



**SOMPO
HOLDINGS**

Innovation for Wellbeing

Version of November 2018

Topics & Basics

November 2018
Sompo Holdings, Inc.



1. Mid-term management plan

P1

(1) Group management

P1

(2) Business strategies for each business segment

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(3) ERM, capital policy & asset management

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2. About SOMPO Holdings

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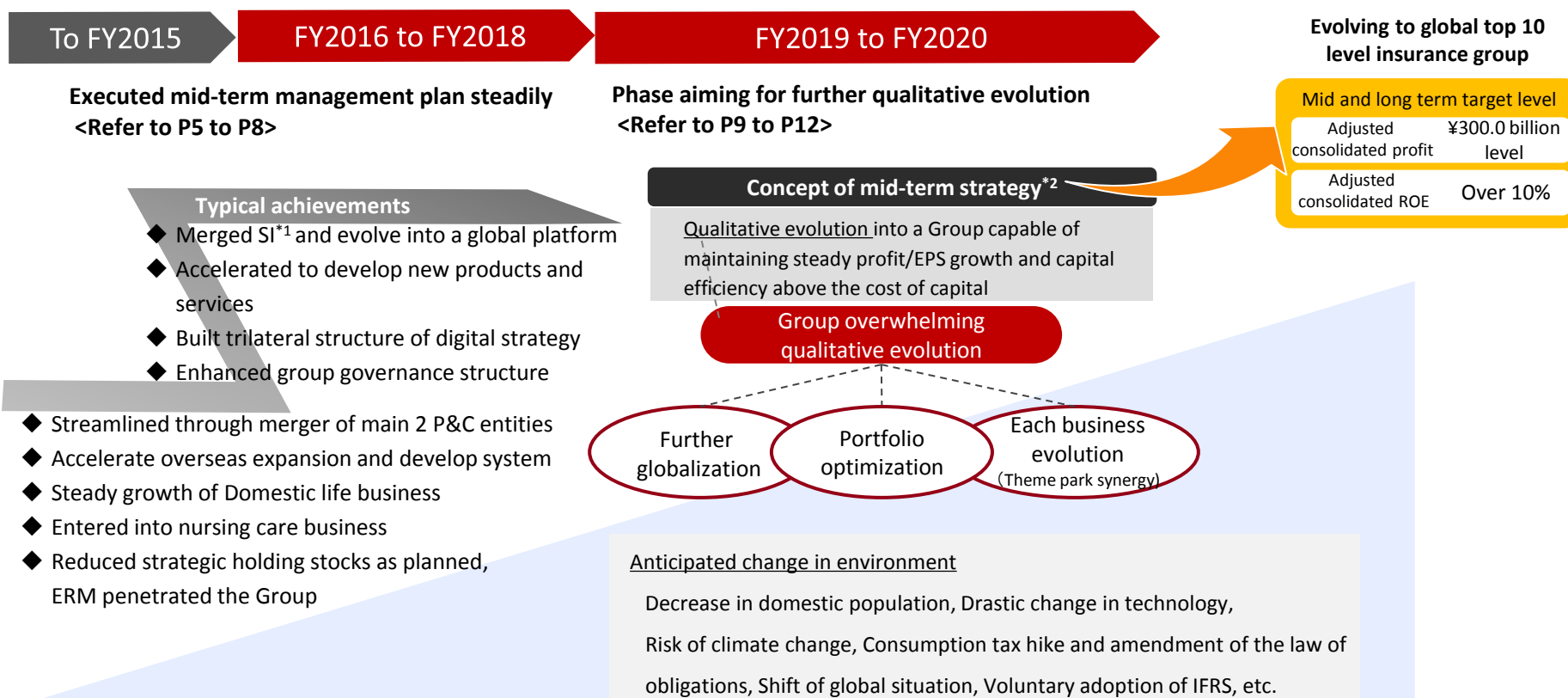
Appendix

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Progress of Group Management and Direction of Mid-term Strategy

- ◆ While we steadily execute our strategies, in light of the external environment and other factors, we recognize the need for further qualitative evolution on a Group-wide basis.
- ◆ Achieve evolution contributing to business expansion and higher efficiency, and aim at long-term sustainable and stable growth.

Achievements so far and concepts of mid-term strategy



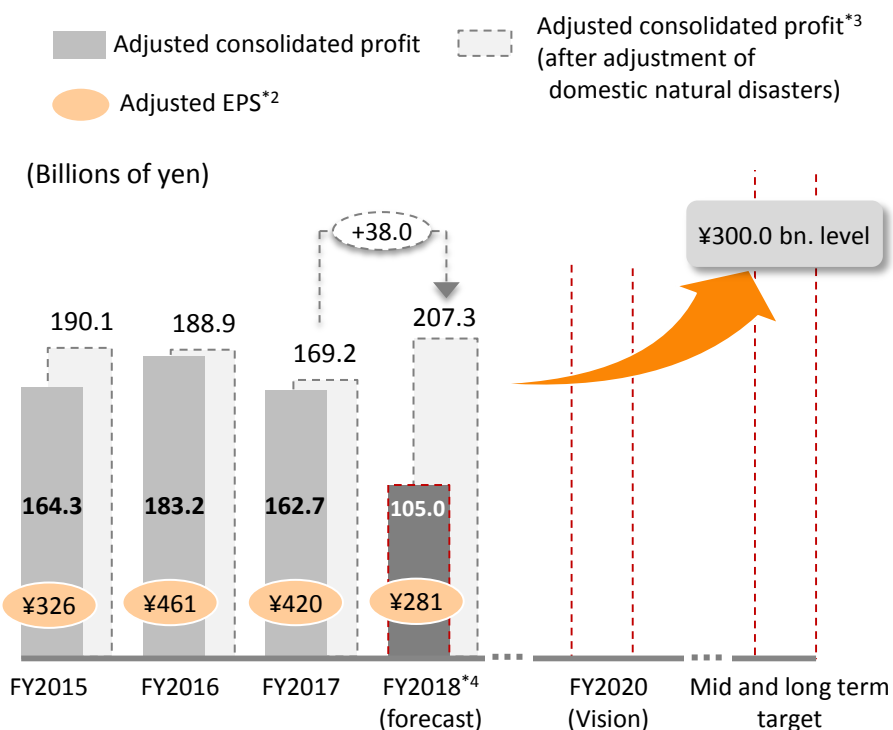
*1 SI stands for Sompo International

*2 Numerical management targets will be disclosed in May 2019.

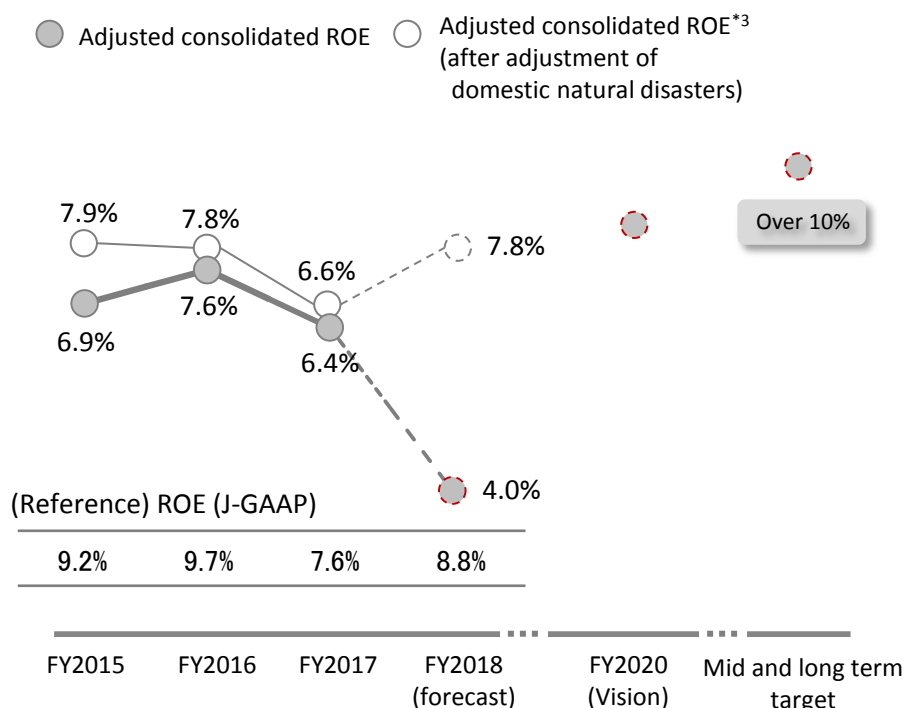
Progress of Mid-term Management Plan (1) – Group

- ◆ While executed strategy steadily, mid-term management plan progressed as planned. (Deliver higher earnings in FY2018 after adjusting domestic natural disasters)
- ◆ By achieving the Group's qualitative evolution, aim at enhancing adjusted consolidated profit, EPS and capital efficiency further.

Adjusted consolidated profit*1



Adjusted consolidated ROE*1



*1 See page 11 for definitions of adjusted consolidated profit and adjusted consolidated ROE.

(Reference) Adjusted consolidated net assets (average balance of beginning and end of FY)

FY2015: 2,378.3, FY2016:2,403.3, FY2017:2,553.9, FY2018(forecast):2,611.8 (billions of yen)












*2 Adjusted EPS = adjusted consolidated profit / the number of issued stocks (excluding portion of share buy-back, etc.)

*3 Revised adjusted consolidated profit and adjusted consolidated ROE, assuming an incurred loss on domestic natural disasters of ¥48.0 billion (equivalent to the historical average and estimated amount in initial forecasts for FY2018)

*4 Adjusted consolidated profit of 1H FY2018 actual is ¥28.3 billion

Progress of Mid-term Management Plan (2) - Achievements of First Half of Mid-term Management Plan

◆ Executed strategies related to main missions in initial plan and achieved a lot of fruitful results.

	Main missions in initial plan	Typical achievements	
Domestic P&C	Achieve higher operating efficiency at global top level	<ul style="list-style-type: none"> Optimized distribution channel Enhanced efficiency with AI, etc. Allied strategically with innovative players targeting the creation of new business models and sources of earnings 	 
Overseas insurance	Organic growth and accelerate growth with M&A	<ul style="list-style-type: none"> Achieved dramatic growth in profit through the acquisition of former Endurance, and develop and optimize the overseas portfolio through the sale of Canopus SI evolved into a global platform 	
Domestic life	Challenge to integrate product, service and channel, expand policies in force	<ul style="list-style-type: none"> Expanded policies in force centered on highly profitable medical insurance Developed epoch-making "Insurhealth" product such as new income compensation insurance and dementia insurance 	  
Nursing-care and healthcare, etc.	Stabilize profit by enhancing quality and efficiency	<ul style="list-style-type: none"> Become profitable while enhancing quality and efficiency as well as improving occupation rate Built eco-system of dementia as the center, and create group synergy 	
Digital, etc.	Enhance competitive advantage through strengthening customer contact with advanced technology, etc.	<ul style="list-style-type: none"> Built a digital trilateral structure Promoted existing business reshape and new business through strategic alliances, etc. 	   

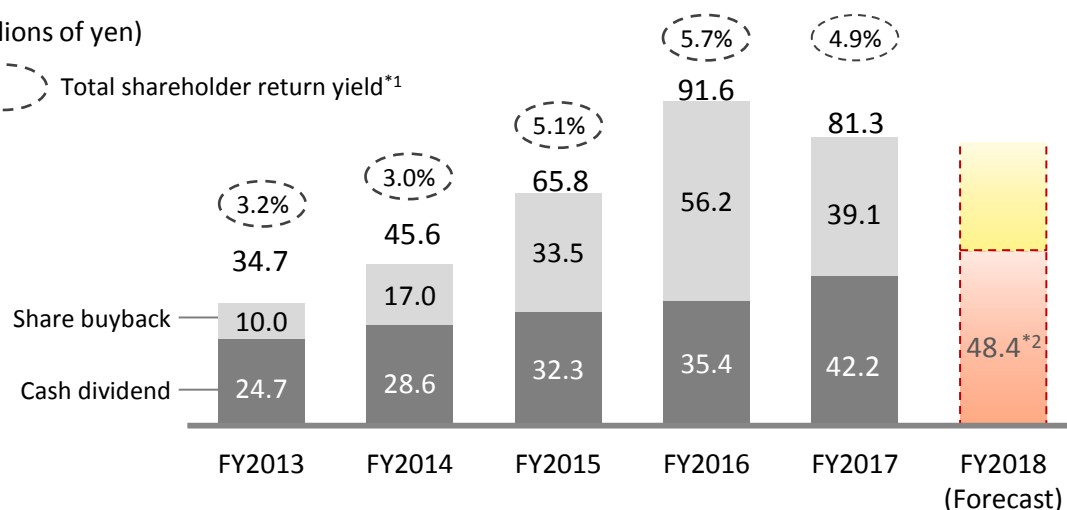
Progress of Mid-term Management Plan (3) – Shareholder Return

- ◆ Projected to raise DPS in FY2018 for 5th consecutive years. Execute share buyback steadily taking into account stock price, etc. (Decided to cancel treasury stocks)

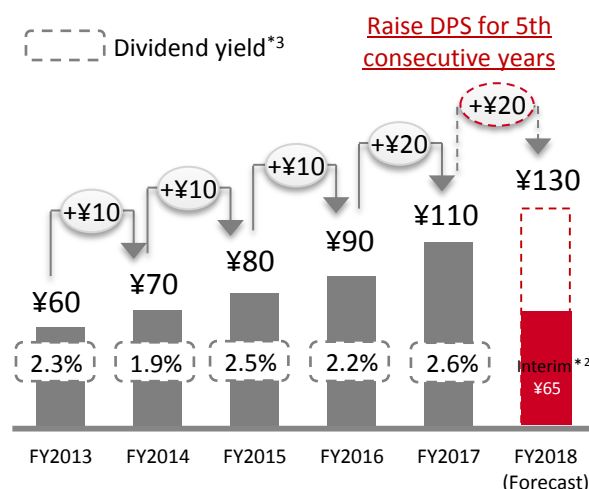
History of shareholder returns

(Billions of yen)

○ Total shareholder return yield*¹



(Reference) DPS



Adjusted consolidated profit	15.8	90.8	132.0	183.2	162.7	105.0
Total payout ratio* ⁴	220%	50%	50%	50%	50%	—
(Reference) Share price (End of fiscal year)	¥2,652	¥3,735	¥3,188	¥4,079	¥4,282	—

Plan to consider flexibly total payout ratio of FY2018 depending on the situation

★ November 2018: In light of voices of the market, decided to cancel all treasury stocks (equivalent to 10.12%)

Shareholder return policy

Aim at attractive shareholder return through stable dividend and flexible share buyback, taking into account relative level of dividend yield or DPS growth. (Target level of total payout ratio: around 50%*⁴ over medium term.)

Determine balance of dividends and share buybacks based on stock price and dividend yield, etc.

*1 Total shareholder return yield = (Cash dividend + Share buyback) / Market cap. as of end of FY

*2 The Interim dividend is ¥24.2 billion (DPS ¥65) (approved)

*3 Dividend yield = Cash dividend / Market cap. as of end of FY

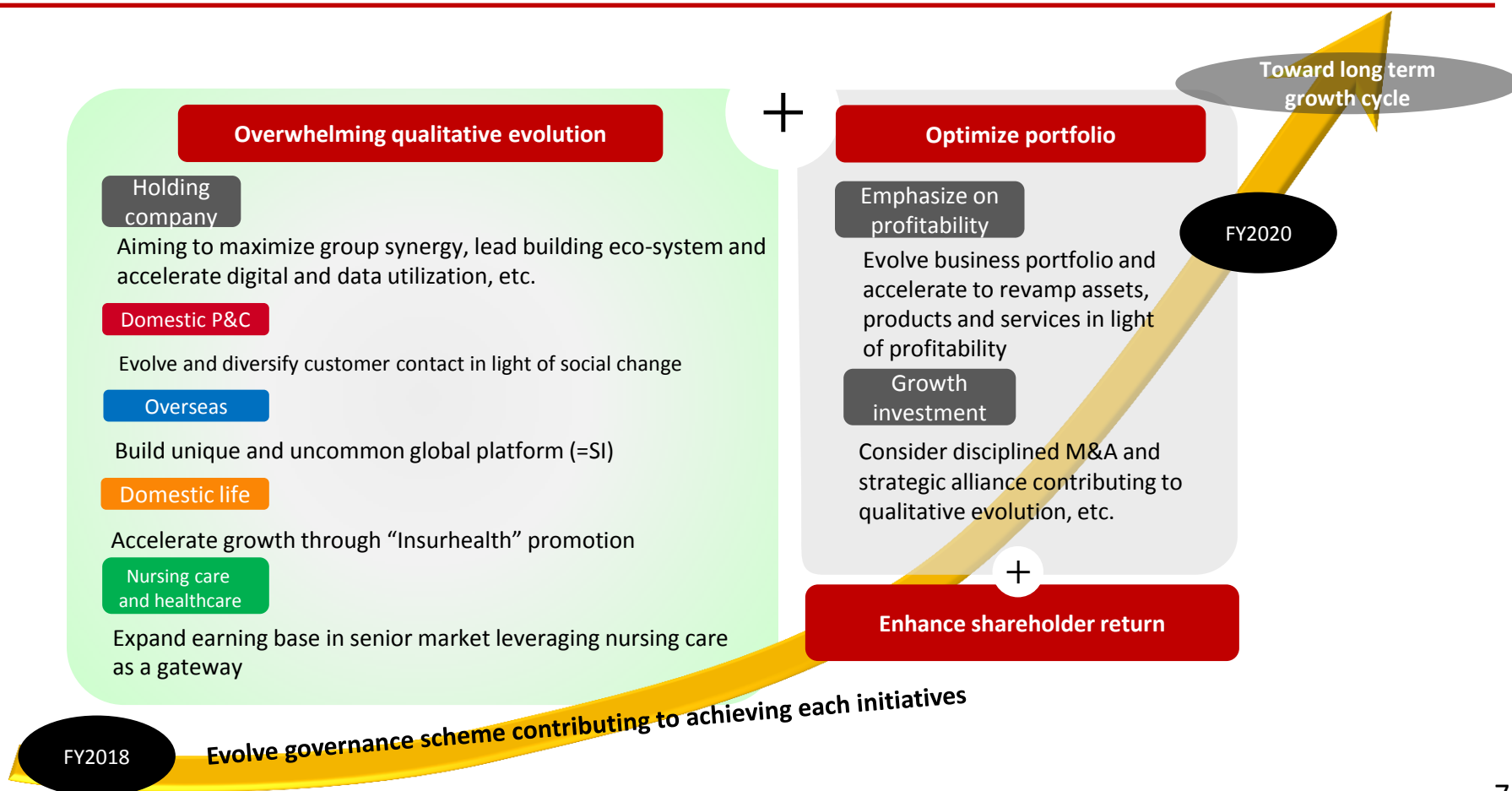
*4 Total payout ratio = (Cash dividend + Share buyback) / Adjusted consolidated profit

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Direction of Mid-term Strategy (1) - Group Qualitative Evolution (Transformation)

- ◆ Seek to achieve the Group's qualitative evolution in order to continuously attain an ROE above the cost of capital as well as EPS growth.
- ◆ Strive to optimize the Group portfolio by allocating capital with an emphasis on profitability, reflecting enhanced use of return on risk (ROR), etc.

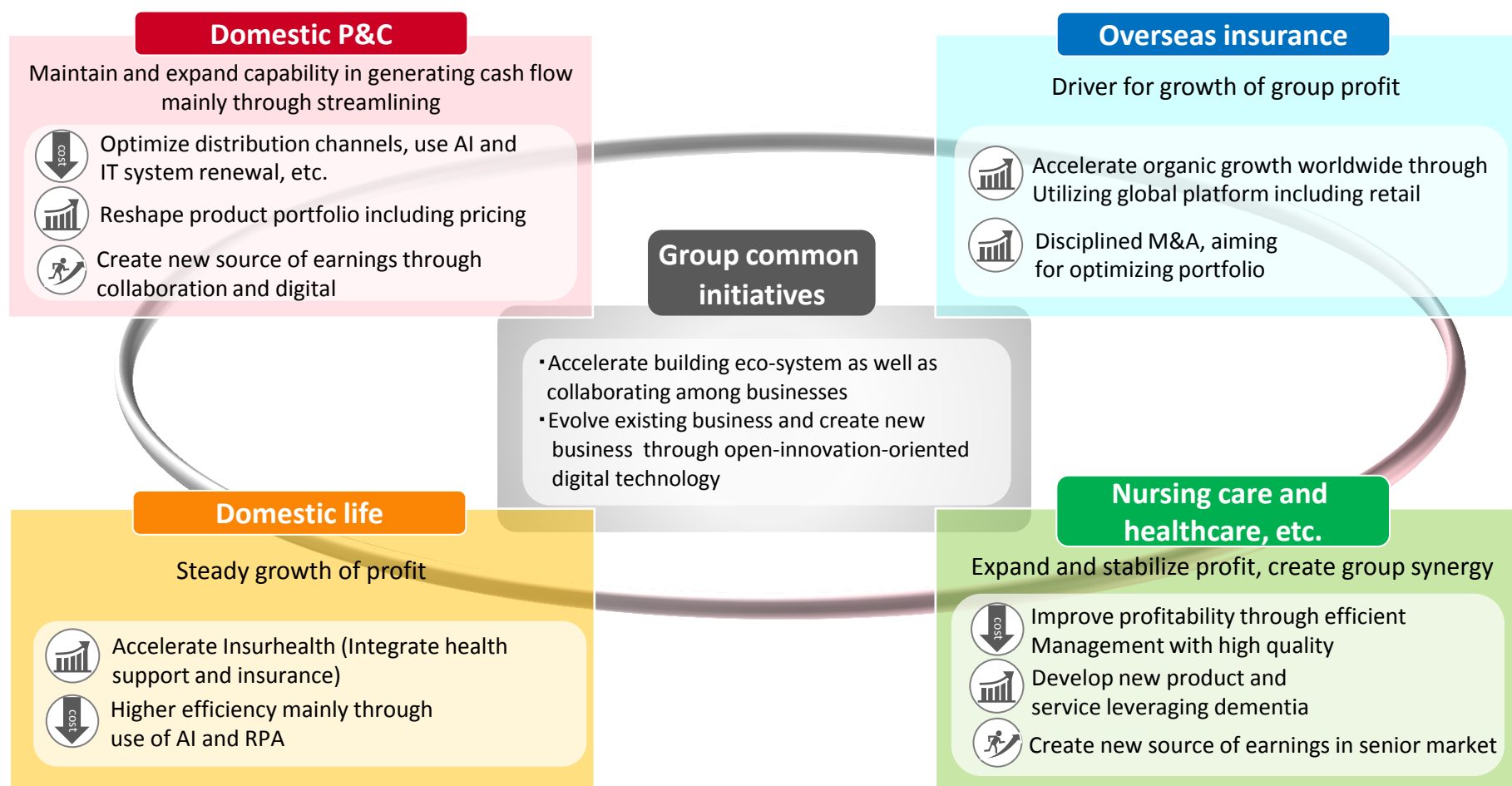
Qualitative evolution to aim for



Direction of Mid-term Strategy (2) - Direction of Business and Strategy, and Steady Growth

- ◆ Aim to complete qualitative evolution in each business to achieve sustainable growth of the Group.

Direction of business and strategy

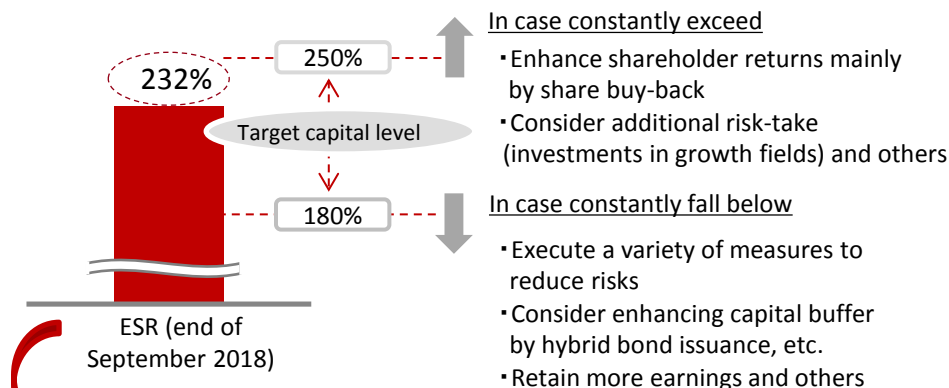


Direction of Mid-term Strategy (3) - Robust Financial Base and Capital Allocation

- ◆ Maintain and enhance a robust financial base under strict risk controls as a solid foundation for strategies.
- ◆ Based on proper balance sheet management, aim for maintaining both attractive shareholder return and disciplined growth investment.

Financial base and risk control

Plan to maintain and enhance robust financial soundness mainly through accumulating profit and reducing strategic holding stocks



Mid-term direction

→ Evolve strategic risk management (ERM) further
Optimize group portfolio by enhancing use of ROR, etc.

- | | | |
|------------------|---|--|
| Adjusted capital | → | Expect to expand gradually centered on earnings accumulation |
| Risk amount | → | <u>CAT risk on group wide</u>
Proper underwriting discipline and control by reinsurance cover |
| | → | <u>Risk of change in stock price</u>
Reduce strategic holding stocks in plan |

● Arrows indicate future direction

Capital allocation (1) Direction of shareholder return

- While growth of group profit, aim to enhance shareholder return
- | | |
|---------------|---|
| Dividend | <ul style="list-style-type: none"> • Basically stable dividend • Aim at increasing trend with profit expansion |
| Share buyback | <ul style="list-style-type: none"> • Dynamically execute transactions as a means of adjusting capital, taking into account the stock price level |

Capital allocation (2) Direction of growth investment

Continue strictly disciplined manner, plan to capture global investment chance contributing to achieving higher ROE selectivity.

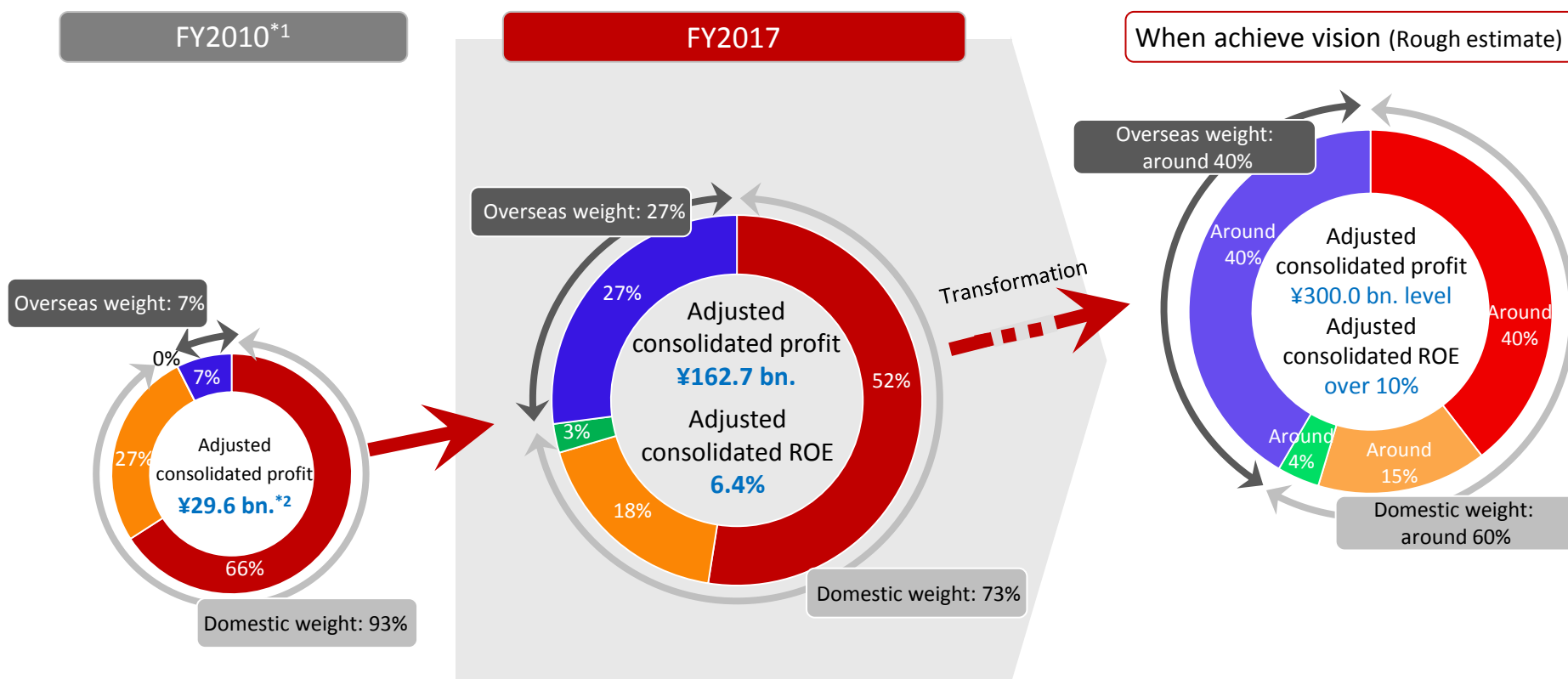
- | | |
|----------------------------------|---|
| Overseas M&A (Insurance company) | <ul style="list-style-type: none"> • <u>Major M&A</u> mainly professional team consider cases contributing to profit expansion and higher ROE • <u>Bolt-on type M&A</u> Mainly SI consider with specific intension such as diversification of geography and lines |
| Strategic alliance (worldwide) | <ul style="list-style-type: none"> • Build eco-system with external partners • Based on customer needs, develop new services, etc. |

Business Portfolio Transformation

◆ Progress risk diversification of entire group, aim to achieve well-balanced business portfolio

Vision of optimizing business portfolio

■ Domestic P&C
 ■ Overseas Insurance
 ■ Domestic Life
 ■ Nursing care & healthcare, etc.



*1 FY of SOMPO holdings establishment

*2 Estimation based on current definition of adjusted profit

Numerical Management Targets, etc.

Numerical management targets

(Billions of yen)	FY2017	FY2018	
	(Actual)	(1H Actual)	(Forecasts) Announced November 2018
Domestic P&C insurance ^{*1}	85.3	-19.4	14.0
Overseas insurance	44.0	27.1	54.0
Domestic life insurance	29.2	17.7	32.0
Nursing care & healthcare, etc.	4.1	2.8	5.0
Total (Adjusted consolidated profit)	162.7	28.3	105.0
Adjusted consolidated ROE^{*2}	6.4%	-	4.0%
Consolidated net income (J-GAAP)	139.8	22.1	170.0
ROE (J-GAAP)	7.6%	-	8.8%

Definition of adjusted profit

Domestic P&C insurance

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

Overseas insurance

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

Domestic life insurance

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

Nursing care & healthcare, etc.

Net income

^{*1} Total of Sompo Japan Nipponkoa, Saison Automobile & Fire, Sonpo 24, Sompo Japan Nipponkoa Insurance Services, DC Securities and Sompo Risk Management (former Sompo Risk Management & Healthcare)

^{*2} Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)
 Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance (after tax)
 + Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets
 Domestic life insurance adjusted net assets = Net assets (J-GAAP) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax)
 + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

^{*3} Adjusted profit of SI is defined as operating income, which excludes one-time factors (operating income = net income - net foreign exchange gains/losses - net realized and unrealized gains/losses - net impairment losses recognized in earnings, etc.). Actual for the overseas insurance business in FY2017 includes a decrease in tax expenses in connection with the reorganization of SI.

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Appendix

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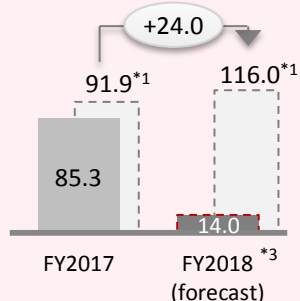
Progress of Mid-term Management Plan – Businesses

◆ While bottom-line of each business steadily expands, aim at qualitative evolution.

Adjusted profit by segment and typical key factors

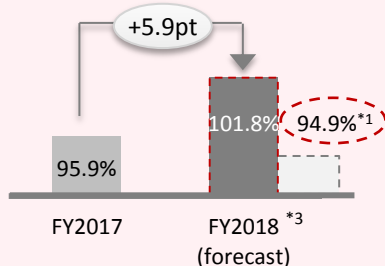
Adjusted profit (Billions of yen)

Increase profit after adjustment of domestic natural disasters



Combined ratio^{*2}

Accelerating proper pricing and higher efficiency, aim at the target level (92% to 94%)



^{*1} Revised number, assuming an incurred loss of ¥48.0 billion and net claims paid of ¥43.0 billion on domestic natural disasters (equivalent to the historical average and estimated amount in initial forecasts for FY2018)

^{*2} excl. CALI, household earthquake

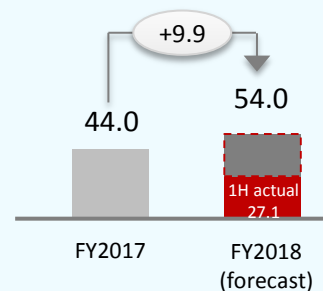
^{*3} 1H FY2018 actual: adjusted profit -¥19.4 bn., combined ratio 95.5%

Domestic P&C

Overseas

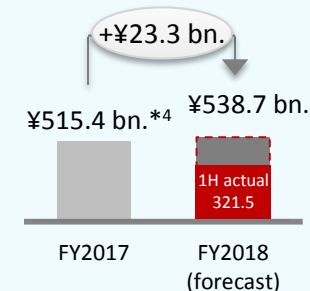
Adjusted profit (Billions of yen)

Achieve organic growth of profit



Premium written

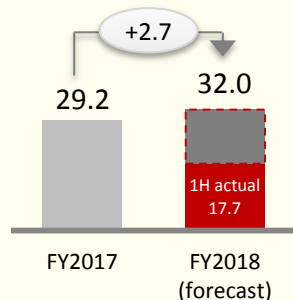
Premium written expand centered in specialty line on global base



^{*4} excl. Sompo Canopus portion

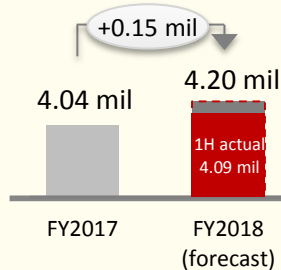
Adjusted profit (Billions of yen)

Increase profit steadily mainly based on expansion of policies in force



Policies in force

Partly due to launching new product, policies in force expand

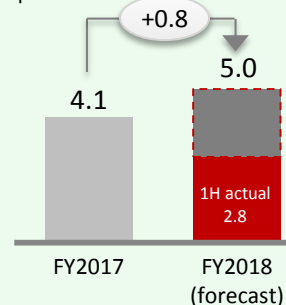


Domestic Life

Nursing care & healthcare, etc.

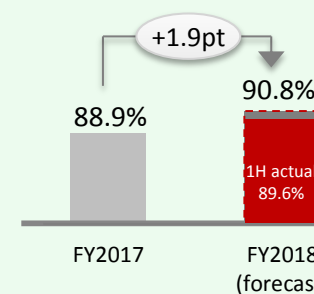
Adjusted profit (Billions of yen)

increase in light of occupancy rate improvement



Occupancy rate^{*5}

Steadily improve



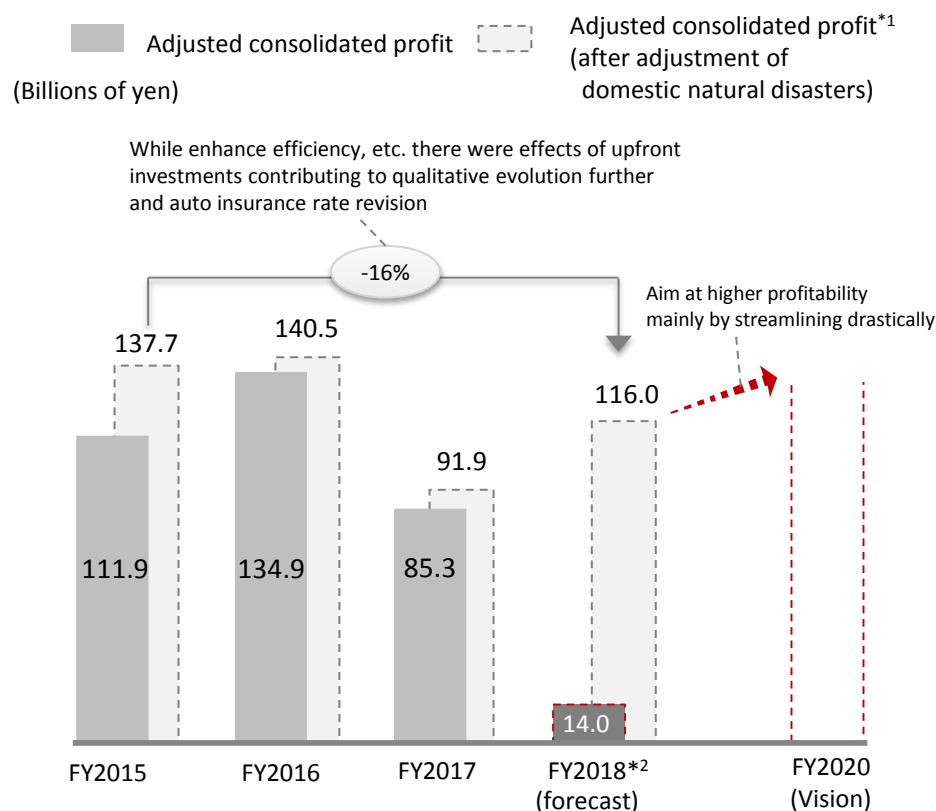
^{*5} Sum of former SOMPO Care and SOMPO Care Next

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

Progress of Domestic P&C Insurance

- ◆ Aim at further profit growth and stability in preparation for future environmental changes by achieving qualitative evolution and higher operating efficiency through upfront investments such as AI, RPA and IT system and reform of the product portfolio through optimizing premium rates thoroughly.

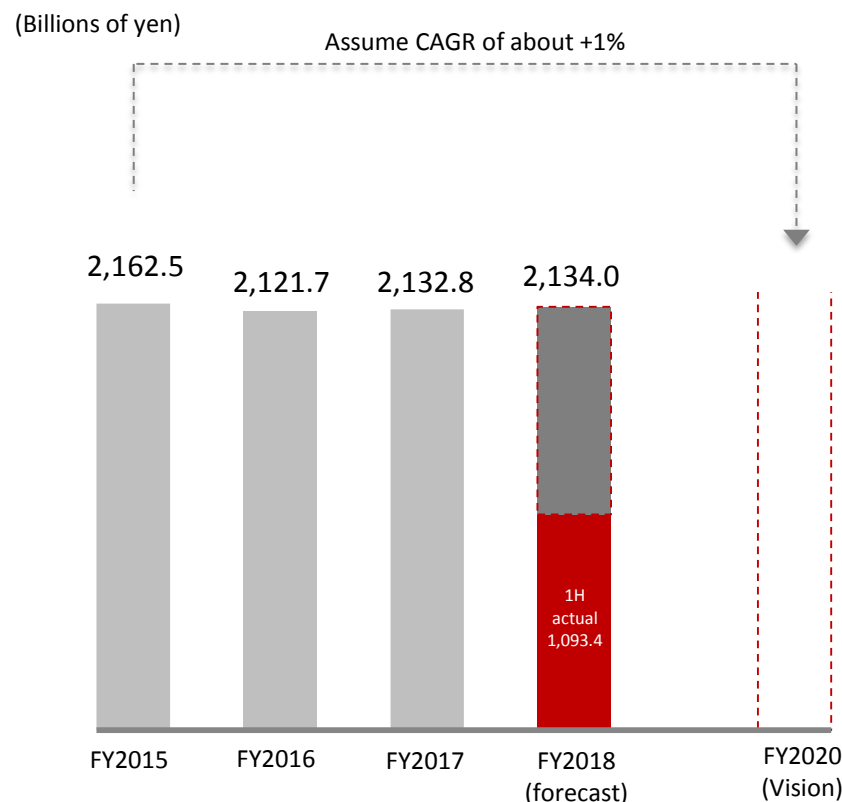
Plan for adjusted profit



*1 Revised adjusted consolidated profit, assuming an incurred loss on domestic natural disasters of ¥48.0 billion (equivalent to the historical average and estimated amount in initial forecasts for FY2018)

*2 1H actual in FY2018 is -19.4 billion yen

Net premiums written (Sampo Japan Nipponkoa)*³



*3 Presented by adjusting reinsurance policies scheduled for successive transfer to overseas subsidiaries: Deducting the portion of the total transfer amount (approx. ¥60.0 billion) that has yet to be transferred in each fiscal year.

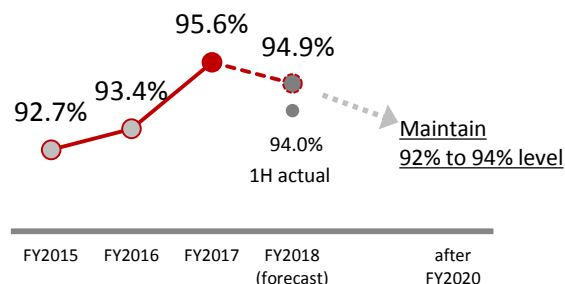
Key Points for Domestic P&C Insurance

- ◆ Aim to improve profitability of insurance products, to pursue efficiency and to achieve qualitative evolution capturing change in customer needs.

(1) Combined ratio^{*1}

Aim at 92% to 94% level of combined ratio by higher efficiency mainly through digital technology and optimization distribution channels, and control of CAT risks, etc.

<Combined ratio after adjustment^{*2} of domestic natural disasters>



^{*1} Sompo Japan Nipponkoa (excl. CALI, household earthquake)

^{*2} Revised number, assuming a net claims paid of ¥43.0 billion on domestic natural disasters (equivalent to the historical average and estimated amount in initial forecasts for FY2018)

(2) Growth strategy

Progress collaboration with innovative players, etc. aiming for continuous expansion of the number of customers

<Examples of recent alliances>

LINE Financial

“LINE insurance” launched (October 2018)

- Insurance that users can take out easily and flexibly through the LINE messaging app with selectable term periods starting from one day
- Extending our reach to LINE’s 76 million users and young customers in Japan
- Increase the number of customers by further enhancing products going forward



Business alliance with ZhongAn international^{*3} in area of insurance and technology



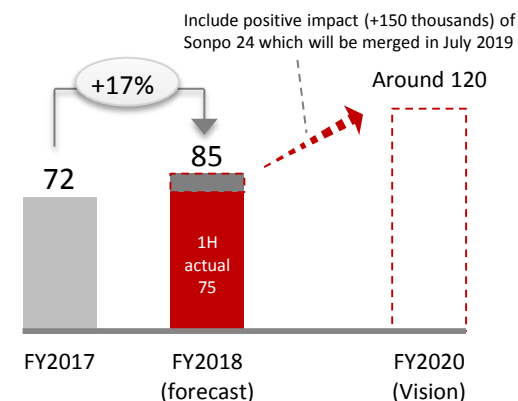
Mainly provide cyber security and consulting services

(3) Direct business (Saison Automobile & Fire)

- Mainly due to differentiated product, No.1 growth rate in the industry
- Come within the range of profitable in FY2020

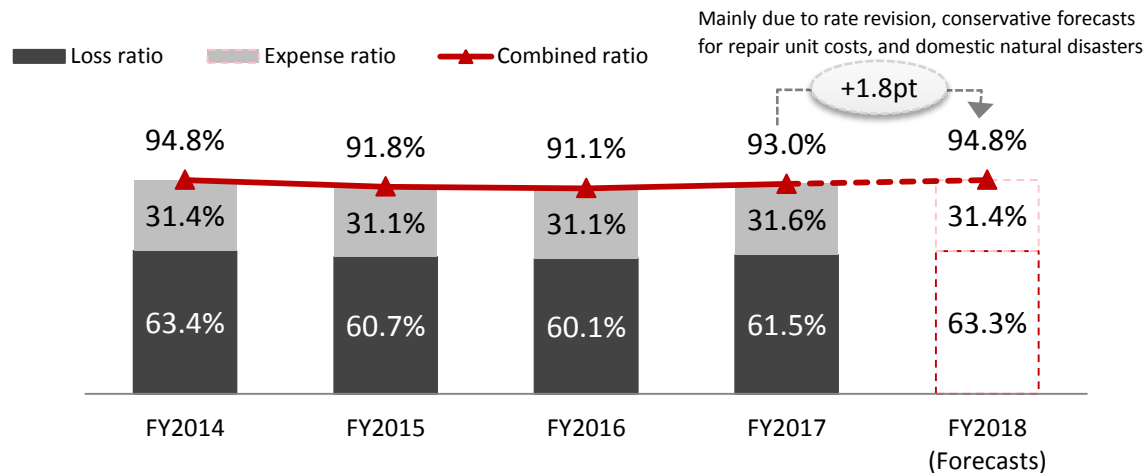
<Policies in force of direct auto insurance>

(10 thousands)



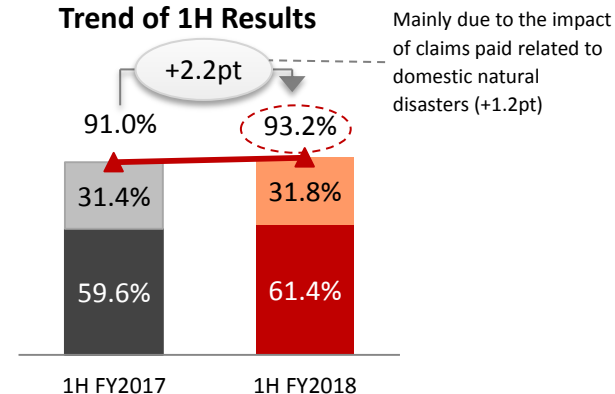
^{*3} ZhongAn insurance’s strategic subsidiary

Combined ratio



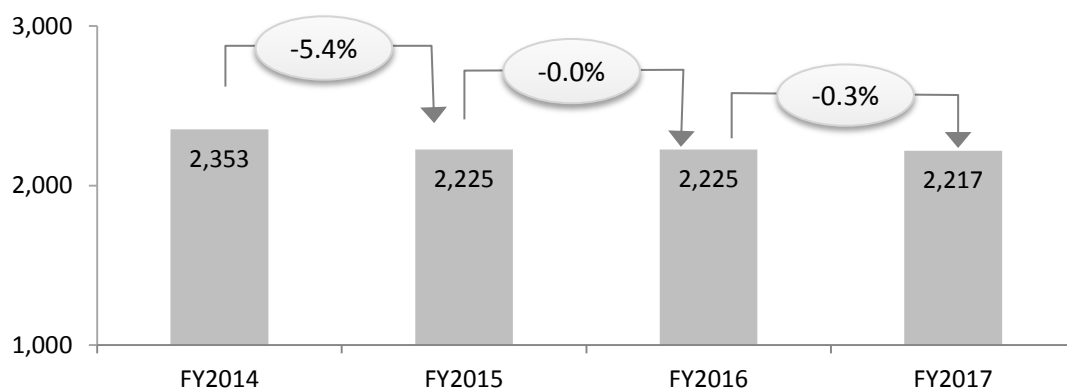
* Loss ratio is on a written paid basis (including loss adjustment expense)

Trend of 1H Results



The number of reported claims

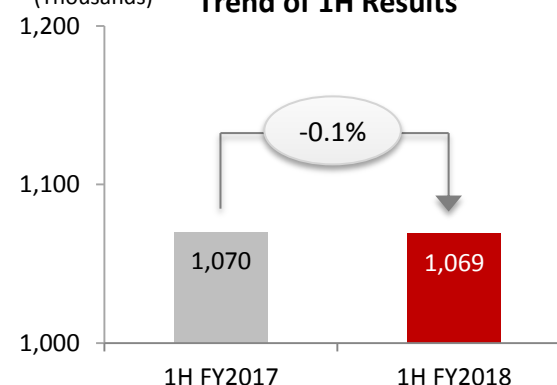
(Thousands)



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

(Thousands)

Trend of 1H Results



Progress of Overseas Insurance

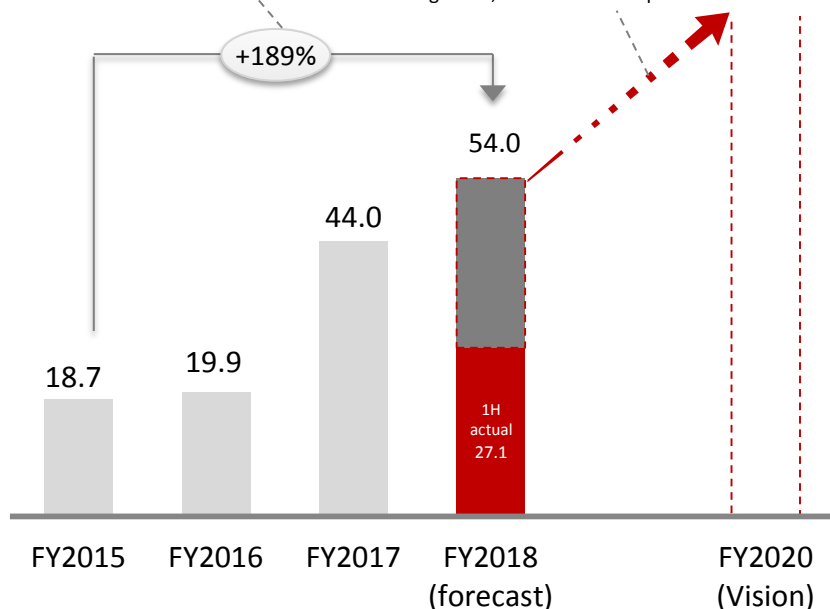
- ◆ Partly due to consolidation of SI (former Endurance) in March 2017, profit expanded drastically.
- ◆ Position SI as SOMPO global platform, aim at expanding weight of overseas insurance business further.

Plan for adjusted profit

(Billions of yen)

Mainly due to a start of profit consolidation of SI, accelerate expansion of overseas insurance

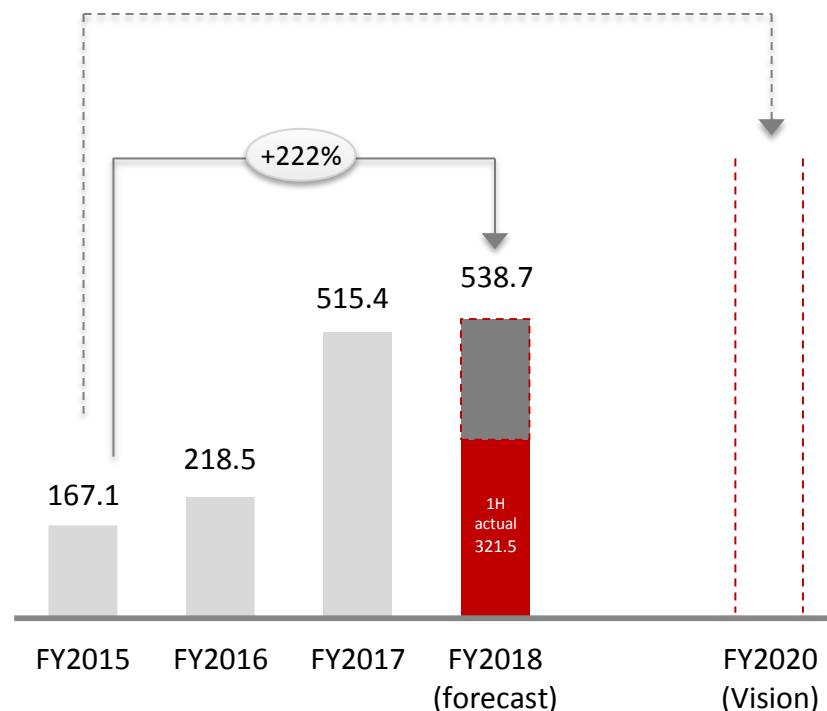
Mainly due to steady organic growth, aim at further expansion



Premiums*

(Billions of yen)

Assume CAGR of about +30%



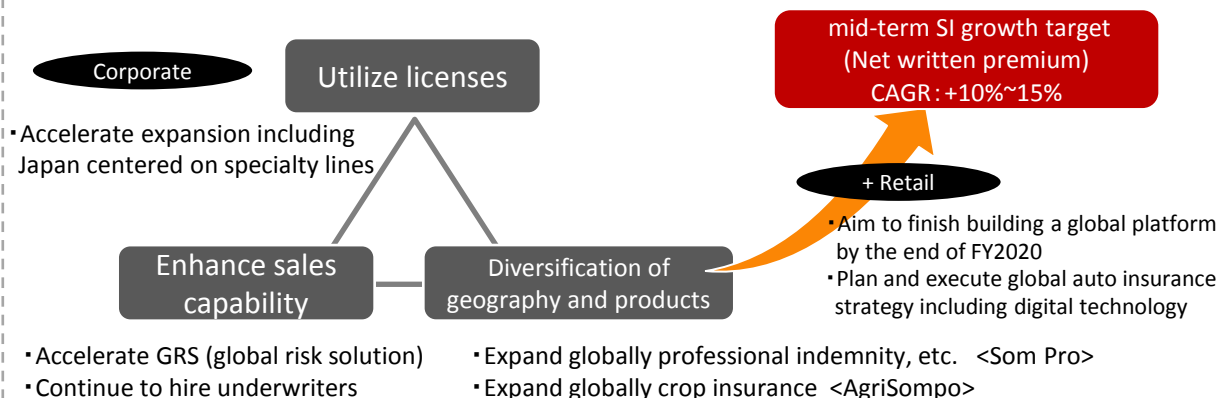
* Deduct the portion of Sompo Canopus due to sales completion.
Premiums reflect holding shares. This treatment does not coincide with financial statements.

Key Points for Overseas Development

- ◆ Manage both acceleration of organic growth mainly through SI evolution into a global platform and disciplined M&As.

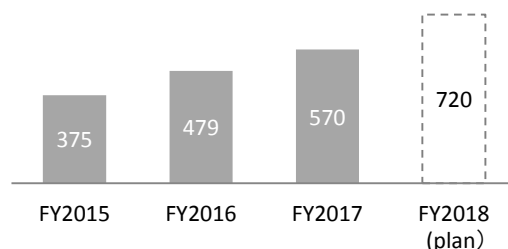
(1) Evolution into a global platform (accelerate organic growth)

Accelerate global expansion of specialty lines, etc. leveraging SOMPO licenses of 30 countries



<Number of staffs in business on the ground (head)>

Continue to increase centered on underwriters



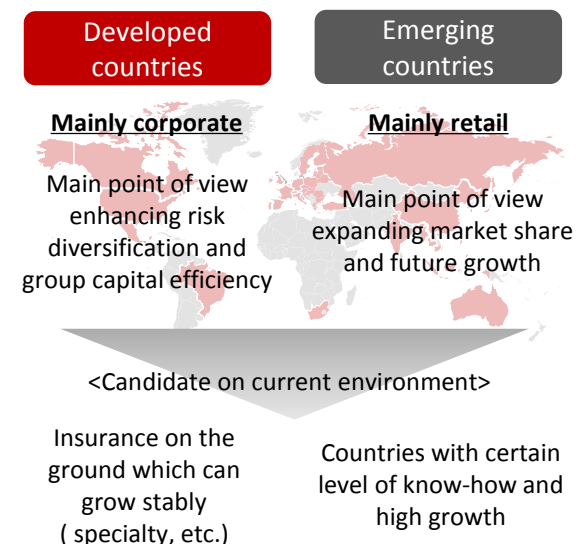
(2) bolt-on type M&As

Continue to consider bolt-on type M&A contributing to diversification of geography and products toward risk diversification and further growth.

- March 2018 A&A (Italy: broker of crop insurance)
- June 2018 Lexon (U.S.: surety insurance company)

(3) Major M&A strategy

With strict disciplined manner, consider selectively



Business Results of Group Subsidiaries

(Billions of yen)		Net premiums written (FY2018)			Adjusted profit (FY2018)			Key points	(Reference) Exchange rate	
		1H Actual		FY2018 Forecasts	1H Actual		FY2018 Forecasts		Jun. 2018* ³ (YoY Change)	
			Change			Change				
North America & Europe* ¹	SI* ²	242.3	+36.3	376.2	20.1	+43.2	43.7	*Refer to page 46	110.54 JPY/USD	(-1.3%)
Asia & Middle East	SJ Sigorta (Turkey)	17.4	-6.1	29.9	3.6	-0.4	4.7	Adjusted profit (Local currency) progressed as planned mainly due to favorable loss ratio, while JPY-based adjusted profit in FY2018 is revised downward (decrease by -¥1.9 bn.).	24.05 JPY/TRY	(-24.3%)
	Sompo Singapore	3.8	+0.2	7.7	0.3	-0.5	0.7	Basically in line with the plan.	80.79 JPY/SGD	(-0.6%)
	Berjaya Sompo (Malaysia)	6.9	+1.1	14.1	0.5	+0.0	1.0	Basically in line with the plan.	27.33 JPY/MYR	(+4.8%)
	Sompo Indonesia	3.2	+1.0	7.1	0.1	+0.2	0.1	Top-line is revised conservatively in light of the impact of exchange rate.	0.0077 JPY/IDR	(-8.3%)
	Sompo China NK China	2.8	+0.2	5.1	0.8	+0.7	0.6	Favorable loss ratio against the plan.	16.66 JPY/RMB	(+1.0%)
	Sompo Hong Kong	1.9	+0.1	3.4	0.2	+0.0	0.4	Basically in line with the plan.	14.09 JPY/HKD	(-1.8%)
	Universal Sompo (India)	2.1	+0.0	5.8	0.3	+0.2	0.2	Basically in line with the plan.	1.58 JPY/INR	(-8.7%)
Latin America	Sompo Seguros (Brazil)	38.7	-10.3	85.3	0.6	+1.0	1.9	Top-line was impacted by exchange rate, while bottom-line progressed as planned mainly due to an improving loss ratio.	28.63 JPY/BRL	(-15.5%)
Other (non-consolidated)* ²		1.8	-0.8	3.7	0.2	+0.7	0.1	-	-	
Total		321.5	+21.9	538.7	27.1	+45.2	54.0	-	-	

*1 Excl. Sompo Canopus which was completed to be sold.

*2 Incl. former Sompo America, Sompo Mexico and SJNK Europe. (hereafter)

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

*4 Universal Sompo's exchange rate is based on September 2018.

Exchange rate for revised forecasts for FY2018 is based on September 2018.

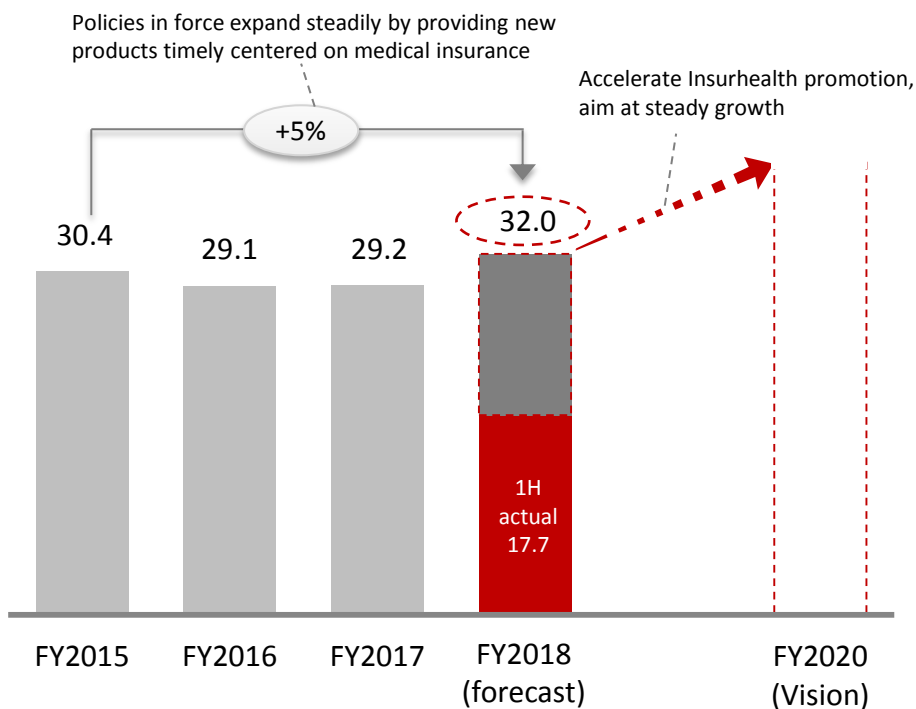
JPY/USD: 113.57, JPY/TRY: 18.95, JPY/BRL: 28.30.

Progress of Domestic Life Insurance

- ◆ In light of steady expansion of policies in force, achieve growth of profit.
- ◆ Aim at further growth by accelerating epoch-making products and services with health support function.

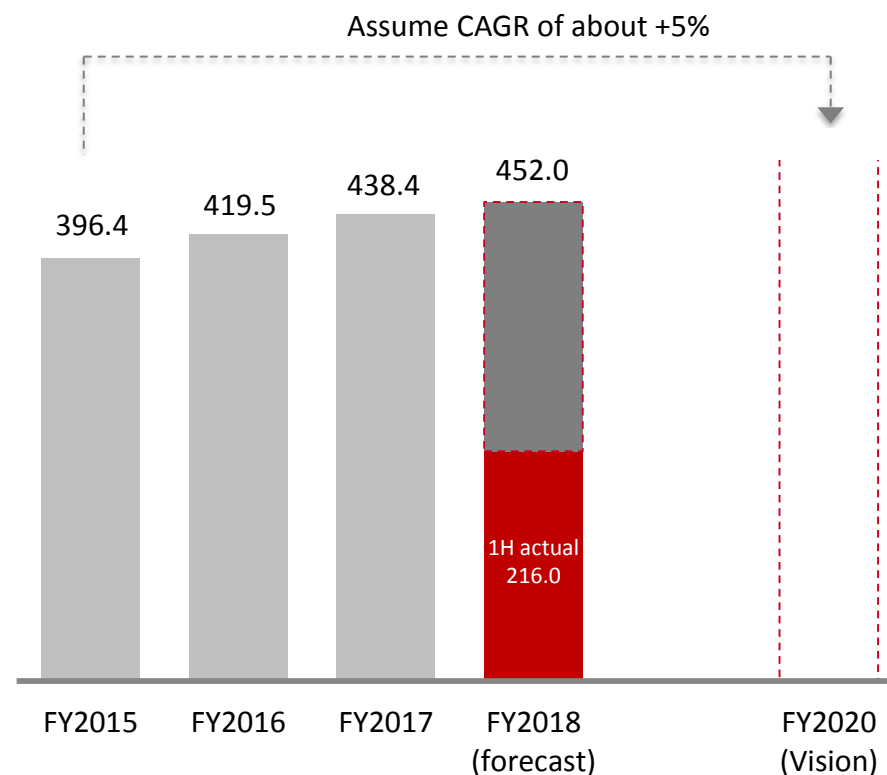
Plan for adjusted profit

(Billions of yen)



Premium and other income

(Billions of yen)



Key Points for Domestic Life Insurance

- ◆ Aim at growth by launch of new products and services as well as evolution into a health support enterprise for customers.

(1) Evolve into a health support enterprise

Aim at doubling number of customers in conjunction with providing new added values integrating health support function for customers and insurance

Insurhealth

Insurance function



Healthcare function

<October 2018 launch>

Linkx 笑顔をももる 認知症保険

Industry first

Cover MCI (Mild cognitive impairment)

<April 2018 launch>

Linkx じぶんと家族のお守り

Industry first

Healthcare Challenge scheme*1

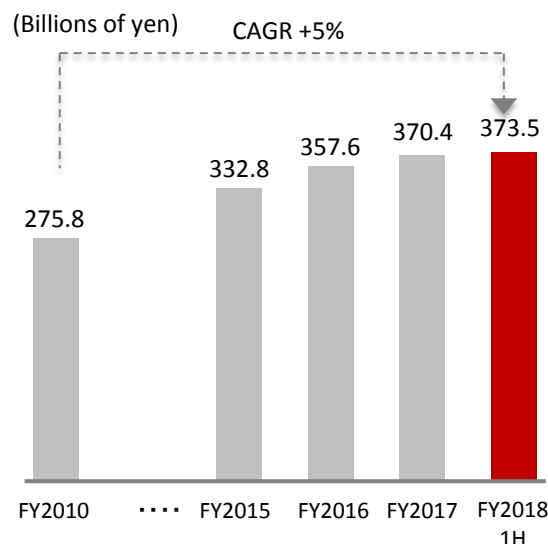


Discontinuous productivity enhancements
(With digital technologies such as RPA and AI)

(2) Annualized premium in force

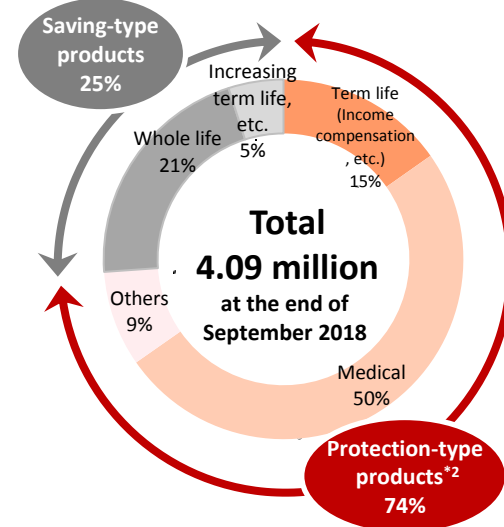
Mainly by providing new product at proper timing, expand policies in force centered on protect-type product

<Annualized premium in force since FY2010>



(3) Product mix (policies in force)

Evolve into a product mix mainly with highly profitable products



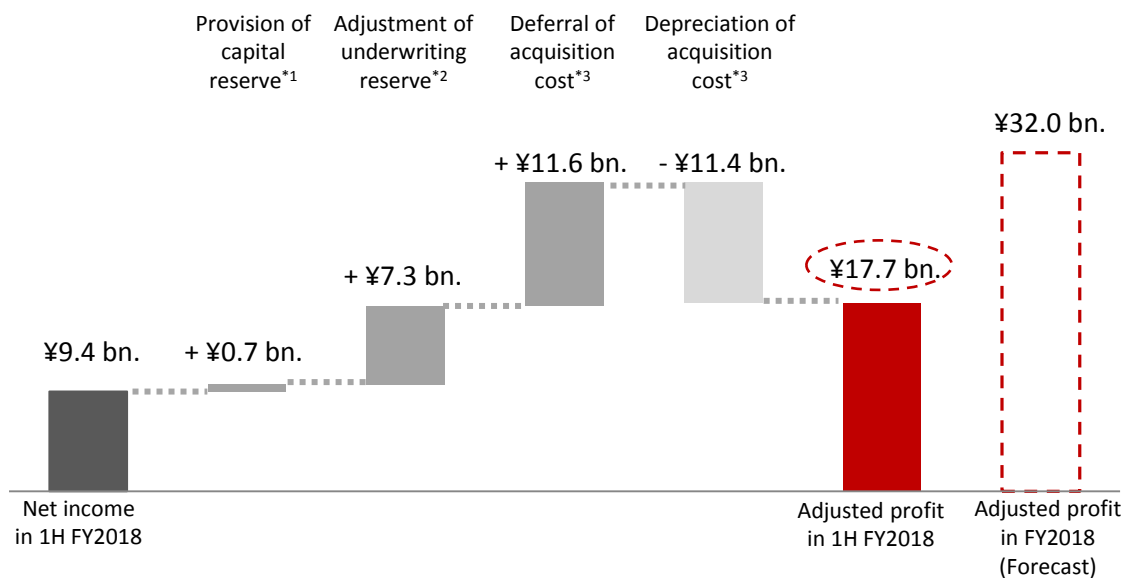
*1 If a policyholder improves health condition by meeting certain conditions after policy enrollment, premiums are reduced and the difference between the former and reduced premiums are reimbursed retroactively, going back to the policy enrollment date.

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

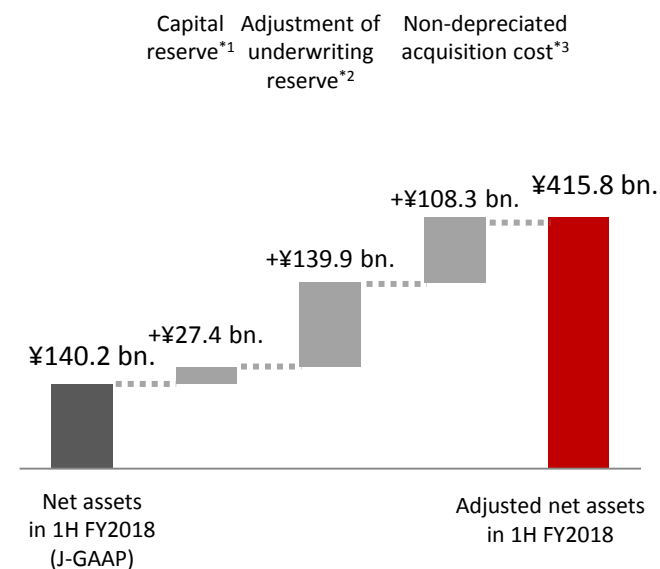
Adjusted Profit and Adjusted Net Assets – Himawari Life

◆ Progress rate of adjusted profit in 1H FY2018 (¥17.7 billion) was 55% against FY2018 forecasts (¥32.0 billion).

Conversion from net income to adjusted profit



(Reference) Adjusted net assets



*1 Contingency reserve and reserve for price fluctuation (after tax).

*2 Re-calculate underwriting reserve, which is calculated conservatively, with factors used for calculation of premiums (after tax).

*3 Acquisition cost, such as commissions for new contracts, depreciated over 10 years (after tax).

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

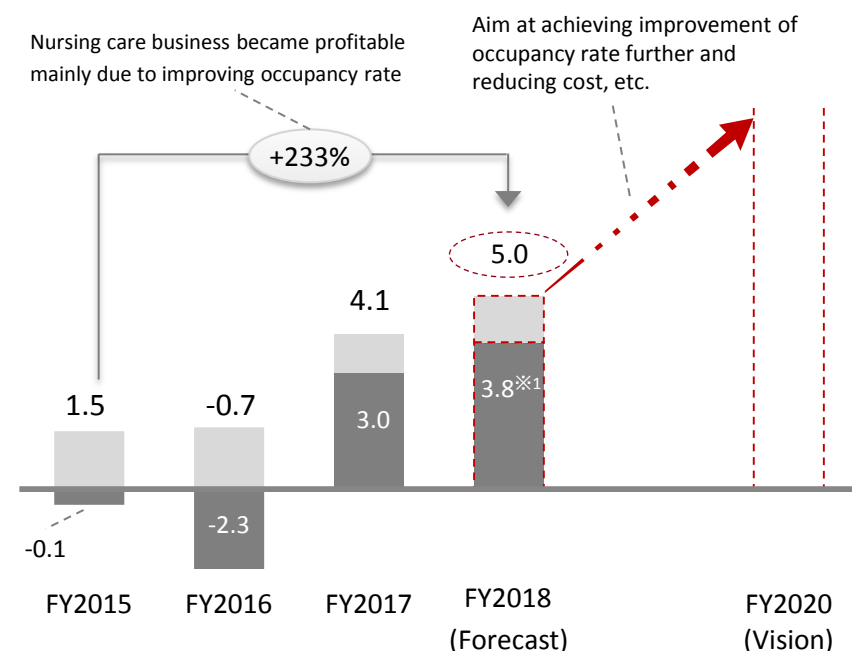
Progress of Nursing Care & Healthcare, etc.

- ◆ After entered into nursing care business, achieved to become profitable and realized steady growth of profit.
- ◆ Aim to increase the presence of the nursing care business in the business portfolio over the med term, mainly by further enhancement occupancy rates and cost reductions.

Plan for adjusted profit

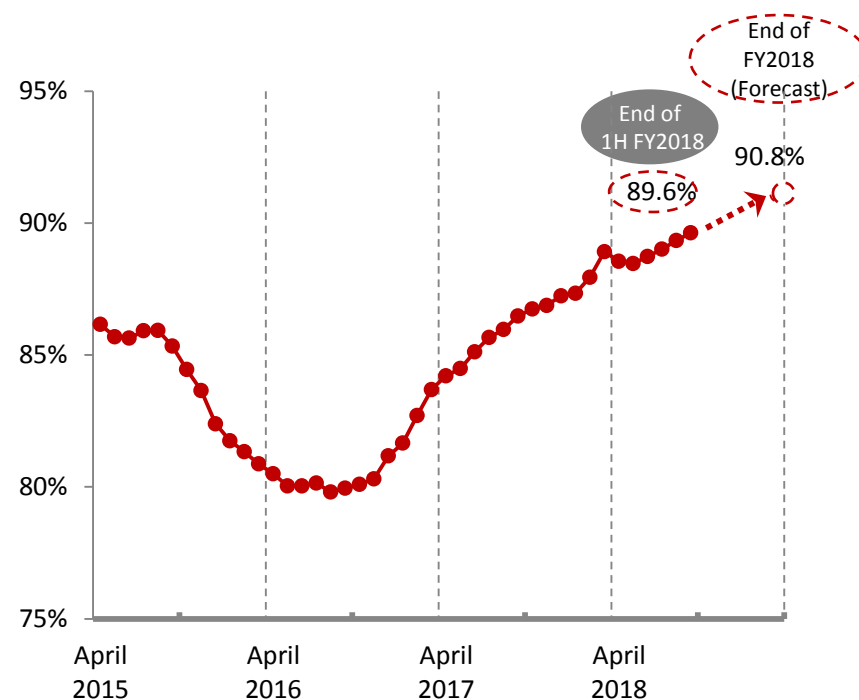
■ Nursing care & healthcare ■ Asset management, etc.

(Billions of yen)



*1 1H actual in FY2018 is ¥2.8 billion

Occupancy rate*2



*2 integrate occupancy rate of former SOMPO Care and SOMPO Care Next

Key Points for Nursing Care Business

- ◆ Mainly by enhancing profitability on a stand-alone basis further as well as evolving services related to dementia, accelerate profit contribution.

(1) Enhance stand-alone profitability further

While continue to improve occupancy rate, achieve higher efficiency further with digital and strive to secure human resources by enhancing remuneration, in an effort to further improve standalone profitability

<Initiatives to improve stand-alone basis profitability>

Higher efficiency

+

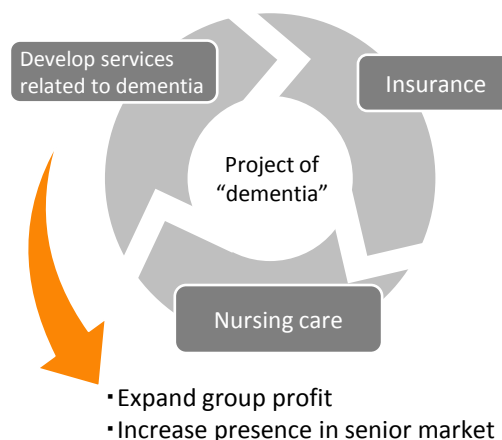
Secure and maintain human resources

- Optimize personnel assignment
 - Achieve drastic higher efficiency with introduction of advanced technology
 - Review HQ function after integration
 - Secure and maintain high quality human resources mainly through enhancing remuneration
- * Mainly by decrease in turn over rate, reduce recruitment cost

(2) Growth leveraging dementia

Evolve services related to dementia connecting insurance to nursing care, aiming at expanding profit contribution to group

<Collaboration among businesses from dementia axis>

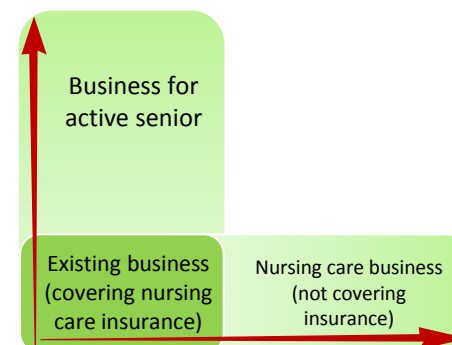


(3) Expand into a senior market

By utilizing know-how, VOC and VOG* as much as possible, enter into new business surrounding nursing care in the future.

<Future direction (vision)>

Leveraging existing nursing care business, expand into surrounding area which can be monetized



* Real voice of more than 100 thousand users, residents and staffs

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

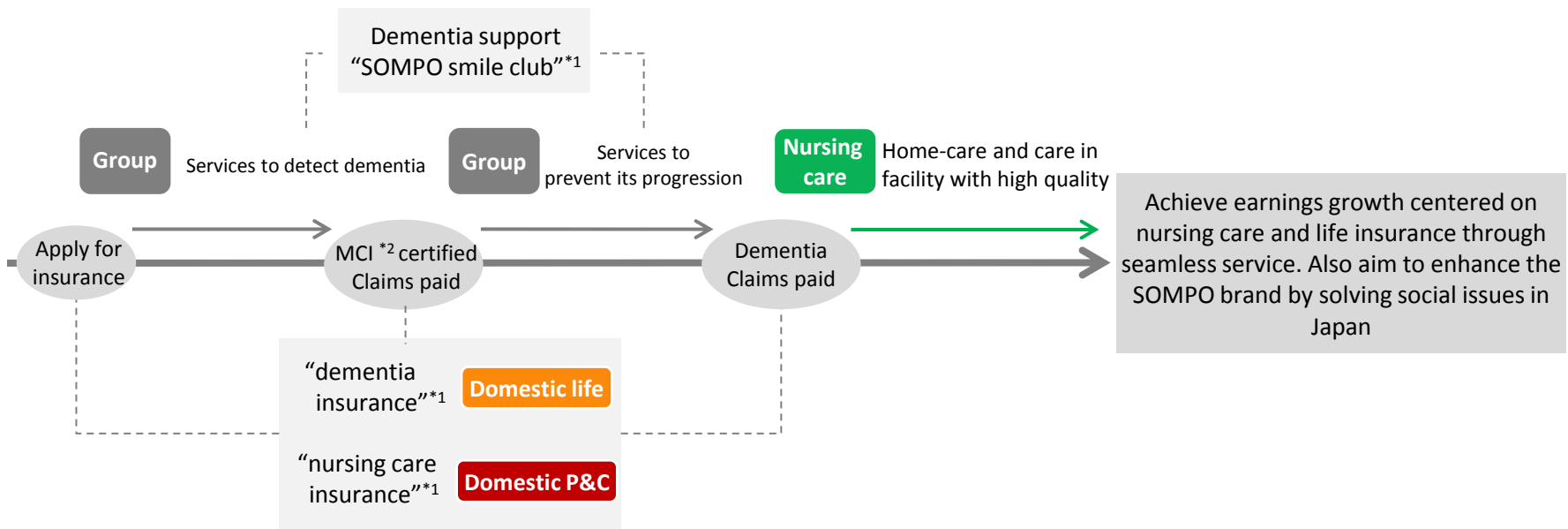
Group Synergy Linked with Each Business (Dementia Prevention)



Example: Initiatives to create group synergy linked with each business

Built eco-system centered on dementia prevention, and provide seamless services of the Group at each life stage

Going forward, aim for building a lot of eco-system and expanding group synergy



*1 Launched in October 2018
 *2 Mild cognitive impairment

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1. Mid-term management plan

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(1) Group management

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(2) Business strategies for each business segment

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(3) ERM, capital policy & asset management

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2. About SOMPO Holdings

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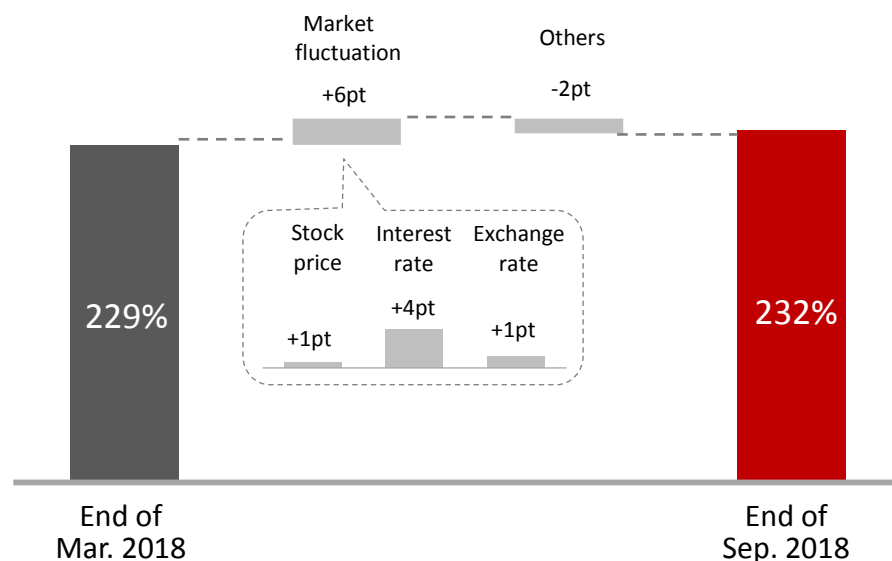
Appendix

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Financial Soundness – ESR (99.5%VaR)

◆ ESR (99.5VaR) as of end of 1H FY2018 was 232% with stable financial soundness.

Trend of ESR (99.5%VaR)*1



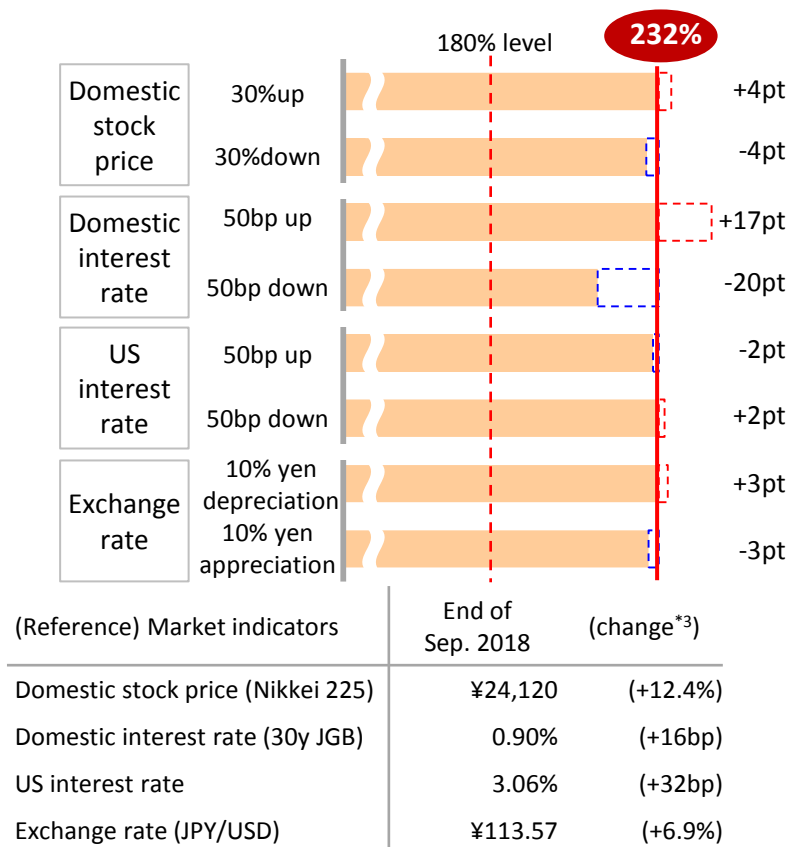
*1 In accordance with Solvency II

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

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

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

Sensitivity of ESR (99.5%VaR)

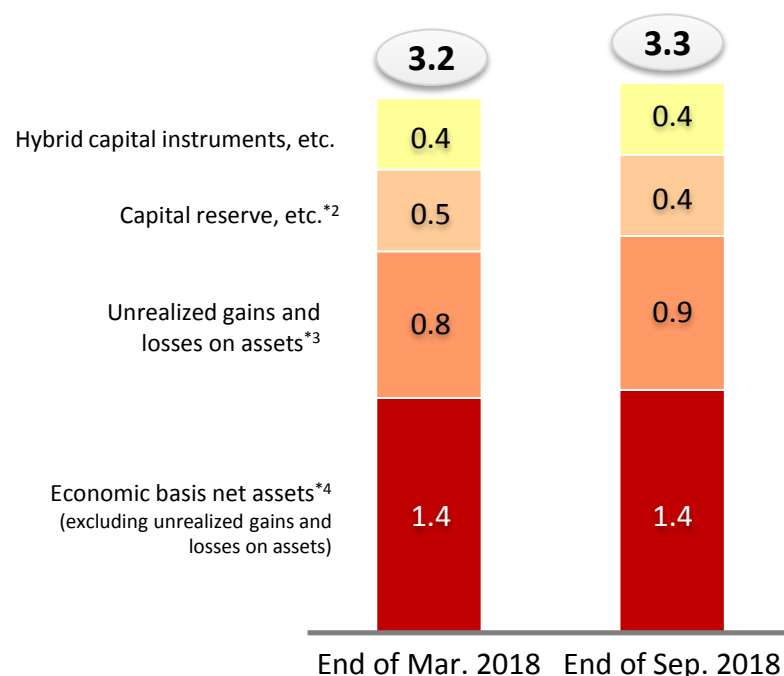


*3 Against the end of March 2018

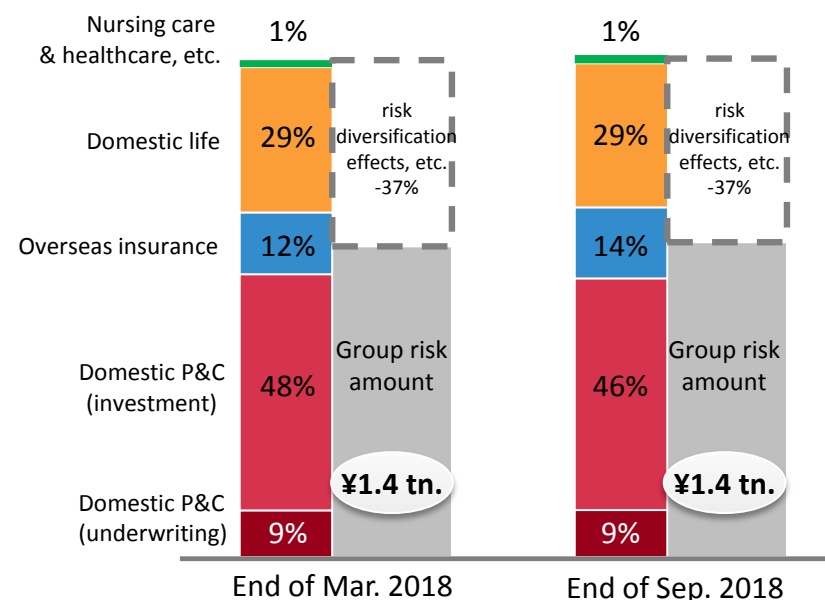
Breakdown of Adjusted Capital and Risk (99.5%VaR)

Adjusted capital*1

(Trillions of yen)



Risk amount*5



*1 Formula for adjusted capital: Adjusted capital = Total of net assets on the non-consolidated balance sheet + value in force – goodwill, etc.
+ unrealized gains and losses on non mark-to-market assets + capital reserve, etc. + hybrid capital instruments

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

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

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

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

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

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

Group Asset Management

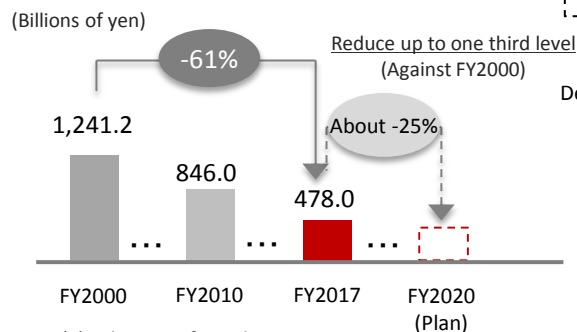
- ◆ No change in plans to undertake stable asset management, taking liquidity, safety and so on into consideration.
- ◆ Continue to aim at reducing strategic-holding stocks as planned and enhancing yield based on asset management diversification, etc.

Balance of group investment assets^{*1} and asset management policy

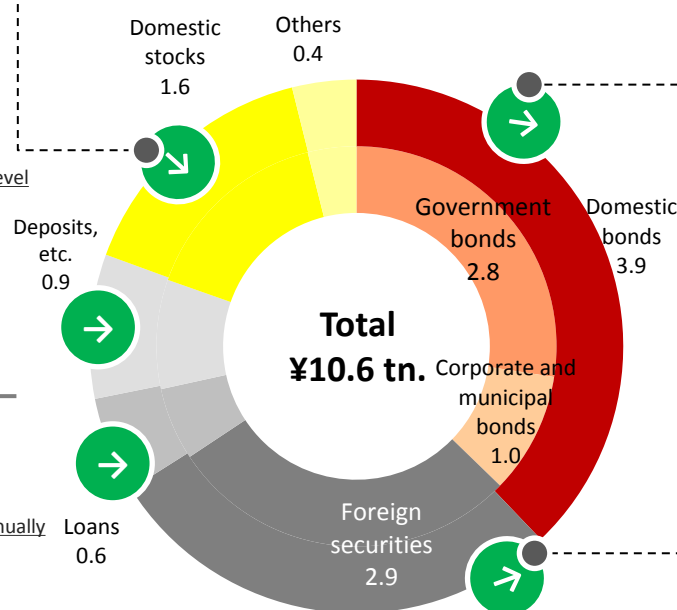
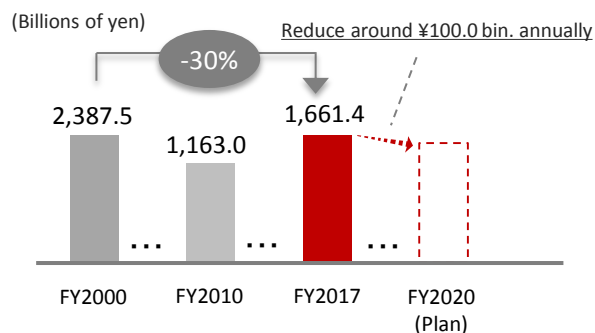
Reduction of strategic-holding stocks

Plan to reduce total exposure, while watching economic rationality (ROR of individual stocks, etc.) and purpose of holding

Reference (1) Balance on book value



Reference (2) Balance on fair value



Measures against low interest rate environment

While watching quality of assets and risk diversification, utilize credit investment, etc.

From the perspective of return on reinvestment yield^{*2}

Assuming current market environment, aim at 1.5% to 2.0% level

Arrows indicates direction of asset allocation.

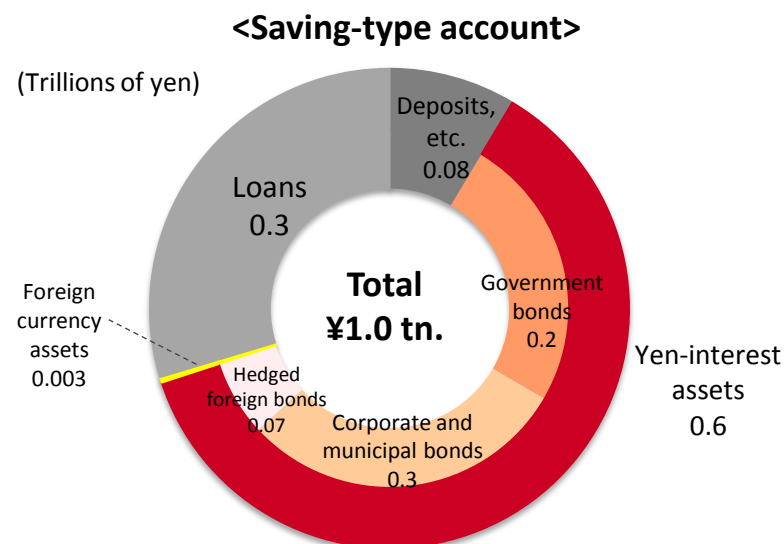
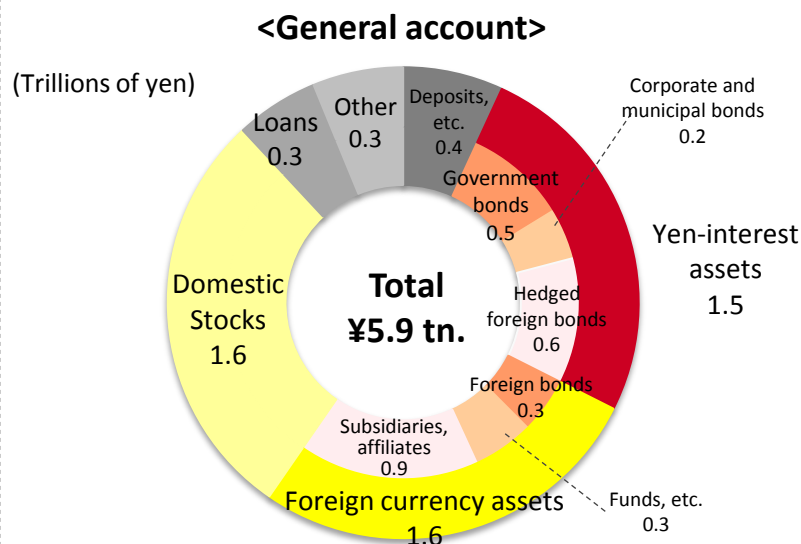
^{*1} End of 1H FY2018, group-wide basis (Trillions of yen)

^{*2} Sampo Japan Nipponkoa general account and yen-interest assets, etc. as object

Asset Portfolio – Sampo Japan Nipponkoa

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

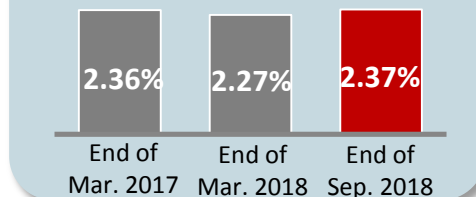
Amount of investment assets (as of end of September 2018, Sampo Japan Nipponkoa, non-consolidated)



Composition by ratings*1

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

Trend of income yield*2



Composition by ratings*1

Internal rating	Composition		End of Mar. 2018	End of Sep. 2018
BBB or above	100%	Asset	4.2	4.0
BB or below	-	Liability	5.8	5.6

Duration (years)

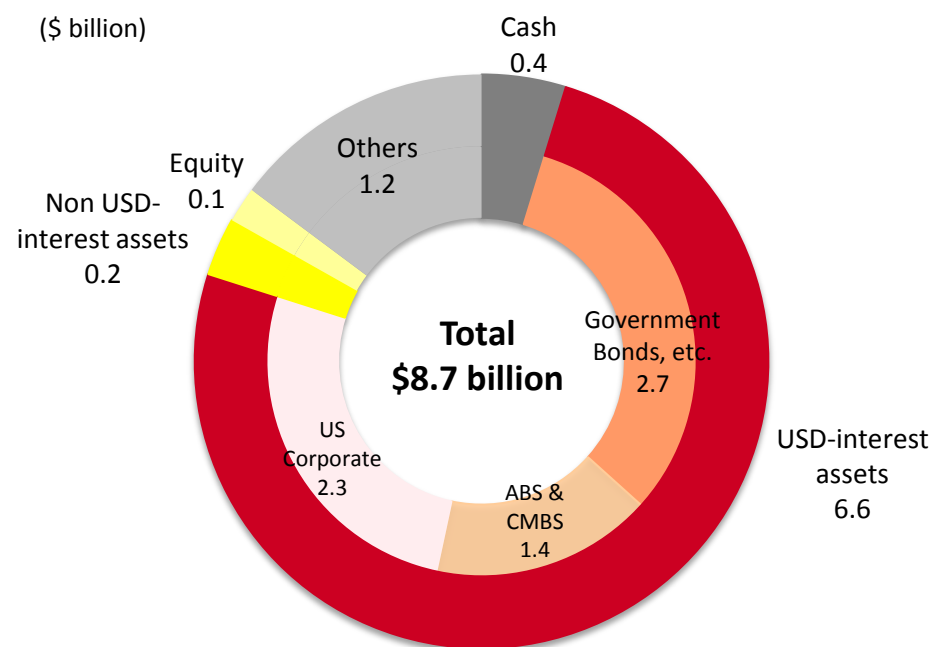
*1 Total of yen-interest assets and foreign currency bonds

*2 Excluding overseas subsidiaries' shares, etc.

Asset Portfolio - SI

- ◆ Emphasize on liquid, high quality assets to meet company liabilities, while investing in USD-interest assets at the base.

Amount of investment assets (as of end of June 2018, SI, consolidated)



Composition by ratings

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

Duration (years)

	End of Dec. 2017	End of Jun. 2018
Asset	3.6	3.4
Liability	2.9	2.9

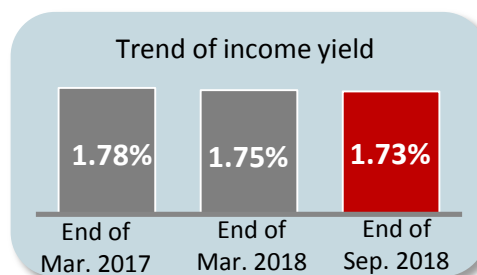
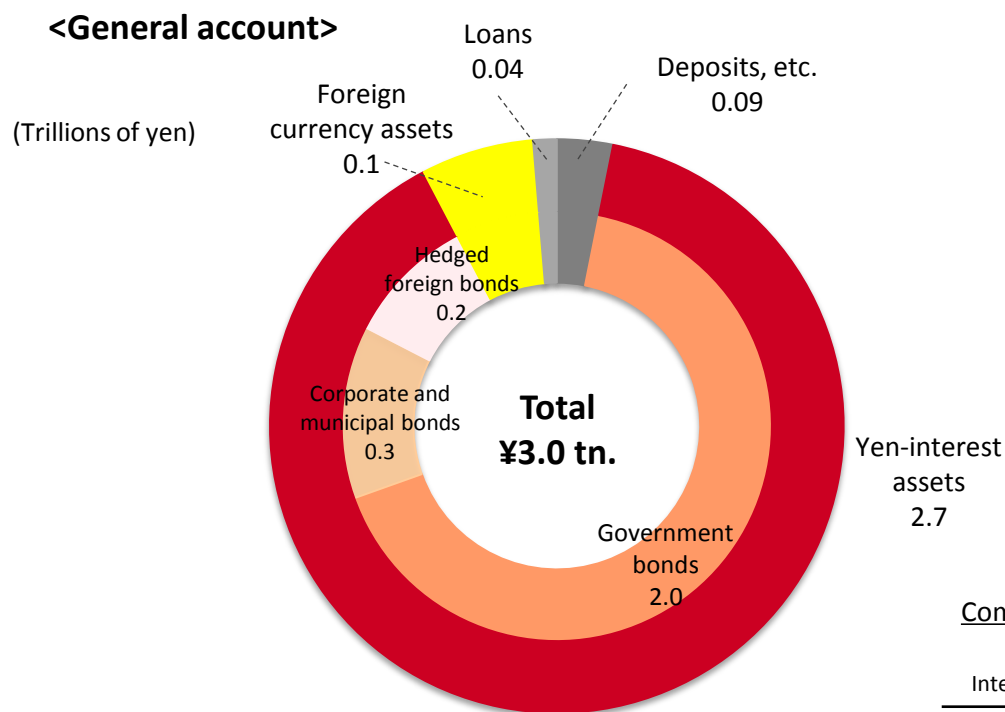
(Reference) Income yield* at the end of June 2018: 3.06%

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

Asset Portfolio – Himawari Life

- ◆ Manage the portfolio through disciplined ALM, which mainly consists of yen-interest assets.
- ◆ Slightly increased allocation to foreign currency assets, in light of the domestic low interest rate environment.

Amount of investment assets (as of end of September 2018, Himawari Life, non-consolidated)



Composition by ratings*

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

Duration (years)

	End of Mar. 2018	End of Sep. 2018
Asset	13	13
Liability	23	24

(Reference) Amount of separate account (End of Sep. 2018): ¥24.0 billion
(mainly investment in domestic stocks and bonds in the separate account)

* Total of yen-interest assets and foreign currency bonds

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1. Mid-term management plan

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(1) Group management

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(3) ERM, capital policy & asset management

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2. About SOMPO Holdings

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Overview of SOMPO Holdings

- ◆ Positioning the Sampo Japan Nipponkoa as the core, SOMPO Holdings develops insurance businesses at home and abroad, etc.
- ◆ Ordinary income amounted to over ¥3.7 trillion and total assets amounted to around ¥12 trillion.

Group at a glance



Domestic P&C

- Sampo Japan Nipponkoa
- Saison Automobile & Fire
- Sonpo 24
- Insurance Service
- DC Securities
- Risk Management & Healthcare

Overseas insurance

- SI
- Sampo Seguros (Brazil)
- SJ Sigorta (Turkey)
- Berjaya Sampo (Malaysia)
- Sampo Singapore, etc.

Domestic life

- Himawari Life

Nursing care & healthcare business, etc.

- SOMPO Care
- Asset management business
- Assistance business, etc.

Selected financial data (Consolidated)

(¥ bn.)	FY2016	FY2017	FY2018 (Forecasts)
Consolidated Ordinary Income	3,419.5	3,770.0	-
Consolidated Ordinary Profit (Loss)	241.7	141.8	237.0
Consolidated Net Income (Loss)	166.4	139.8	170.0
Total Assets	11,931.1	11,948.3	-
Total Net Assets	1,868.9	1,916.2	-
Market Capitalization	1,607.1	1,632.1	-

Credit Ratings (As of November 2018)

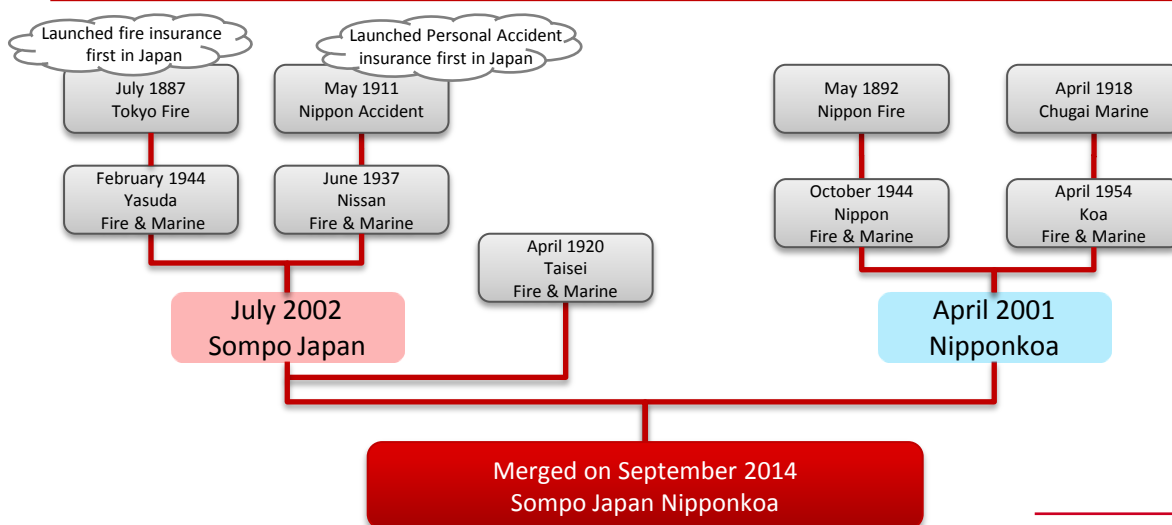
	Sampo Japan Nipponkoa	SI*	Himawari Life
S&P	A+ (Stable)	A+ (Stable)	A+ (Stable)
Moody's	A1 (Stable)	-	-
A.M. Best	A+ (Stable)	A+ (Stable)	-
R&I	AA (Stable)	-	AA (Stable)
JCR	AA+ (Stable)	-	-

* Sampo International Holdings Ltd. main subsidiaries

Overview of Somo Japan Nipponkoa

◆ We have a history of over 130 years, and net premiums written amount to around ¥2.1 trillion.

History of domestic P&C insurance

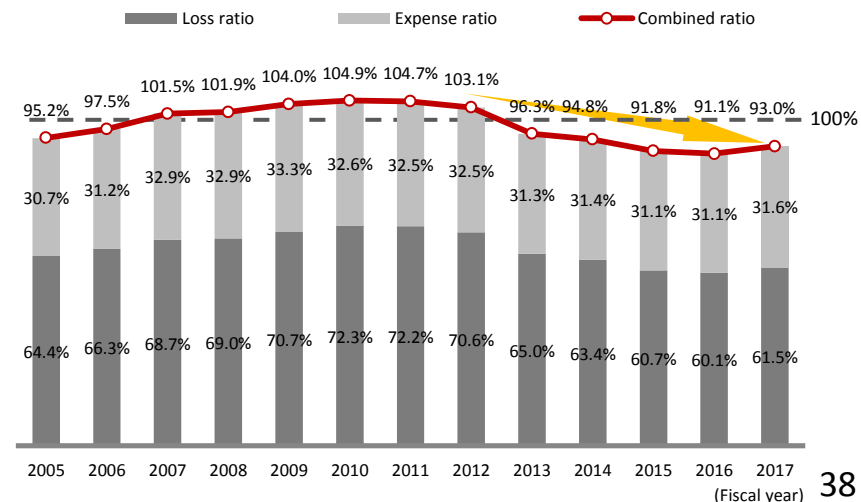


Selected financial data

(¥ bn.)	FY2016	FY2017	FY2018 (Forecasts)
Net Premiums	2,165.6	2,168.0	2,134.0
Ordinary Profit (Loss)	230.4	175.2	220.0
Net Income (Loss)	164.4	170.0	166.0
Total Assets	7,568.7	7,688.1	-
Total Net Assets	1,455.2	1,574.5	-
Combined Ratio*1	93.5%	95.9%	101.8%

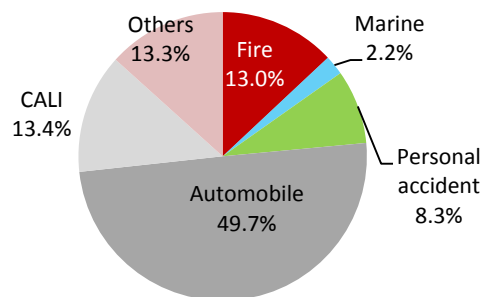
*1 excl. CALI, household earthquake.

Profitability in Automobile insurance

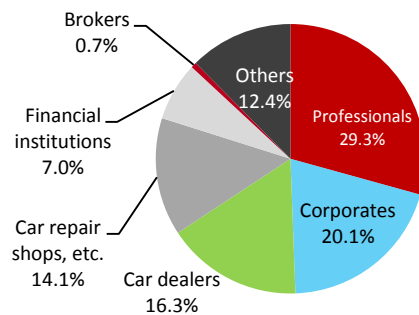


Premiums in FY2017

By products (Net premiums)



By distribution channel*2 (Gross premiums)



*2 Gross premium on a performance evaluation basis, excluding saving-type insurance.

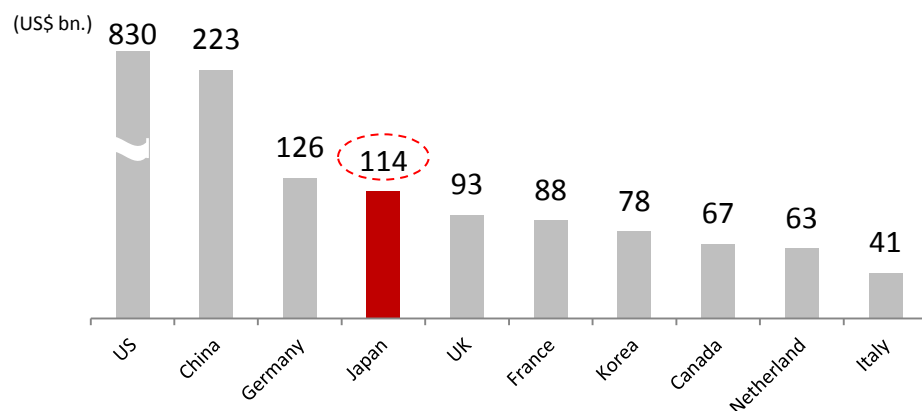
"Professionals", "Corporates", "Car dealers", "Car repair shops, etc.",

"Financial institutions" and "Others" are all agents.

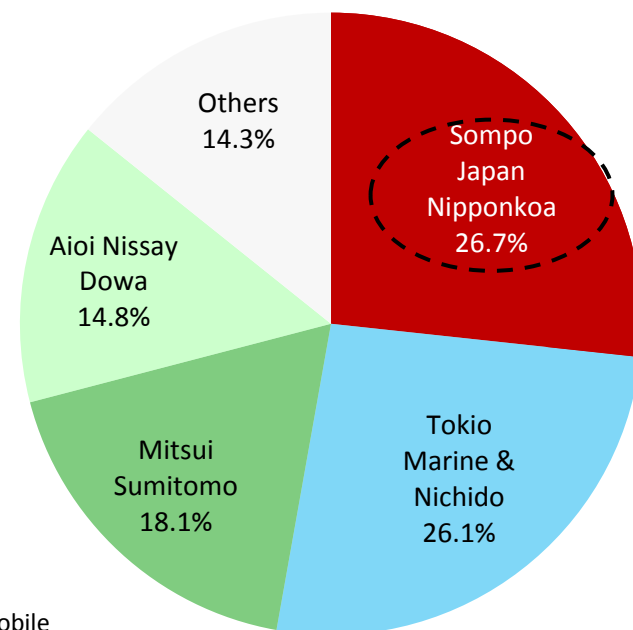
Overview of the Japanese P&C Insurance Market and Our Position

- ◆ The market Premiums have been growing mainly in automobile insurance. The total market share of the top 4 companies is approximately 90%.
- ◆ Sompo Japan Nipponkoa has the largest share in the Japanese P&C insurance market.

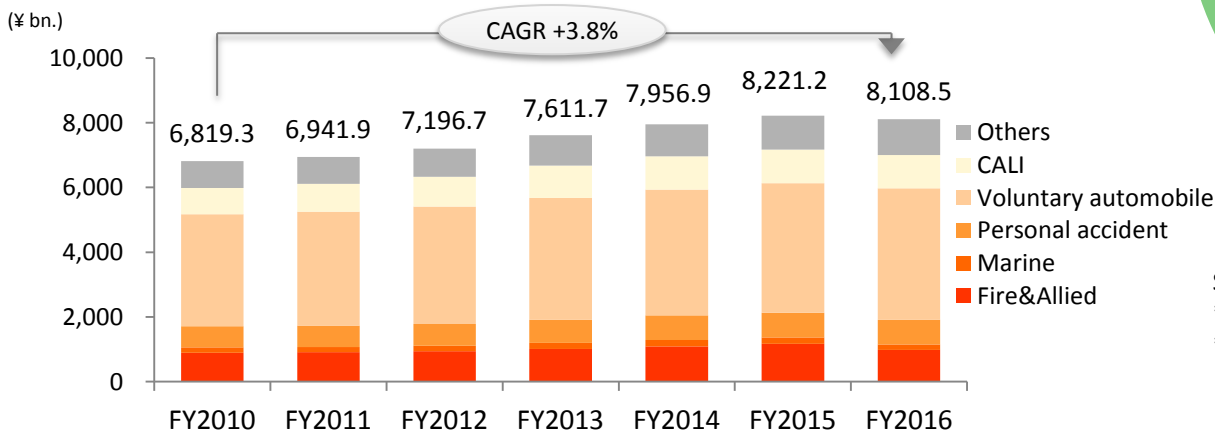
Size of P&C insurance market by country*¹ (FY2017)



Market share in the Japanese P&C insurance market*² (FY2016)



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

Overview of SI and Himawari Life

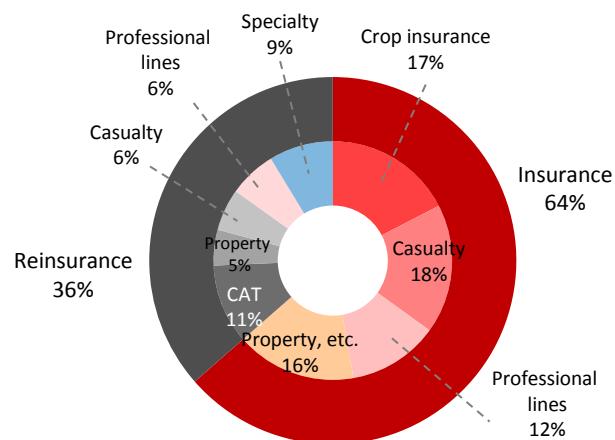
Selected financial data of SI

(mil\$)	FY2016	FY2017	FY2018* ¹ (Forecasts)
Gross premiums written	4,202	4,707	5,891
Net premiums written	2,369	2,683	3,313
Adjusted profit	297	471	385
Total assets	14,123	15,576	-
Total net assets	5,142	4,930	-
Combined ratio* ²	88.1%	115.0%	91.5%

*1 Incl. former Sompo America, Sompo Mexico and SJNK Europe.

*2 One-time merger cost is excluded as a special factor in combined ratio in FY2017.

Gross premiums written by product line*³ (FY2017)

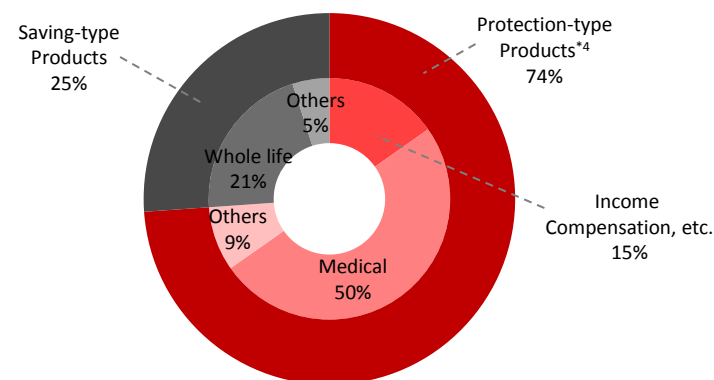


*3 The product mix doesn't include former Sompo America, Sompo Mexico and SJNK Europe.

Selected financial data of Himawari Life

(¥ bn.)	FY2016	FY2017	FY2018 (Forecasts)
Annualized new premium	50.2	40.0	42.3
Premium and other income	419.5	439.3	452.0
Ordinary profit	16.8	13.9	21.9
Net income	8.3	6.0	12.0
Total assets	2,796.2	2,589.0	-
Total net assets	133.9	138.1	-

Product mix (policies in force, as of end of Sep. 2018)



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

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(1) Group management	P1
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(2) Business strategies for each business segment	P12
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(3) ERM, capital policy & asset management	P28
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Appendix

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Group Management Philosophy

Group 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.

Group Action Guidelines

To provide the highest possible quality of service to our customers we will:

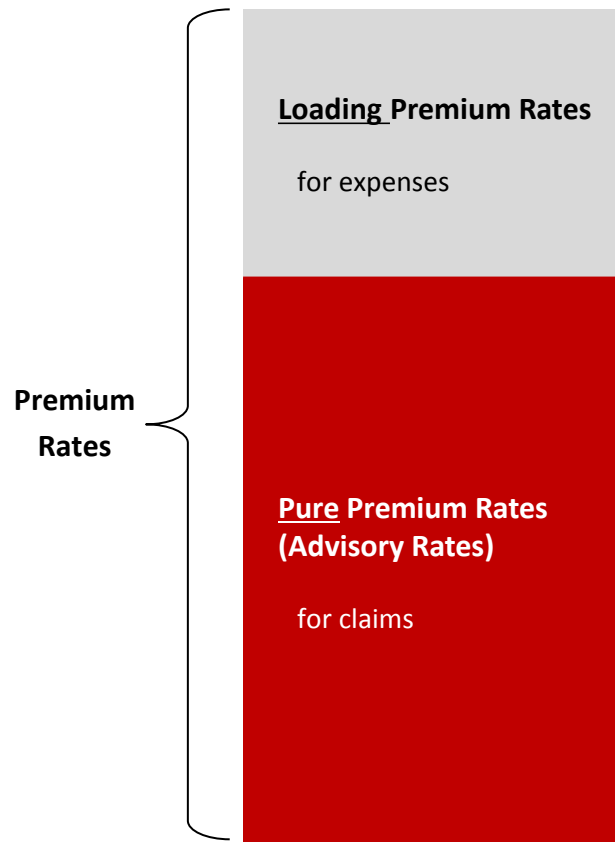
1. treat each and every customer with sincerity, and act in the knowledge that our every action as an individual shapes our entire reputation as a company;
2. act with initiative, set ourselves the highest goals, and always learn from our actions;
3. strive to be both prompt and clear in our dealings and activities; and,
4. act with the utmost integrity.

Group Vision

Our goal is to always be the best customer service provider both at home and abroad.

(Domestic P&C) Advisory Rating System in Japan

- ◆ Advisory rates are pure premium calculated based on a wide range of statistics, and member insurance companies*¹ refer them when calculating their own premiums.
- ◆ The advisory rating system functions as a profit stabilizer.



Advisory Pure Premium Rates

- Calculated for: fire insurance, personal accident insurance, automobile insurance, etc.
- Calculated by the GIROJ.*²
- The GIROJ collects large quantities of data from member insurance companies.
- The GIROJ uses statistical approach to calculate the advisory pure premium rates and present it to member insurance companies.
- Member insurance companies can use the advisory pure premium rates with respect to the pure premium rates as a basis of calculating their own premium rates.
- The GIROJ annually reviews whether the current advisory pure premium rates are at an appropriate level and reports the result to FSA. If they are judged to be inappropriate, the advisory rates are promptly recalculated.

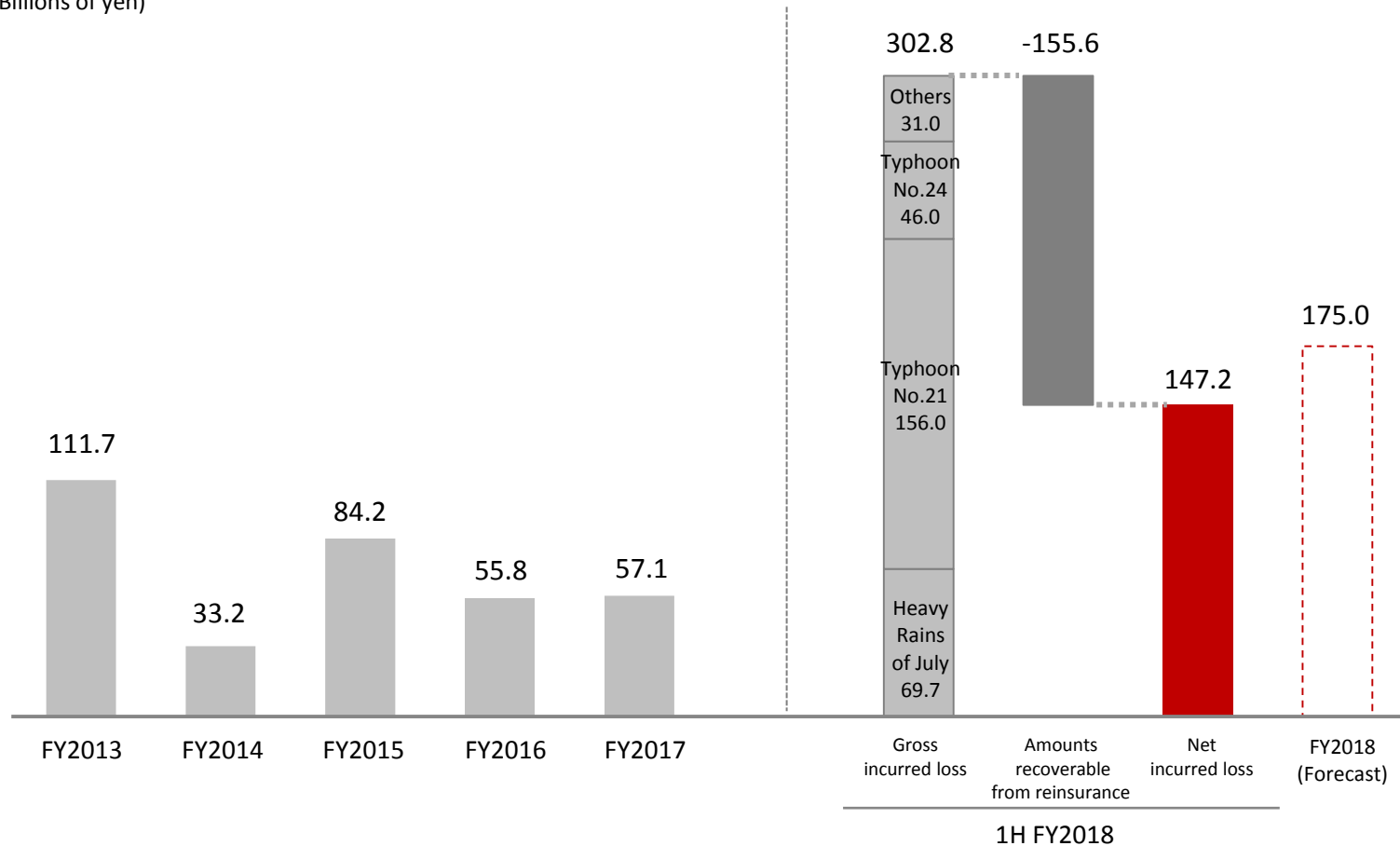
*1 Member companies of the General Insurance Association of Japan

*2 General Insurance Rating Organization of Japan

(Domestic P&C) Domestic Natural Disasters

Net incurred loss related to domestic natural disasters that occurred in the fiscal year

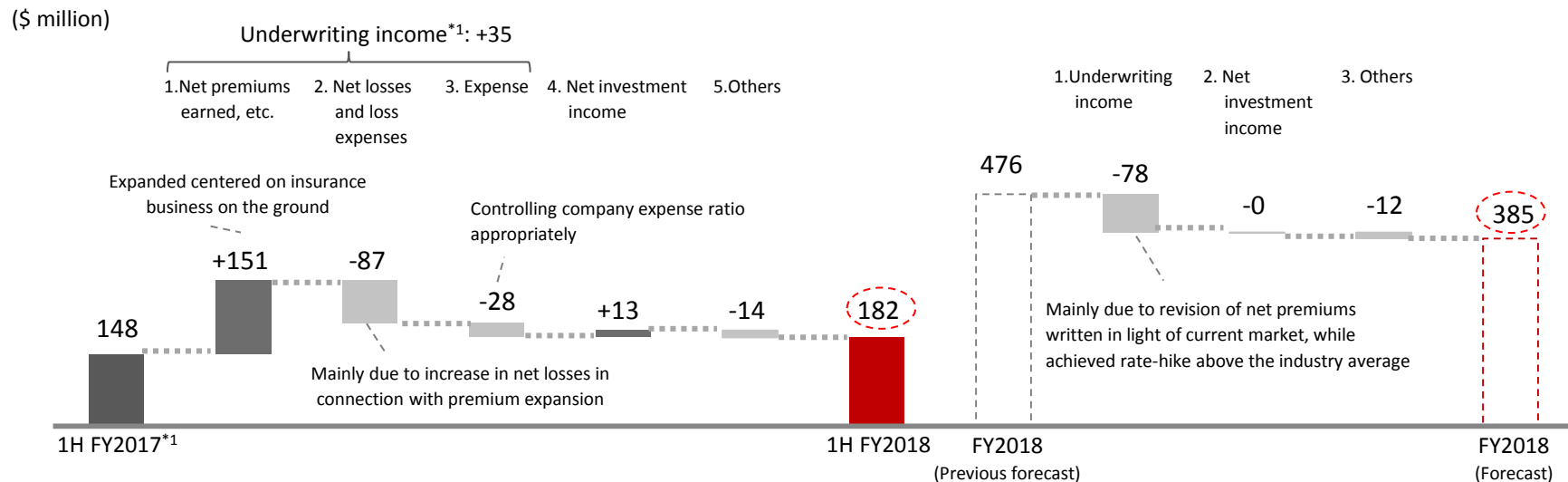
(Billions of yen)



* excl. CALI, household earthquake

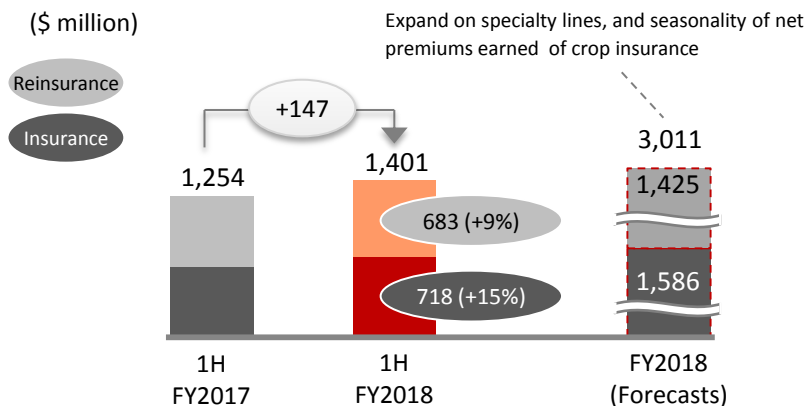
(Overseas Insurance) Business Topics

Change factors of adjusted profit

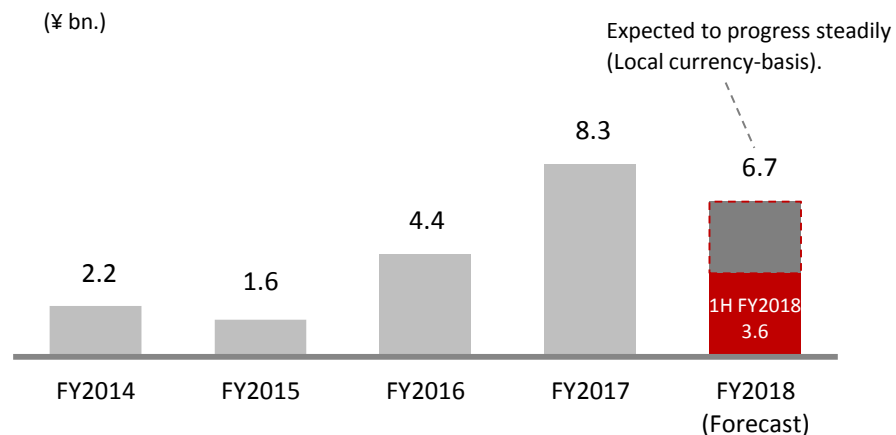


*1 1H FY2017 (actual) excluded the impact of hurricanes in North America, and one-time merger cost is excluded as a special factor in underwriting income in FY2017.

Net premiums earned

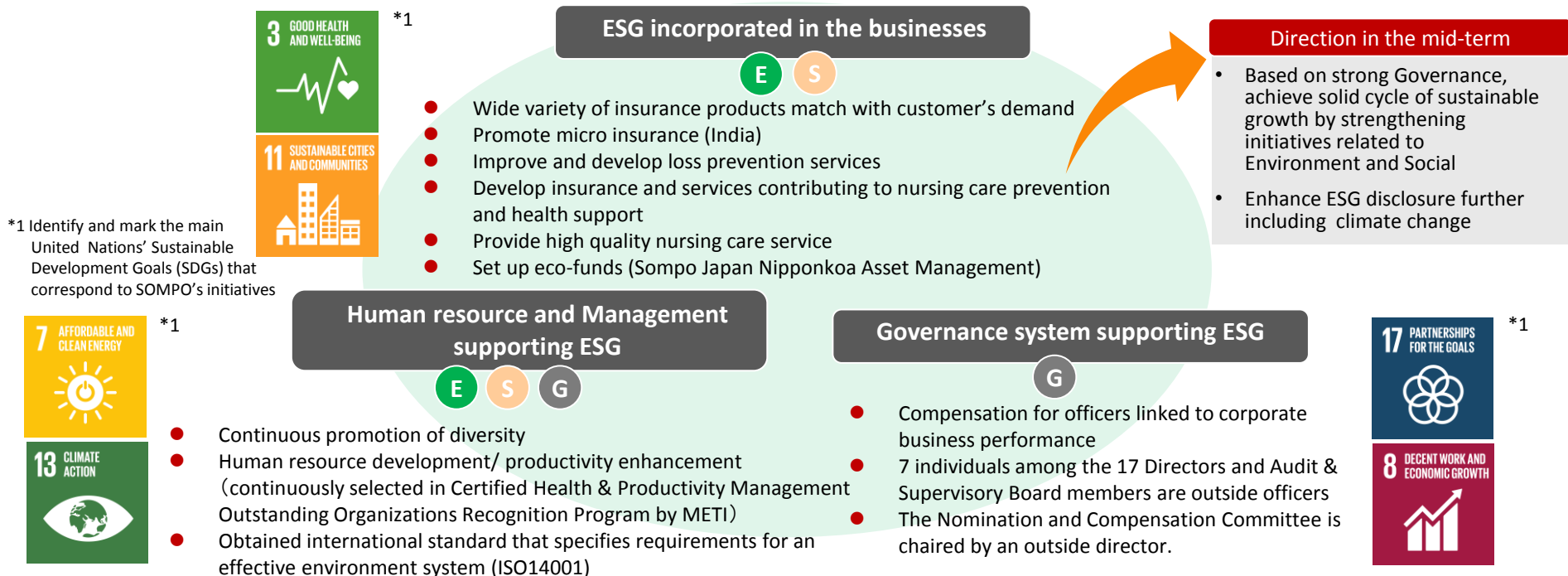


Net income of SJ Sigorta



Enhance Corporate Value through Advanced Initiatives for ESG

- ◆ Continue to tackle the challenge of solving social issues through businesses, aim to achieve sustainable cycle of enhancing corporate value.



Inclusion in Socially Responsible Investment (SRI) indexes and other indexes

- Selected for inclusion in the Dow Jones Sustainability Index for 19 consecutive years (longest-running record for a Japanese company).
- Adopted by all ESG indexes selected by the Government Pension Investment Fund (GPIF)

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



2018 Constituent
MSCI Japan ESG
Select Leaders Index



2018 Constituent
MSCI Japan Empowering
Women Index (WIN)

Selected for inclusion in the highest rank of the CDP^{*2} for second consecutive years.



^{*2} International project on climate change strategy, etc. (Carbon Disclosure Project)

Governance

- ◆ Achieve both robust governance and agile and flexible execution of operation.
- ◆ Established unique governance structure in overseas insurance business.

Governance structure of Sompo Holdings (as of November 1, 2018)

Robust governance

- Diverse plural outside directors
(4 out of 12 directors are outside directors.)
- Voluntary establishment of Nomination and Compensation Committee
(4 out of 5 members are outside directors. Committee is chaired by a outside director)

Proactive engagement of outside directors

- Diverse background: 2 executives, 1 lawyer, and 1 professor
(2 women, 1 non-Japanese)
- Integrating preliminary briefing session and Board of Directors meeting
- 100% of attendance rate (FY2017)



Agile and flexible execution of operation

- Agile decision-making by delegating authority to business owners
- Introduction of CxO* system (April 2017), appointing heads of functions in the group
* CFO (finance), CRO (risk management), CIO (IT system), CDO (digital), CHRO (human resource), CSO (strategy), CBO (brand)

Governance of overseas insurance business (developed countries)

- Out of 3 directors of a management company of overseas insurance business(SI), Sompo Holdings sends 2 directors to keep effectiveness of governance.
- Delegating authority to Board of Directors of Sompo International to realize agile decision-making.

Overview of 1H FY2018 Results and Business Forecasts for FY2018 – Consolidated Basis

(Billions of yen)	1H FY2017	1H FY2018	Change	FY2018 (Forecasts)	Change (against FY2017)
Consolidated ordinary income	1,935.1	1,889.2	-45.8 (-2.4%)	-	-
Net premiums written (P&C)	1,498.8	1,440.3	-58.4 (-3.9%)	2715.0	-139.7 (-4.9%)
Life insurance premiums	168.4	170.4	+1.9 (+1.2%)	357.5	+10.5 (+3.0%)
Consolidated ordinary profit	3.7	27.8	+24.0	237.0	+95.1
Sompo Japan Nipponkoa	47.5	-3.2	-50.8	220.0	+44.7
Overseas subsidiaries	17.9	9.5	-8.3	26.0	+62.7
Himawari Life	6.7	13.5	+6.7	17.6	+4.8
Nursing care (SOMPO Care)	1.7	2.4	+0.7	5.2	+1.7
Consolidated adjustment ^{*1} /others	-70.3	5.4	+75.8	-31.9	-19.0
Consolidated net income ^{*2}	1.9	22.1	+20.2	170.0	+30.1
Sompo Japan Nipponkoa	32.4	0.1	-32.3	166.0	-4.0
Overseas subsidiaries	17.1	6.1	-10.9	21.1	+59.0
Himawari Life	4.2	9.4	+5.1	12.0	+3.8
Nursing care (SOMPO Care)	0.9	2.2	+1.2	3.8	+0.8
Consolidated adjustment ^{*1} /others	-53.0	4.0	+57.1	-32.9	-29.4
(Reference) Adjusted profit (by business)	29.9	28.3	-1.6	105.0	-57.7
Domestic P&C insurance	48.9	-19.4	-68.4	14.0	-71.3
Overseas insurance	-35.2	27.1	+62.4	54.0	+9.9
Domestic life insurance	14.7	17.7	+3.0	32.0	+2.7
Nursing care & healthcare, etc.	1.5	2.8	+1.3	5.0	+0.8

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

*2 Consolidated net income denotes net income (loss) attributable to shareholders of the parent.

Overview of 1H FY2018 Results and Business Forecasts for FY2018 – Businesses (1)

Sampo Japan Nipponkoa

(Billions of yen)	1H FY2017	1H FY2018	Change	FY2018 (Forecasts)	Change (against FY2017)
Net premiums written	1,106.6	1,093.4	- 13.1(-1.2%)	2,134.0	-34.0 (-1.6%)
(excl. CALI, household earthquake)	952.3	954.2	+ 1.9(+0.2%)	1,856.1	-19.8 (-1.1%)
Net premiums earned (excl. CALI, household earthquake)	933.6	936.3	+2.6 (+0.3%)	1,860.2	-21.8 (-1.2%)
Loss ratio	61.3%	63.4%	+2.1pt	69.9%	+5.6pt
(excl. CALI, household earthquake)	58.8%	60.8%	+2.0pt	68.1%	+6.2pt
E/I loss ratio (excl. CALI, household earthquake)	61.2%	73.4%	+12.1pt	68.5%	+6.8pt
Net expense ratio	32.1%	32.1%	+0.0pt	32.1%	-0.2pt
(excl. CALI, household earthquake)	33.9%	33.5%	-0.3pt	33.6%	-0.3pt
Combined ratio	93.4%	95.5%	+2.1pt	102.0%	+5.4pt
(excl. CALI, household earthquake)	92.7%	94.3%	+1.7pt	101.8%	+5.9pt
Underwriting profit	27.5	-58.4	-86.0	91.0	-3.8 (-4.0%)
Investment profit	30.2	65.3	+35.0	147.5	+49.6 (+50.8%)
Ordinary profit	47.5	-3.2	-50.8	220.0	+44.7 (+25.6%)
Net income	32.4	0.1	-32.3	166.0	-4.0 (-2.4%)
Adjusted profit	50.4	-17.1	-67.6	18.0	-69.7 (-79.4%)

Overview of 1H FY2018 Results and Business Forecasts for FY2018 – Businesses (2)

S^{*1}

(\$ million)	1H FY2017	1H FY2018	Change	FY2018 (Forecasts)	Change (against FY2017)
Gross premiums written	3,264	3,815	+550	5,891	+610
Net premiums written	1,839	2,192	+353	3,313	+424
Net premiums earned	1,254	1,401	+147	3,011	+291
Net losses and loss expenses	738	825	+87	1,825	-386
Expense ^{*2}	431	459	+28	929	+50
Loss ratio ^{*2}	58.9%	58.9%	+0.0pt	60.6%	-20.7pt
Expense ratio ^{*2}	34.4%	32.8%	-1.6pt	30.9%	-1.5pt
Combined ratio ^{*2}	93.2%	91.7%	-1.5pt	91.5%	-22.2pt
Underwriting income	26	118	+92	269	+697
Net investment income	124	137	+13	279	+15
Net income (After Preferred dividend)	105	124	+18	327	+522
Adjusted profit ^{*3}	148	182	+33	385	-126

*1 Incl. former Sompo America, Sompo Mexico and SJNK Europe.

*2 The denominator of loss ratio, expense ratio and combined ratio is net premiums earned. One-time merger cost is excluded as a special factor in expense, expense ratio and combined ratio in FY2017.

*3 1H FY2017 (actual) excluded the impact of hurricanes in North America.

Overview of 1H FY2018 Results and Business Forecasts for FY2018 – Businesses (3)

Himawari Life

(Billions of yen)	1H FY2017	1H FY2018	Change	FY2018 (Forecasts)	Change (against FY2017)
Annualized new premium	18.1	17.9	-0.2	42.3	+6.4 (+18.0%)
Premium and other income	213.7	216.0	+2.2	452.0	+13.5 (+3.1%)
Investment profit (general account)	21.0	21.6	+0.5	44.7	+1.1 (+2.7%)
Ordinary profit	8.9	15.4	+6.4	21.9	+5.2 (+31.1%)
Net income	4.2	9.4	+5.1	12.0	+3.8 (+47.8%)
Adjusted profit	14.7	17.7	+3.0	32.0	+2.7 (+9.6%)

Nursing care (Sompo Care*)

(Billions of yen)	1H FY2017	1H FY2018	Change	FY2018 (Forecasts)	Change (against FY2017)
Sales	59.4	61.8	+2.4	123.2	+3.9
Occupancy rate	86.5%	89.6%	+3.2pt	90.8%	+1.9pt
Net income	0.9	2.2	+1.2	3.8	+0.8

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

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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