



**SOMPO  
HOLDINGS**

Innovation for Wellbeing

# Business Strategy

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November 26, 2015

Sompo Japan Nipponkoa Holdings, Inc.



# Key Points

- Adjusted consolidated profit is expected to exceed our target in FY2015, which is the final year of current mid-term management plan. Adjusted consolidated ROE is expected to be 7.6% and achieve our target (over 7%).
- During next mid-term management plan, we will establish the system needed as a group to provide security, health, and wellbeing to customers over the future in any environment while seeking to expand profits and enhance capital efficiency (ROE) further.

## Mid-term management plan

- Adjusted consolidated ROE is expected to achieve target of over 7% in FY2015. EPS steadily increases.
- During next mid-term management plan, we build a globally competitive group by allocating capital optimally to improve ROE. We evolve and reshape existing business model by seeking innovation in digital technology as a game-changing opportunity.

## ERM & Capital policy

- We utilize ERM (Strategic Risk Management) for overall managerial issues to improve capital efficiency further.
- Reduction of exposure of strategic-holding stocks has amounted to ¥707.5 billion since our business integration in FY2010.
- We enhanced shareholder return (e.g. we increased dividend for the 2nd consecutive years).

## Each business segment

- Adjusted combined ratio of Sompo Japan Nipponkoa drastically improved, and is expected to be 91.4% in FY2015.
- Himawari Life has favorable sales of medical insurance products, and plans to expand profit and size further over medium to long term.
- We consider overseas business an important growth field, and aim at M&A as well as organic growth.
- We position nursing care & healthcare business as a core business, and aim to become the best customer provider for security, health, and wellbeing.

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1. Current mid-term management plan

2. Next mid-term management plan (image)

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3. Trend of business results

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4. Domestic P&C insurance

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5. Domestic life insurance

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6. Overseas insurance

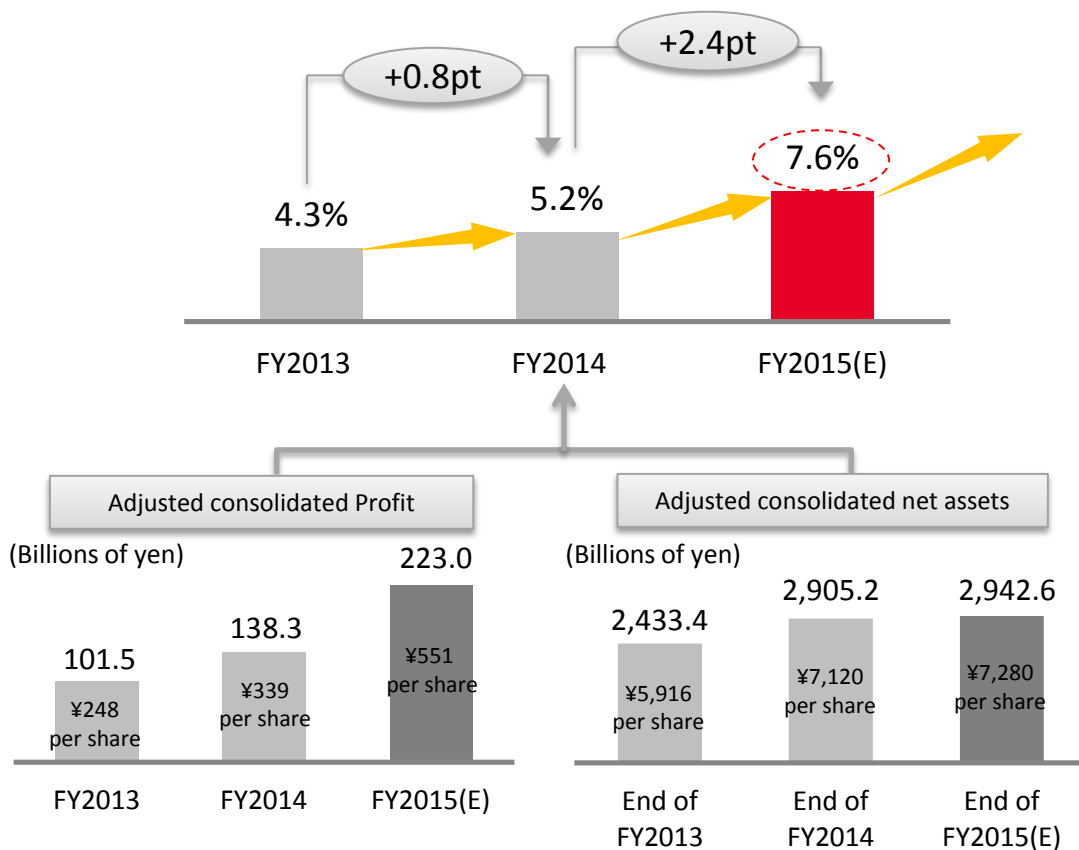
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7. ERM & Capital policy

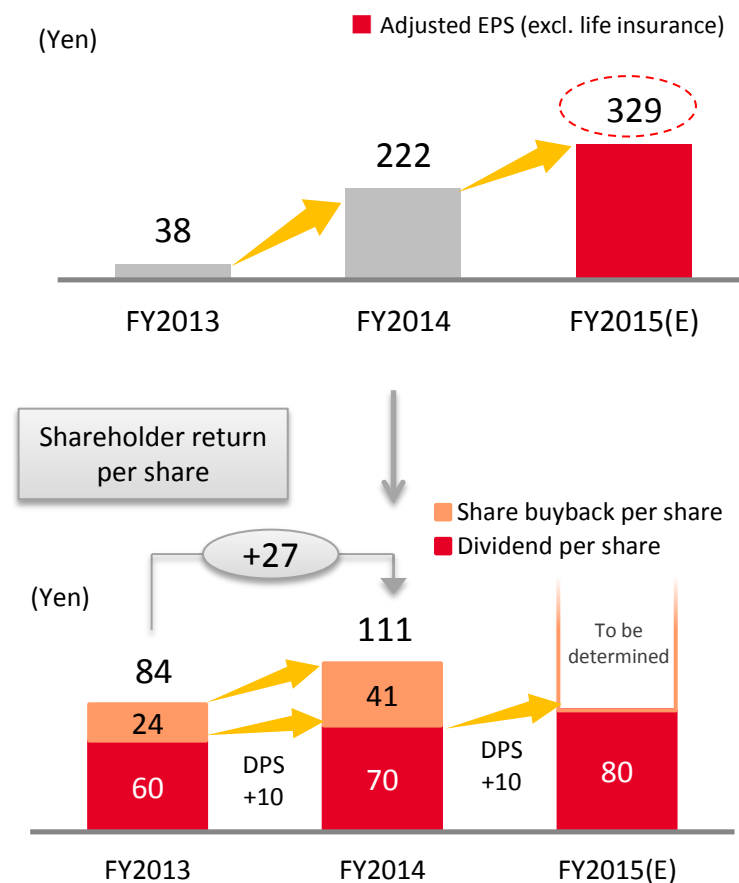
## Group's Key Indicator

- ◆ Adjusted consolidated ROE steadily improved by earnings growth, and we aim to improve it further.
- ◆ As adjusted EPS (excluding life) is increasing, shareholder return per share is on increasing trend.

### Adjusted consolidated ROE



### Adjusted EPS and shareholder return per share



\* See page 8 about the definitions of adjusted consolidated ROE, adjusted consolidated profit, and adjusted consolidated net assets.

# Forecast for the Final Year of Mid-Term Management Plan

- ◆ Mid-term management plan steadily progressed.
- ◆ Both adjusted consolidated profit and adjusted consolidated ROE are expected to be achieved.

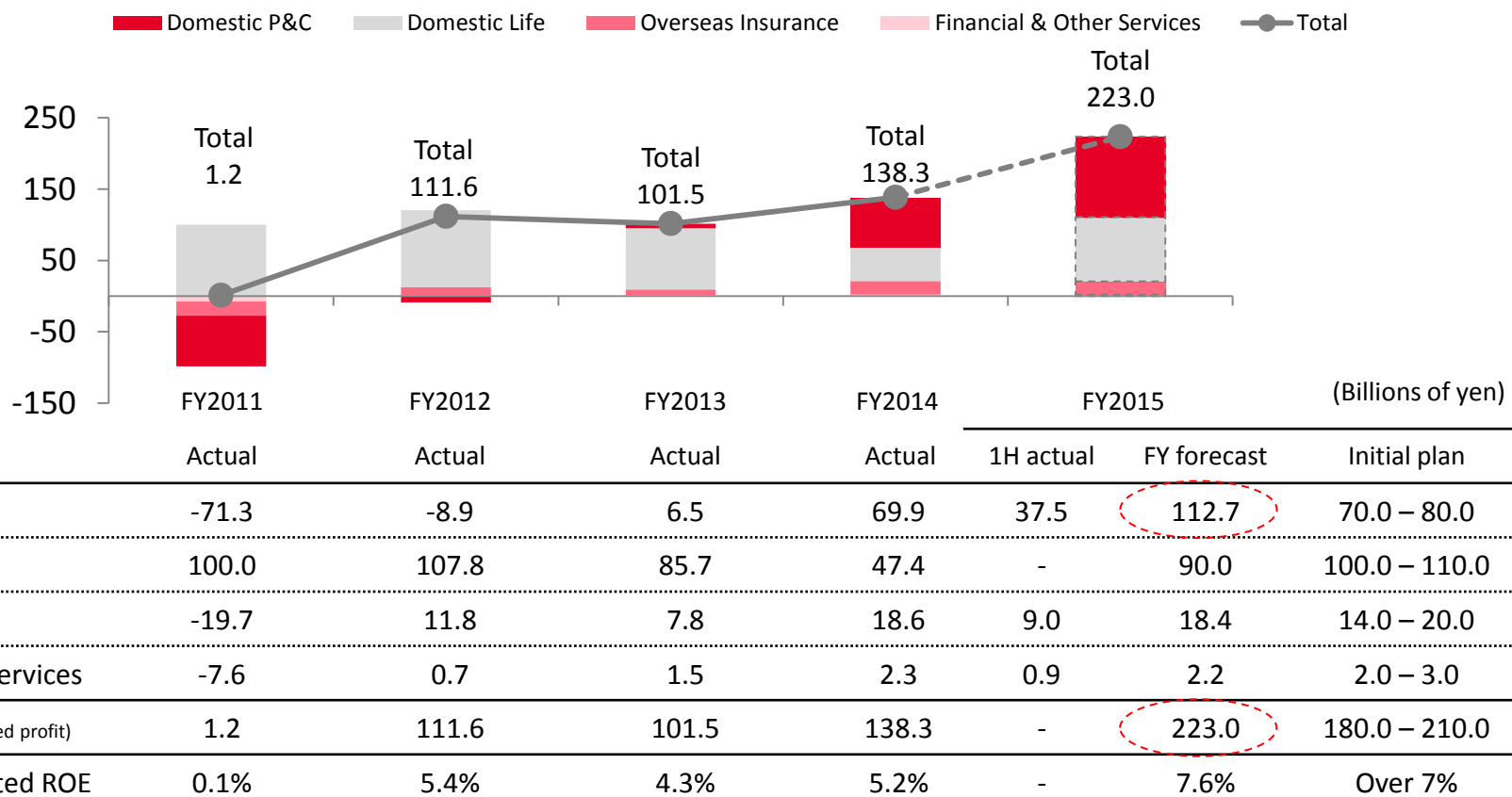
Initial plan of current mid-term management plan		Target (Announced in Nov. 2012)	FY2015 Forecasts	Prospects as of end of 1H FY2015
Group	Improve profitability of domestic P&C, and allocate resources to growth fields.	Adjusted profit ¥180 – 210 bn. 〔 Adjusted ROE Over 7% 〕	<b>Adjusted profit ¥223.0 bn. 〔 Adjusted ROE 7.6% 〕</b>	Expect to achieve both adjusted consolidated profit and adjusted consolidated ROE.
Domestic P&C	Efficiency & Profitability <ul style="list-style-type: none"> <li>• Synergies through the merger</li> <li>• Improvement of profitability of automobile insurance</li> </ul>	¥70 – 80 bn.	¥112.7 bn.	Expect to significantly exceed the target. <ul style="list-style-type: none"> <li>• Achieved improved efficiency through the merger.</li> <li>• Improved combined ratio of voluntary automobile insurance drastically.</li> </ul>
Domestic life	Growth & MCEV expansion <ul style="list-style-type: none"> <li>• Focus on protection-type products</li> <li>• Utilize P&amp;C sales channel</li> </ul>	¥100 – 110 bn.	¥90.0 bn.	FY2015 forecast associated with low interest rate, etc. <ul style="list-style-type: none"> <li>• Sales of mainstay medical insurance products was favorable.</li> <li>• Policies in force and MCEV steadily increased.</li> </ul>
Overseas insurance	Earnings growth <ul style="list-style-type: none"> <li>• Clarify target areas, etc.</li> <li>• Increase profits by selective investments</li> </ul>	¥14 – 20 bn.	¥18.4 bn.	Expect to achieve the target. <ul style="list-style-type: none"> <li>• Both organic growth and M&amp;A steadily contributed.</li> </ul>
Financial & other services	Actively develop new products and services	¥2 – 3 bn.	¥2.2 bn.	Expect to achieve the target. <ul style="list-style-type: none"> <li>• Developed businesses mainly that have affinity with insurance business.</li> </ul>

## Progress of Numerical Targets

◆ Achieved drastic improvement due to improving profitability of domestic P&C insurance business.

### Progress of adjusted consolidated profit and adjusted consolidated ROE

(Billions of yen)



\* Special factors, such as extraordinary losses related to the merger and impact of corporate income tax reduction, are excluded to calculate adjusted profit.

The amounts after tax are ¥17.6 billion in FY2012, ¥26.7 billion in FY2013, ¥80.0 billion in FY2014, and ¥3.7 billion in FY2015.

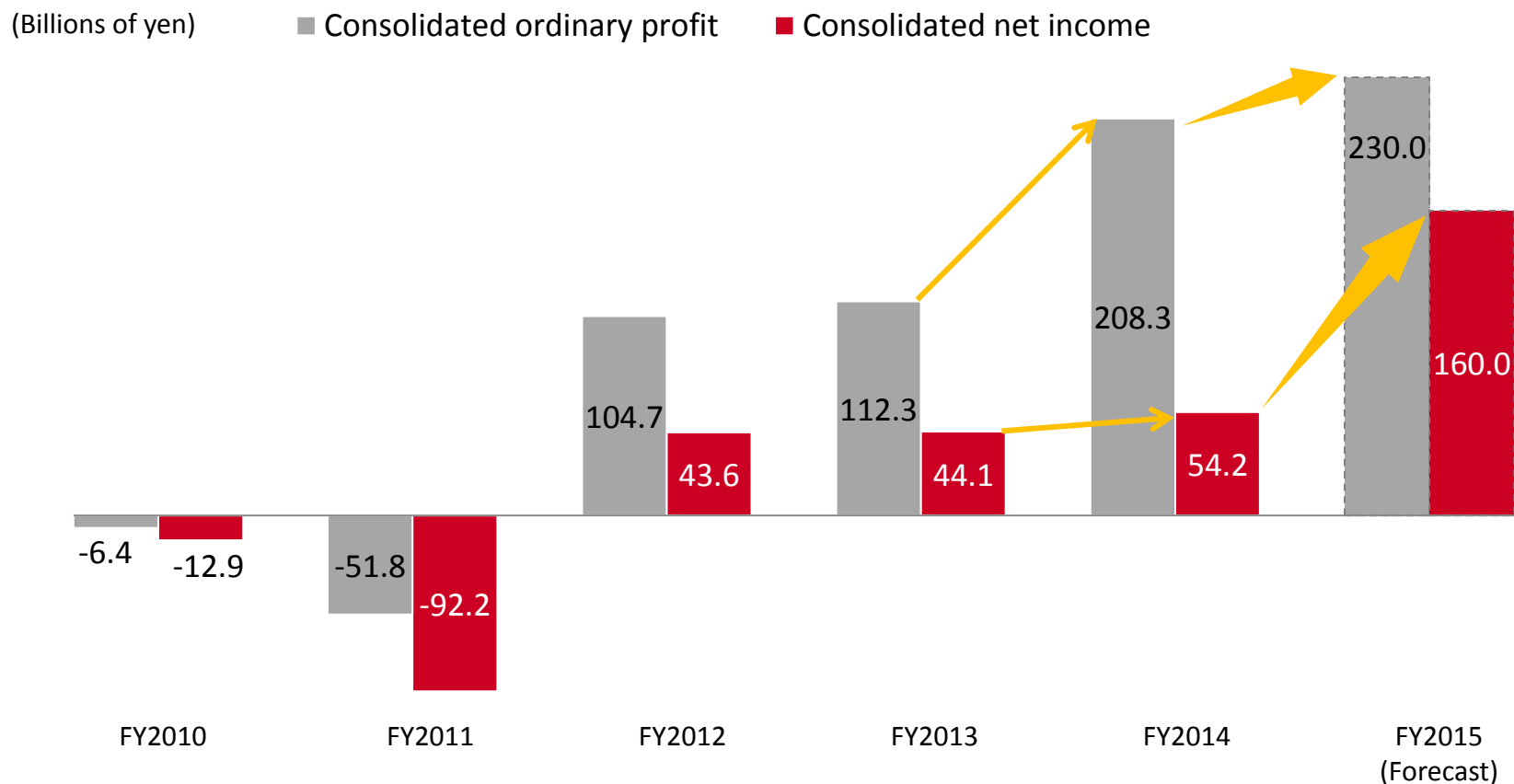
\* Saison Automobile & Fire and Sonpo 24 were classified as financial and other services in FY2011.

\* Definitions of adjusted consolidated profit and adjusted consolidated ROE are shown on page 8.

## J-GAAP Performance

- ◆ Consolidated ordinary profit keeps on improving trend. Consolidated net income is expected to improve significantly to ¥160 billion in FY2015.

### Trends of consolidated ordinary profit and net income



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

# (Reference) Numerical Management Targets

(Billions of yen)		FY2013	FY2014	FY2015		
		(Actual)	(Actual)	(1H Actual)	(Forecast)	(Plan)
Domestic P&C insurance* <sup>1</sup>	Adjusted profit	6.5	69.9	37.5	112.7	70.0 - 80.0
Sompo Japan Nipponkoa* <sup>2</sup>	Net premiums written	2,082.1	2,181.3	1,140.6	2,220.9	2,040.0
	(excl. CALI)	1,783.9	1,876.0	982.2	1,918.6	1,740.0
	Loss ratio	65.7%	65.6%	59.3%	63.0%	65.6%
	(excl. CALI/Fin. Guarantee)	62.7%	63.2%	56.3%	60.1%	62.8%
	Net expense ratio	32.2%	31.8%	31.7%	31.4%	30.6%
	(excl. CALI)	34.2%	33.6%	33.5%	33.2%	32.6%
	Combined ratio	97.9%	97.4%	91.0%	94.4%	96.2%
	(excl. CALI/Fin. Guarantee)	96.9%	96.8%	89.8%	93.3%	95.3%
Domestic life insurance	Growth in embedded value (EV)	85.7	47.4	-	90.0	100.0 - 110.0
Overseas insurance	Net income	7.8	18.6	9.0	18.4	14.0 - 20.0
Financial & other services	Net income	1.5	2.3	0.9	2.2	2.0 - 3.0
Group total	Adjusted consolidated profit	101.5	138.3	-	223.0	180.0 - 210.0
Adjusted consolidated ROE* <sup>3</sup>		4.3%	5.2%	-	7.6%	Over 7%

## Definition of adjusted profit

### Domestic P&C insurance\*<sup>1</sup>

Net income  
+ Provisions for catastrophic loss reserve (after tax)  
+ Provisions for reserve for price fluctuation (after tax)  
- Gains/losses on sales of securities and impairment losses on securities (after tax)  
- Special factors

### Domestic life insurance

Growth in embedded value (EV)  
- Capital transactions such as equity issuance  
- Changes in EV attributable to fluctuation of interest rates, etc.

### Overseas insurance

Net income

### Financial and other services

Net income

\*1 Total of Sompo Japan Nipponkoa, Sonpo 24, and Saison Automobile & Fire (non-consolidated).

\*2 The figures prior to September 1, 2014 are the sum of Sompo Japan and Nipponkoa. (The same shall apply hereafter.)

\*3 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 (after tax) + Reserve for price fluctuation (after tax) + Life insurance subsidiary's EV

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1. Current mid-term management plan

2. Next mid-term management plan (image)

3. Trend of business results

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4. Domestic P&C insurance

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5. Domestic life insurance

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6. Overseas insurance

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7. ERM & Capital policy

# Direction of Next Mid-term Management Plan

- ◆ We will establish the system needed as a group to provide security, health, and wellbeing to customers over the future in any environment while seeking to expand profits and enhance capital efficiency (ROE) further.

## External environment and our strategies

### VUCA world

Decreasing population in Japan  
Advancement of digital technologies

### Mid-term strategies

- World's top level of business efficiency
- Optimization of business portfolio
- Utilization of digital technologies

## Our vision

Build a globally competitive organization.

Evolve into the best customer service provider.

• Earn top 10 profit among global listed insurance companies.

• Achieve more than 10% ROE.

• Expand service businesses with high growth and capital efficiency.

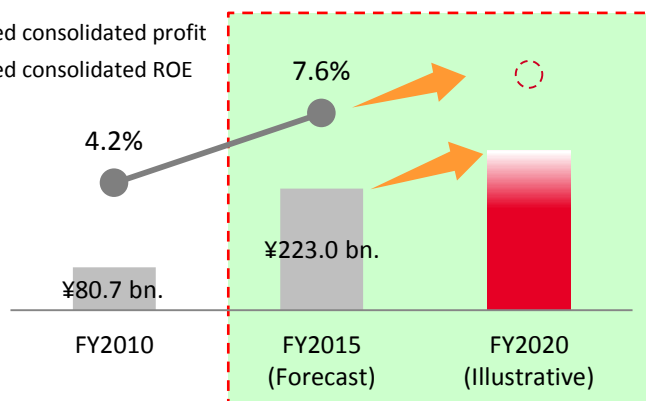
• Establish SOMPO brand mainly in P&C, life, and nursing care & healthcare.

※VUCA stands for Volatility, Uncertainty, Complexity, and Ambiguity. (It is often cited by business leaders at international conferences, etc.)

## Numerical targets (direction)

### [Improvement of profit and ROE (illustrative)]

■ adjusted consolidated profit  
● adjusted consolidated ROE



### Profit

Increase profit steadily to a level befitting a globally competitive player.

### Capital efficiency (ROE)

Improve capital efficiency by allocating capital optimally.

### Shareholder return

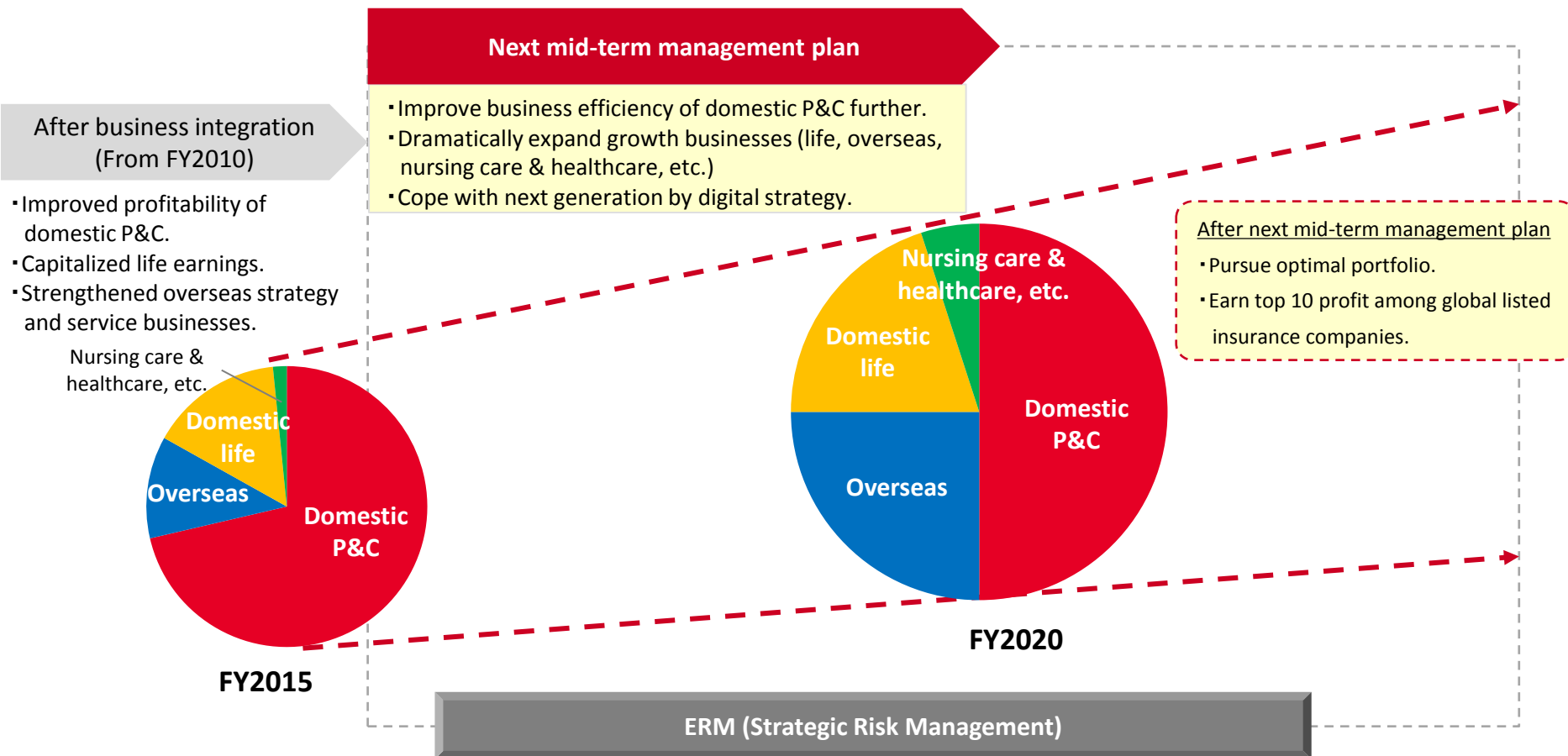
Provide attractive shareholder returns commensurate with the levels of profit and capital. (Consider making profit of life insurance available for shareholder returns, etc.)

\* Definitions of earnings indicator and other targets for next mid-term management plan are currently under consideration.

# Reform of Business Portfolio

- ◆ Build a well-balanced business portfolio that has a high capital efficiency, and maximizes the risk diversification effect.

## Reform of business portfolio (illustrative)



# Business Strategies to Achieve Our Vision

- ◆ Gather all resources in our group, and improve capital efficiency further by appropriate capital allocation, keeping financial soundness.

## Group management strategies

### SOMPO Holdings

- Build a globally competitive group by optimal capital allocation and cash management to improve ROE (ROR).
- Evolve and reshape existing business model by seeking innovation in digital technology as a game-changing opportunity.

### ERM & Capital policy

#### Keep financial soundness and appropriately allocate capital.

- Regard ERM as foundation of group management (continuous reduction of strategic-holding stocks, risk management of natural disasters by appropriate pricing strategy and reinsurance policy, etc.)
- Expand capital allocation to more growing area with high capital efficiency.
- Achieve attractive shareholder return as earnings grows and capital base is stabilized.

CFO  
CRO  
CIO  
.  
.

#### Domestic P&C insurance

Risk Owner

#### Achieve global top level business efficiency.

- Enhance development capability and reduce costs by reforming mainstay system.
- Minimize sales administration by reforming business model.

#### Domestic life insurance

Risk Owner

#### Double policies in force and earnings level.

- Keep launching new products and services.
- Refine our business model on the key theme of customers' health by utilizing ICT.

#### Nursing care & healthcare, etc.

Risk Owner

#### Enter one of a few growing markets and provide the highest quality of service.

- Expand nursing care & healthcare, which is one of a few growing markets in Japan.
- Increase customers by providing services of the highest quality.

#### Overseas insurance

Risk Owner

#### Drastically increase profit and diversify risks.

- Conduct selective investments by capital released from reduction of strategic-holding stocks.
- Achieve organic growth more than market average.

### Digital strategy

#### Proactively utilize digital technologies to continue providing the best service in next generation.

- Improve efficiency of operation, reduce costs by taking advantage of digital technologies, and strengthen customer contact.
- Develop innovative products and services by actively utilizing advanced technologies, such as big data or artificial intelligence.

Corporate governance

Personnel capability

Brand

CSR

Compliance

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1. Current mid-term management plan

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2. Next mid-term management plan (image)

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3. Trend of business results

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4. Domestic P&C insurance

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5. Domestic life insurance

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6. Overseas insurance

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7. ERM & Capital policy

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## Summary of 1H FY2015 Results

- Profitability of domestic P&C insurance keeps improving. In 1H FY2015, while consolidated ordinary profit decreased due to impact of domestic natural disasters, consolidated net income increased by ¥13.1 billion to ¥28.5 billion in the absence of one-time merger costs.
  - We keep the bottom-line of our business forecasts for FY2015, consolidated ordinary profit of ¥230 billion (+¥21.6 billion) and consolidated net income of ¥160 billion (+¥105.7 billion).
- 
- Combined ratio of Sompo Japan Nipponkoa in 1H FY2015 was 89.8% (excluding CALI and household earthquake).
  - While incurred losses for natural disasters, such as Typhoon No.15, increased, the impact on full-year earnings is limited.
  - As for domestic life insurance, sales of medical insurance products keeps favorable. Profit level is steady against the full-year business forecast.
  - In overseas business there was impact of one-time big claims, but progress was basically steady.
  - We have steadily reduced strategic-holding stocks (¥42.6 billion reduction in 1H FY2015), and achieved over ¥700 billion reduction since the business integration in FY2010.
  - We increased interim dividend per share by ¥10 to ¥40.

## Overview of 1H FY2015 Results – Consolidated basis

- ◆ Top-line steadily increased. While consolidated ordinary profit has decreased in 1H FY2015 mainly due to impact of natural disasters, such as Typhoon No. 15, we keep the full-year business forecast of ¥230 billion consolidated ordinary profit and ¥160 billion consolidated net income in FY2015.

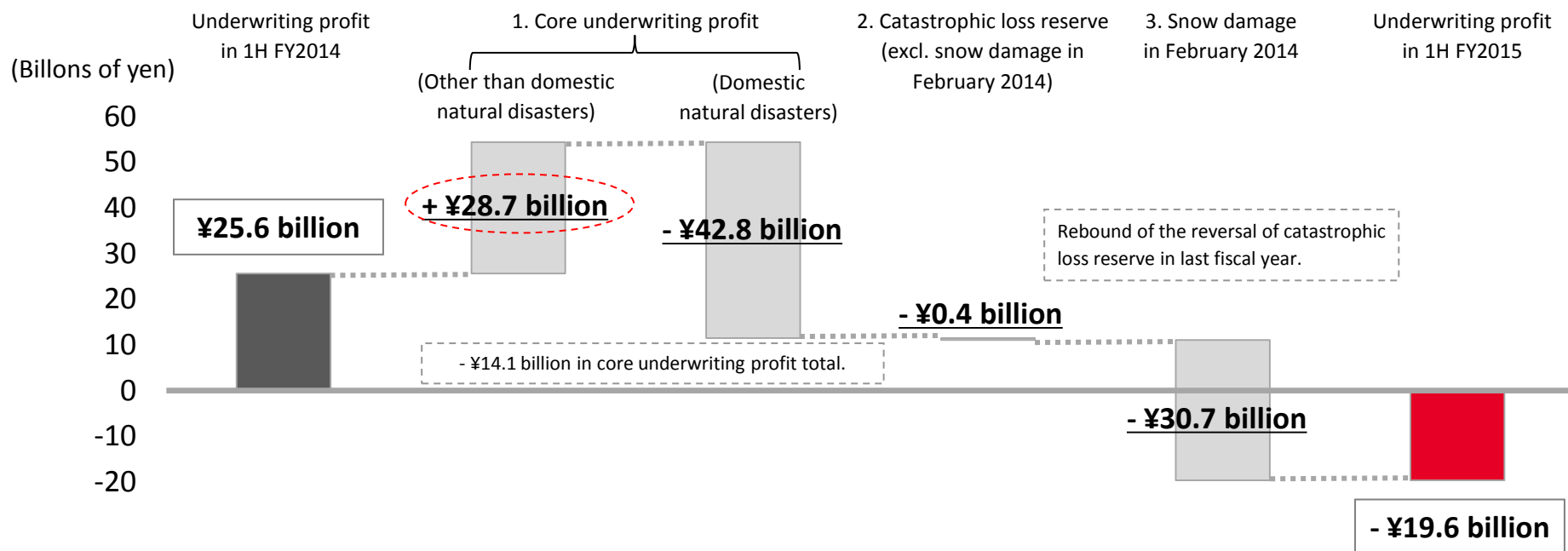
(Billions of yen)	1H FY2014	1H FY2015	Change	FY2015 (Forecast)
Consolidated ordinary income	1,606.2	1,675.7	+69.4 (+4.3%)	-
Net premiums written (P&C)	1,244.4	1,330.5	+86.0 (+6.9%)	2,581.0
Life insurance premiums	134.3	143.6	+9.3 (+6.9%)	277.0
Consolidated ordinary profit	103.9	43.5	-60.4	230.0
Sompo Japan Nipponkoa	97.4	20.1	-77.2	178.0
Himawari Life	12.6	9.5	-3.0	15.9
Overseas insurance subsidiaries	7.6	11.3	+3.7	24.3
Consolidated adjustment <sup>*1</sup> /Others	-13.7	2.4	+16.2	11.7
Consolidated net income	15.4	28.5	+13.1	160.0
Sompo Japan Nipponkoa	11.6	8.8	-2.8	126.0
Himawari Life	7.9	6.3	-1.6	10.2
Overseas insurance subsidiaries	6.5	9.2	+2.6	18.7
Consolidated adjustment <sup>*1</sup> /Others	-10.7	4.1	+14.9	4.9
(Reference ) Adjusted profit (by business segment)	-	-	-	223.0
Domestic P&C insurance	43.5	37.5	-5.9	112.7
Domestic life insurance	-	-	-	90.0
Overseas insurance	6.3	9.0	+2.6	18.4
Financial & other services	0.6	0.9	+0.2	2.2

<sup>\*1</sup> "Purchase method" accounting was adopted upon the establishment of Sompo Japan Nipponkoa Holdings (the former NKSJ Holdings). In the consolidated accounts of the holdings, assets and liabilities of the former Nipponkoa and some group companies were acquired and carried on the balance sheet at fair value at the time of business integration. (This gave rise to a difference between the carrying amount in the non-consolidated accounts of Sompo Japan Nipponkoa and some group companies, and the carrying amount in consolidated accounts of the holdings.) Therefore, realized gains/losses, etc. of Sompo Japan Nipponkoa must be adjusted, and this adjustment is included in the above "consolidated adjustment."

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

- ◆ Regardless of impact of natural disasters, core underwriting profit excluding domestic natural disasters increased, and fundamental profitability continued to improve.

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



	1. Core underwriting profit	2. Catastrophic loss reserve	3. Snow damage in February 2014
1H FY2014 Actual	¥37.7 billion	- ¥40.5 billion	¥28.4 billion
1H FY2015 Actual	¥23.6 billion	- ¥40.9 billion	- ¥2.3 billion

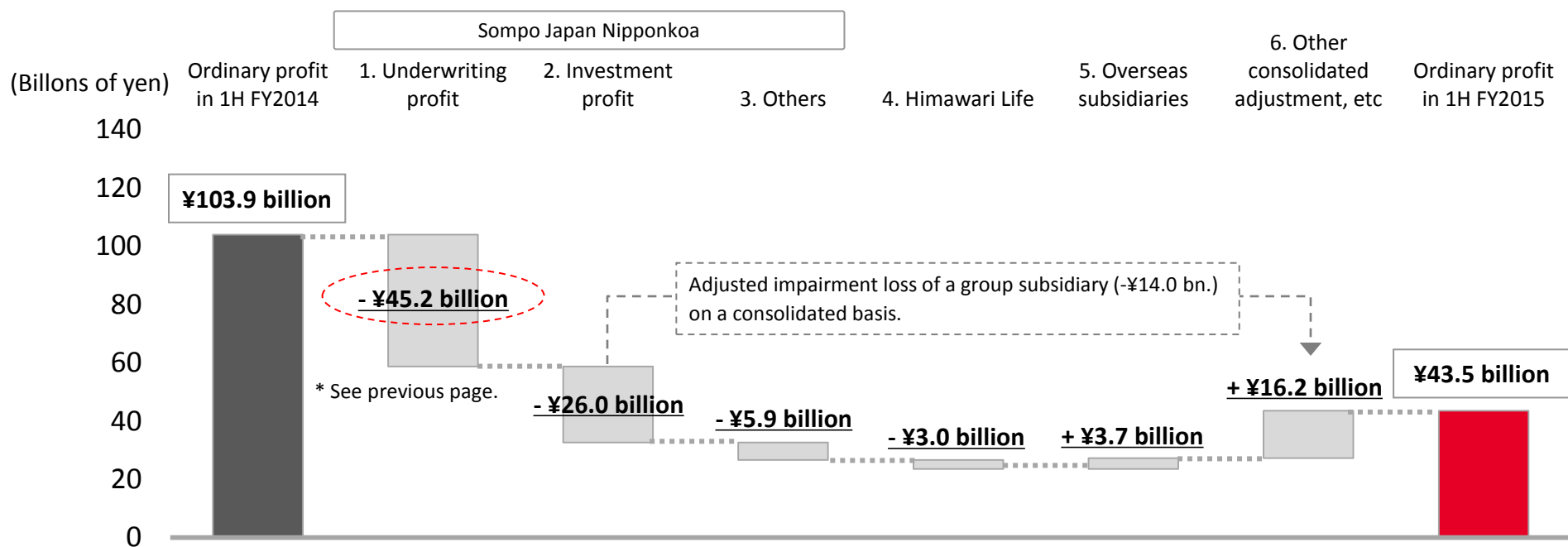
\* Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve, and snow damage in February 2014.

\* Domestic natural disasters are only ones that occurred in the fiscal year.

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

- ◆ Ordinary profit decreased in 1H FY2015, but it is mainly due to natural disasters, whose impact is expected to be eased in the full fiscal year.

### Changing factors of consolidated ordinary profit

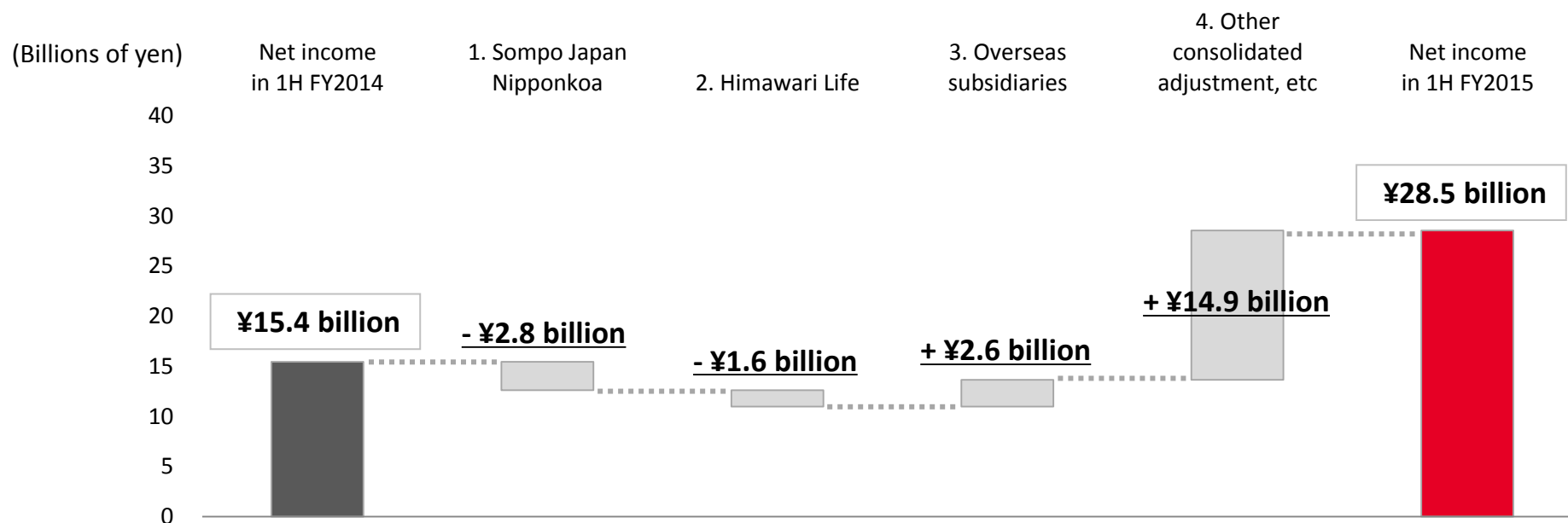


	1. Underwriting profit	2. Investment profit	3. Others	4. Himawari Life	5. Overseas subsidiaries	6. Other consolidated adjustment, etc
1H FY2014 Actual	¥25.6 billion	¥72.4 billion	- ¥0.6 billion	¥12.6 billion	¥7.6 billion	- ¥13.7 billion
1H FY2015 Actual	- ¥19.6 billion	¥46.3 billion	- ¥6.5 billion	¥9.5 billion	¥11.3 billion	¥2.4 billion

## Main Points of Consolidated Results – (3) Net Income

◆ Consolidated net income improved by ¥13.1 billion to ¥28.5 billion.

### Changing factors of consolidated net income



	1. Sompo Japan Nipponkoa	2. Himawari Life	3. Overseas subsidiaries	4. Other consolidated adjustment, etc
1H FY2014 Actual	¥11.6 billion	¥7.9 billion	¥6.5 billion	- ¥10.7 billion
1H FY2015 Actual	¥8.8 billion	¥6.3 billion	¥9.2 billion	¥4.1 billion

## Business Forecasts for FY2015 – Consolidated basis

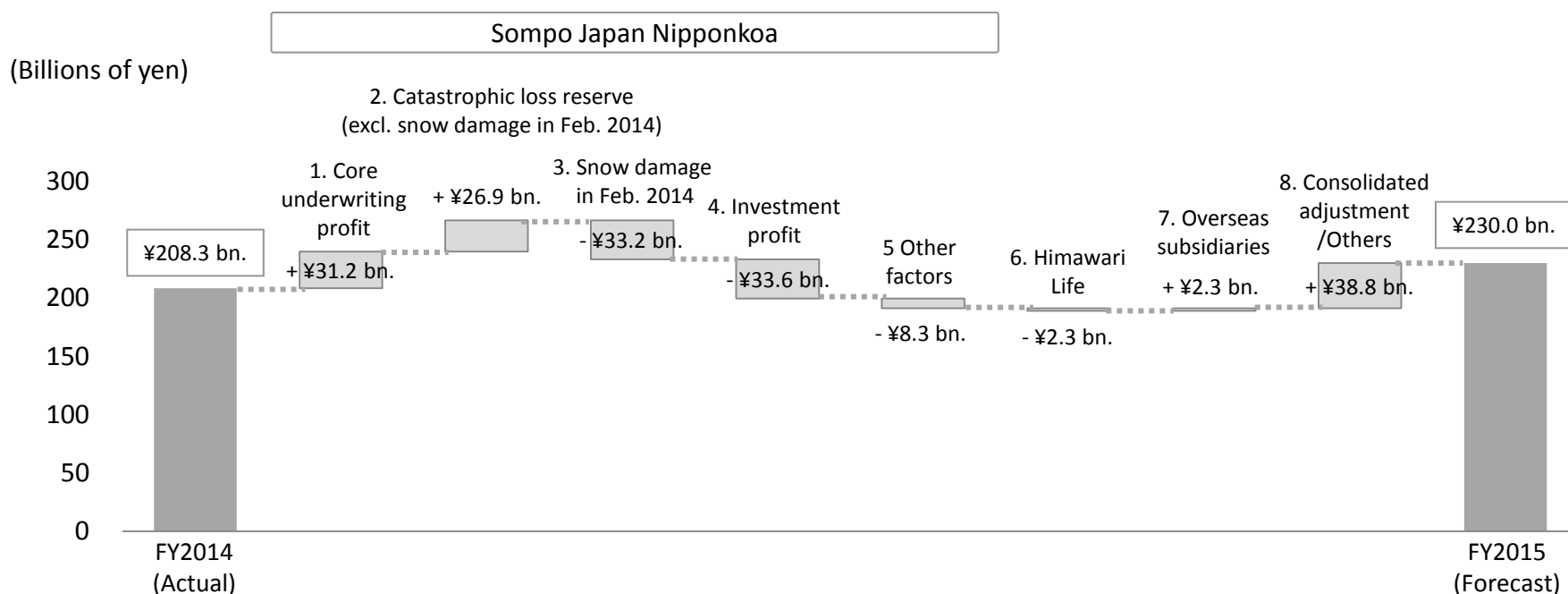
(Billions of yen)	FY2014 (Actual)	FY2015 (Forecast)	Change	
Net premiums written (P&C)	2,508.0	2,581.0	+72.9	(+2.9%)
Life insurance premiums	277.2	277.0	-0.2	(-0.1%)
Consolidated ordinary profit	208.3	230.0	+21.6	(+10.4%)
Sompo Japan Nipponkoa	195.1	178.0	-17.1	(-8.8%)
Himawari Life	18.3	15.9	-2.3	(-12.8%)
Overseas subsidiaries	21.9	24.3	+2.3	(+10.6%)
Consolidated adjustment <sup>*1</sup> /others	-27.1	11.7	+38.8	(-)
Consolidated net income	54.2	160.0	+105.7	(+194.8%)
Sompo Japan Nipponkoa	45.0	126.0	+80.9	(+179.6%)
Himawari Life	9.7	10.2	+0.5	(+5.7%)
Overseas subsidiaries	19.4	18.7	-0.7	(-3.8%)
Consolidated adjustment <sup>*1</sup> /others	-19.9	4.9	+24.9	(-)
(Reference) Adjusted profit (by business segment)	138.3	223.0	+84.6	(+61.2%)
Domestic P&C insurance	69.9	112.7	+42.8	(+61.3%)
Domestic life insurance	47.4	90.0	+42.6	(+89.9%)
Overseas insurance	18.6	18.4	-0.2	(-1.2%)
Financial & other services	2.3	2.2	-0.1	(-5.5%)

<sup>\*1</sup> “Purchase method” accounting was adopted upon the establishment of Sompo Japan Nipponkoa Holdings (the former NKSJ Holdings). In the consolidated accounts of the holdings, assets and liabilities of the former Nipponkoa and some group companies were acquired and carried on the balance sheet at fair value at the time of business integration. (This gave rise to a difference between the carrying amount in the non-consolidated accounts of Sompo Japan Nipponkoa and some group companies, and the carrying amount in consolidated accounts of the holdings.) Therefore, realized gains/losses, etc. of Sompo Japan Nipponkoa must be adjusted, and this adjustment is included in the above “consolidated adjustment.”

## Main Points of Business Forecasts for FY2015 – Ordinary Profit

- ◆ Consolidated ordinary profit is forecast to improve to ¥230.0 billion (+¥21.6 billion) mainly due to increase in underwriting profit.

### Main components of consolidated ordinary profit



	1. Core underwriting profit	2. Catastrophic loss reserve	3. Snow damage in Feb. 2014	4. Investment profit	5. Other factors	6. Himawari Life	7. Overseas subsidiaries	8. Consolidated adjustment /Others
FY2014 Actual	¥58.2 bn.	- ¥53.6 bn.	¥38.5 bn.	¥151.5 bn.	¥0.4 bn.	¥18.3 bn.	¥21.9 bn.	- ¥27.1 bn.
FY2015 Forecast	¥89.4 bn.	- ¥26.7 bn.	¥5.3 bn.	¥117.9 bn.	- ¥7.9 bn.	¥15.9 bn.	¥24.3 bn.	¥11.7 bn.

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1. Current mid-term management plan

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2. Next mid-term management plan (image)

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3. Trend of business results

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**4. Domestic P&C insurance**

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5. Domestic life insurance

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6. Overseas insurance

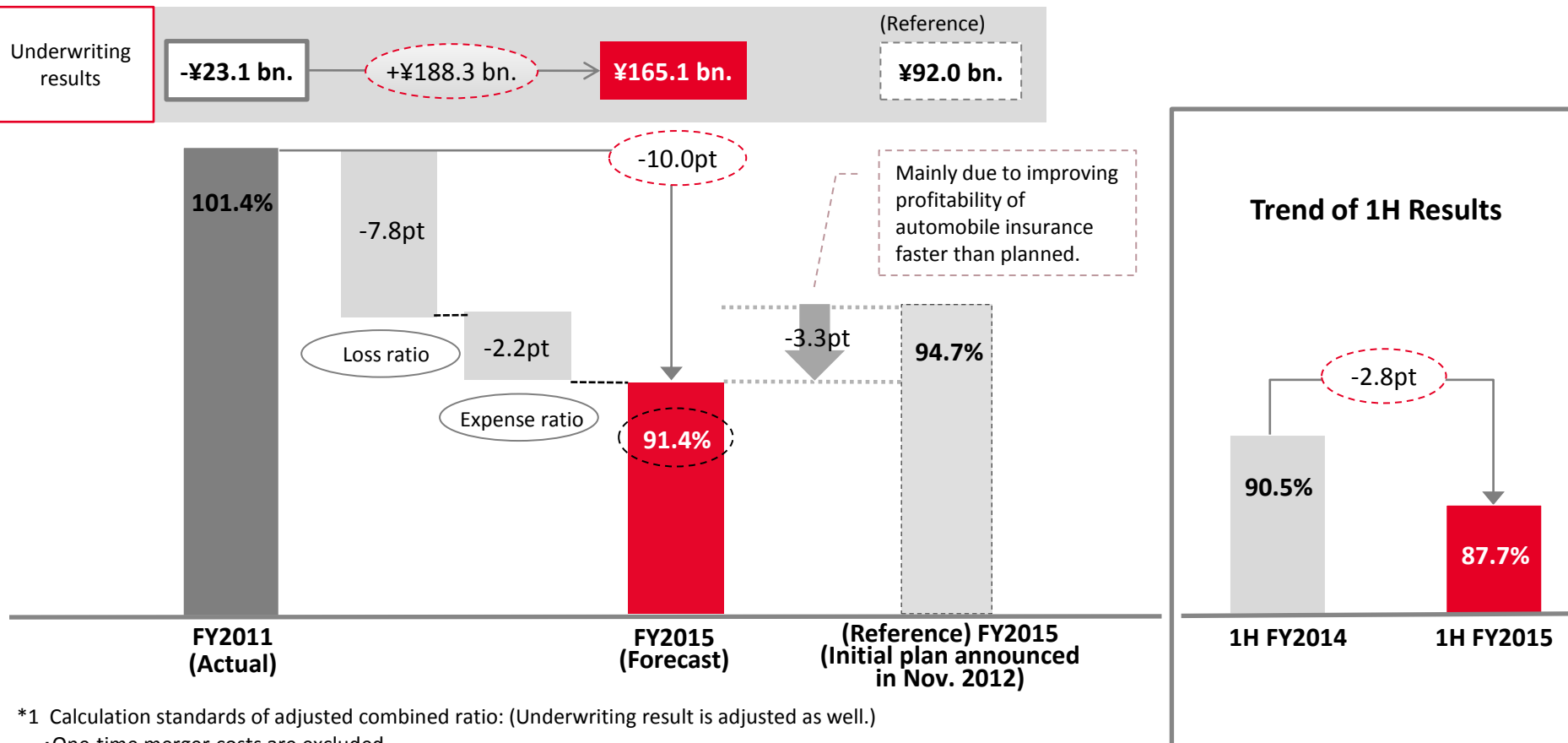
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7. ERM & Capital policy

## Profitability of Domestic P&C Insurance Business

- ◆ Adjusted combined ratio is expected to be 91.4% in FY2015, and has drastically improved by 10 points for last 4 years.
- ◆ In 1H FY2015, it improved by 2.8 points to 87.7% due to improvement of loss ratio.

### Trends of adjusted combined ratio\*<sup>1</sup> (Sompo Japan Nipponkoa)



\*<sup>1</sup> Calculation standards of adjusted combined ratio: (Underwriting result is adjusted as well.)

- One-time merger costs are excluded.
- Assumed impact of natural disasters is ¥38 billion in every year (¥17 billion in 1H).
- CALI, Compulsory Automobile Liability Insurance, is excluded.

# Overview of 1H FY2015 Results – Sompo Japan Nipponkoa

◆ Top-line steadily increased. Combined ratio drastically improved mainly due to improving loss ratio.

(Billions of yen)	1H FY2014	1H FY2015	Change
Net premiums written	1,097.4	1,140.6	+43.1 (+3.9%)
(excl. CALI, household earthquake)	942.7	981.7	+39.0 (+4.1%)
Loss ratio	65.6%	59.3%	-6.3pt
(excl. CALI, household earthquake)	63.3%	56.3%	-6.9pt
Net expense ratio	32.0%	31.7%	-0.3pt
(excl. CALI, household earthquake)	33.9%	33.5%	-0.4pt
Combined ratio	97.6%	91.0%	-6.6pt
(excl. CALI, household earthquake)	97.2%	89.8%	-7.3pt
Underwriting profit	25.6	-19.6	-45.2
Investment profit	72.4	46.3	-26.0
Ordinary profit	97.4	20.1	-77.2
Net income	11.6	8.8	-2.8
+Provisions for catastrophic loss reserve (after tax)	-5.7	29.1	+34.8
+Provisions for reserve for price fluctuation (after tax)	3.4	2.9	-0.5
-Gains/losses on sales of securities and impairment losses on securities (after tax)	16.8	1.6	-15.1
-Special factors (after tax)* <sup>1</sup>	-54.8	-	+54.8
Adjusted profit	47.4	39.2	-8.1

Mainly due to provision of reserve for outstanding losses and claims (¥68.5 billion) for domestic natural disasters.

Due to impairment losses on securities, etc. (canceled on a consolidated basis)

(Reference)  
Adjusted  
profit

\*1 Special factors are one-time merger costs, etc.

## Net Premiums Written

- ◆ Net premiums written increased by 3.9% year on year mainly in fire and allied lines and voluntary automobile.

### Net premiums written by product line

(Billions of yen)	1H FY2014	1H FY2015	Change		FY2015 (Forecast)
Fire and Allied Lines	150.5	175.5	+24.9	(+16.6%)	332.0
Marine	26.4	26.0	-0.3	(-1.2%)	55.2
Personal Accident	100.0	99.9	-0.0	(-0.1%)	187.1
Voluntary Automobile	515.4	530.1	+14.6	(+2.8%)	1,071.7
CALI	154.2	158.3	+4.0	(+2.7%)	302.2
Other	150.6	150.5	-0.1	(-0.1%)	272.3
of which, Liability	91.6	88.8	-2.8	(-3.1%)	148.0
Total	1,097.4	1,140.6	+43.1	(+3.9%)	2,220.9
Total (excl. CALI, household earthquake)	942.7	981.7	+39.0	(+4.1%)	1,917.5

(Reference) Year-on-Year comparison of voluntary automobile insurance (end of September 2015)

	Sompo Japan Nipponkoa		
	# of vehicles	Premium /vehicle	Total Premium
Non-Fleet	-0.9%	+3.6%	+2.6%
Fleet	+0.9%	+4.0%	+4.9%
Total	-0.6%	+3.6%	+3.0%

\*Performance evaluation basis

(Main factors for change of net premiums written)

Fire and Allied Lines: Drastically increased due to front-loaded demand ahead of product revision in October.

(Abolition of long-term policies of over 10 years, and revision of premium rate)

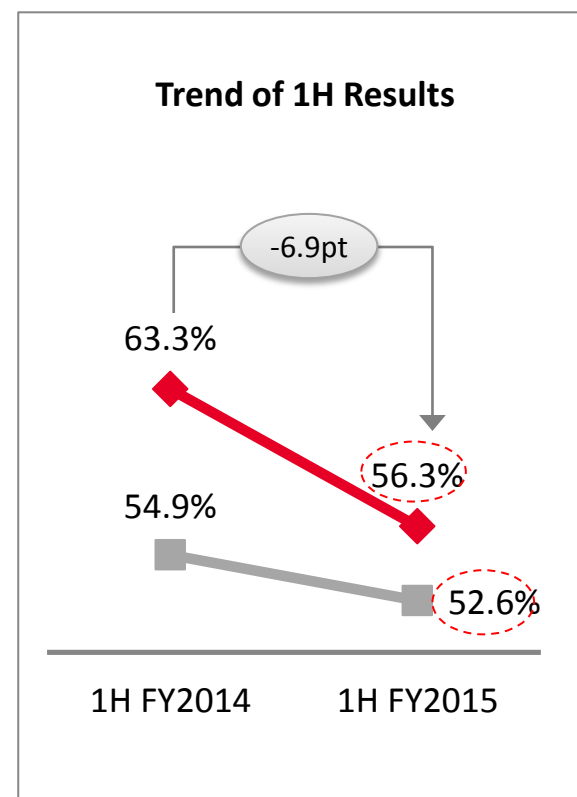
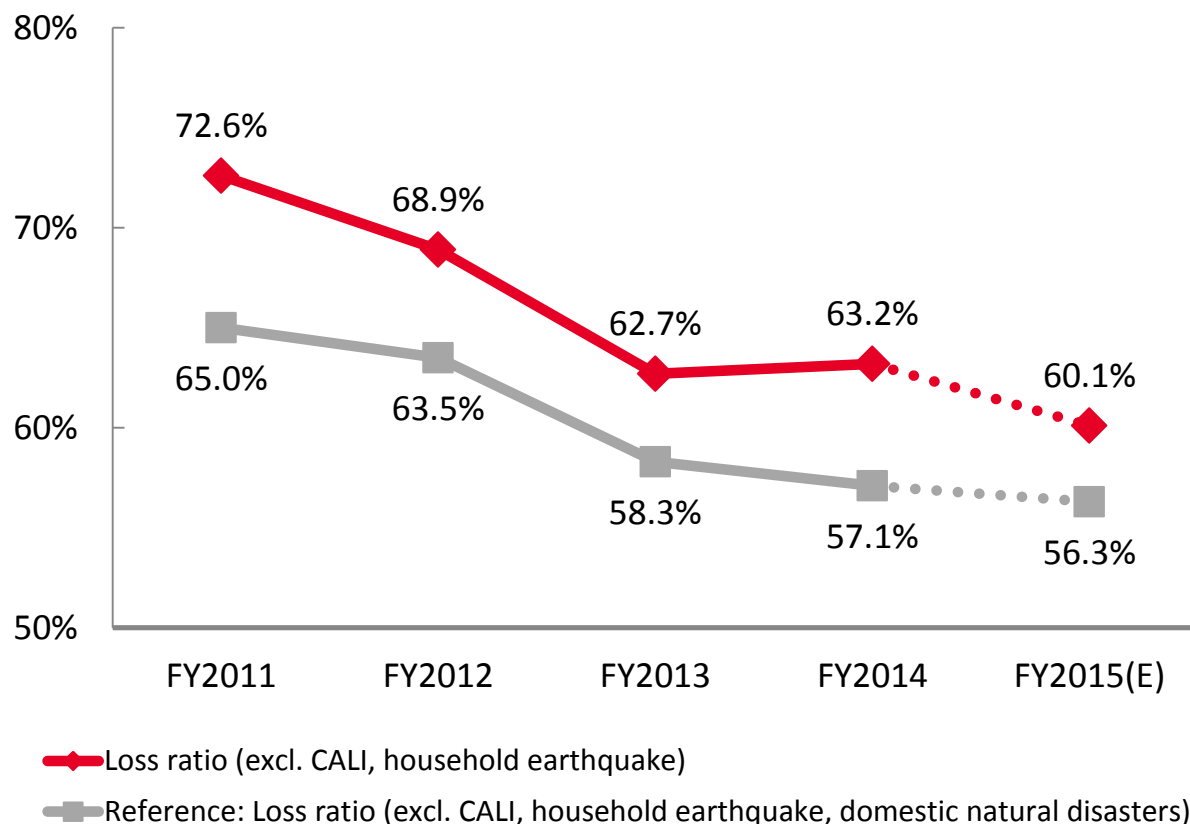
Voluntary Automobile: Increased mainly due to the impact of product and premium rate revisions.

Liability: Decreased mainly due to improvement of underwriting result in certain big contracts.

## Loss Ratio (W/P)

- ◆ In 1H FY2015, loss ratio drastically dropped by 6.9 points because profitability of automobile insurance improved and the impact of snow damage in February 2014 was gone.

### Trends of loss ratio (excl. CALI, household earthquake)

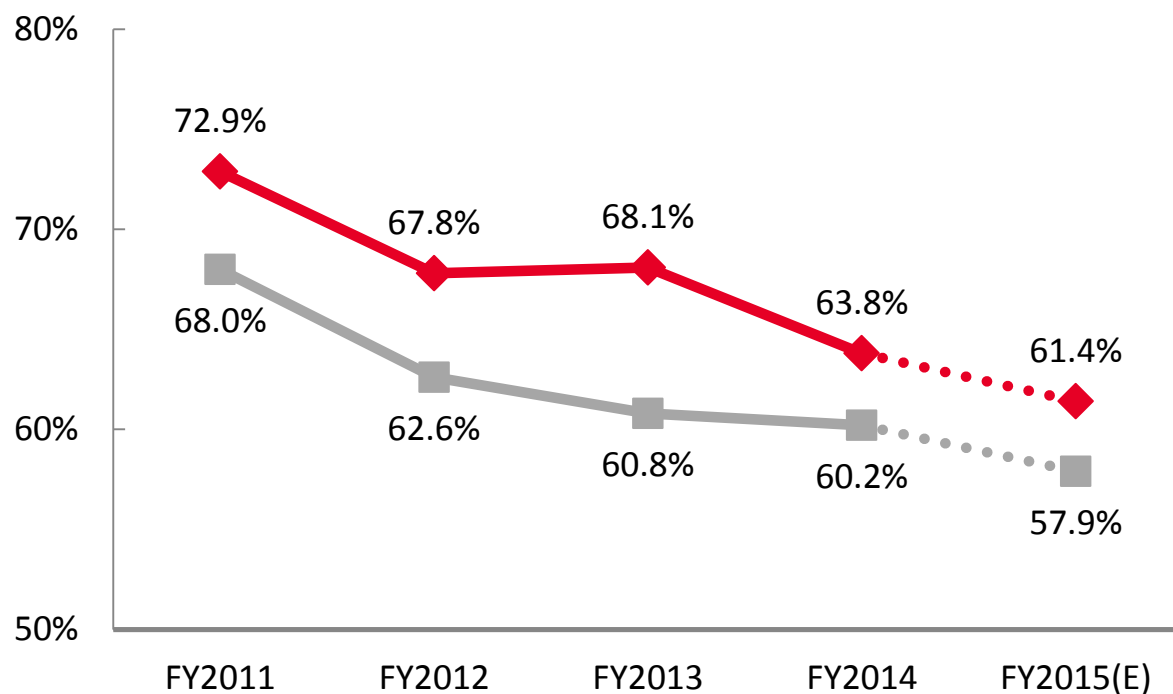


\* Loss ratio is on a written paid basis (including loss adjustment expense).

## Loss Ratio (E/I)

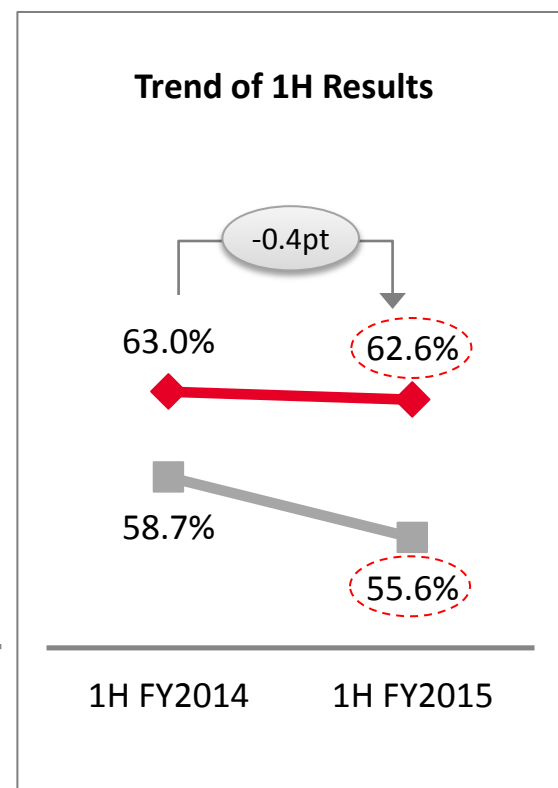
- ◆ E/I loss ratio improved by 0.4 point in 1H FY2015 mainly due to improving profitability of automobile insurance. E/I loss ratio excluding natural disasters drastically improved.

### Trends of E/I loss ratio (excl. CALI, household earthquake)



◆ E/I loss ratio (excl. CALI, household earthquake)

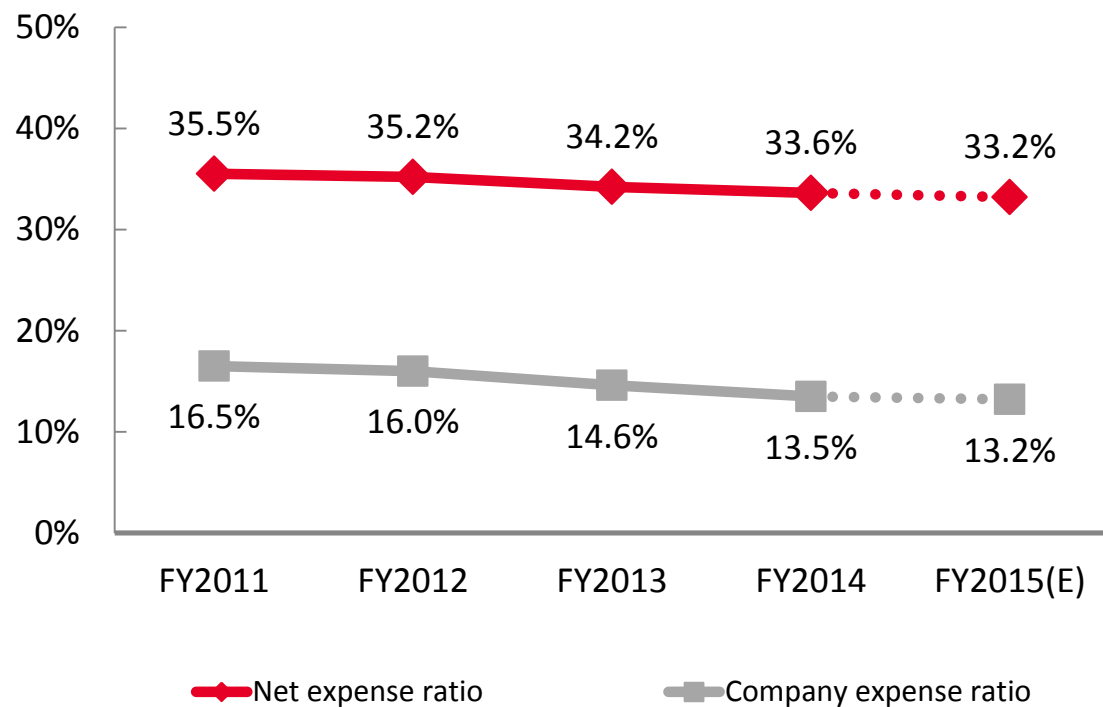
■ Reference: E/I loss ratio (excl. CALI, household earthquake, domestic natural disasters)



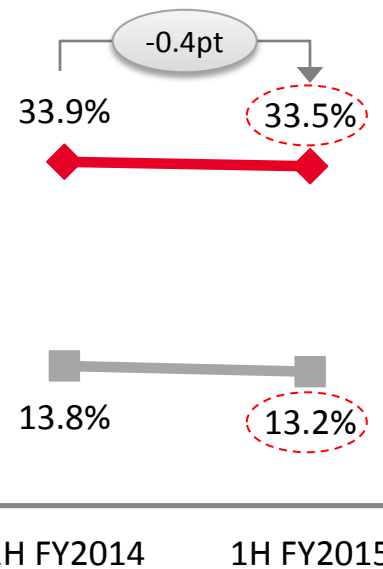
## Net Expense Ratio

◆ Net expense ratio, especially company expense ratio, steadily decreased in line with the plan.

### Trends of net expense ratio (excl. CALI, household earthquake)



#### Trend of 1H Results

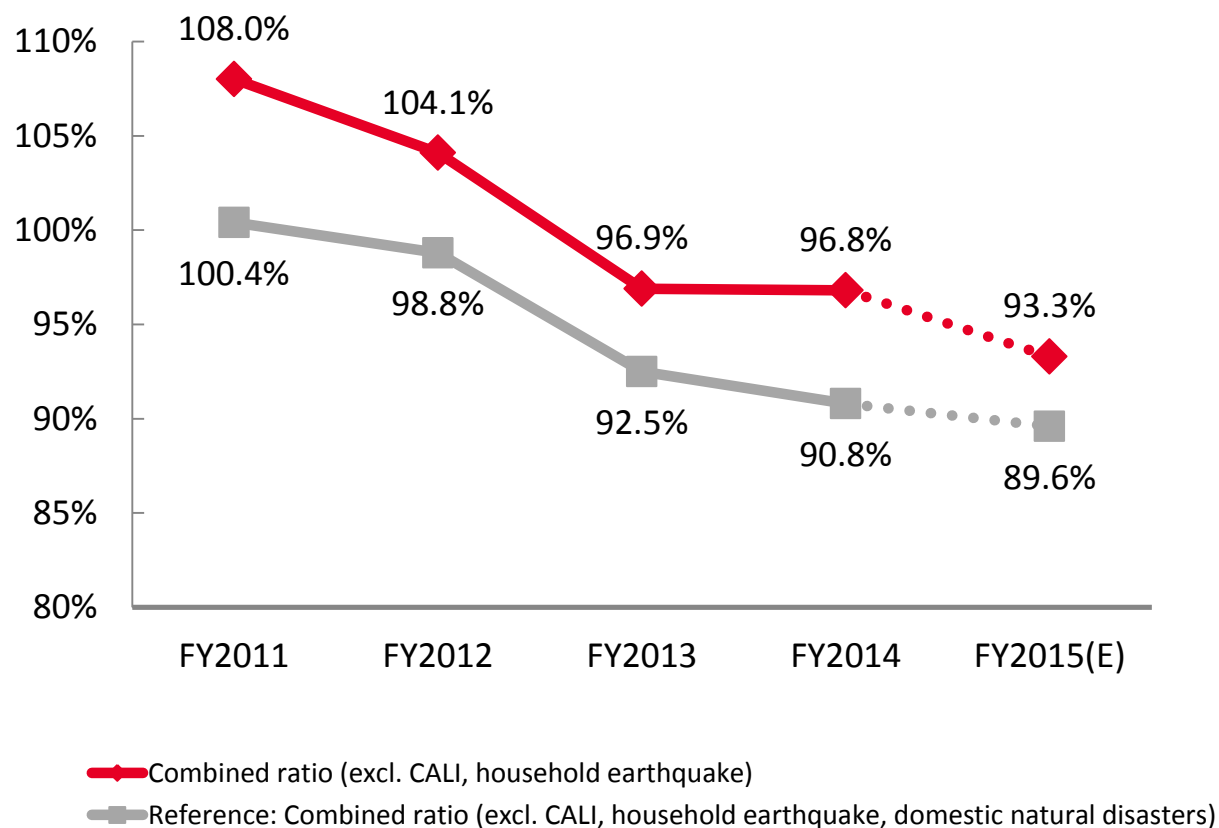


\* Company expense ratio is the ratio of operating, general administrative expenses for underwriting against the net premiums written.

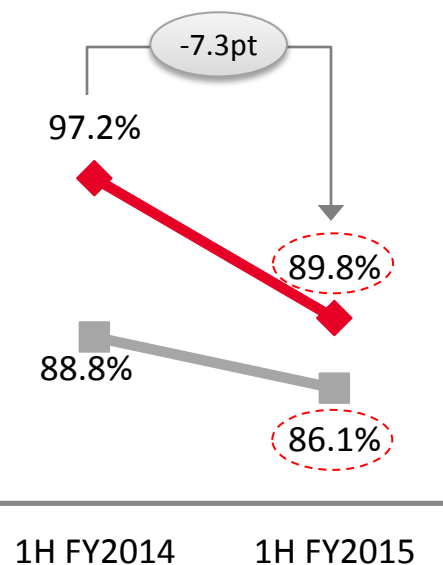
## Combined Ratio

- ◆ Combined ratio come down to below 90% in 1H FY2015 due to drastic improvement of loss ratio, and steady decrease of net expense ratio.

### Trends of combined ratio (excl. CALI, household earthquake)



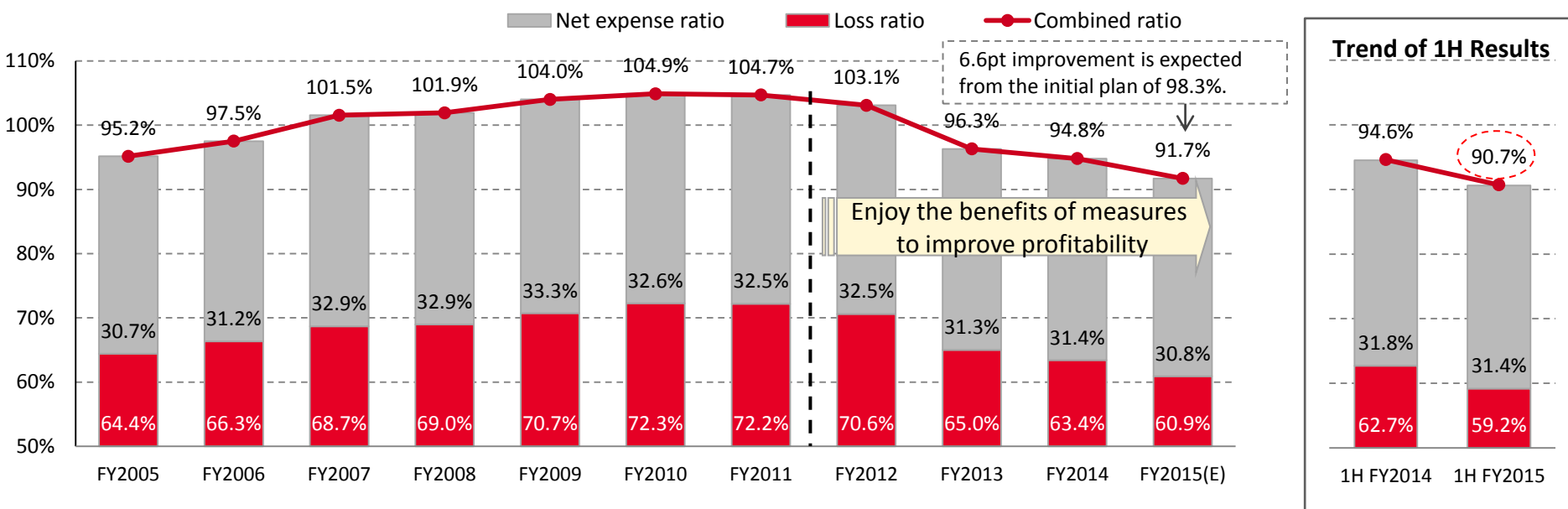
### Trend of 1H Results



## Combined Ratio of Automobile Insurance

- ◆ Combined ratio of automobile insurance in 1H FY2015 was 90.7% due to impact of product and premiums rate revisions, etc.

### Combined ratio of automobile insurance (Sompo Japan Nipponkoa)



(Reference) Revisions of premiums rate and revision of driver rating system in automobile insurance (non-fleet)

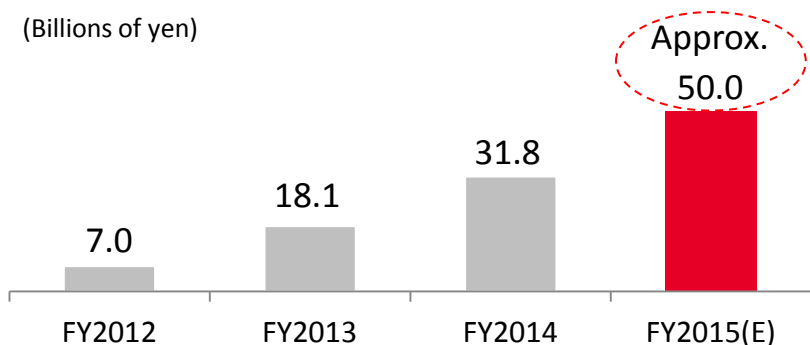
		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Sompo Japan Nipponkoa	(Sompo Japan)	April +0.8%	April +1.7%	October Driver rating system revision	April +2.1%	July +2.5%	October -0.2%
	(Nipponkoa)	December +1.4%	January +1.8%		April +2.0%	September +2.5%	

## Merger Synergies and One-time Merger Costs

- ◆ Cost reduction effect through the merger steadily progressed. The full year forecast for merger synergy stays approximately ¥50 billion.

### Merger synergies

(Billions of yen)



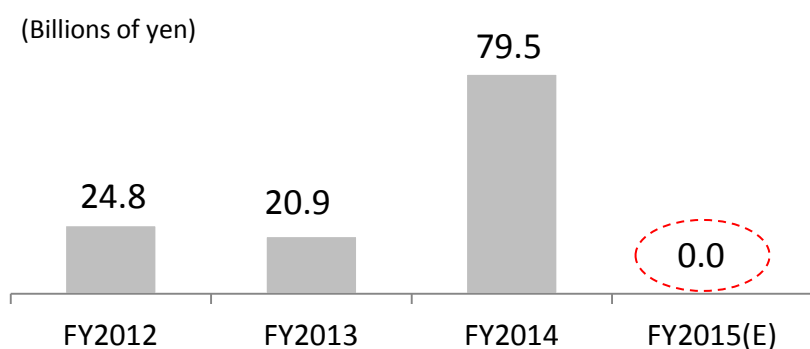
\* Cost reduction compared with FY2011.

(Billions of yen)

	FY2015		Key points
	Plan	Forecast	
Merger synergies	56	Approx. 50	-
Personnel cost	28	Approx. 29 (+1)	Achieved the target due to reduction of employees.
Non personnel cost	28	Approx. 21 (-7)	<ul style="list-style-type: none"> <li>• Impact of consumption tax hike: approx. -¥4.5 bn.</li> <li>• Call center, sales force support, etc.: approx. -¥2.5 bn.</li> </ul>

### One-time merger costs

(Billions of yen)



(Billions of yen)

	Cumulative		Key points
	Plan	Forecast	
One-time merger costs	120	Approx. 125	—
Personnel cost	17	Approx. 20 (+3)	Increase in the number of employees applying to voluntary early retirement plan, etc.
Non personnel cost	103	Approx. 105 (+2)	Impact of consumption tax hike, etc.

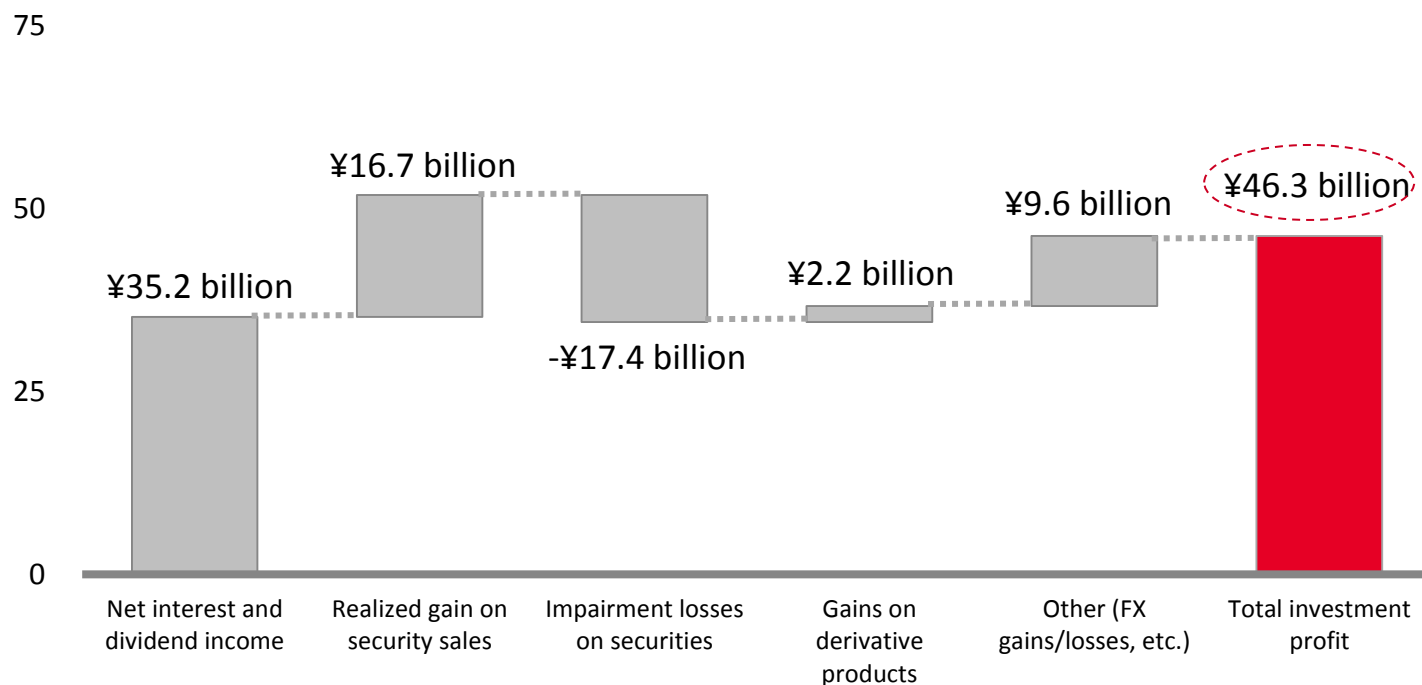
\* Merger costs are excluded from the calculation process of adjusted profit.

## Investment Profit

◆ Investment profit is basically steady due to flexible sales of foreign bonds, etc.

### Breakdown of investment profit in 1H FY2015 (Sompo Japan Nipponkoa)

(Billions of yen)



1H FY2014 Actual	¥39.0 bn.	¥25.2 bn.	- ¥0.1 bn.	- ¥0.7 bn.	¥9.1 bn.	¥72.4 bn.
1H FY2015 Actual	¥35.2 bn.	¥16.7 bn.	- ¥17.4 bn.	¥2.2 bn.	¥9.6 bn.	¥46.3 bn.
FY2015 Forecast	¥65.4 bn.	¥59.8 bn.	- ¥17.5 bn.	- ¥1.6 bn.	¥11.8 bn.	¥117.9 bn.

# Business Forecasts for FY2015 – Sompo Japan Nipponkoa

(Billions of yen)	FY2014 (Actual)	FY2015 (Forecast)	Change
Net premiums written	2,181.3	2,220.9	+39.6 (+1.8%)
(excl. CALI, household earthquake)	1,875.2	1,917.5	+42.3 (+2.3%)
Loss ratio	65.6%	63.0%	-2.6pt
(excl. CALI, household earthquake)	63.2%	60.1%	-3.1pt
E/I loss ratio (excl. CALI, household earthquake)	63.8%	61.4%	-2.4pt
Net expense ratio	31.8%	31.4%	-0.4pt
(excl. CALI, household earthquake)	33.6%	33.2%	-0.4pt
Combined ratio	97.4%	94.4%	-3.0pt
(excl. CALI, household earthquake)	96.8%	93.3%	-3.5pt
Underwriting profit	45.2	68.0	+22.7 (+50.3%)
Investment profit	151.5	117.9	-33.6 (-22.2%)
Ordinary profit	195.1	178.0	-17.1 (-8.8%)
Net income	45.0	126.0	+80.9 (+179.6%)
+Provisions for catastrophic loss reserve (after tax)	-7.7	13.6	+21.4
+Provisions for reserve for price fluctuation (after tax)	6.3	5.6	-0.6
-Gains/losses on sales of securities and impairment losses on securities (after tax)	45.6	30.1	-15.5
-Special factors (after tax)* <sup>1</sup>	-80.0	-3.7	+76.3
Adjusted profit	77.9	118.9	+40.9 (+52.5%)

\*1 Special factors are one-time merger costs, etc.

(Reference)  
Adjusted  
profit

## Assumption of Business Forecasts for FY2015

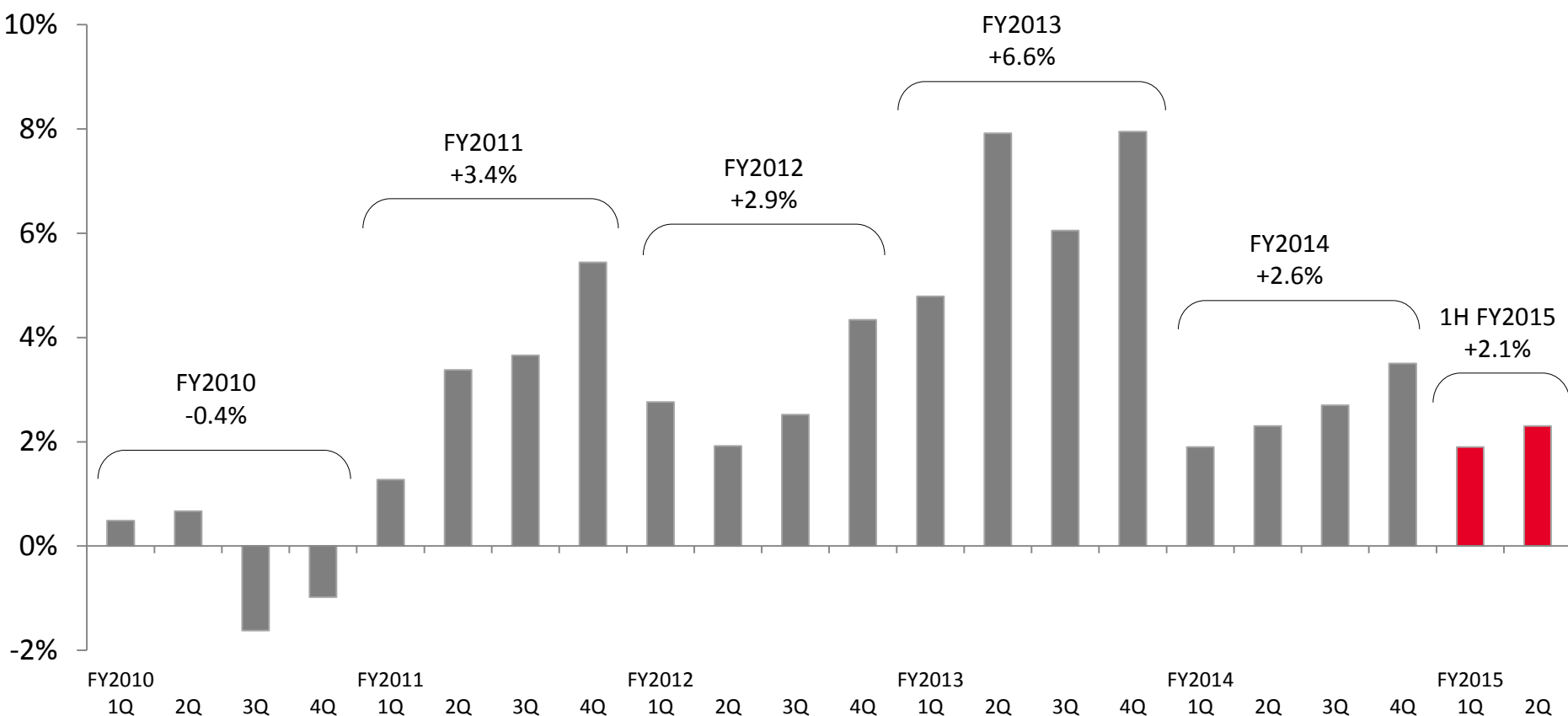
<b>Losses from domestic natural disasters</b> (occurring in the fiscal year)	¥66.0 billion
<b>Snow damage in February 2014</b>	Net claims paid : ¥7.6 billion
<b>Catastrophic loss reserve</b>	Net provision : ¥19.1 billion
<b>Provision rate of catastrophic loss reserve</b>	Provision rate of fire group : 10% Provision rate of automobile group : 3.2%
<b>Market indicators</b>	(Stock) Nikkei 225 : ¥17,388 (Interest yield) 10y JGB : 0.36% (Foreign exchange) 1US\$ : ¥119.96 1Euro : ¥134.97
<b>Interest and dividend income</b>	Gross : ¥107.8 billion    Net : ¥65.4 billion
<b>Realized gains on securities</b>	Realized gains on security sales : ¥59.8 billion Impairment losses on securities : ¥17.5 billion
<b>Reserve for price fluctuation</b>	Net provision : ¥8.0 billion

\* Updated assumption of business forecast to latest figures based on situation at the end of 1H FY2015.

(Losses from domestic natural disasters: from ¥43.0 billion to ¥66.0 billion, Market indicators: basically assumed ones at the end of September 2015, etc.)

## (Reference) Premiums (Performance Evaluation Basis)

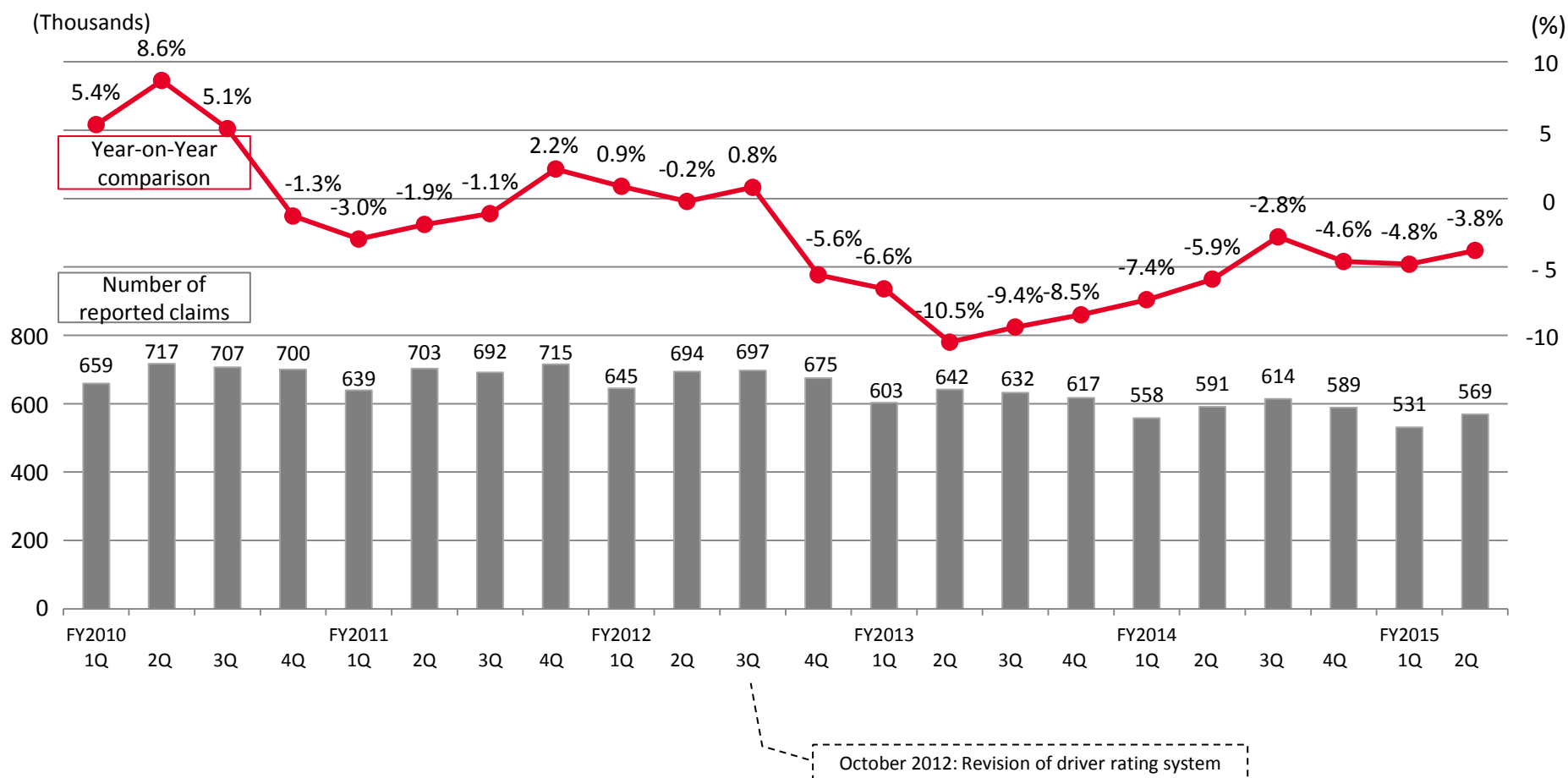
### Quarterly trends of premium increase (General lines total, Year-on-Year comparison)



\* Premium is performance evaluation basis.

## (Reference) Number of Reported Claims of Automobile Insurance

### Trends of number of reported claims



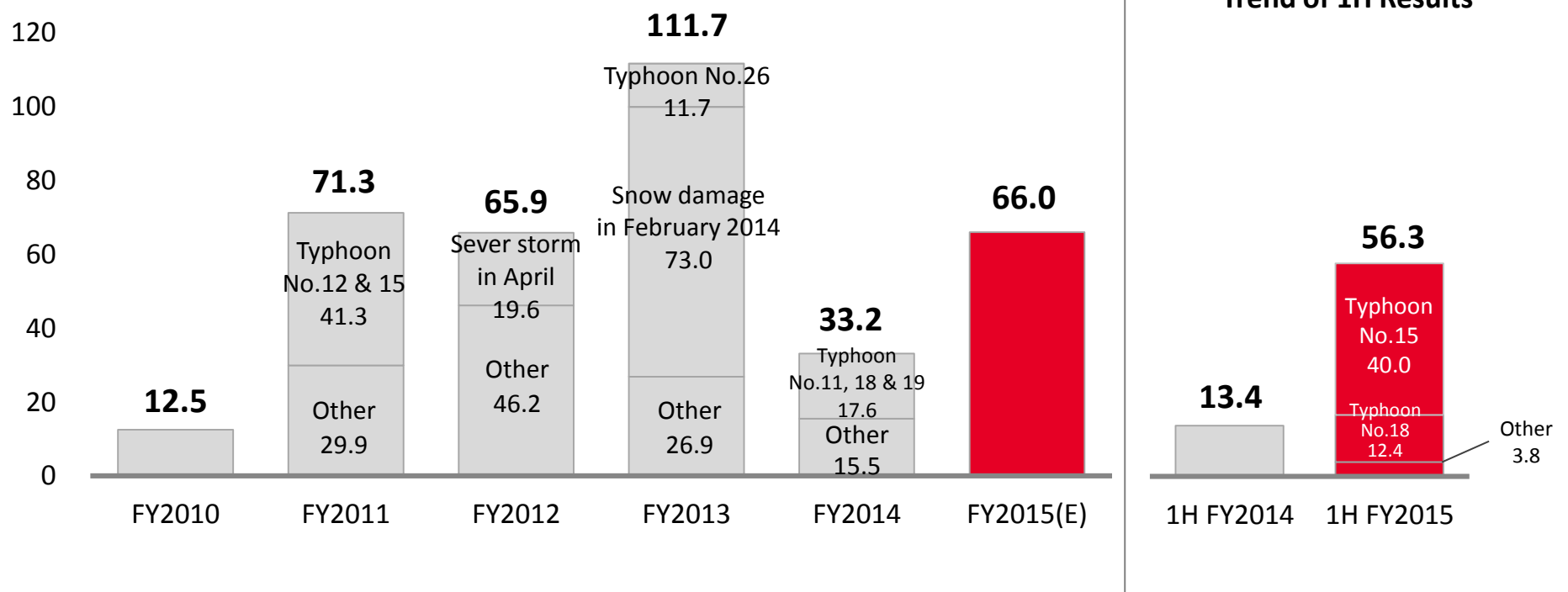
\* Year on Year comparison is adjusted based on calendar.

\* The number of reported claims are excluded for certain natural disasters, whose incurred loss for automobile insurance exceeds certain threshold.

## (Reference) Domestic Natural Disasters

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

(Billions of yen)

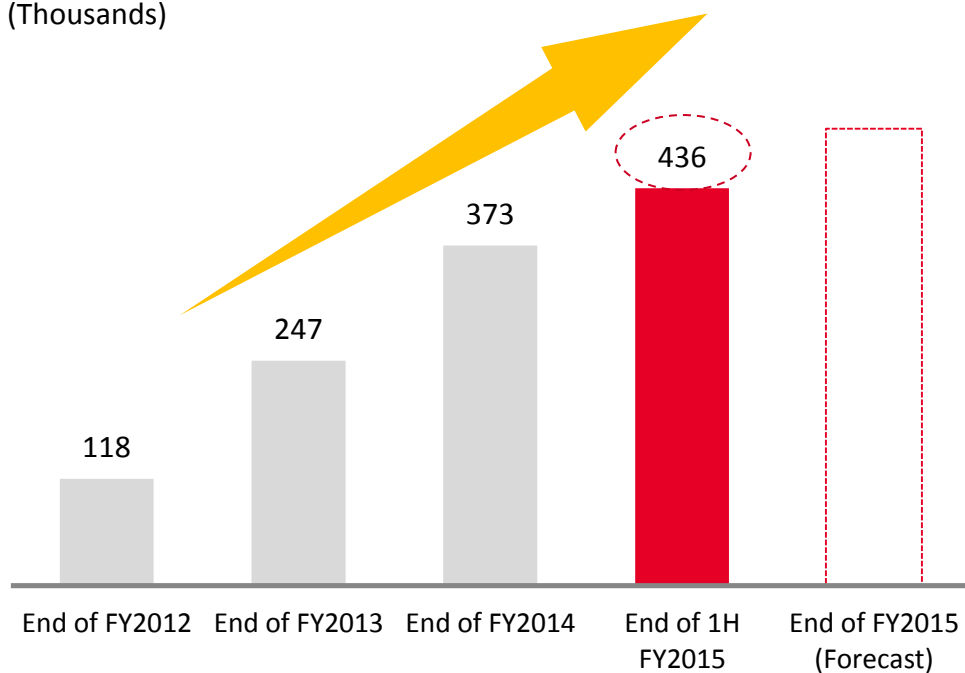


\* Excluding Great East Japan Earthquake

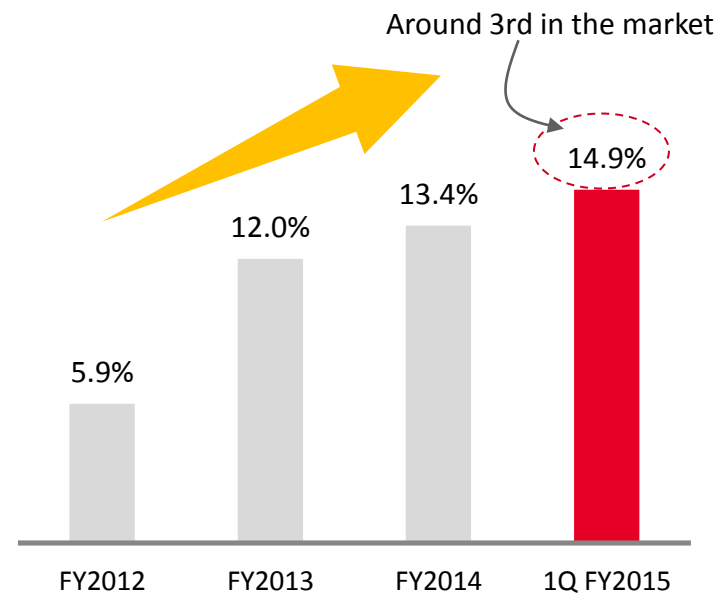
## (Reference) Direct Business

### Trends of policies in force of “Otona no Jidosha Hoken”

(Thousands)



### Market share of new business premiums in direct automobile insurance (estimation)



\* Our estimation by gross written premiums.

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1. Current mid-term management plan

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2. Next mid-term management plan (image)

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3. Trend of business results

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4. Domestic P&C insurance

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5. Domestic life insurance

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6. Overseas insurance

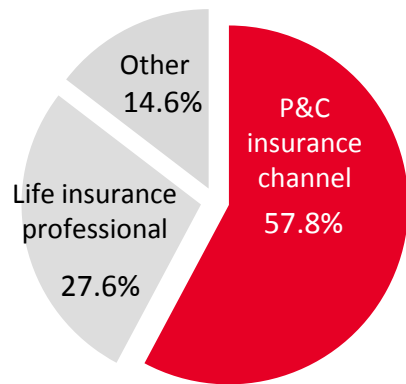
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7. ERM & Capital policy

## Basic Strategies of Himawari Life

- ◆ Steadily increase corporate value by utilizing our P&C insurance agency network and focusing on high-margin protection-type products.

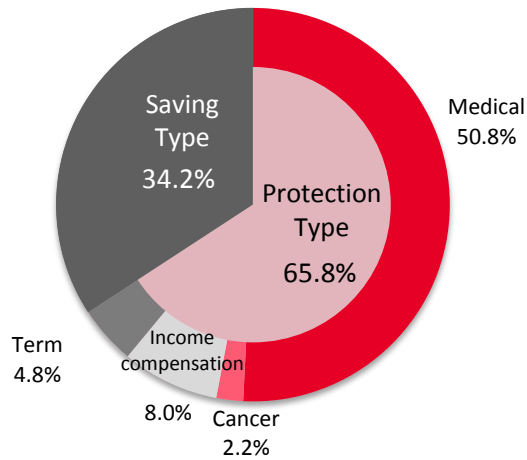
### Sales channel strategy <sup>\*1</sup>



- Utilizing P&C agency network, i.e. no need to develop new infrastructure for sales from scratch.
- There is room to broaden cross-selling to the P&C customer base of 20 million customers through P&C agency network.

<sup>\*1</sup> Annualized new premium from April 1, 2015 to September 30, 2015

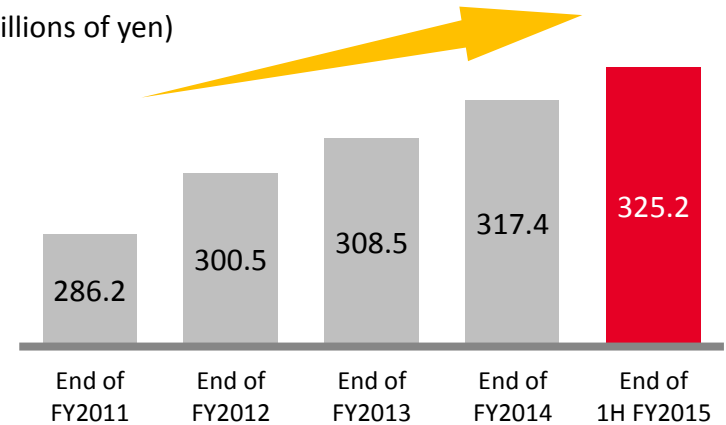
### Product portfolio strategy



- Focusing on highly profitable protection-type products.
- New business margin is 6.6% in FY2014, which is the highest level in the market.

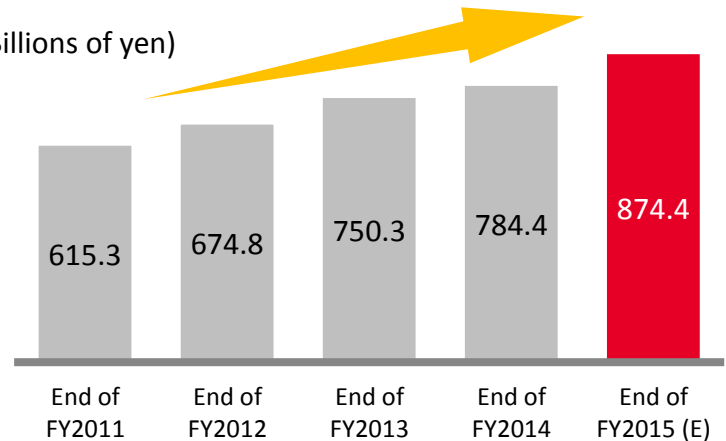
### Trends of annualized premium in force

(Billions of yen)



### Trends of MCEV

(Billions of yen)



# New growth strategies of Himawari Life

- ◆ Drastically increase contribution to the group's earnings, and establish firm Himawari brand.

## Concept

- Redefine new value provided to customers.
- Drastically increase customers by utilizing ICT.

New value  
we continue  
to provide  
to customers

1. Break through industry norms.  
Provide coverage and service needed.

2. Be customer centric.  
Meet authentic customer needs.

3. Be approachable and reliable.  
Improve convenience.

Refine our business model on the key theme of  
customers' health by utilizing ICT.

- 3 important factors

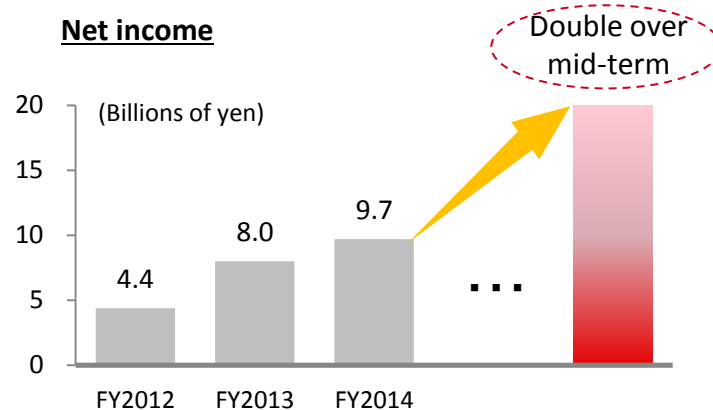
Product

Channel

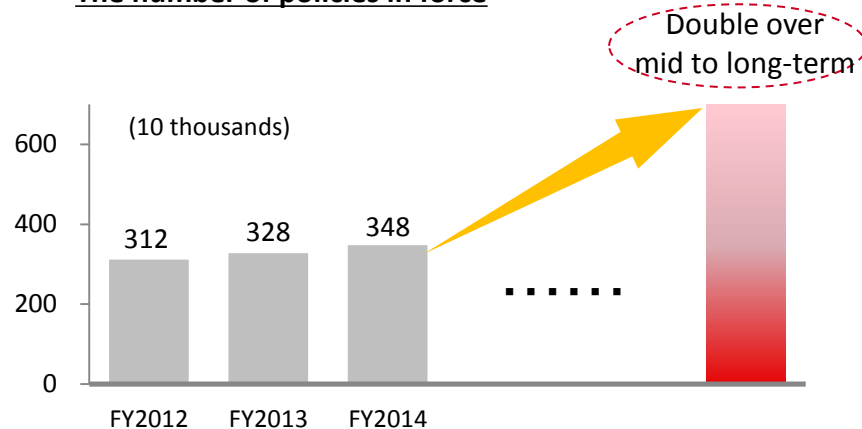
Service

## Image of new growth strategy

### Net income



### The number of policies in force



## Overview of 1H FY2015 Results – Himawari Life

- ◆ Annualized new premium increased, mainly in medical insurance. Net income steadily progressed to ¥6.3 billion.
- ◆ Policies in force steadily increased mainly in protection-type product.

(Billions of yen)	1H FY2014	1H FY2015	Change		FY2014 (Actual)	FY2015 (Forecast)	Change	
Annualized new premium	17.3	20.3	+3.0	(+17.4%)	35.6	39.5	+3.9	(+11.0%)
Premium and other income	185.2	193.2	+8.0	(+4.3%)	380.7	390.8	+10.0	(+2.6%)
(excl. lump-sum payment)	183.6	191.1	+7.4	(+4.0%)	377.5	387.9	+10.3	(+2.7%)
Ordinary profit	15.0	11.9	-3.0	(-20.4%)	22.5	20.2	-2.3	(-10.4%)
Net income	7.9	6.3	-1.6 <sup>*1</sup>	(-20.1%)	9.7	10.2	+0.5	(+5.7%)
Growth in adjusted EV					47.4	90.0	+42.6	(+89.9%)

<sup>\*1</sup> Net income decreased because temporary hike of reversal of policy reserve decreased (impact of increase in policy transfer due to launch of new medical insurance for the first time in 6 years).

(Billions of yen)	End of FY2014	End of 1H FY2015	Change
Amount of business in force	21,043.1	21,318.6	+682.6
Annualized premium in force	317.4	325.2	+7.7

Breakdown

Change	
Protection-type	+6.6
Saving-type	+1.1
Total	+7.7

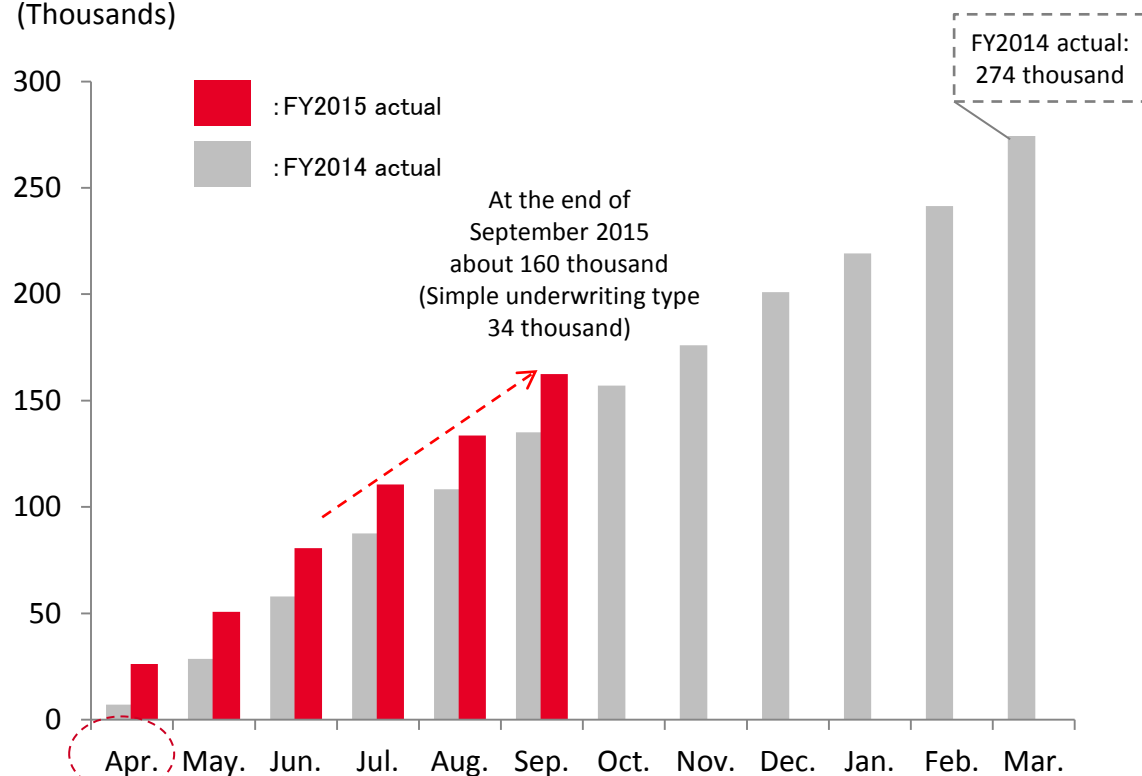
\* Amount of business and annualized premium are the sum of individual insurance and individual annuities.

## Sales of Medical Insurance Products

- ◆ Sales of medical Insurance products was about 160 thousand in 1H FY2015, and steadily progressed against the annual target of 300 thousand.

### Number of sales of medical insurance

(Thousands)



New simple underwriting medical insurance launched in April 2015

### History of product development

Key points

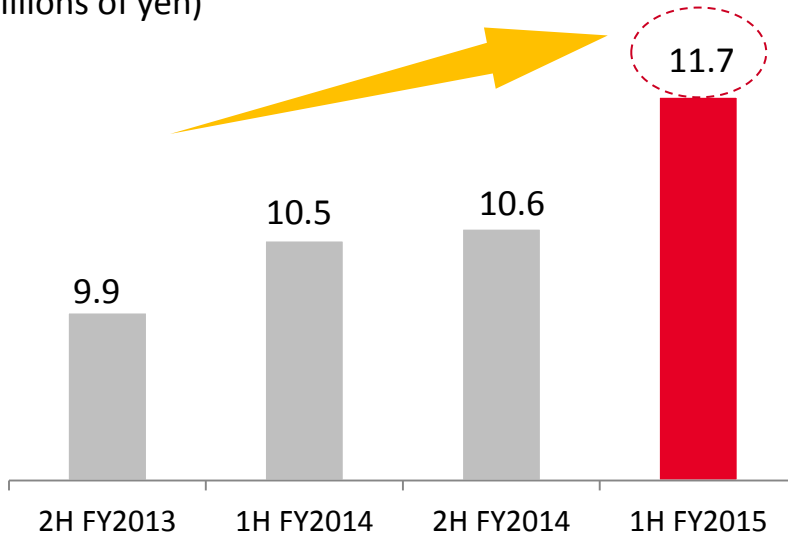
FY2008	Medical	Increased coverage & price appeal
FY2009	Income compensation	Discount for Non smoker & healthy people
FY2010	Cancer and rider	Coverage for outpatient treatment (1st in industry)
FY2014	Medical	Further increased coverage & price appeal
FY2015	Simple underwriting medical	Eased underwriting, keeping profitability

## Trend of P&C Insurance Channel and Weight of Protection-type Products

◆ Sales has steadily increased in P&C channels, and weight of protection-type products stays high.

### Trends of sales in P&C insurance channels

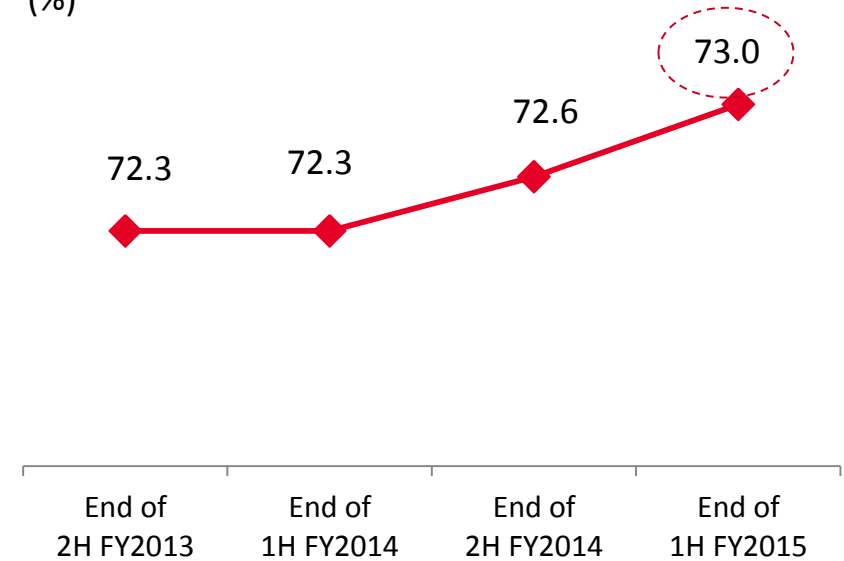
(Billions of yen)



\* Annualized new premium

### Weight of protection-type products

(%)

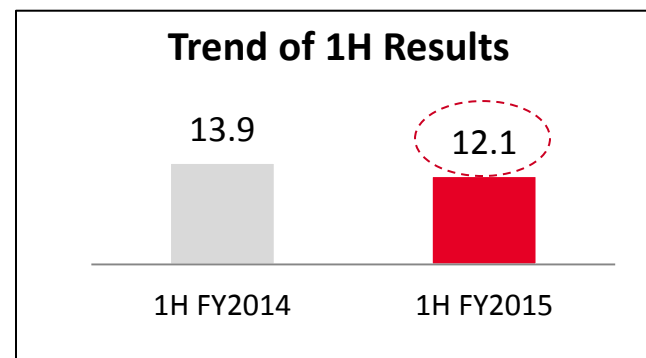
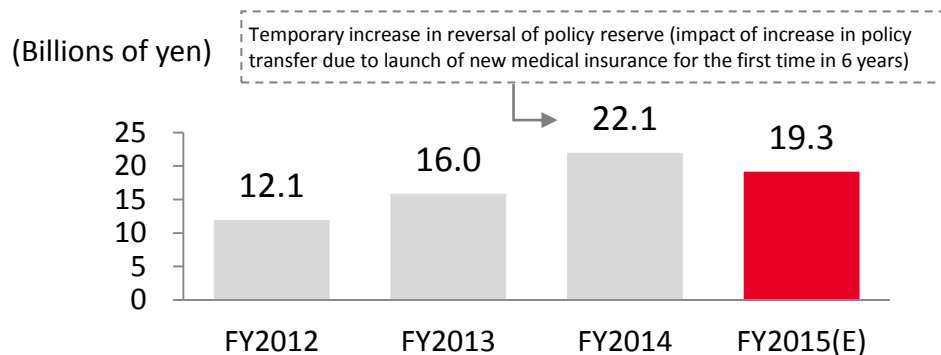


\* Number of policies in force

## Profit – J-GAAP

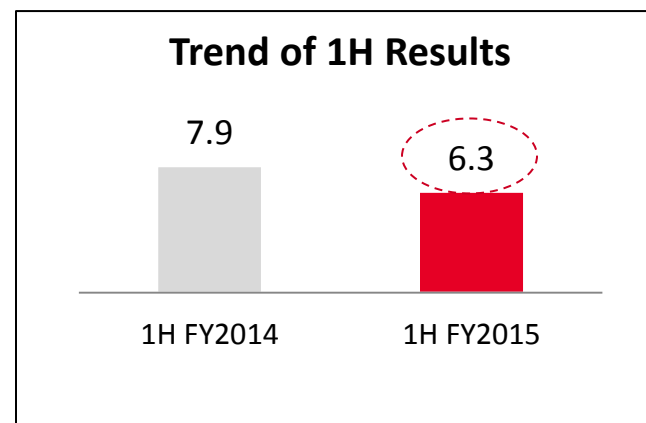
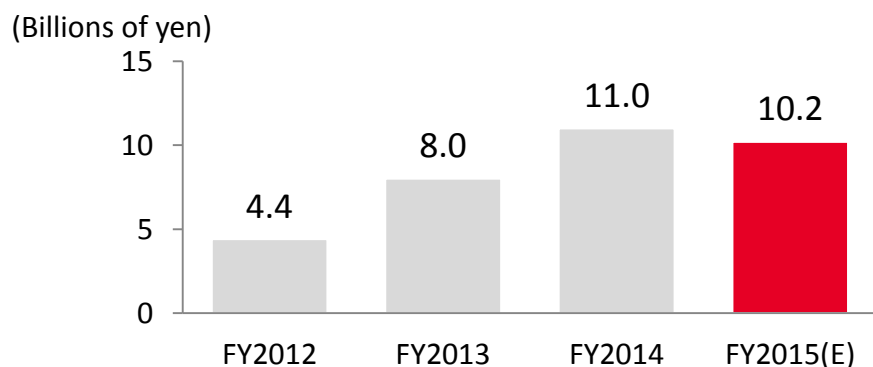
◆ Bottom-line in 1H FY2015 steadily progressed against the full year business forecast.

### Basic profit\*1



\*1 Akin to a general business corporation's operating profit or a bank's business profit, basic profit is after deduction of capital gain or loss, such as gain or loss on the sale of securities from recurring profit, and one-time gains or losses such as provision for contingency reserve.

### Net income



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1. Current mid-term management plan

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2. Next mid-term management plan (image)

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3. Trend of business results

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4. Domestic P&C insurance

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5. Domestic life insurance

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6. Overseas insurance

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7. ERM & Capital policy

## Overseas Investment Strategy

- ◆ By disciplined investments, aim both to grow sustainably and to enhance shareholder value, utilizing capital released by reduction of strategic-holding stocks.
- ◆ Aim to steadily expand profits from overseas business through a well-balanced combination of investments in emerging markets, where we can expect growth over the mid to long terms, and in developed markets, where we can expect immediate profit contribution after investments.
- ◆ Improved capability of PMI as well as M&A through investment in Maritima, Canopius, etc.

Market	Business area	Direction	Target regions		
Emerging countries	Mainly retail	Mid-long term profit contribution	Key regions	Brazil, Turkey, Malaysia	Already ranked around 10 <sup>th</sup> in the market, aiming to be a major player
			Business platform development regions	Other emerging countries	Prior investment in high opportunity markets
Developed countries	Mainly specialty	Stable profit contribution	US, Europe		

### Major M&A and PMI



- In 2009, invested in Maritima, which has strength in retail business, and made it a subsidiary later in 2013.
- Enhanced presence in Brazilian P&C insurance market through the merger of Yasuda Seguros and Maritima.
- Having completed system integration, accelerate initiatives to improve business performance.



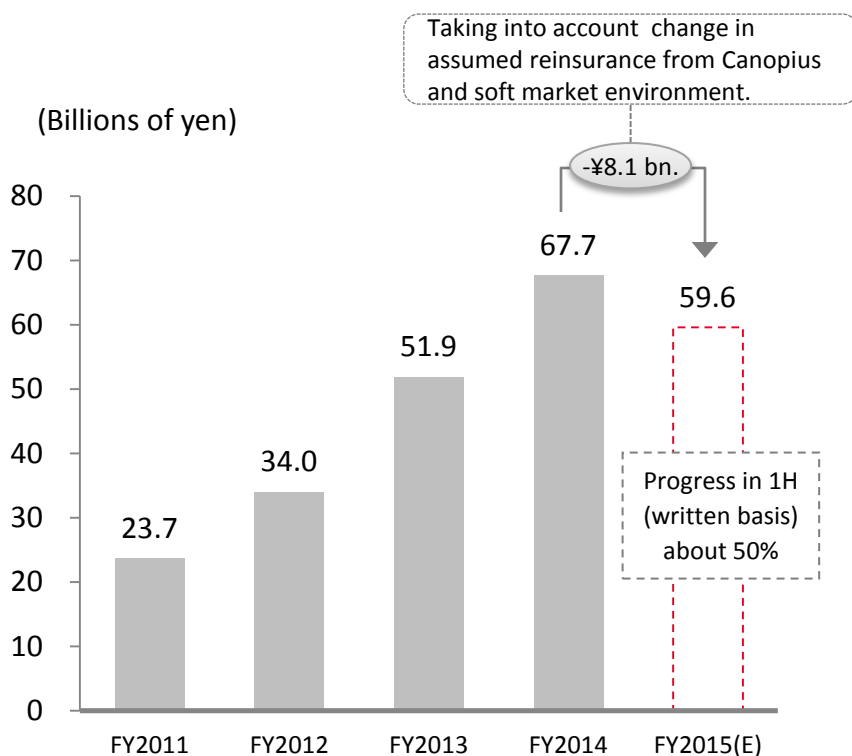
CANOPIUS

- In 2014, made Canopius, which was a major player in Lloyds, a consolidated subsidiary.
- Acquired know-how in specialty business.
- Succeeded in steady PMI (e.g. established Canopius as an assumed reinsurance business platform by utilizing its superiority in ERM, assumed reinsurance, etc.)

## Overseas Assumed Reinsurance Business

- ◆ Develop assumed reinsurance business, watching carefully environment of reinsurance market.
- ◆ Achieve optimization of the group's assumed reinsurance function, utilizing resources in Canopius.

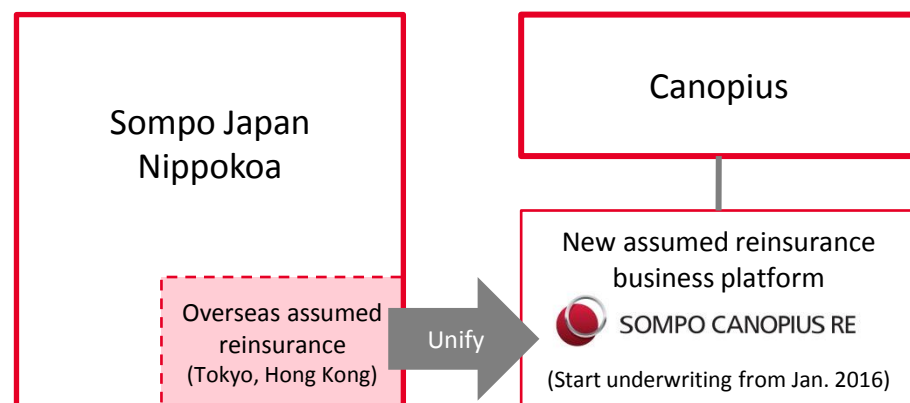
### Trends of net premiums written



\* Overseas assumed reinsurance net premium written is included in the domestic P&C insurance business for the management numerical targets in current mid-term management plan.

### Optimization of the group's assumed reinsurance function

- Unify the group's assumed reinsurance functions to the new platform under Canopius.
- Optimize the group's assumed reinsurance functions by integrating resources in the group.



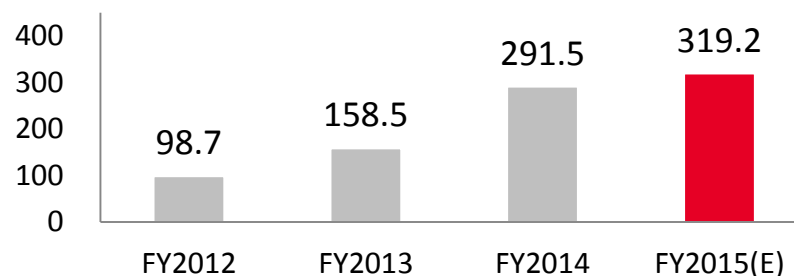
\* Each group company continues to underwrite a part of existing reinsurance business.

# Overview of Business Results – Net Premiums Written, Net Income

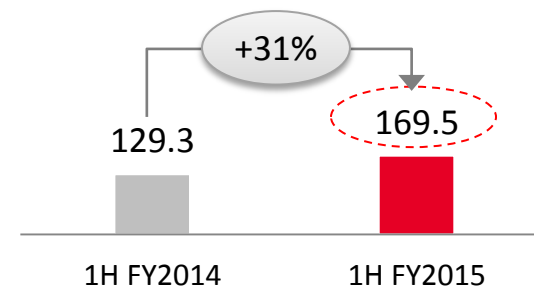
◆ Both top-line and bottom-line are steady.

## Net premiums written

(Billions of yen)

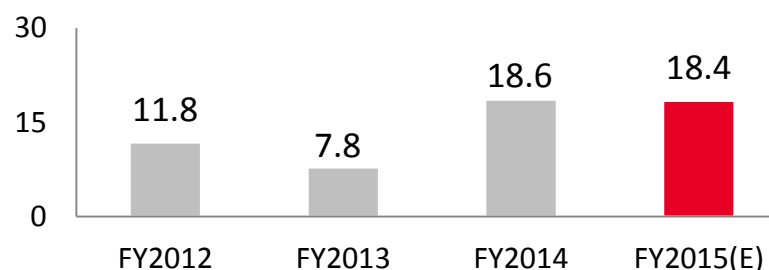


### Trend of 1H Results

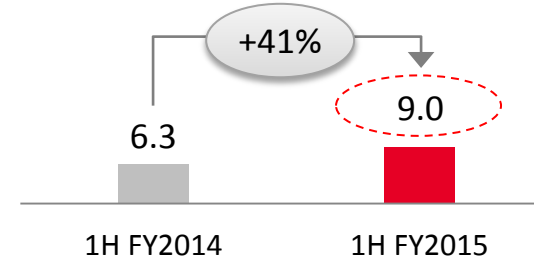


## Net income

(Billions of yen)



### Trend of 1H Results



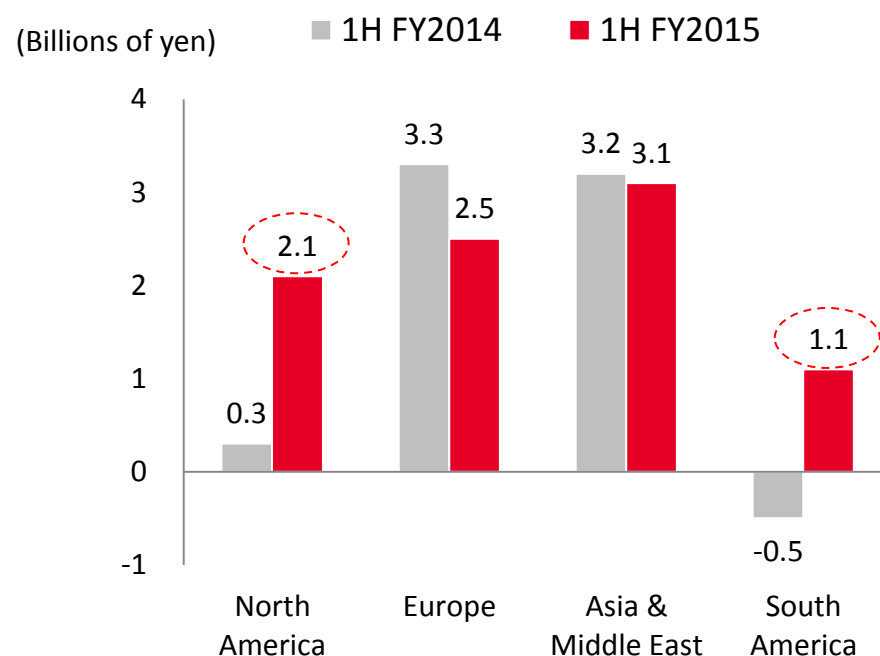
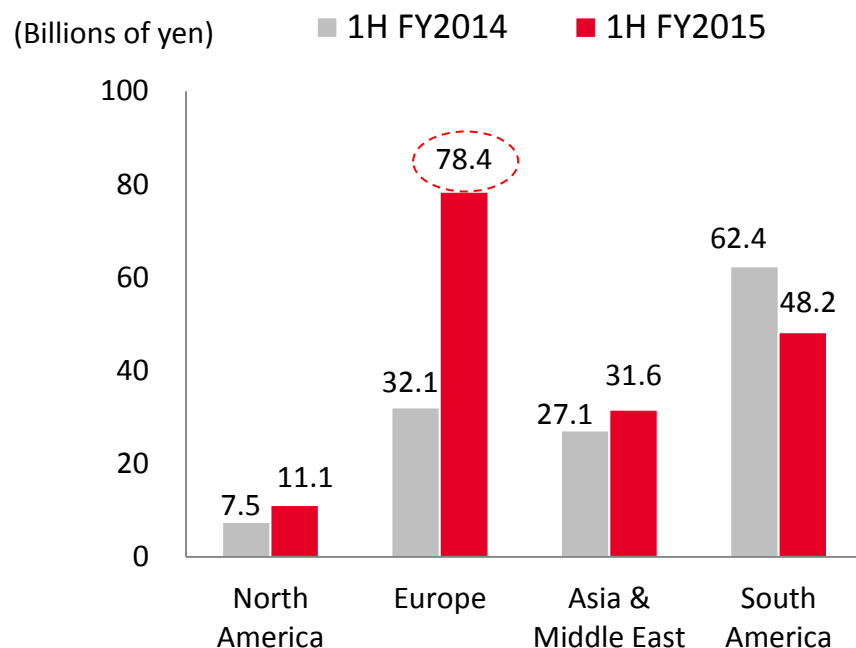
\* Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements. The net income figures also have been adjusted to reflect shareholdings and other factors.

## Business Results by Region

◆ Europe largely contributed to top-line, and bottom-line improved in North and South America.

### Net premiums written (by region)

### Net income (by region)



\* Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements. The net income figures also have been adjusted to reflect shareholdings and other factors.

## Business Results by Company

### Performance of overseas subsidiaries

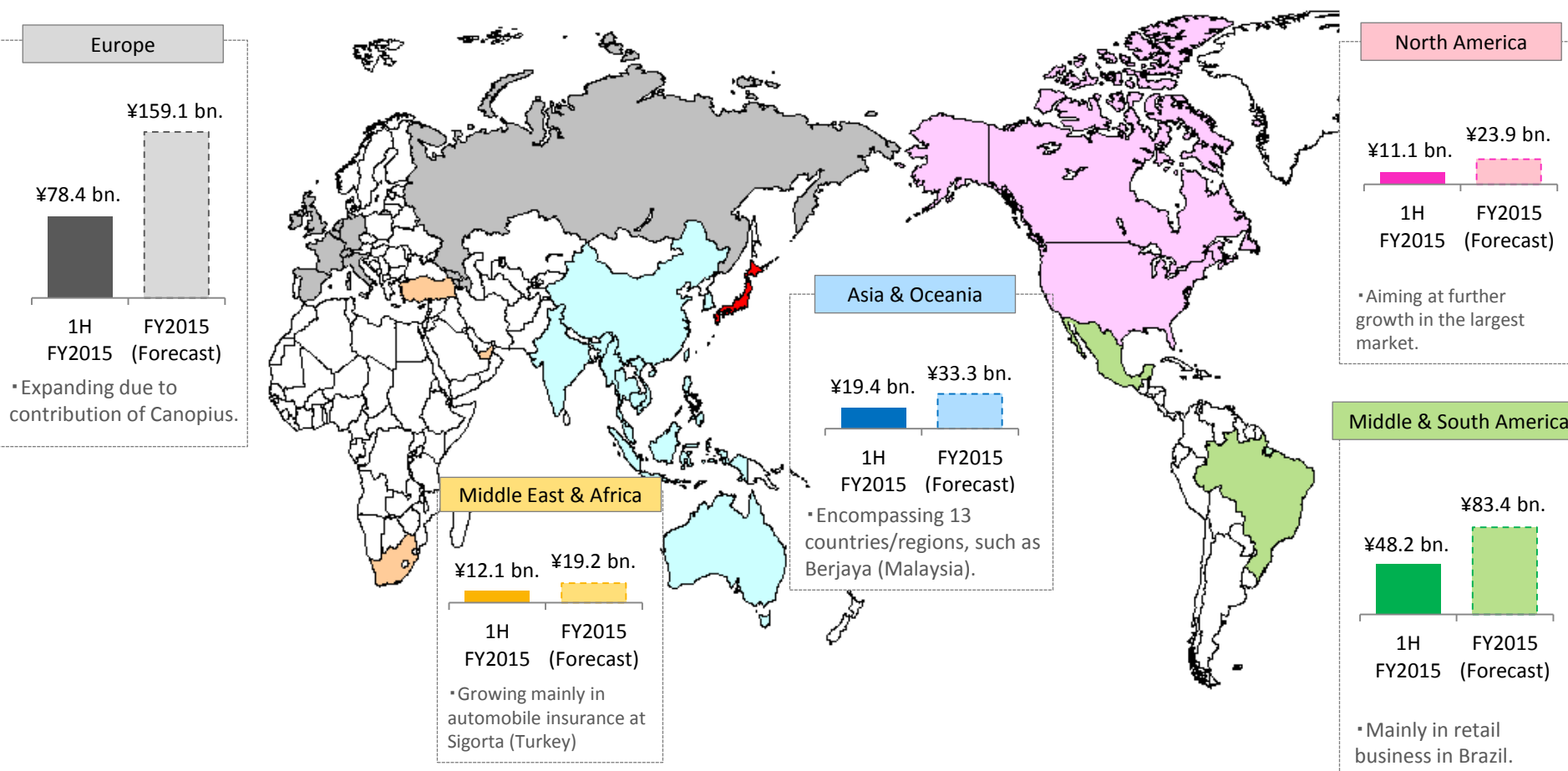
(Billions of yen)		Net premiums written			Net income			Key points of 1H FY2015 results
		1H FY2015	Change	FY2015 (Forecast)	1H FY2015	Change	FY2015 (Forecast)	
North America	SJ America	11.1	+3.6	23.9	2.1	+1.8	2.6	Net income increased due to realized gain on equity sales, etc.
Europe	SJNK Europe + NK Europe	3.1	+0.3	5.4	-0.1	-0.2	0.4	There was impact of one-time big claims.
	Canopus (UK)	75.2	+45.9	153.7	2.6	-0.6	9.2	Premium increased due to full-year contribution. Bottom-line was due to one-time big claims.
Asia & Middle East	SJ Sigorta (Turkey)	12.1	+1.9	19.2	1.0	-0.6	1.5	In line with the plan .
	Tenet Sompo (Singapore)	5.5	+1.3	8.0	0.7	-0.0	0.8	High progress rate due to loss ratio lower than planned.
	Berjaya Sompo (Malaysia)	6.2	+0.7	10.4	0.9	+0.4	1.0	Net income increased due to loss ratio in line with the plan and higher investment profit.
	SJNK China + NK China	3.9	-0.3	7.4	0.0	+0.0	0.0	In line with the plan.
	SJNK Hong Kong	2.4	+0.4	4.3	0.4	+0.0	0.6	Loss ratio stays low.
	Universal Sompo (India)	1.3	+0.2	3.0	0.0	+0.0	0.1	In line with the plan.
South America	Yasuda Maritima (Brazil)	48.2	-14.1	83.4	1.1	+1.6	1.7	Despite decreasing premiums due to review of underperforming policies, net income increased due to improvement of loss ratio, etc.
Total		169.5	+40.1	319.2	9.0	+2.6	18.4	—

\* Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements. The net income figures also have been adjusted to reflect shareholdings and other factors.

# (Reference) Global Expansion

## Premiums written in each area\*1

210 cities in 32 countries and regions



\*1 Premiums written are those underwritten only by foreign subsidiaries, and, therefore, do not include those underwritten abroad by Sampo Japan Nipponkoa.

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1. Current mid-term management plan

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2. Next mid-term management plan (image)

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3. Trend of business results

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4. Domestic P&C insurance

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5. Domestic life insurance

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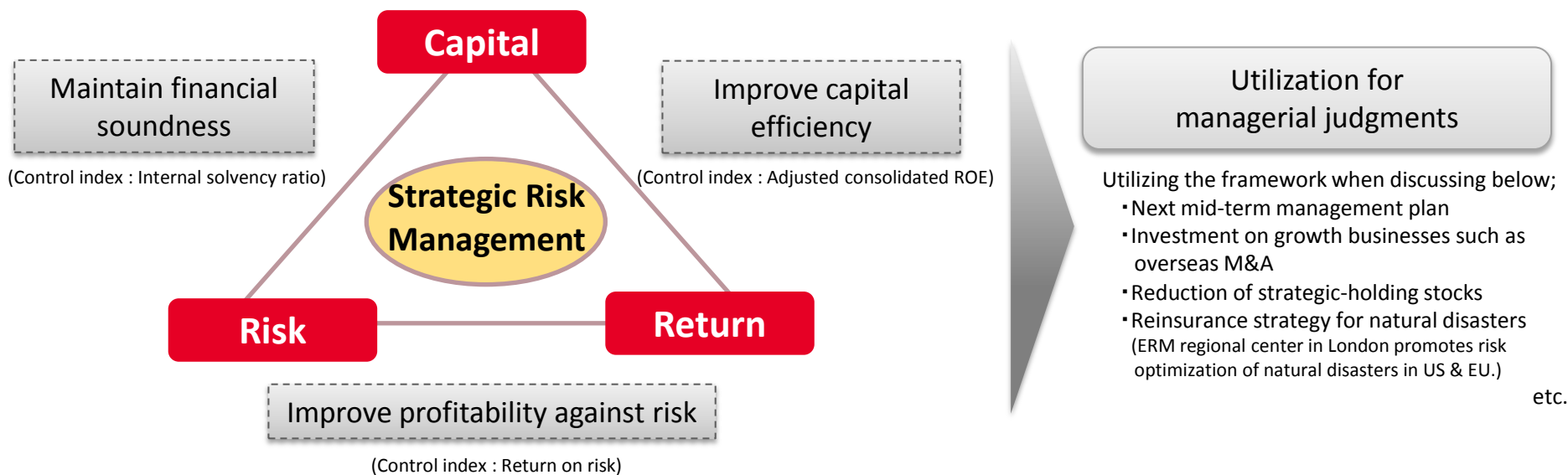
6. Overseas insurance

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7. ERM & Capital policy

## Strategic Risk Management (ERM)

- ◆ Promote Strategic Risk Management (ERM) which is mixture of business strategy and risk management.
- ◆ Aim to maximize the corporate value by controlling the balance among capital, return and risk appropriately based on risk appetite principles.



### Risk Appetite Principles

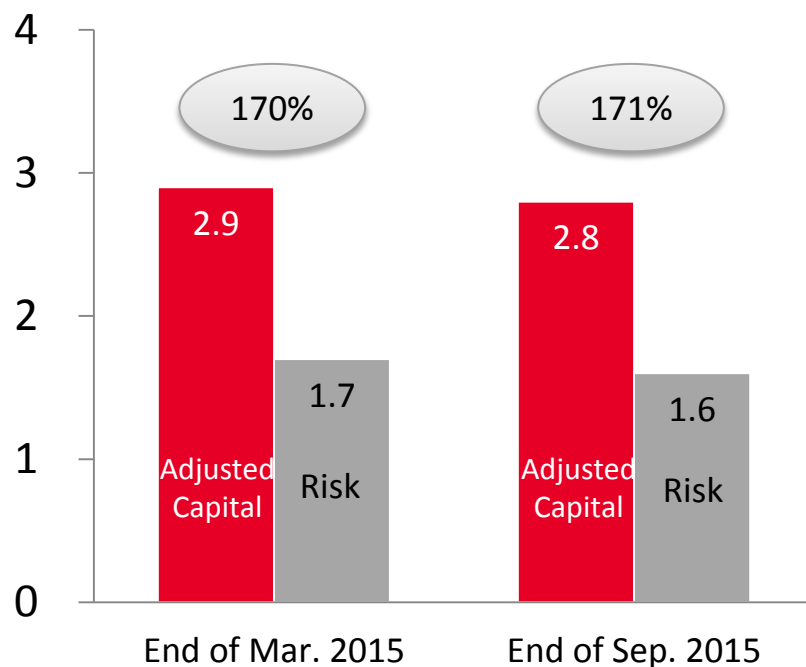
- (1) Become a globally competitive group while controlling the balance among capital, return and risk appropriately, and maximizing corporate value by improving capital efficiency.
- (2) Gain greater profit by taking risks via financial and other services in addition to insurance underwriting and investment.
- (3) Retain competitiveness among global insurers by maintaining financial soundness with a target credit rating of AA.
- (4) Maintain the stable return, and target adjusted consolidated ROE of over 7% in FY2015 to ensure group's sustainable growth.

## Financial Soundness – Internal Solvency Ratio

- ◆ Maintain strong financial soundness based on disciplined risk control.

### Trend of internal solvency ratio

(Trillions of yen)



Internal solvency ratio is the indicator of financial soundness on economic value basis calculated according to Solvency II.

• Targeting roughly 120%-170%\*<sup>1</sup>.

120%: The level leading to stable financial soundness, based on the result of stress test, etc.

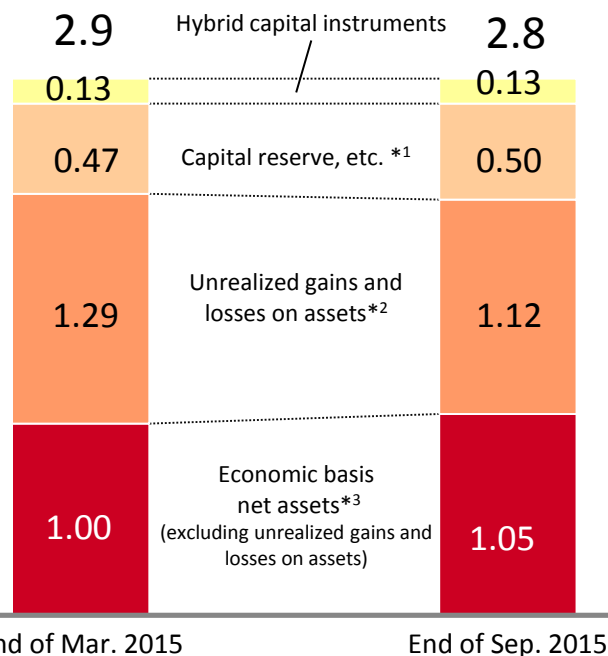
170%: The level set based on capital efficiency.

\*<sup>1</sup> To be verified annually in principle, based on situation of ROE target and risk.

# (Reference) Breakdown of Adjusted Capital and Risk

## Trend of adjusted capital

(Trillions of yen)

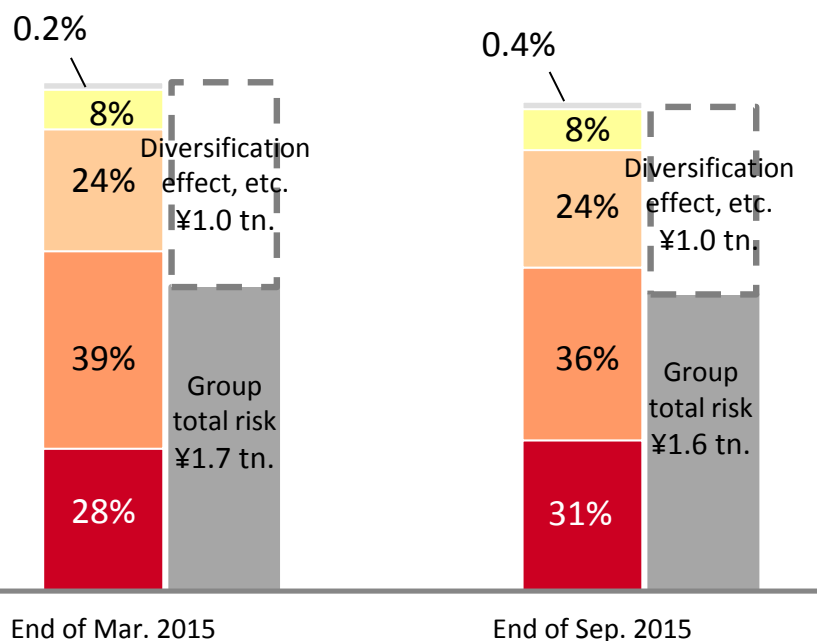


\*1 Reserve for price fluctuation and catastrophic loss reserve, etc. (after tax)

\*2 Unrealized gains and losses on securities, etc., including non mark-to-market assets (e.g. policy reserve matching bonds)

\*3 Total of net assets on non-consolidated balance sheets, and value in force of P&C and life insurance business.

## Trend of breakdown of risk\*4 by business



■ Financial & Other Services

■ Domestic Life

■ Domesti P&C (Underwriting)

■ Overseas Insurance

■ Domestic P&C (Investment)

\*4 Risk : 1 year holding period, 99.95% VaR (AA equivalent confidence level)

Risk amount of each business:

99.95% VaR before reflecting risk diversification effect among businesses and before-tax basis.

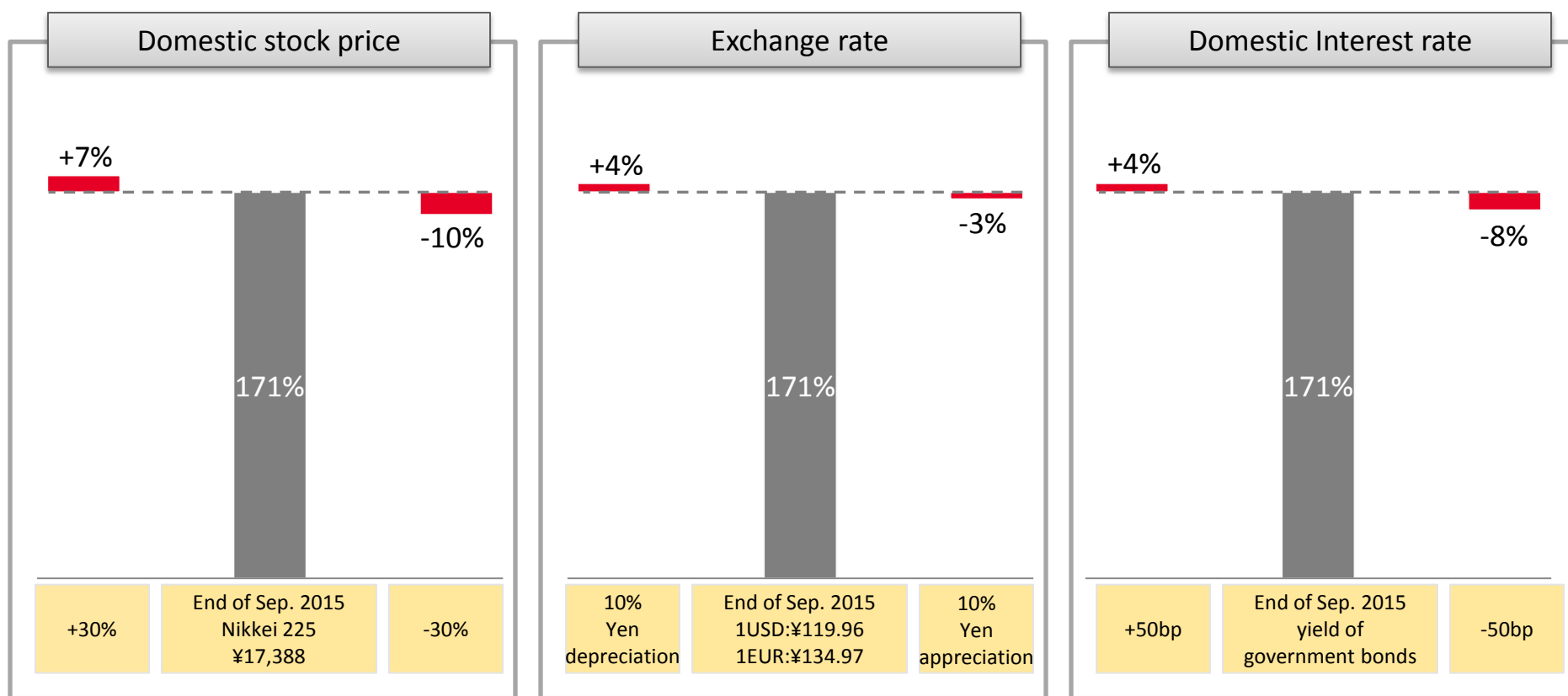
Group total risk:

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

## (Reference) Market Sensitivity

### Market sensitivity of internal solvency ratio

■ : Internal solvency ratio ■ : Change

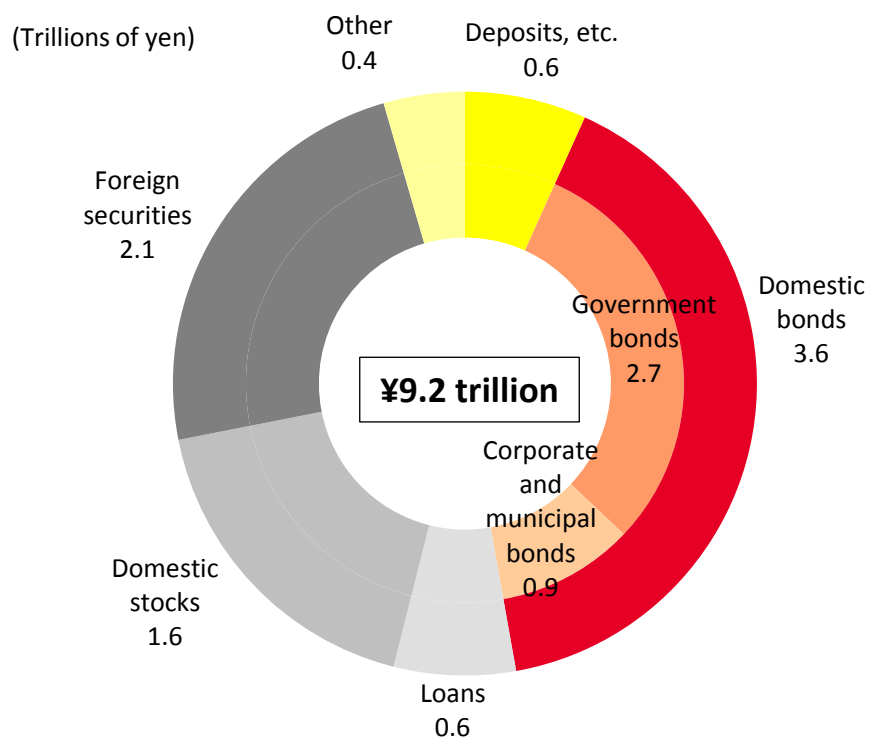


## Asset Portfolio – Group-wide

- ◆ Aim at stable investment profit through the ALM, considering the character of liability and liquidity.
- ◆ Continue to sell the domestic stocks, almost of which are strategic-holding stocks.

### Amount of investment assets (Group consolidated base, as of end of September 2015)

#### By asset class



#### By company

(Billions of yen)	Amount of investment assets	Composition
Sompo Japan Nipponkoa (consolidated)	6,209.3	68.1%
Himawari Life (consolidated)	2,291.0	23.9%
Overseas group subsidiaries	659.1	7.2%
Saison Automobile & Fire	37.7	0.4%
Sonpo 24	21.1	0.2%
Other domestic subsidiaries	11.5	0.1%
<b>Total</b>	<b>9,229.9</b>	<b>100%</b>

\* Other includes lands, buildings and stocks of non-consolidated subsidiaries, etc.

# Asset Portfolio – Sompo Japan Nipponkoa

- ◆ The general account is managed with diversified investments while the saving-type account utilizes portfolio management based on ALM.

## Amount of investment assets

(Sompo Japan Nipponkoa, non-consolidated)

**Total**  
¥6.7 trillion

**Total**  
¥6.5 trillion

¥1.3 tn.

**Saving-type  
account**

¥1.3 tn.

Proportion of  
saving-type  
account

¥5.3 tn.

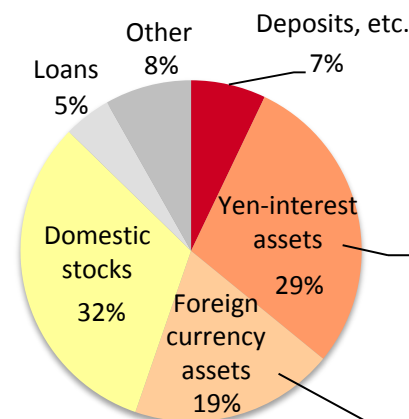
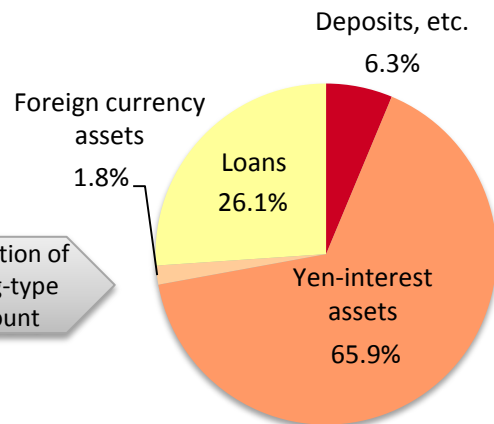
**General  
account**

¥5.2 tn.

Proportion of  
general  
account

End of Mar. 2015

End of Sep. 2015



## Duration of saving-type account

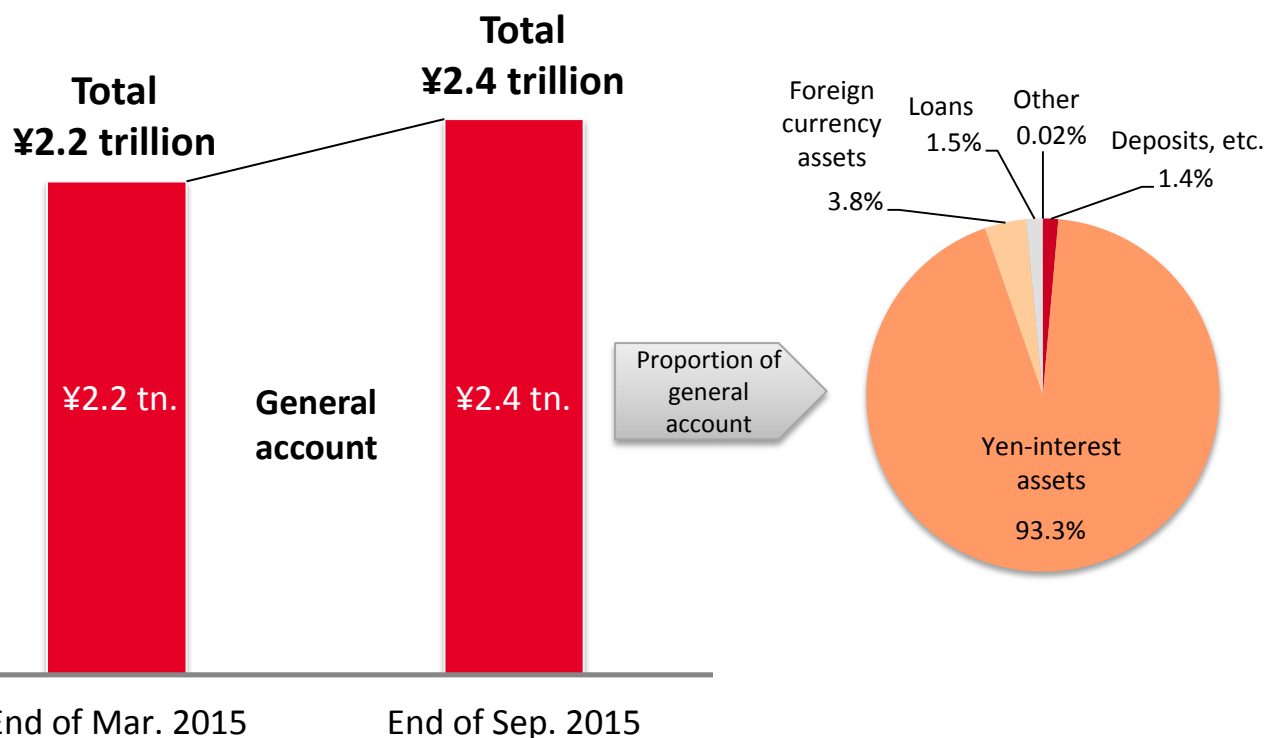
	End of Mar. 2015	End of Sep. 2015
Asset	4.5y	4.6y
Liability	6.2y	6.1y

	Government bonds	Corporate and municipal bonds	Hedged foreign bonds
Break down	14.0%	2.5%	12.3%
	Foreign bonds	Funds, etc.	Subsidiaries, affiliates
Break down	4.5%	8.2%	6.7%

## Asset Portfolio – Himawari Life

- ◆ Manage the portfolio through disciplined ALM, which mainly consists of yen-denominated interest-bearing assets.

### Amount of investment assets (Himawari Life, non-consolidated)



### Duration of general account

	End of Mar. 2015	End of Sep. 2015
Asset	13.2y	13.2y
Liability	19.0y	19.0y

\* Amount of separate account is about ¥20 billion.

## Reduction of Strategic-holding Stocks

- ◆ We steadily reduced strategic-holding stocks in line with the plan in 1H FY2015. Cumulative reduction since FY2010 has amounted to ¥707.5 billion.
- ◆ We plan to reduce them going forward to improve capital efficiency further.

### Net reduction in 1H FY2015 (fair value basis) \*1

Actual	¥16.5 billion
Stock future *2	¥26.1 billion
<b>Total</b>	<b>¥42.6 billion</b>

\*1 Net reduction means “market value of sales minus market value of purchase.”

\*2 Short position of Nikkei 225 Futures.

### Disclosure based on Corporate Governance Code

We plan to keep reducing strategic-holding stocks.

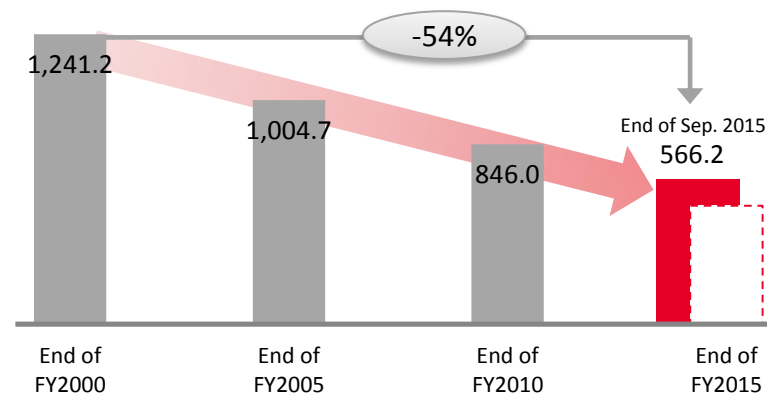
- Discuss on the Board of Directors meetings about holding strategic-holding stocks, based on economic rationality, etc.
- Allocate a part of capital surplus released by reduction of strategic-holding stocks to growth business investments to improve financial soundness and capital efficiency.

### (Reference) Cumulative reduction (fair value basis)

After business integration (from FY2010)	¥707.5 billion
During current mid-term management plan (from FY2012)	¥532.7 billion

### (Reference) Balance of strategic-holding stocks on book value

(Billions of yen)



## Shareholder Return

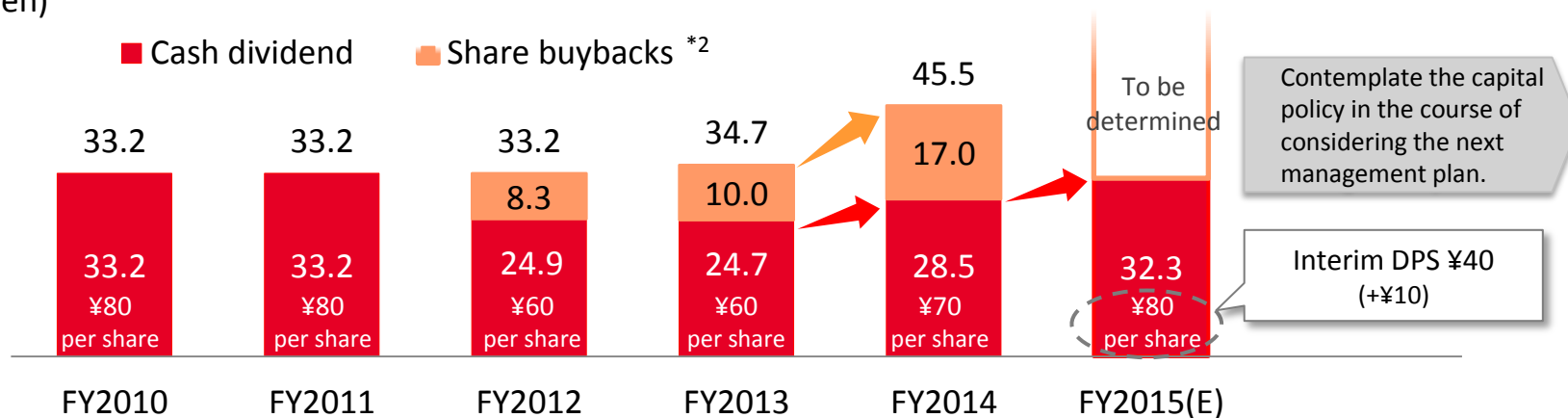
- ◆ Dividend per share is forecast to be increased to ¥80 in FY2015 for the 2nd consecutive year.
- ◆ We unchanged policy to conduct flexible share buybacks according to capital condition and level of adjusted profit.

(Shareholder return policy) • While maintaining a stable dividend, we consider flexible share buybacks according to capital condition and other factors.

• We target a total payout ratio of 50%<sup>\*1</sup> over the medium term.

### Trends of total shareholder returns

(Billions of yen)



(Reference)

Adjusted consolidated profit, excluding domestic life

FY2010	FY2011	FY2012	FY2013	FY2014	FY2015(E)
¥21.0 bn	- ¥98.7 bn.	¥3.7 bn.	¥15.8 bn.	¥90.8 bn.	¥133.0 bn.

Total payout ratio<sup>\*1</sup>

159%	NA	885%	219%	50%	-
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\*1 Total payout ratio : (Cash dividend + Share buybacks)/Adjusted consolidated profit excluding domestic life

\*2 Share buyback reflecting the annual performance is conducted in next fiscal year. (Share buyback reflecting FY2014 performance (¥ 17 billion) was conducted in FY2015.)

## Note Regarding Forward-looking Statements

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

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