

Selected Unofficial Translation of Summary of Consolidated Financial Results for the six months ended September 30, 2018

(Note) This document is an unofficial English translation of the Japanese original. Additional translation will be posted around November 26, 2018.

November 19, 2018

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the six months ended September 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: November 28, 2018
Scheduled date to start payment of dividends: December 4, 2018
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, 2018 (April 1 to September 30, 2018)

(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, 2018	1,889,277	(2.4)	27,818	644.3	22,135	—
Six months ended September 30, 2017	1,935,150	16.9	3,737	(94.7)	1,921	(95.6)

Note) Comprehensive income: Six months ended September 30, 2018 5,170 million yen (93.5) %
Six months ended September 30, 2017 79,397 million yen — %

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2018	59.00	58.95
Six months ended September 30, 2017	4.88	4.88

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of September 30, 2018	12,157,434	1,864,388	15.1
As of March 31, 2018	11,948,323	1,916,210	15.8

Reference) Equity capital: As of September 30, 2018 1,836,991 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	—	65.00			
Fiscal year ending March 31, 2019 (Forecast)			—	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	237,000	67.0	170,000	21.6	456.46

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

(Notes)

(1) Changes in significant subsidiaries during the six months ended September 30, 2018 (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, 2018 415,352,294 shares

As of March 31, 2018 415,352,294 shares

② Treasury stock:

As of September 30, 2018 42,925,672 shares

As of March 31, 2018 34,772,350 shares

③ Average number of shares outstanding:

For the six months ended September 30, 2018 375,151,707 shares

For the six months ended September 30, 2017 392,962,784 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, 2018, 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, 2018	As of September 30, 2018
Assets:		
Cash and deposits	894,437	917,960
Receivables under resale agreements	74,998	69,998
Monetary receivables bought	6,727	9,291
Money trusts	98,744	94,229
Securities	8,275,132	8,330,351
Loans	668,419	686,279
Tangible fixed assets	354,593	351,351
Intangible fixed assets	402,839	403,746
Other assets	1,155,305	1,275,621
Net defined benefit asset	1,062	1,223
Deferred tax assets	22,312	23,708
Allowance for possible credit losses	(6,249)	(6,329)
Total assets	11,948,323	12,157,434
Liabilities:		
Underwriting funds:	8,277,130	8,527,765
Reserve for outstanding losses and claims	1,563,825	1,659,434
Underwriting reserves	6,713,304	6,868,330
Corporate bonds	512,045	510,743
Other liabilities	939,362	949,908
Net defined benefit liability	102,992	105,616
Reserve for retirement benefits to directors	40	43
Reserve for bonus payments	31,731	28,508
Reserve for bonus payments to directors	290	—
Reserve for stocks payments	937	1,347
Reserves under the special laws:	86,095	88,484
Reserve for price fluctuation	86,095	88,484
Deferred tax liabilities	81,487	80,628
Total liabilities	10,032,113	10,293,045
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	408,335	408,287
Retained earnings	603,615	612,633
Treasury stock	(128,182)	(167,011)
Total shareholders' equity	983,814	953,954
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	922,425	938,433
Deferred gains and losses on hedges	7,050	6,264
Foreign currency translation adjustments	(22,317)	(58,732)
Remeasurements of defined benefit plans	(3,205)	(2,928)
Total accumulated other comprehensive income	903,954	883,036
Stock acquisition rights	749	639
Non-controlling interests	27,692	26,757
Total net assets	1,916,210	1,864,388
Total liabilities and net assets	11,948,323	12,157,434

(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, 2017 (April 1 to September 30, 2017)	Six months ended September 30, 2018 (April 1 to September 30, 2018)
Ordinary income:	1,935,150	1,889,277
Underwriting income:	1,752,412	1,688,696
Net premiums written	1,498,822	1,440,334
Deposits of premiums by policyholders	59,457	57,478
Interest and dividend income on deposits of premiums, etc.	20,052	18,743
Life insurance premiums written	168,489	170,454
Investment income:	112,437	127,063
Interest and dividend income	91,447	95,088
Investment gains on money trusts	2,813	4,076
Investment gains on trading securities	8,127	—
Gains on sales of securities	24,131	37,997
Transfer of interest and dividend income on deposits of premiums, etc.	(20,052)	(18,743)
Other ordinary income	70,301	73,517
Ordinary expenses:	1,931,413	1,861,459
Underwriting expenses:	1,550,238	1,512,272
Net claims paid	814,029	781,826
Loss adjustment expenses	69,214	66,184
Net commissions and brokerage fees	251,883	253,735
Maturity refunds to policyholders	98,834	90,183
Life insurance claims paid and other payments	42,871	43,404
Provision for reserve for outstanding losses and claims	83,126	108,685
Provision for underwriting reserves	187,985	165,305
Investment expenses:	10,586	15,904
Investment losses on money trusts	53	307
Investment losses on trading securities	—	1,029
Losses on sales of securities	2,242	5,175
Impairment losses on securities	520	1,691
Operating, general and administrative expenses	310,822	270,539
Other ordinary expenses:	59,766	62,742
Interest paid	7,267	7,058
Ordinary profit	3,737	27,818
Extraordinary gains:	429	151
Gains on disposal of fixed assets	378	151
Other extraordinary gains	50	—
Extraordinary losses:	10,203	3,024
Losses on disposal of fixed assets	782	635
Impairment losses	5,974	—
Provision for reserves under the special laws:	3,428	2,388
Provision for reserve for price fluctuation	3,428	2,388
Losses on reduction of real estate	18	—
Net income (loss) before income taxes	(6,037)	24,946
Income taxes	33,435	17,391
Deferred income taxes	(34,525)	(15,301)
Total income taxes	(1,089)	2,090
Net income (loss)	(4,947)	22,855
Net income (loss) attributable to non-controlling shareholders	(6,868)	719
Net income attributable to shareholders of the parent	1,921	22,135

Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2017 (April 1 to September 30, 2017)	Six months ended September 30, 2018 (April 1 to September 30, 2018)
Net income (loss)	(4,947)	22,855
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	124,397	19,449
Deferred gains and losses on hedges	(2,521)	(786)
Foreign currency translation adjustments	(38,854)	(36,481)
Remeasurements of defined benefit plans	1,331	275
Share of other comprehensive income of affiliates accounted for under the equity method	(8)	(143)
Total other comprehensive income	84,344	(17,684)
Comprehensive income	79,397	5,170
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	86,088	4,746
Comprehensive income attributable to non-controlling shareholders	(6,691)	423

(3) Interim Consolidated Statement of Changes in Net Assets
Six months ended September 30, 2017 (April 1 to September 30, 2017)

(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	408,382	501,561	(71,459)	938,529
Changes during the period:					
Dividends			(19,700)		(19,700)
Net income attributable to shareholders of the parent			1,921		1,921
Acquisition of treasury stock				(27,843)	(27,843)
Disposal of treasury stock		(44)		211	167
Changes in the scope of consolidation			2,332		2,332
Changes in interest of the parent related to transactions with non-controlling shareholders		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during the period	—	(45)	(15,446)	(27,631)	(43,123)
Balance at the end of the period	100,045	408,337	486,114	(99,091)	895,405

	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	863,455	8,003	22,663	(29,676)	864,445	926	65,038	1,868,940
Changes during the period:								
Dividends								(19,700)
Net income attributable to shareholders of the parent								1,921
Acquisition of treasury stock								(27,843)
Disposal of treasury stock								167
Changes in the scope of consolidation								2,332
Changes in interest of the parent related to transactions with non-controlling shareholders								(0)
Net changes in items other than shareholders' equity	124,187	(2,521)	(39,882)	1,338	83,121	(171)	(11,790)	71,158
Total changes during the period	124,187	(2,521)	(39,882)	1,338	83,121	(171)	(11,790)	28,034
Balance at the end of the period	987,642	5,481	(17,218)	(28,338)	947,566	754	53,247	1,896,975

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

Supplementary Information

(1) Summary of Results of Operations (Consolidated)

	Six months ended September 30, 2017 (April 1 to September 30, 2017)	Six months ended September 30, 2018 (April 1 to September 30, 2018)	Increase (Decrease)	Rate of change
				(Millions of yen)
Ordinary income and expenses:				%
Underwriting income:	1,752,412	1,688,696	(63,715)	(3.6)
Net premiums written	1,498,822	1,440,334	(58,487)	(3.9)
Deposits of premiums by policyholders	59,457	57,478	(1,978)	(3.3)
Life insurance premiums written	168,489	170,454	1,965	1.2
Underwriting expenses:	1,550,238	1,512,272	(37,966)	(2.4)
Net claims paid	814,029	781,826	(32,202)	(4.0)
Loss adjustment expenses	69,214	66,184	(3,030)	(4.4)
Net commissions and brokerage fees	251,883	253,735	1,852	0.7
Maturity refunds to policyholders	98,834	90,183	(8,650)	(8.8)
Life insurance claims paid and other payments	42,871	43,404	532	1.2
Provision for reserve for outstanding losses and claims	83,126	108,685	25,559	30.7
Provision for underwriting reserves	187,985	165,305	(22,680)	(12.1)
Investment income:	112,437	127,063	14,625	13.0
Interest and dividend income	91,447	95,088	3,640	4.0
Gains on sales of securities	24,131	37,997	13,865	57.5
Investment expenses:	10,586	15,904	5,318	50.2
Losses on sales of securities	2,242	5,175	2,932	130.7
Impairment losses on securities	520	1,691	1,170	224.9
Operating, general and administrative expenses	310,822	270,539	(40,283)	(13.0)
Other ordinary income and expenses	10,534	10,774	239	2.3
Ordinary profit	3,737	27,818	24,081	644.3
Extraordinary gains and losses:				
Extraordinary gains	429	151	(277)	(64.6)
Extraordinary losses	10,203	3,024	(7,179)	(70.4)
Extraordinary gains and losses	(9,774)	(2,872)	6,901	—
Net income (loss) before income taxes	(6,037)	24,946	30,983	—
Income taxes	33,435	17,391	(16,043)	(48.0)
Deferred income taxes	(34,525)	(15,301)	19,224	—
Total income taxes	(1,089)	2,090	3,180	—
Net income (loss)	(4,947)	22,855	27,802	—
Net income (loss) attributable to non-controlling interests	(6,868)	719	7,588	—
Net income attributable to shareholders of the parent	1,921	22,135	20,214	1,052.0

(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, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	260,320	16.1	18.5	255,603	16.0	(1.8)
Marine insurance	54,017	3.3	19.8	44,901	2.8	(16.9)
Personal accident insurance	153,121	9.5	(0.6)	146,191	9.2	(4.5)
Voluntary automobile insurance	624,550	38.6	0.7	607,291	38.1	(2.8)
Compulsory automobile liability insurance	153,007	9.4	(0.9)	145,763	9.1	(4.7)
Others	374,860	23.1	62.8	394,924	24.8	5.4
Total	1,619,877	100.0	13.8	1,594,676	100.0	(1.6)
Deposits of premiums by policyholders	59,457	3.7	(7.0)	57,478	3.6	(3.3)

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, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	234,384	15.6	33.9	206,339	14.3	(12.0)
Marine insurance	58,268	3.9	38.4	46,234	3.2	(20.7)
Personal accident insurance	105,087	7.0	1.7	98,839	6.9	(5.9)
Voluntary automobile insurance	623,193	41.6	0.7	605,377	42.0	(2.9)
Compulsory automobile liability insurance	154,288	10.3	4.3	139,227	9.7	(9.8)
Others	323,598	21.6	68.1	344,316	23.9	6.4
Total	1,498,822	100.0	17.1	1,440,334	100.0	(3.9)

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, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	139,737	17.2	21.2	132,095	16.9	(5.5)
Marine insurance	28,654	3.5	45.5	19,830	2.5	(30.8)
Personal accident insurance	49,693	6.1	0.6	48,326	6.2	(2.8)
Voluntary automobile insurance	323,479	39.7	5.2	329,045	42.1	1.7
Compulsory automobile liability insurance	109,033	13.4	(3.5)	104,514	13.4	(4.1)
Others	163,431	20.1	89.0	148,014	18.9	(9.4)
Total	814,029	100.0	17.7	781,826	100.0	(4.0)

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 September 30, 2018		
		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	1,180,112	1,465,926	285,814	1,145,655	1,399,980	254,324
	Foreign securities	2,019	2,087	67	1,011	1,022	11
	Subtotal	1,182,131	1,468,013	285,881	1,146,667	1,401,003	254,336
Securities whose fair value does not exceed their carrying amount	Domestic bonds	15,129	14,694	(435)	42,402	40,947	(1,455)
	Foreign securities	1,996	1,979	(17)	6,530	6,435	(94)
	Subtotal	17,125	16,673	(452)	48,933	47,383	(1,550)
Total		1,199,257	1,484,687	285,429	1,195,600	1,448,386	252,786

2. Policy reserve matching bonds

(Millions of yen)

		As of March 31, 2018			As of September 30, 2018		
		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	231,867	255,152	23,285	149,630	166,942	17,311
Securities whose fair value does not exceed their carrying amount	Domestic bonds	36,110	34,877	(1,233)	175,776	171,463	(4,312)
Total		267,978	290,029	22,051	325,406	338,406	12,999

3. Securities available for sale

(Millions of yen)

		As of March 31, 2018			As of September 30, 2018		
		Carrying amount	Cost	Unrealized gains and losses	Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,014,762	1,827,096	187,665	1,748,558	1,584,326	164,231
	Domestic stocks	1,560,427	560,579	999,847	1,585,635	544,642	1,040,993
	Foreign securities	1,355,885	1,234,891	120,994	1,251,044	1,124,211	126,833
	Others	58,933	52,793	6,139	59,338	53,134	6,204
	Subtotal	4,990,008	3,675,361	1,314,646	4,644,577	3,306,314	1,338,262
Securities whose carrying amount does not exceed their cost	Domestic bonds	133,071	136,423	(3,352)	382,452	390,393	(7,940)
	Domestic stocks	28,161	31,536	(3,374)	24,231	26,862	(2,630)
	Foreign securities	1,370,567	1,413,677	(43,109)	1,441,295	1,480,321	(39,026)
	Others	8,648	8,693	(45)	15,284	15,360	(76)
	Subtotal	1,540,448	1,590,330	(49,882)	1,863,263	1,912,938	(49,674)
Total		6,530,456	5,265,692	1,264,764	6,507,840	5,219,252	1,288,588

Notes)

As of March 31, 2018	As of September 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, etc. 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 interim consolidated balance sheet are included in "Others" above.

4. Securities for which impairment losses are recognized

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Six months ended September 30, 2018 (April 1 to September 30, 2018)
For the fiscal year ended March 31, 2018, 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), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 2,051 million yen (domestic stocks: 1,248 million yen, foreign securities: 802 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.	For the six months ended September 30, 2018, 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 845 million yen (domestic stocks: 476 million yen, foreign securities: 368 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 214 million yen (domestic stocks: 165 million yen, foreign securities: 48 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.