

Selected Unofficial Translation of Summary of Consolidated Financial Results for the three months ended June 30, 2018

Note) This document is an unofficial English translation of the Japanese original. Additional translation will be posted around August 17, 2018.

August 10, 2018

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the three months ended June 30, 2018
[Under Japanese GAAP]

Company Name: Sompo Holdings, Inc.
Listed on: Tokyo Stock Exchange
Securities Code: 8630
URL: <https://www.sompo-hd.com/>
Representative: Kengo Sakurada, President & CEO
Scheduled date to file Quarterly Securities Report: August 13, 2018
Scheduled date to start payment of dividends: _____
Supplementary information for quarterly financial statements: Yes
Schedule for quarterly investor meeting: None

Note) Amounts less than one million yen are rounded down.

1. Consolidated Financial Results for the three months ended June 30, 2018 (April 1 to June 30, 2018)

(1) Consolidated Results of Operations (accumulated)

Note) Percentages are changes from corresponding period of previous fiscal year.

	Ordinary income		Ordinary profit		Net income attributable to shareholders of the parent	
	millions of yen	%	millions of yen	%	millions of yen	%
Three months ended June 30, 2018	993,986	(2.0)	72,770	97.0	55,512	105.1
Three months ended June 30, 2017	1,014,597	19.3	36,937	17.8	27,069	35.4

Note) Comprehensive income: Three months ended June 30, 2018 (6,685) million yen — %
Three months ended June 30, 2017 65,588 million yen — %

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2018	146.89	146.78
Three months ended June 30, 2017	68.80	68.74

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of June 30, 2018	11,932,446	1,852,260	15.3
As of March 31, 2018	11,948,323	1,916,210	15.8

Reference) Equity capital: As of June 30, 2018 1,825,635 million yen
As of March 31, 2018 1,887,769 million yen

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2018	—	55.00	—	55.00	110.00
Fiscal year ending March 31, 2019	—				
Fiscal year ending March 31, 2019 (Forecast)		65.00	—	65.00	130.00

Note) Revisions to the latest announced dividends forecasts: None

3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

Note) Percentages are changes from previous fiscal year.

	Ordinary profit		Net income attributable to shareholders of the parent		Net income per share
	millions of yen	%	millions of yen	%	yen
Full year	290,000	104.4	210,000	50.2	563.87

Note) Revisions to the latest announced forecasts of financial results: None

(Notes)

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018 (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting methods used specifically for the preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimations, and retrospective restatements
 - ① Changes in accounting policies due to revisions to accounting standards, etc.: None
 - ② Changes in accounting policies due to reasons other than the above: Yes
 - ③ Changes in accounting estimations: None
 - ④ Retrospective restatements: None
- (4) Number of shares outstanding (Common stock):
 - ① Total shares outstanding including treasury stock:

As of June 30, 2018	415,352,294 shares
As of March 31, 2018	415,352,294 shares
 - ② Treasury stock:

As of June 30, 2018	42,929,106 shares
As of March 31, 2018	34,772,350 shares
 - ③ Average number of shares outstanding:

For the three months ended June 30, 2018	377,907,122 shares
For the three months ended June 30, 2017	393,441,285 shares

(Expression of implementation status of quarterly review procedures)

This summary is not subject to quarterly reviews by a certified public accountant or an incorporated accounting firm.

(Notes for using forecasts of financial results, etc.)

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

Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2018	As of June 30, 2018
Assets:		
Cash and deposits	894,437	895,979
Receivables under resale agreements	74,998	73,069
Monetary receivables bought	6,727	6,596
Money trusts	98,744	93,959
Securities	8,275,132	8,202,191
Loans	668,419	672,808
Tangible fixed assets	354,593	351,422
Intangible fixed assets	402,839	386,441
Other assets	1,155,305	1,234,632
Net defined benefit asset	1,062	1,177
Deferred tax assets	22,312	20,199
Allowance for possible credit losses	(6,249)	(6,030)
Total assets	11,948,323	11,932,446
Liabilities:		
Underwriting funds:	8,277,130	8,350,996
Reserve for outstanding losses and claims	1,563,825	1,515,009
Underwriting reserves	6,713,304	6,835,986
Corporate bonds	512,045	507,285
Other liabilities	939,362	938,929
Net defined benefit liability	102,992	104,067
Reserve for retirement benefits to directors	40	41
Reserve for bonus payments	31,731	9,492
Reserve for bonus payments to directors	290	—
Reserve for stocks payments	937	788
Reserves under the special laws:	86,095	87,263
Reserve for price fluctuation	86,095	87,263
Deferred tax liabilities	81,487	81,320
Total liabilities	10,032,113	10,080,186
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	408,335	408,287
Retained earnings	603,615	646,011
Treasury stock	(128,182)	(167,017)
Total shareholders' equity	983,814	987,326
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	922,425	912,707
Deferred gains and losses on hedges	7,050	6,511
Foreign currency translation adjustments	(22,317)	(77,868)
Remeasurements of defined benefit plans	(3,205)	(3,042)
Total accumulated other comprehensive income	903,954	838,309
Stock acquisition rights	749	639
Non-controlling interests	27,692	25,985
Total net assets	1,916,210	1,852,260
Total liabilities and net assets	11,948,323	11,932,446

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income

Three months ended June 30, 2018

	(Millions of yen)	
	Three months ended June 30, 2017 (April 1 to June 30, 2017)	Three months ended June 30, 2018 (April 1 to June 30, 2018)
Ordinary income:	1,014,597	993,986
Underwriting income:	926,059	886,102
Net premiums written	777,787	747,324
Deposits of premiums by policyholders	30,815	29,582
Interest and dividend income on deposits of premiums, etc.	10,039	9,400
Life insurance premiums written	81,606	83,138
Reversal of reserve for outstanding losses and claims	23,666	13,600
Investment income:	54,565	71,900
Interest and dividend income	51,104	55,010
Investment gains on money trusts	1,414	1,885
Investment gains on trading securities	5,344	—
Gains on sales of securities	4,224	19,592
Transfer of interest and dividend income on deposits of premiums, etc.	(10,039)	(9,400)
Other ordinary income	33,972	35,983
Ordinary expenses:	977,660	921,216
Underwriting expenses:	780,411	748,295
Net claims paid	413,569	379,876
Loss adjustment expenses	35,589	34,640
Net commissions and brokerage fees	126,905	128,466
Maturity refunds to policyholders	47,053	43,446
Life insurance claims paid and other payments	21,492	21,948
Provision for underwriting reserves	134,654	138,709
Investment expenses:	6,389	7,533
Investment losses on money trusts	48	246
Investment losses on trading securities	—	561
Losses on sales of securities	1,612	2,907
Impairment losses on securities	280	591
Operating, general and administrative expenses	161,338	134,415
Other ordinary expenses:	29,520	30,971
Interest paid	3,598	3,471
Ordinary profit	36,937	72,770
Extraordinary gains:	81	51
Gains on disposal of fixed assets	30	51
Other extraordinary gains	50	—
Extraordinary losses:	3,542	1,412
Losses on disposal of fixed assets	552	244
Provision for reserves under the special laws:	2,973	1,167
Provision for reserve for price fluctuation	2,973	1,167
Losses on reduction of real estate	16	—
Net income before income taxes	33,476	71,409
Income taxes and deferred income taxes	5,166	15,780
Net income	28,309	55,629
Net income attributable to non-controlling shareholders	1,239	116
Net income attributable to shareholders of the parent	27,069	55,512

Quarterly Consolidated Statement of Comprehensive Income
Three months ended June 30, 2018

	(Millions of yen)	
	Three months ended June 30, 2017 (April 1 to June 30, 2017)	Three months ended June 30, 2018 (April 1 to June 30, 2018)
Net income	28,309	55,629
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	81,247	(6,242)
Deferred gains and losses on hedges	(540)	(539)
Foreign currency translation adjustments	(44,100)	(55,649)
Remeasurements of defined benefit plans	662	168
Share of other comprehensive income of affiliates accounted for under the equity method	10	(53)
Total other comprehensive income	37,279	(62,315)
Comprehensive income	65,588	(6,685)
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	64,494	(6,603)
Comprehensive income attributable to non-controlling shareholders	1,094	(82)

Supplementary Information

(1) Summary of Results of Operations (Consolidated)

	(Millions of yen)			
	Three months ended June 30, 2017 (April 1 to June 30, 2017)	Three months ended June 30, 2018 (April 1 to June 30, 2018)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	926,059	886,102	(39,957)	(4.3)
Net premiums written	777,787	747,324	(30,462)	(3.9)
Deposits of premiums by policyholders	30,815	29,582	(1,232)	(4.0)
Life insurance premiums written	81,606	83,138	1,531	1.9
Reversal of reserve for outstanding losses and claims	23,666	13,600	(10,065)	(42.5)
Underwriting expenses:	780,411	748,295	(32,116)	(4.1)
Net claims paid	413,569	379,876	(33,692)	(8.1)
Loss adjustment expenses	35,589	34,640	(948)	(2.7)
Net commissions and brokerage fees	126,905	128,466	1,561	1.2
Maturity refunds to policyholders	47,053	43,446	(3,607)	(7.7)
Life insurance claims paid and other payments	21,492	21,948	455	2.1
Provision for underwriting reserves	134,654	138,709	4,054	3.0
Investment income:	54,565	71,900	17,335	31.8
Interest and dividend income	51,104	55,010	3,905	7.6
Gains on sales of securities	4,224	19,592	15,368	363.8
Investment expenses:	6,389	7,533	1,143	17.9
Losses on sales of securities	1,612	2,907	1,295	80.3
Impairment losses on securities	280	591	310	110.7
Operating, general and administrative expenses	161,338	134,415	(26,922)	(16.7)
Other ordinary income and expenses	4,451	5,011	560	12.6
Ordinary profit	36,937	72,770	35,833	97.0
Extraordinary gains and losses:				
Extraordinary gains	81	51	(30)	(37.2)
Extraordinary losses	3,542	1,412	(2,130)	(60.1)
Extraordinary gains and losses	(3,461)	(1,360)	2,100	—
Net income before income taxes	33,476	71,409	37,933	113.3
Income taxes and deferred income taxes	5,166	15,780	10,613	205.4
Net income	28,309	55,629	27,320	96.5
Net income attributable to non-controlling interests	1,239	116	(1,123)	(90.6)
Net income attributable to shareholders of the parent	27,069	55,512	28,443	105.1

(2) Premiums Written and Claims Paid by Business Lines (Consolidated)

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	129,035	15.1	19.5	116,341	14.0	(9.8)
Marine insurance	24,862	2.9	2.5	23,399	2.8	(5.9)
Personal accident insurance	82,874	9.7	1.9	80,569	9.7	(2.8)
Voluntary automobile insurance	323,228	37.8	1.9	315,002	38.0	(2.5)
Compulsory automobile liability insurance	78,899	9.2	0.7	74,382	9.0	(5.7)
Others	215,462	25.2	72.5	220,319	26.5	2.3
Total	854,363	100.0	16.4	830,013	100.0	(2.9)
Deposits of premiums by policyholders	30,815	3.6	(0.3)	29,582	3.6	(4.0)

Note) The above figures represent amounts after offsetting internal transactions among segments.

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	113,462	14.6	36.6	92,414	12.4	(18.6)
Marine insurance	35,949	4.6	46.8	28,259	3.8	(21.4)
Personal accident insurance	57,110	7.3	1.2	55,499	7.4	(2.8)
Voluntary automobile insurance	323,108	41.5	1.9	315,111	42.2	(2.5)
Compulsory automobile liability insurance	72,818	9.4	7.4	63,423	8.5	(12.9)
Others	175,337	22.5	65.8	192,616	25.8	9.9
Total	777,787	100.0	18.8	747,324	100.0	(3.9)

Note) The above figures represent amounts after offsetting internal transactions among segments.

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	73,050	17.7	32.3	58,394	15.4	(20.1)
Marine insurance	14,168	3.4	40.8	9,657	2.5	(31.8)
Personal accident insurance	24,666	6.0	(0.5)	24,351	6.4	(1.3)
Voluntary automobile insurance	162,597	39.3	8.7	162,095	42.7	(0.3)
Compulsory automobile liability insurance	52,936	12.8	(6.4)	51,616	13.6	(2.5)
Others	86,150	20.8	88.3	73,762	19.4	(14.4)
Total	413,569	100.0	20.9	379,876	100.0	(8.1)

Note) The above figures represent amounts after offsetting internal transactions among segments.

(3) Securities (Consolidated)

1. Bonds held to maturity

(Millions of yen)

	As of March 31, 2018			As of June 30, 2018		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,195,241	1,480,620	285,378	1,198,294	1,484,084	285,789
Foreign securities	4,015	4,066	50	4,945	4,992	47
Total	1,199,257	1,484,687	285,429	1,203,239	1,489,076	285,837

2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2018			As of June 30, 2018		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	267,978	290,029	22,051	297,292	320,715	23,422
Total	267,978	290,029	22,051	297,292	320,715	23,422

3. Securities available for sale

(Millions of yen)

	As of March 31, 2018			As of June 30, 2018		
	Cost	Carrying amount	Unrealized gains and losses	Cost	Carrying amount	Unrealized gains and losses
Domestic bonds	1,963,520	2,147,833	184,312	1,957,119	2,140,380	183,261
Domestic stocks	592,116	1,588,589	996,473	583,709	1,575,499	991,790
Foreign securities	2,648,568	2,726,452	77,884	2,501,469	2,578,414	76,944
Others	61,487	67,581	6,094	63,176	68,893	5,717
Total	5,265,692	6,530,456	1,264,764	5,105,475	6,363,189	1,257,714

Notes)

As of March 31, 2018	As of June 30, 2018
1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.	1. Same as on the left
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.	2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the quarterly consolidated balance sheet are included in "Others" above.
3. Impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 1,627 million yen (foreign securities only). Basically, impairment losses on securities are recognized if fair value at the end of the fiscal year declines by 30% or more from their cost.	3. Impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 591 million yen (domestic stocks: 316 million yen, foreign securities: 275 million yen). Basically, impairment losses on securities are recognized if fair value at the end of the first quarter declines by 30% or more from their cost.