

Selected Unofficial Translation of Summary of Consolidated Financial Results for the six months ended September 30, 2019

Note) This document is an unofficial English translation of the Japanese original. Additional translation will be posted around November 26, 2019.

November 19, 2019

Sompo Holdings, Inc.

**Summary of Consolidated Financial Results for the six months ended September 30, 2019
[Under Japanese GAAP]**

Company Name: Sompo Holdings, Inc.
Listed on: Tokyo Stock Exchange
Securities Code: 8630
URL: <https://www.sompo-hd.com/en/>
Representative: Kengo Sakurada, Group CEO, Director, President and Representative Executive Officer
Scheduled date to file Quarterly Securities Report: November 28, 2019
Scheduled date to start payment of dividends: December 4, 2019
Supplementary information for quarterly financial statements: Yes
Schedule for quarterly investor meeting: Yes (intended for institutional investors and analysts)

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

1. Consolidated Financial Results for the six months ended September 30, 2019 (April 1 to September 30, 2019)

(1) Consolidated Results of Operations

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	%
Six months ended September 30, 2019	1,955,408	3.5	63,771	129.2	43,927	98.4
Six months ended September 30, 2018	1,889,277	(2.4)	27,818	644.3	22,135	—

Note) Comprehensive income: Six months ended September 30, 2019 16,462 million yen 218.4 %
Six months ended September 30, 2018 5,170 million yen (93.5) %

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2019	118.97	118.89
Six months ended September 30, 2018	59.00	58.95

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of September 30, 2019	12,160,483	1,735,982	14.1
As of March 31, 2019	12,018,254	1,779,911	14.6

Reference) Equity capital: As of September 30, 2019 1,718,213 million yen
As of March 31, 2019 1,757,879 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, 2019	—	65.00	—	65.00	130.00
Fiscal year ending March 31, 2020	—	75.00			
Fiscal year ending March 31, 2020 (Forecast)			—	75.00	150.00

Note) Revisions to the latest announced dividends forecasts: None

3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

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	185,000	(7.0)	118,000	(19.5)	324.06

Note) Revisions to the latest announced forecasts of financial results: Yes

(Notes)

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019 (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) 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
- (3) Number of shares outstanding (Common stock) :
- ① Total shares outstanding including treasury stock:
- | | |
|--------------------------|--------------------|
| As of September 30, 2019 | 373,330,489 shares |
| As of March 31, 2019 | 373,330,489 shares |
- ② Treasury stock:
- | | |
|--------------------------|------------------|
| As of September 30, 2019 | 9,202,273 shares |
| As of March 31, 2019 | 904,330 shares |
- ③ Average number of shares outstanding:
- | | |
|---|--------------------|
| For the six months ended September 30, 2019 | 369,224,225 shares |
| For the six months ended September 30, 2018 | 375,151,707 shares |

(Expression of implementation status of interim audit procedures)

This summary is not subject to interim audits 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.

Sompo Holdings, Inc. prepares the interim consolidated financial statements for the six months ended September 30, 2019, since it conducts business defined in the provision of Article 17-15, Paragraph (2) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Interim Consolidated Financial Statements and Major Notes

(1) Interim Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2019	As of September 30, 2019
Assets:		
Cash and deposits	971,469	1,164,264
Receivables under resale agreements	64,999	54,999
Monetary receivables bought	11,869	14,973
Money trusts	40,993	42,056
Securities	8,012,734	8,048,798
Loans	703,255	701,116
Tangible fixed assets	355,144	370,740
Intangible fixed assets	401,165	399,265
Other assets	1,447,194	1,358,993
Net defined benefit asset	207	258
Deferred tax assets	15,663	11,671
Allowance for possible credit losses	(6,442)	(6,653)
Total assets	<u>12,018,254</u>	<u>12,160,483</u>
Liabilities:		
Underwriting funds:	8,348,638	8,637,732
Reserve for outstanding losses and claims	1,559,910	1,587,931
Underwriting reserves	6,788,727	7,049,801
Corporate bonds	510,383	503,075
Other liabilities	1,113,887	1,035,807
Net defined benefit liability	103,796	106,040
Reserve for retirement benefits to directors	31	32
Reserve for bonus payments	30,363	29,834
Reserve for bonus payments to directors	261	—
Reserve for stocks payments	1,347	1,619
Reserves under the special laws:	90,722	93,035
Reserve for price fluctuation	90,722	93,035
Deferred tax liabilities	38,910	17,325
Total liabilities	<u>10,238,342</u>	<u>10,424,501</u>
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	244,170	244,129
Retained earnings	712,745	737,214
Treasury stock	(2,902)	(38,829)
Total shareholders' equity	<u>1,054,058</u>	<u>1,042,560</u>
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	763,859	767,225
Deferred gains and losses on hedges	6,449	6,246
Foreign currency translation adjustments	(62,937)	(94,457)
Remeasurements of defined benefit plans	(3,551)	(3,361)
Total accumulated other comprehensive income	<u>703,820</u>	<u>675,652</u>
Stock acquisition rights	632	551
Non-controlling interests	21,399	17,217
Total net assets	<u>1,779,911</u>	<u>1,735,982</u>
Total liabilities and net assets	<u>12,018,254</u>	<u>12,160,483</u>

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

	(Millions of yen)	
	Six months ended September 30, 2018 (April 1 to September 30, 2018)	Six months ended September 30, 2019 (April 1 to September 30, 2019)
Ordinary income:	1,889,277	1,955,408
Underwriting income:	1,688,696	1,752,195
Net premiums written	1,440,334	1,502,471
Deposits of premiums by policyholders	57,478	56,624
Interest and dividend income on deposits of premiums, etc.	18,743	18,461
Life insurance premiums written	170,454	172,969
Investment income:	127,063	124,907
Interest and dividend income	95,088	100,059
Investment gains on money trusts	4,076	931
Investment gains on trading securities	—	613
Gains on sales of securities	37,997	40,478
Transfer of interest and dividend income on deposits of premiums, etc.	(18,743)	(18,461)
Other ordinary income	73,517	78,305
Ordinary expenses:	1,861,459	1,891,636
Underwriting expenses:	1,512,272	1,545,123
Net claims paid	781,826	759,677
Loss adjustment expenses	66,184	65,614
Net commissions and brokerage fees	253,735	263,229
Maturity refunds to policyholders	90,183	89,773
Life insurance claims paid and other payments	43,404	43,945
Provision for reserve for outstanding losses and claims	108,685	47,388
Provision for underwriting reserves	165,305	272,176
Investment expenses:	15,904	13,863
Investment losses on money trusts	307	85
Investment losses on trading securities	1,029	—
Losses on sales of securities	5,175	4,775
Impairment losses on securities	1,691	3,198
Operating, general and administrative expenses	270,539	265,282
Other ordinary expenses:	62,742	67,366
Interest paid	7,058	7,131
Ordinary profit	27,818	63,771
Extraordinary gains:	151	1,300
Gains on disposal of fixed assets	151	1,300
Extraordinary losses:	3,024	4,959
Losses on disposal of fixed assets	635	1,060
Impairment losses	—	797
Provision for reserves under the special laws:	2,388	2,312
Provision for reserve for price fluctuation	2,388	2,312
Other extraordinary losses	—	789
Net income before income taxes	24,946	60,112
Income taxes	17,391	29,423
Deferred income taxes	(15,301)	(14,014)
Total income taxes	2,090	15,408
Net income	22,855	44,703
Net income attributable to non-controlling interests	719	776
Net income attributable to shareholders of the parent	22,135	43,927

Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2018 (April 1 to September 30, 2018)	Six months ended September 30, 2019 (April 1 to September 30, 2019)
Net income	22,855	44,703
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	19,449	3,455
Deferred gains and losses on hedges	(786)	(203)
Foreign currency translation adjustments	(36,481)	(31,472)
Remeasurements of defined benefit plans	275	196
Share of other comprehensive income of affiliates accounted for under the equity method	(143)	(217)
Total other comprehensive income	<u>(17,684)</u>	<u>(28,241)</u>
Comprehensive income	<u>5,170</u>	<u>16,462</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	4,746	15,766
Comprehensive income attributable to non-controlling shareholders	423	695

(3) Interim Consolidated Statement of Changes in Net Assets
Six months ended September 30, 2018 (April 1 to September 30, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	408,335	603,615	(128,182)	983,814
Cumulative effects of changes in accounting policies			3,529		3,529
Restated balance	100,045	408,335	607,144	(128,182)	987,343
Changes during the period:					
Dividends			(20,964)		(20,964)
Net income attributable to shareholders of the parent			22,135		22,135
Acquisition of treasury stock				(39,116)	(39,116)
Disposal of treasury stock		(48)		286	237
Changes in the scope of consolidation			4,318		4,318
Net changes in items other than shareholders' equity					
Total changes during the period	—	(48)	5,489	(38,829)	(33,388)
Balance at the end of the period	100,045	408,287	612,633	(167,011)	953,954

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	922,425	7,050	(22,317)	(3,205)	903,954	749	27,692	1,916,210
Cumulative effects of changes in accounting policies	(3,529)				(3,529)			—
Restated balance	918,896	7,050	(22,317)	(3,205)	900,425	749	27,692	1,916,210
Changes during the period:								
Dividends								(20,964)
Net income attributable to shareholders of the parent								22,135
Acquisition of treasury stock								(39,116)
Disposal of treasury stock								237
Changes in the scope of consolidation								4,318
Net changes in items other than shareholders' equity	19,536	(786)	(36,415)	276	(17,388)	(109)	(934)	(18,432)
Total changes during the period	19,536	(786)	(36,415)	276	(17,388)	(109)	(934)	(51,821)
Balance at the end of the period	938,433	6,264	(58,732)	(2,928)	883,036	639	26,757	1,864,388

Six months ended September 30, 2019 (April 1 to September 30, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	244,170	712,745	(2,902)	1,054,058
Changes during the period:					
Dividends			(24,243)		(24,243)
Net income attributable to shareholders of the parent			43,927		43,927
Acquisition of treasury stock				(36,314)	(36,314)
Disposal of treasury stock		(35)		387	351
Changes in the scope of consolidation			(271)		(271)
Changes in interest of the parent related to transactions with non-controlling shareholders		(5)			(5)
Others			5,056		5,056
Net changes in items other than shareholders' equity					
Total changes during the period	—	(40)	24,469	(35,926)	(11,497)
Balance at the end of the period	100,045	244,129	737,214	(38,829)	1,042,560

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	763,859	6,449	(62,937)	(3,551)	703,820	632	21,399	1,779,911
Changes during the period:								
Dividends								(24,243)
Net income attributable to shareholders of the parent								43,927
Acquisition of treasury stock								(36,314)
Disposal of treasury stock								351
Changes in the scope of consolidation								(271)
Changes in interest of the parent related to transactions with non-controlling shareholders								(5)
Others								5,056
Net changes in items other than shareholders' equity	3,365	(203)	(31,520)	189	(28,168)	(81)	(4,182)	(32,431)
Total changes during the period	3,365	(203)	(31,520)	189	(28,168)	(81)	(4,182)	(43,929)
Balance at the end of the period	767,225	6,246	(94,457)	(3,361)	675,652	551	17,217	1,735,982

Supplementary Information

(1) Summary of Results of Operations (Consolidated)

	(Millions of yen)			
	Six months ended September 30, 2018 (April 1 to September 30, 2018)	Six months ended September 30, 2019 (April 1 to September 30, 2019)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	1,688,696	1,752,195	63,498	3.8
Net premiums written	1,440,334	1,502,471	62,136	4.3
Deposits of premiums by policyholders	57,478	56,624	(854)	(1.5)
Life insurance premiums written	170,454	172,969	2,514	1.5
Underwriting expenses:	1,512,272	1,545,123	32,851	2.2
Net claims paid	781,826	759,677	(22,148)	(2.8)
Loss adjustment expenses	66,184	65,614	(569)	(0.9)
Net commissions and brokerage fees	253,735	263,229	9,494	3.7
Maturity refunds to policyholders	90,183	89,773	(410)	(0.5)
Life insurance claims paid and other payments	43,404	43,945	541	1.2
Provision for reserve for outstanding losses and claims	108,685	47,388	(61,296)	(56.4)
Provision for underwriting reserves	165,305	272,176	106,871	64.7
Investment income:	127,063	124,907	(2,155)	(1.7)
Interest and dividend income	95,088	100,059	4,971	5.2
Gains on sales of securities	37,997	40,478	2,480	6.5
Investment expenses:	15,904	13,863	(2,041)	(12.8)
Losses on sales of securities	5,175	4,775	(400)	(7.7)
Impairment losses on securities	1,691	3,198	1,506	89.1
Operating, general and administrative expenses	270,539	265,282	(5,257)	(1.9)
Other ordinary income and expenses	10,774	10,938	163	1.5
Ordinary profit	27,818	63,771	35,953	129.2
Extraordinary gains and losses:				
Extraordinary gains	151	1,300	1,148	756.8
Extraordinary losses	3,024	4,959	1,935	64.0
Extraordinary gains and losses	(2,872)	(3,659)	(786)	—
Net income before income taxes	24,946	60,112	35,166	141.0
Income taxes	17,391	29,423	12,031	69.2
Deferred income taxes	(15,301)	(14,014)	1,286	—
Total income taxes	2,090	15,408	13,318	637.1
Net income	22,855	44,703	21,848	95.6
Net income attributable to non-controlling interests	719	776	56	7.8
Net income attributable to shareholders of the parent	22,135	43,927	21,792	98.4

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

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Six months ended September 30, 2018 (April 1 to September 30, 2018)			Six months ended September 30, 2019 (April 1 to September 30, 2019)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	255,603	16.0	(1.8)	293,575	17.6	14.9
Marine insurance	44,901	2.8	(16.9)	47,080	2.8	4.9
Personal accident insurance	146,191	9.2	(4.5)	143,991	8.7	(1.5)
Voluntary automobile insurance	607,291	38.1	(2.8)	614,144	36.9	1.1
Compulsory automobile liability insurance	145,763	9.1	(4.7)	151,588	9.1	4.0
Others	394,924	24.8	5.4	414,121	24.9	4.9
Total	1,594,676	100.0	(1.6)	1,664,501	100.0	4.4
Deposits of premiums by policyholders	57,478	3.6	(3.3)	56,624	3.4	(1.5)

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

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2018 (April 1 to September 30, 2018)			Six months ended September 30, 2019 (April 1 to September 30, 2019)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	206,339	14.3	(12.0)	221,484	14.7	7.3
Marine insurance	46,234	3.2	(20.7)	50,952	3.4	10.2
Personal accident insurance	98,839	6.9	(5.9)	95,325	6.3	(3.6)
Voluntary automobile insurance	605,377	42.0	(2.9)	610,960	40.7	0.9
Compulsory automobile liability insurance	139,227	9.7	(9.8)	145,935	9.7	4.8
Others	344,316	23.9	6.4	377,812	25.1	9.7
Total	1,440,334	100.0	(3.9)	1,502,471	100.0	4.3

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

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2018 (April 1 to September 30, 2018)			Six months ended September 30, 2019 (April 1 to September 30, 2019)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	132,095	16.9	(5.5)	125,262	16.5	(5.2)
Marine insurance	19,830	2.5	(30.8)	23,680	3.1	19.4
Personal accident insurance	48,326	6.2	(2.8)	44,441	5.9	(8.0)
Voluntary automobile insurance	329,045	42.1	1.7	315,992	41.6	(4.0)
Compulsory automobile liability insurance	104,514	13.4	(4.1)	96,191	12.7	(8.0)
Others	148,014	18.9	(9.4)	154,109	20.3	4.1
Total	781,826	100.0	(4.0)	759,677	100.0	(2.8)

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, 2019			As of September 30, 2019		
		Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,184,779	1,497,251	312,472	1,187,029	1,522,338	335,308
	Foreign securities	3,907	3,975	67	8,370	8,500	130
	Subtotal	1,188,687	1,501,226	312,539	1,195,399	1,530,839	335,439
Securities whose fair value does not exceed their carrying amount	Domestic bonds	3,216	3,139	(76)	2,987	2,927	(59)
	Foreign securities	5,855	5,742	(112)	1,945	1,926	(19)
	Subtotal	9,071	8,882	(189)	4,932	4,853	(78)
Total		1,197,758	1,510,109	312,350	1,200,332	1,535,693	335,360

2. Policy reserve matching bonds

(Millions of yen)

		As of March 31, 2019			As of September 30, 2019		
		Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	361,192	401,082	39,889	378,626	430,838	52,211
Securities whose fair value does not exceed their carrying amount	Domestic bonds	8,888	8,844	(43)	15,608	15,124	(484)
Total		370,080	409,926	39,846	394,235	445,962	51,726

3. Securities available for sale

(Millions of yen)

		As of March 31, 2019			As of September 30, 2019		
		Carrying amount	Cost	Unrealized gains and losses	Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,130,397	1,932,041	198,355	2,165,480	1,954,237	211,242
	Domestic stocks	1,217,908	461,936	755,971	1,128,605	421,200	707,404
	Foreign securities	1,590,323	1,462,884	127,438	2,188,296	2,035,169	153,127
	Others	63,892	58,153	5,739	69,281	62,634	6,647
	Subtotal	5,002,520	3,915,016	1,087,504	5,551,664	4,473,242	1,078,421
Securities whose carrying amount does not exceed their cost	Domestic bonds	44,163	44,858	(694)	65,026	65,736	(709)
	Domestic stocks	48,817	55,812	(6,994)	70,694	80,197	(9,502)
	Foreign securities	1,077,106	1,103,626	(26,520)	638,727	662,398	(23,671)
	Others	11,919	12,012	(92)	12,524	12,707	(182)
	Subtotal	1,182,007	1,216,309	(34,301)	786,972	821,038	(34,066)
Total		6,184,528	5,131,325	1,053,202	6,338,636	5,294,281	1,044,355

Notes)

As of March 31, 2019	As of September 30, 2019
<p>1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.</p> <p>2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.</p>	<p>1. Same as on the left</p> <p>2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the interim consolidated balance sheet are included in "Others" above.</p>

4. Securities for which impairment losses are recognized

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Six months ended September 30, 2019 (April 1 to September 30, 2019)
<p>For the fiscal year ended March 31, 2019, 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 9,176 million yen (domestic stocks: 6,732 million yen, foreign securities: 2,444 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 3,616 million yen (domestic stocks: 1,050 million yen, foreign securities: 2,565 million yen, others: 0 million yen). 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.</p>	<p>For the six months ended September 30, 2019, 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 1,579 million yen (domestic stocks: 1,177 million yen, foreign securities: 401 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 1,618 million yen (domestic stocks: 1,618 million yen, others: 0 million yen). Basically, impairment losses on securities are recognized if fair value at the end of the second quarter declines by 30% or more from their cost.</p>