

# SOMPO Topics & Basics

September, 2021

Sompo Holdings, Inc.



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1. Overview of SOMPO Holdings

2. Overview of Mid-term Management Plan  
(FY2021 - FY2023)

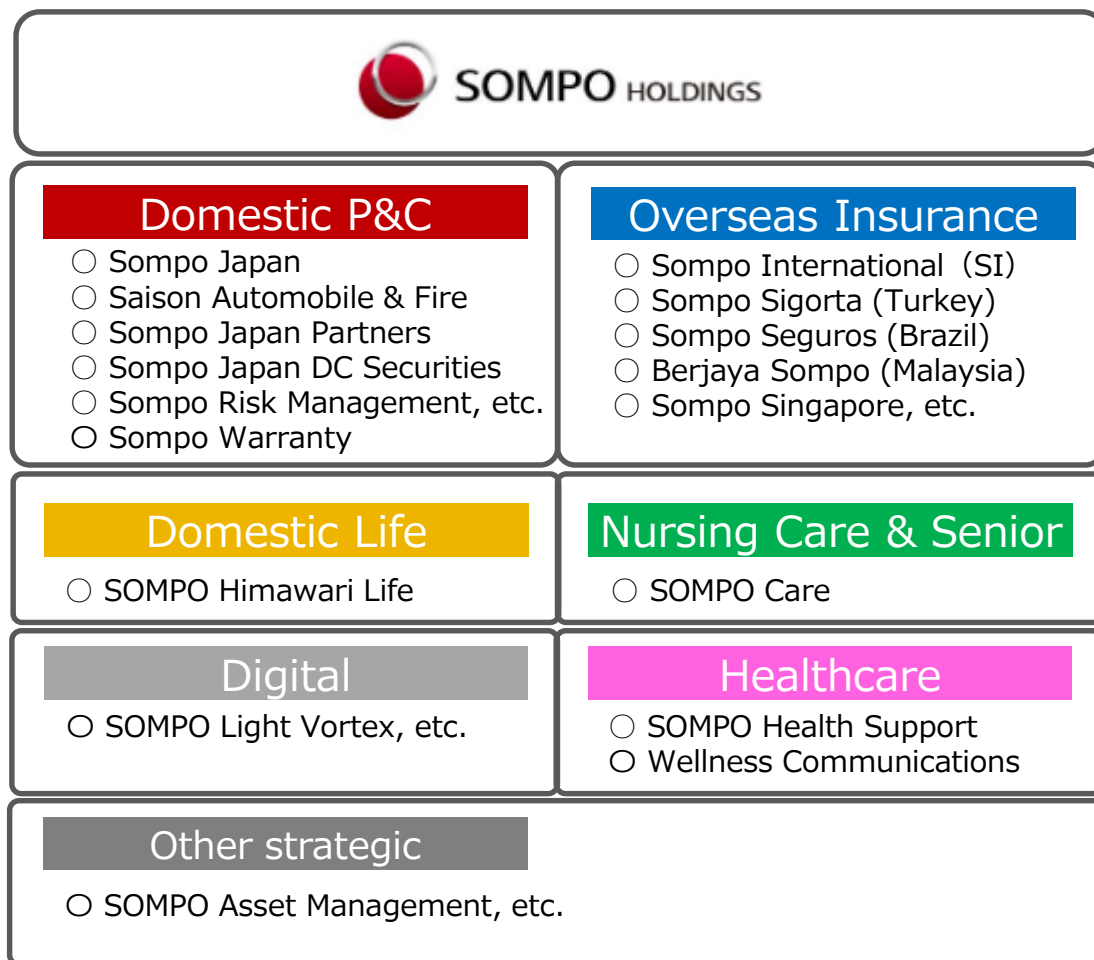
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3. Business forecasts of FY2021  
& highlights of 1Q FY2021 results

# Overview of SOMPO Holdings

- Positioning the Sompo Japan as the core, SOMPO Holdings develops domestic and overseas insurance businesses, etc.
- Ordinary income amounted to over ¥3.8 trillion and total assets amounted to approximately ¥13 trillion.

## Group at a glance



## Selected financial data (consolidated)

(¥bn.)	FY2019	FY2020	FY2021 (Forecasts)
Consolidated Ordinary Income	3,760.3	3,846.3	–
Consolidated Ordinary Profit	192.4	215.0	185.0
Consolidated Net Income	122.5	142.4	125.0
Total Assets	11,977.8	13,118.6	–
Total Net Assets	1,612.5	2,031.1	–
Market Capitalization	1,217.2	1,509.9	–

### Credit Rating (As of end of August 2021)

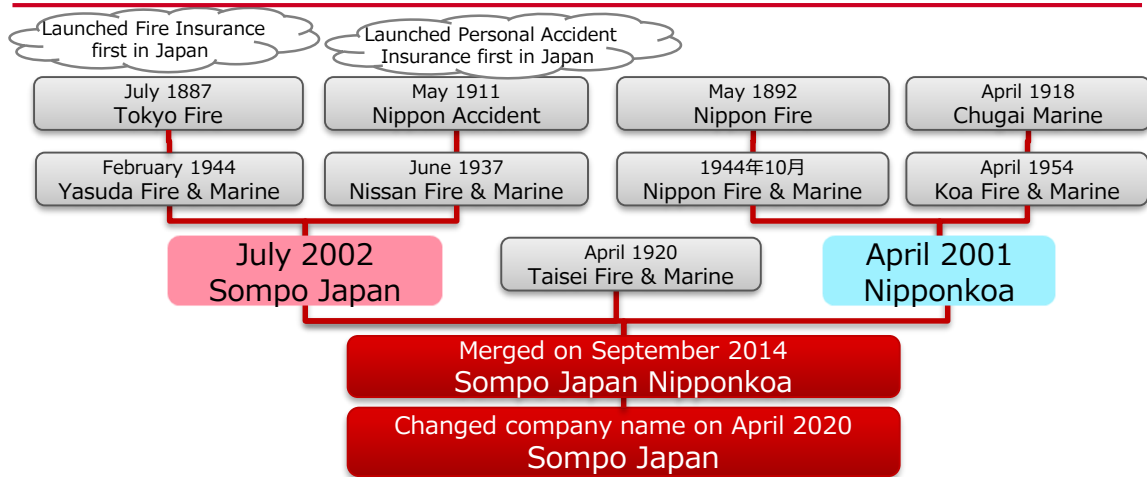
	Sompo Japan	SI*	Himawari Life
S&P	A+ (Stable)	A+ (Stable)	A+ (Stable)
Moody's	A1 (Stable)	-	-
A.M. Best	A+ (Stable)	A+ (Stable)	-
R&I	AA (Stable)	-	AA (Stable)
JCR	AA+ (Stable)	-	-

\* Sompo International Holdings Ltd. Main subsidiaries

# Overview of Sompo Japan

- We have a history of over 130 years, and net premiums written of approximately ¥2.1 trillion.

## History of domestic P&C



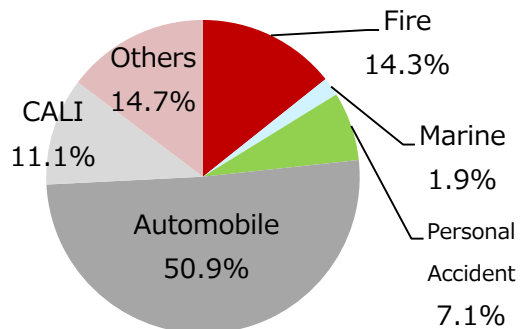
## Selected financial data

(¥bn.)	FY2019	FY2020	FY2021 (Forecast)
Net Premiums	2,184.7	2,141.4	2,160.0
Ordinary Profit (Loss)	182.3	197.4	174.5
Net Income (Loss)	130.5	146.9	133.0
Total Assets	7,166.0	7,389.6	–
Total Net Assets	1,301.9	1,474.6	–
Combined Ratio (E/I) *2	97.2%	94.3%	94.8%

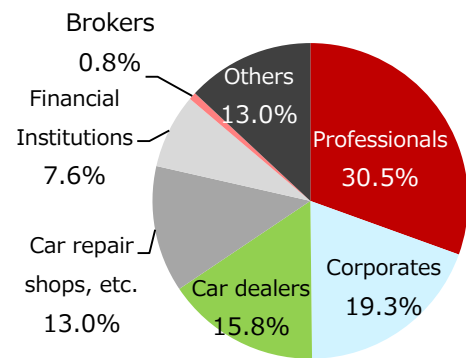
\*2 excl. CALI, household earthquake

## Premiums in FY2020

<By products (Net premiums)>

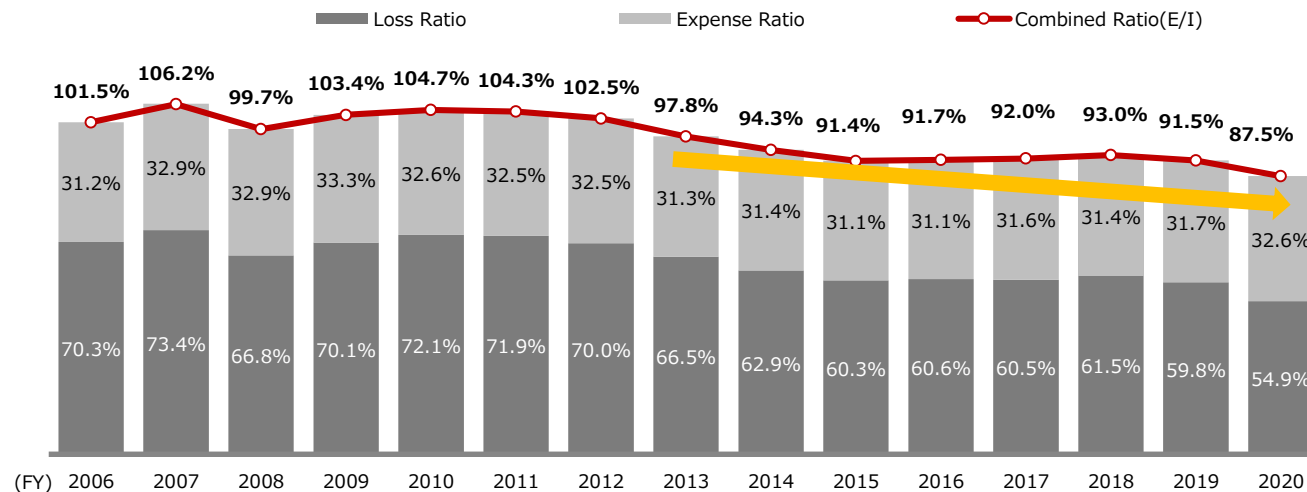


<By distribution channel\*1(Gross premiums)>



\*1 Gross premiums on a performance evaluation basis, excluding saving-type insurance. Distribution channels other than Brokers are all agents.

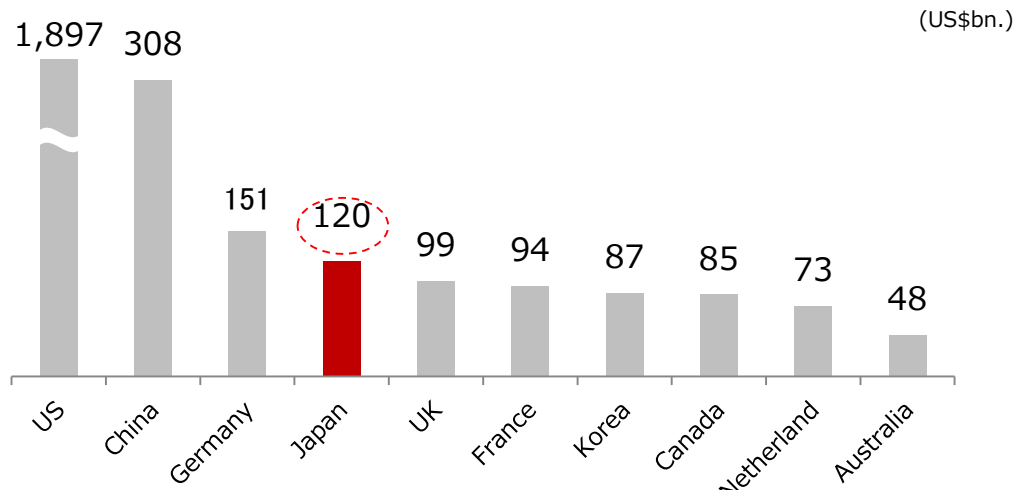
## Profitability of Automobile insurance



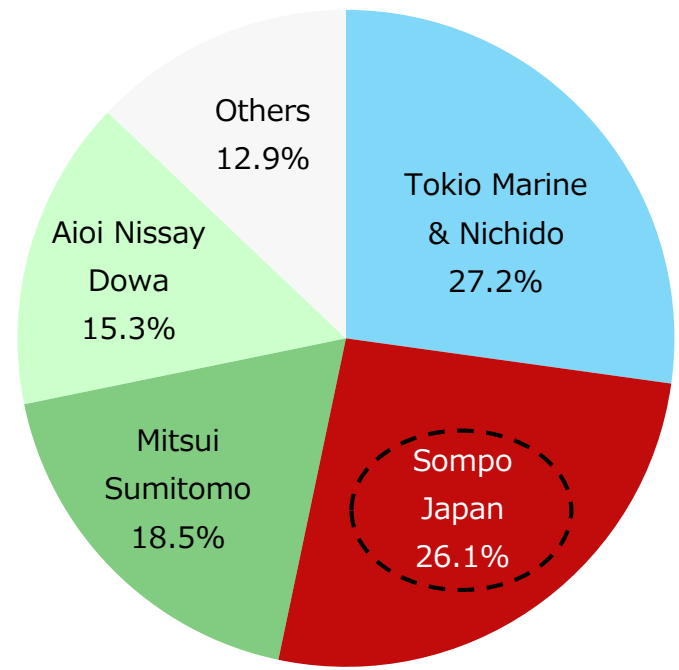
# Overview of Japanese P&C Insurance Market and Our Position

- The market premiums have been growing mainly in automobile insurance, and the total market share of top 4 companies is approximately 90% with stable profit.

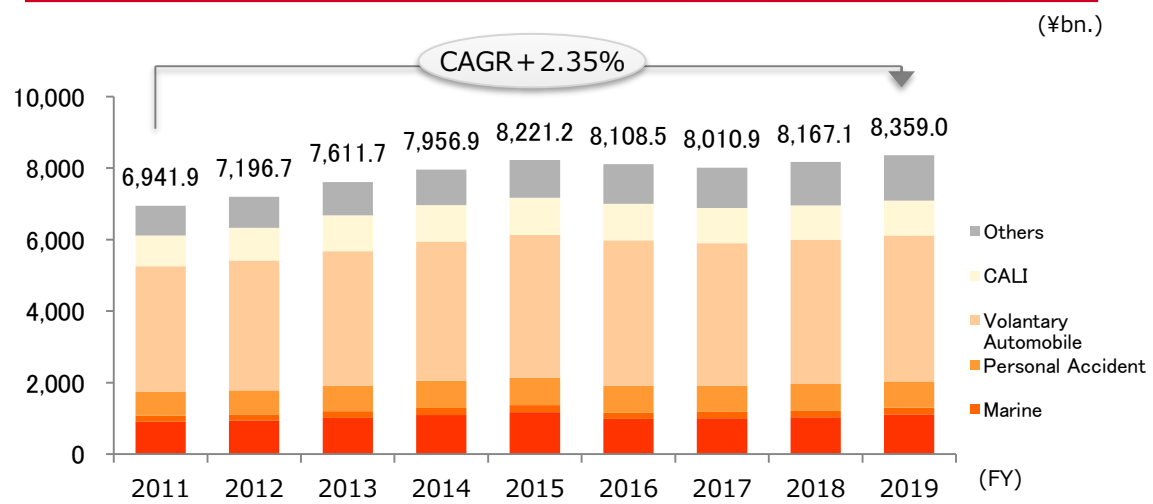
Size of P&C insurance market by country\*1 (FY2020)



Market share in the Japanese P&C insurance market\*2 (FY2019)



Historical premiums in the Japanese P&C insurance market\*2



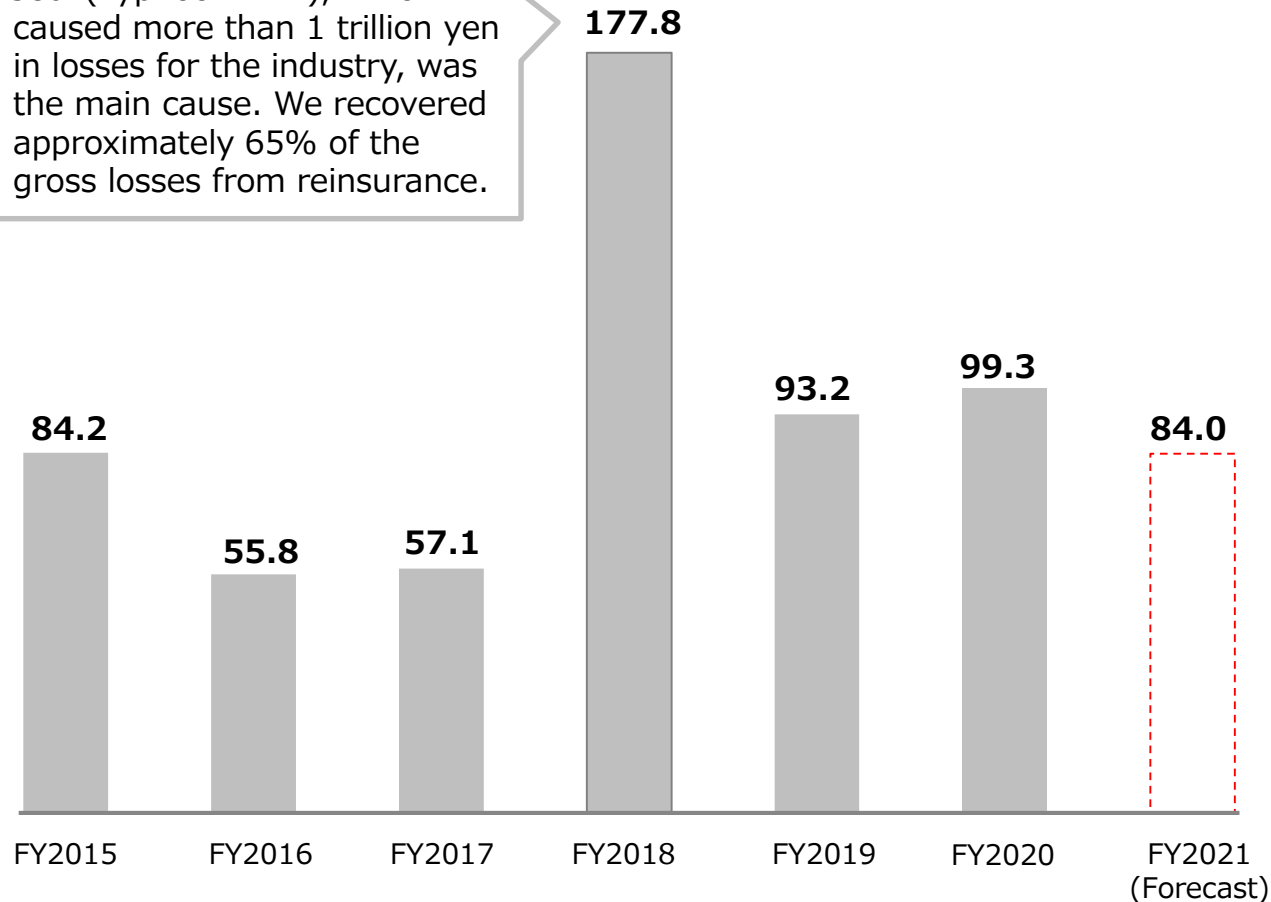
Source: Swiss Re "Sigma Report", Hoken Kenkyujo "Insurance".  
 \*1 Gross premiums, including reinsurance premiums  
 \*2 Based on net premiums of P&C insurers in Japan excluding reinsurance companies

# Responding to Domestic Natural Disasters Risks (Sompo Japan)

## Results of net loss incurred from natural disasters and how to handle domestic natural disasters risks

(¥bn.)

Jebi (Typhoon #21), which caused more than 1 trillion yen in losses for the industry, was the main cause. We recovered approximately 65% of the gross losses from reinsurance.



### Key points of our response to Domestic natural disasters risks

#### Proper reinsurance protection

- Cover more serious disaster
- Control earnings volatility

#### Protection in FY2021

Preparing for large scale disasters by joint RI arrangements with SI and the use of CAT bonds

#### Forward-looking risk perception

- Conservatively factored the impact of climate changes into our model

#### Optimize fire insurance rate

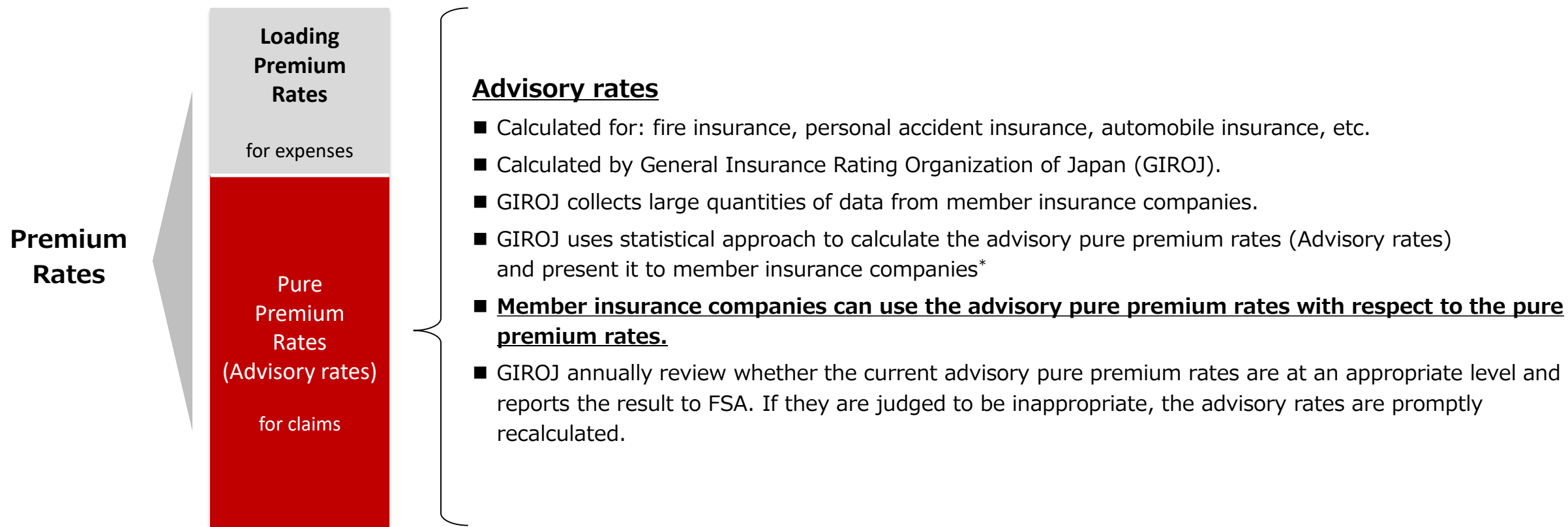
- Revision of premium rates (October 2019, January 2021)
- Consider future rate optimization in light of revision of advisory rates

(reference) Public organization's opinions on climate changes

	Typhoons	Heavy rain
Present	No specific change in frequency and intensity of typhoons landed	Increase in frequency
Mid and long term	<ul style="list-style-type: none"> <li>• Decrease in frequency</li> <li>• Increase in intensity</li> </ul>	Increase in annual frequency of heavy rain and squalls

# Advisory Rating System in Japan (Domestic P&C)

- Advisory rates are calculated based on a wide range of insurance statistics and data, and serve as a reference for setting premium rates.
- The advisory rating system functions as a profit stabilizer for Japanese general insurers.



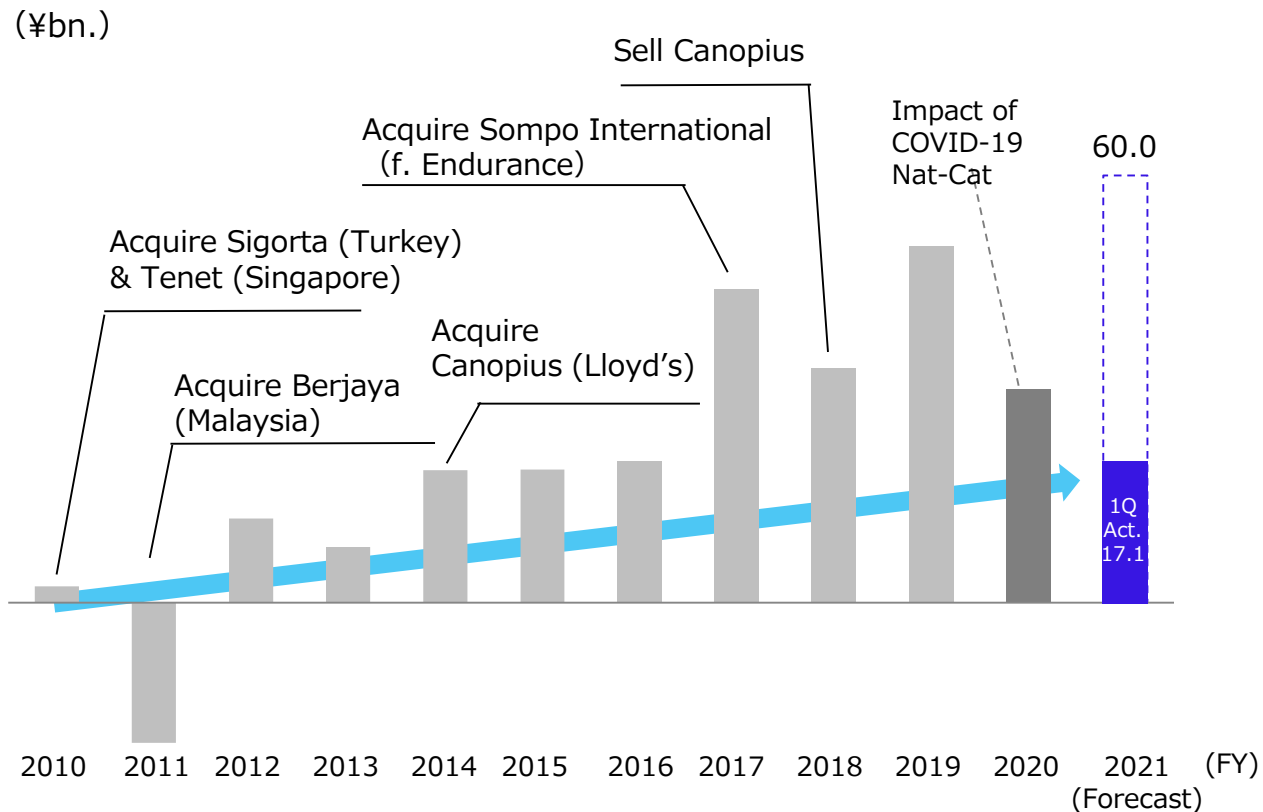
※ Member companies of the General Insurance Association of Japan



# Overview of Overseas Insurance Business

- Adjusted profit from Overseas Insurance Business has been growing since the establishment of the HD
- Expecting increase of top-line and bottom-line mainly at Sompo International, a growth driver of our group

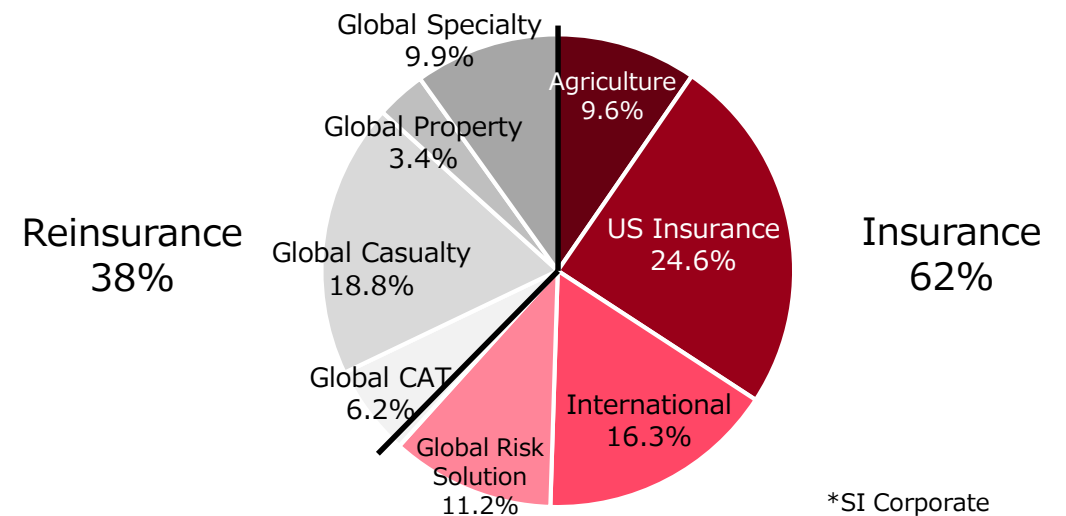
## Trend of adjusted profit



## Selected financial data of SI\*

(\$mn.)	FY2019	FY2020	FY2021 (Forecast)
Gross premiums written	6,787	9,354	10,312
Net premiums written	3,921	5,882	6,696
Adjusted profit	320	182	531
Total assets	23,727	30,780	-
Total net assets	6,662	7,385	-
Combined ratio	96.2%	97.8%	91.7%

Gross premiums written by Strategic Business Unit (FY2020)



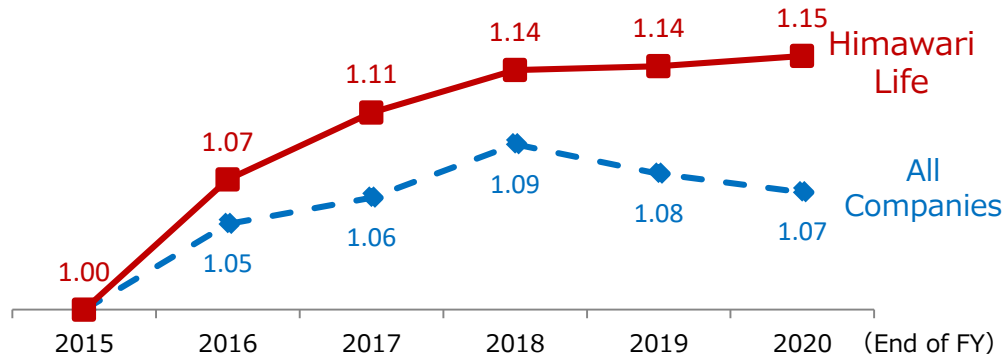
\*SI Corporate

# Overview of Domestic Life Insurance Business

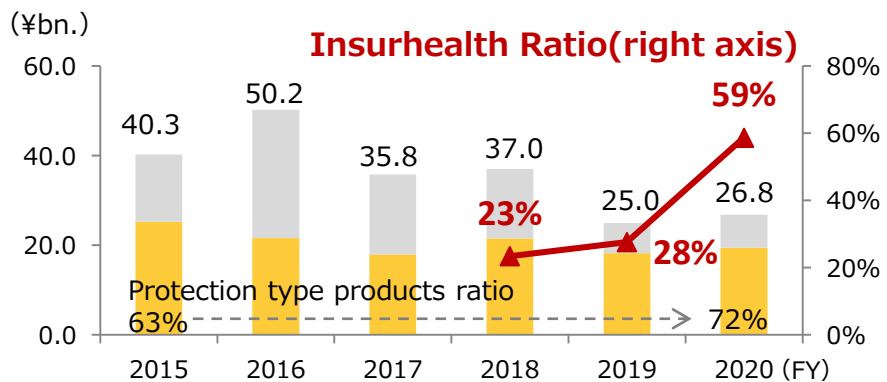
- Increasing policies in force by maintaining sales strategy focused on protection-type products
- Launched Insurhealth® in FY2018, unique products that combines insurance and healthcare functions, and driving growth

## Annualized premiums ( policies in force / new business )

Annualized premiums of policies in force (vs end of FY2015)



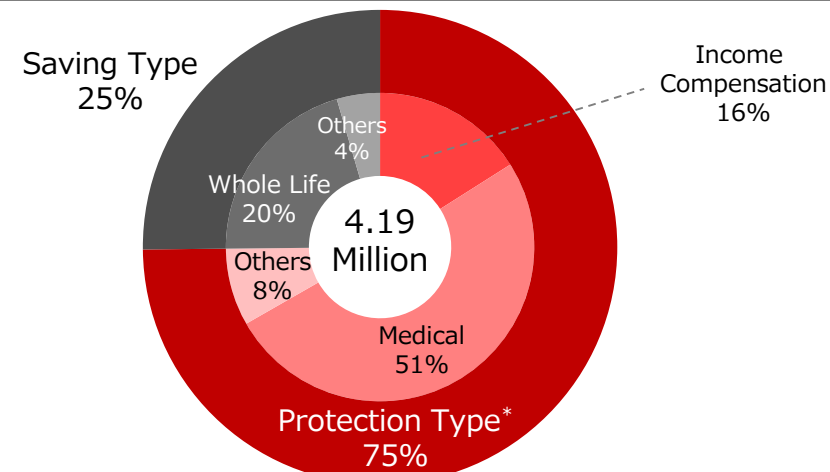
Annualized new premiums



## Selected financial data of Himawari Life

(¥bn.)	FY2019	FY2020	FY2021 (Forecast)
Annualized new premiums	25.0	26.8	40.1
Premiums & other income	446.5	441.5	459.5
Ordinary profit	28.4	32.1	20.1
Net income	16.5	20.0	11.6
Total assets	3,217.7	3,552.4	—
Total net assets	147.6	167.2	—

### Product mix (policies in force, FY2020)



**Insurhealth**  
(Insurance + Healthcare)



Providing new value by integrating customer's health maintenance and promotion functions with insurance

\* Mainly medical, cancer, income compensation, and term life insurance (excluding long term life insurance, etc.)

# Overview of Nursing Care and Seniors Business

- Entered nursing care business in FY2015, and is one of the largest players in nursing care industry, ranking #2 in sales and #1 in number of facilities
- Steadily improved occupancy rates while improving service quality, and achieved a positive turnaround in FY2017, with stable growth thereafter

## Overview of SOMPO care

### Largest scale in nursing care industry

Revenues (FY2020)

1	Peer A*	¥153.7bn.
2	<b>SOMPO Care</b>	<b>¥131.8bn</b>
3	Peer B	¥123.8bn.
4	Peer C	¥93.2bn.
5	Peer D	¥63.2bn.

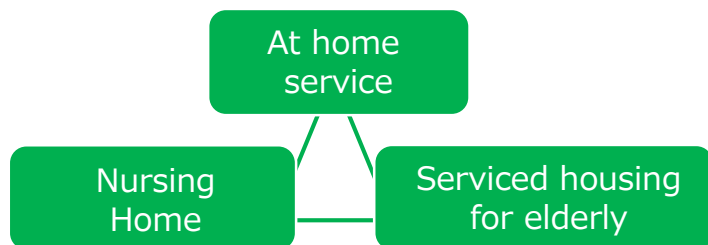
Source : Company files \*FY2019 figure

Units of facilities (As of August 2019)

1	<b>SOMPO Care</b>	<b>25,574</b>
2	Peer A	17,520
3	Peer B	13,945
4	Peer C	12,246
5	Peer D	11,003

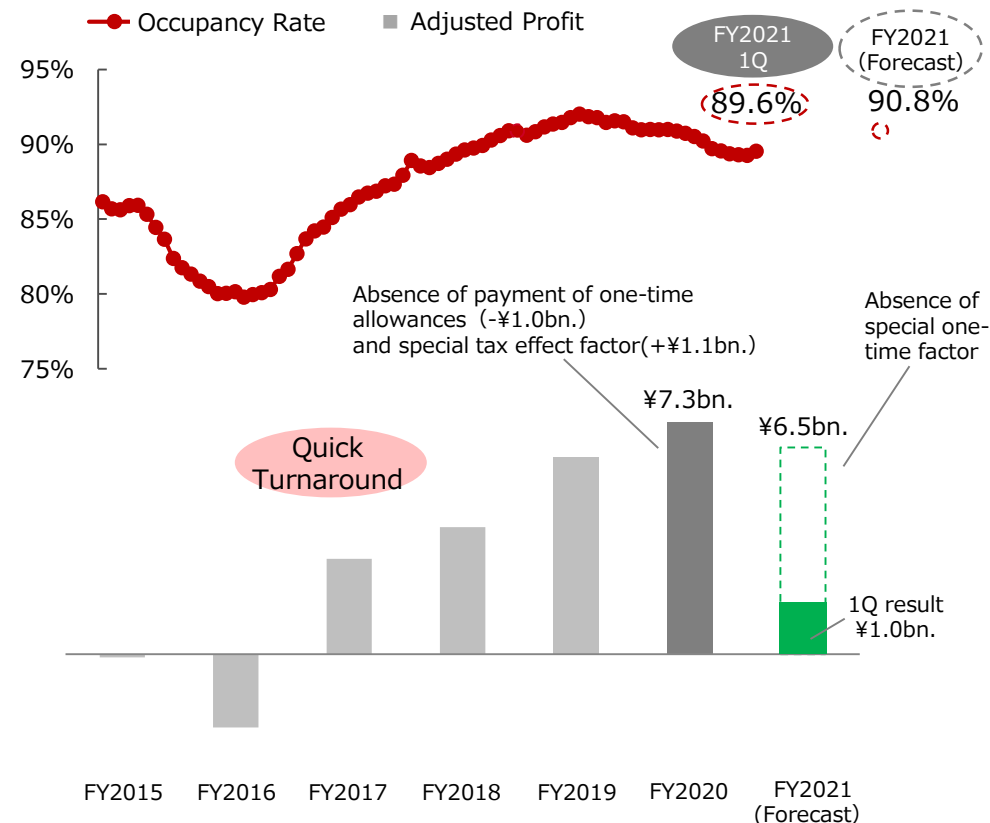
Source : Shukan Koureisya Jutaku Shinbun Online

### Main services provided by SOMPO Care



Number of residents in facilities + Number of users of At home service :  
Approx. 60,000 people

## Profitability of SOMPO Care



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1. Overview of SOMPO Holdings

2. Overview of Mid-term Management Plan  
(FY2021 - FY2023)

3. Business forecasts for FY2021  
& highlights of 1Q FY2021 results

# SOMPO's Purpose

- Define SOMPO's purpose of delivering value to society through "A Theme Park for Security, Health & Wellbeing"
- Deliver value to society, primarily by building ecosystems based on Real Data Platform

## Management Philosophy

We will at all times carefully consider the interests of our customers when making decisions that shape our business  
 We will strive to **contribute to the security, health, and wellbeing of our customers and society as a whole**  
 by providing insurance and related services of the highest quality possible.

## SOMPO's Purpose

With **"A Theme Park for Security, Health & Wellbeing"** create a society in which every person can live a healthy, prosperous and happy life in one's own way

### The value SOMPO delivers to society

#### Protect people from future risks facing the society

Provide preparedness for all types of risk

Prevent accidents and disasters, contribute to a resilient society

#### Create a future society for healthy and happy lives

Provide solutions for healthy and happy lives


Contribute to a sustainable aging society

Contribute to a greener society where the economy, society and environment are in harmony

### Foster the ability to change future society with diverse talents and connections

A group of talent who can change future society

Build a platform for partnerships towards creating value

 : Key themes for realizing our purpose (SOMPO's materiality)



# SOMPO's Purpose and the New Mid-Term Management Plan

Announced on May 26<sup>th</sup>, 2021

- Seek to acquire resilience and evolve into a solution provider that goes beyond the boundaries of insurance to realize the Group Management Philosophy
- Aim to realize "A Theme Park for Security, Health & Wellbeing" as the goals of the new Mid-Term Management Plan

## SOMPO's Purpose

Protect people from future risks facing society

Create a healthy, happy future society

Foster the power to change society through diverse talent and connections

## Three Core strategies

Scale and Diversification

New Customer Value Creation

New Work Style

## New Mid-Term Management Plan

### Goals

### Realizing "A Theme Park for Security, Health & Wellbeing"

- Adjusted consolidated profit: ¥300bn+
- Adjusted consolidated ROE: 10%+
- Bring out risk diversification effect
- Solution provider that goes beyond insurance

## Group Management Foundation

Capital policy/ERM

SDGs in business management

Governance



# Management Targets

- Aim for adjusted consolidated profit of ¥300 billion+, adjusted consolidated ROE of 10%+ in FY2023
- Improve the risk diversification ratio and raise the overseas business ratio from the perspective of profit stability
- While the management targets are likely be achieved through organic growth, increase the probability of achieving these targets by executing M&As, given the uncertainties of natural disasters

## Management targets

	FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted consolidated profit	¥202.1bn	¥205.0bn	<b>¥300.0bn+ *</b>
Adjusted consolidated ROE	8.0%	7.4%	<b>10%+</b>
Diversification effect	Risk diversification ratio	39.4%	<b>Improve vs. FY2020</b>
	Overseas Business ratio	14.9%	
New Customer Value Creation	-	-	<b>30%+</b>
			<b>External sales/monetization of products/services (2 businesses or more)</b>

\*The plan is based on the assumption of organic growth. We will increase the achievability of the plan by increasing profit by ¥30.0 billion through M&A to offset downside risks (¥30.0 billion) due to the impact of natural disasters and other factors beyond our expectations



# Main KPIs

- In addition to adjusted profit by business, set top-line and profitability targets as KPIs
- In addition to setting targets for the Group's efforts to acquire resilience, set rough guides for our long-term approach to addressing social challenges

Domestic P&C				Overseas insurance			
	FY2020 actual	FY2021 forecast	FY2023 plan		FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥130.1 billion	¥105.0 billion	<b>¥150.0 billion+</b>	Adjusted profit by business	¥30.0 billion	¥60.0 billion	<b>¥100.0 billion+</b>
Net written premiums*1	¥1,903.4 billion	¥1,929.3 billion	<b>¥2,000.0 billion</b>	Gross Written premiums growth rate*4	+ 37.8%	+ 10.2%	<b>Around + 9% per annum</b>
E/I combined ratio*1	94.3%	94.8%	<b>91.7%</b>	E/I combined ratio*4	97.8%	91.7%	<b>88% range</b>
Reduction of strategic shareholdings	¥70.3 billion	¥50.0 billion	<b>¥50.0 billion</b> (3-year cumulative total: ¥150 billion)				
Domestic life				Nursing care & seniors			
	FY2020 actual	FY2021 forecast	FY2023 plan		FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥33.8 billion	¥32.5 billion	<b>¥40.0 billion+</b>	Adjusted profit by business	¥7.3 billion	¥6.5 billion	<b>¥8.0 billion+</b>
Annualized new premiums*2	¥298 billion	¥43.0 billion	<b>¥50.0 billion</b>	Net sales	¥131.8 billion	¥137.5 billion	<b>¥162.0 billion</b>
Number of policies in force	4.26 million	4.43 million	<b>5.00 million</b>	Occupancy rate*5	89.4%	90.8%	<b>93.8%</b>
Investment for ALM matching*3	-	¥300.0 billion	<b>¥300.0bn/year</b> (¥900.0bn in 3years)				
New Customer Value Creation							
<b>FY2023 plan</b>	External sales and monetization of products/services utilizing RDP		2 businesses or more	<b>Medium- to long-term targets</b>	Group revenue generated by the utilization of RDP		<b>¥500.0 billion+</b>

\*1 Sompo Japan (excl. CALI, household earthquake) \*2 Performance evaluation basis \*3 30-year maturity equivalent \*4 SI Commercial \*5 At fiscal year end

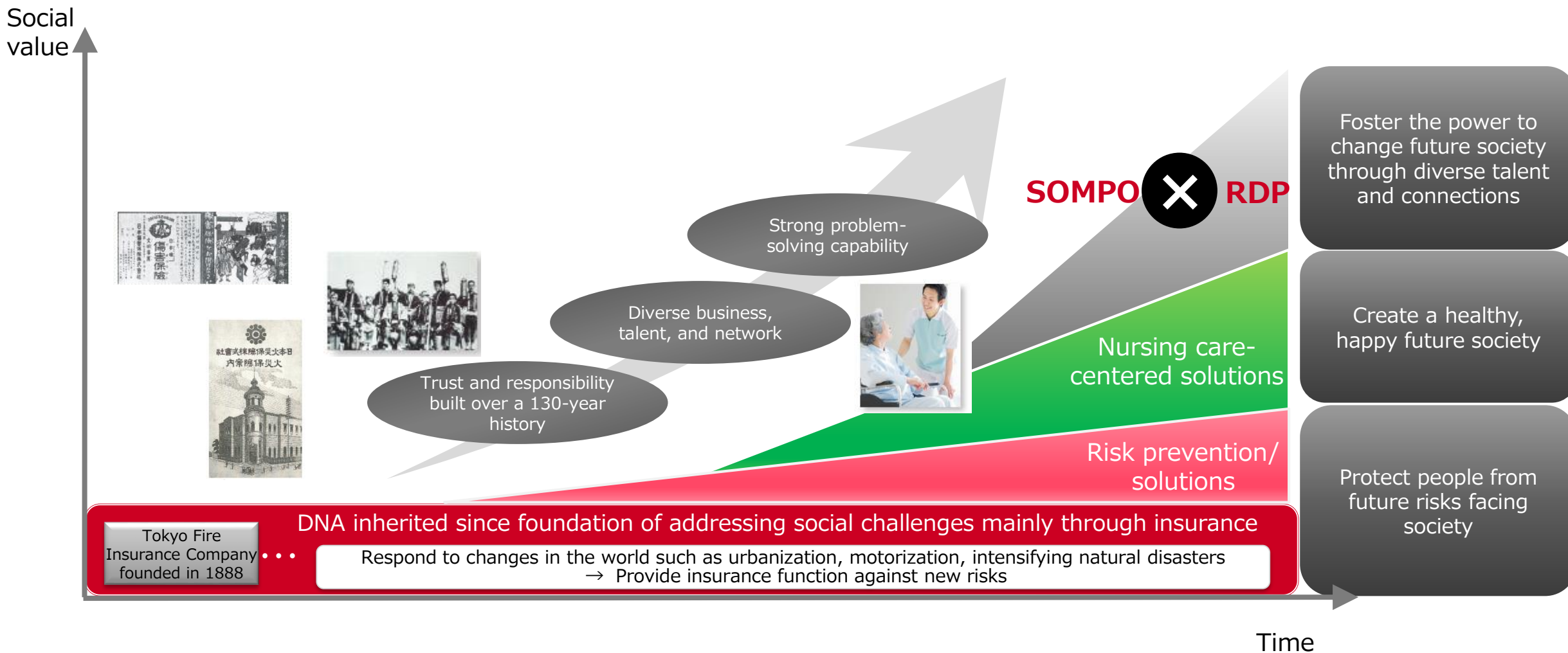




Announced on May 26<sup>th</sup>, 2021

# SOMPO's Challenge

- Seek to evolve into a solution provider that goes beyond the boundaries of insurance, with the DNA inherited since foundation of addressing social challenges mainly through insurance
- Leverage SOMPO's achievements to date and strengths to offer solutions to social challenges through a wide range of business activities



Tokyo Fire Insurance Company founded in 1888

DNA inherited since foundation of addressing social challenges mainly through insurance

Respond to changes in the world such as urbanization, motorization, intensifying natural disasters  
 → Provide insurance function against new risks

Foster the power to change future society through diverse talent and connections

Create a healthy, happy future society

Protect people from future risks facing society

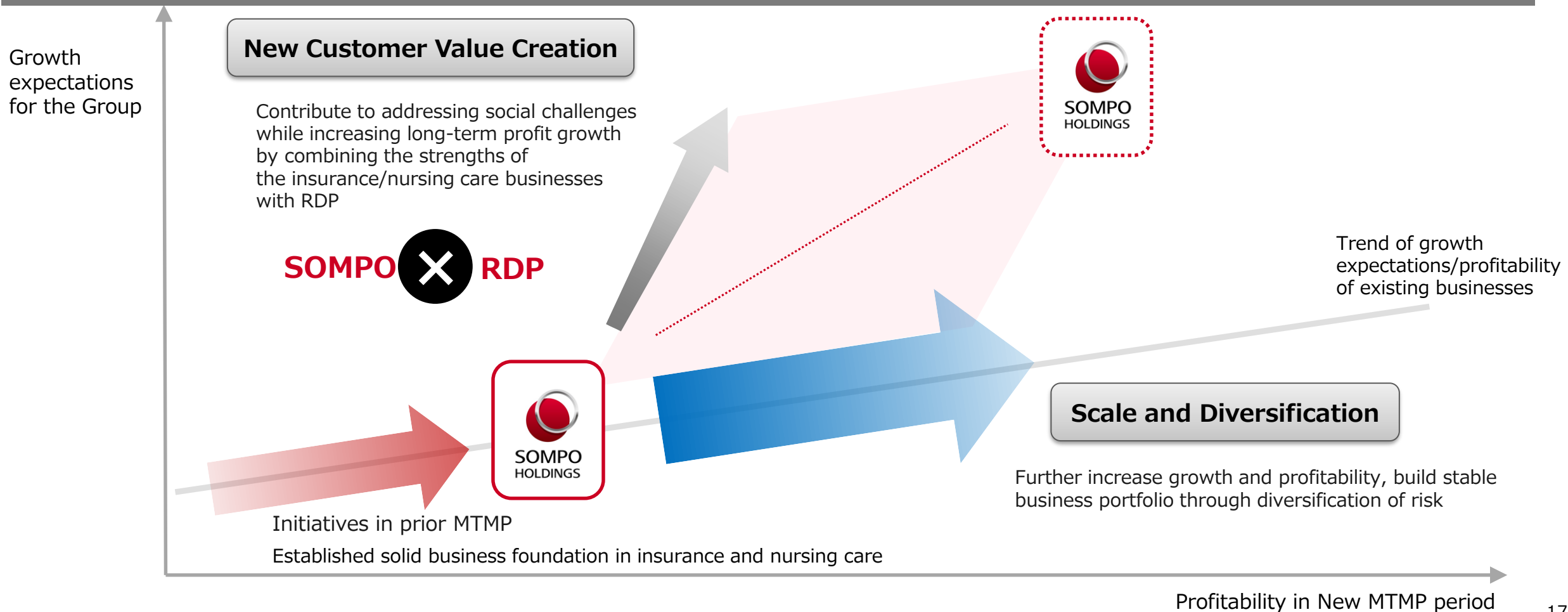
Time



Announced on May 26<sup>th</sup>, 2021

# Enhancing Corporate Value

- Generate stable cashflow through further growth/higher profitability in the insurance/nursing care businesses
- Create new value for customers over the medium to long term, based on social challenges and new normal such as population decline, ultra low interest rates and the supply-demand gap in nursing care
- Enhance corporate value by addressing social challenges and following a steeper growth curve by leveraging the strengths of existing businesses and implementing RDP strategy that utilizes real data obtained from these





# Core Strategy 1: Scale and Diversification - Acquiring Resilience

Announced on May 26<sup>th</sup>, 2021

- To address climate change/global warming, ultra-low interest rate environment around the world, etc., accelerate initiatives for scale and diversification and enhance resilience further
- In Domestic P&C insurance, further increase profitability and strengthen the ability to generate cash flows by accomplishing earnings structure reform
- In Overseas Insurance, enhance scale and diversification by increasing revenue and realizing high profit growth that reflected market hardening and by executing disciplined M&As

Climate change/global warming

Global ultra-low interest rate environment

## Prepare for uncertainty, acquire resilience

### Scale and Diversification

#### Domestic P&C insurance

Profit growth/stable cash flow generation by the pursuit of profitability

Growth rate of net premiums written\*1

**Approx. + 1.5%**  
(per annum)\*2

E/I combined ratio\*1

**91.7%**

#### Overseas insurance

High profit growth through rate increases that reflected market hardening

Growth rate of gross premiums written\*3

**Approx. + 9%**  
(per annum)\*2

E/I combined ratio\*3

**88% range**

Disciplined M&As

#### Domestic life insurance

Revenue growth by the cultivation of new customer segments with Insurhealth

Annualized new premiums\*4

**¥50.0bn**

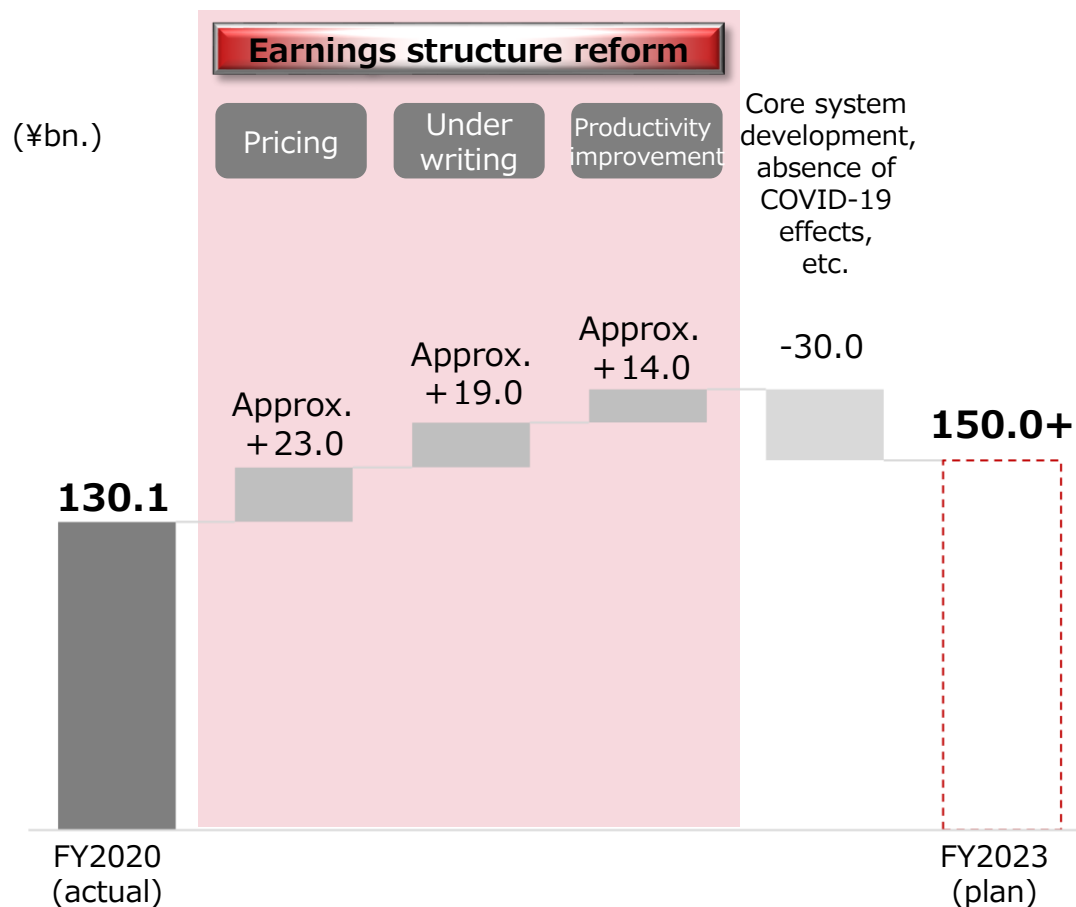
Policies in force

**5.00 million**

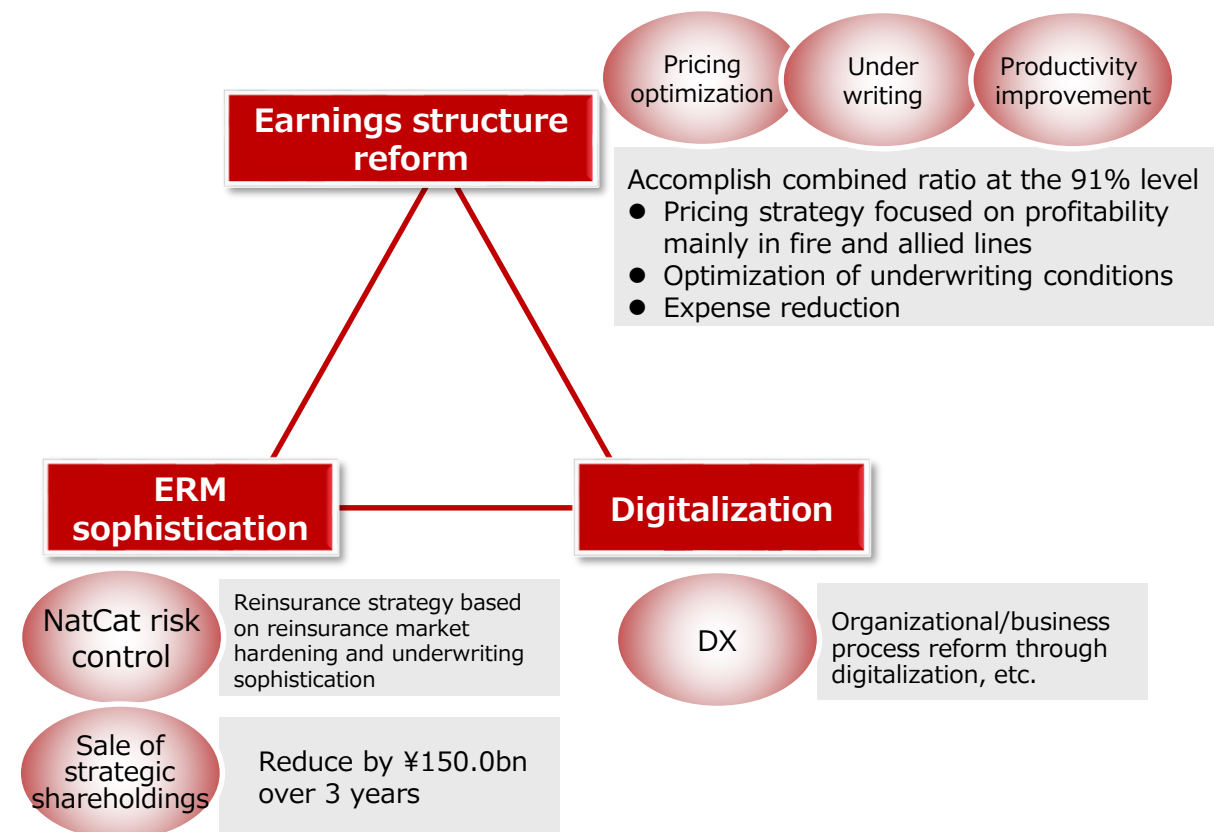
# Strategy of Domestic P&C Insurance

- Aim to increase profit by ¥57.0bn (after tax) by accelerating earnings structure reform with enhanced underwriting capability utilizing technologies
- Additionally, enhance resilience by improving productivity with digitalization, optimizing reinsurance strategy, continuing the sale of strategic shareholdings, etc.

## Variation factors of Domestic P&C insurance adjusted profit



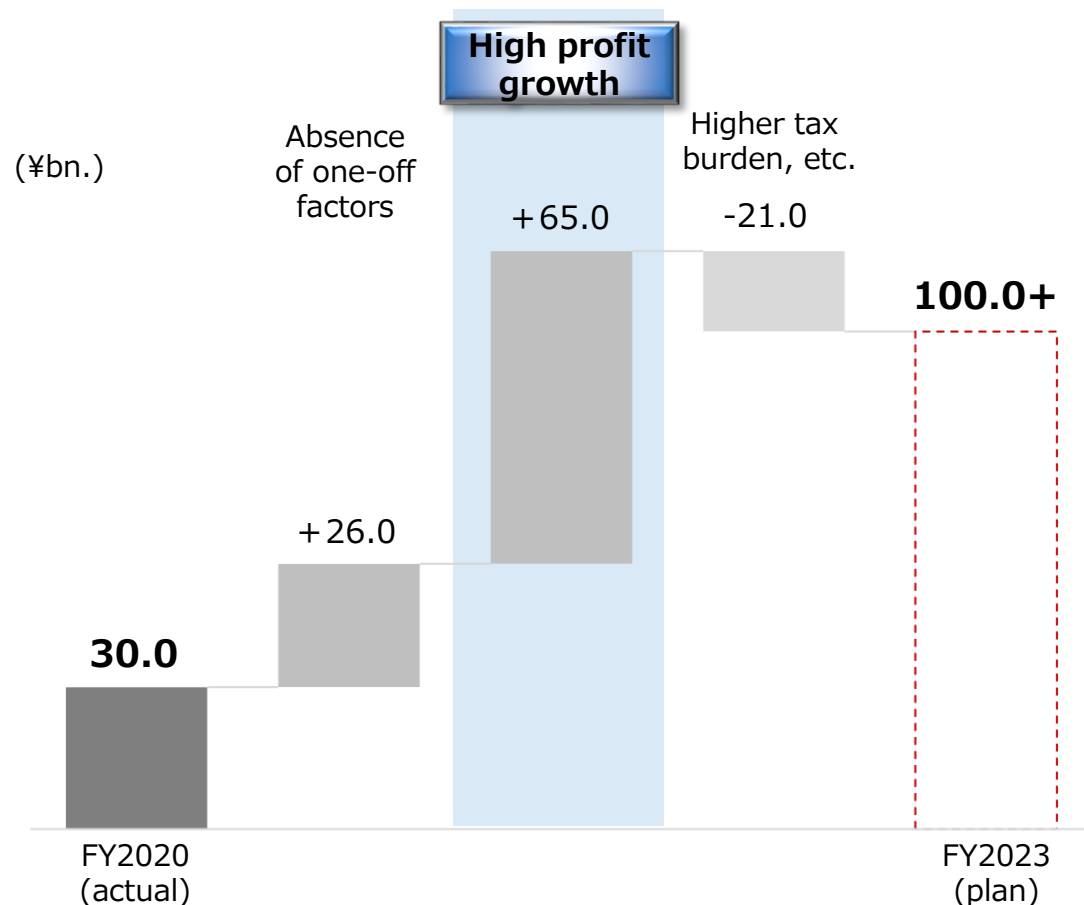
## Main initiatives for raising resilience such as earnings structure reform



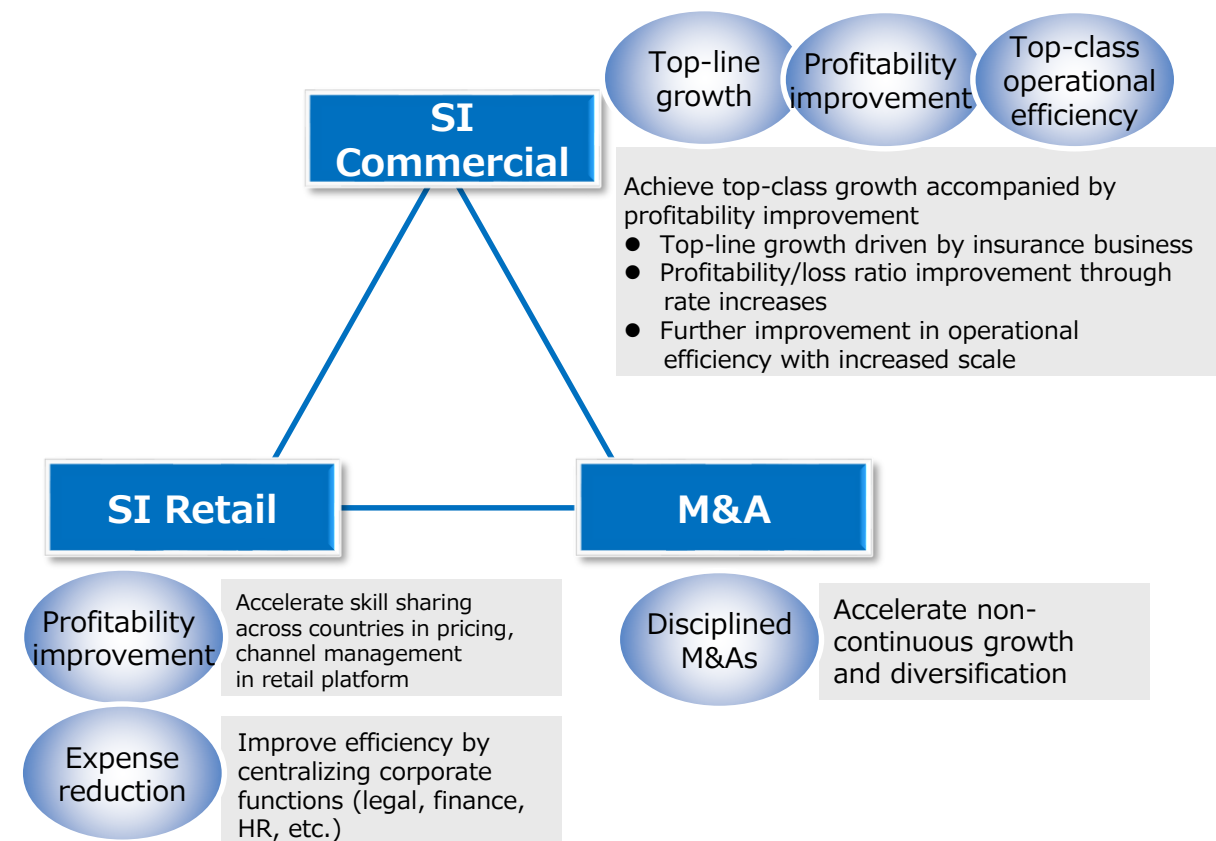
# Strategy of Overseas Insurance

- SI Commercial aims to be among the fastest growing companies in the industry accompanied by profitability improvement, taking advantage of the hardening market
- SI Retail aims to increase profitability by sharing best practices and centralizing corporate functions
- In addition, accelerate non-continuous growth and diversification by executing disciplined M&As

## Variation factors of Overseas Insurance adjusted profit



## Main initiatives towards high profit growth

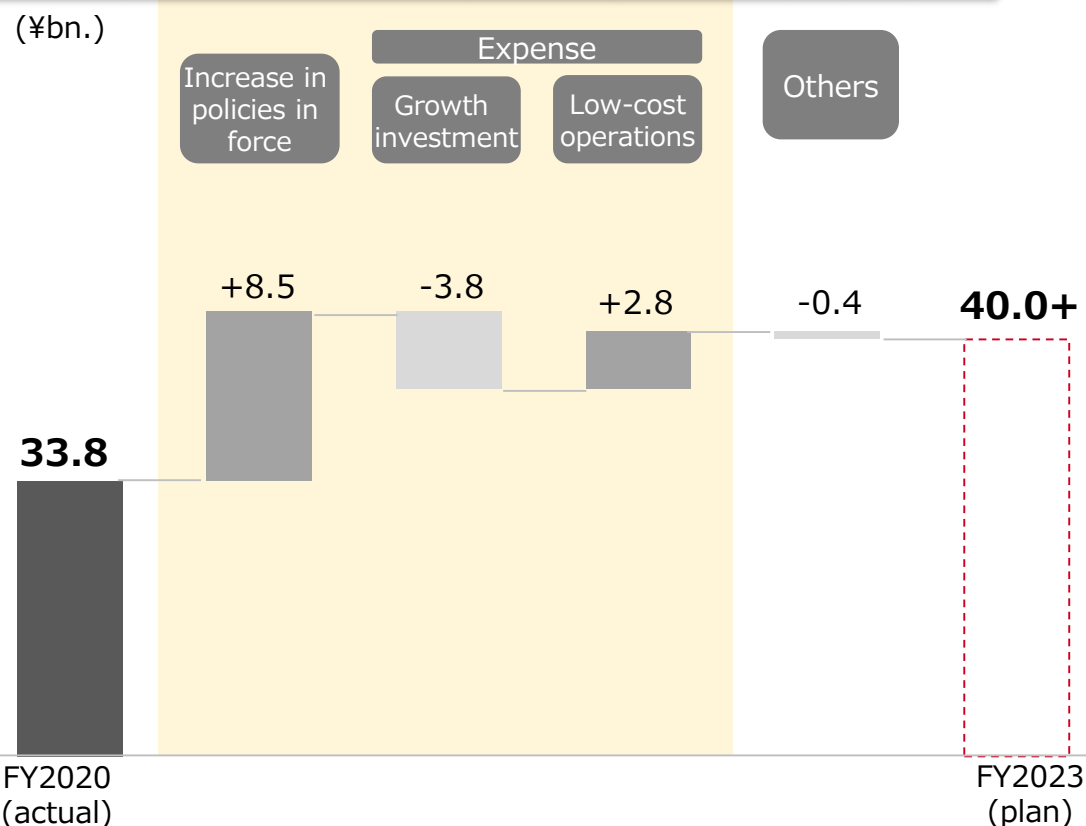


# Strategy of Domestic Life Insurance Business

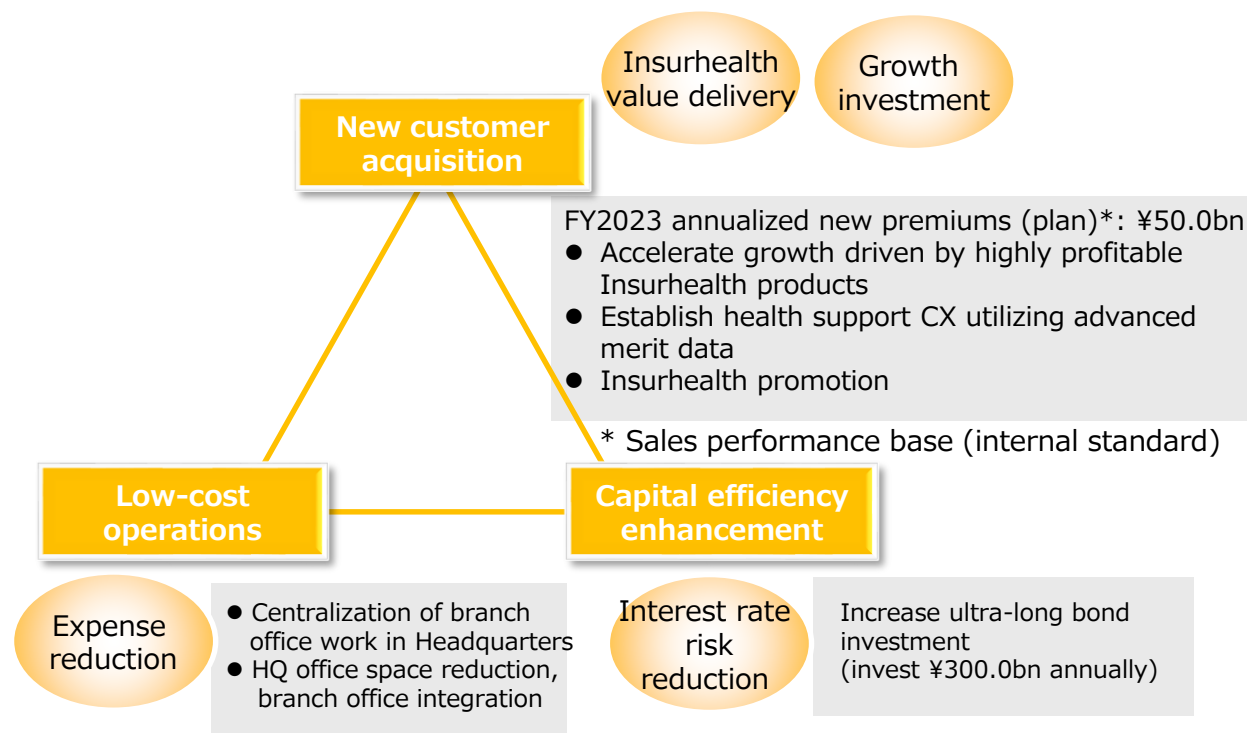
- Aim for adjusted profit of ¥40.0bn or more in FY2023 by increasing the number of customers, driven by Insurhealth<sup>®</sup>
- Aim for sustainable growth through a growth strategy to become established as a “health support enterprise”

## Variation factors of domestic life insurance adjusted profit

### Growth strategy to become established as a health support enterprise



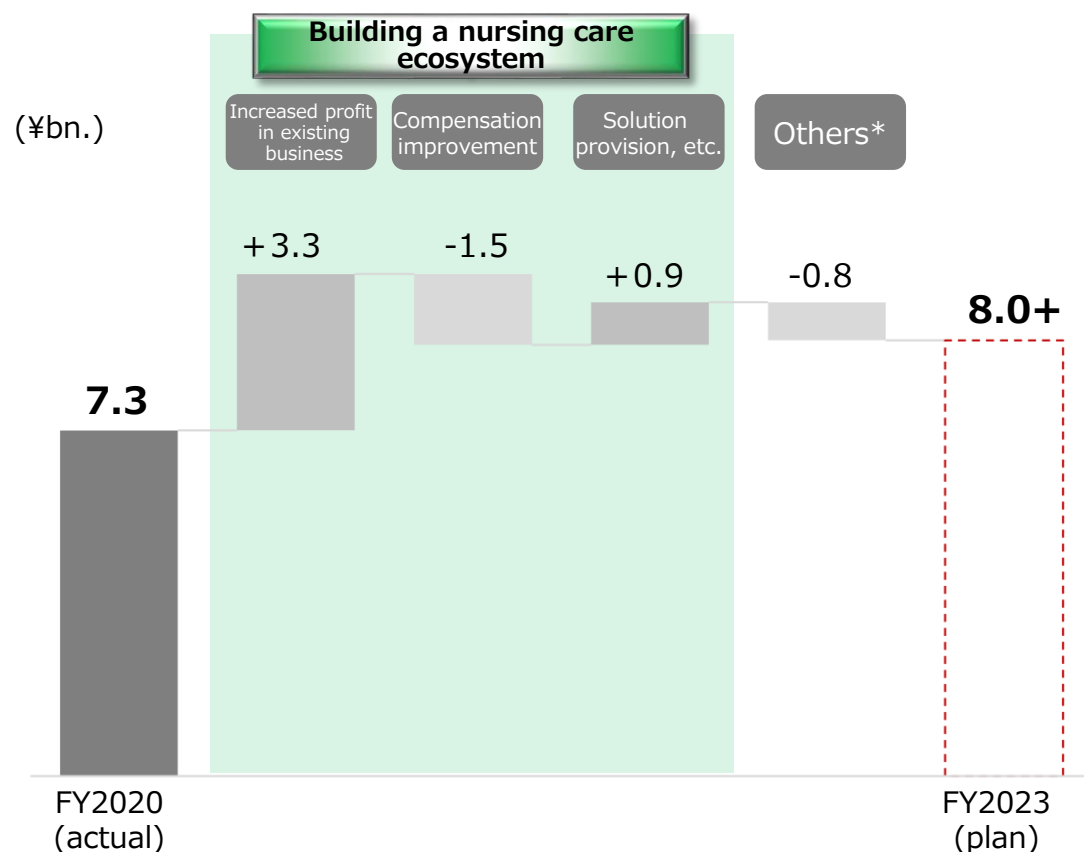
## Growth strategy to become established as a “health support enterprise”



# Strategy of Nursing Care and Seniors Business

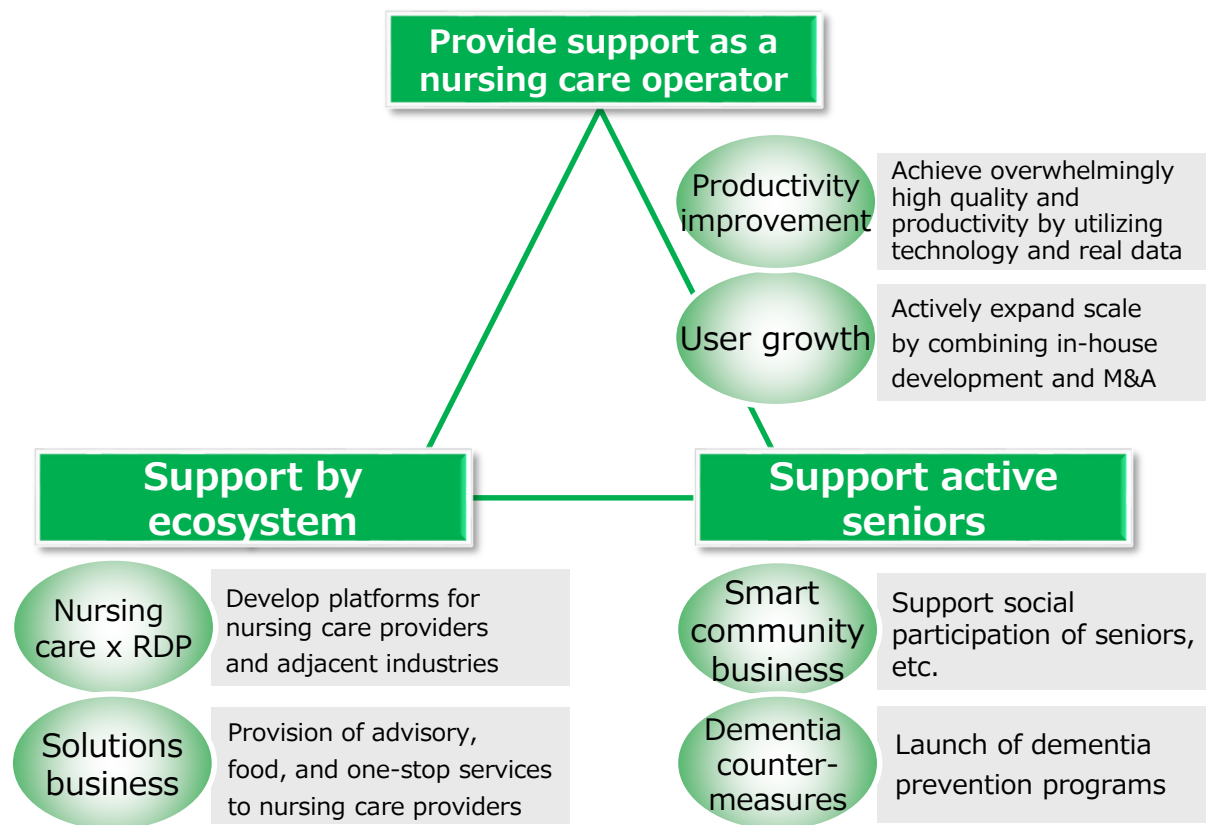
- In the existing businesses, increase the number of users, achieve both overwhelmingly high quality and productivity, and generate profits that cover the impact of compensation improvement
- With RDP development as the key driver, develop a solution business for nursing care providers and commercialize services to support active seniors

## Variation factors of Nursing Care & Seniors adjusted profit



\*Absence of one-off factors, etc.

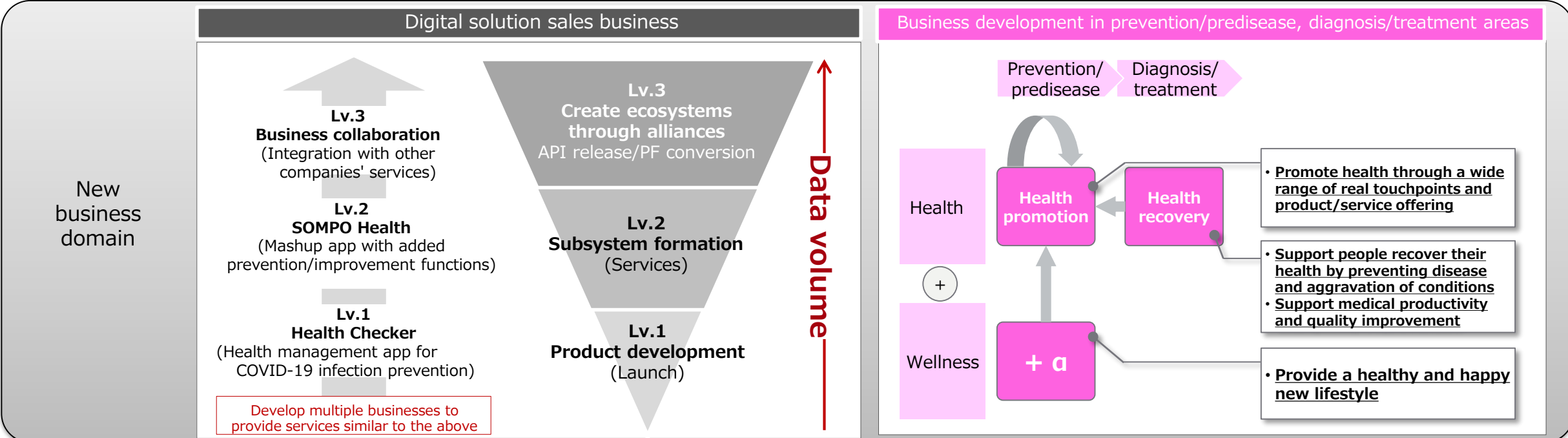
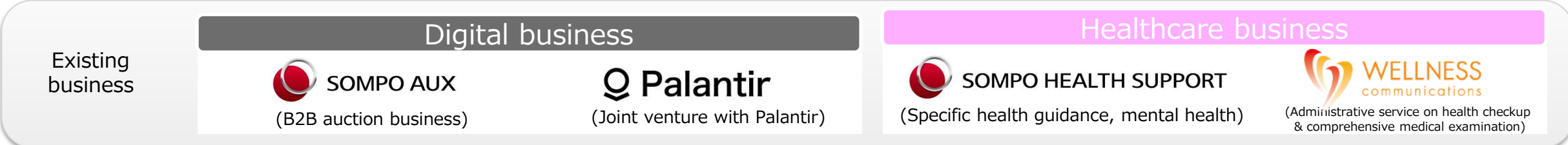
## Major initiatives to build a nursing care ecosystem



# Strategy of Digital Business and Healthcare Business

Announced on May 26<sup>th</sup>, 2021

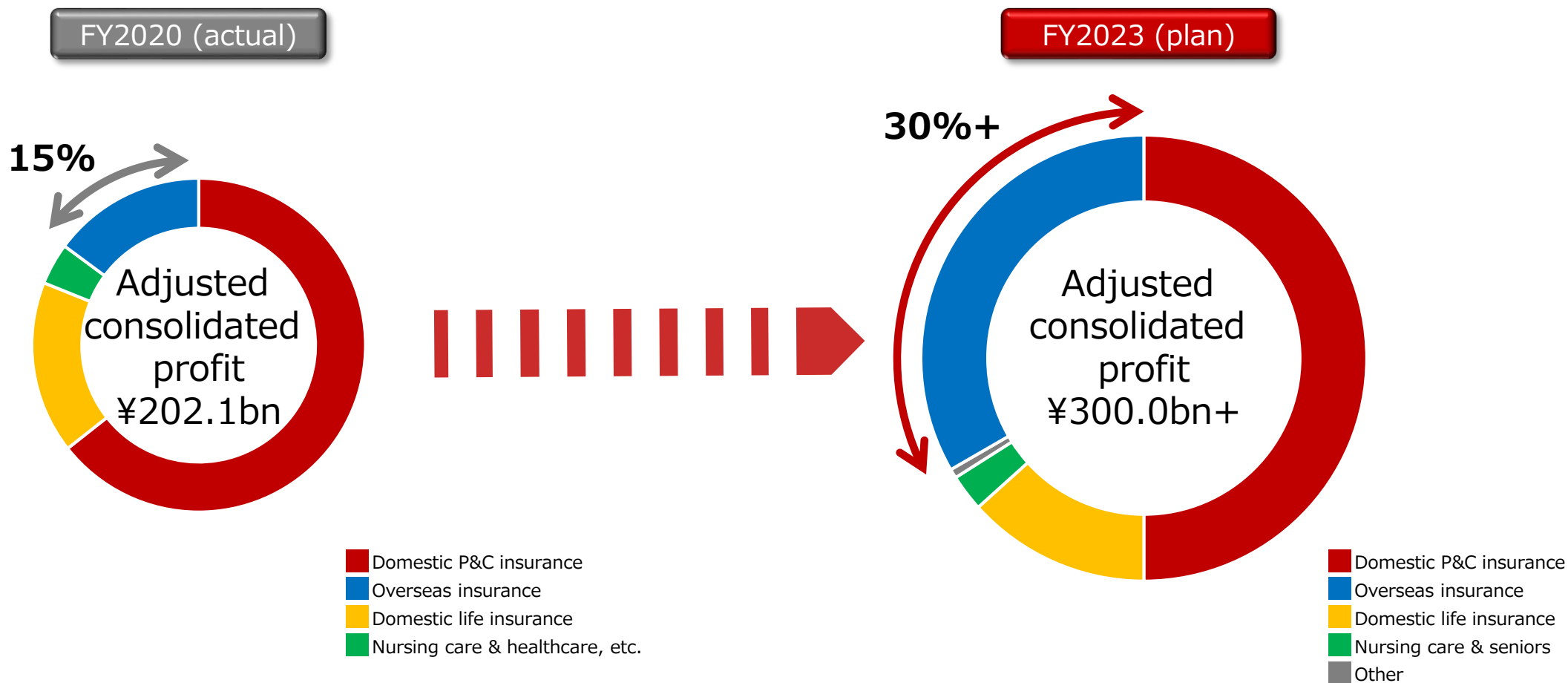
- Establish two new business segments to realize the Theme Park and transform business portfolio. Aim for dramatic growth based on existing business companies
- In the digital business, aim to monetize digital solutions, such as product development and sales in collaboration with startups who have advanced technology  
Apply the data and knowhow accumulated in the digital business to the development of RDP solutions for other businesses/domains and contribute to monetization as RDP
- In the healthcare business, promote business development from prevention/predisease to diagnosis/treatment areas to extend healthy life expectancy and support the improvement of medical productivity and quality. Utilize digital technology on a real business foundation, accumulate data from inside and outside the company as real data hub in these areas, and aim to create new value





# (Reference) Changes in Business Portfolio

- Aim to maintain the ratio of overseas insurance business to total portfolio at around 30%+ through scale and diversification efforts



# Core Strategy 2: New Customer Value Creation -RDP-

Announced on May 26<sup>th</sup>, 2021

- Develop Real Data Platform (RDP) as a framework to benefit society by contributing to addressing social challenges
- SOMPO will be the hub by leveraging the strengths in real data obtained from existing businesses and partner firms' know-how and technology to provide subscription-based software and solutions externally
- Contribute to addressing social challenges and increase profits in the medium and long term by increasing profits in existing businesses and creating entirely new customer value through business collaboration with mechanism for creating connections with new customers and process for ultimately building ecosystems towards social implementation

## New customer value creation

### SOMPO's strengths

**Leading player in the insurance and nursing care businesses**

20 million insurance customers

100,000 nursing care user data

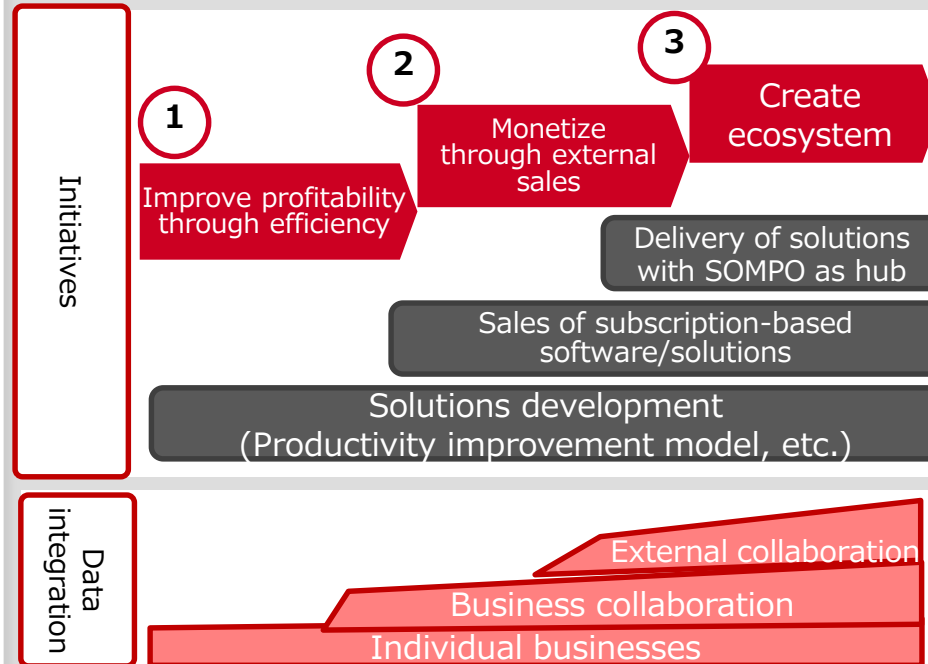
60,000 employees

Know-how/data networks

Companies with know-how



### RDP development process



### Social challenges facing SOMPO

New normal

Low birthrate and population aging

**Contribution to addressing social challenges**

Business size (revenue)

**Aim for ¥500.0bn+ in the medium to long term**

# Core Strategy 2: New Customer Value Creation -Focus Areas and Progress-

Announced on May 26<sup>th</sup>, 2021

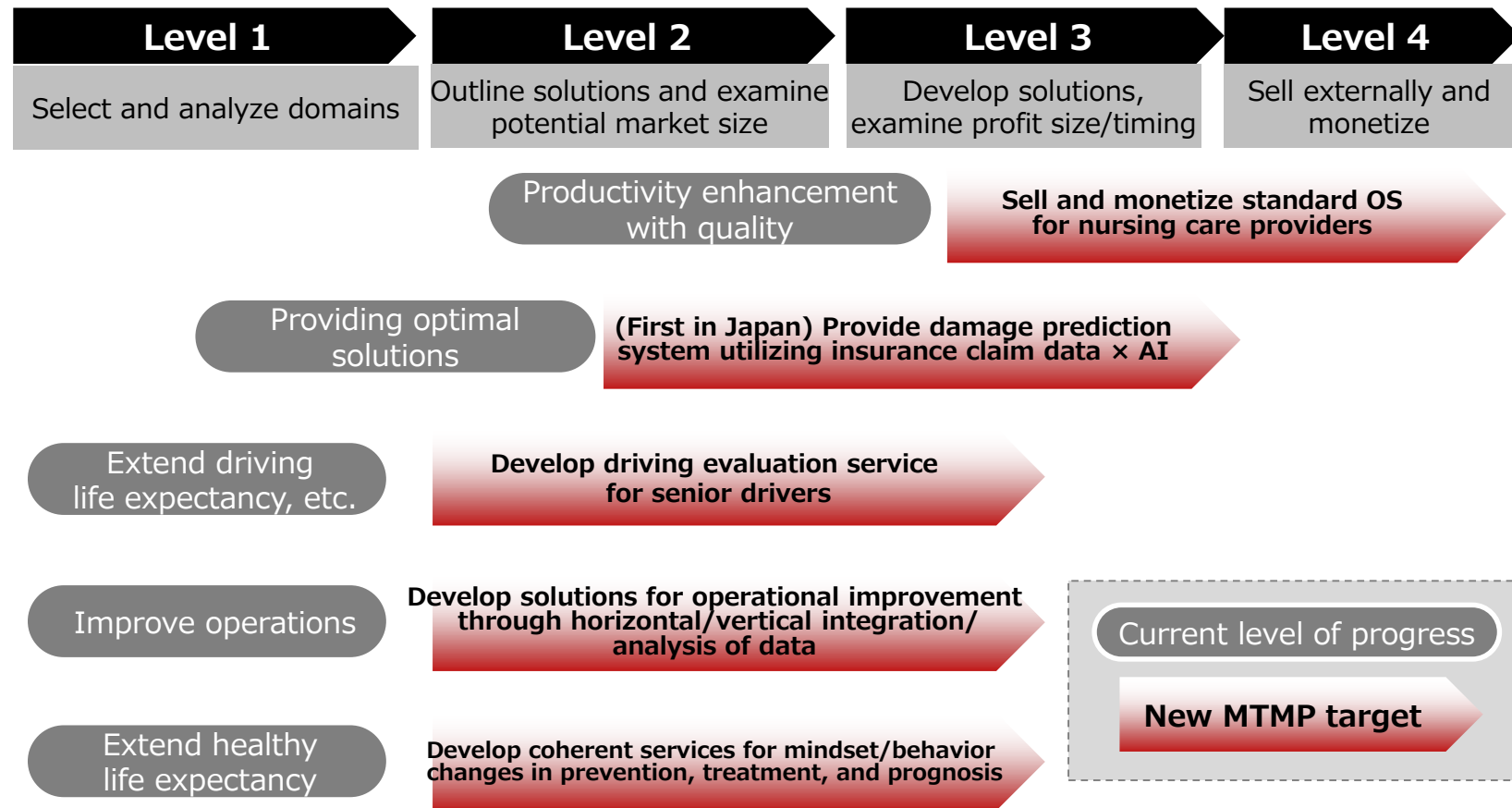
- Selected five domains to focus on from the perspective of SDGs and a Theme Park for Security, Health & Wellbeing in light of social value and data held by SOMPO, and aim for early delivery of solutions with external sales and monetization in each domain
- Leverage SOMPO's strengths (data, networks, know-how, talent) to pursue further growth in these domains

## SOMPO X RDP

Further growth in domains leveraging strengths

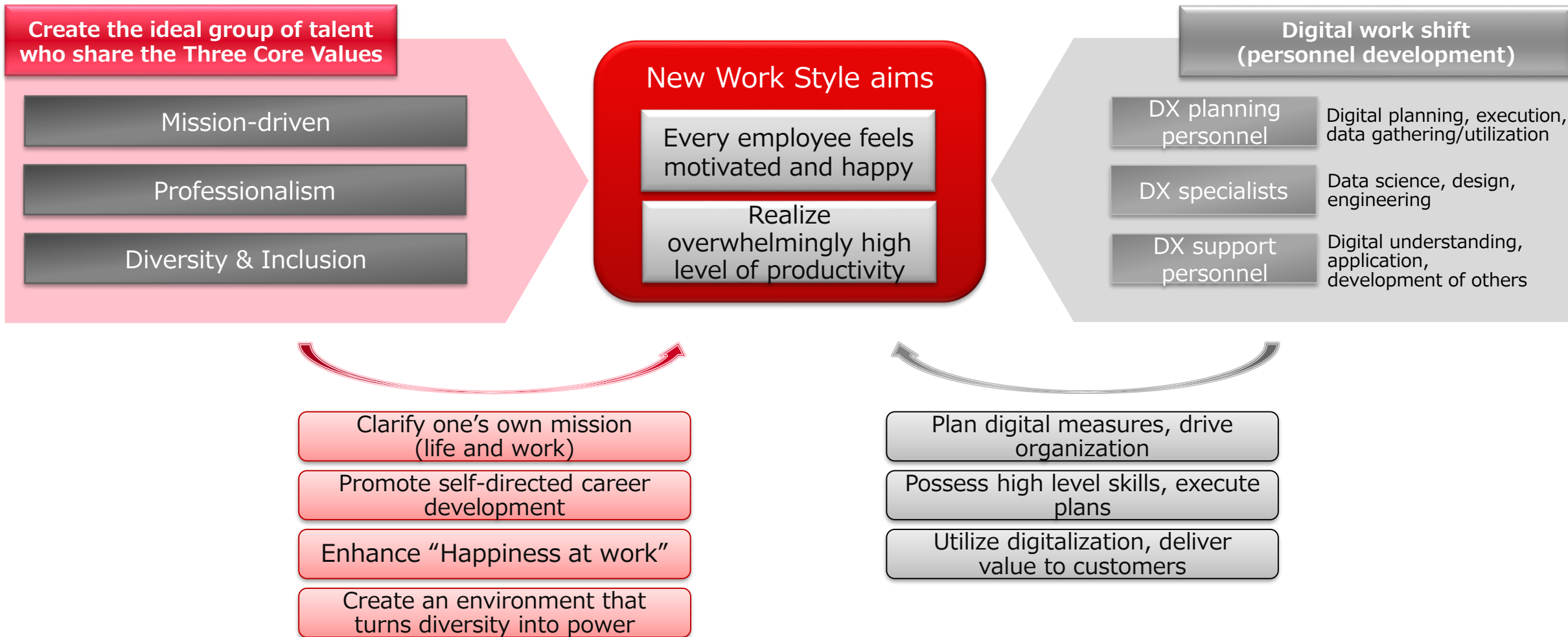
Business	Domain
Nursing Care & seniors	<b>Nursing care</b> Improve quality in nursing care industry (operational/vital/care data)
Domestic P&C insurance	<b>Disaster prevention &amp; mitigation</b> Minimizing the extent of damage through disaster forecasting (insurance policy/insurance claims/disaster data)
	<b>Mobility</b> Optimize services to people with poor access to transport (self-driving OS/accident/insurance claims data)
Overseas insurance	<b>Agriculture</b> Increase farmers' operational efficiency and profits (crop insurance data on soil/weather/yield, etc.)
Domestic life insurance, nursing care & seniors, digital healthcare	<b>Healthy aging</b> Extend healthy life expectancy through a data-driven approach (life insurance/healthcare related data)

### Early delivery of solution: External sales and monetization



# Core Strategy 3: New Work Style

- Promote new work style to increase engagement and happiness of employees, and achieve an overwhelmingly high level of productivity
- For this, promote the creation of the ideal group of talent who share the Three Core Values, digital work shift, and new work style in each business



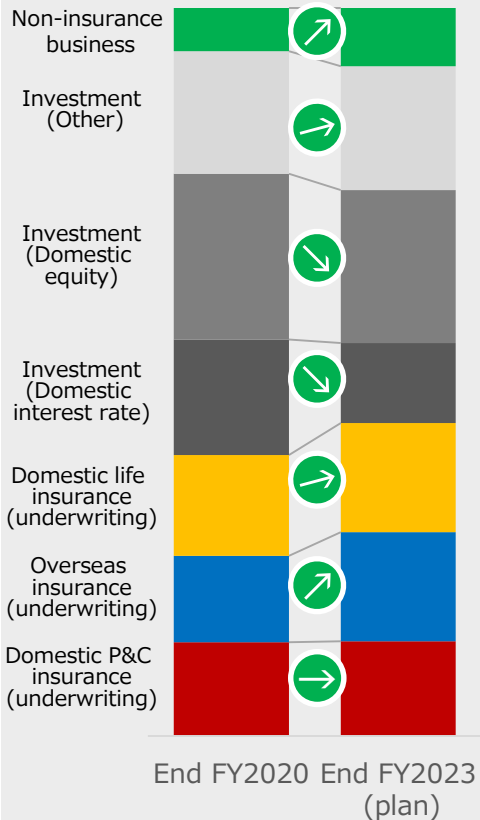


# Enhancing Capital Efficiency

- Aim to further enhance group capital efficiency by reducing risks in areas with low risk-return, such as through the reduction of strategic shareholdings (around ¥150.0bn over 3 years) and interest rate risk, improving capital efficiency in existing business, and allocating capital to businesses with high capital efficiency

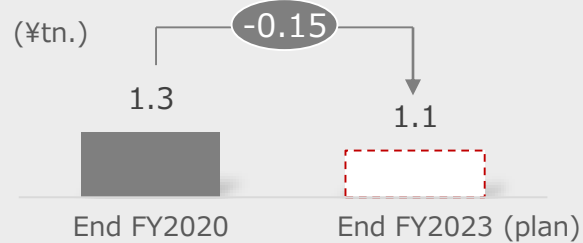
## Achieve capital efficiency exceeding capital cost

### Direction of risk

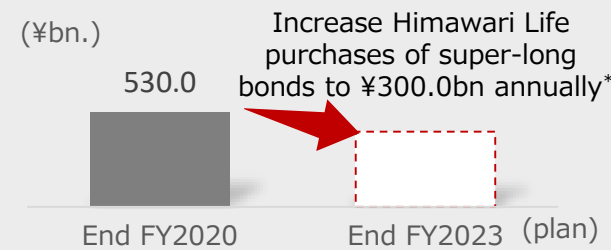


### Reduce risk in areas with low capital efficiency

#### Market value of strategic shareholdings



#### Interest rate risk



### Enhance capital efficiency in existing business

Increase ROE in each business by risk reduction and organic growth

Aim to achieve adjusted consolidated ROE target by setting and periodically examining ROE targets for each business

### Growth investment in areas with high capital efficiency

Disciplined investment in businesses with high capital efficiency

Contribute to scale and diversification  
Increase profits and enhance stability of profit

Contribute to new value creation  
Increase long-term growth

**Achieve adjusted consolidated ROE of 10%+**

Achieve capital efficiency greater than capital cost (around 7%)

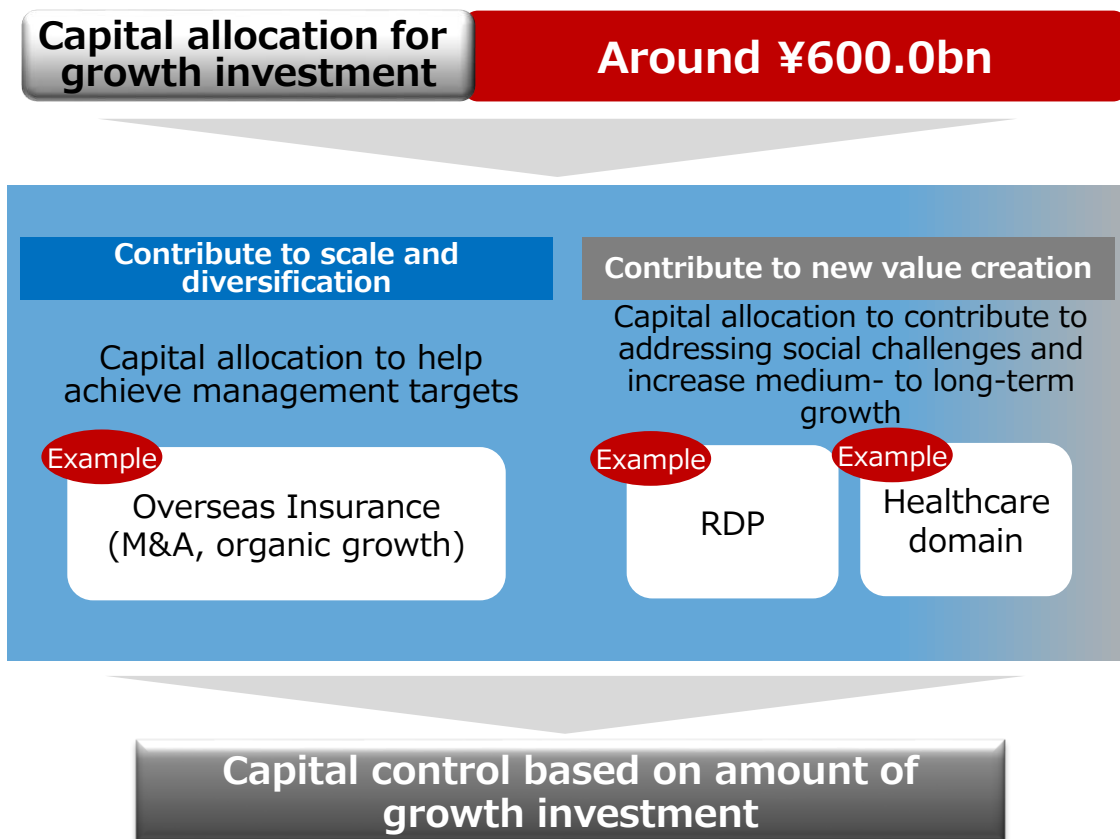
\*30-year maturity equivalent



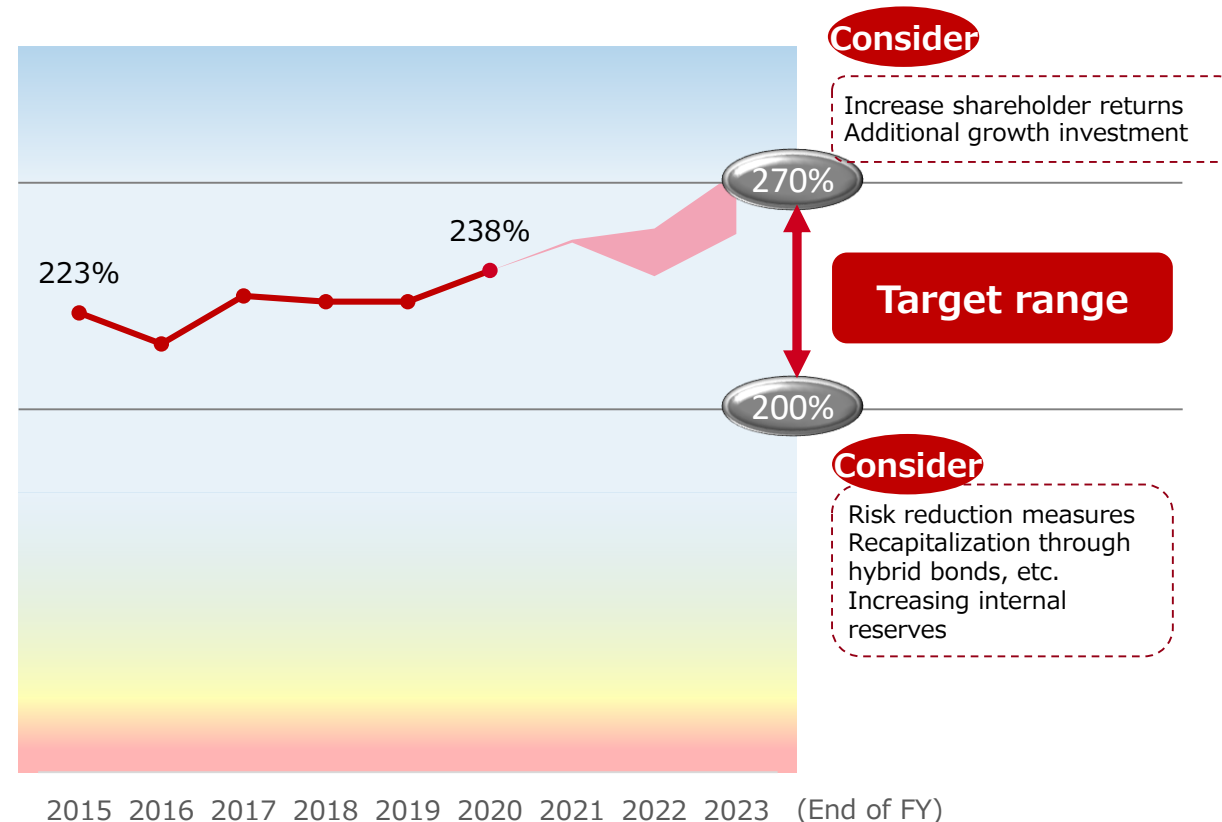
# Capital Allocation for Growth Investment and ESR Target Range

- Capital allocation for growth investment is assumed to be around ¥600.0bn. Aims to help achieve management targets and increase long-term growth
- Change ESR target range to 200-270% (previously 180-250%) considering the amount of capital allocated for growth investment, maintaining credit ratings
- While carrying out disciplined growth investment, consider increasing returns to shareholders if ESR exceeds 270%

## Capital allocation for growth investment and key areas



## ESR trend and target range

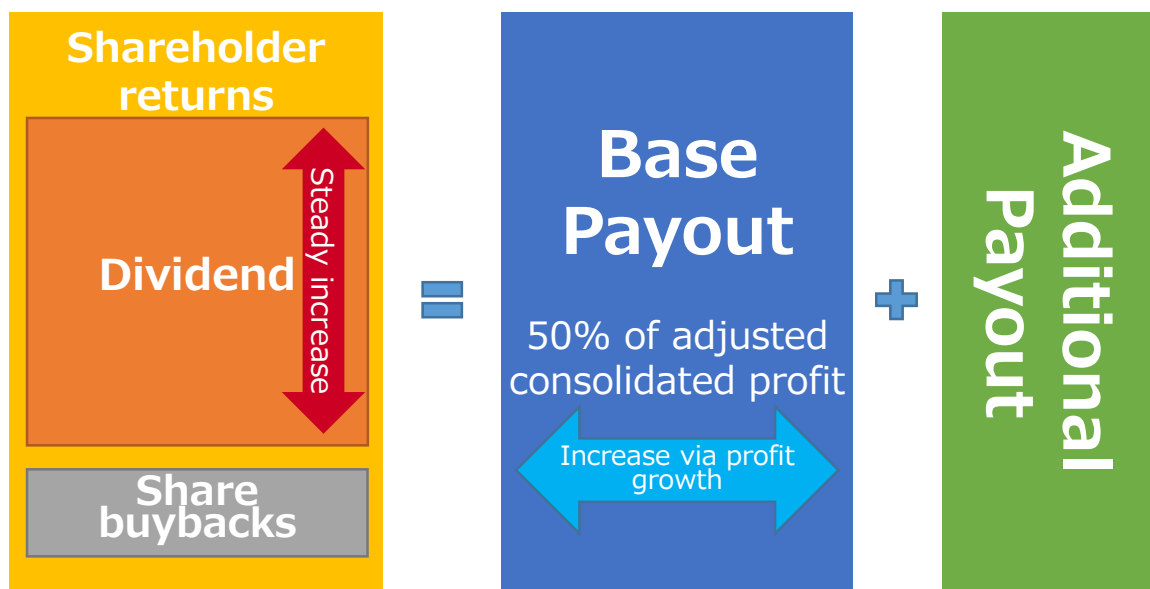


\*FY2021 onwards are rough estimates.

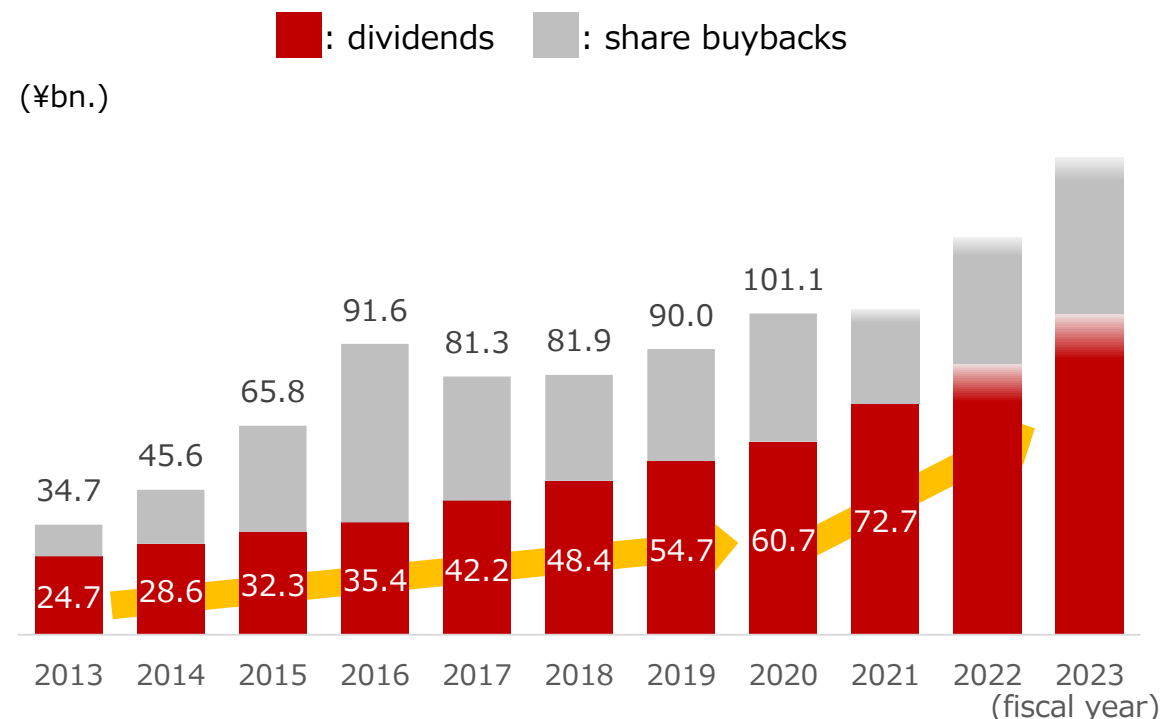
# Shareholder Returns Policy

- Institute a base return of 50% of adjusted consolidated profit and conduct additional payout based on trends in business results, market environment and capital
- Institute a basic policy of raising the dividend in tandem with profit growth, and raise the ratio of dividends within shareholder returns

## Shareholder returns policy



## History of shareholder returns\*1



Conduct additional returns based on the below cases, the status of risk and capital and future outlook. Cases for additional returns include:

- When ESR level exceed the target range on a constant basis
- When the adjusted profit falls due to one-time factors such as natural disasters, maintain the prior fiscal year's level of returns
- When growth investment such as large-scale M&A is not expected
- When it is determined that other measures to improve the capital ratio, etc., are needed

DPS *2	¥60	¥70	¥80	¥90	¥110	¥130	¥150	¥170	¥210	...	...
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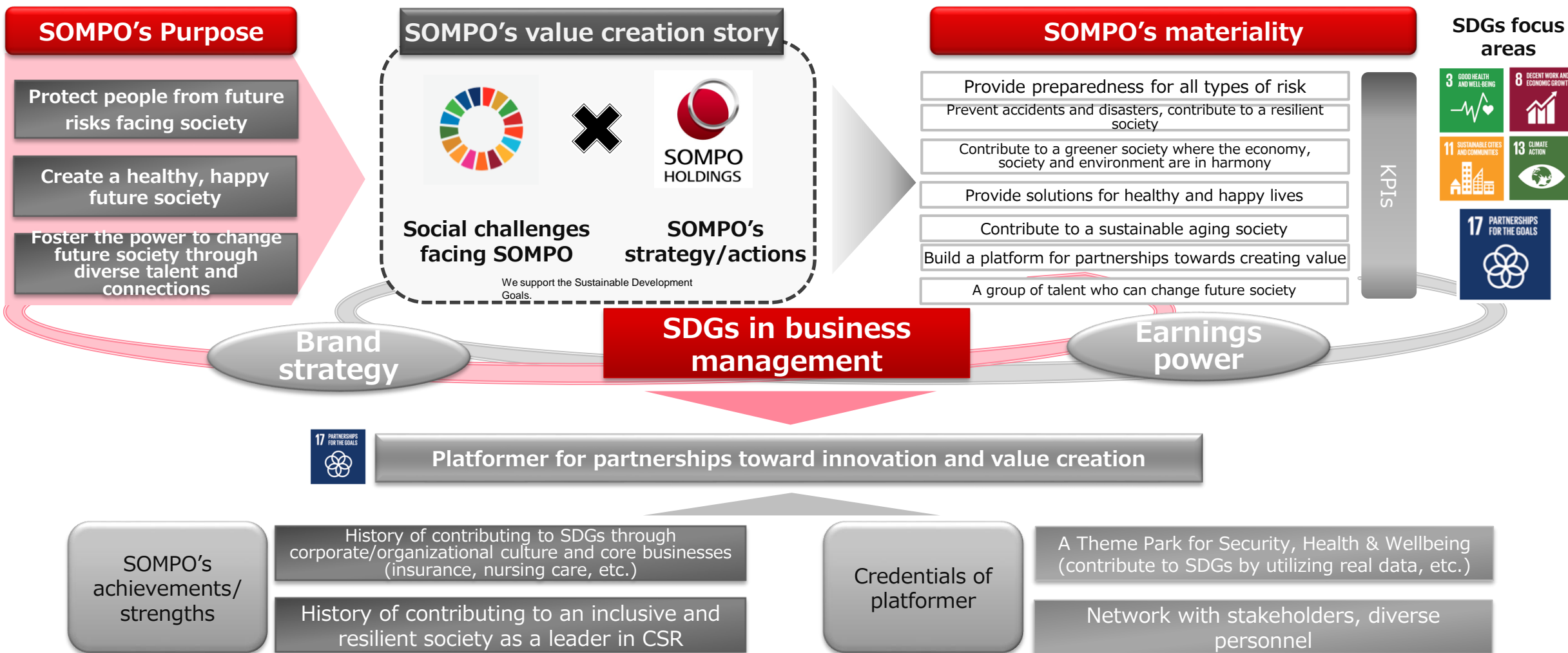
\*1 FY2021 and beyond is an assumption

\*2 DPS(FY2021): forecast



# SDGs in Business Management

- For the social challenges, strategies and actions to be taken to realize SOMPO's Purpose, set materiality/KPIs and incorporate these into the management framework, objectively evaluate the results with reference to the SDGs, a common global language, to practice "SDGs in business management", and create social/economic value
- Leverage the credentials of platformer for social changes with a history of and strengths in contributing to the SDGs through core businesses as much as possible to realize sustainable growth







# (Reference) SDGs in Business Management: SOMPO Climate Action

- SOMPO’s strengths lie in our achievements and history of tackling global environmental issues since the 1990s, which has been highly recognized by multiple stakeholders. We will implement measures against climate change by linking SOMPO’s strengths with partnership strategy
- As a measure against climate change, we will implement SOMPO Climate Action with 3 undertakings:
  - Adapt to climate change, 2. Mitigate climate change, 3. Contribute to the transformation of society

## SOMPO Climate Action

### 1. Adapt to climate change

**Help enhance societal resilience by developing/ offering products/services through collaboration**

- Contribute to sustainable agriculture with AgriSomp
- Develop products/new businesses for disaster prevention & mitigation
- BCP support service for companies

### 2. Mitigate climate change

**Achieve net zero group GHG emissions (by 2050)**

- Group’s introduction of renewable energy (60% by 2030)
- Sustainable procurement that considers biodiversity
- Develop products/new businesses for the promotion of clean energy
- Service for promoting decarbonization for companies

### 3. Contribute to societal transformation

**Support the transition of society by collaborating with stakeholders, such as NGOs, and engaging as financial institution**

- Engagement with investee companies
- Proactive involvement in rule making, policy advocacy
- Develop environmental personnel

**Together with stakeholders, aim to realize an inclusive and resilient carbon neutral society where people and nature are in harmony**



### SOMPO’s strengths

-Addressing global environmental issues for 30 years ahead of our time-

Management understanding/ leadership since the 1992 Rio summit

Climate change adaptation measures utilizing risk management

Relationship of trust with NGOs, experts, etc., built through collaborative projects, the Group’s Environment Foundation, etc.

Built “Green SOMPO” brand through product development with consideration for ESG (underwriting, green funds, etc.), and environmental education for students/citizens



### Policy for SDGs in business management

-A partnership platformer-

A Theme Park for Security, Health & Wellbeing (Contribution to SDGs utilizing real data, etc.)

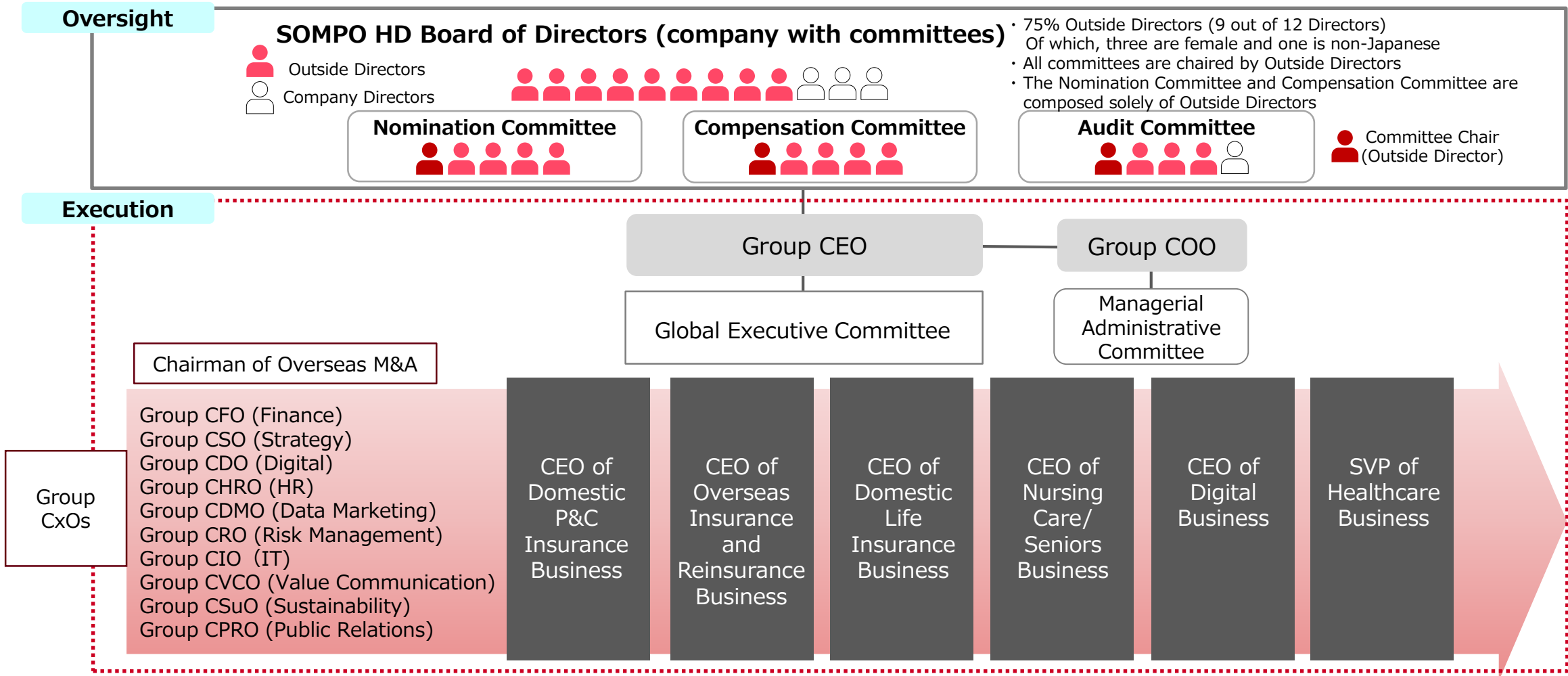
Network with stakeholders

Diverse personnel



# Corporate Governance

- Maintain a governance structure by which the Board of Directors mainly composed of Outside Directors oversee business execution
- Working to increase Group-wide corporate value through a matrix-style group management system, with Business Owners (vertical axis) and Group Chief Officers (horizontal axis)



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1. Overview of SOMPO Holdings

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2. Overview of Mid-term Management Plan  
(FY2021 - FY2023)

3. Business forecasts for FY2021  
& highlights of 1Q FY2021 results

# Main Points of Business Forecasts for FY2021

- Consolidated net income is expected to decline by ¥17.4 billion to ¥125.0 billion, incorporating certain rebound of the COVID-19 impact and the normalization of natural disasters
- Adjusted consolidated profit, which provides shareholder returns, is expected to be ¥205.0 billion, the second consecutive year of record high.

## Sompo Japan

- Underwriting profit is expected to increase by ¥5.1 billion, as certain extent of favorable loss ratio caused by COVID-19 and natural disasters are expected to be normalized.
- Investment profit is expected to decline by ¥25.6 billion, mainly due to the decrease of fund redemption gains compared to the previous fiscal year.
- Strategic holding stocks will be reduced by approximately ¥50.0 billion.

## Overseas Insurance

- Net premium earned is to increase by ¥167.3 billion due to rate improvement and an increase of retention ratio (less ceded) in SI.
- In addition to the absence of COVID-19 and other one-time factors, -6.7% improvement of Loss ratio in SI is expected by disciplined underwriting.
- As a result, adjusted profit is expected to grow by ¥29.9 billion.

## Himawari Life

- Business expenses increase in line with business expansion, while continuing to expand holdings of highly profitable protection-type products.
- Net income is expected to decline by ¥8.4 billion due to an increase in operating expenses and provision for underwriting reserves in line with the expansion of new policies.

## Nursing Care & Seniors

- Income is expected to decrease due to the loss of tax effect, while the occupancy rate is expected to improve by 1.4pt (89.4%→90.8%)

# Business Forecasts for FY2021 – Consolidated Basis

Announced on May 20th, 2021

(¥bn.)	FY2020 (Actual)	FY2021 (Forecasts)	Change
Net premiums written (P&C)	2,923.5	3,090.0	+166.4
Life insurance premiums	346.1	358.0	+11.8
Consolidated ordinary profit	215.0	185.0	-30.0
Sompo Japan	197.4	174.5	-22.9
Overseas subsidiaries	52.2	72.3	+20.0
Himawari Life	28.9	17.2	-11.6
SOMPO Care	8.7	8.6	-0.1
Consolidated adjustment/Others	-72.3	-87.7	-15.4
Consolidated net income	142.4	125.0	-17.4
Sompo Japan	146.9	133.0	-13.9
Overseas subsidiaries	35.8	57.9	+22.1
Himawari Life	20.0	11.6	-8.4
SOMPO Care	5.3	5.1	-0.1
Consolidated adjustment/Others	-65.6	-82.6	-16.9
(Reference) Adjusted consolidated profit	202.1	205.0	+2.8
Domestic P&C insurance	130.1	105.0	-25.1
Overseas insurance	30.0	60.0	+29.9
Domestic life insurance	33.8	32.5	-1.3
Nursing care & seniors	8.1	6.5	-1.6
Digital, etc.	-	1.0	+1.0

# Highlights of 1Q FY2021 Results

Announced on August 6th, 2021

- Net premiums written increased by ¥52.4 billion to ¥872.5 billion, mainly due to top line growth of SI due to rate improvement.
- Consolidated ordinary profit and consolidated net income increased compared with 1Q FY2020, mainly due to an increase in net interest and dividend income related to the redemption of investment fund in Sompo Japan, and underwriting profit growth of SI with its top line growth.
- Adjusted consolidated profit increased by ¥17.4 billion to ¥88.7 billion.

## Sompo Japan

- Underwriting profit decreased by ¥3.3 billion, mainly due to a reduction of the improvement of E/I loss ratio in automobile insurance experienced in FY2020.
  - \* The E/I loss ratio for automobile insurance rose by 5.8pt year on year (It improved by 9.3pt against 1Q FY2019).  
The number of accidents increased by 11.0% year on year (It decreased by 14.9% against 1Q FY2019).
- Investment profit increased by ¥8.4 billion, mainly due to an increase in net interest and dividend income related to the redemption of investment fund.
- Ordinary profit and net income increased.

## Overseas Insurance

- Top line increased steadily, partly due to rate improvement at SI and the acquisition of Diversified in December, 2020.
- SI's combined ratio was favorable compared to the peers, due to the top line growth and expense control partly offset by the impact of the Texas winter storm.
- Adjusted profit in overseas insurance business increased by ¥7.8 billion to ¥17.1 billion.

## Himawari Life

- Annualized new premium increased steadily, centered on insurhealth® products.
- Purchased ¥73.9 billion\* in super-long-term bonds and continued to reduce the amount of interest rate risk as planned.

## Nursing Care & Seniors

- Occupancy ratio improved, while one-time factor is gone.

\* 30-year bond equivalent

# KPIs update

- Progress in KPIs for each business has been generally on track.

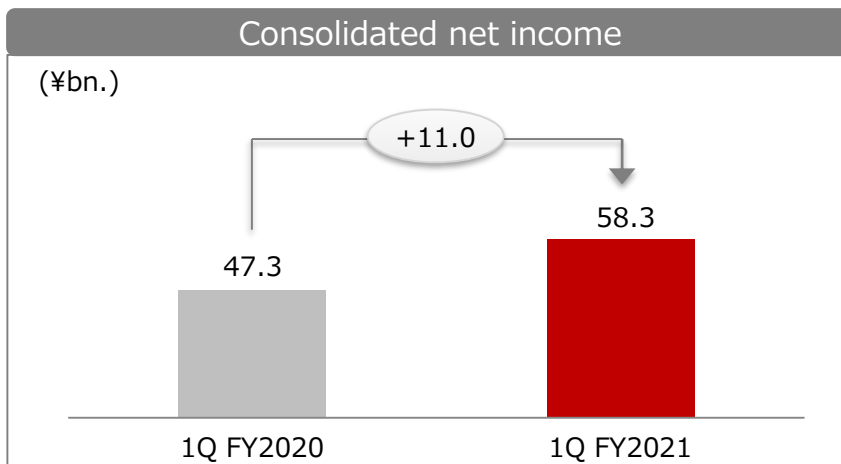
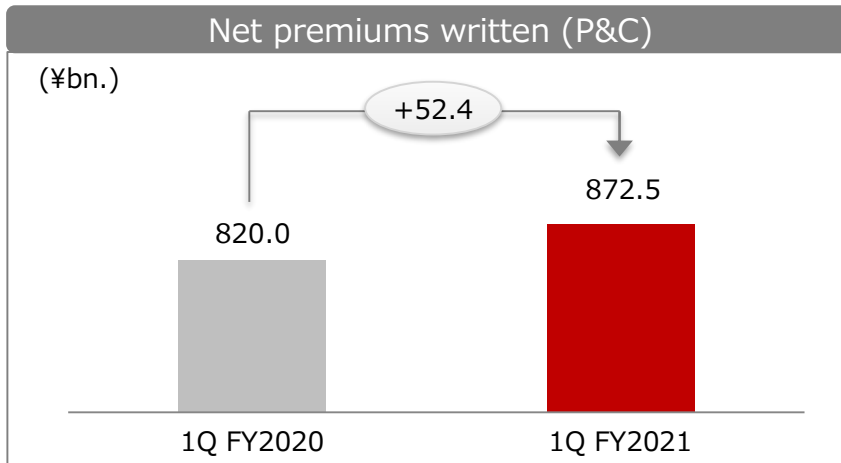
Domestic P&C				Overseas Insurance			
	1Q FY2021	FY2021 forecast	FY2023 plan		1Q FY2021	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥60.8 billion	¥105.0 billion	¥150.0 billion+	Adjusted profit by business	¥17.1 billion	¥60.0 billion	¥100.0 billion+
Net written premiums*1	¥505.8 billion	¥1,929.3 billion	¥2,000.0 billion	Gross Written premiums growth rate*5	+39.7%	+10.2%	Around +9% per annum
E/I combined ratio*1	88.1%	94.8%	91.7%	E/I combined ratio*5	94.2%	91.7%	88% range
Reduction of strategic shareholdings	¥7.5 billion*2	¥50.0 billion	¥50.0 billion (3-year cumulative total: ¥150 billion)				
Domestic Life				Nursing Care & Seniors			
	1Q FY2021	FY2021 forecast	FY2023 plan		1Q FY2021	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥9.4 billion	¥32.5 billion	¥40.0 billion+	Adjusted profit by business	¥1.0 billion	¥6.5 billion	¥8.0 billion+
Annualized new premiums*3	¥7.3 billion	¥43.0 billion	¥50.0 billion	Net sales	¥33.4 billion	¥137.5 billion	¥162.0 billion
Number of policies in force	4.28 million	4.43 million	5.00 million	Occupancy rate	89.6%	90.8%*6	93.8%*6
Investment for ALM matching*4	¥73.9 billion	¥300.0 billion	¥300.0bn/year (¥900.0bn in 3years)				
New Customer Value Creation							
1Q FY2021	Nursing care : Expanded to develop and test detection/productivity improvement model at own facilities Mobility : Made a strategic investment in Wejo Limited			FY2023 plan	External sales and monetization of products/services utilizing RDP	2 businesses or more	
				Medium- to long-term targets	Group revenue generated by the utilization of RDP	¥500.0 billion+	

\*1 Sompo Japan (excl. CALI, household earthquake) \*2 Incl. short position of Nikkei 225 Futures \*3 Performance evaluation basis \*4 30-year maturity equivalent \*5 SI Commercial \*6 At fiscal year end

# Overview of 1Q FY2021 Results – Consolidated Basis

Announced on August 6th, 2021

- Net premiums written increased by ¥52.4 billion, partly due to steady top line growth of Sompo Japan centered in fire and allied lines as well as top line growth of SI.
- Consolidated ordinary profit and consolidated net income increased, mainly due to profit growth of SI and Sompo Japan.



(¥ billion)	1Q FY2020	1Q FY2021	Change	FY2021 (Forecasts)
Consolidated ordinary income	1,039.0	1,081.4	+42.3 (+4.1%)	-
Net premiums written (P&C)	820.0	872.5	+52.4 (+6.4%)	3,090.0
Life insurance premiums	80.8	75.5	-5.2 (-6.5%)	358.0
Consolidated ordinary profit	68.2	78.3	+10.1	185.0
Sompo Japan	57.6	61.4	+3.8	174.5
Overseas insurance subsidiaries	-16.4	3.9	+20.3	72.3
Himawari Life	7.3	7.3	+0.0	17.2
SOMPO Care	2.6	1.6	-0.9	8.6
Consolidated adjustment*1/Others	17.0	3.8	-13.1	-87.7
Consolidated net income*2	47.3	58.3	+11.0	125.0
Sompo Japan	41.5	46.7	+5.1	133.0
Overseas insurance subsidiaries	-15.5	3.2	+18.7	57.9
Himawari Life	5.1	5.0	-0.0	11.6
SOMPO Care	0.5	1.0	+0.4	5.1
Consolidated adjustment/Others	15.5	2.1	-13.3	-82.6
(Reference) Adjusted consolidated profit	71.2	88.7	+17.4	205.0
Domestic P&C insurance	53.8	60.8	+6.9	105.0
Overseas insurance	9.2	17.1	+7.8	60.0
Domestic life insurance	7.9	9.4	+1.5	32.5
Nursing care & seniors	0.2	1.0	+0.8	6.5
Digital, etc.	-	0.2	+0.2	1.0

\*1 Incl. profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.

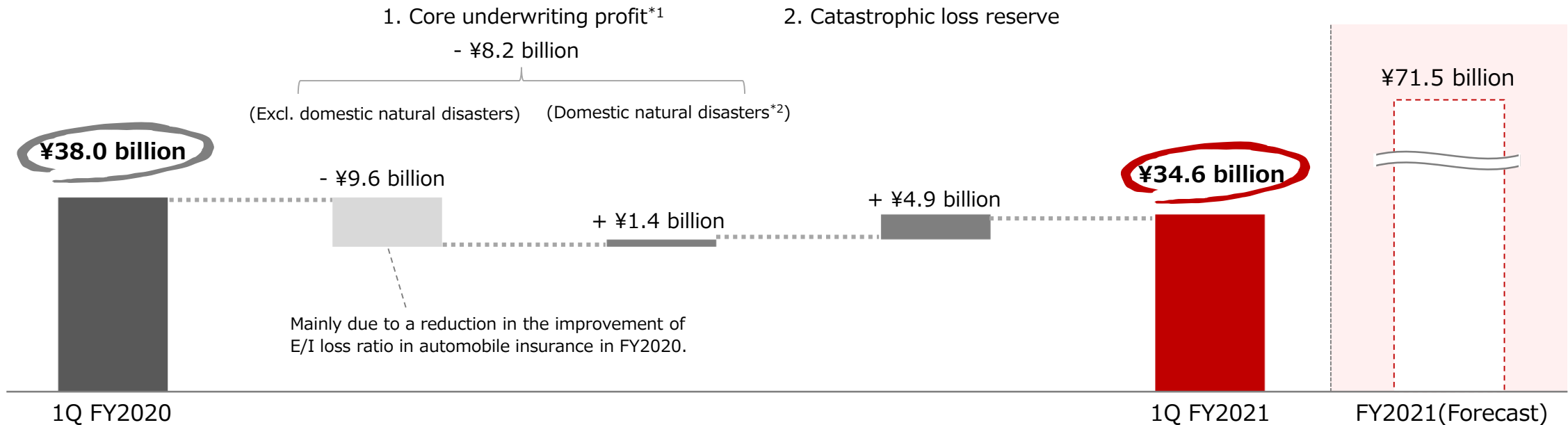
\*2 Consolidated net income denotes net income (loss) attributable to shareholders of the parent. (The same shall apply hereafter.)



# Underwriting Profit (Sompo Japan)

- Underwriting profit decrease by ¥3.3 billion to ¥34.6 billion, mainly due to a reduction in the improvement of E/I loss ratio in auto insurance in FY2020.

## Increase/decrease factors of underwriting profit (Sompo Japan)



	1. Core underwriting profit			2. Catastrophic loss reserve	Underwriting profit
		(Excl. domestic natural disasters)	(Domestic natural disasters)		
1Q FY2020	¥60.6 billion	¥62.1 billion	- ¥1.5 billion	- ¥22.6 billion	¥38.0 billion
<b>1Q FY2021</b>	<b>¥52.3 billion</b>	<b>¥52.4 billion</b>	<b>- ¥0.0billion</b>	<b>- ¥17.7 billion</b>	<b>¥34.6 billion</b>

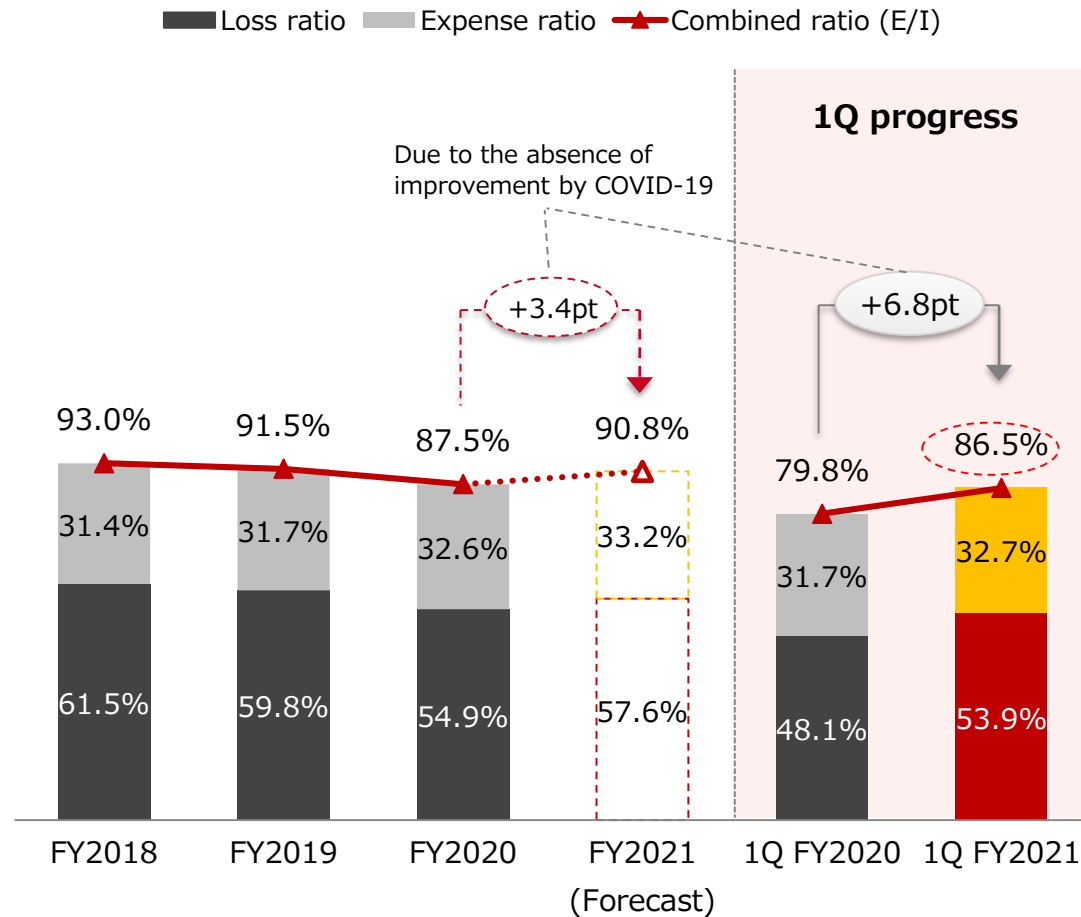
\*1 Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve.

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

# (Reference) Indicator Related to Automobile Insurance (Sompo Japan)

Announced on August 6th, 2021

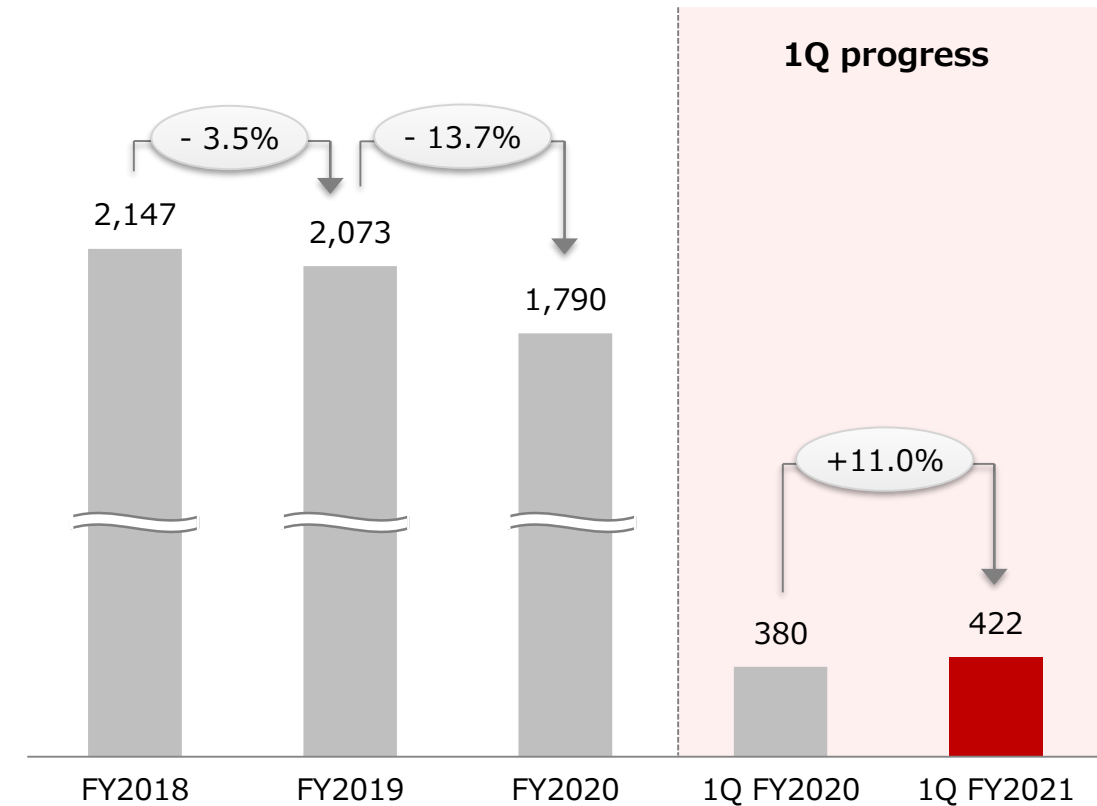
## Combined ratio (E/I)



\* Loss ratio is on a E/I basis (incl. loss adjustment expense)

## The number of reported claims

(Thousands)



\* Excl. certain natural disasters, incurred loss of which exceeds certain threshold

## (Reference) Domestic Natural Disasters

### Net claims paid for natural disasters that occurred in the current fiscal year (excl. CALI, household earthquake)\*

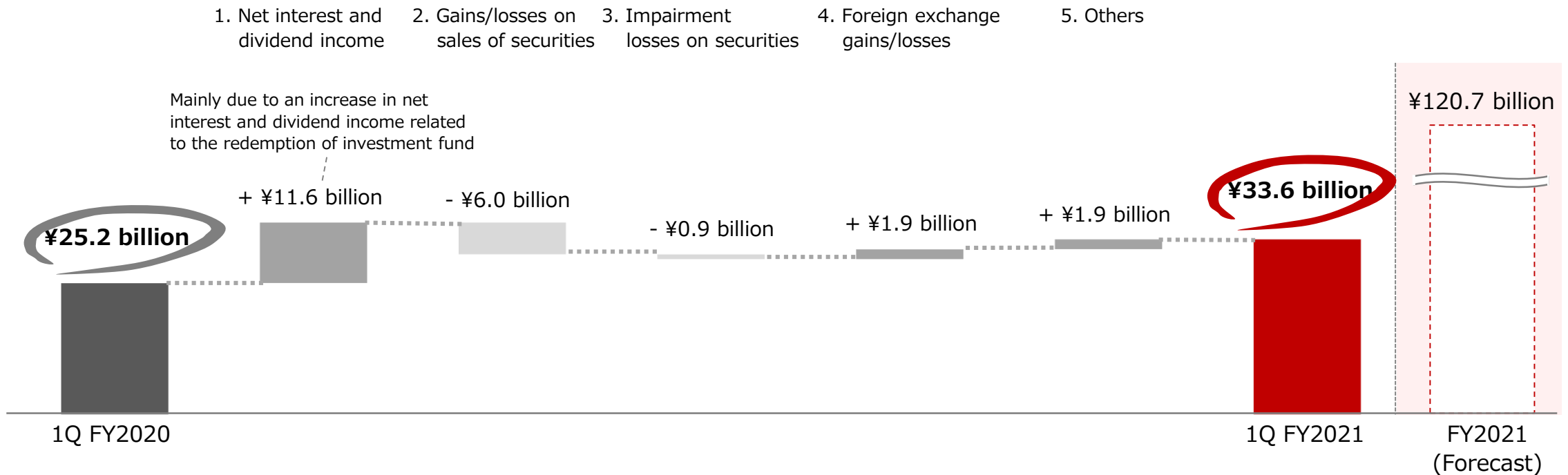
(¥bn.)	1Q FY2020	1Q FY2021	Change
Fire and Allied lines	1.4	0.0	-1.3
Marine	-	-	-
Personal Accident	0.0	0.0	+0.0
Voluntary Automobile	0.0	-	-0.0
Other	0.0	0.0	-0.0
Total	1.5	0.0	-1.4

\* Assumption of FY 2021 business forecasts for net losses incurred from domestic natural disasters (occurring in the fiscal year) : ¥84.0 billion.  
Since outstanding loss reserve is worked out by compendium method in 1Q results, incurred losses related to natural disasters were not aggregated.

# Investment Profit (Sompo Japan)

- Investment profit increased by ¥8.4 billion to ¥33.6 billion, mainly due to an increase in net interest and dividend income related to the redemption of investment fund.

## Increase/decrease factors of investment profit (Sompo Japan)



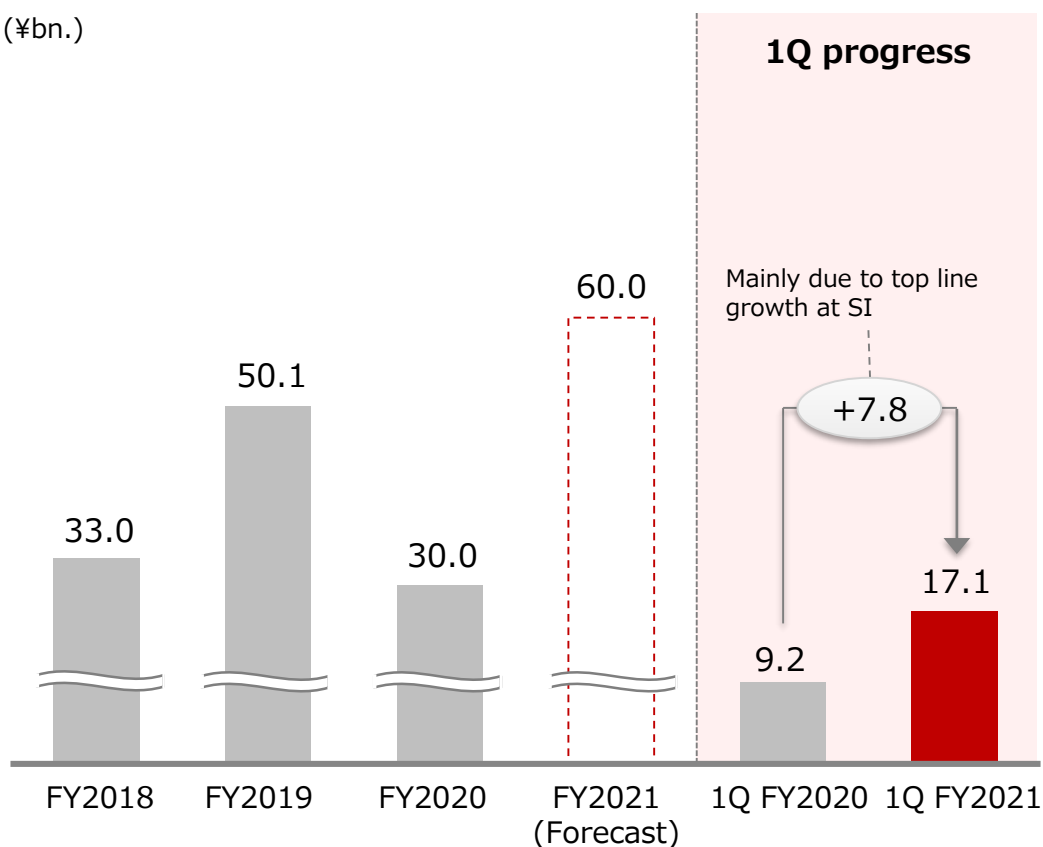
	1. Net interest and dividend income	2. Gains/losses on sales of securities	3. Impairment losses on securities	4. Foreign exchange gains/losses	5. Others	Investment profit
1Q FY2020	¥19.7 billion	¥7.5 billion	- ¥1.1 billion	- ¥0.5 billion	- ¥0.3 billion	¥25.2 billion
<b>1Q FY2021</b>	<b>¥31.3 billion</b>	<b>¥1.5 billion</b>	<b>- ¥2.0 billion</b>	<b>¥1.3 billion</b>	<b>¥1.5 billion</b>	<b>¥33.6 billion</b>

# Performance Overview – Overseas Insurance

- Top-line of overseas insurance business increased by ¥44.7 billion, mainly due to rate improvement better than the plan at SI and the acquisition of Diversified.
- Adjusted profit of overseas insurance business increased by ¥7.8 billion to ¥17.1 billion, partly due to an increase in SI earned premium base and investment profit.

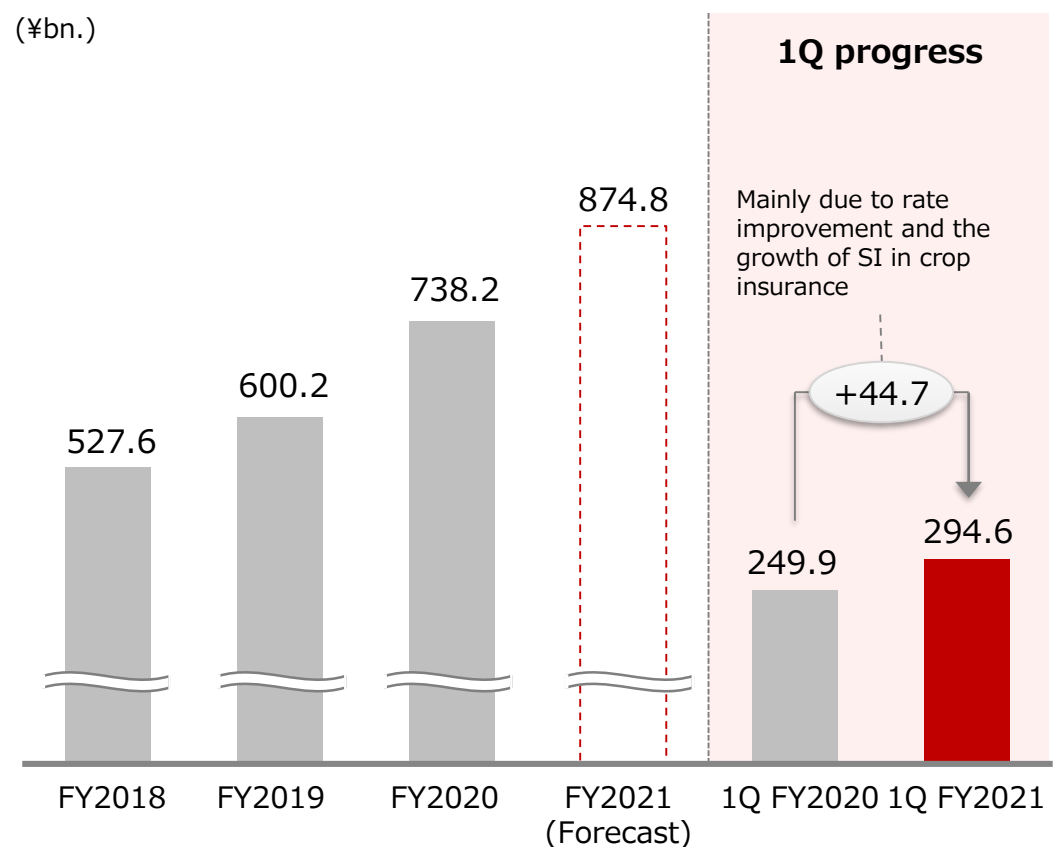
## Adjusted profit\*

(¥bn.)



## (Reference) Net premiums written\*

(¥bn.)



\* 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 Region

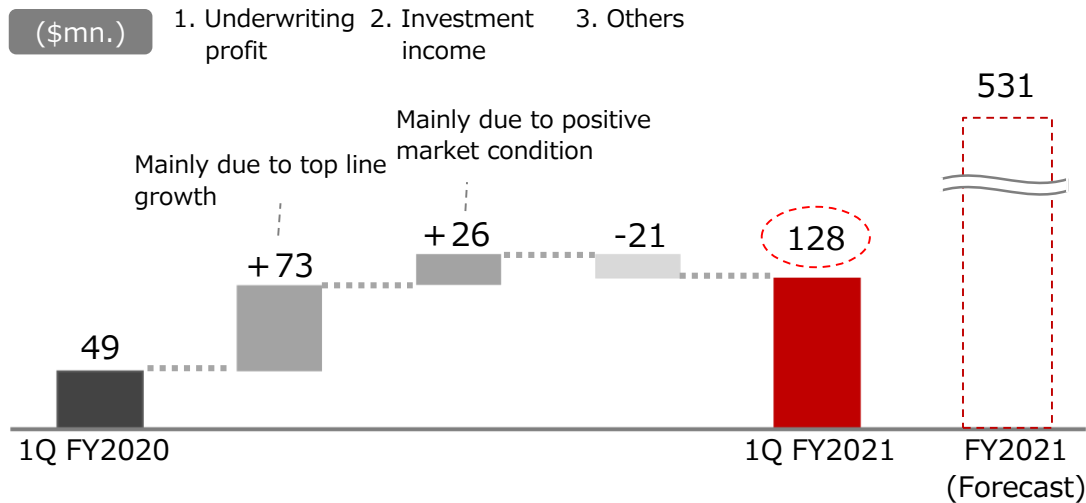
(¥bn.)		Net premiums written			Adjusted profit			Highlights of 1Q FY2021 results	(Reference) Exchange rate	
		1Q FY2021		FY2021	1Q FY2021		FY2021		Mar. 2021* <sup>2</sup> (YOY Change)	
		Actual	Change	Forecasts	Actual	Change	Forecasts			
North America & Europe	SI	268.3	+51.8	741.4	14.1	+8.8	58.8	Refer page P46	110.71 JPY/USD	(+1.7%)
Middle East	Sompo Sigorta (Turkey)	5.6	-3.0	29.3	1.4	-0.6	4.2	Top line decreased due to competitive environment in auto insurance. Adjusted profit decreased mainly due to an increase in accident in auto insurance and impact of local currency exchange rate.	13.27 JPY/TRY	(-19.7%)
Asia	Berjaya Sompo (Malaysia), etc.	10.4	+0.8	47.6	2.1	+0.7	5.1	Top line progressed steadily. Adjusted profit increased mainly due to improvement of loss ratio of Berjaya Sompo.	-	-
Latin America	Sompo Seguros (Brazil)	9.1	-5.1	49.9	-0.7	+0.0	-1.7	Top line decreased due to change of underwriting standard and reinsurance protection strategy. Adjusted profit remained flat against 1Q FY2020, partly due to an increase in accident in auto insurance.	19.17 JPY/BRL	(-8.5%)
Other (non-consolidated)* <sup>1</sup>		1.0	+0.2	6.5	0.1	-0.0	-0.0	-	-	-
Total		294.6	+44.7	874.8	17.1	+7.8	60.0	-	-	-

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

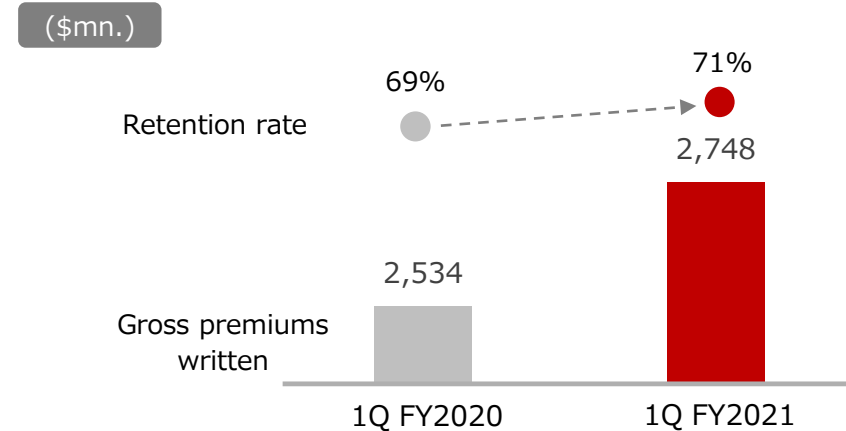
\*2 Exchange rate for forecasts for FY2021 : end of March 2021.

# (Reference) Overview of Business Results of SI

## Increase/decrease factors of adjusted profit

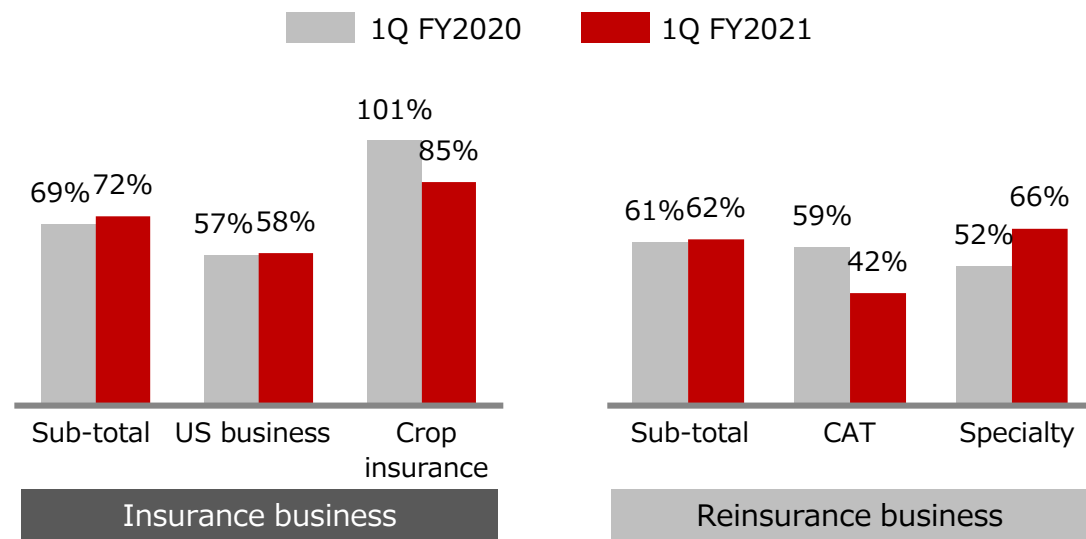


## Gross premiums written and retention rate\*1

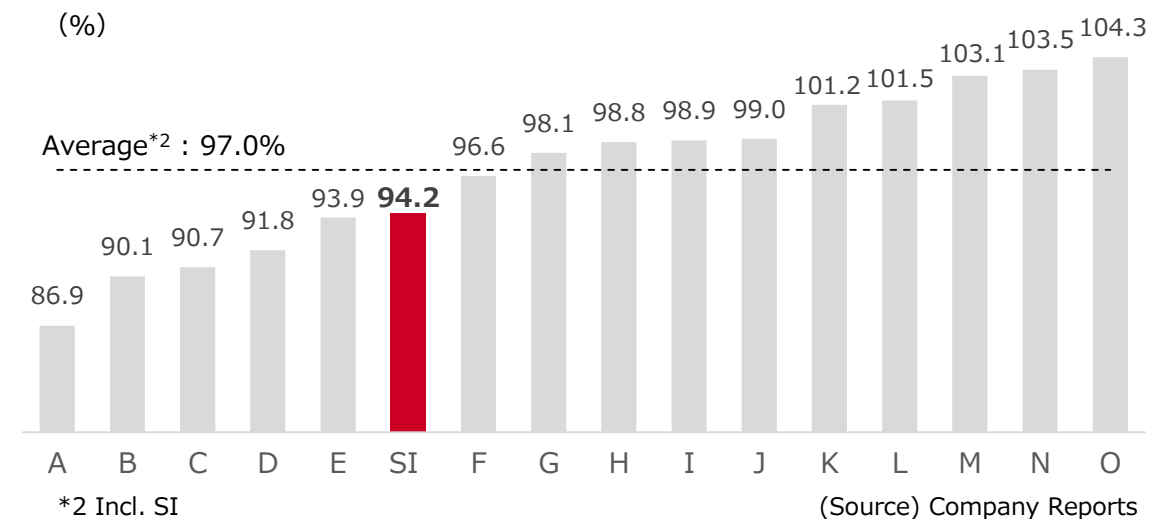


\*1 Excl. crop insurance (insurance business)

## Loss ratio (Main lines of business)



## (Reference) Peers Comparison (Combined ratio of 1Q FY2021)



# Performance Overview – Himawari Life

Announced on August 6th, 2021

- Adjusted profit increased by ¥1.5 billion to ¥9.4 billion, partly due to increase in policies of protection-type products.
- Annualized new premium increased steadily, centered on insurhealth® products.

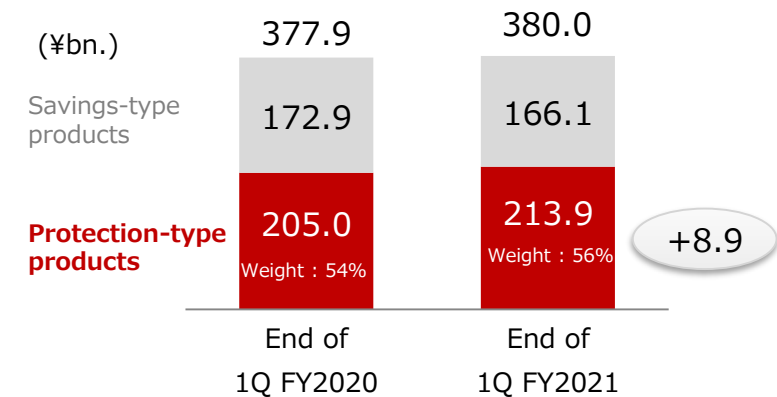
## Major indicators

(¥bn.)	1Q FY2020	1Q FY2021	Change		FY2021 (Forecasts)
Annualized new premium	4.2	6.5	+2.2	(+53.8%)	40.1
Premium and other income* <sup>1</sup>	104.6	105.1	+0.5	(+0.5%)	459.5
Provision for policy reserve, etc.* <sup>2</sup>	68.0	66.4	-1.6	(-2.4%)	301.5
Paid claims, etc.	18.6	18.9	+0.3	(+1.7%)	78.0
Expense	19.4	22.3	+2.8	(+14.8%)	102.5
Investment profit	12.1	12.4	+0.3	(+3.1%)	52.4
of which, general account	10.9	12.0	+1.1	(+10.0%)	47.5
Basic profit	8.8	8.7	-0.1	(-1.2%)	21.1
Ordinary profit* <sup>1</sup>	8.2	8.3	+0.1	(+1.8%)	20.1
Net income	5.1	5.0	-0.0	(-1.5%)	11.6
Adjusted profit	7.9	9.4	+1.5	(+19.8%)	32.5

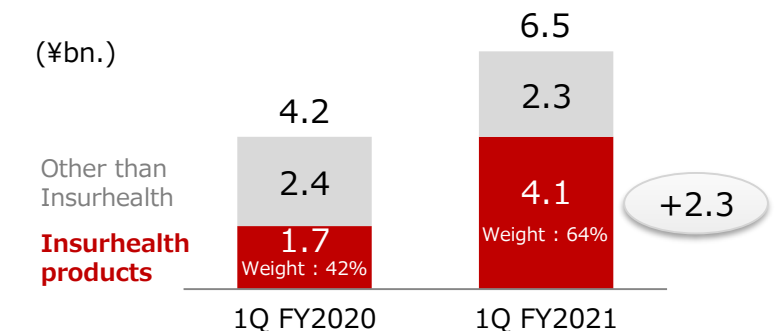
\*1 Figures based on legally required format for life insurance companies (which differs from the consolidated statement format).

\*2 Incl. the impact of cancellation refund, maturity insurance payment, survival benefits, pension & other refund, and gains or losses on investments in separate accounts

## (Reference) Annualized premium in force



## (Reference) Annualized new premium



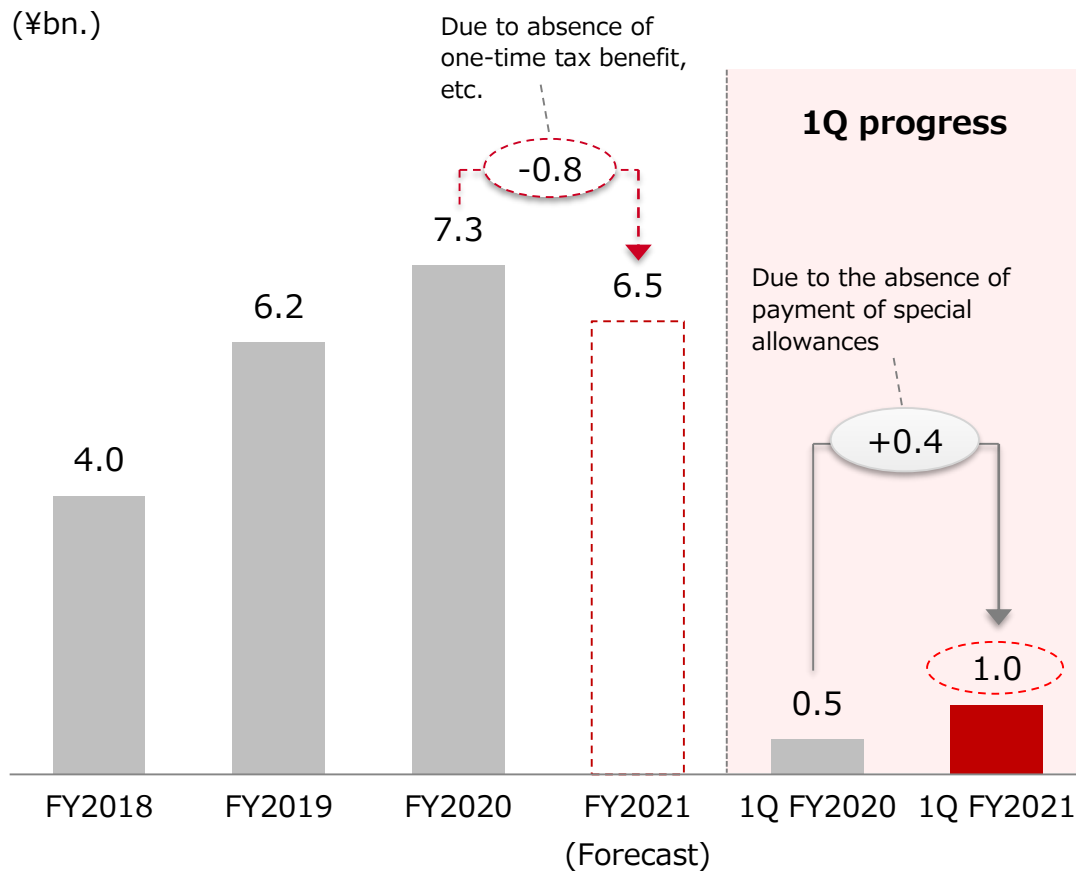
○ : Changes from 1Q FY2020



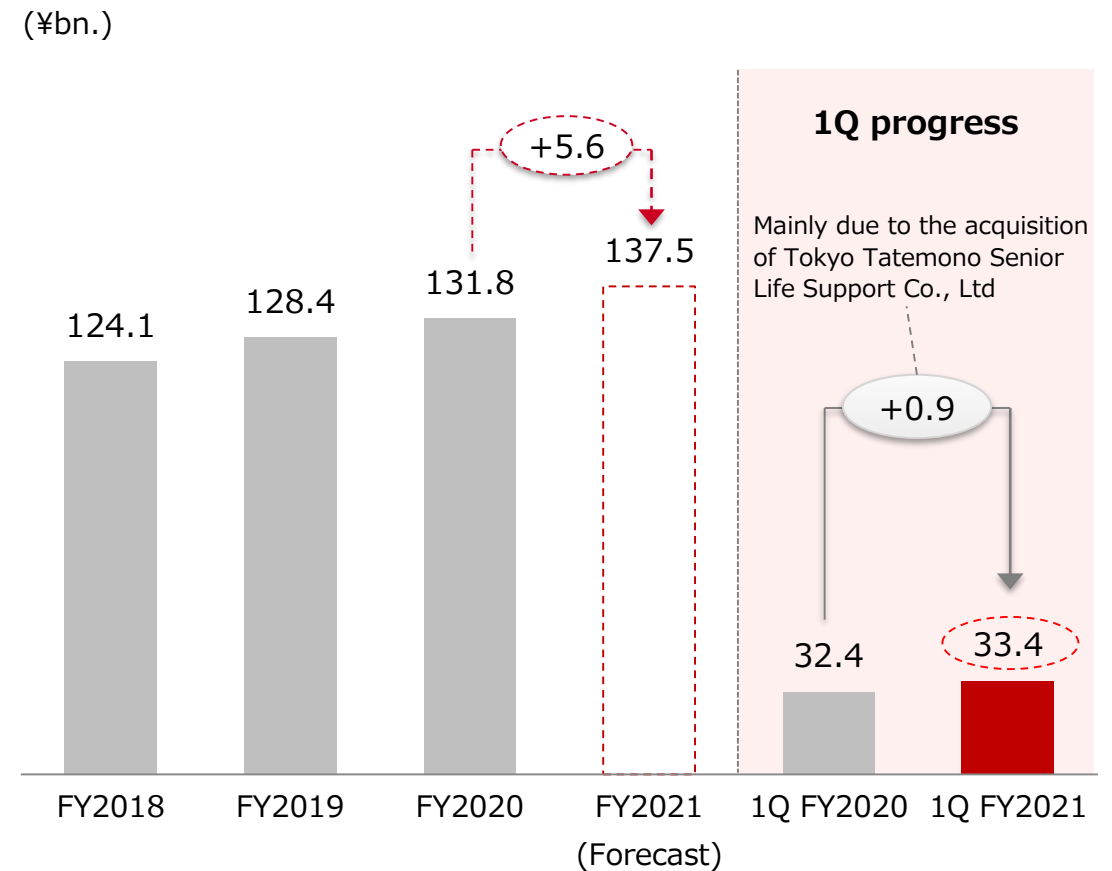
# Performance Overview – Nursing Care & Seniors

- Adjusted profit of SOMPO Care increased by ¥0.4 billion, partly due to the absence of payment of special allowances which was the case in 1Q FY2020.

## Adjusted profit of SOMPO Care



## Sales of SOMPO Care

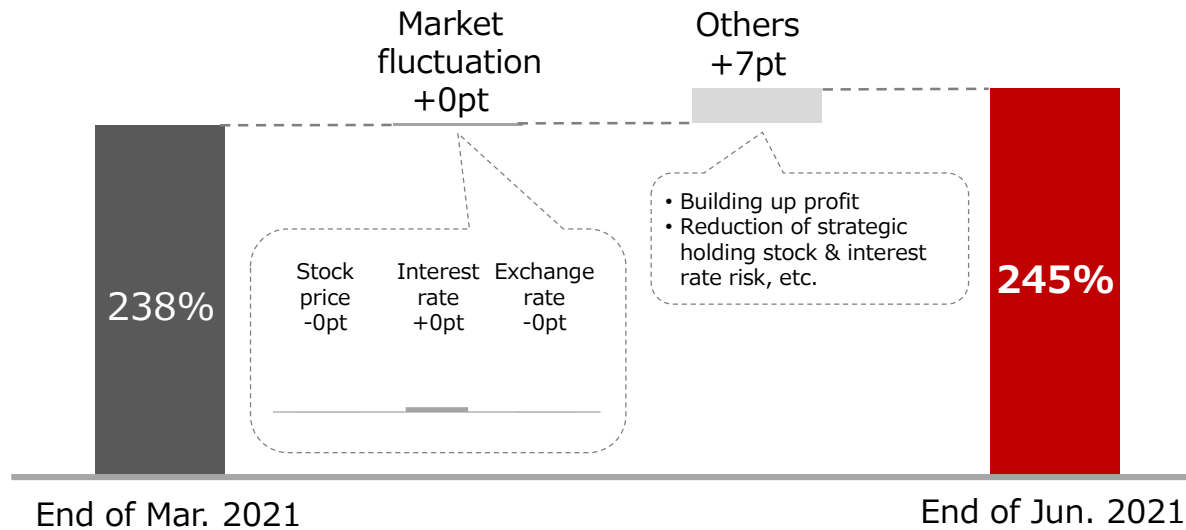


# Financial Soundness – ESR (99.5% VaR)

Announced on August 6th, 2021

- ESR (99.5%VaR) as of end of 1Q FY2021 was 245%, within our target range level.

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



\*1 In accordance with Solvency II

Target range is 200% to 270% (99.5VaR).

270% level : The level set based on capital efficiency (Adjusted consolidated ROE).

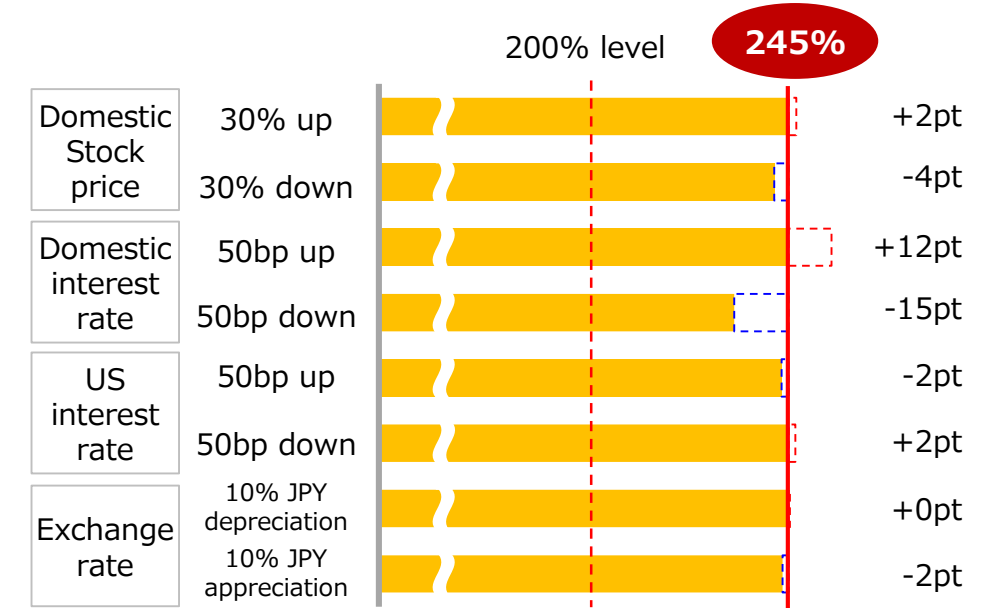
200% level : The level leading to stable financial soundness based on the result of stress test, etc.

### Typical actions in case of constant deviation from target range

<Over 270% level> Consider additional risk-take (investments in business expansion) and shareholder returns.

<Under 200% level> Execute a variety of measures to reduce risks, consider enhancing capital buffer by hybrid bond issuance, etc. and retain more earnings and others.

## Sensitivity of ESR (99.5%VaR)



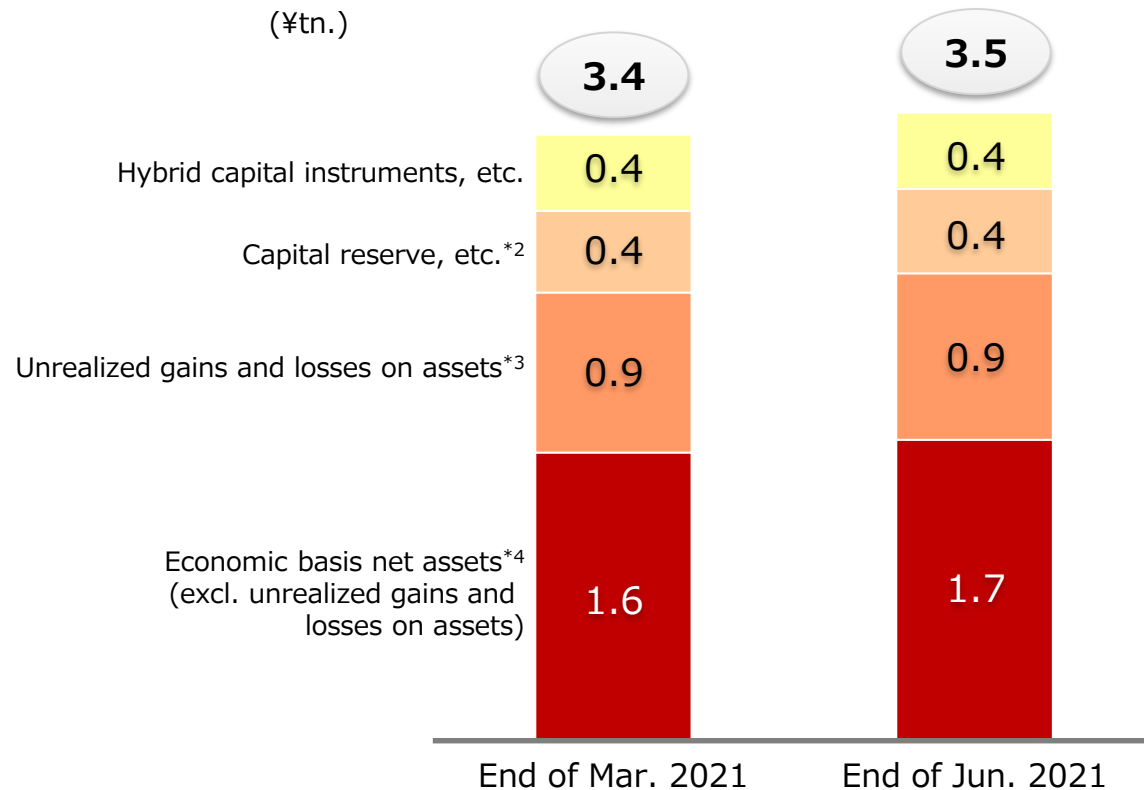
(Reference) Market indicators	End of Jun. 2021	(Change*2)
Domestic stock price (Nikkei 225)	¥28,791	(-1.3%)
Domestic interest rate (30y JGB)	0.69%	(+2bp)
US interest rate	1.47%	(-27bp)
Exchange rate (JPY/USD)	¥110.58	(-0.1%)

\*2 Against the end of Mar. 2021

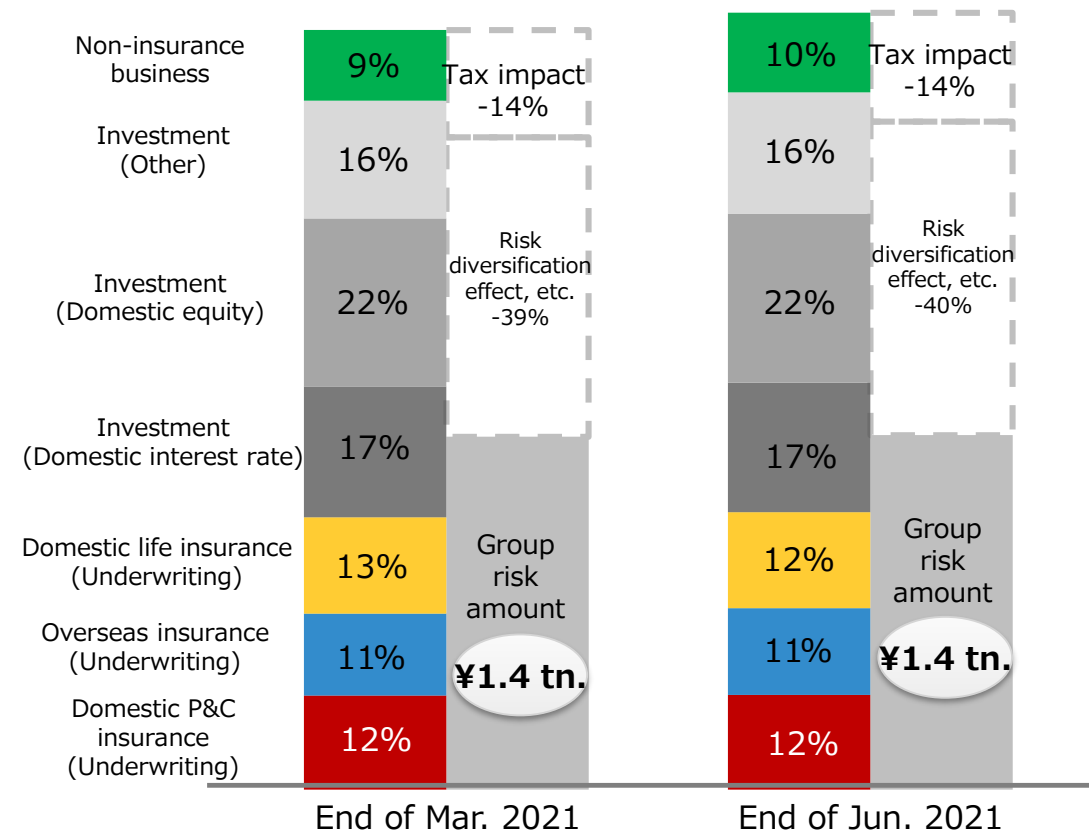
# (Reference) Breakdown of Adjusted Capital and Risk

Announced on August 6th, 2021

## Adjusted Capital\*1



## 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

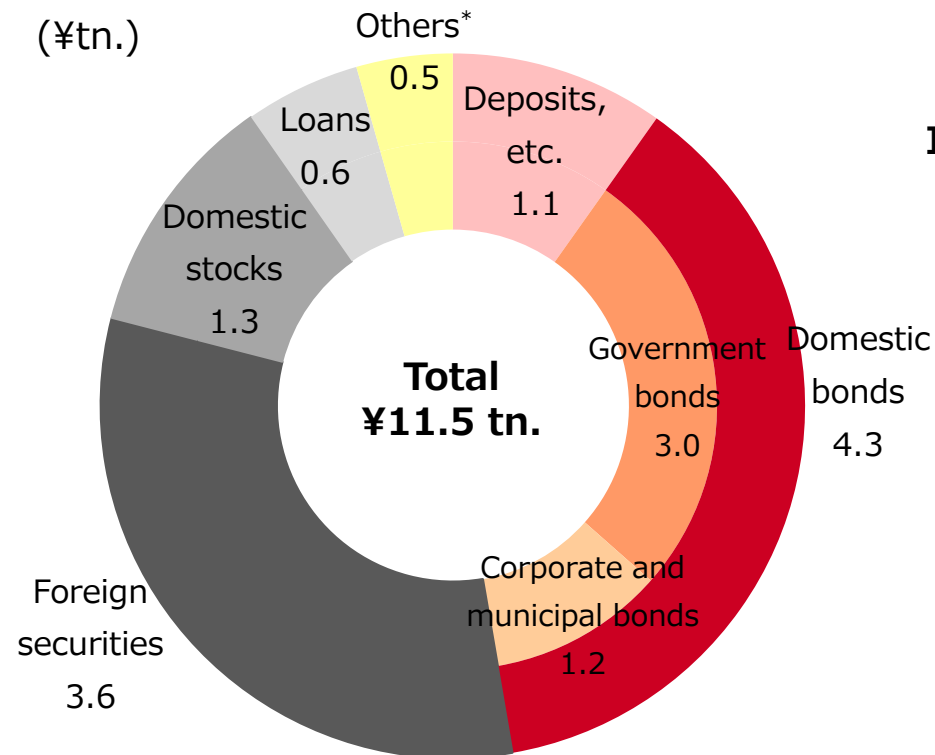
•Risk amount of each risk factor : Before reflecting risk diversification effect among risk factors and before-tax basis.

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

# Asset Portfolio – Group Consolidated

- Develops a stable portfolio centered on bonds considering liability, liquidity, creditworthiness and other characteristics.

## Amount of investment assets (as of end of June 2021, group consolidated basis)



## Investment assets by company

(¥bn.)

	Amount of investment assets	Composition
Sompo Japan	5,523.4	47.8%
Overseas subsidiaries	1,758.9	15.2%
Himawari Life (General account)	3,751.5	32.5%
Saison Automobile & Fire	66.0	0.6%
Other domestic subsidiaries	457.0	4.0%
<b>Total</b>	<b>11,556.9</b>	<b>100%</b>

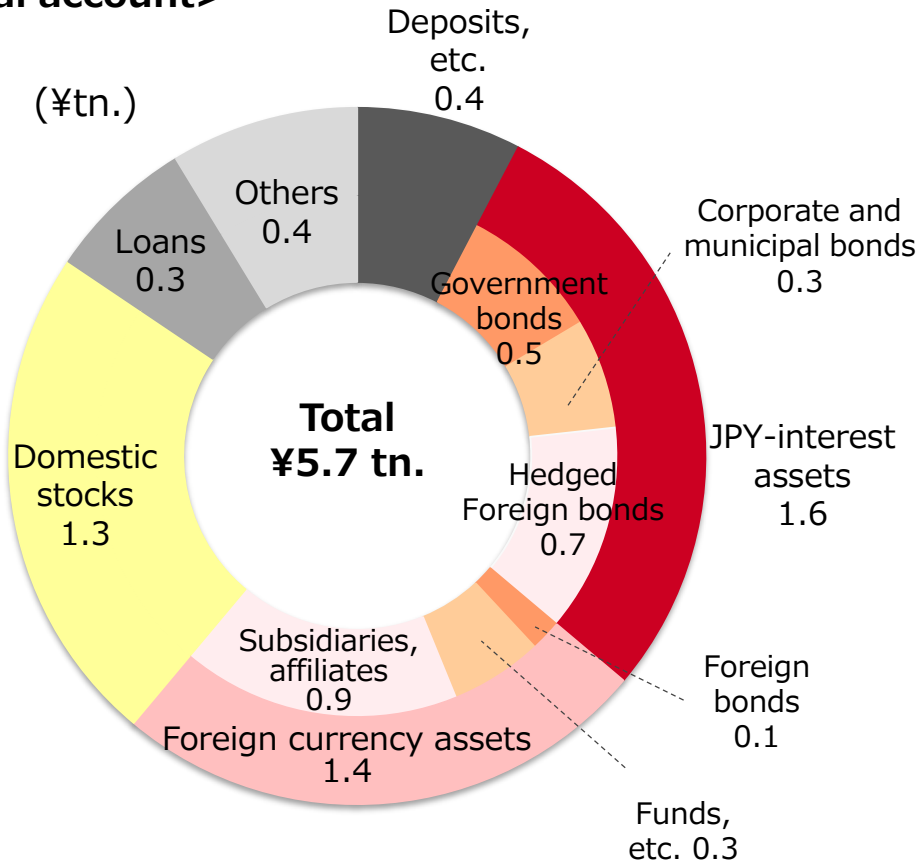
\* Others include lands, buildings and stocks of non-consolidated subsidiaries, etc.

# Asset Portfolio – Sompo Japan

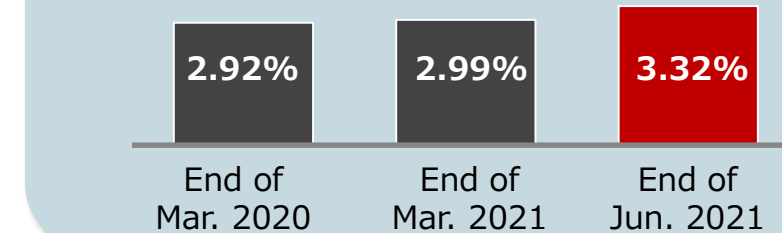
- Continues to manage the portfolio, emphasizing diversified investments and reduction of strategic-holding stocks

## Amount of investment assets (as of end of June 2021, Sompo Japan, non-consolidated)

### <General account>



### Trend of income yield\*1



### Composition of ratings\*2

Internal rating	Composition	Duration (years)	
		End of Mar. 2021	End of Jun. 2021
BBB or above	100%	Asset 8.2	7.9
BB or below	-	Liability 8.3	8.1

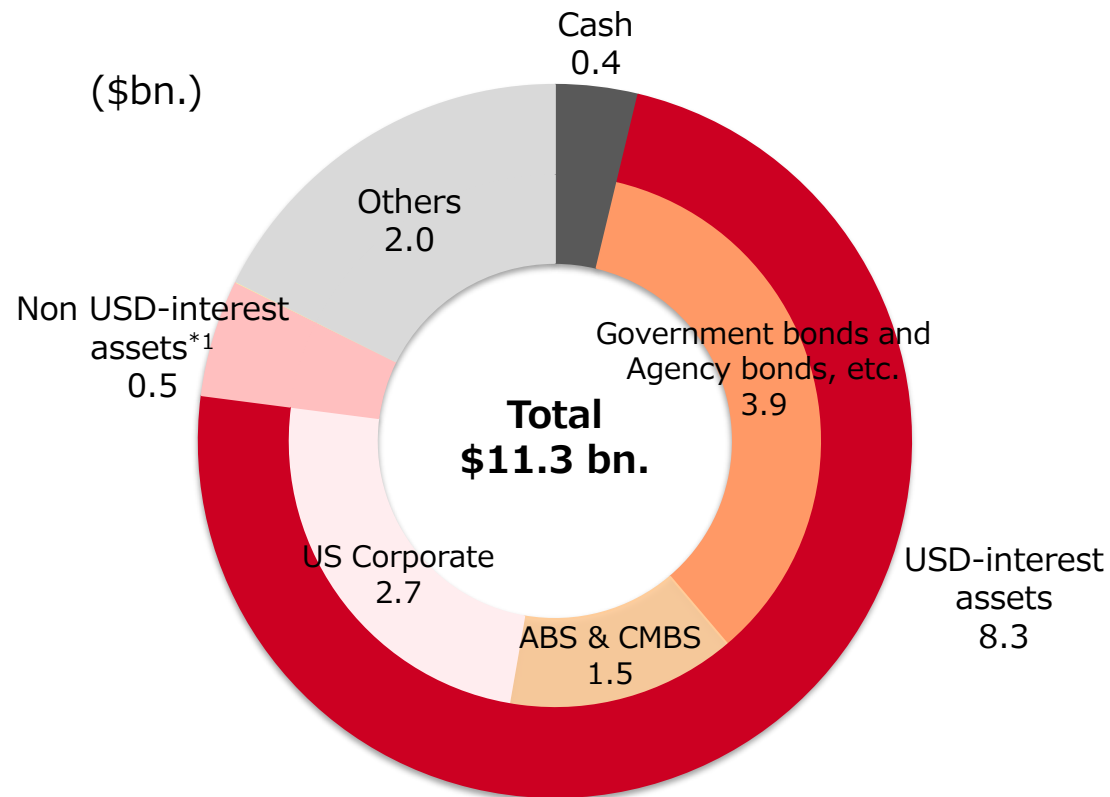
\*1 Excl. overseas subsidiaries' shares, etc.

\*2 Total of JPY-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 2021, SI, consolidated)



(Reference) Income yield\*2 at the end of March 2021 : 2.63%

### Composition of ratings\*2

Internal rating	Composition
BBB or above	90%
BB or below	10%

### Duration (years)

	End of Dec. 2020	End of Mar. 2021
Asset	2.9	3.2
Liability	3.4	3.1

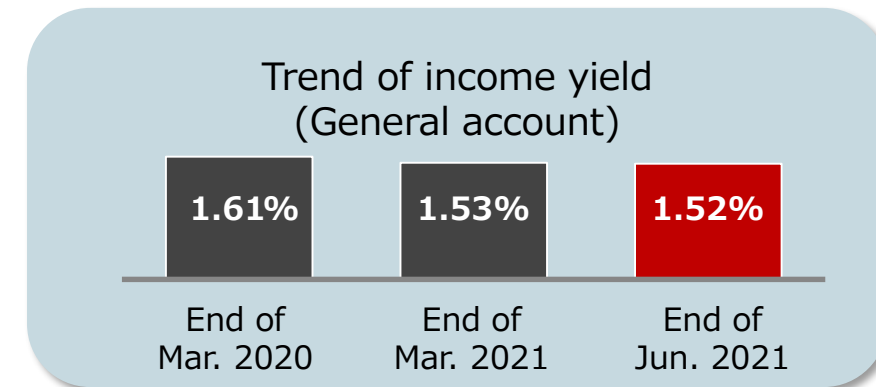
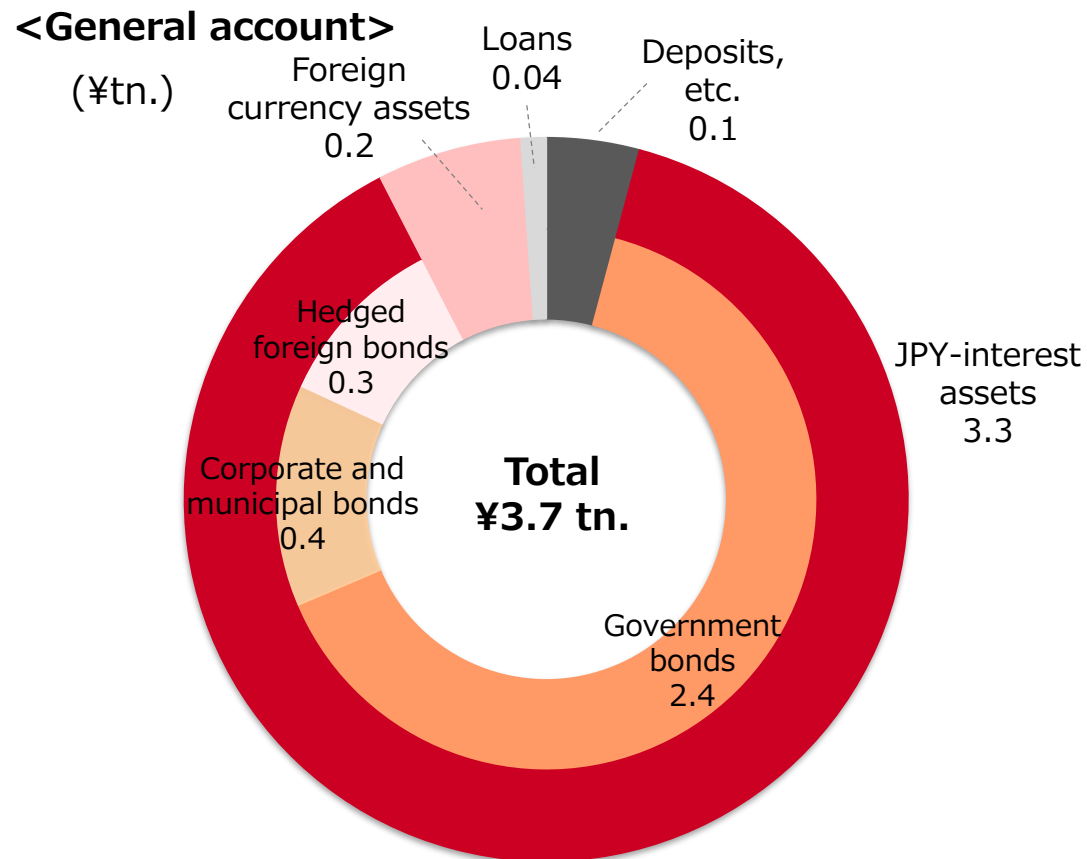
\*1 Incl. cash

\*2 Total of bond assets

# Asset Portfolio – Himawari Life

- Manages the portfolio which mainly consists of JPY-interest assets, emphasizing ALM.
- In light of the domestic low interest rate environment, consider allocation to corporate bonds, etc.

## Amount of investment assets (as of end of June 2021, Himawari Life, non-consolidated)



### Composition of ratings\*

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

### Duration (years)

	End of Mar. 2021	End of Jun. 2021
Asset	15	16
Liability	26	26

(Reference) Amount of separate account (End of Jun. 2021) : ¥24.9 bn.  
(mainly investment in domestic stocks and bonds in the separate account)

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

# (Reference) Numerical Management Targets, etc.

## Numerical management targets for plan

(¥bn.)	1Q FY2021		FY2021		FY2023	
	(Actual)	(Change)	(Forecasts)	(Segment ROE)* <sup>5</sup>	(Plan)* <sup>6</sup>	(Segment ROE)
Domestic P&C insurance	60.8	+6.9	105.0	8.0%	150.0+	11.4%
Overseas insurance	17.1	+7.8	60.0	7.9%	100.0+	11.6%
Domestic life insurance	9.4	+1.5	32.5	4.3%	40.0+	5.7%
Nursing care & seniors* <sup>3</sup>	1.0	+0.8	6.5	11.5%	8.0+	14.3%
Digital, etc.	0.2	+0.2	1.0	-	2.0+	-
<b>Total (Adjusted consolidated profit)</b>	<b>88.7</b>	<b>+17.4</b>	<b>205.0</b>	<b>-</b>	<b>300.0+</b>	<b>-</b>
<b>Adjusted consolidated ROE*<sup>4</sup></b>	<b>-</b>	<b>-</b>	<b>7.4%</b>	<b>-</b>	<b>10%+</b>	<b>-</b>
ROE (J-GAAP)	-	-	6.2%	-	-	-

## Definition of adjusted profit\*<sup>1</sup>

### 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

Operating Income\*<sup>2</sup>  
 Equity-method affiliates are in principle included as net income

### 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 costs (after tax)  
 - Depreciation of acquisition costs (after tax)  
 - Gains/losses on sales of securities and impairment losses on securities (after tax)

### Nursing care/seniors

### Healthcare, etc.

Net income

### Digital

Net income  
 - Gains/losses and impairment losses on investment (after tax)

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

\*<sup>2</sup> Operating income excluding one-time factors (= Net income - Net foreign exchange gains/losses - Net realized and unrealized gains/losses - Net impairment losses recognized in earnings, etc.)

\*<sup>3</sup> FY2020 nursing care & healthcare, etc., adjusted profit = Net income (excluding one-time factors)

\*<sup>4</sup> 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)

\*<sup>5</sup> ROE for each business = Adjusted profit for each business / Allocated capital for each business (Total consolidated net assets of the companies of each business or the required capital based on risk model. Average at the end/start of each fiscal year.)

Regarding the ROE for each business, it is not suitable to use for comparison between businesses since each business is defined differently based on its characteristics. The introduction of this aims to increase the probability of achieving the adjusted consolidated ROE and ROE targets for each business by monitoring the progress of each business.

\*<sup>6</sup> The plan is based on the assumption of organic growth. We will increase the probability of achieving the plan by adding ¥30.0 billion in profit through M&A to offset downside risks (¥30.0 billion) due to the impact of natural disasters and other factors beyond our expectations.



## 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



**Sompo Holdings, Inc.**

#### **Investor Relations Department**

Telephone : +81-3-3349-3913

E-Mail : [ir@sompo-hd.com](mailto:ir@sompo-hd.com)

URL : <https://www.sompo-hd.com/en/>