7 billion	¥17.0 billion

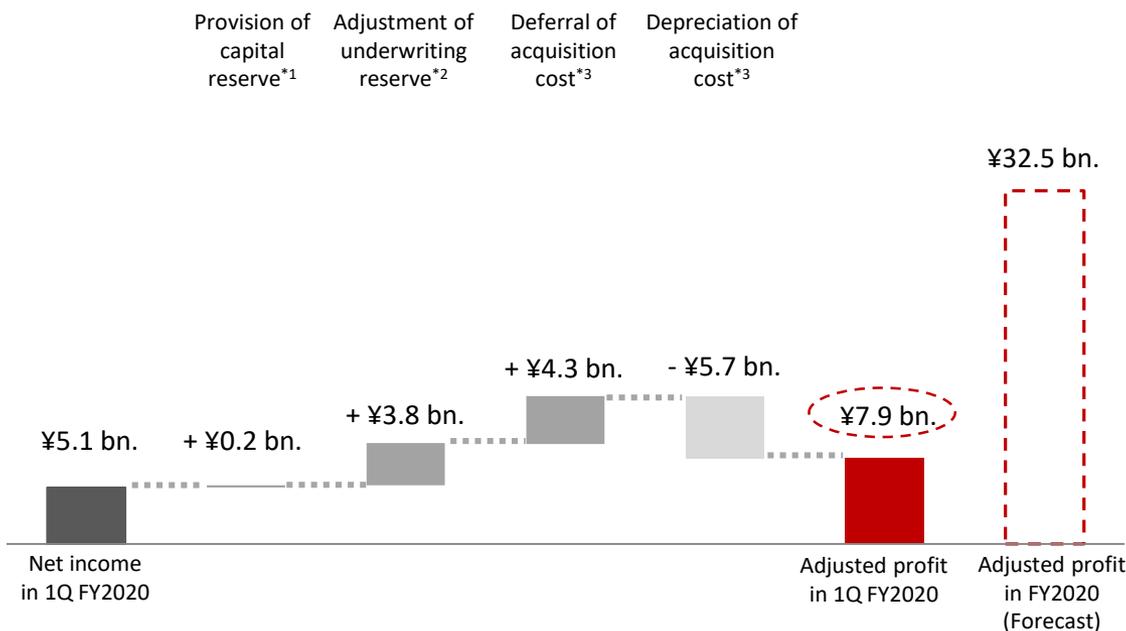
*1 Include the impact of cancellation refund, maturity insurance amount, survival benefits, pension and other refund and gains or losses on investments in separate accounts

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

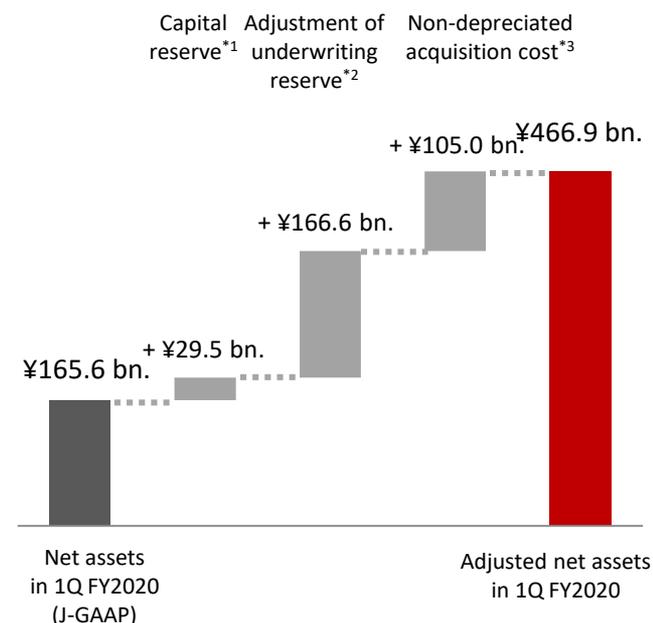
*3 The sum of other ordinary expense, special gains and losses, provision for reserve of policy holder dividend, corporate tax, etc.

◆ Adjusted profit was ¥7.9 billion which progress rate against full-year forecasts(¥32.5 billion) is 24%.

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).

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc

6. ERM & asset management

◆ Adjusted profit in nursing care decreased by ¥0.5 billion mainly due to payment of special allowances to nursing staff due to COVID-19.

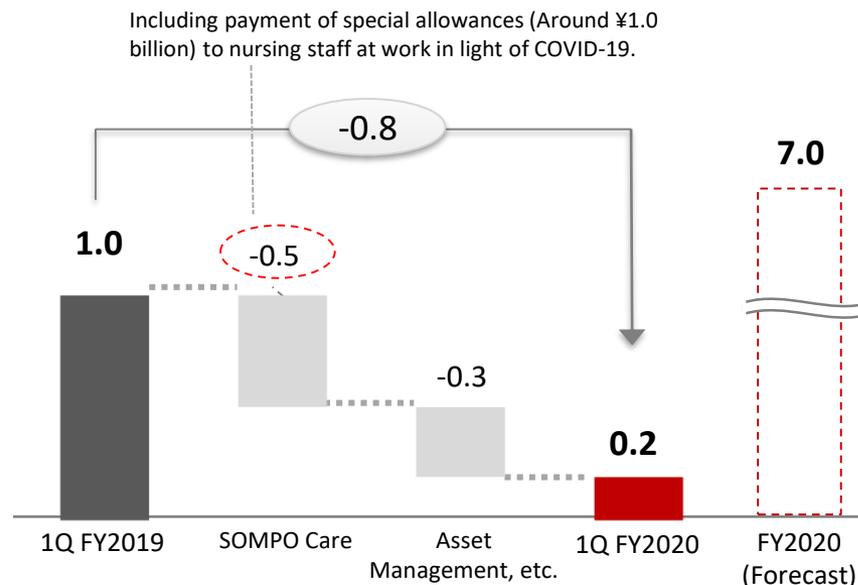
Results of nursing care business (SOMPO Care)

Changing factors of adjusted profit (Nursing Care & Healthcare, etc. *2)

(Billions of yen)	1Q FY2020		FY2020
	(Actual)	(Change)	(Forecasts)
Sales	32.4	+1.0	132.5
Net income	0.5	-0.5	6.3
Occupancy rate*1			
(SOMPO-no-le)	91.8%	-0.2pt	93.8%
(SOMPO-no-le S)	93.1%	-0.4pt	95.1%
(La vie Re)	88.4%	+0.1pt	90.2%

*1 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.

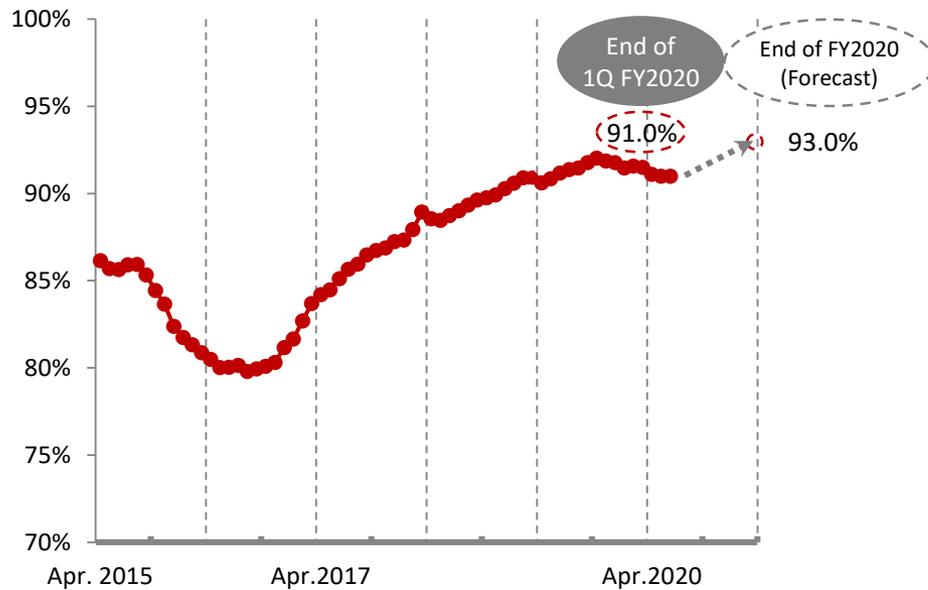
(Billions of yen)



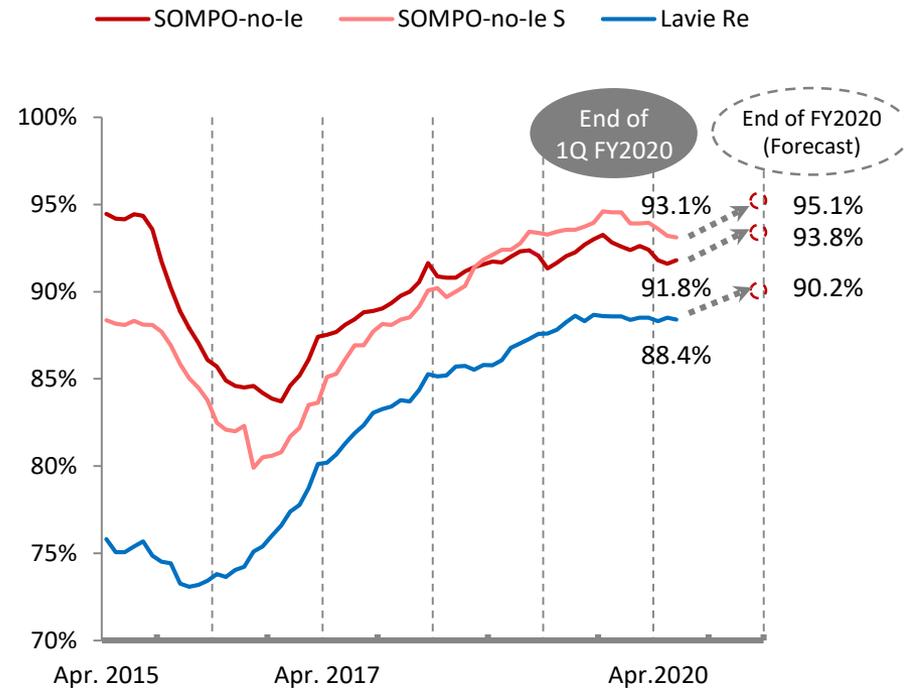
*2 Nursing care & healthcare business is the sum of SOMPO Care and asset management, etc.

(Reference) Major Indicators of SOMPO Care

Progress of occupancy rate*



Progress of occupancy rate by brand



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

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

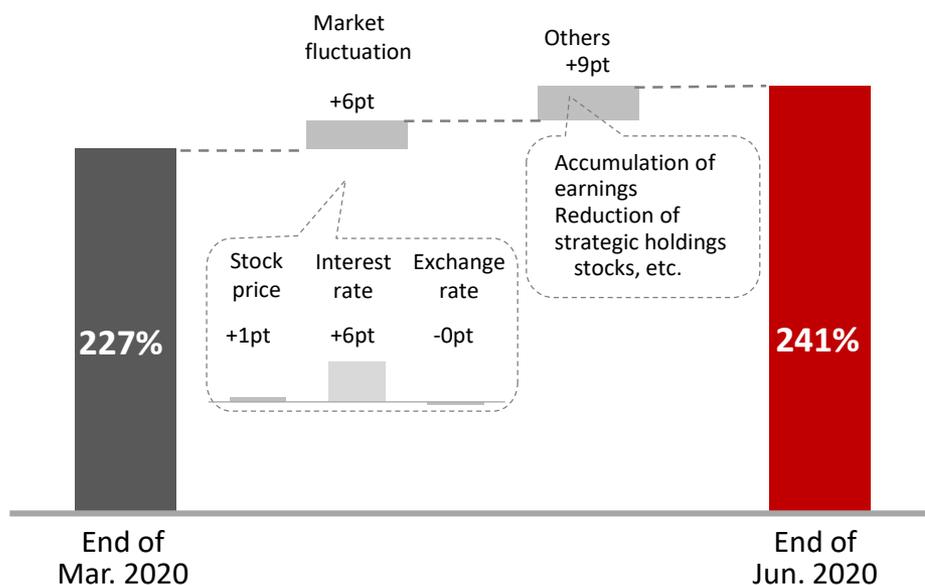
5. Nursing care & healthcare, etc.

6. ERM & asset management

Financial Soundness – ESR (99.5%VaR)

◆ ESR (99.5%VaR) as of end of 1Q FY2020 was 241%, within target range level.

Trend of ESR (99.5%VaR)*1



*1 In accordance with Solvency II

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

250% level: The level set based on capital efficiency (ROE).

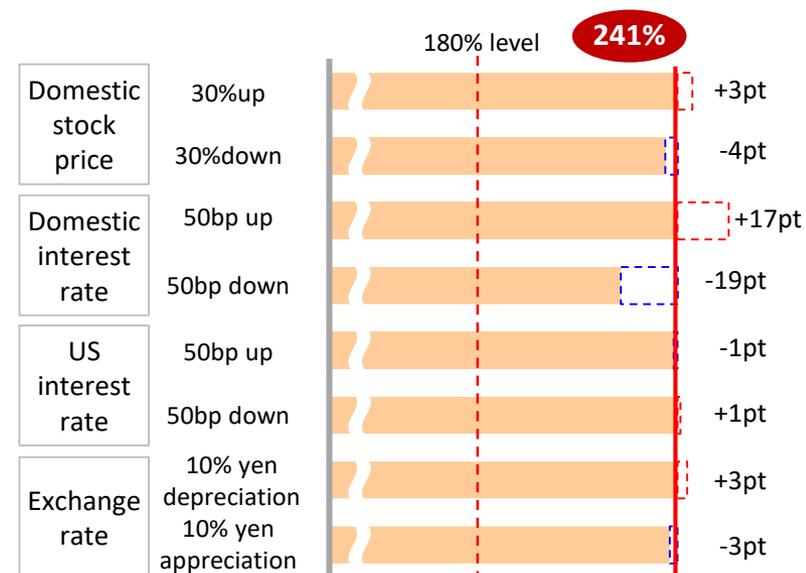
180% level: The level leading to stable financial soundness based on the result of stress test, etc.

Typical actions in case of constant deviation from target range

【Over 250% level】 Consider additional risk-take (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

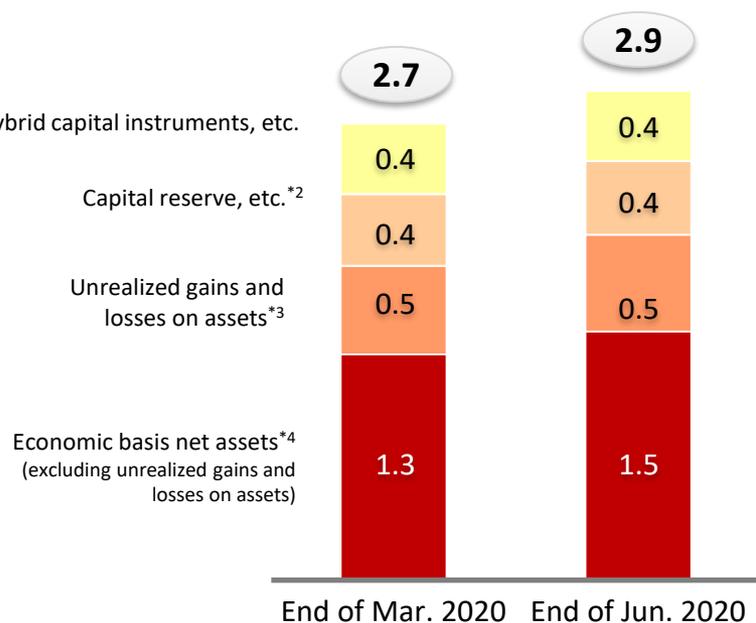
(Reference) Market indicators	End of Jun. 2020	(change*2)
Domestic stock price (Nikkei 225)	¥22,288	(+17.8%)
Domestic interest rate (30y JGB)	0.60%	(+16bp)
US interest rate	0.66%	(-1bp)
Exchange rate (JPY/USD)	¥107.74	(-1.0%)

*2 Against the end of March 2020

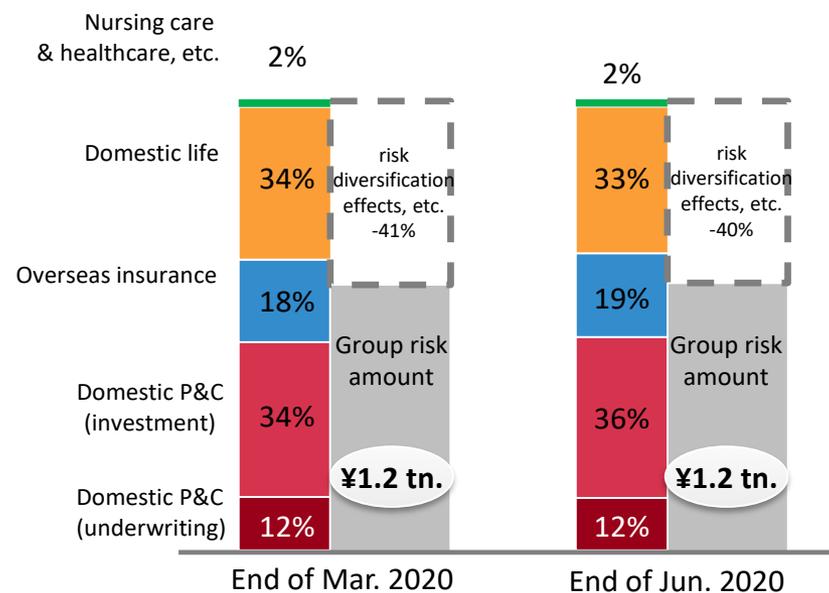
(Reference) Breakdown of Adjusted Capital and Risk

Adjusted capital*1

(Trillions of yen)



Risk amount*5



*1 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

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

*3 Unrealized gains and losses on securities, etc., including non mark-to-market assets.

*4 Total of net assets on non-consolidated balance sheets, and value in force of P&C and life insurance business. (excl. goodwill and attributable to non-controlling shareholders, etc.)

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

• Risk amount of each business : Before reflecting risk diversification effect among businesses and before-tax basis.

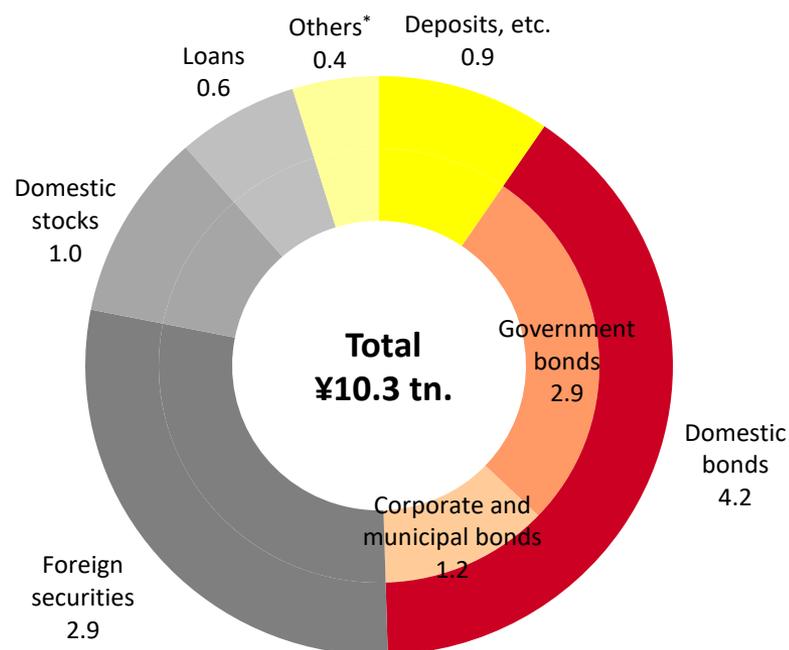
• Group total risk : Sum of risk amount of each business less risk diversification effect among businesses and tax impact.

Asset Portfolio – Group Consolidated

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

Amount of investment assets (as of end of June 2020, group consolidated basis)

(Trillions of yen)



Investment assets by company

(Billions of yen)	Amount of investment assets	Composition
Sompo Japan	5,240.2	50.4%
Overseas group subsidiaries	1,442.3	13.9%
Himawari Life (General account)	3,490.3	33.6%
Saison Automobile & Fire	61.4	0.6%
Other domestic subsidiaries	156.0	1.5%
Total	10,390.3	100%

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

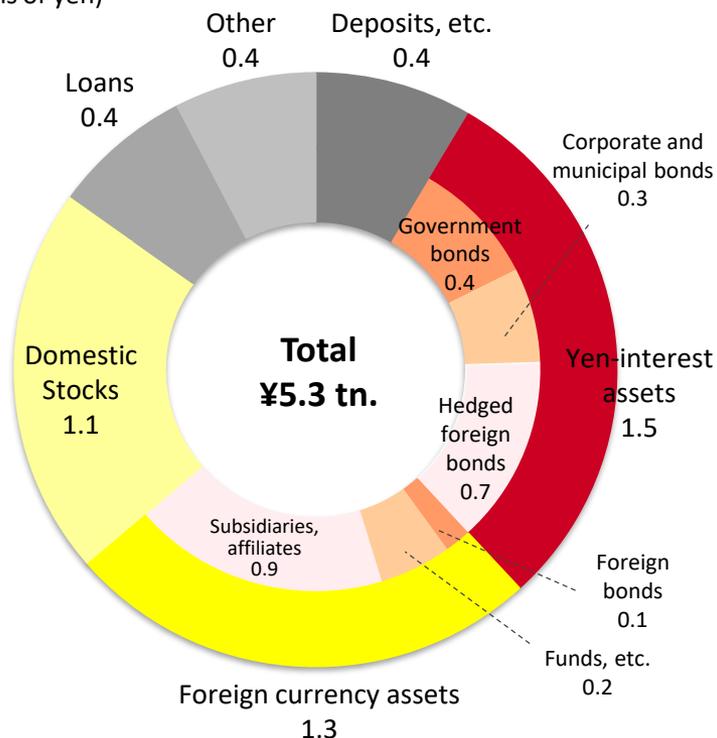
Asset Portfolio – Sompo Japan

◆ Continues to manage reduction of strategic-holding stocks and maintain diversified investments.

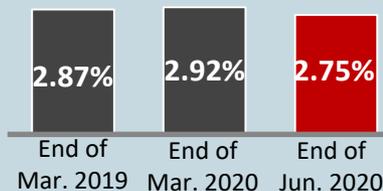
Amount of investment assets (as of end of June 2020, Sompo Japan, non-consolidated)

<General account>

(Trillions of yen)



Trend of income yield*¹ (General account)



Composition of ratings*²

Internal rating	Composition	Duration (years)	
		End of Mar. 2020	End of Jun. 2020
BBB or above	100%	Asset 7.9	7.8
BB or below	0%	Liability 8.4	8.4

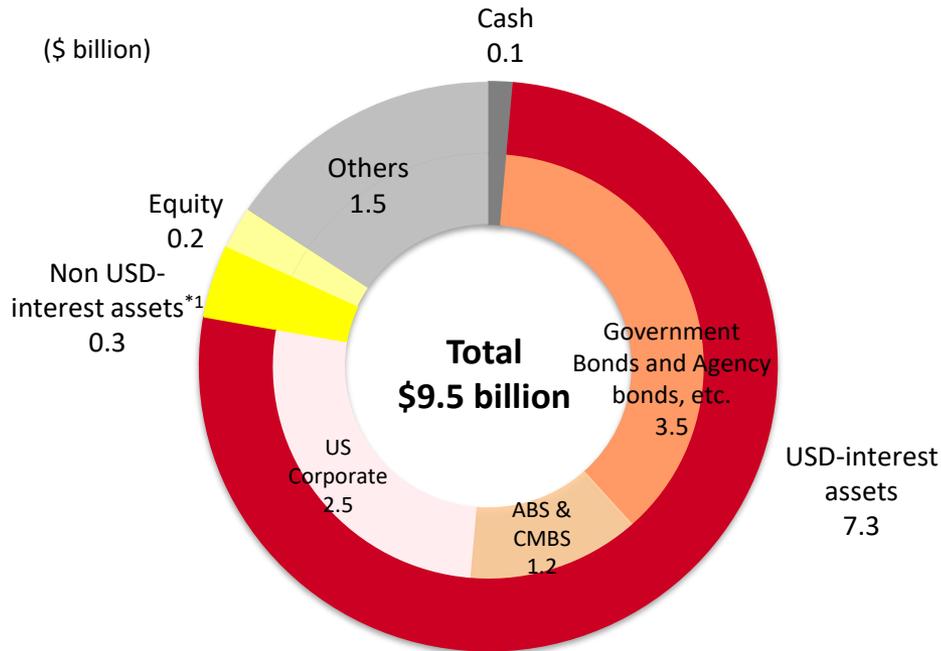
*1 Excluding overseas subsidiaries' shares, etc.

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

Asset Portfolio - SI

◆ Maintains liquid, high quality assets to meet company liabilities, while investing predominantly in USD-interest assets.

Amount of investment assets (as of end of March 2020, SI, consolidated)



Composition of ratings*3

Rating	Composition
BBB or above	91%
BB or below	9%

Duration (years)

	End of Dec. 2019	End of Mar. 2020
Asset	3.0	2.8
Liability	3.0	3.2

(Reference) Income yield*2 at the end of March 2020: 2.92%

*1 Incl. cash

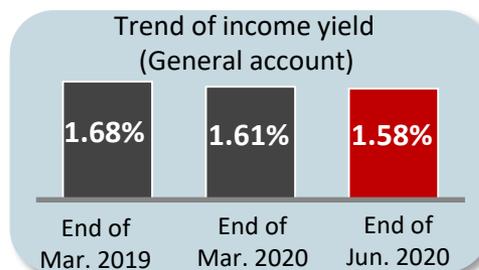
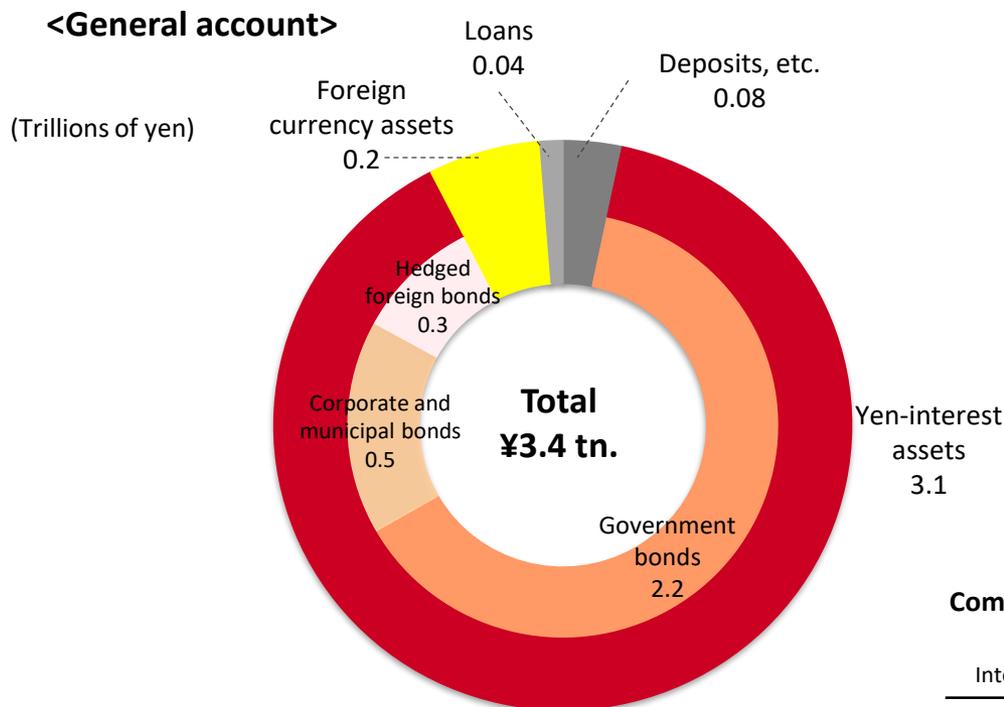
*2 Incl. changes in unrealized gains and losses on certain funds, etc.

*3 Total of bond assets

Asset Portfolio – Himawari Life

- ◆ Manages the portfolio through disciplined ALM, which mainly consists of yen-interest assets.
- ◆ Slightly increased allocation to corporate bonds, etc. in light of the domestic low interest rate environment.

Amount of investment assets (as of end of June 2020, Himawari Life, non-consolidated)



Composition of ratings*

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

Duration (years)

	End of Mar. 2020	End of Jun. 2020
Asset	14	14
Liability	28	27

(Reference) Amount of separate account (End of June. 2020): ¥21.3 billion
(mainly investment in domestic stocks and bonds in the separate account)

* Total of yen-interest assets and foreign currency bonds

Note Regarding Forward-looking Statements

The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Accordingly, the actual results may differ materially from those projected herein depending on various factors.

Contacts



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