

Highlights of 1H FY2020 Results

November 19, 2020
Sompo Holdings, Inc.



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Exchange rate (USD/JPY)		
1H FY2020 Actual	105.80 (YOY -2.0%)	End of Sep. 2020
	- for overseas entities 107.74 (YOY -0.0%)	End of Jun. 2020
FY2020 Full year Forecast	Revised forecast : 105.80 (Against initial forecast -2.8%)	End of Sep. 2020
	(Reference) Initial forecast : 108.83	End of Mar. 2020

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

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

Highlights of 1H FY2020 Results

- ◆ Mainly due to loss ratio improvement in Sompo Japan, consolidated ordinary profit for 1H FY2020 increased.
- ◆ Revised full-year business forecasts to reflect additional impact of COVID-19, etc.
Consolidated ordinary profit for FY2020 is expected to be ¥223.0 billion and consolidated net income for FY2020 is expected to be ¥140.0 billion.
- ◆ As for shareholder returns for FY2020, dividends per share are revised upward to ¥170 (YoY + ¥20).

1H FY2020 Actual

- Sompo Japan's underwriting profit increased due to the E/I loss ratio improvement in automobile line in light of COVID-19 "stay-at-home".
* E/I loss ratio of automobile insurance improved by 7.9% against 1H FY2019.
The number of reported claims decreased by 19.3%.
Investment profit decreased by ¥24.3 billion mainly due to the absence of gains on sales of bond securities in 1H FY2019 when the interest rate was declining.
- Adjusted profit in overseas insurance business decreased by ¥20.2 billion mainly due to Impact of SI's COVID-19 provisions and lower net investment income, despite SI top-line growth.
- New premium in domestic life insurance business recovered in 2Q FY2020, despite COVID-19.
- Ordinary profit in nursing care business increased despite payment of special allowances to nursing staff.

Revision of FY2020 Forecast

- Adjusted business forecasts based on additional impact of COVID-19 and the incurred losses related to overseas natural disasters. Consolidated ordinary profit is expected to be ¥223.0 billion, which is in line with initial forecast, and consolidated net income is expected to decrease by ¥10.0 billion to ¥140.0 billion compared to the initial forecast.
- Impact of COVID-19 for the revised FY2020 forecast is expected to be - ¥8.0 billion.
- Adjusted consolidated profit as a source for shareholder return is expected to be ¥200.0 billion.
As for shareholder returns for FY2020, dividends per share are revised upward to ¥170 (YoY + ¥20).

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

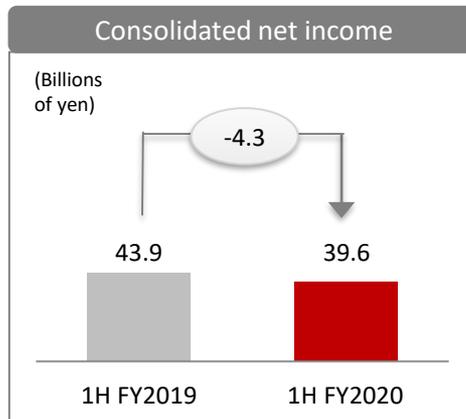
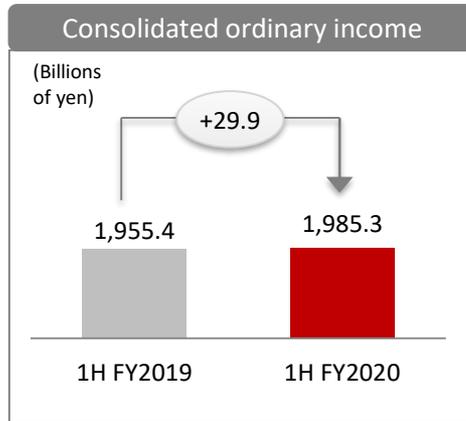
4. Domestic life insurance

5. Nursing care & healthcare, etc.

6. ERM & asset management

Overview of 1H FY2020 Results – Consolidated Basis

- ◆ Net premiums written increased by ¥66.4 billion, driven by SI growth.
- ◆ Mainly due to increase in profit of Sompo Japan, consolidated ordinary profit increased.



(Billions of yen)	1H FY2019	1H FY2020	Change	FY2020 (Revised forecast)
Consolidated ordinary income	1,955.4	1,985.3	+29.9 (+1.5%)	-
Net premiums written (P&C)	1,502.4	1,568.8	+66.4 (+4.4%)	2,884.0
Life insurance premiums	172.9	168.8	-4.1 (-2.4%)	350.0
Consolidated ordinary profit	63.7	77.5	+13.7	223.0
Sompo Japan	33.3	64.4	+31.0	220.0
Overseas insurance subsidiaries	58.8	17.3	-41.4	44.2
Himawari Life	14.3	17.0	+2.6	25.5
Nursing care and healthcare*1	4.0	5.1	+1.0	7.7
Consolidated adjustment**2/Others	-46.9	-26.5	+20.4	-74.4
Consolidated net income*3	43.9	39.6	-4.3	140.0
Sompo Japan	24.9	45.9	+20.9	160.0
Overseas insurance subsidiaries	49.2	6.4	-42.8	30.3
Himawari Life	9.4	11.9	+2.4	17.5
Nursing care and healthcare	2.3	2.0	-0.2	4.6
Consolidated adjustment/Others	-42.1	-26.7	+15.3	-72.4
(Reference) Adjusted profit (by business)	82.3	95.0	+12.6	200.0
Domestic P&C insurance	34.4	67.5	+33.1	136.0
Overseas insurance	27.7	7.4	-20.2	27.5
Domestic life insurance	17.1	18.0	+0.9	32.5
Nursing care & healthcare, etc.	2.9	1.8	-1.0	7.0

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

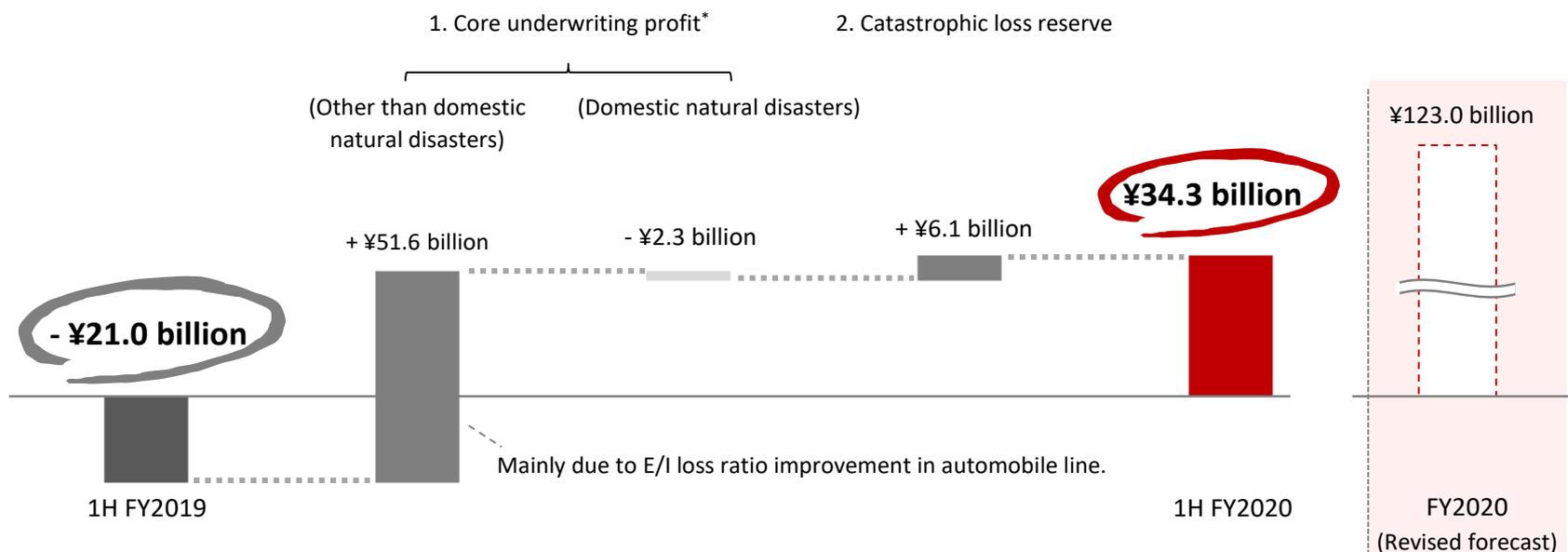
*2 Incl. profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.

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

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

◆ Underwriting profit increased by ¥55.4 billion mainly due to the loss ratio improvement in automobile line.

Changing factors of underwriting profit (Sompo Japan)



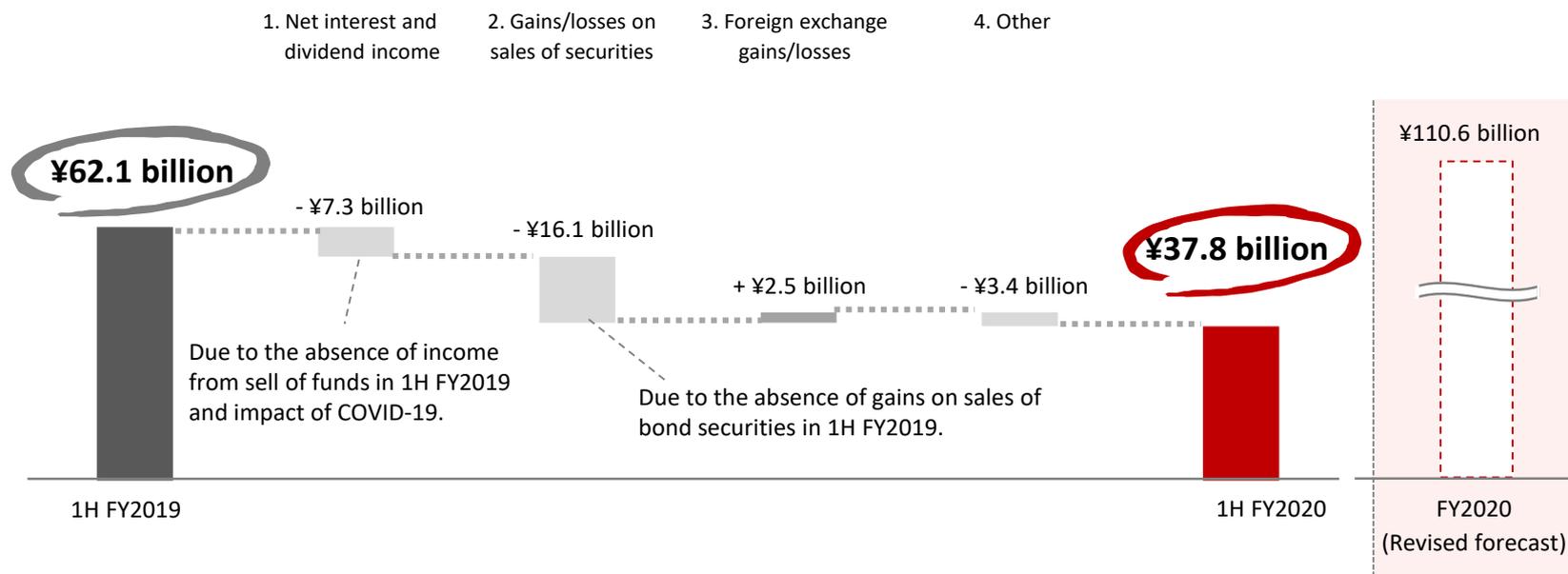
	1. Core underwriting profit			2. Catastrophic loss reserve	Underwriting profit
		(Other than domestic natural disasters)	(Domestic natural disasters)		
1H FY2019	¥23.7 billion	¥66.9 billion	- ¥43.1 billion	- ¥44.8 billion	- ¥21.0 billion
1H FY2020	¥73.0 billion	¥118.6 billion	- ¥45.5 billion	- ¥38.6 billion	¥34.3 billion

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

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

- ◆ Investment profit was ¥37.8 billion partly due to the absence of gains on sales of bond securities in 1H FY2019 when the interest rate was declining.

Changing factors of investment profit (Sompo Japan)

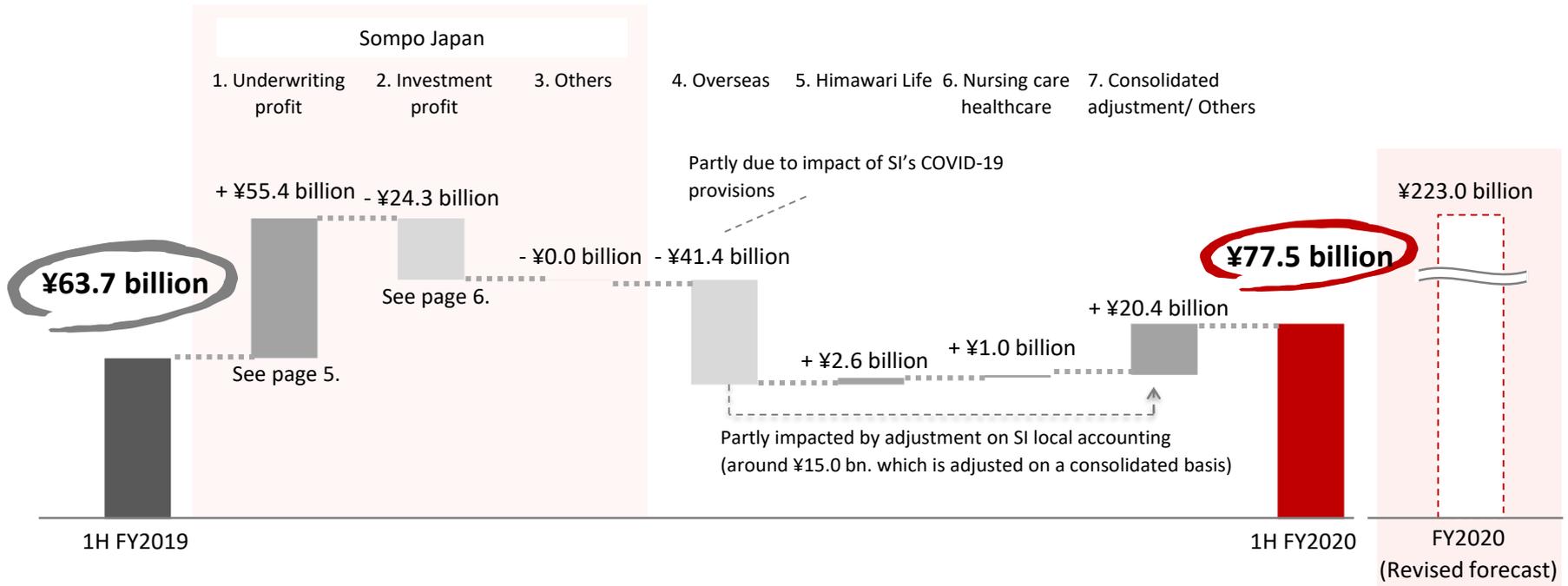


	1. Net interest and dividend income	2. Gains/losses on sales of securities	3. Foreign exchange gains/losses	4. Other	Investment profit
1H FY2019	¥38.8 billion	¥32.4 billion	- ¥3.6 billion	- ¥5.4 billion	¥62.1 billion
1H FY2020	¥31.5 billion	¥16.2 billion	- ¥1.0 billion	- ¥8.8 billion	¥37.8 billion

Main Points of Consolidated Results – (3) Ordinary Profit

- ◆ Consolidated ordinary profit increased due to profit growth of Sompo Japan, partly offset by SI's COVID-19 provisions.

Changing factors of consolidated ordinary profit



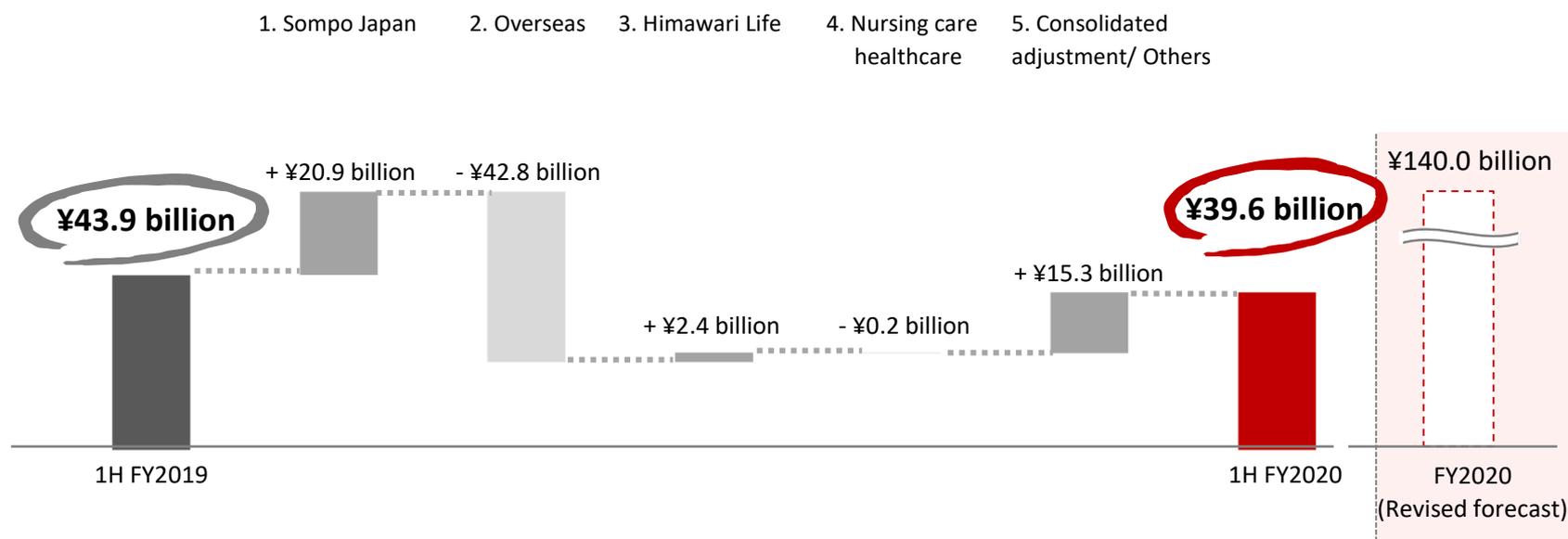
	1. Underwriting profit	2. Investment profit	3. Others	4. Overseas subsidiaries	5. Himawari Life	6. Nursing care healthcare	7. Consolidated adjustment/others	Ordinary profit
1H FY2019	- ¥21.0 billion	¥62.1 billion	- ¥7.7 billion	¥58.8 billion	¥14.3 billion	¥4.0 billion	- ¥46.9 billion	¥63.7 billion
1H FY2020	¥34.3 billion	¥37.8 billion	- ¥7.8 billion	¥17.3 billion	¥17.0 billion	¥5.1 billion	- ¥26.5 billion*	¥77.5 billion

* Net amortization amount (before tax) of goodwill and intangible assets, etc. of SI for 1H FY2020: ¥12.5 billion

Main Points of Consolidated Results – (4) Net Income

◆ Consolidated net income was ¥39.6 billion (Progress rate against revised full year forecast:28%).

Changing factors of consolidated net income



	1. Sompo Japan	2. Overseas subsidiaries	3. Himawari Life	4. Nursing care	5. Consolidated adjustment/others	Net income
1H FY2019	¥24.9 billion	¥49.2 billion	¥9.4 billion	¥2.3 billion	- ¥42.1 billion	¥43.9 billion
1H FY2020	¥45.9 billion	¥6.4 billion	¥11.9 billion	¥2.0 billion	- ¥26.7 billion	¥39.6 billion

Business Forecasts for FY2020 – Consolidated Basis

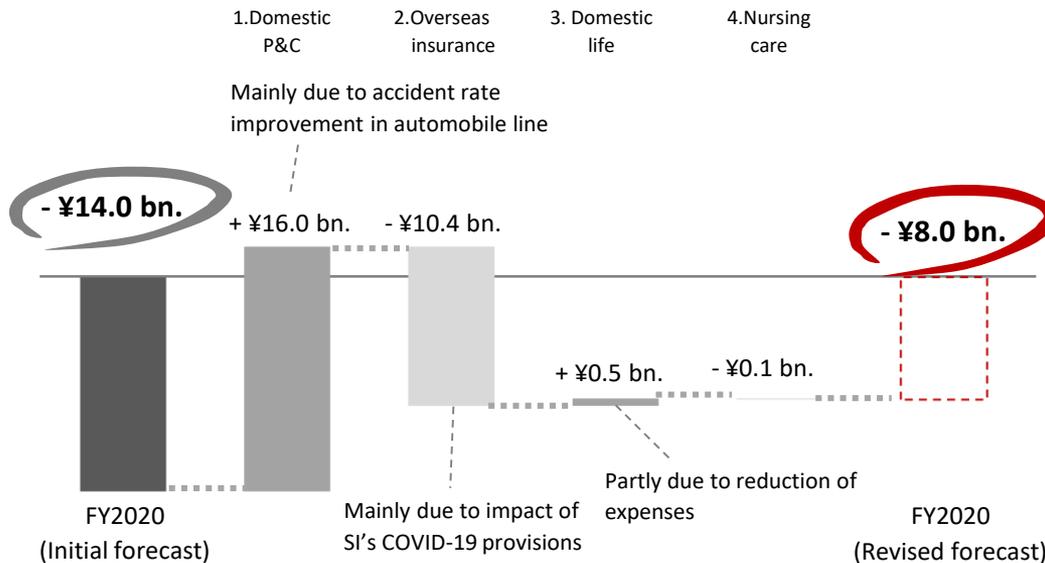
- ◆ Revised business forecasts to reflect additional impact of COVID-19, etc.
- ◆ Consolidated net income for FY2020 is expected to be ¥140.0 billion.

(Billions of yen)	FY2019	FY2020			Change [3]-[1]
	(Actual) [1]	(Initial forecasts) [2]	(Revised forecasts) [3]	(Change) [3]-[2]	
Net premiums written (P&C)	2,825.4	2,860.0	2,884.0	+24.0	+58.5 (+2.1%)
Life insurance premiums	356.0	358.5	350.0	-8.5	-6.0 (-1.7%)
Consolidated ordinary profit	192.4	223.0	223.0	-	+30.5
Sompo Japan	182.3	210.0	220.0	+10.0	+37.6
Overseas subsidiaries	87.9	60.1	44.2	-15.8	-43.6
Himawari Life	25.5	24.6	25.5	+0.8	-0.0
Nursing care	10.1	10.4	7.7	-2.7	-2.4
Consolidated adjustment/others	-113.5	-82.3	-74.4	+7.8	+39.0
Consolidated net income	122.5	150.0	140.0	-10.0	+17.4 (+14.3%)
Sompo Japan	130.5	156.0	160.0	+4.0	+29.4
Overseas subsidiaries	75.3	48.9	30.3	-18.6	-45.0
Himawari Life	16.5	17.0	17.5	+0.5	+0.9
Nursing care	6.1	6.4	4.6	-1.7	-1.5
Consolidated adjustment/others	-106.1	-78.3	-72.4	+5.8	+33.7
(Reference) Adjusted profit (by business)	150.8	187.0	200.0	+13.0	+49.1 (+32.6%)
Domestic P&C insurance	60.8	96.5	136.0	+39.5	+75.1
Overseas insurance	50.1	51.0	27.5	-23.5	-22.6
Domestic life insurance	32.0	32.5	32.5	-	+0.4
Nursing care & healthcare, etc.	7.7	7.0	7.0	-	-0.7

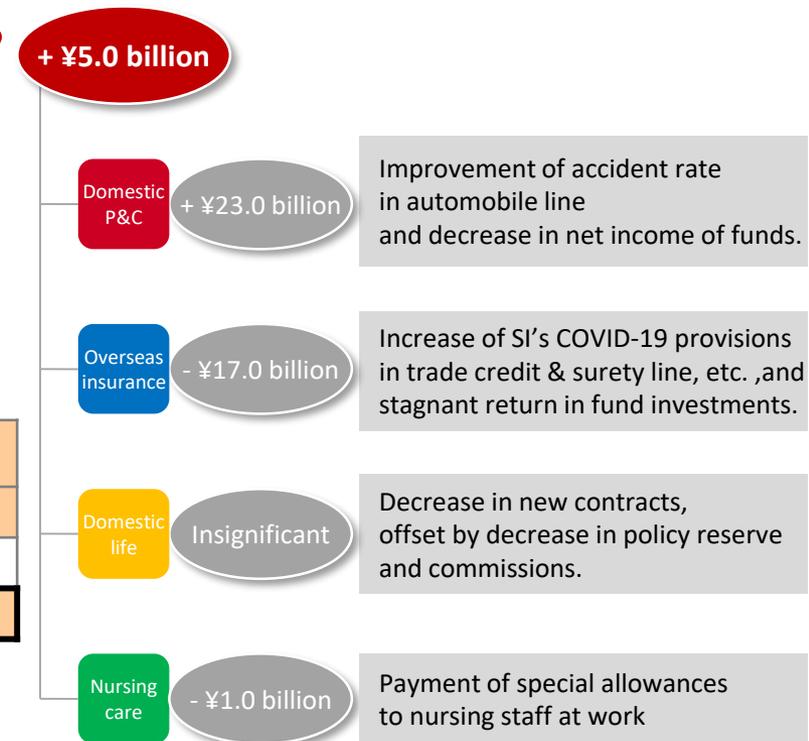
Impact of COVID-19

- ◆ Impact of COVID-19 for consolidated net income (revised forecast) for FY2020 is expected to be around - ¥8.0 billion.
- ◆ Impact of COVID-19 for consolidated net income for 1H FY2020 was around + ¥5.0 billion.

Changing Factors of the impact for consolidated net income for FY2020*1



(Reference) Impact for consolidated net income for 1H FY2020*1



		1. Domestic P&C	2. Overseas Insurance	3. Domestic life	4. Nursing care	Consolidated Net income
Initial forecasts	Impact1*2	- ¥4.0 bn.	- ¥8.6 bn.	-	- ¥1.4 bn.	- ¥14.0 bn.
	Impact2*3	0 to - ¥30.0 billion				
Revised forecasts		+ ¥12.0 bn.	- ¥19.0 bn.	+ ¥0.5 bn.	- ¥1.5 bn.	- ¥8.0 bn.

*1 Incl. provisional numbers

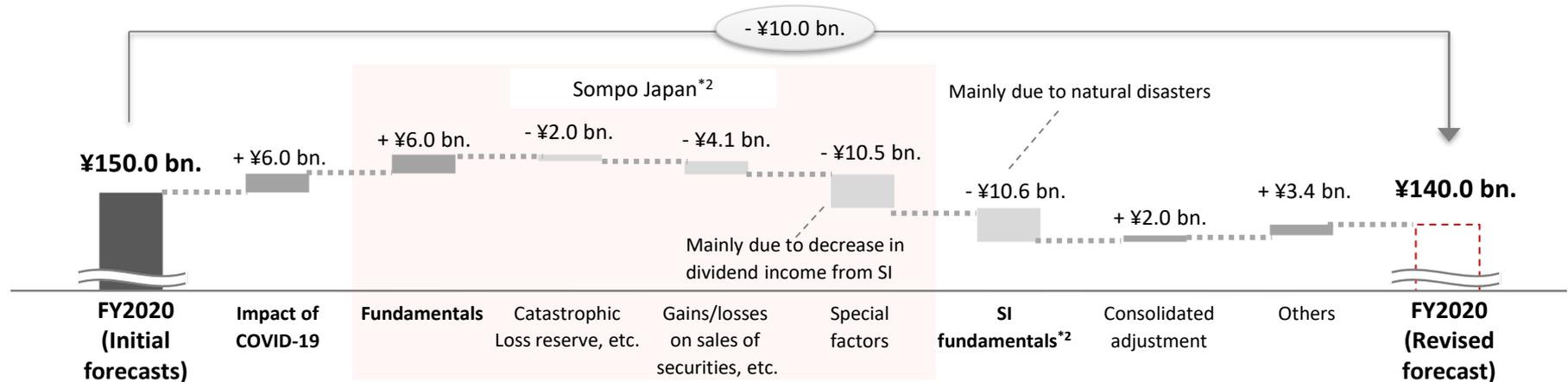
*2 Impact factored into the initial forecast (reasonably estimated with high certainty)

*3 Impact NOT factored into the initial forecast (range of amount affected, under provisionally estimated scenario, net of positive and negative factors)

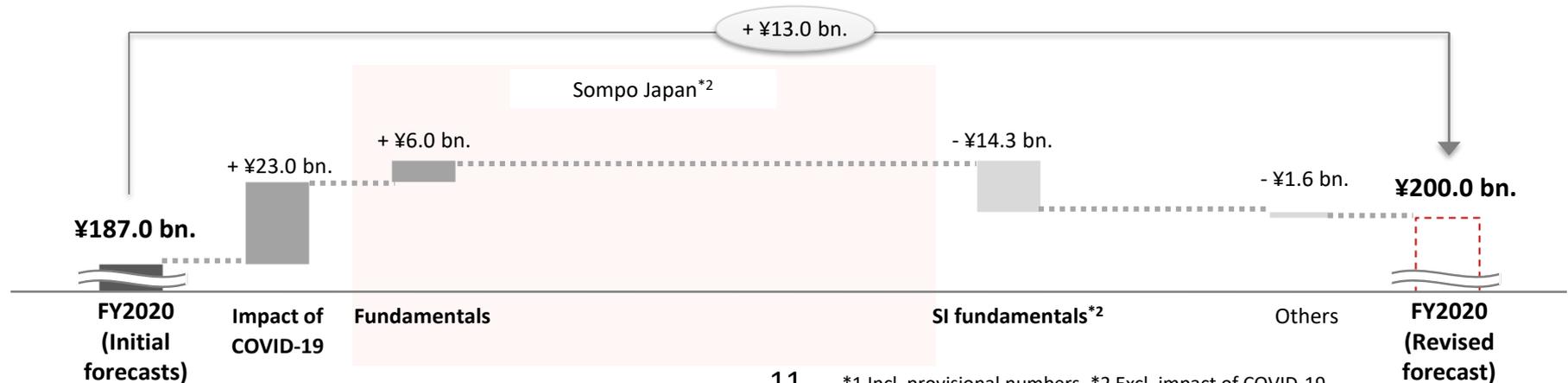
Main Points of Revised Business Forecasts for FY2020

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

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

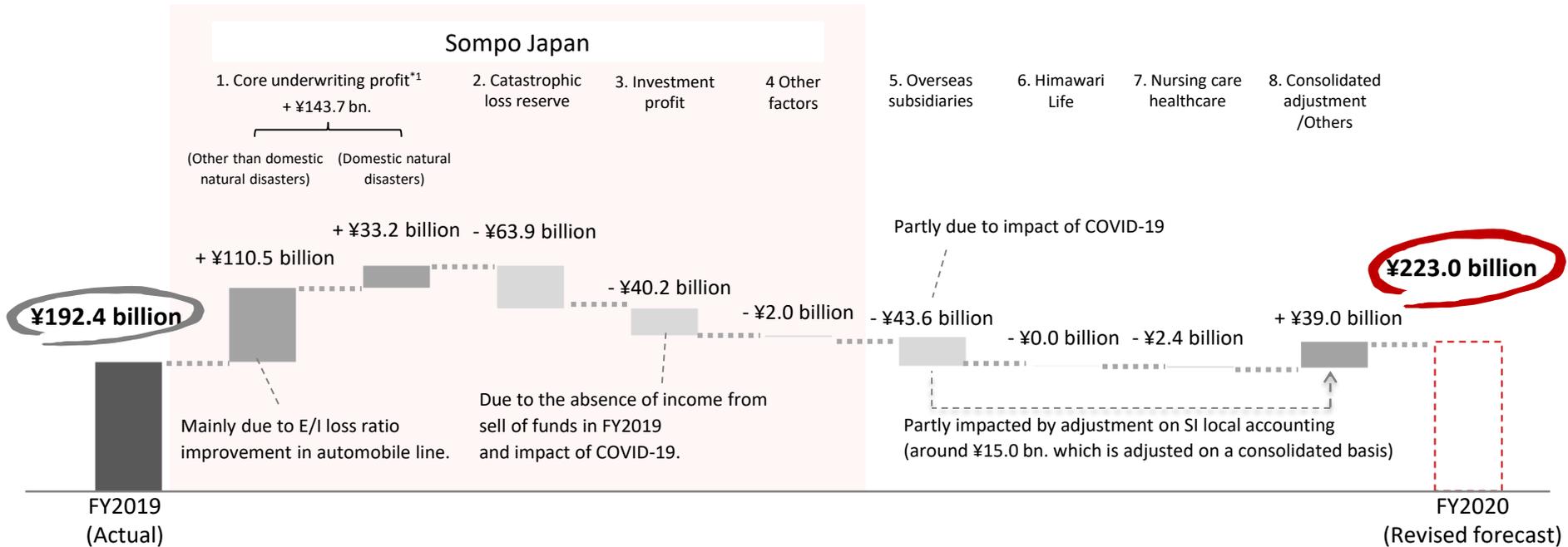


(Reference) Revised factors (figures after tax*1) : Adjusted consolidated profit



(Reference) Breakdown of Business Forecasts for FY2020

Changing Factors of consolidated ordinary profit



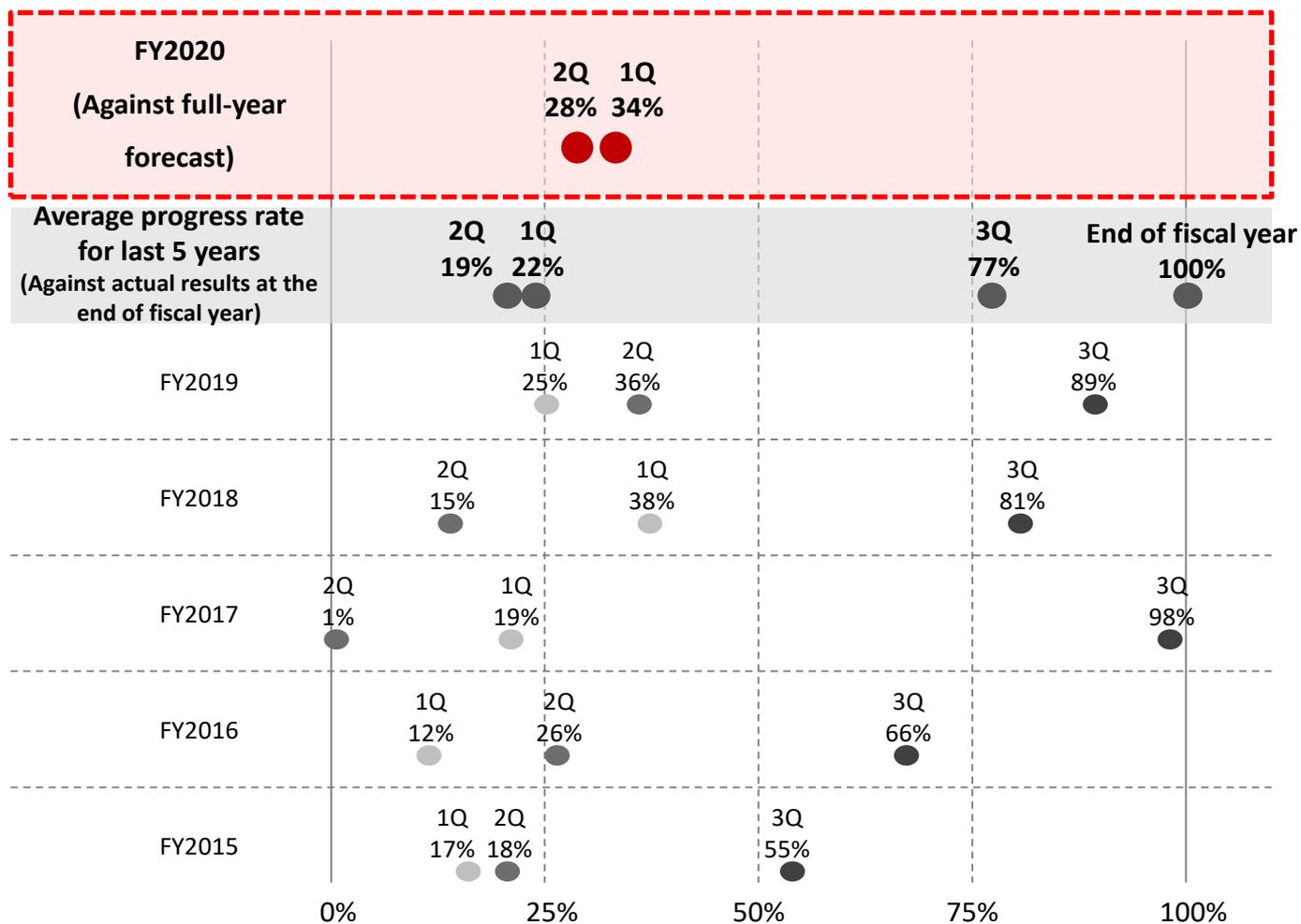
	1. Core underwriting profit		2. Catastrophic loss reserve	3. Investment profit	4. Other Factors	5. Overseas subsidiaries	6. Himawari Life	7. Nursing care	8. Consolidated adjustment /Others	Ordinary profit
	(Other than domestic natural disasters)	(Domestic natural disasters)								
FY2019 Actual	¥102.6 billion	- ¥93.2 billion	¥33.6 billion	¥150.9 billion	- ¥11.6 billion	¥87.9 billion	¥25.5 billion	¥10.1 billion	- ¥113.5 billion	¥192.4 billion
FY2020 Revised Forecasts	¥213.2 billion	- ¥60.0 billion	- ¥30.2 billion	¥110.6 billion	- ¥13.6 billion	¥44.2 billion	¥25.5 billion	¥7.7 billion	- ¥74.4 billion*2	¥223.0 billion
(Reference) FY2020 Initial Forecasts	¥146.2 billion	- ¥60.0 billion	- ¥3.2 billion	¥140.0 billion	- ¥13.0 billion	¥60.1 billion	¥24.6 billion	¥10.4 billion	- ¥82.3 billion*2	¥223.0 billion

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

*2 The goodwill for the SI acquisition is \$1,513 million. Combined with intangible assets, the net amortization amount is around \$2,000 million (as of the date of acquisition). The amortization period for the goodwill is 10 years, and the amortization period for intangible asset has been set appropriately. The total annual amortization costs is projected at ¥24.6 billion for FY2020 forecast.

(Reference) Historical Progress Rates of Quarterly Results

Progress in each quarter (consolidated net income)



(Reference) Numerical Management Targets, etc.

Numerical management targets

(Billions of yen)	FY2019	FY2020	
	(Actual)	(1H Actual)	(Revised forecasts)
Domestic P&C insurance	60.8	67.5	136.0
Overseas insurance	50.1	7.4	27.5
Domestic life insurance	32.0	18.0	32.5
Nursing care & healthcare, etc.	7.7	1.8	7.0
Total (Adjusted consolidated profit)	150.8	95.0	200.0
Adjusted consolidated ROE*²	6.4%	-	8.5%
ROE (J-GAAP)	7.3%	-	8.4%

Definition of adjusted profit*¹

Domestic P&C insurance

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

Overseas insurance

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

Domestic life insurance

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

Nursing care & healthcare, etc.

Net income

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

*2 Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)

Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve, etc. in domestic P&C insurance (after tax)

+ Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets

Domestic life insurance adjusted net assets = Net assets (J-GAAP) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax)

+ Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

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

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc.

6. ERM & asset management

Overview of 1H FY2020 Results – Sompo Japan

◆ Net income increased by ¥20.9 billion, mainly due to E/I loss ratio improvement in automobile and personal accident line.

(Billions of yen)	1H FY2019	1H FY2020	Change	FY2020 (Revised forecasts)
Net premiums written	1,128.1	1,093.7	-34.3 (-3.0%)	2,113.5
(excl. CALI, household earthquake)	982.2	970.4	-11.8 (-1.2%)	1,877.9
Net premiums earned (excl. CALI, household earthquake)	937.5	930.7	-6.7 (-0.7%)	1,877.0
E/I loss ratio (excl. CALI, household earthquake)	63.0%	57.7%	-5.3pt	58.0%
W/P Loss ratio	57.8%	56.7%	-1.1pt	62.1%
(excl. CALI, household earthquake)	55.7%	54.7%	-1.1pt	59.5%
Net expense ratio	31.7%	33.0%	+1.3pt	33.7%
(excl. CALI, household earthquake)	33.1%	33.8%	+0.8pt	34.5%
Combined ratio (W/P) (excl. CALI, household earthquake)	88.8%	88.5%	-0.3pt	93.9%
(Reference) Combined ratio (E/I)* ¹ (excl. CALI, household earthquake)	96.0%	91.5%	-4.5pt	92.4%
Underwriting profit	-21.0	34.3	+55.4	123.0
Investment profit	62.1	37.8	-24.3	110.6
Ordinary profit	33.3	64.4	+31.0	220.0
Net income	24.9	45.9	+20.9	160.0
(Reference) Adjusted profit				
Provisions for catastrophic loss reserve (after tax)	+32.4	+28.0	-4.4	+22.1
Provisions for reserve for price fluctuation (after tax)	+1.4	+1.4	-0.0	+2.8
Gains/losses on sales of securities and impairment losses on securities (after tax)	-22.6	-7.0	+15.5	-39.4
Special factors (after tax)* ²	+0.2	-0.1	-0.4	-8.5
Adjusted profit	36.5	68.1	+31.6	137.0

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

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

◆ While net premiums written decreased mainly due to COVID-19 and one-time factors, fundamental sales remain stable.

Net premiums written by product line

(Billions of yen)	1H FY2019	1H FY2020	Change		FY2020 (Revised forecasts)
Fire and Allied Lines	149.8	151.6	+1.7	(+1.2%)	286.6
Marine	24.1	20.8	-3.3	(-13.8%)	39.3
Personal Accident	91.3	82.6	-8.7	(-9.6%)	152.7
Voluntary Automobile	540.5	541.2	+0.6	(+0.1%)	1,085.8
CALI	145.6	123.2	-22.3	(-15.4%)	235.2
Other	176.5	174.3	-2.2	(-1.3%)	313.6
of which Liability	97.6	94.2	-3.4	(-3.5%)	161.0
Total	1,128.1	1,093.7	-34.3	(-3.0%)	2,113.5
Total (excl. CALI, household earthquake)	982.2	970.4	-11.8	(-1.2%)	1,877.9

(Main change factors)

Fire and Allied Lines: While gross premiums written increased mainly due to optimizing underwriting and pricing, and increase in commercial line.

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

Voluntary Automobile: Increased due to rate revisions in Jan. 2020, partly offset by impact of new car sales slow-down.

Other: While net premiums written decreased mainly due to one-time factors such as the absence of large contract recorded in FY2019, sales of main product “Business master plus” progressed steadily.

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

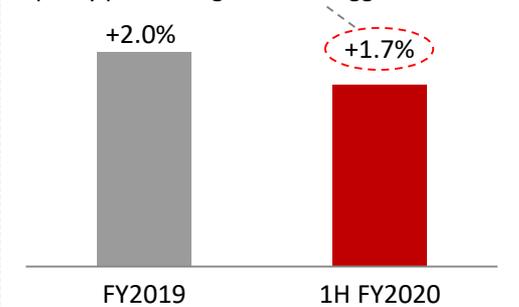
(Performance evaluation basis)

	# of vehicles*	Unit premium	Total Premium
Non-fleet	-0.9%	+1.7%	+0.9%
Fleet	-4.9%	+2.1%	-2.8%
Total	-1.7%	+2.0%	+0.2%

* Exclude per hour type automobile insurance

<Non-fleet unit premium>

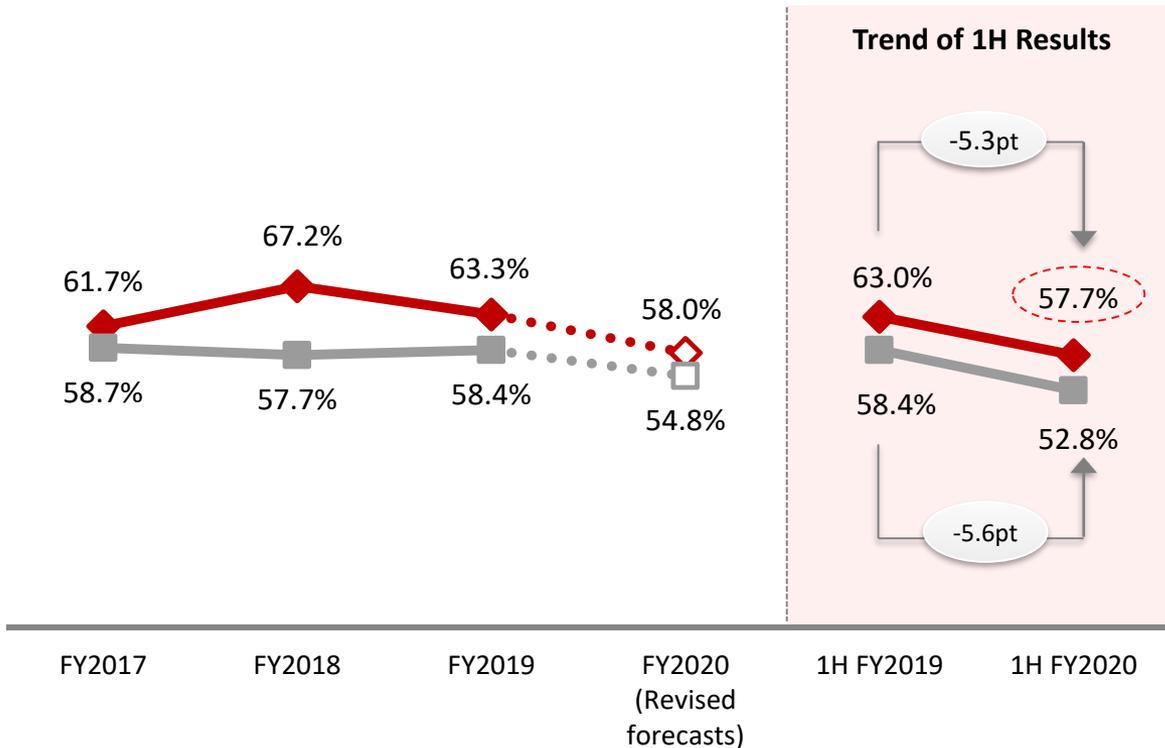
While unit-premium continued to increase due to rate revisions in Jan. 2020, long-term policy premium growth is sluggish.



Loss Ratio (E/I)

◆ E/I loss ratio improved by 5.3 points, mainly due to accident rate improvement in automobile and personal accident line.

Loss ratio (E/I) by product line



◆ Loss ratio (excl. CALI, household earthquake)
 ■ (Reference) Loss ratio (excl. CALI, household earthquake, domestic natural disasters)

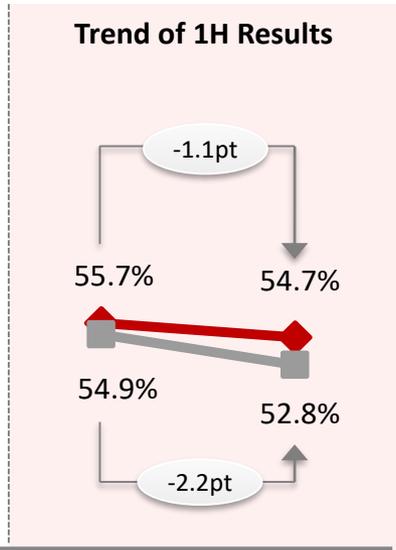
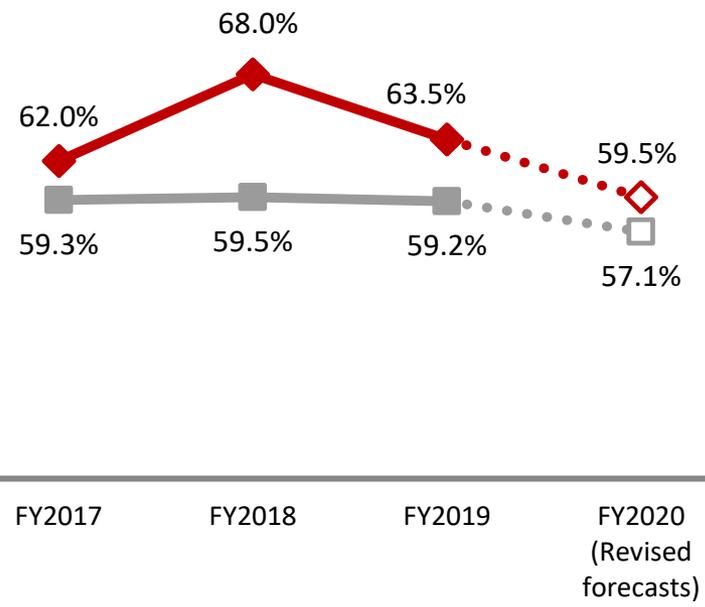
(Reference) Loss ratio (E/I) by product line

	1H FY2020		FY2020 Revised forecast
	Loss Ratio	Change	Loss Ratio
Fire and Allied lines (excl. household earthquake)*	85.8%	+8.3pt	74.0%
Marine	51.6%	-37.3pt	58.1%
Personal Accident	43.4%	-9.9pt	45.2%
Voluntary Automobile*	52.8%	-7.9pt	56.0%
Other	57.4%	-1.6pt	56.4%
Total (excl. CALI, household earthquake)	57.7%	-5.3pt	58.0%

* Loss ratio (E/I) excluding domestic natural disasters are
 Fire and Allied lines(excl. household earthquake) : 56.3% (YoY +4.5pt)
 Voluntary Automobile : 52.2% (YoY -7.9pt)

(Reference) Loss Ratio (Written Paid)

Loss ratio(W/P)



(Reference) Loss ratio (W/P) by product line

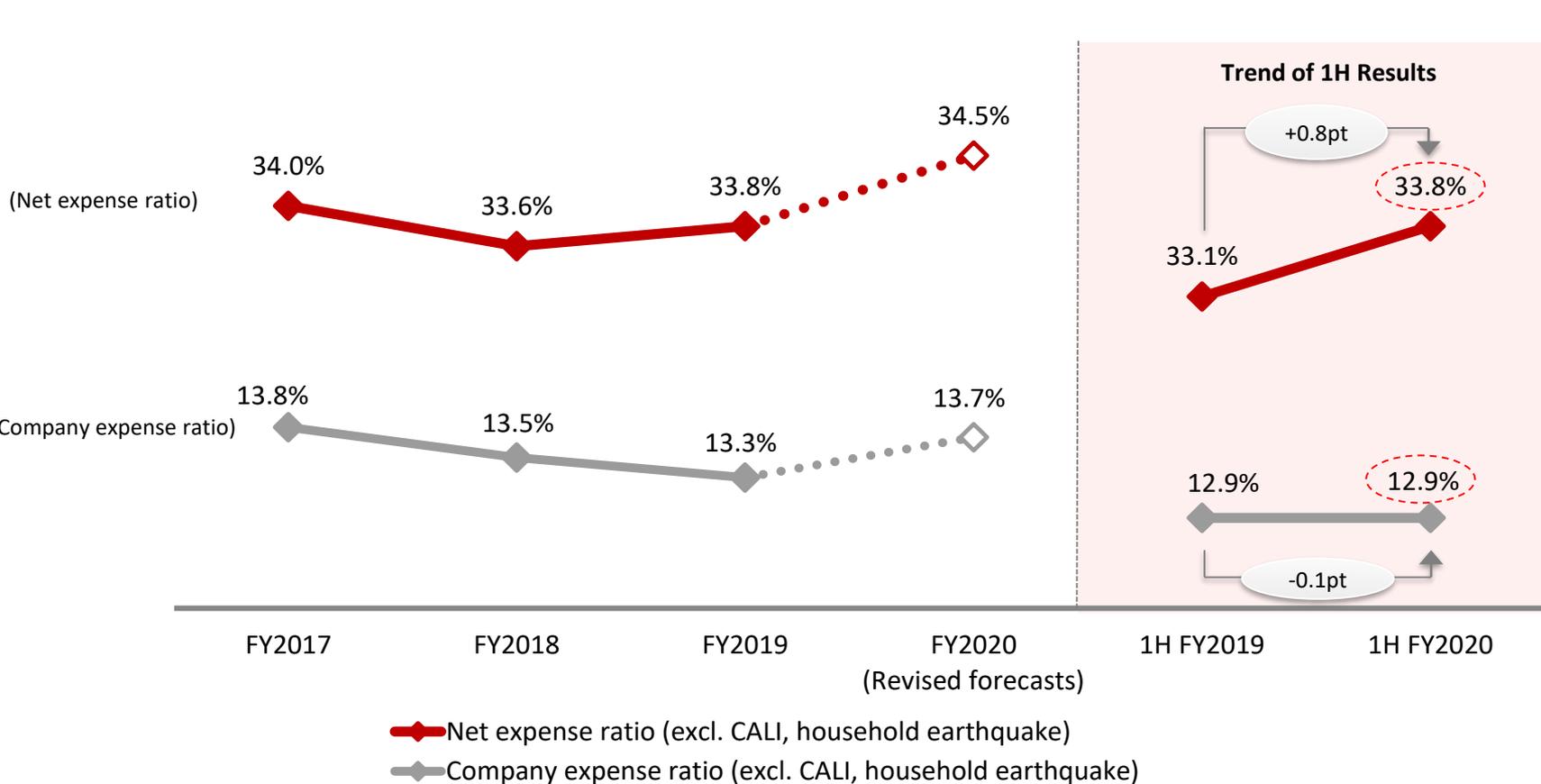
	1H FY2020	
	Loss Ratio	Change
Fire and Allied lines (excl. household earthquake)	68.5%	+8.6pt
Marine	61.4%	+5.7pt
Personal Accident	46.7%	-2.9pt
Voluntary Automobile	53.2%	-5.0pt
Other	50.1%	+2.5pt
Total (excl. CALI, household earthquake)	54.7%	-1.1pt

- ◆ Loss ratio (excl. CALI, household earthquake)
- (Reference) Loss ratio (excl. CALI, household earthquake, domestic natural disasters)

Net Expense Ratio

◆ While net expense ratio increased against YoY mainly due to consumption tax hike, company expense ratio was well-managed.

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



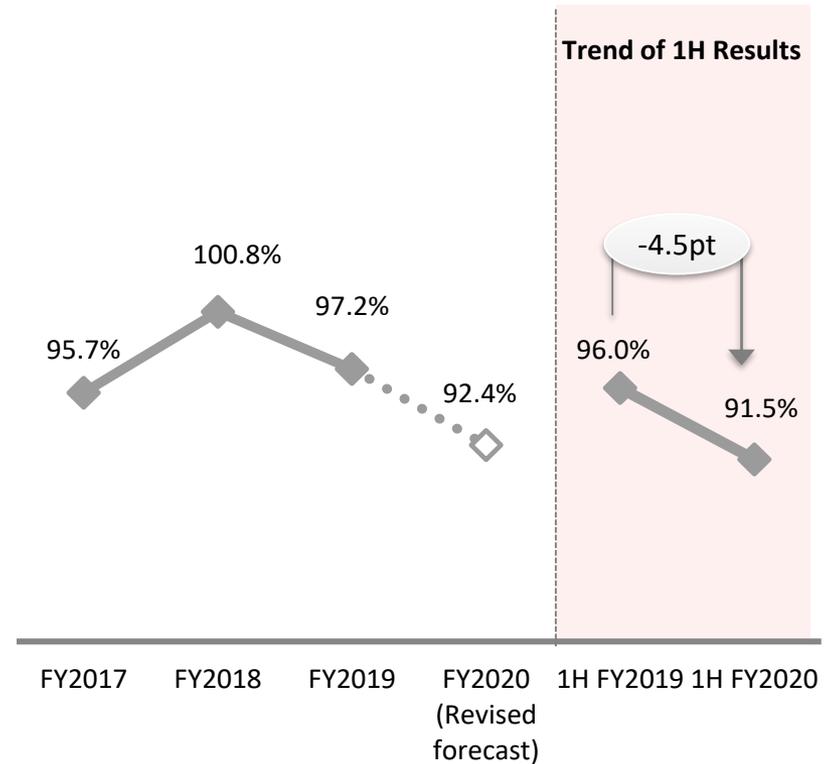
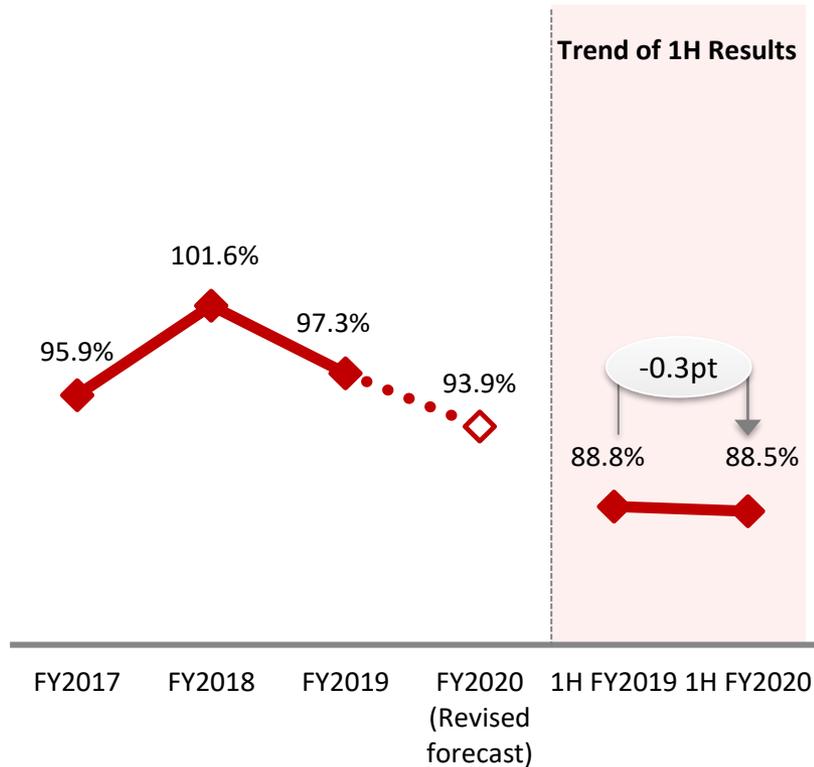
* Ratio of general administrative and selling expense related with underwriting to net premium written

Combined Ratio

◆ 1H FY 2020 combined ratio improved by 0.3 points to 88.5% (YoY).

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

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



◆ Net interest and dividend income excluding the impact of COVID-19 progressed as planned.

Investment profit (Sompo Japan, non-consolidated)

(Billions of yen)		1H FY2019	1H FY2020	Change	FY2020 (Revised forecasts)
Net interest and dividend income	1	38.8	31.5	-7.3	60.7
Interest and dividend income* ¹		57.2	48.4	-8.8	94.1
of which, dividends from overseas subsidiaries		0.2	1.2	+1.0	9.5
Gains on sales of securities* ¹	2	32.4	16.2	-16.1	63.5
of which, domestic stocks		21.1	15.6	-5.5	50.0
Impairment losses on securities	3	-1.0	-4.8	-3.8	-8.8
of which, domestic stocks		-0.8	-4.1	-3.3	-8.1
Gains on derivatives	4	-3.5	-1.5	+2.0	-2.7
Other investment income	5	-4.4	-3.4	+0.9	-2.0
Investment profit 1+2+3+4+5		62.1	37.8	-24.3	110.6

(Reference)
Reduction of strategic-holding stocks

Spot* ²	¥22.5 billion
Stock future* ³	¥38.9 billion
Total	¥61.5 billion

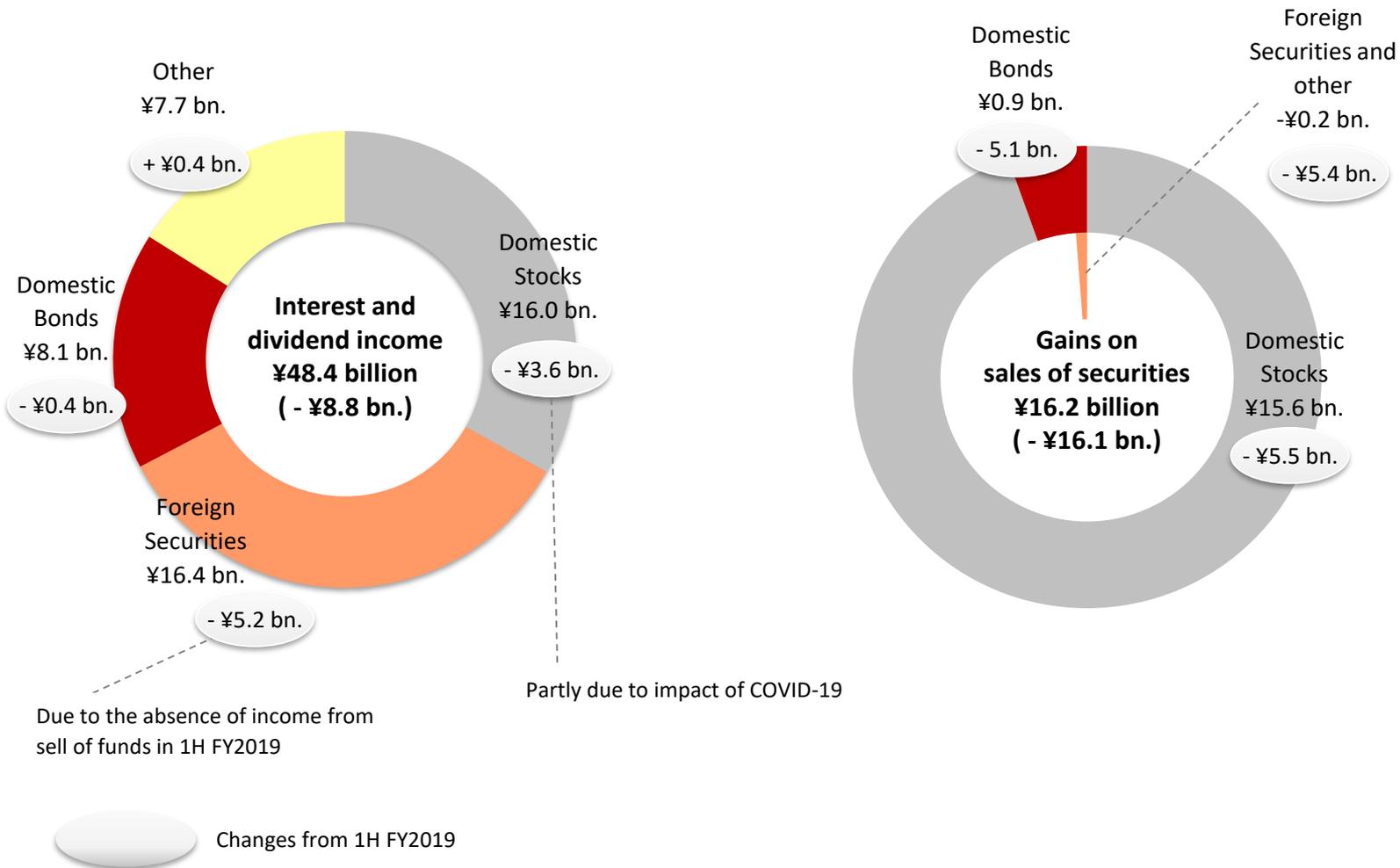
*² Net reduction on fair value basis
(market value of sales minus market value of purchase)

*³ Short position of Nikkei 225 Futures

*¹ Refer to next page for the breakdown

(Reference) Breakdown of Investment Profit

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



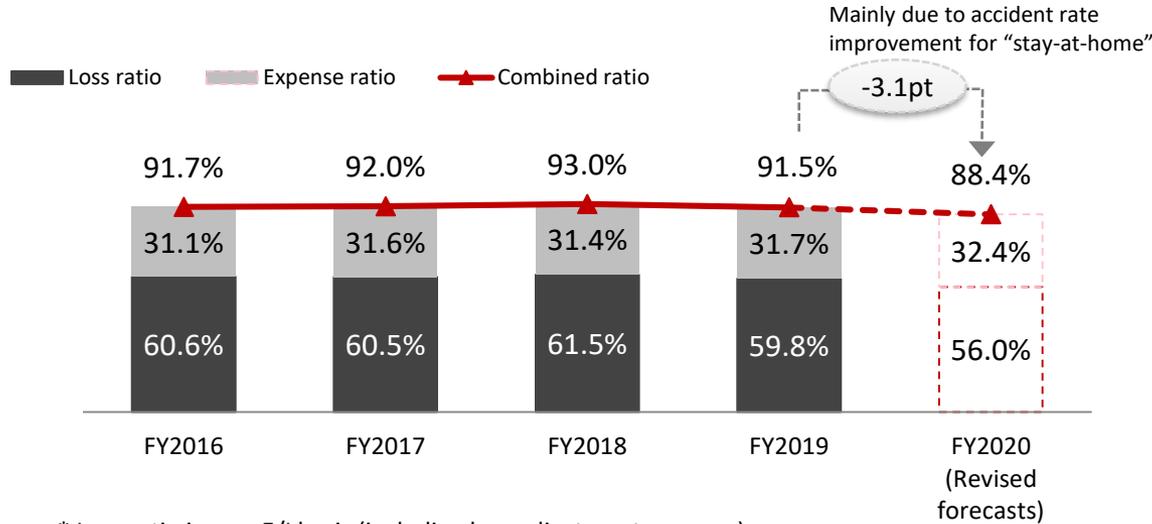
(Reference) Business Forecasts for FY2020 – Sompo Japan

(Billions of yen)	FY2019 (Actual)1	FY2020			Change 3-1
		(Initial forecasts) 2	(Revised forecasts) 3	(Change) 3-2	
Net premiums written	2,184.7	2,173.5	2,113.5	-60.0 (-2.8%)	-71.2 (-3.3%)
(excl. CALI, household earthquake)	1,903.8	1,943.1	1,877.9	-65.2 (-3.4%)	-25.8 (-1.4%)
Net premiums earned (excl. CALI, household earthquake)	1,873.9	1,925.0	1,877.0	-48.0 (-2.5%)	+3.0 (+0.2%)
E/I loss ratio (excl. CALI, household earthquake)	63.3%	61.8%	58.0%	-3.8pt	-5.4pt
Written paid (W/P) loss ratio	64.9%	64.1%	62.1%	-2.1pt	-2.8pt
(excl. CALI, household earthquake)	63.5%	61.0%	59.5%	-1.6pt	-4.0pt
Net expense ratio	32.4%	32.8%	33.7%	+0.9pt	+1.3pt
(excl. CALI, household earthquake)	33.8%	33.5%	34.5%	+1.0pt	+0.6pt
Combined ratio (W/P) (excl. CALI, household earthquake)	97.3%	94.6%	93.9%	-0.6pt	-3.4pt
Combined ratio (E/I) (excl. CALI, household earthquake)	97.2%	95.3%	92.4%	-2.9pt	-4.7pt
Underwriting profit	43.1	83.0	123.0	+40.0 (+48.2%)	+79.8 (+185.3%)
Investment profit	150.9	140.0	110.6	-29.3 (-21.0%)	-40.2 (-26.7%)
Ordinary profit	182.3	210.0	220.0	+10.0 (+4.8%)	+37.6 (+20.6%)
Net income	130.5	156.0	160.0	+4.0 (+2.6%)	+29.4 (+22.5%)
(Reference) Adjusted profit					
Provisions for catastrophic loss reserve (after tax)	-23.9	+2.4	+22.1	+19.7	+46.1
Provisions for reserve for price fluctuation (after tax)	+2.8	+2.8	+2.8	+0.0	+0.0
Gains/losses on sales of securities and impairment losses on securities (after tax)	-46.9	-43.6	-39.4	+4.1	+7.4
Special factors (after tax)*	+1.5	-19.0	-8.5	+10.5	-10.1
Adjusted profit	64.1	98.6	137.0	+38.4	+72.8

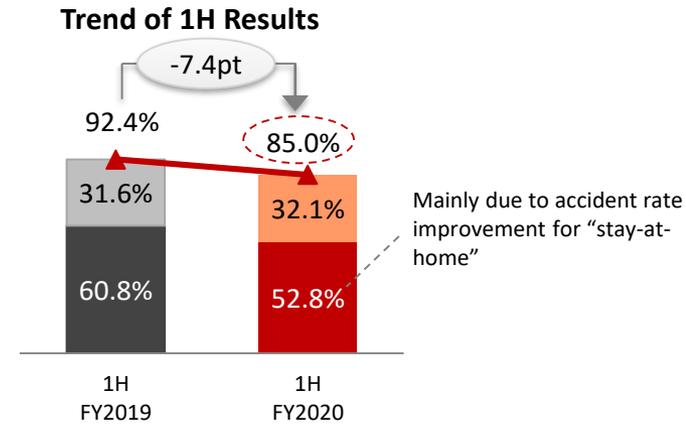
* Dividend from consolidated subsidiaries, etc.

(Reference) Indicators Related to Automobile Insurance

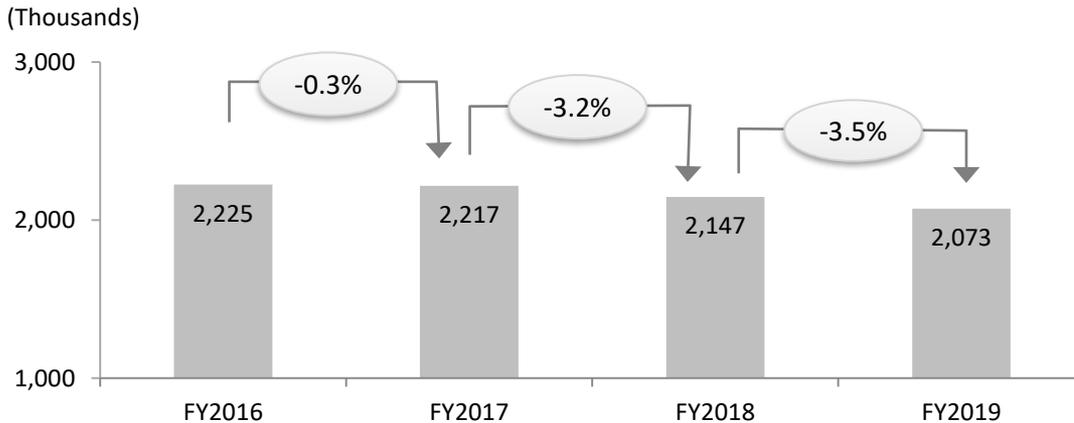
Combined ratio (E/I)



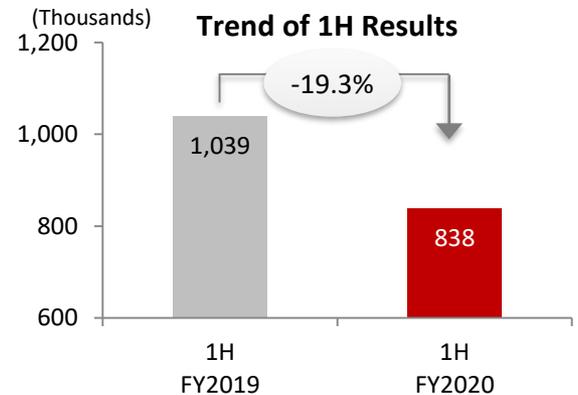
* Loss ratio is on a E/I basis (including loss adjustment expense)



The number of reported claims



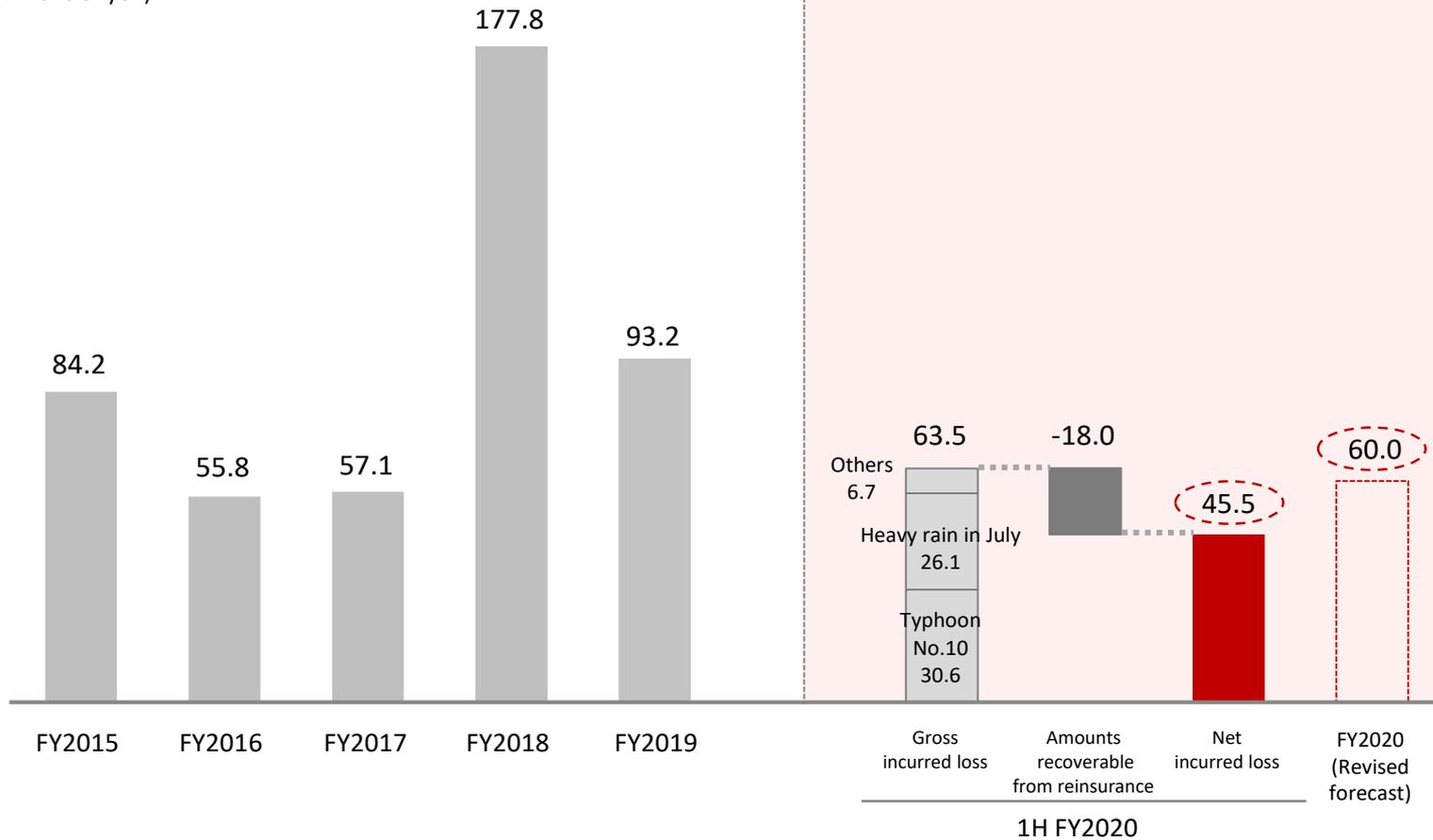
* Exclude certain natural disasters, whose incurred loss exceeds certain threshold



(Reference) Domestic Natural Disasters

Net claims incurred for natural disasters that occurred in the fiscal year*

(Billions of yen)



* excl. CALI, household earthquake

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

(Billions of yen)	Ordinary underwriting reserve* ¹		Catastrophic loss reserve		Reserve for outstanding losses and claims	
	Amount	Change	Amount	Change	Amount	Change
Fire and allied lines* ²	773.3	+13.0	119.1	+12.2	122.7	+14.1
Marine	17.8	-3.7	44.6	+0.5	21.8	-0.6
Personal accident	135.5	+8.1	74.1	+2.6	47.6	-6.2
Voluntary automobile	319.2	-0.1	53.3	+17.5	376.1	-2.0
CALI* ²	465.3	+2.2	-	-	73.9	+5.1
Other	361.3	+14.5	205.3	+5.6	228.1	+1.0
Total	2,072.6	+34.2	496.5	+38.6	870.5	+11.4
Total (excluding CALI and household earthquake)	1,601.4	+31.7	496.5	+38.6	796.6	+6.3
	Amount	Change				Change
Reserve for saving-type products* ³	1,194.3	-26.6			Impact of exchange rates on reserve for outstanding losses and claims	+0.8

*1 Include reserves for maturity refund of non-saving-type insurance.

*2 Underwriting reserves of earthquake insurance and CALI are included in ordinary underwriting reserves.

*3 Deposit of premiums by policyholders and its investment profit accumulated as total of reserves for maturity refund and reserves for policyholders' dividends.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc.

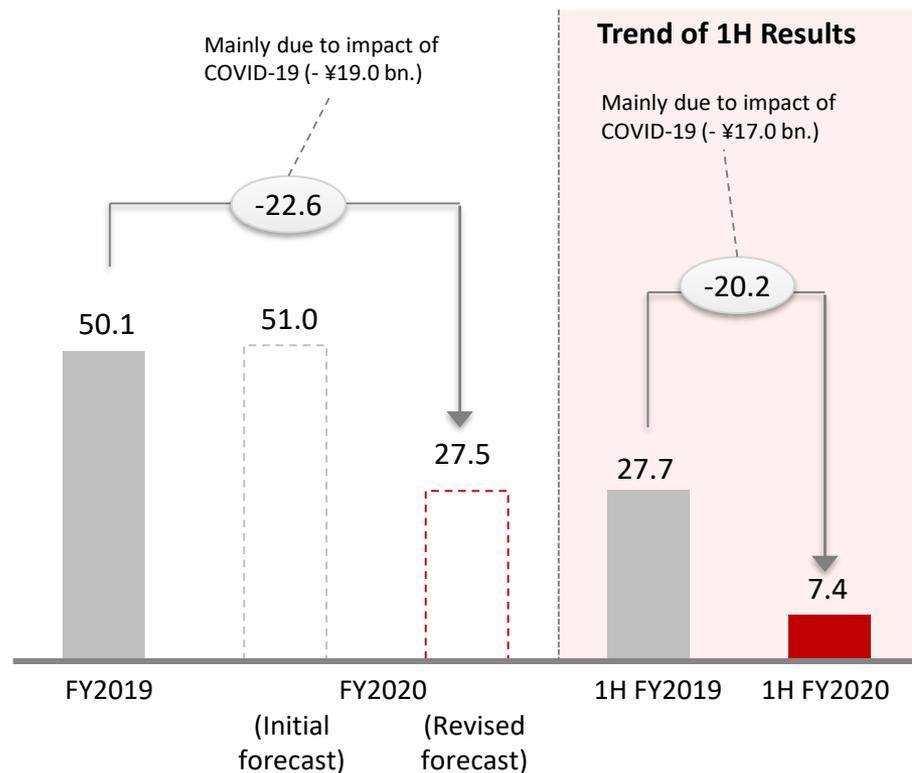
6. ERM & asset management

Overview of 1H FY2020 Results – Overseas Insurance

- ◆ Adjusted profit for 1H FY2020 decreased by ¥20.2 billion to ¥7.4 billion, mainly due to impact COVID-19 on SI.
- ◆ Based on current environment, adjusted profit for FY2020 is expected to be ¥27.5 billion (against initial forecast : - ¥23.5 billion).

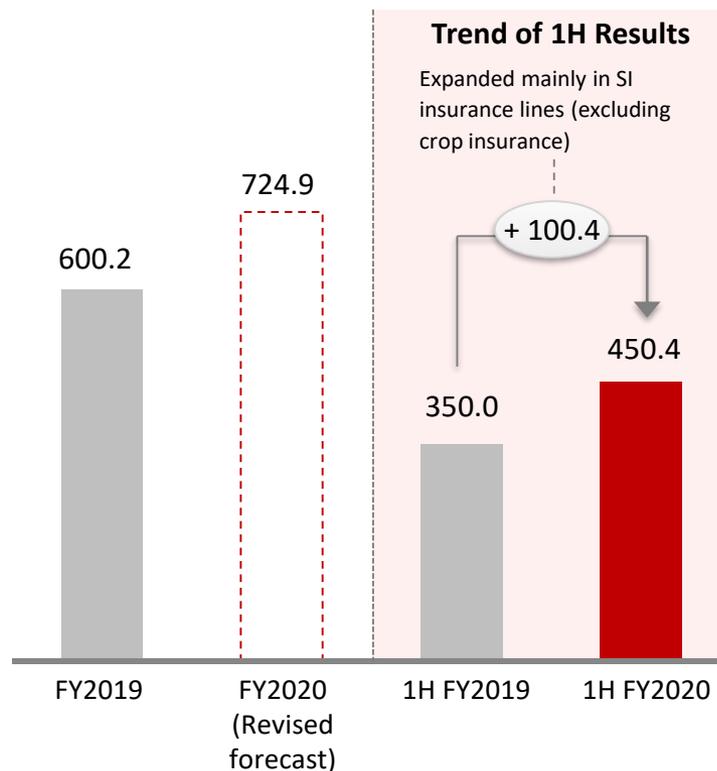
Adjusted profit*

(Billions of yen)



(Reference) Net premiums written*

(Billions of yen)



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

(Reference) Business Results by Company

(Billions of yen)		Net premiums written (FY2020)				Adjusted profit (FY2020)				Key points	(Reference) Exchange rate	
		1H Actual		Forecasts		1H Actual		Forecasts			Jun. 2020*2	(YoY Change)
			Change	Initial	Revised		Change	Initial	Revised			
North America & Europe	SI	384.0	+111.9	474.8	598.9	-1.5	-22.0	41.0	16.5	*Refer to page 31 and 32	107.74 JPY/USD	(-0.0%)
Asia & Middle East	Sompo Sigorta (Turkey)	13.9	-3.7	44.2	28.9	4.5	+0.2	4.6	6.4	While top-line was impacted by slow down of automobile line, both loss ratio and expense ratio progressed favorably.	15.76 JPY/TRY	(-15.7%)
	Sompo Singapore	3.4	-0.5	7.5	6.3	0.8	+0.7	0.6	0.7	-	77.31 JPY/SGD	(-3.0%)
	Berjaya Sompo (Malaysia)	6.0	-1.3	14.8	12.1	1.2	+0.5	1.2	1.5	Impacted by strict underwriting.	25.15 JPY/MYR	(-3.3%)
	Sompo Indonesia	2.0	-0.2	8.0	5.7	0.2	+0.0	0.5	0.5	Impacted by slow down of automobile line.	0.0076 JPY/IDR	(-1.3%)
	Sompo China NK China	3.2	+0.2	7.5	7.0	0.5	-0.1	0.6	1.3	Expense ratio progressed favorably.	15.23 JPY/RMB	(-2.9%)
	Sompo Hong Kong	2.0	+0.2	3.5	3.0	0.1	+0.0	0.3	0.3	-	13.90 JPY/HKD	(+0.8%)
	Universal Sompo (India)	3.3	+0.4	9.0	8.5	0.4	+0.1	0.3	0.8	Expense ratio progressed favorably.	1.45 JPY/INR	(-5.8%)
	AYA SOMPO (Myanmar)	0.1	+0.1	0.2	0.2	0.0	+0.0	0.0	0.0	-	0.0785 JPY/MMK	(-)
Latin America	Sompo Seguros (Brazil)	30.5	-6.4	70.2	50.7	-0.6	-0.8	1.5	-2.0	Impacted by provision of IBNR loss reserve in 1Q FY2020 and lower investment income.	19.94 JPY/BRL	(-29.3%)
Other (non-consolidated)*1		1.6	-0.0	4.4	3.2	0.5	+0.1	0.0	0.2	-	-	-
Total		450.4	+100.4	644.7	724.9	7.4	-20.2	51.0	27.5	-	-	-

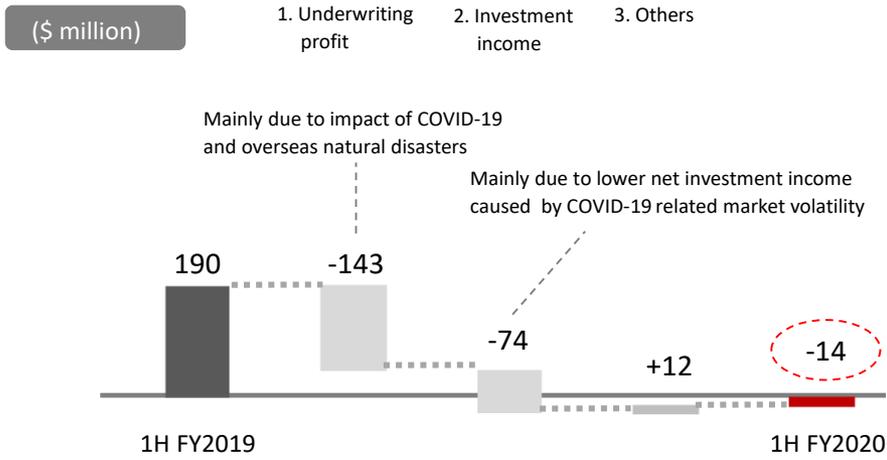
*1 Sum of Sompo Thailand, PGA Sompo (Philippines), United Insurance (Vietnam).

*2 Universal Sompo's exchange rate is based at the end of September 2020. AYA SOMPO's exchange rate is based at the end of March 2020.

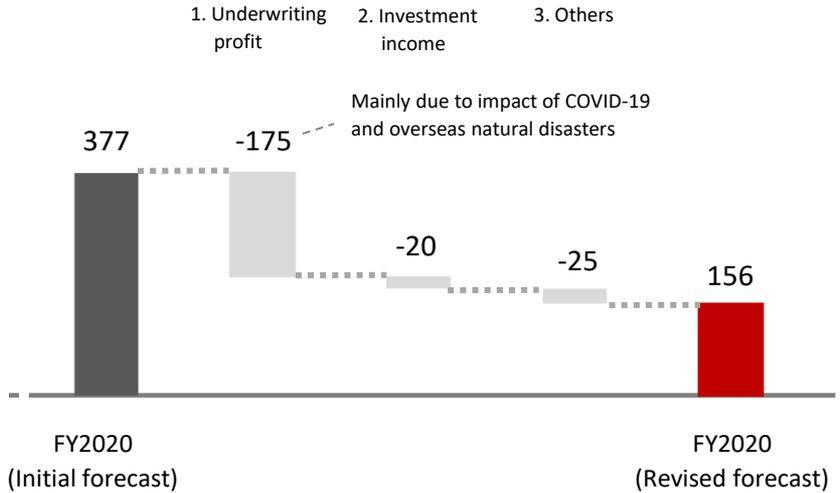
Exchange rate for revised forecasts for FY2020 is based at the end of September 2020.

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

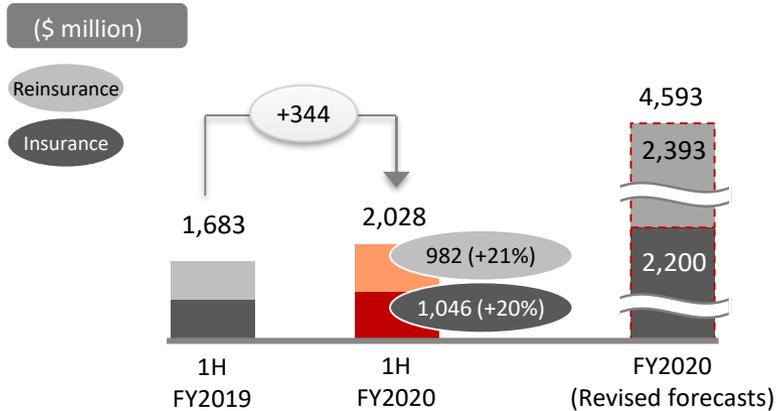
Change factors of adjusted profit (1H FY2020, actual)



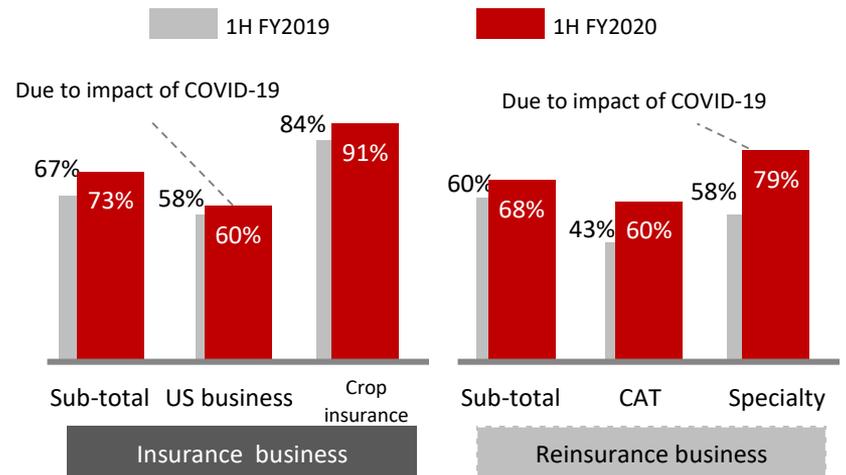
Change factors of adjusted profit (Forecast for FY2020)



Net premiums earned



Loss ratio (Main lines of business)



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

	FY2019 (Actual)	1H FY2020		FY2020		
		(Actual)	YoY Change	(Revised forecasts)	YoY Change	
(\$ million)						
Gross premiums written	6,787	5,630	+1,306	8,936	+2,148	→ Driven mainly by price improvement
Net premiums written	3,921	3,564	+1,039	5,661	+1,740	
Net premiums earned	3,603	2,028	+344	4,593	+989	
Net losses and loss expenses	2,372	1,435	+365	3,206	+834	
Expense	1,095	579	+78	1,258	+162	
Loss ratio* ¹	65.8%	70.8%	+7.2pt	69.8%	+4.0pt	
Expense ratio* ¹	30.4%	28.6%	-1.2pt	27.4%	-3.0pt	→ Company expense ratio improved
Combined ratio* ¹	96.2%	99.3%	+6.0pt	97.2%	+1.0pt	
Underwriting income	143	-28	-143	120	-22	
Net investment income	301	78	-74	209	-91	
Other income	177	-10	-199	-46	-224	→ Mainly due to the absence of unrealized losses on securities in FY2019
Net income (After Preferred dividend)	553	8	-389	226	-327	
(Reference)						
Adjusted profit						
+) Net foreign exchange gains	+6	+19	+23	+16	+10	
+) Net realized and unrealized gains, net impairment losses, etc.* ²	-274	-48	+184	-100	+174	
+) Tax (loss) benefit	+35	+6	-23	+14	-21	
Adjusted profit	320	-14	-204	156	-164	

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

*2 Includes unrealized gains and losses of securities

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

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

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc.

6. ERM & asset management

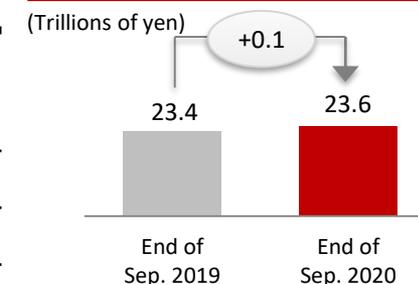
- ◆ While premium and other income decreased due to impact of COVID-19, net income increased by ¥2.4 billion .
- ◆ Based on 1H actual in FY2020, full-year forecast of net income for FY2020 is revised upward to ¥17.5 billion.

Major indicators

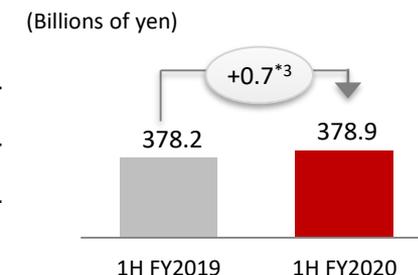
(Billions of yen)					FY2020 (Revised forecasts)
	1H FY2019	1H FY2020	Change		
Annualized new premium	12.0	11.3	-0.6	(-5.8%)	27.0
Premium and other income* ¹	217.7	215.3	-2.3	(-1.1%)	446.2
Paid claims, etc.	34.9	35.3	+0.3	(+1.0%)	72.9
Expense	42.1	40.7	-1.4	(-3.4%)	91.1
Investment profit	22.7	24.2	+1.5	(+6.9%)	48.6
of which, general account	22.5	23.0	+0.5	(+2.3%)	47.0
Basic profit	16.0	19.2	+3.2	(+20.3%)	28.1
Ordinary profit* ¹	15.8	18.7	+2.9	(+18.4%)	28.8
Net income	9.4	11.9	+2.4	(+26.3%)	17.5
Adjusted profit	17.1	18.0	+0.9	(+5.2%)	32.5

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

(Reference)
Amount of business in force*²



(Reference)
Annualized premium in force*²

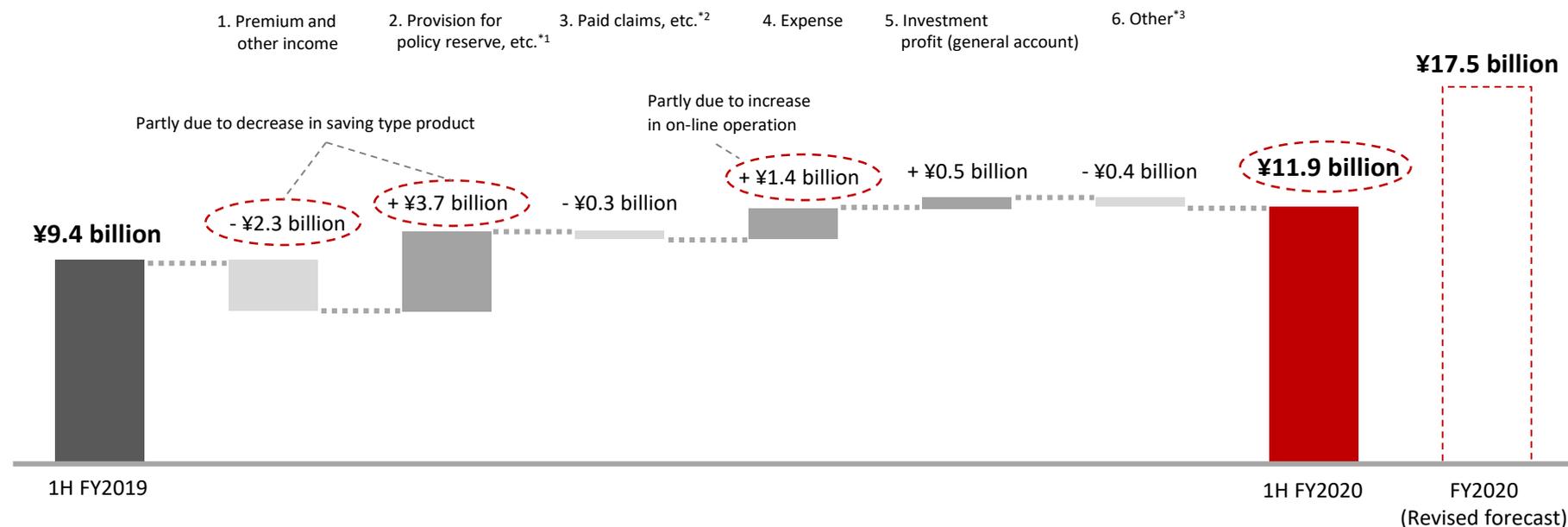


*2 The sum of individual insurance and individual annuities.

*3 Of which protection-type + ¥5.5 bn.

◆ Annualized new premium recovered in 2Q FY2020 due to an increase of sales of new product in medical insurance.

Changing factors of net income



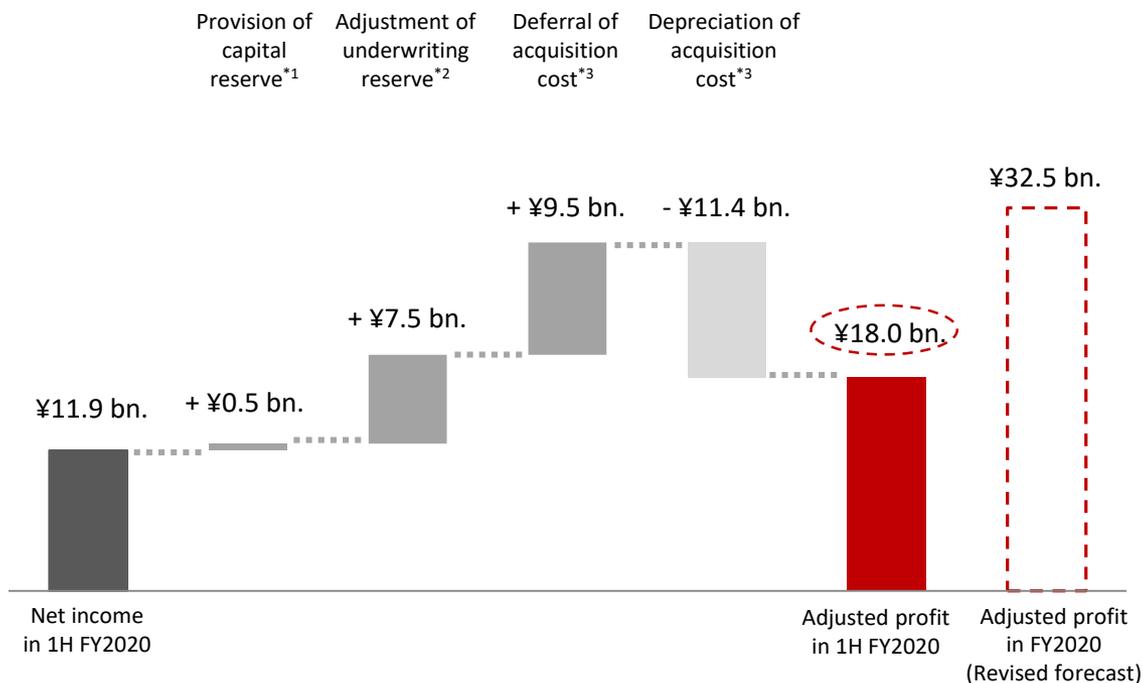
*1 Include the impact of cancellation refund, maturity insurance amount, survival benefits, pension and other refund and gains or losses on investments in separate accounts

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

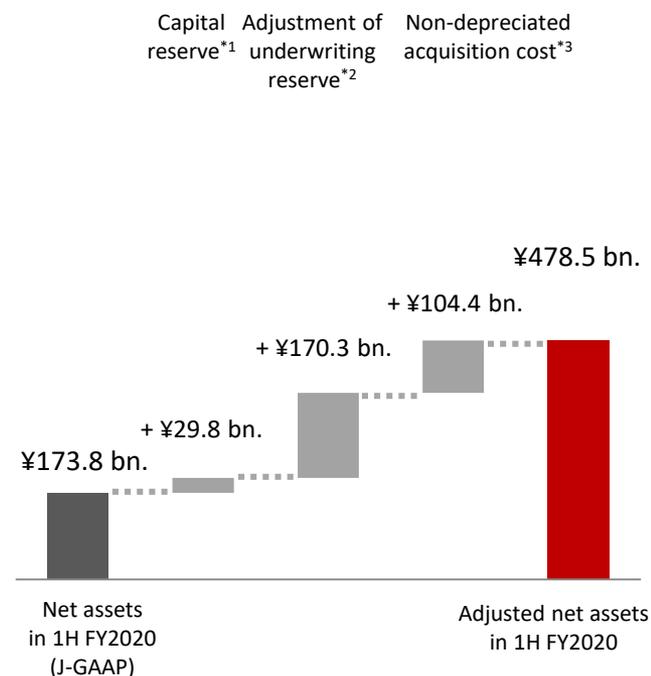
*3 The sum of other ordinary expense, special gains and losses, provision for reserve of policy holder dividend, corporate tax, etc.

◆ Adjusted profit was ¥18.0 billion with progress rate against full-year forecasts(¥32.5 billion) of 56%.

Conversion from net income to adjusted profit



(Reference) Adjusted net assets



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

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

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

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc

6. ERM & asset management

Overview of 1H FY2020 Results – Nursing Care & Healthcare, etc.

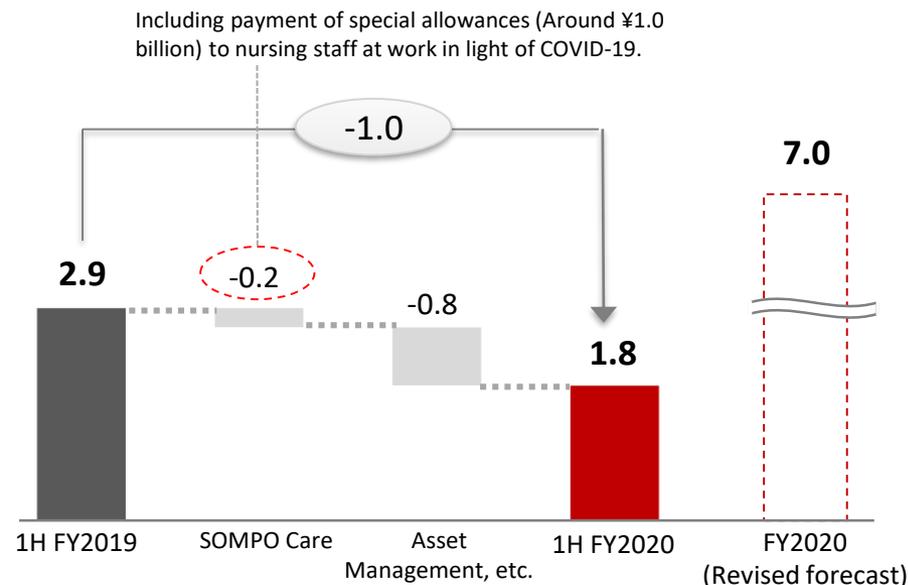
◆ Adjusted profit in nursing care decreased by ¥0.2 billion mainly due to payment of special allowances related to COVID-19.

Results of nursing care business (SOMPO Care)

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

(Billions of yen)	1H FY2020		FY2020
	(Actual)	(Change)	(Revised forecasts)
Sales	65.3	+2.0	130.5
Net income	2.3	-0.2	6.5
Occupancy rate*1			
(SOMPO-no-le)	91.9%	-1.1pt	91.8%
(SOMPO-no-le S)	92.6%	-1.4pt	91.7%
(La vie Re)	88.5%	-0.2pt	88.4%

(Billions of yen)

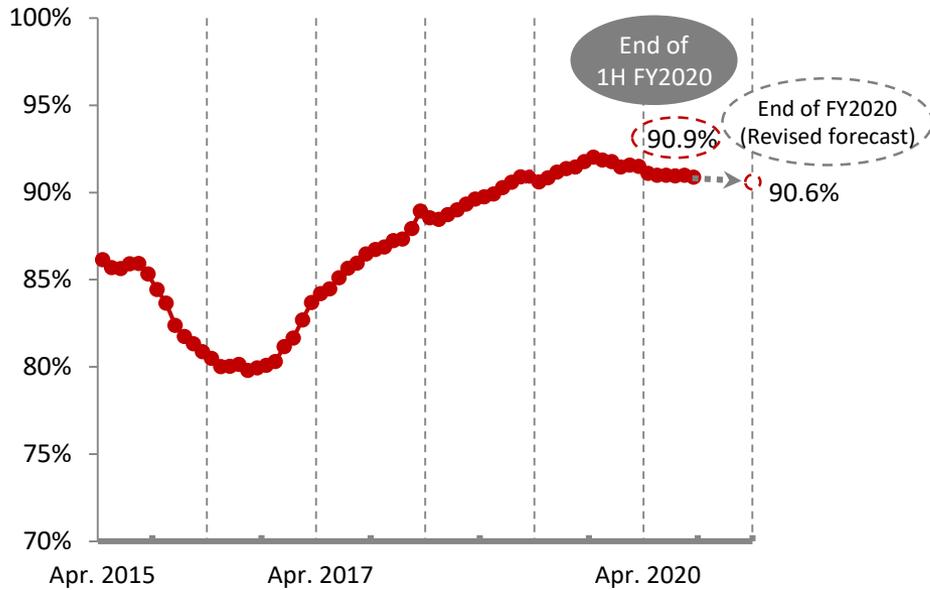


*1 Occupancy rate = the number of residents / capacity of facilities
SOMPO-no-le, SOMPO-no-le S, and La vie Re are brands of former SOMPO Care's nursing homes, serviced residential complexes for elderly, and former SOMPO Care Next's nursing homes respectively.

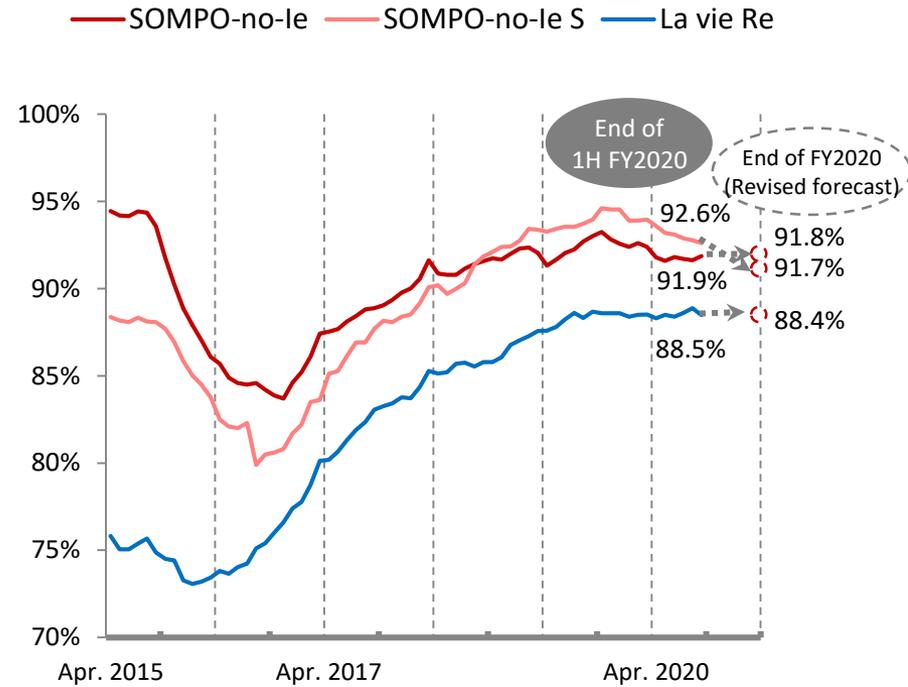
*2 Nursing care & healthcare business is the sum of SOMPO Care and asset management, etc.

(Reference) Major Indicators of SOMPO Care

Progress of occupancy rate*



Progress of occupancy rate by brand



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

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

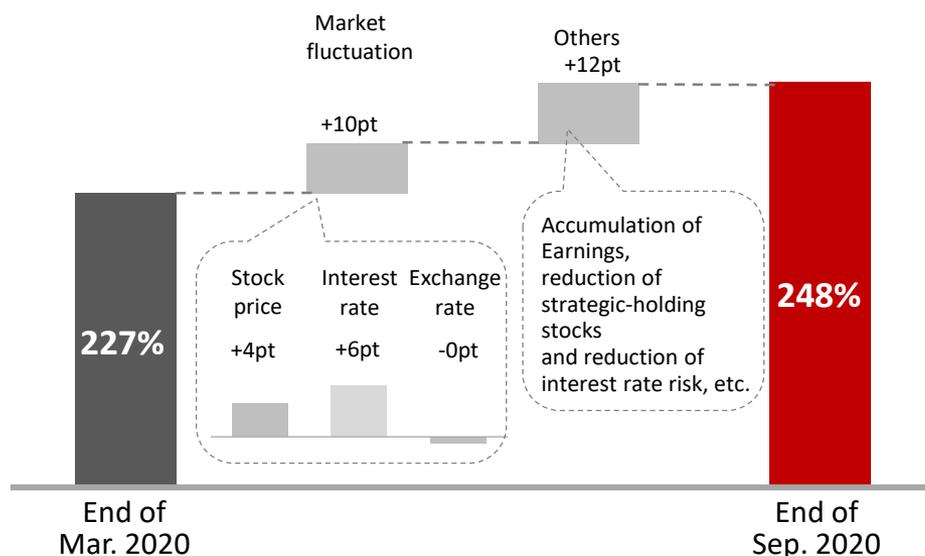
5. Nursing care & healthcare, etc.

6. ERM & asset management

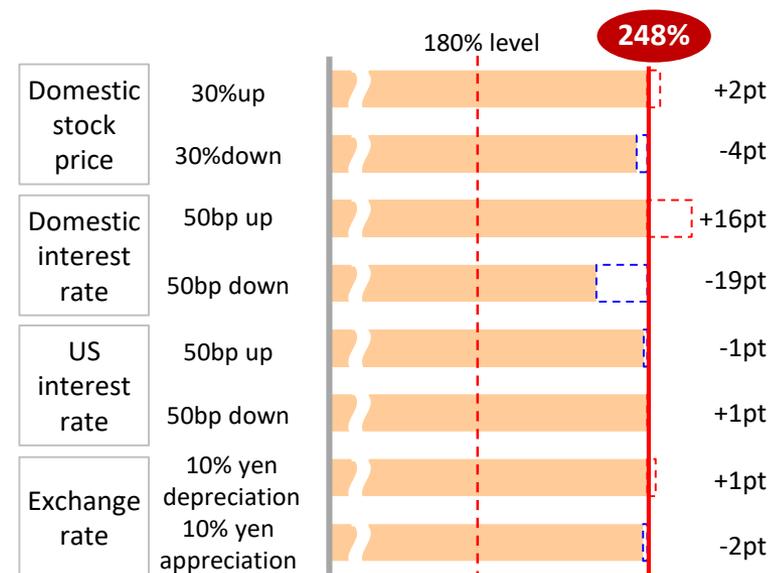
Financial Soundness – ESR (99.5%VaR)

◆ ESR (99.5%VaR) as of end of 1H FY2020 was 248%, within target range level.

Trend of ESR (99.5%VaR)*1



Sensitivity of ESR (99.5%VaR)



*1 In accordance with Solvency II

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

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

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

Typical actions in case of constant deviation from target range

【Over 250% level】 Consider additional risk-taking (investments in growth fields) and enhance shareholder returns by share buy-back and others

【Under 180% level】 Execute a variety of measures to reduce risks, consider enhancing capital buffer by hybrid bond issuance, etc. and retain more earnings and others

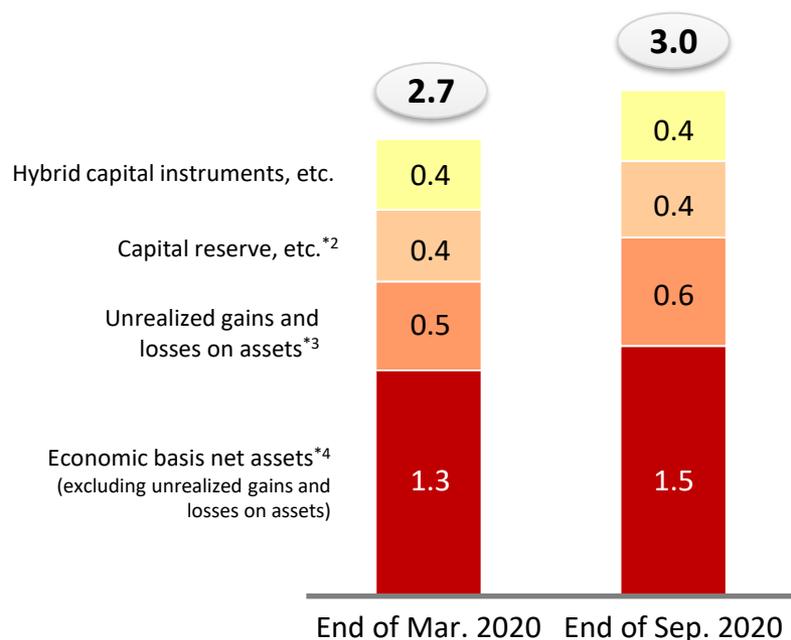
(Reference) Market indicators	End of Sep. 2020	(change*2)
Domestic stock price (Nikkei 225)	¥23,185	(+22.6%)
Domestic interest rate (30y JGB)	0.60%	(+17bp)
US interest rate (10y US Treasury)	0.66%	(+1bp)
Exchange rate (JPY/USD)	¥105.80	(-2.8%)

*2 Against the end of March 2020

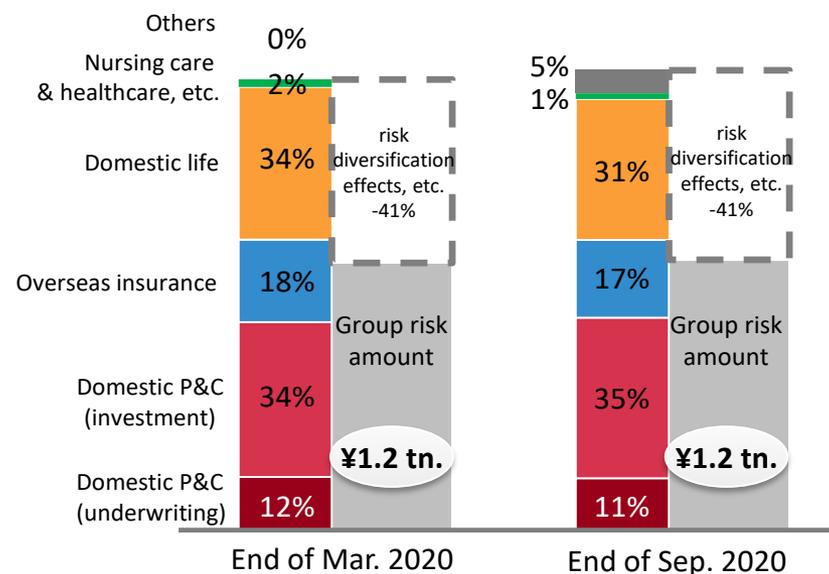
(Reference) Breakdown of Adjusted Capital and Risk

Adjusted capital*1

(Trillions of yen)



Risk amount*5



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

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

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

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

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

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

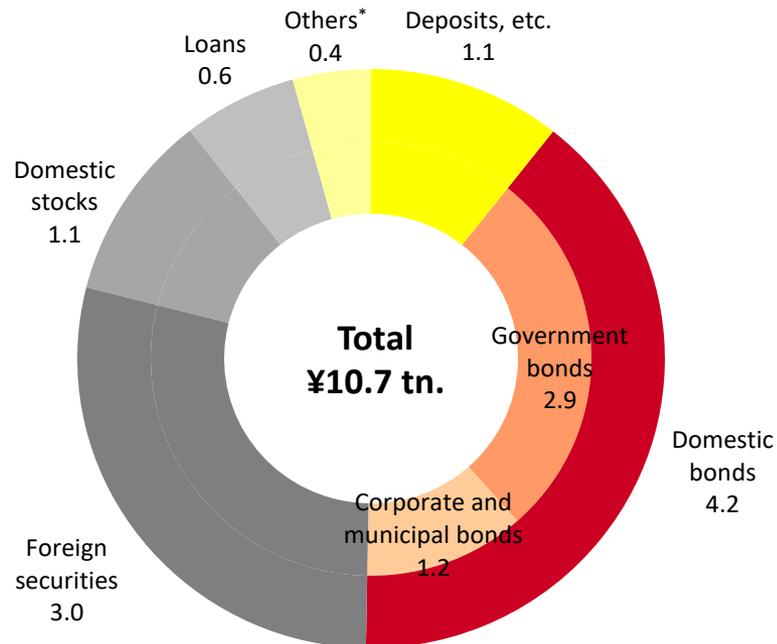
• Group total risk : Sum of risk amount of each business less risk diversification effect among businesses and tax impact.

Asset Portfolio – Group Consolidated

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

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

(Trillions of yen)



Investment assets by company

(Billions of yen)	Amount of investment assets	Composition
Sompo Japan	5,361.2	49.8%
Overseas group subsidiaries	1,515.8	14.1%
Himawari Life (General account)	3,614.2	33.5%
Saison Automobile & Fire	63.0	0.6%
Other domestic subsidiaries	219.1	2.0%
Total	10,773.5	100%

* Incl. buildings and stocks of non-consolidated subsidiaries, etc.

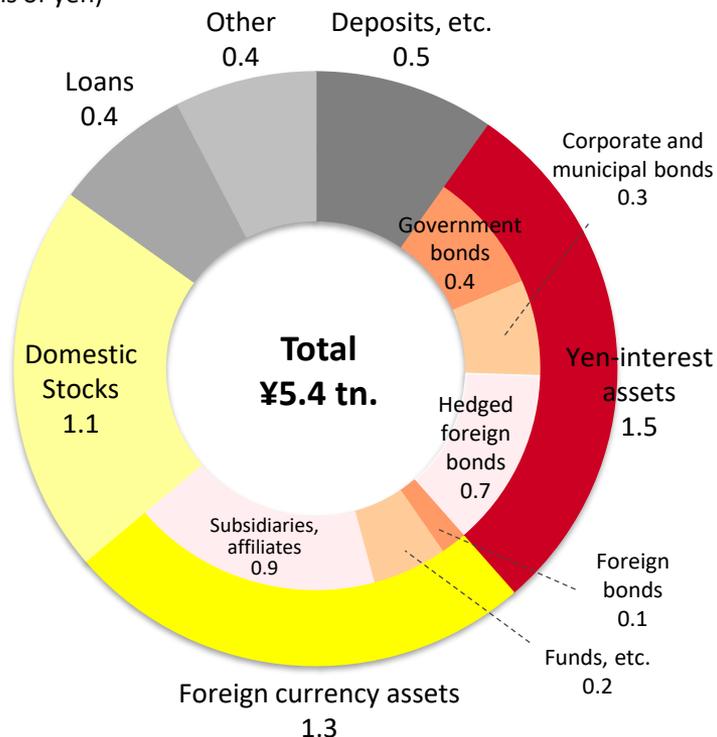
Asset Portfolio – Sompo Japan

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

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

<General account>

(Trillions of yen)



Trend of income yield*¹ (General account)



Composition of ratings*²

Internal rating	Composition	Duration (years)	
		End of Mar. 2020	End of Sep. 2020
BBB or above	100%	Asset 7.9	7.7
BB or below	0%	Liability 8.4	8.4

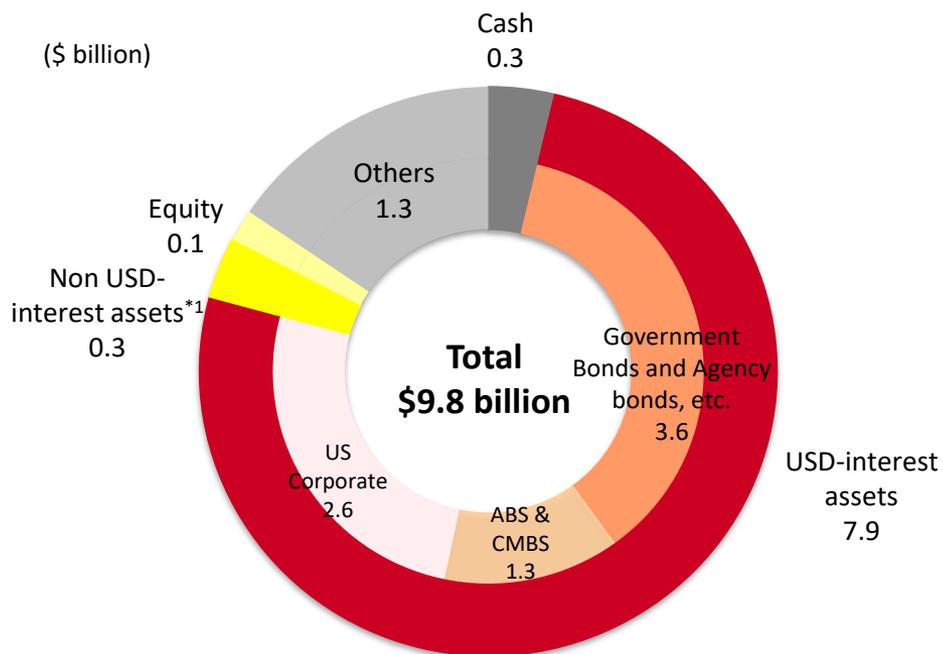
*1 Excluding overseas subsidiaries' shares, etc.

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

Asset Portfolio - SI

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

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



Composition of ratings*3

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

Duration (years)

	End of Dec. 2019	End of Jun. 2020
Asset	3.0	2.8
Liability	3.0	3.3

(Reference) Income yield*2 at the end of June 2020: 2.36%

*1 Incl. cash

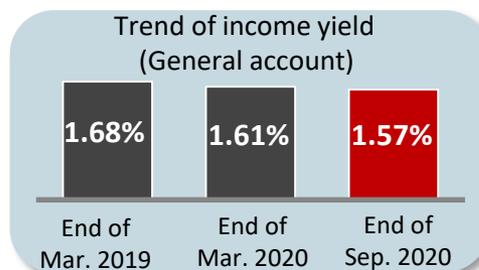
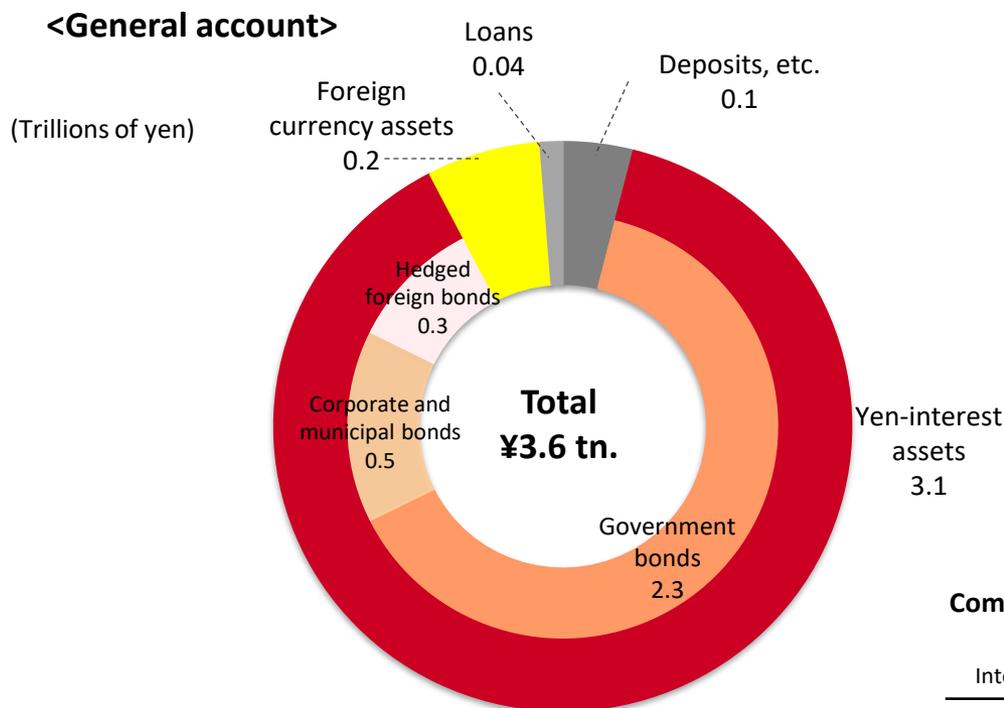
*2 Incl. changes in unrealized gains and losses on certain funds, etc.

*3 Total of bond assets

Asset Portfolio – Himawari Life

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

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



Composition of ratings*

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

Duration (years)

	End of Mar. 2020	End of Sep. 2020
Asset	14	15
Liability	28	27

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

* Total of yen-interest assets and foreign currency bonds

Note Regarding Forward-looking Statements

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

Contacts



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