

Highlights of 3Q FY2020 Results

February 12, 2021
Sompo Holdings, Inc.



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Exchange rate (USD/JPY)		
3Q FY2020	103.50 (YOY -5.5%)	End of Dec. 2020
Actual	- for overseas entities 105.80 (YOY -2.0%)	End of Sep. 2020
FY2020	105.80 (Against initial forecast -2.8%)	End of Sep. 2020
Full year forecast	(Reference) Initial forecast : 108.83	End of Mar. 2020

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

Highlights of 3Q FY2020 Results

- ◆ While loss ratio of Sompo Japan improved, both consolidated ordinary profit and net income decreased against 3Q FY2019, partly due to decrease in investment profit by the absence of income from redemption of funds and gains on sales of bond securities in FY2019.
- ◆ Adjusted consolidated profit drastically increased by ¥43.0 billion compared with 3Q FY2019.
- ◆ Impact of COVID-19 on consolidated net income was around -¥1.0 billion

Sompo Japan

- Underwriting profit increased by ¥41.6 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 6.4pt against 3Q FY2019.
 - The number of reported claims decreased by 16.4%.
- Partly due to the absence of income from redemption of funds and gains on sales of bond securities in FY2019, investment profit decreased by ¥30.2 billion.
- Both ordinary profit and net income increased, progress was favorable to the plan.

Overseas insurance

- SI growth largely driven by pricing improvement, top-line expanded steadily.
- Partly due to negative impact by COVID-19, adjusted profit decreased by ¥25.8 billion.

Himawari Life

- Partly due to decrease in provision for policy reserve corresponding to saving-type product, net income increased.

Nursing care and health care

- While net income decreased partly due to payment of special allowances to nursing staff at work, the annual progress was in line with plan.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

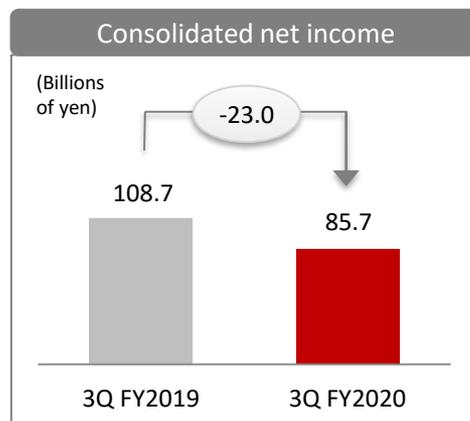
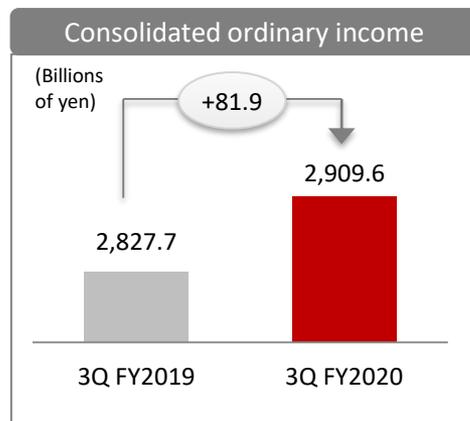
4. Domestic life insurance

5. Nursing care & healthcare, etc.

6. ERM & asset management

Overview of 3Q FY2020 Results – Consolidated Basis

- ◆ Net premiums written increased by ¥117.4 billion, driven by SI growth.
- ◆ While profit of Sompo Japan increased mainly due to loss ratio improvement, both consolidated ordinary profit and net income decreased, partly due to the impact by COVID-19 on SI.



(Billions of yen)	3Q FY2019	3Q FY2020	Change	FY2020 (Forecast)
Consolidated ordinary income	2,827.7	2,909.6	+81.9 (+2.9%)	-
Net premiums written (P&C)	2,147.1	2,264.6	+117.4(+5.5%)	2,884.0
Life insurance premiums	259.0	253.7	-5.2 (-2.0%)	350.0
Consolidated ordinary profit	153.9	143.5	-10.3	223.0
Sompo Japan	110.3	120.8	+10.5	220.0
Overseas insurance subsidiaries	79.4	34.0	-45.4	44.2
Himawari Life	22.0	24.5	+2.5	25.5
Nursing care and healthcare*1	7.2	6.1	-1.1	7.7
Consolidated adjustment*2/Others	-65.2	-42.0	+23.1	-74.4
Consolidated net income*3	108.7	85.7	-23.0	140.0
Sompo Japan	82.2	87.6	+5.3	160.0
Overseas insurance subsidiaries	67.4	20.8	-46.5	30.3
Himawari Life	14.3	17.1	+2.8	17.5
Nursing care and healthcare	4.3	1.9	-2.4	4.6
Consolidated adjustment/Others	-59.6	-41.8	+17.7	-72.4
(Reference) Adjusted profit (by business)	106.0	149.0	+43.0	200.0
Domestic P&C insurance	33.0	102.5	+69.5	136.0
Overseas insurance	41.4	15.6	-25.8	27.5
Domestic life insurance	25.9	26.8	+0.8	32.5
Nursing care & healthcare, etc.	5.5	4.0	-1.4	7.0

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

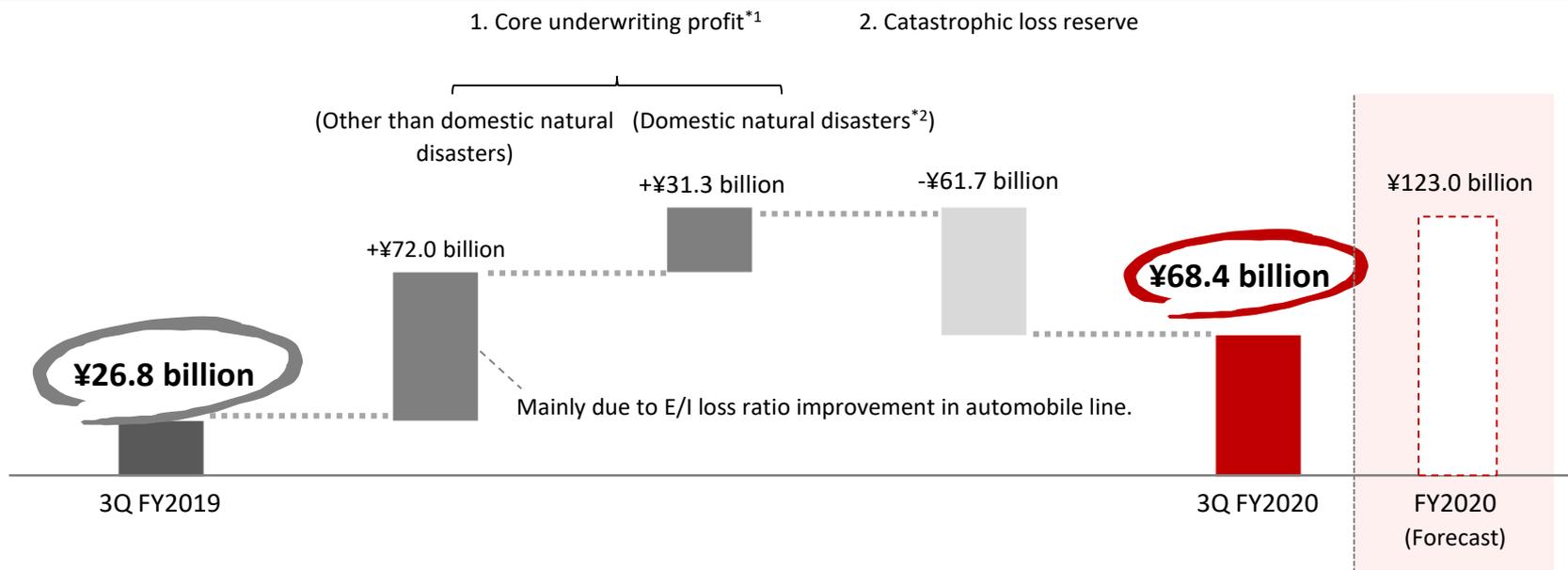
*2 Incl. profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.

*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 ¥41.6 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)		
3Q FY2019	¥2.7 billion	¥75.0 billion	- ¥72.2 billion	¥24.0 billion	¥26.8 billion
3Q FY2020	¥106.1 billion	¥147.1 billion	- ¥40.9 billion	-¥37.7 billion	¥68.4 billion

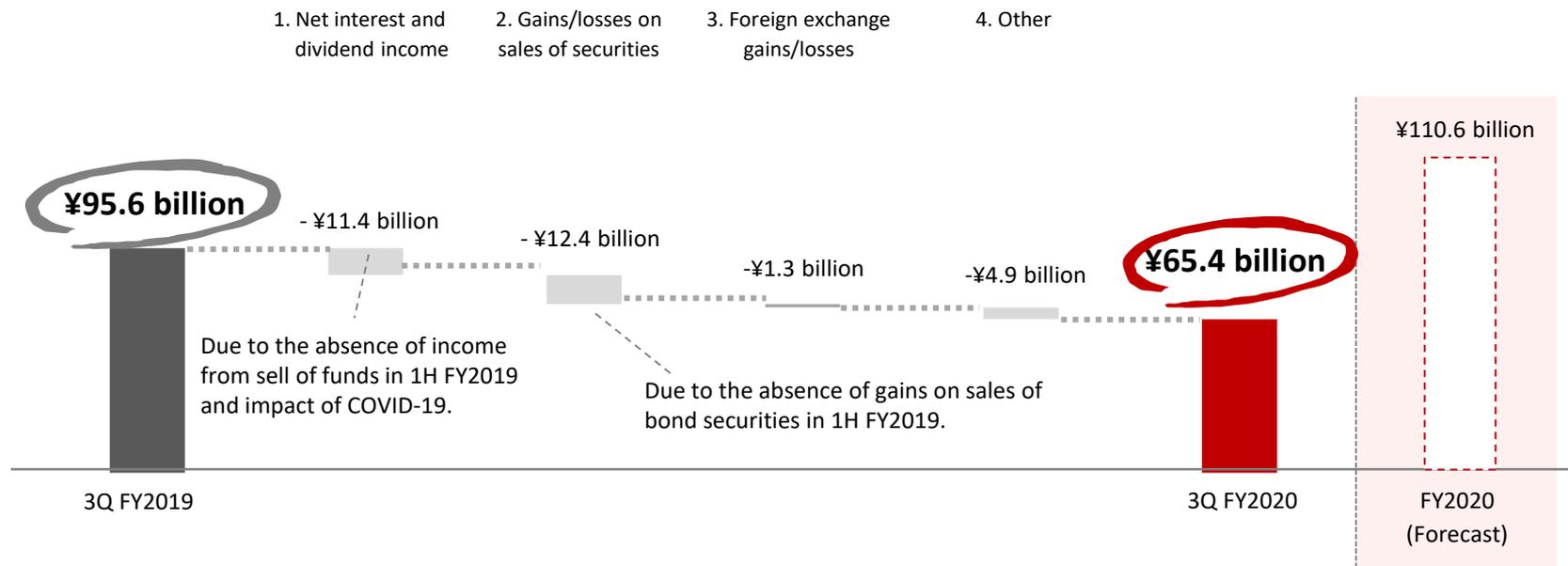
*1 Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve.

*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)

- ◆ Investment profit was ¥65.4 billion, with the absence of income from redemption of funds and gains on sales of bond securities in FY2019.

Changing factors of investment profit (Sompo Japan)

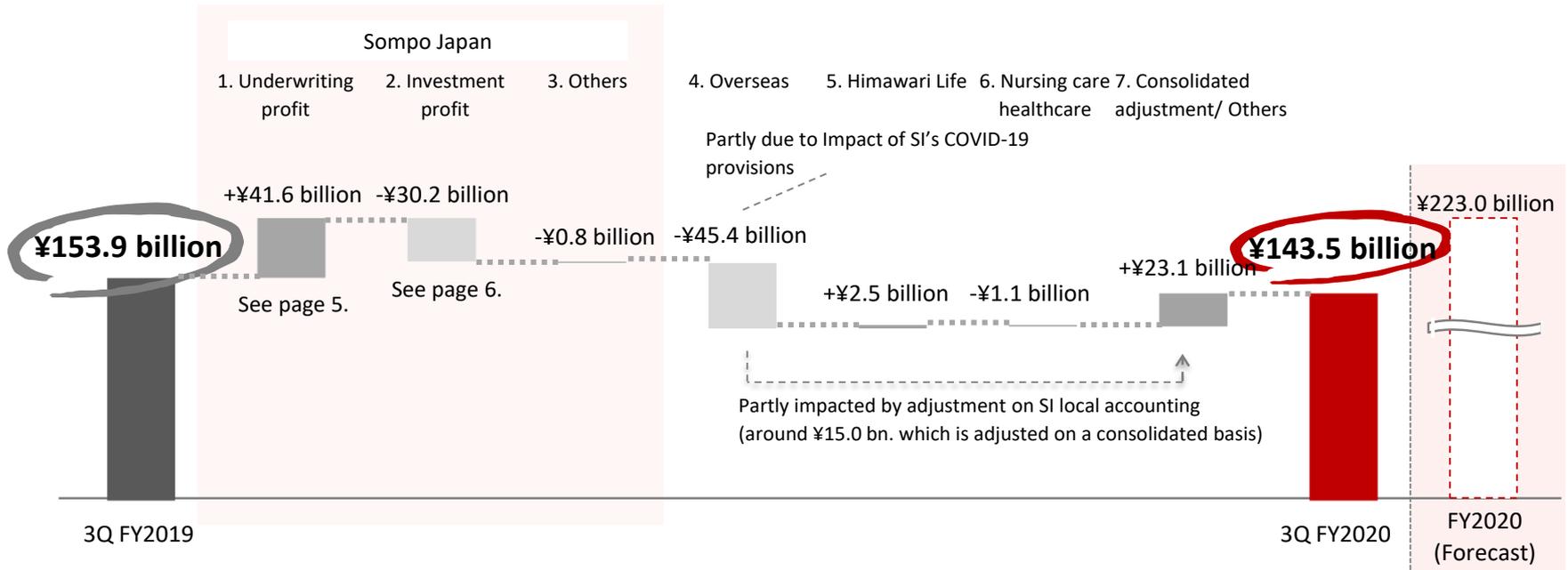


	1. Net interest and dividend income	2. Gains/losses on sales of securities	3. Foreign exchange gains/losses	4. Other	Investment profit
3Q FY2019	¥57.4 billion	¥47.9 billion	-¥0.3 billion	-¥9.4 billion	¥95.6 billion
3Q FY2020	¥45.9 billion	¥35.5 billion	-¥1.6 billion	-¥14.4 billion	¥65.4 billion

Main Points of Consolidated Results – (3) Ordinary Profit

- ◆ The impact by SI's COVID-19 provisions and the absence of gains on sales of bond in FY2019 have been partially offset by drastic improvement of loss ratio at Sampo Japan.

Changing factors of consolidated ordinary profit



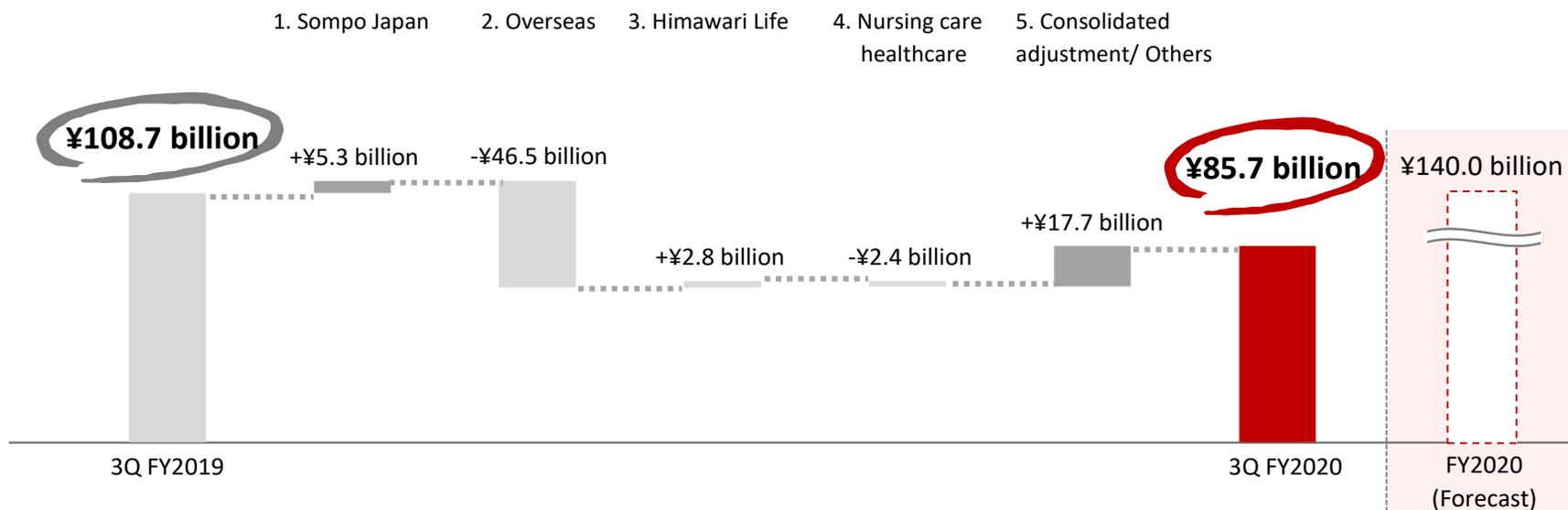
	1. Underwriting profit	2. Investment profit	3. Others	4. Overseas subsidiaries	5. Himawari Life	6. Nursing care healthcare	7. Consolidated adjustment/others	Ordinary profit
3Q FY2019	¥26.8 billion	¥95.6 billion	-¥12.1 billion	¥79.4 billion	¥22.0 billion	¥7.2 billion	-¥65.2 billion	¥153.9 billion
3Q FY2020	¥68.4 billion	¥65.4 billion	-¥12.9 billion	¥34.0 billion	¥24.5 billion	¥6.1 billion	-¥42.0 billion*	¥143.5 billion

* Net amortization amount (before tax) of goodwill and intangible assets, etc. of SI for 3Q FY2020: ¥18.4 billion

Main Points of Consolidated Results – (4) Net Income

◆ Consolidated net income was ¥85.7 billion.

Changing factors of consolidated net income



	1. Somo Japan	2. Overseas subsidiaries	3. Himawari Life	4. Nursing care	5. Consolidated adjustment/others	Net income
3Q FY2019	¥82.2 billion	¥67.4 billion	¥14.3 billion	¥4.3 billion	-¥59.6 billion	¥108.7 billion
3Q FY2020	¥87.6 billion	¥20.8 billion	¥17.1 billion	¥1.9 billion	-¥41.8 billion	¥85.7 billion

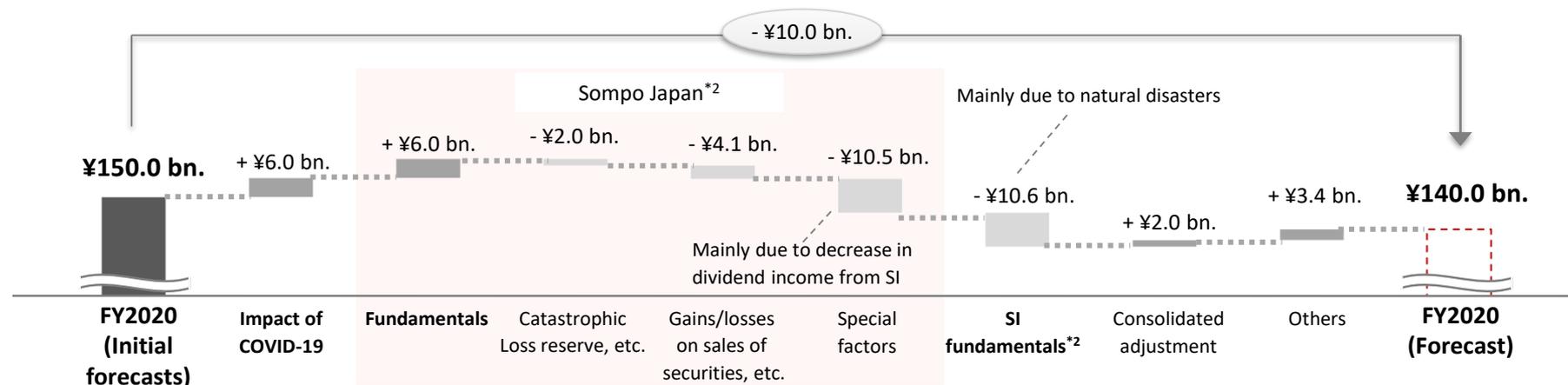
(Reference) Business Forecasts for FY2020 – Consolidated Basis

(Billions of yen)	FY2020 (Actual)	FY2020 (Forecasts)	Change
Net premiums written (P&C)	2,825.4	2,884.0	+58.5 (+2.1%)
Life insurance premiums	356.0	350.0	-6.0 (-1.7%)
Consolidated ordinary profit	192.4	223.0	+30.5
Sompo Japan	182.3	220.0	+37.6
Overseas subsidiaries	87.9	44.2	-43.6
Himawari Life	25.5	25.5	-0.0
Nursing care (SOMPO Care)	10.1	7.7	-2.4
Consolidated adjustment/others	-113.5	-74.4	+39.0
Consolidated net income	122.5	140.0	+17.4 (+14.3%)
Sompo Japan	130.5	160.0	+29.4
Overseas subsidiaries	75.3	30.3	-45.0
Himawari Life	16.5	17.5	+0.9
Nursing care (SOMPO Care)	6.1	4.6	-1.5
Consolidated adjustment/others	-106.1	-72.4	+33.7
(Reference) Adjusted profit (by business)	150.8	200.0	+49.1 (+32.6%)
Domestic P&C insurance	60.8	136.0	+75.1
Overseas insurance	50.1	27.5	-22.6
Domestic life insurance	32.0	32.5	+0.4
Nursing care & healthcare, etc.	7.7	7.0	-0.7

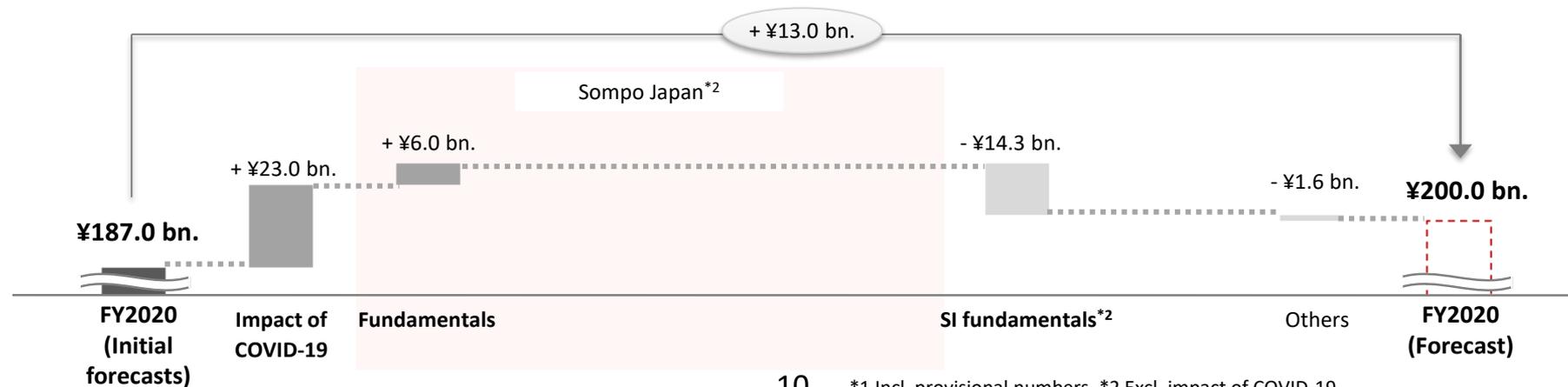
(Reference) Main Points of Revised Business Forecasts for FY2020

- ◆ Consolidated net income is expected to decrease to ¥140.0 billion by ¥10.0 billion against the initial forecast, mainly due to the reflection of additional impact of COVID-19.
- ◆ Adjusted consolidated profit as a source of shareholder return is expected to increase to ¥200.0 billion by ¥13.0 billion against the initial forecast.

Revised factors (figures after tax*1) : Consolidated net income



(Reference) Revised factors (figures after tax*1) : Adjusted consolidated profit



Impact of COVID-19

- ◆ Impact of COVID-19 on consolidated net income for 3Q FY2020 was around - ¥1.0 billion.
(For FY2020 forecast: Around - ¥8.0 billion.)
- ◆ Impact of COVID-19 on adjusted consolidated profit for 3Q FY2020 was around + ¥10.0 billion.
(For FY2020 forecast: around + ¥6.0 billion.)

Impact for consolidated net income for FY2020*

	3Q FY2020	FY2020 (Forecast)	
Domestic P&C	+¥15.0 billion	+¥12.0 billion	Decline of accident rate in automobile line and decrease in net income of funds
Overseas insurance	- ¥14.0 billion	- ¥19.0 billion	Increase of SI's COVID-19 provisions in trade credit & lower yields within investments
Domestic life	Insignificant	+ ¥0.5 billion	Decrease in new contracts, offset by decrease in policy reserve and commissions.
Nursing care	- ¥2.0 billion	- ¥1.5 billion	Payment of special allowances to nursing staff at work
Group total	- ¥1.0 billion	- ¥8.0 billion	

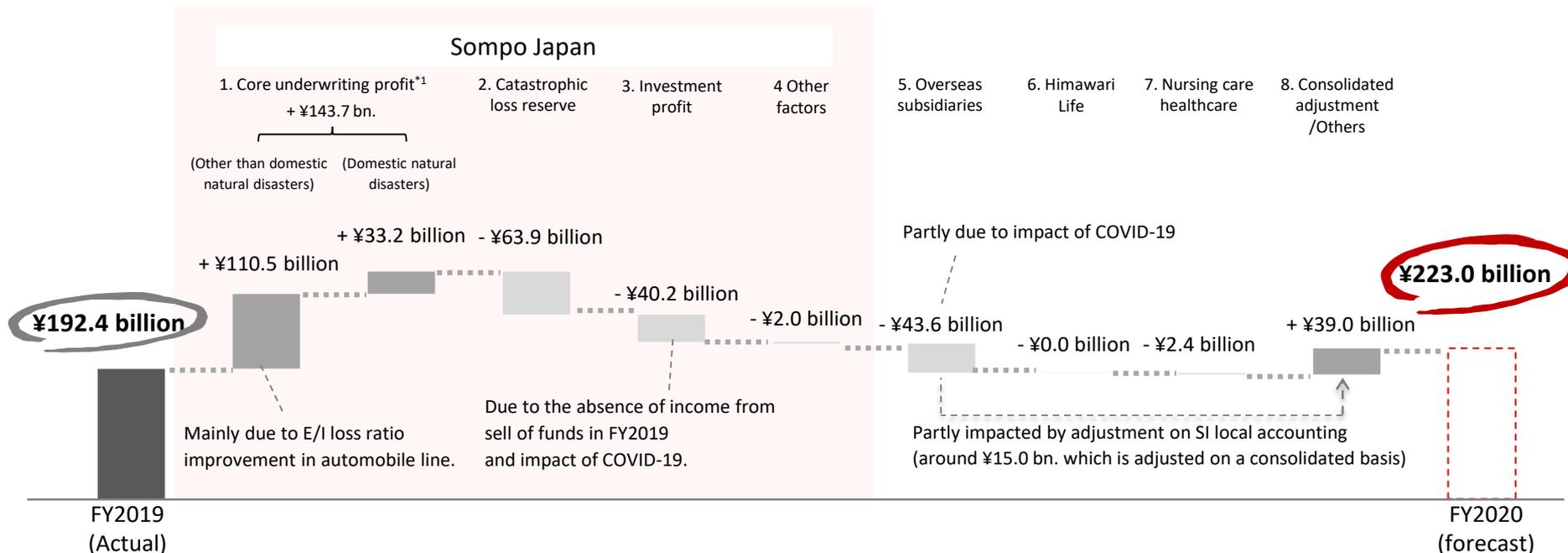
(Reference) Impact for adjusted consolidated net income for FY2020*

	3Q FY2020	FY2020 (Forecast)
Domestic P&C	+¥28.0 billion	+¥28.0 billion
Overseas insurance	- ¥14.0 billion	- ¥19.0 billion
Domestic life	- ¥2.0 billion	- ¥1.5 billion
Nursing care	- ¥2.0 billion	- ¥1.5 billion
Group total	+ ¥10.0 billion	+ ¥6.0 billion

* Incl. provisional numbers

(Reference) Breakdown of Business Forecasts for FY2020

Changing Factors of consolidated ordinary profit



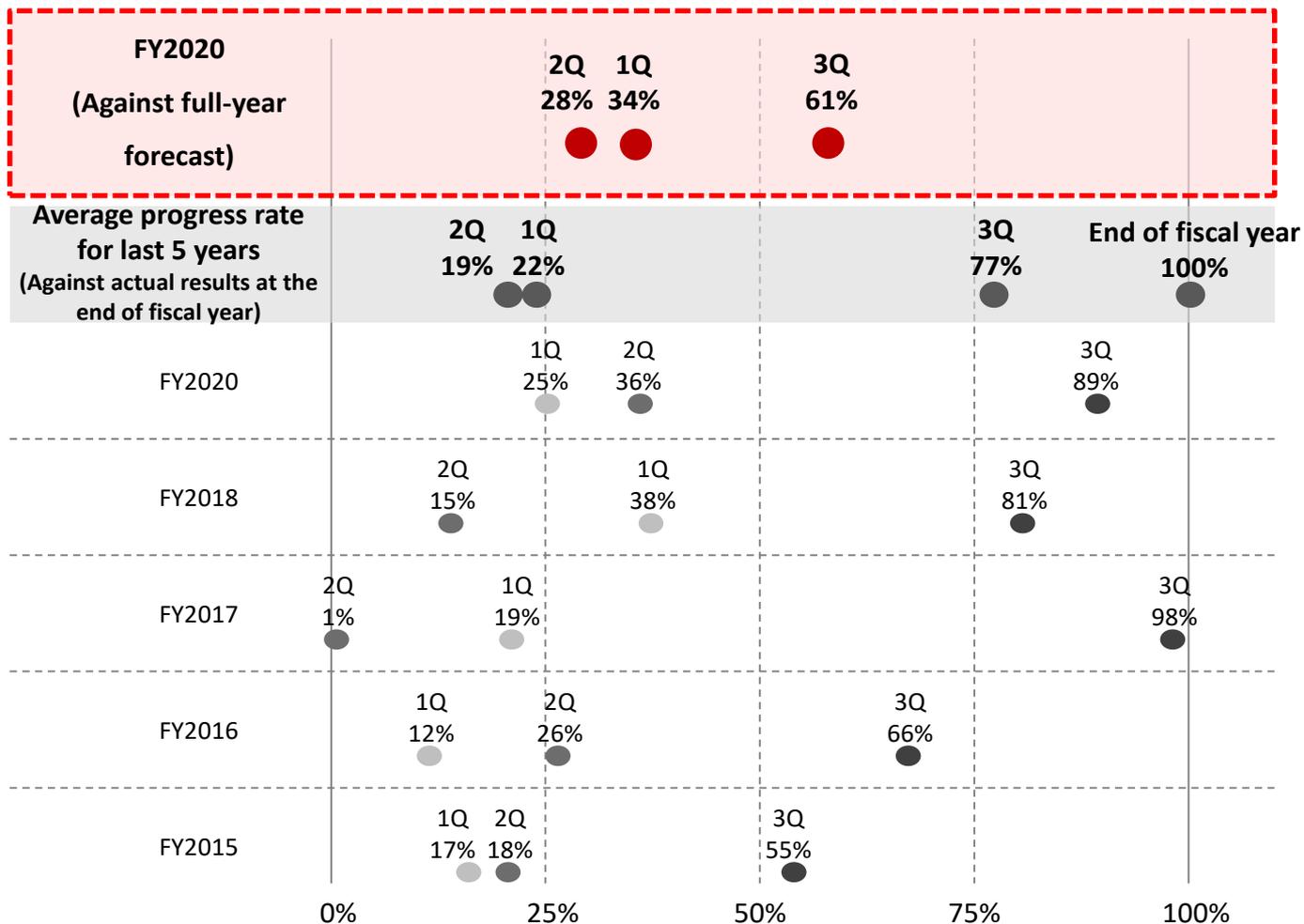
	1. Core underwriting profit		2. Catastrophic loss reserve	3. Investment profit	4. Other Factors	5. Overseas subsidiaries	6. Himawari Life	7. Nursing care	8. Consolidated adjustment /Others	Ordinary profit
	(Other than domestic natural disasters)	(Domestic natural disasters)								
FY2019 Actual	¥102.6 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	¥213.2 billion	- ¥60.0 billion	- ¥30.2 billion	¥110.6 billion	- ¥13.6 billion	¥44.2 billion	¥25.5 billion	¥7.7 billion	- ¥74.4 billion*²	¥223.0 billion
(Reference) FY2020 Initial Forecasts	¥146.2 billion	- ¥60.0 billion	- ¥3.2 billion	¥140.0 billion	- ¥13.0 billion	¥60.1 billion	¥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 ¥24.6 billion for FY2020 forecast.

(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)	(3Q Actual)	(Forecasts)
Domestic P&C insurance	60.8	102.5	136.0
Overseas insurance	50.1	15.6	27.5
Domestic life insurance	32.0	26.8	32.5
Nursing care & healthcare, etc.	7.7	4.0	7.0
Total (Adjusted consolidated profit)	150.8	149.0	200.0
Adjusted consolidated ROE*²	6.4%	-	8.5%
ROE (J-GAAP)	7.3%	-	8.4%

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

Overview of 3Q FY2020 Results – Sompo Japan

◆ While loss ratio drastically improved, mainly due to more provisions in catastrophic loss reserve, net income increased by ¥5.3 billion.

(Billions of yen)	3Q FY2019	3Q FY2020	Change	FY2020 (Forecasts)
Net premiums written	1,654.4	1,620.9	-33.5 (-2.0%)	2,113.5
(excl. CALI, household earthquake)	1,440.7	1,441.5	+0.7 (+0.0%)	1,877.9
Net premiums earned (excl. CALI, household earthquake)	1,411.4	1,413.2	+1.7 (+0.1%)	1,877.0
E/I loss ratio (excl. CALI, household earthquake)	65.5%	58.3%	-7.3pt	58.0%
W/P Loss ratio	63.9%	60.0%	-3.9pt	62.1%
(excl. CALI, household earthquake)	62.3%	57.4%	-5.0pt	59.5%
Net expense ratio	32.0%	33.1%	+1.1pt	33.7%
(excl. CALI, household earthquake)	33.5%	33.9%	+0.4pt	34.5%
Combined ratio (W/P) (excl. CALI, household earthquake)	95.8%	91.2%	-4.5pt	93.9%
(Reference) Combined ratio (E/I) ^{*1} (excl. CALI, household earthquake)	99.0%	92.1%	-6.8pt	92.4%
Underwriting profit	26.8	68.4	+41.6	123.0
Investment profit	95.6	65.4	-30.2	110.6
Ordinary profit	110.3	120.8	+10.5	220.0
Net income	82.2	87.6	+5.3	160.0
Provisions for catastrophic loss reserve (after tax)	-17.1	+27.4	+44.6	+22.1
Provisions for reserve for price fluctuation (after tax)	+2.1	+2.1	+0.0	+2.8
Gains/losses on sales of securities and impairment losses on securities (after tax)	-34.1	-19.8	+14.2	-39.4
Special factors (after tax) ^{*2}	+2.4	+5.6	+3.1	-8.5
Adjusted profit	35.6	102.9	+67.3	137.0

(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.

Net Premiums Written

◆ While impacted by COVID-19, net premiums written (excluding CALI and household earthquake) remain stable due to growth in fire and allied lines and voluntary automobile.

Net premiums written by product line

(Billions of yen)	3Q FY2019	3Q FY2020	Change		FY2020 (Forecasts)
Fire and Allied Lines	220.7	236.2	+15.4	(+7.0%)	286.6
Marine	35.0	31.7	-3.3	(-9.7%)	39.3
Personal Accident	129.1	116.7	-12.4	(-9.6%)	152.7
Voluntary Automobile	809.5	813.8	+4.3	(+0.5%)	1,085.8
CALI	213.3	179.2	-34.1	(-16.0%)	235.2
Other	246.5	243.2	-3.3	(-1.3%)	313.6
of which Liability	132.8	127.5	-5.2	(-4.0%)	161.0
Total	1,654.4	1,620.9	-33.5	(-2.0%)	2,113.5
Total (excl. CALI, household earthquake)	1,440.7	1,441.5	+0.7	(+0.0%)	1,877.9

(Main change factors)

Fire and Allied Lines: Increased mainly due to optimizing pricing and growth in corporate line

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

Voluntary Automobile: While Impacted mainly by new car sales slow-down, increased due to rate revisions in Jan.2020

Other: While impacted by sales slowdown in corporate line, sales of main product “Business master plus” progressed steadily

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

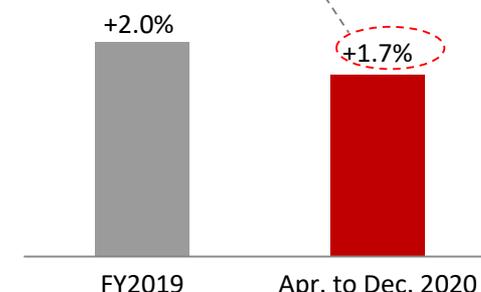
(Performance evaluation basis)

	# of vehicles*	Unit premium	Total Premium
Non-fleet	-0.5%	+1.7%	+1.2%
Fleet	-4.9%	+3.3%	-1.8%
Total	-1.4%	+2.2%	+0.7%

* 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.



Loss Ratio (E/I)

◆ E/I loss ratio improved by 7.3 points compared with 3Q FY2019, mainly due to accident rate decline mainly in automobile and personal accident line.

Loss ratio (E/I) by product line

(Billions of yen)	3Q FY2020				
	Net incurred loss*2	Change	Loss ratio	Change	FY2020 (Forecast)
Fire and Allied lines(excl. household earthquake)	159.9	-28.2	74.3%	-17.0pt	74.0%
Marine	17.8	-3.3	54.4%	-7.5pt	58.1%
Personal Accident	53.9	-13.2	47.5%	-6.6pt	45.2%
Voluntary Automobile	454.6	-47.7	55.7%	-6.4pt	56.0%
Other	136.9	-8.7	58.2%	-3.2pt	56.4%
of which Liability	68.7	+0.1	56.9%	+0.9pt	54.6%
Total (excl. CALI, household earthquake)	823.2	-101.3	58.3%	-7.3pt	58.0%

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

	3Q FY2020	
(Reference) W/P Loss ratio*3	loss ratio	change
Fire and Allied lines(excl. household earthquake)	71.7%	-8.8pt
Marine	61.9%	+2.1pt
Personal Accident	49.9%	-2.9pt
Voluntary Automobile	54.8%	-6.2pt
Other	55.0%	-0.7pt
Total (excl. CALI, household earthquake)	57.4%	-5.0pt

*1 Outstanding loss reserve is worked out by compendium method in 3Q results

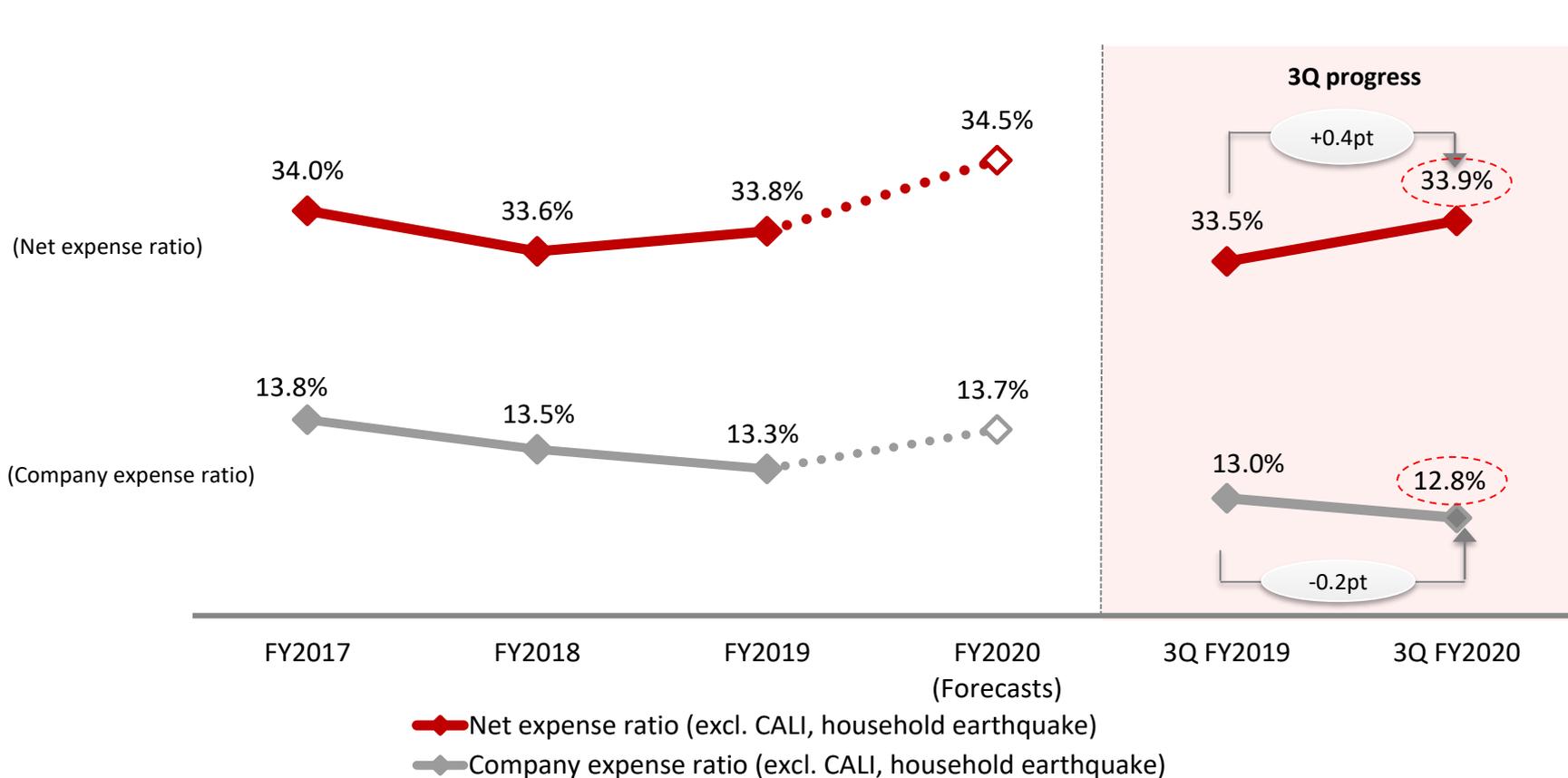
*2 Include loss adjustment expenses

*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 mainly due to consumption tax hike, company expense ratio has been managed effectively.

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



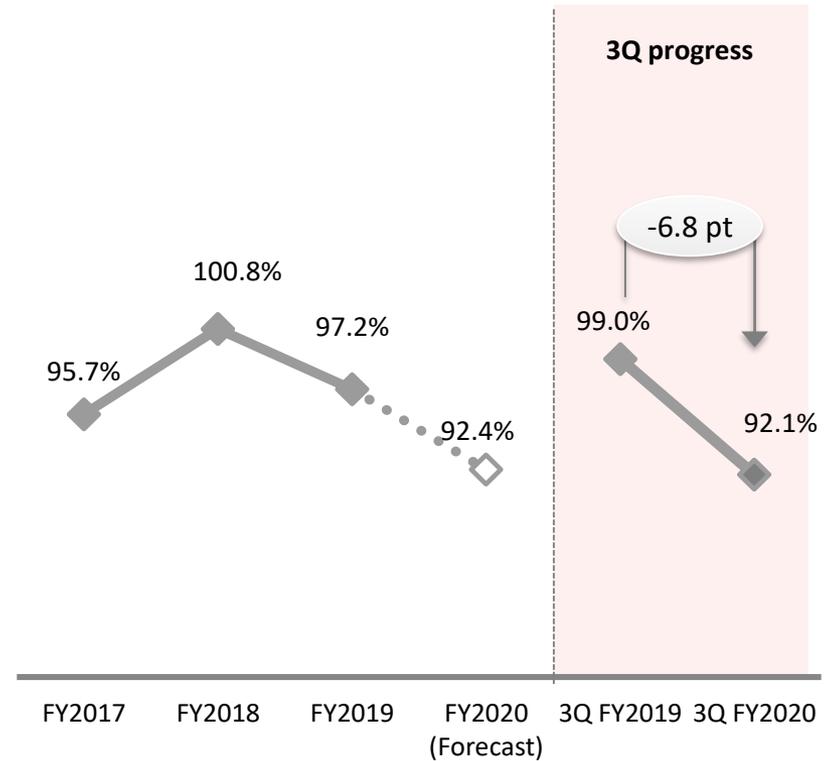
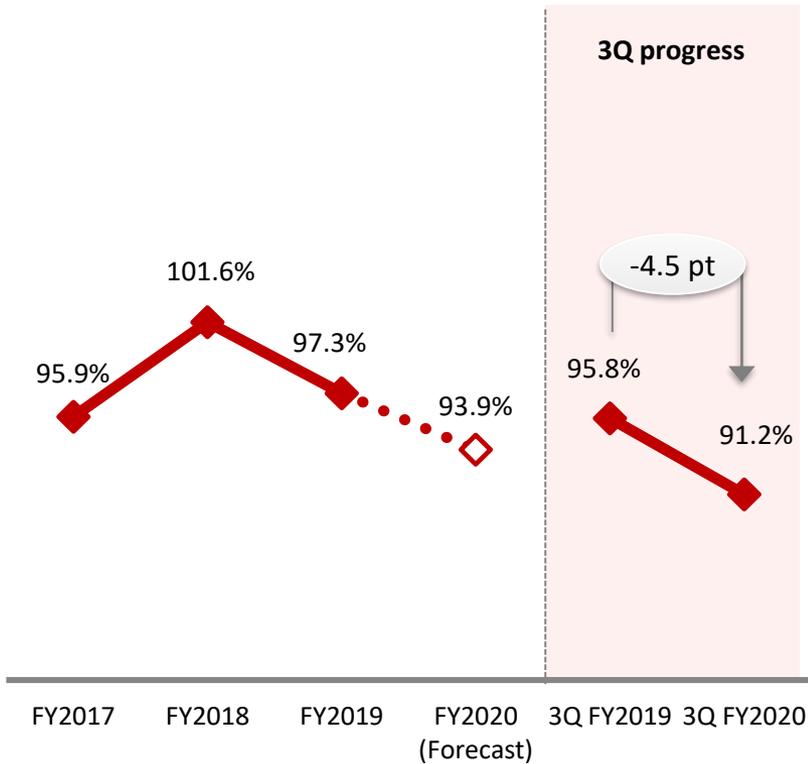
* Ratio of general administrative and selling expense related with underwriting to net premium written

Combined Ratio

◆ Combined ratio improved by 4.5 points mainly due to loss ratio improvement and an effective of company expense ratio.

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

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



◆ While the investment profit decreased compared with 3Q FY2019 mainly due to the absence of realized gains from bond securities under declining interest, annual progress has been in line with the plan.

Investment profit (Sompo Japan, non-consolidated)

(Billions of yen)		3Q FY2019	3Q FY2020	Change	FY2020 (Forecasts)
Net interest and dividend income	1	57.4	45.9	-11.4	60.7
Interest and dividend income*1		84.7	71.0	-13.7	94.1
of which, dividends from overseas subsidiaries		0.2	1.3	+1.0	9.5
Gains on sales of securities*1	2	47.9	35.5	-12.4	63.5
of which, domestic stocks		34.8	34.2	-0.5	50.0
Impairment losses on securities	3	-0.6	-5.8	-5.2	-8.8
of which, domestic stocks		-0.2	-5.5	-5.3	-8.1
Gains on derivatives	4	-8.5	-8.3	+0.1	-2.7
Other investment income	5	-0.6	-1.8	-1.2	-2.0
Investment profit 1+2+3+4+5		95.6	65.4	-30.2	110.6

(Reference)
Reduction of strategic-holding stocks

Spot*2	¥47.1 billion
Stock future*3	¥25.6 billion
Total	¥72.7 billion

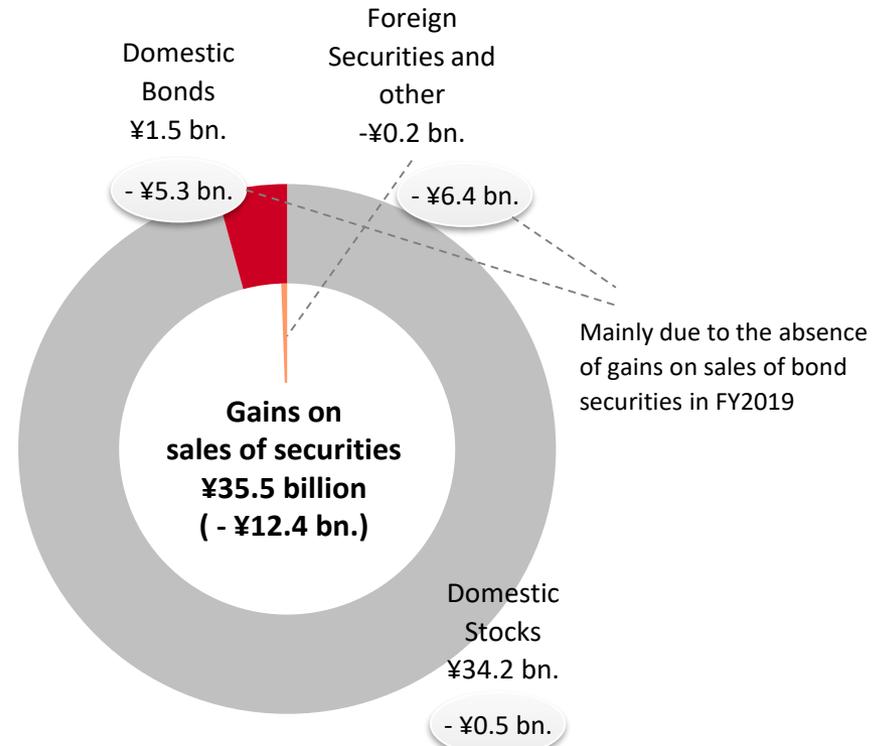
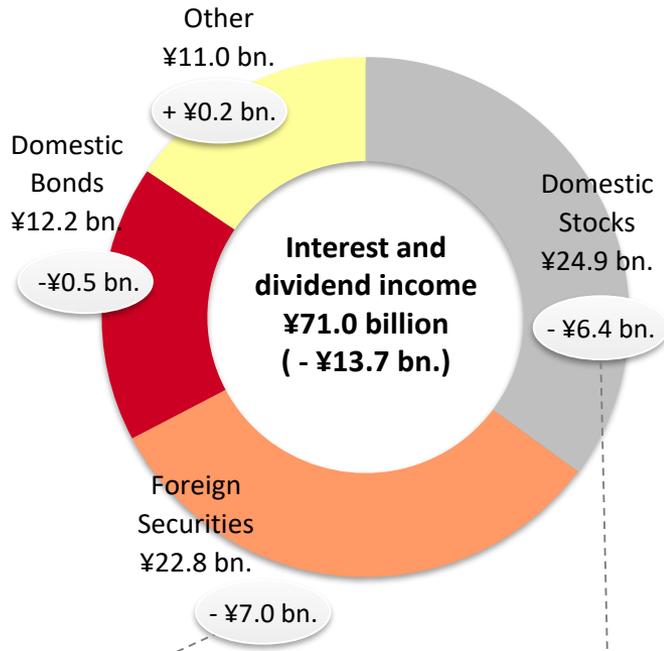
*2 Net reduction on fair value basis
(market value of sales minus market value of purchase)

*3 Short position of Nikkei 225 Futures

*1 Refer to next page for the breakdown

(Reference) Breakdown of Investment Profit

Breakdown of interest and dividend income and gains on sales of securities (3Q FY2020)



Due to the absence of income from fund redemption in FY2019

Mainly due to the impact by COVID-19

Mainly due to the absence of gains on sales of bond securities in FY2019

Changes from 3Q FY2019

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

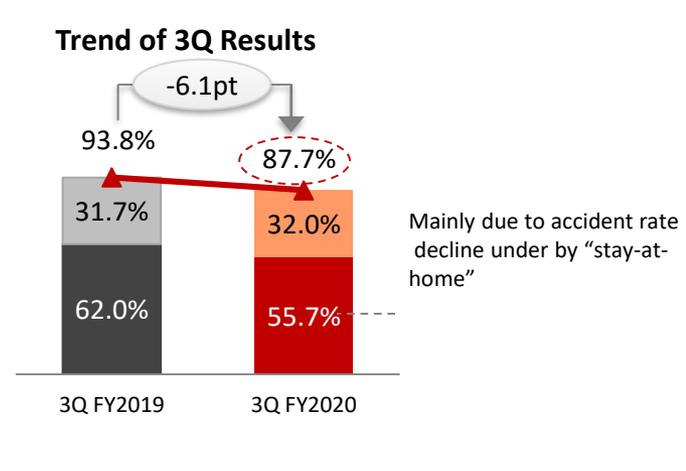
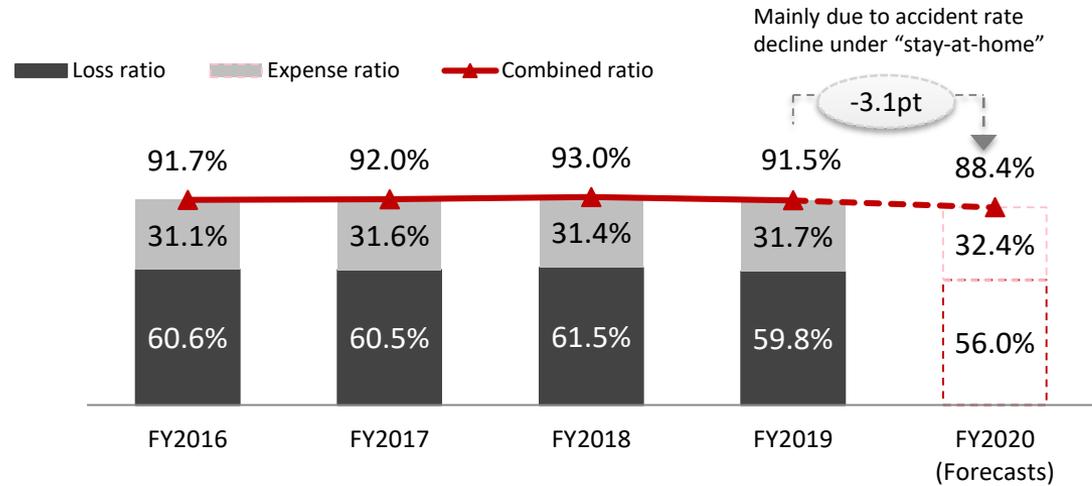
(Reference) Business Forecasts for FY2020 – Sompo Japan

(Billions of yen)	FY2019 (Actual)	FY2020 (Forecasts)	Change
Net premiums written	2,184.7	2,113.5	-71.2 (-3.3%)
(excl. CALI, household earthquake)	1,903.8	1,877.9	-25.8 (-1.4%)
Net premiums earned (excl. CALI, household earthquake)	1,873.9	1,877.0	+3.0 (+0.2%)
E/I loss ratio (excl. CALI, household earthquake)	63.3%	58.0%	-5.4pt
Written paid (W/P) loss ratio	64.9%	62.1%	-2.8pt
(excl. CALI, household earthquake)	63.5%	59.5%	-4.0pt
Net expense ratio	32.4%	33.7%	+1.3pt
(excl. CALI, household earthquake)	33.8%	34.5%	+0.6pt
Combined ratio (W/P) (excl. CALI, household earthquake)	97.3%	93.9%	-3.4pt
Combined ratio (E/I) (excl. CALI, household earthquake)	97.2%	92.4%	-4.7pt
Underwriting profit	43.1	123.0	+79.8 (+185.3%)
Investment profit	150.9	110.6	-40.2 (-26.7%)
Ordinary profit	182.3	220.0	+37.6 (+20.6%)
Net income	130.5	160.0	+29.4 (+22.5%)
(Reference) Adjusted profit			
Provisions for catastrophic loss reserve (after tax)	-23.9	+22.1	+46.1
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	-39.4	+7.4
Special factors (after tax)*	+1.5	-8.5	-10.1
Adjusted profit	64.1	137.0	+72.8

* Dividend from consolidated subsidiaries, etc.

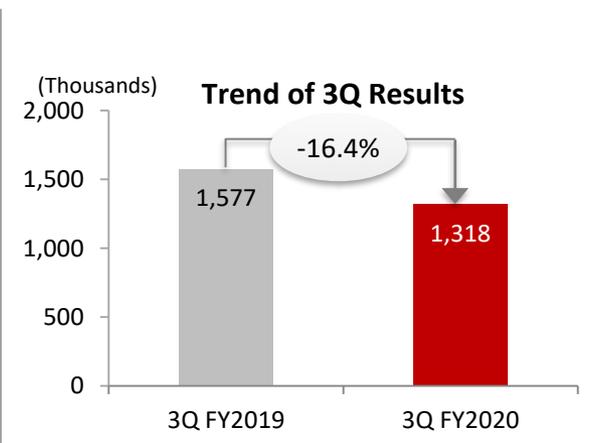
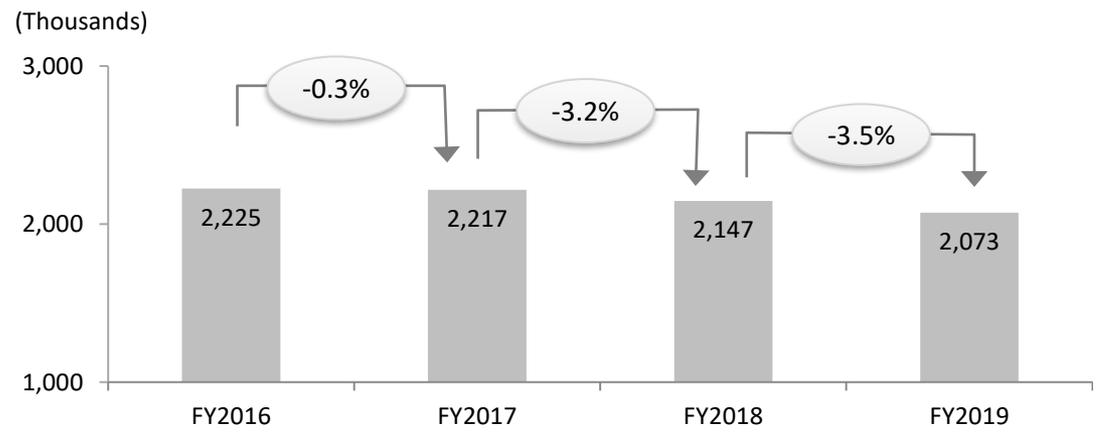
(Reference) Indicators Related to Automobile Insurance

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)	3Q FY2019	3Q FY2020	Change
Fire and Allied lines	58.2	35.9	-22.2
Marine	0.0	0.0	-0.0
Personal Accident	0.1	0.0	-0.0
Voluntary Automobile	11.1	3.3	-7.8
Other	2.6	1.5	-1.1
Total	72.2	40.9	-31.3

* Assumption of FY2020 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 3Q results, incurred losses related to natural disasters were not aggregated.

Underwriting reserves and reserve for outstanding losses and claims (at the end of 3Q 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	780.5	+20.3	108.0	+1.1	99.3	-9.3
Marine	17.7	-3.8	44.8	+0.7	20.7	-1.7
Personal accident	130.6	+3.1	75.2	+3.7	49.6	-4.3
Voluntary automobile	316.8	-2.5	62.1	+26.3	368.7	+8.5
CALI* ²	452.8	-10.2	-	-	73.9	+5.1
Other	352.7	+6.0	205.3	+5.7	230.2	+3.2
Total	2,051.3	+12.9	495.6	+37.7	860.6	+1.4
Total (excluding CALI and household earthquake)	1,592.6	+22.9	495.6	+37.7	786.6	-3.6
	Amount	Change				Change
Reserve for saving-type products* ³	1,165.5	-55.4			Impact of exchange rates on reserve for outstanding losses and claims	+1.1

*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

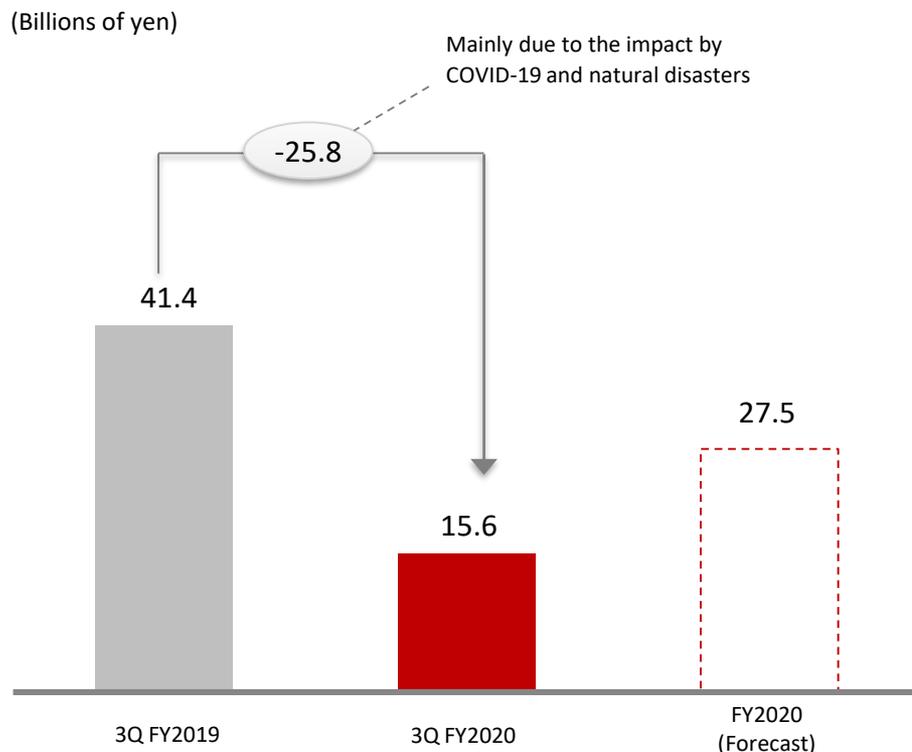
5. Nursing care & healthcare, etc.

6. ERM & asset management

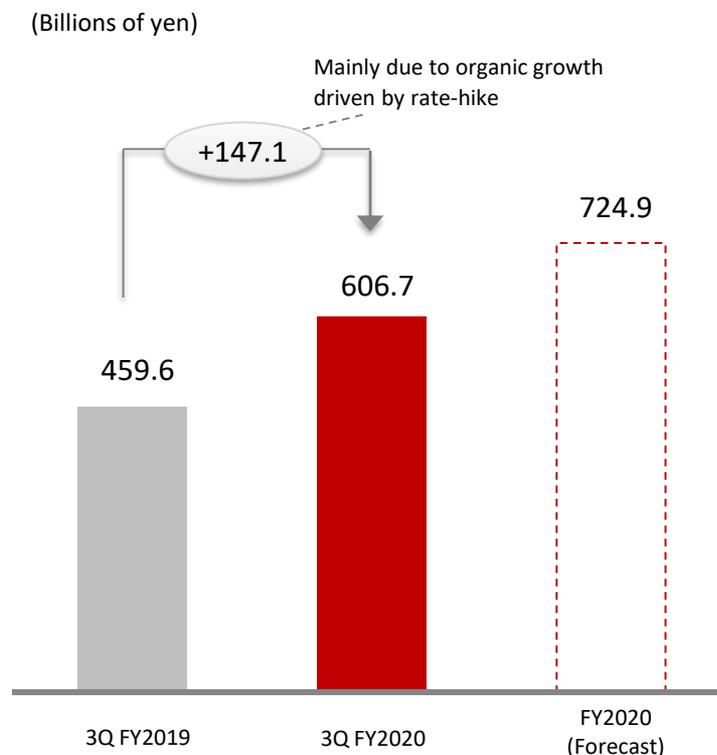
Overview of 3Q FY2020 Results – Overseas Insurance

- ◆ Adjusted profit as of 3Q FY2020 is ¥15.6billion (¥25.8 billion less compared with 3Q FY2019), mainly due to the impact of COVID-19 and natural disasters.
- ◆ Adjusted profit, which took the impact by COVID-19 into account, progressed in line with the plan.

Adjusted profit*



(Reference) Net premiums written*



* 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

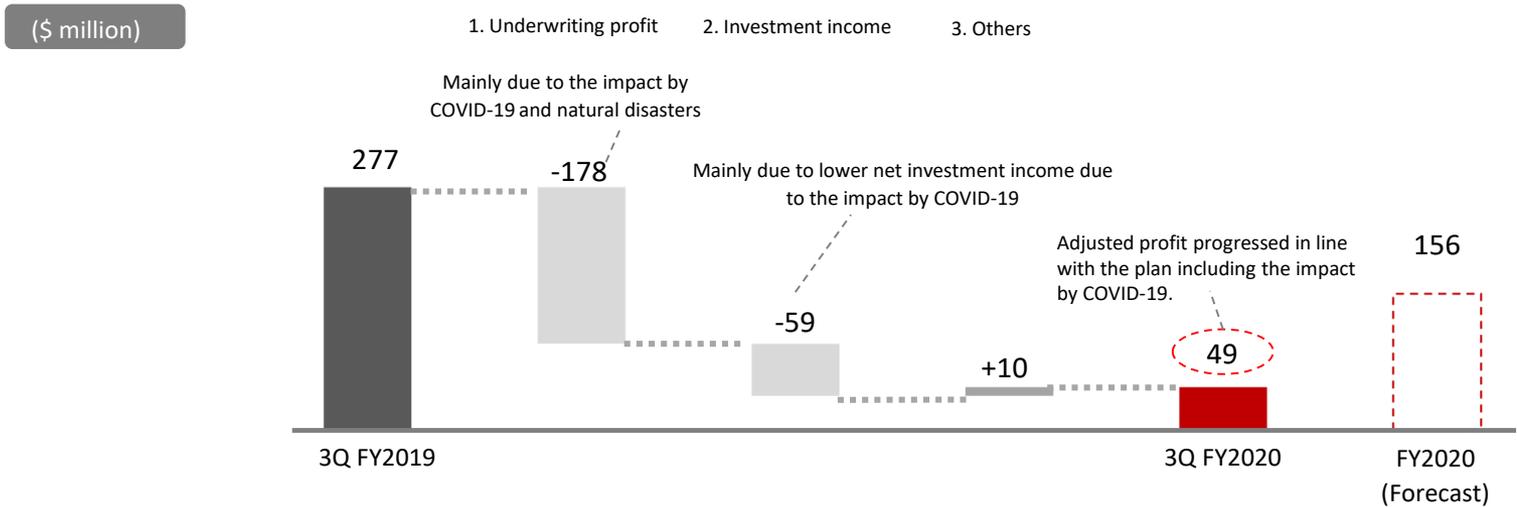
(Billions of yen)		Net premiums written			Adjusted profit			Key points	(Reference) Exchange rate	
		3Q FY2020		FY2020	3Q FY2020		FY2020		Sep. 2020*2	(YoY Change)
		Actual	Change	Forecasts	Actual	Change	Forecasts			
North America & Europe	SI	508.8	+166.5	598.9	5.2	-24.7	16.5	*Refer to page 30 and 31	105.80 JPY/USD	(-2.0%)
Asia & Middle East	Sompo Sigorta (Turkey)	23.6	-5.0	28.9	6.5	-0.2	6.4	Top-line progressed favorably excluding local currency depreciation. Loss ratio improved against FY2020 forecast mainly due to economic slow-down.	13.49 JPY/TRY	(-29.3%)
	Sompo Singapore	4.5	-0.9	6.3	0.7	+0.5	0.7	-	77.30 JPY/SGD	(-1.0%)
	Berjaya Sompo (Malaysia)	9.0	-1.6	12.1	1.0	-0.0	1.5	Top-line was impacted by more disciplined underwriting	25.47 JPY/MYR	(-1.2%)
	Sompo Indonesia	3.0	-0.6	5.7	0.2	-0.1	0.5	-	0.0072 JPY/IDR	(-5.3%)
	Sompo China NK China	4.8	+0.4	7.0	0.8	-0.2	1.3	-	15.54 JPY/RMB	(+2.7%)
	Sompo Hong Kong	2.5	-0.4	3.0	0.2	+0.0	0.3	-	13.65 JPY/HKD	(-0.8%)
	Universal Sompo (India)	5.1	-0.4	8.5	0.5	+0.1	0.8	-	1.42 JPY/INR	(-7.8%)
	AYA SOMPO (Myanmar)	1.1	+0.1	0.2	0.0	+0.0	0.0	-	0.0781 JPY/MMK	(-)
Latin America	Sompo Seguros (Brazil)	42.6	-10.5	50.7	-1.6	-2.4	-2.0	Impacted by provision of IBNR loss reserve in 1Q FY2020 and lower investment income.	18.78 JPY/BRL	(-27.6%)
Other (non-consolidated)*1		2.4	-0.1	3.2	0.6	+0.1	0.2	-	-	-
Total		606.7	+147.1	724.9	15.6	-25.8	27.5	-	-	-

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

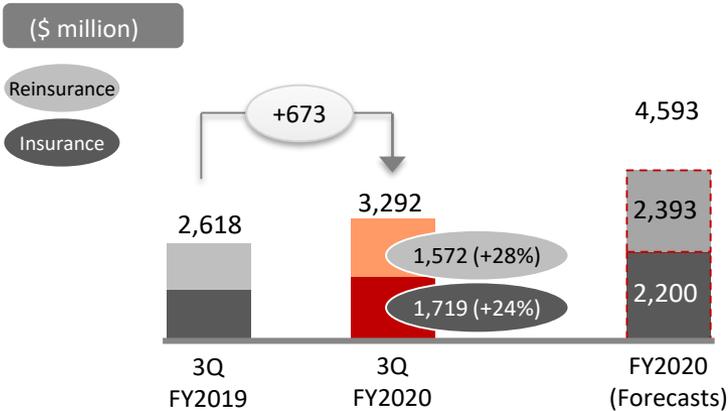
*2 Universal Sompo's exchange rate is based at the end of December 2020. AYA SOMPO's exchange rate is based at the end of June 2020. Exchange rate for forecasts for FY2020 is based at the end of September 2020.

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

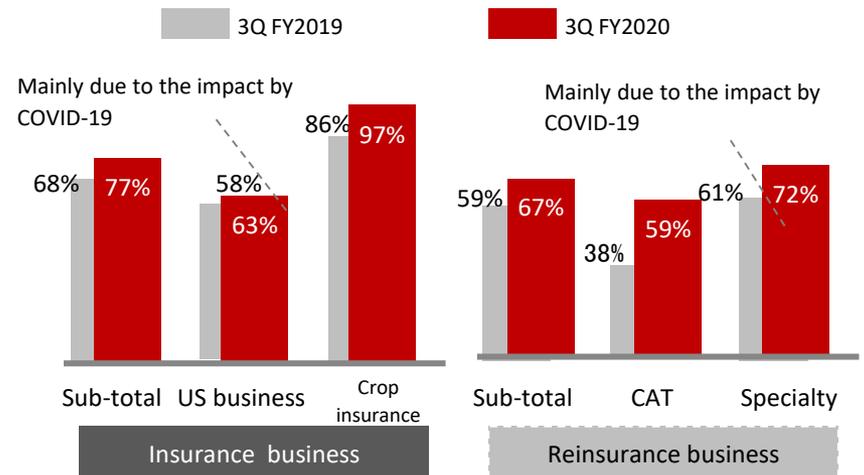
Change factors of adjusted profit (3Q FY2020)



Net premiums earned



Loss ratio (Main lines of business)



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

	FY2019 (Actual)	3Q FY2020		FY2020		
		(Actual)	YoY Change	(Forecasts)	YoY Change	
(\$ million)						
Gross premiums written	6,787	7,603	+2,084	8,936	+2,148	Driven mainly by price improvement
Net premiums written	3,921	4,809	+1,637	5,661	+1,740	
Net premiums earned	3,603	3,292	+673	4,593	+989	
Net losses and loss expenses	2,372	2,374	+691	3,206	+834	
Expense	1,095	895	+113	1,258	+162	
Loss ratio* ¹	65.8%	72.1%	+7.9pt	69.8%	+4.0pt	
Expense ratio* ¹	30.4%	27.2%	-2.7pt	27.4%	-3.0pt	Company expense ratio improved
Combined ratio* ¹	96.2%	99.3%	+5.2pt	97.2%	+1.0pt	
Underwriting income	143	-19	-178	120	-22	
Net investment income	301	159	-59	209	-91	
Other income	177	26	-197	-46	-224	Mainly due to lower unrealized gains on securities compared to FY2019
Net income (After Preferred dividend)	553	119	-407	226	-327	
Net foreign exchange gains	+6	+16	+21	+16	+10	
Net realized and unrealized gains, net impairment losses, etc.* ²	-274	-100	+181	-100	+174	
Tax (loss) benefit	+35	+13	-23	+14	-21	
Adjusted profit	320	49	-228	156	-164	

*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

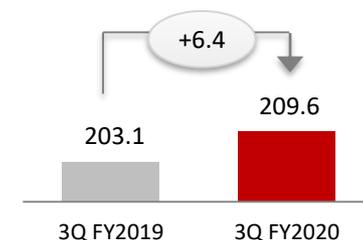
- ◆ Mainly due to policy in force expansion of protection type products, adjusted profit increased by ¥0.8 billion compared with 3Q FY2019.
- ◆ Annualized new premium increased by ¥0.5 billion mainly due to an increase of sales of new product in medical insurance launched in June 2020.

Major indicators

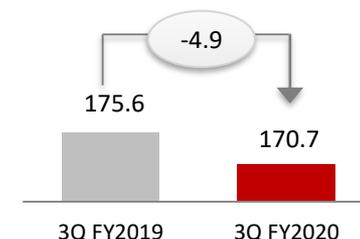
(Billions of yen)	3Q FY2019	3Q FY2020	Change		FY2020 (Forecasts)
Annualized new premium	18.3	18.9	+0.5	(+2.8%)	27.0
Premium and other income ^{*1}	326.4	323.3	-3.0	(-0.9%)	446.2
Provision for policy reserve, etc ^{*2}	216.6	211.9	-4.7	(-2.2%)	295.5
Paid claims, etc.	53.4	53.5	+0.0	(+0.1%)	72.9
Expense	63.2	62.9	-0.2	(-0.5%)	91.1
Investment profit	36.0	38.0	+2.0	(+5.6%)	48.6
of which, general account	34.5	35.3	+0.8	(+2.4%)	47.0
Basic profit	24.2	27.3	+3.0	(+12.6%)	28.1
Ordinary profit ^{*1}	24.3	27.1	+2.7	(+11.2%)	28.8
Net income	14.3	17.1	+2.8	(+19.8%)	17.5
Adjusted profit	25.9	26.8	+0.8	(+3.2%)	32.5

(Reference) (Billions of yen)
Annualized premium in force^{*3}

Protection type



Saving type



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

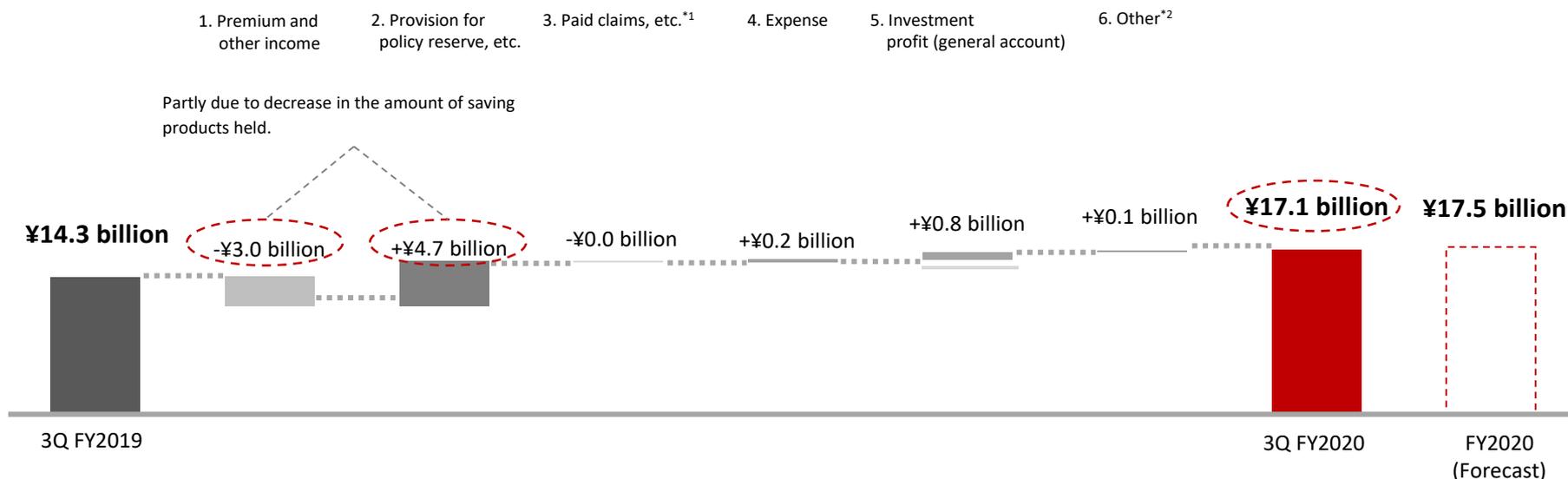
*2 Include the impact of cancellation refund, maturity insurance amount, survival benefits, pension and other refund and gains or losses on investments in separate accounts

*3 The sum of individual insurance and individual annuities.

Net Income (J-GAAP) – Himawari Life

◆ Compared with 3Q FY2019, net income increased by ¥2.8 billion to ¥17.1 billion, mainly due to decrease in provision for policy reserve in light of decrease in the amount of saving products held.

Changing factors of net income

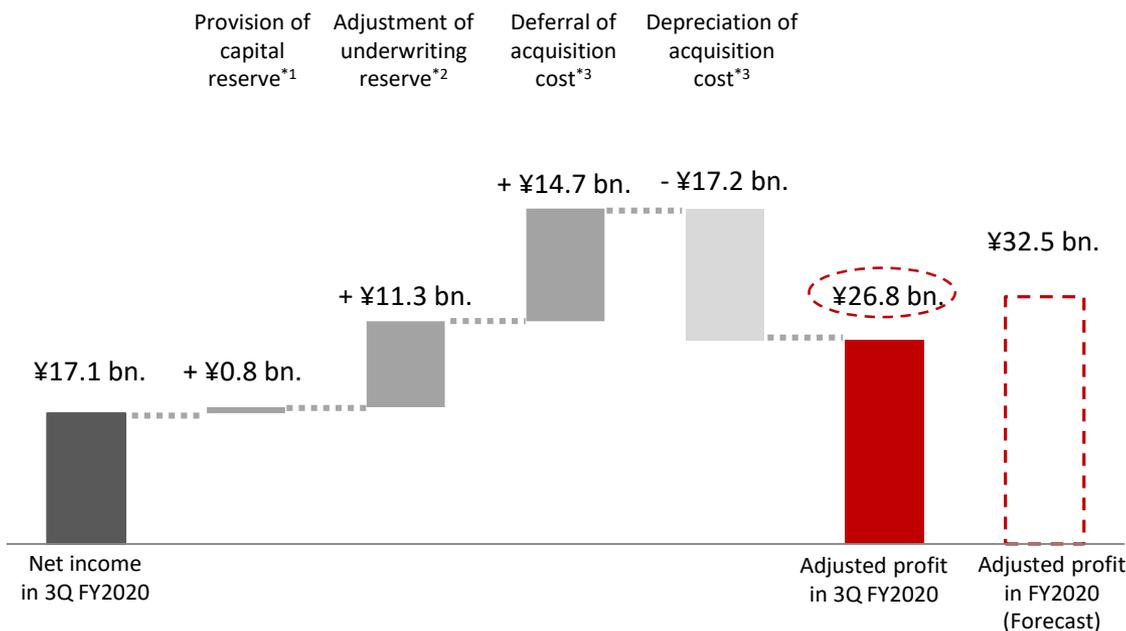


*1 Include the effect of provision or reversal of reserve for outstanding claims (excluding maturity insurance amount and survival benefits)

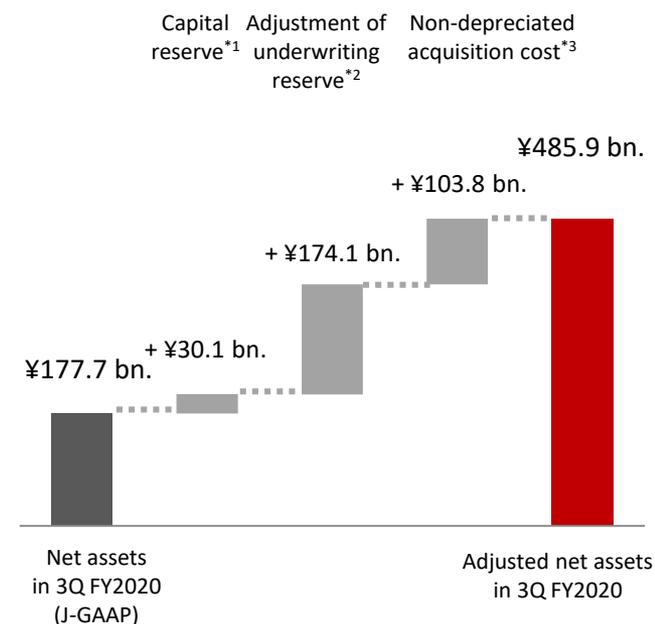
*2 The sum of other ordinary expense, special gains and losses, provision for reserve of policy holder dividend, corporate tax, etc.

◆ Adjusted profit was ¥26.8 billion, and the progress of which against full FY forecasts (¥32.5 billion) is 83%.

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

Overview of 3Q FY2020 Results – Nursing Care & Healthcare, etc.

◆ Compared with 3Q FY2019, adjusted profit in nursing care decreased mainly due to payment in 1Q FY2020 of special allowances to nursing staff due to COVID-19, though the annual progress has been in line with the plan.

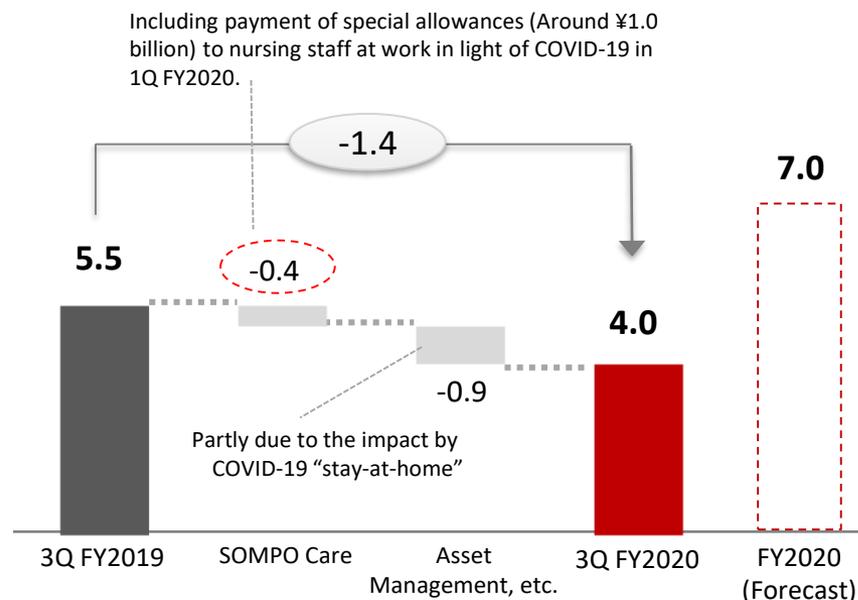
Results of nursing care business (SOMPO Care)

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

(Billions of yen)	3Q FY2020		FY2020
	(Actual)	(Change)	(Forecasts)
Sales	98.3	+2.4	130.5
Net income	4.1	-0.4	6.5
Occupancy rate*1			
(SOMPO-no-le)	91.4%	-1.2pt	91.8%
(SOMPO-no-le S)	92.3%	-2.2pt	91.7%
(La vie Re)	87.3%	-1.3pt	88.4%

*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.

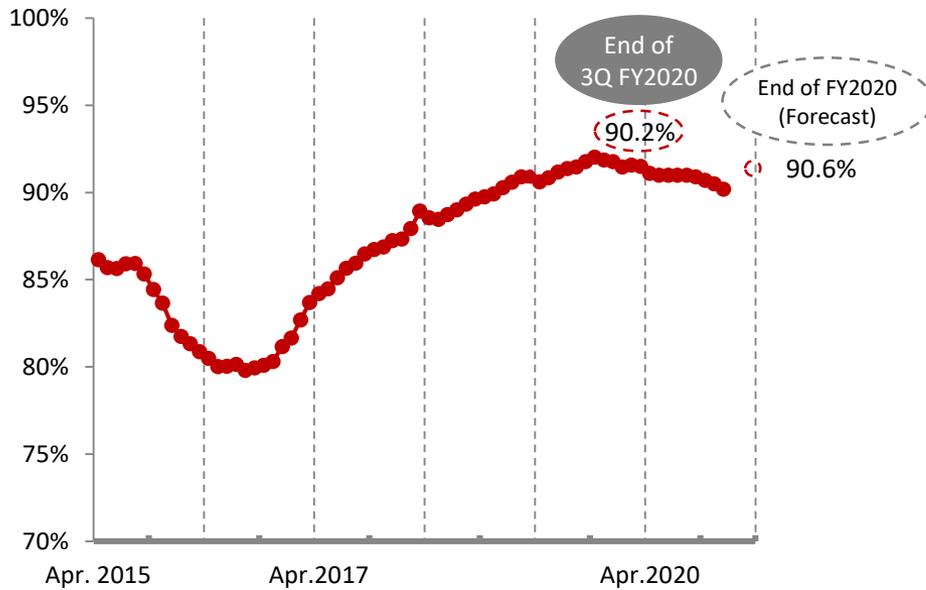
(Billions of yen)



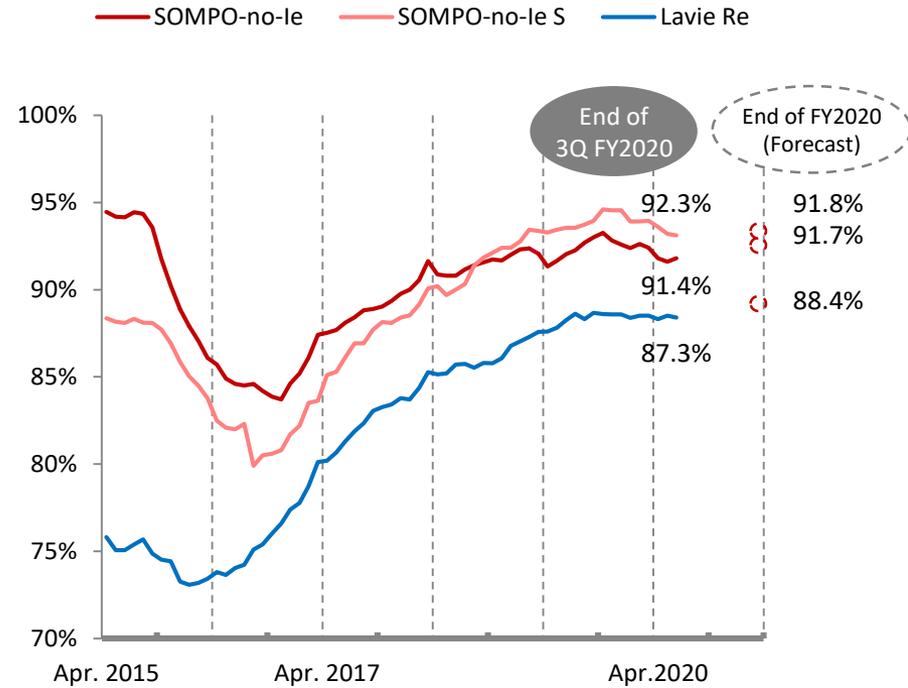
*2 Nursing care & healthcare business is the sum of SOMPO Care and asset management, etc.

(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

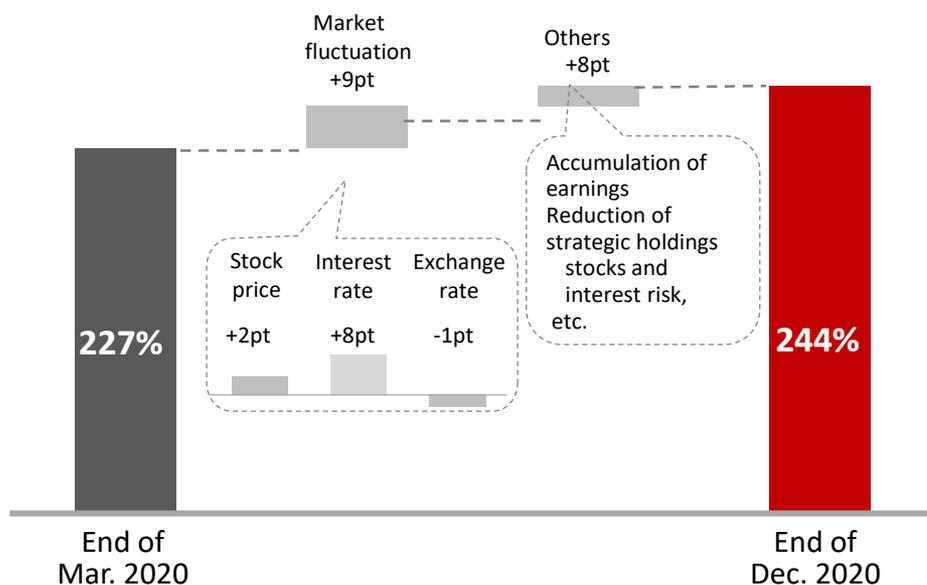
5. Nursing care & healthcare, etc.

6. ERM & asset management

Financial Soundness – ESR (99.5%VaR)

◆ ESR (99.5%VaR) as of end of 3Q FY2020 was 244%, 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).

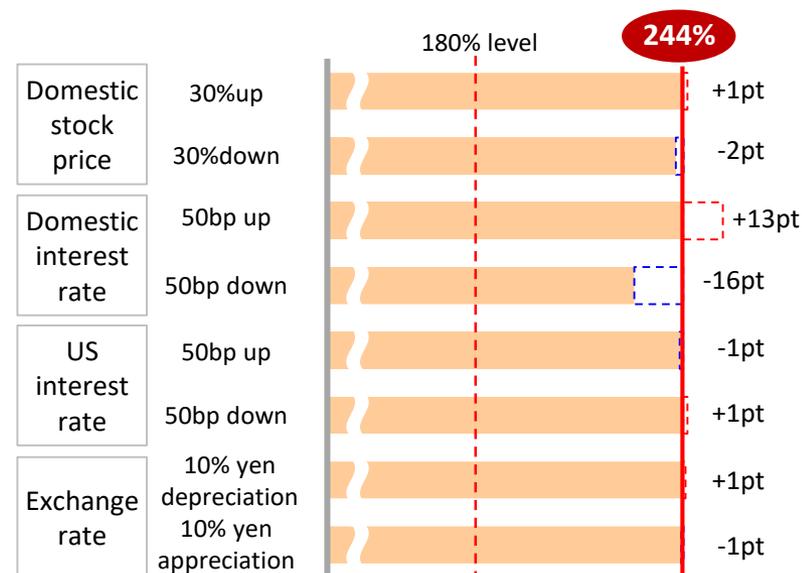
180% level: The level leading to stable financial soundness based on the result of stress test, etc.

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)



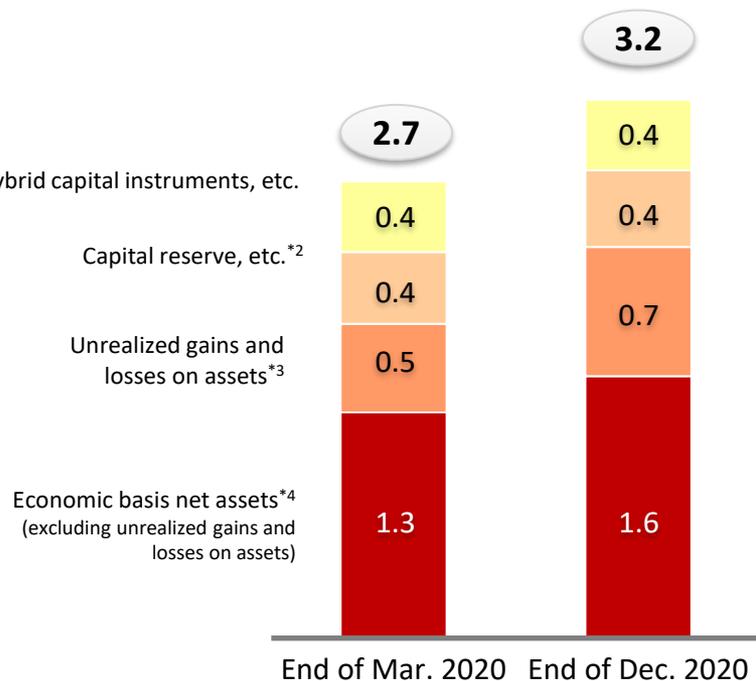
(Reference) Market indicators	End of Dec. 2020	(change*2)
Domestic stock price (Nikkei 225)	¥27,444	(+45.1%)
Domestic interest rate (30y JGB)	0.65%	(+22bp)
US interest rate	0.91%	(+24bp)
Exchange rate (JPY/USD)	¥103.50	(-4.9%)

*2 Against the end of March 2020

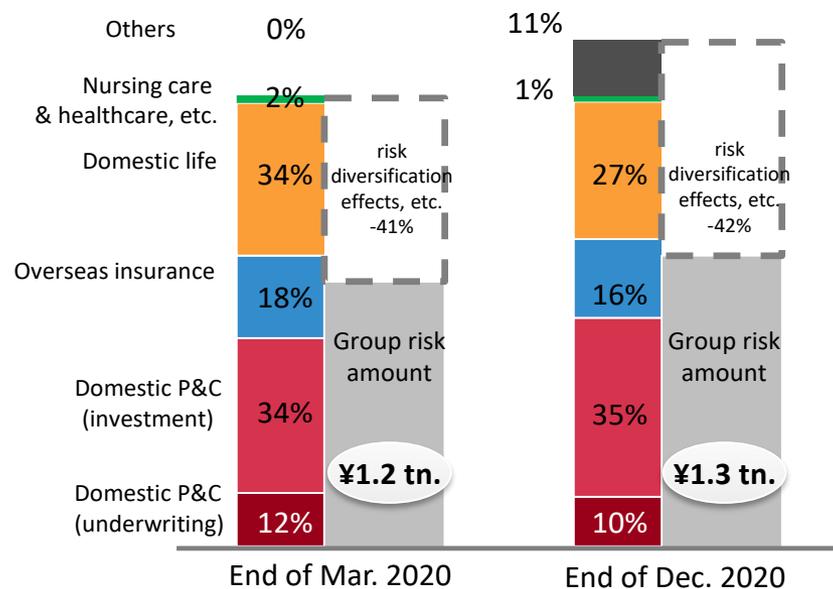
(Reference) Breakdown of Adjusted Capital and Risk

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.

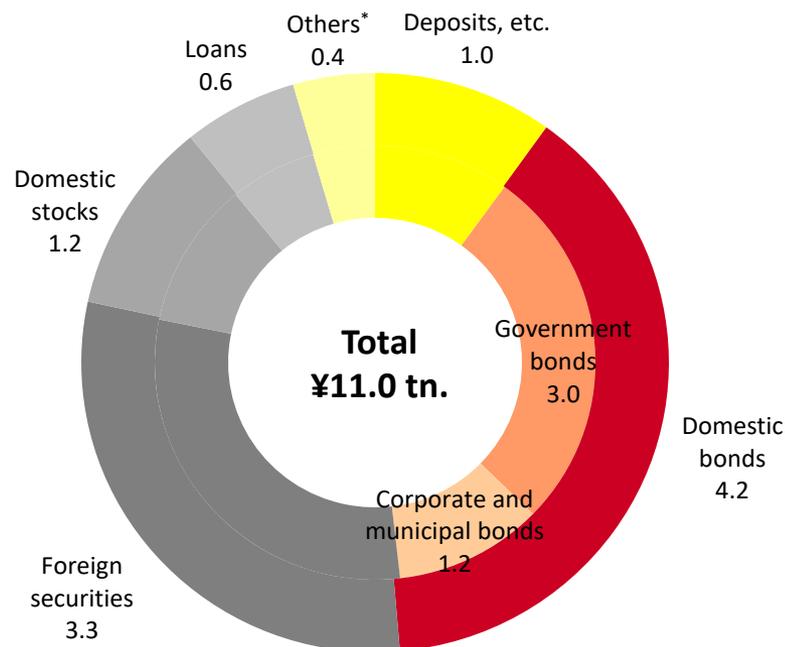
• Group total risk : Sum of risk amount of each business less risk diversification effect among businesses and tax impact.

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 December 2020, group consolidated basis)

(Trillions of yen)



Investment assets by company

(Billions of yen)	Amount of investment assets	Composition
Sompo Japan	5,388.1	48.6%
Overseas group subsidiaries	1,563.5	14.1%
Himawari Life (General account)	3,693.6	33.3%
Saison Automobile & Fire	63.0	0.6%
Other domestic subsidiaries	377.3	3.4%
Total	11,085.7	100%

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

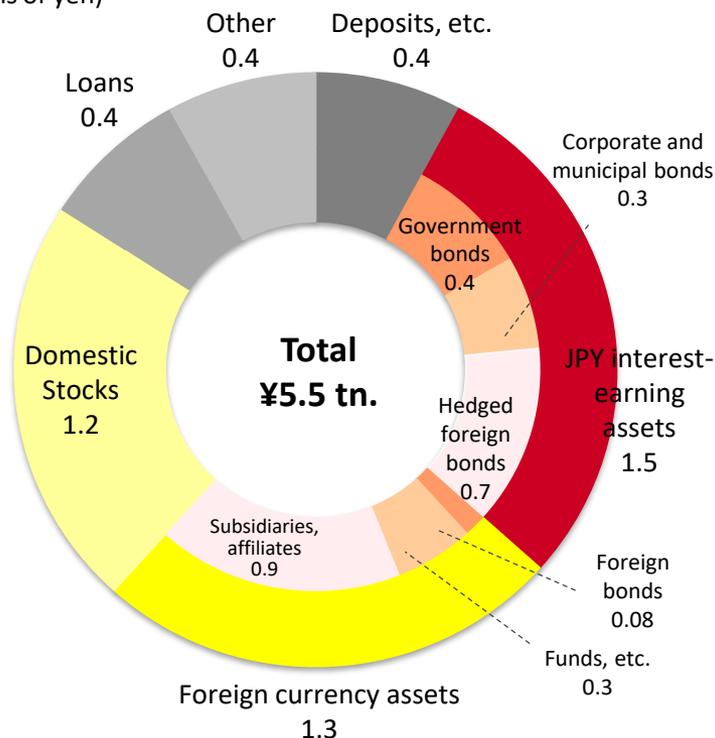
Asset Portfolio – Sompo Japan

- ◆ Continues to reduce strategic-holding stocks and to maintain diversified investments in investment management.

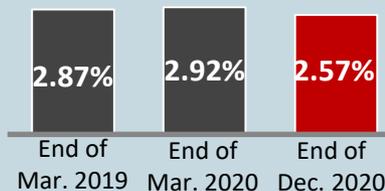
Amount of investment assets (as of end of December 2020, Sompo Japan, non-consolidated)

<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 Dec. 2020
BBB or above	100%	Asset 7.9	7.9
BB or below	0%	Liability 8.4	8.3

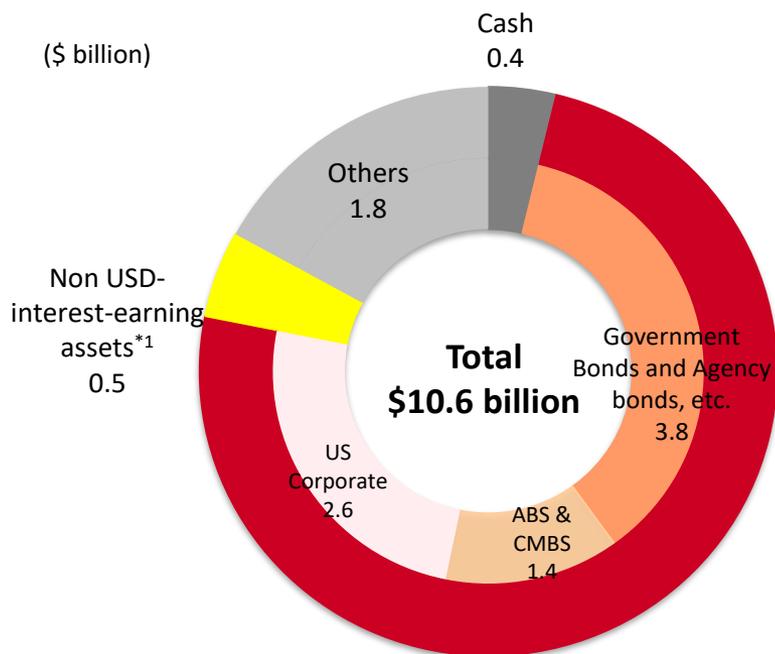
*1 Excluding overseas subsidiaries' shares, etc.

*2 Total of JPY interest-earning 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 September 2020, SI, consolidated)



Composition of ratings*2

Rating	Composition
BBB or above	90%
BB or below	10%

Duration (years)

	End of Dec. 2019	End of Sep. 2020
Asset	3.0	2.9
Liability	3.0	3.4

USD interest-earning assets 8.3

(Reference) Income yield at the end of September 2020: 2.48%

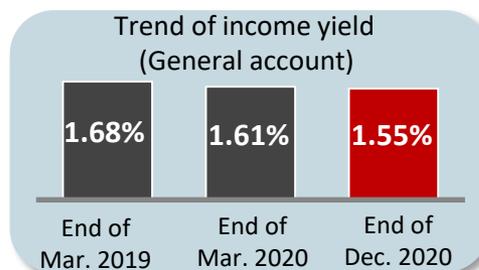
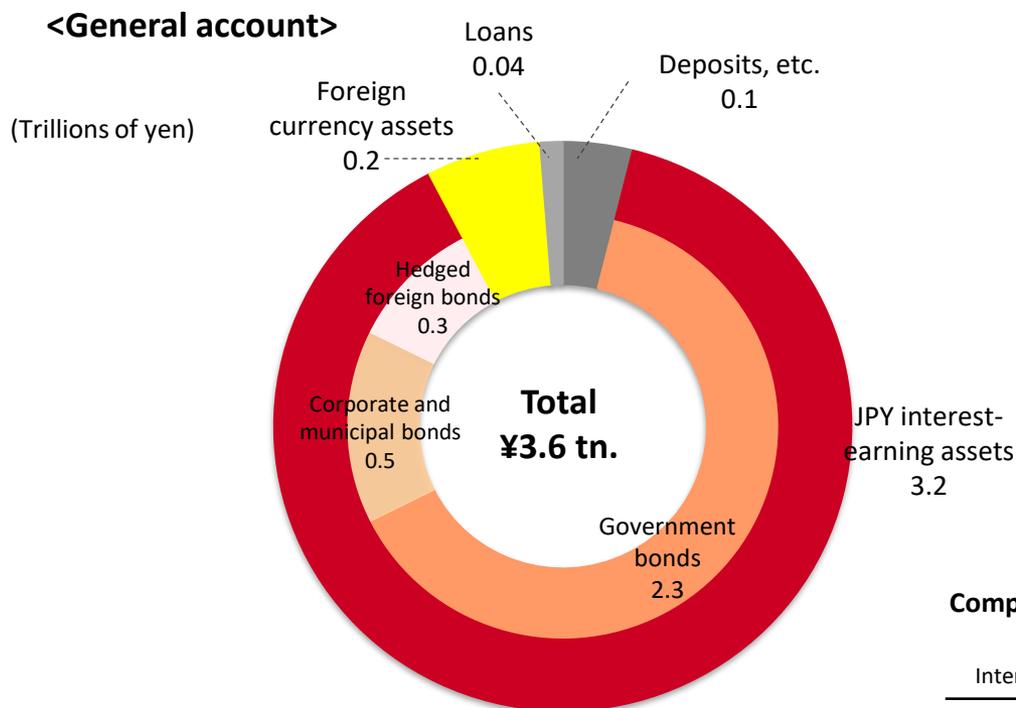
*1 Incl. cash

*2 Total of bond assets

Asset Portfolio – Himawari Life

- ◆ Manages the portfolio through disciplined ALM, which mainly consists of JPY interest-earning 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 December 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 Dec. 2020
Asset	14	15
Liability	28	26

(Reference) Amount of separate account (End of December 2020): ¥22.7 billion
(mainly investment in domestic stocks and bonds in the separate account)

* Total of JPY interest-earning 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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