

Selected Unofficial Translation of Summary of Consolidated Financial Results for the three months ended June 30, 2019

Note) This document is an unofficial English translation of the Japanese original. Additional translation will be posted around August 16, 2019.

August 9, 2019

Sompo Holdings, Inc.

**Summary of Consolidated Financial Results for the three months ended June 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: August 13, 2019
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, 2019 (April 1 to June 30, 2019)

(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, 2019	1,016,716	2.3	42,898	(41.0)	30,564	(44.9)
Three months ended June 30, 2018	993,986	(2.0)	72,770	97.0	55,512	105.1

Note) Comprehensive income: Three months ended June 30, 2019 8,791 million yen — %
Three months ended June 30, 2018 (6,685) million yen — %

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2019	82.15	82.10
Three months ended June 30, 2018	146.89	146.78

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of June 30, 2019	12,073,696	1,760,044	14.4
As of March 31, 2019	12,018,254	1,779,911	14.6

Reference) Equity capital: As of June 30, 2019 1,737,534 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	—				
Fiscal year ending March 31, 2020 (Forecast)		75.00	—	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	250,000	25.7	168,000	14.6	453.69

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

(Notes)

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019 (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, 2019	373,330,489 shares
As of March 31, 2019	373,330,489 shares
 - ② Treasury stock:

As of June 30, 2019	3,035,978 shares
As of March 31, 2019	904,330 shares
 - ③ Average number of shares outstanding:

For the three months ended June 30, 2019	372,014,255 shares
For the three months ended June 30, 2018	377,907,122 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, 2019	As of June 30, 2019
Assets:		
Cash and deposits	971,469	1,017,151
Receivables under resale agreements	64,999	54,999
Monetary receivables bought	11,869	13,913
Money trusts	40,993	39,327
Securities	8,012,734	8,071,798
Loans	703,255	702,127
Tangible fixed assets	355,144	371,983
Intangible fixed assets	401,165	403,355
Other assets	1,447,194	1,392,492
Net defined benefit asset	207	230
Deferred tax assets	15,663	12,792
Allowance for possible credit losses	(6,442)	(6,475)
Total assets	12,018,254	12,073,696
Liabilities:		
Underwriting funds:	8,348,638	8,526,393
Reserve for outstanding losses and claims	1,559,910	1,559,668
Underwriting reserves	6,788,727	6,966,724
Corporate bonds	510,383	510,306
Other liabilities	1,113,887	1,043,361
Net defined benefit liability	103,796	104,639
Reserve for retirement benefits to directors	31	30
Reserve for bonus payments	30,363	9,906
Reserve for bonus payments to directors	261	—
Reserve for stocks payments	1,347	1,073
Reserves under the special laws:	90,722	91,883
Reserve for price fluctuation	90,722	91,883
Deferred tax liabilities	38,910	26,059
Total liabilities	10,238,342	10,313,652
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	244,170	244,134
Retained earnings	712,745	724,001
Treasury stock	(2,902)	(12,029)
Total shareholders' equity	1,054,058	1,056,152
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	763,859	747,615
Deferred gains and losses on hedges	6,449	6,089
Foreign currency translation adjustments	(62,937)	(68,862)
Remeasurements of defined benefit plans	(3,551)	(3,460)
Total accumulated other comprehensive income	703,820	681,382
Stock acquisition rights	632	551
Non-controlling interests	21,399	21,958
Total net assets	1,779,911	1,760,044
Total liabilities and net assets	12,018,254	12,073,696

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

Quarterly Consolidated Statement of Income

Three months ended June 30, 2019

	(Millions of yen)	
	Three months ended June 30, 2018 (April 1 to June 30, 2018)	Three months ended June 30, 2019 (April 1 to June 30, 2019)
Ordinary income:	993,986	1,016,716
Underwriting income:	886,102	913,931
Net premiums written	747,324	794,400
Deposits of premiums by policyholders	29,582	26,883
Interest and dividend income on deposits of premiums, etc.	9,400	9,272
Life insurance premiums written	83,138	82,923
Reversal of reserve for outstanding losses and claims	13,600	—
Investment income:	71,900	63,429
Interest and dividend income	55,010	57,535
Investment gains on money trusts	1,885	403
Investment gains on trading securities	—	349
Gains on sales of securities	19,592	13,511
Transfer of interest and dividend income on deposits of premiums, etc.	(9,400)	(9,272)
Other ordinary income	35,983	39,355
Ordinary expenses:	921,216	973,818
Underwriting expenses:	748,295	797,791
Net claims paid	379,876	378,702
Loss adjustment expenses	34,640	34,183
Net commissions and brokerage fees	128,466	134,775
Maturity refunds to policyholders	43,446	39,095
Life insurance claims paid and other payments	21,948	22,339
Provision for reserve for outstanding losses and claims	—	899
Provision for underwriting reserves	138,709	185,166
Investment expenses:	7,533	7,563
Investment losses on money trusts	246	80
Investment losses on trading securities	561	—
Losses on sales of securities	2,907	3,052
Impairment losses on securities	591	2,275
Operating, general and administrative expenses	134,415	133,945
Other ordinary expenses:	30,971	34,517
Interest paid	3,471	3,601
Ordinary profit	72,770	42,898
Extraordinary gains:	51	651
Gains on disposal of fixed assets	51	651
Extraordinary losses:	1,412	1,754
Losses on disposal of fixed assets	244	307
Impairment losses	—	258
Provision for reserves under the special laws:	1,167	1,160
Provision for reserve for price fluctuation	1,167	1,160
Other extraordinary losses	—	28
Net income before income taxes	71,409	41,795
Income taxes and deferred income taxes	15,780	10,770
Net income	55,629	31,025
Net income attributable to non-controlling shareholders	116	460
Net income attributable to shareholders of the parent	55,512	30,564

Quarterly Consolidated Statement of Comprehensive Income
Three months ended June 30, 2019

	(Millions of yen)	
	Three months ended June 30, 2018 (April 1 to June 30, 2018)	Three months ended June 30, 2019 (April 1 to June 30, 2019)
Net income	55,629	31,025
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	(6,242)	(16,197)
Deferred gains and losses on hedges	(539)	(360)
Foreign currency translation adjustments	(55,649)	(5,657)
Remeasurements of defined benefit plans	168	98
Share of other comprehensive income of affiliates accounted for under the equity method	(53)	(116)
Total other comprehensive income	(62,315)	(22,233)
Comprehensive income	(6,685)	8,791
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	(6,603)	8,133
Comprehensive income attributable to non-controlling shareholders	(82)	657

Supplementary Information

(1) Summary of Results of Operations (Consolidated)

	(Millions of yen)			
	Three months ended June 30, 2018 (April 1 to June 30, 2018)	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	886,102	913,931	27,828	3.1
Net premiums written	747,324	794,400	47,075	6.3
Deposits of premiums by policyholders	29,582	26,883	(2,699)	(9.1)
Life insurance premiums written	83,138	82,923	(214)	(0.3)
Reversal of reserve for outstanding losses and claims	13,600	—	(13,600)	(100.0)
Underwriting expenses:	748,295	797,791	49,496	6.6
Net claims paid	379,876	378,702	(1,174)	(0.3)
Loss adjustment expenses	34,640	34,183	(456)	(1.3)
Net commissions and brokerage fees	128,466	134,775	6,308	4.9
Maturity refunds to policyholders	43,446	39,095	(4,350)	(10.0)
Life insurance claims paid and other payments	21,948	22,339	391	1.8
Provision for reserve for outstanding losses and claims	—	899	899	—
Provision for underwriting reserves	138,709	185,166	46,457	33.5
Investment income:	71,900	63,429	(8,470)	(11.8)
Interest and dividend income	55,010	57,535	2,524	4.6
Gains on sales of securities	19,592	13,511	(6,081)	(31.0)
Investment expenses:	7,533	7,563	30	0.4
Losses on sales of securities	2,907	3,052	144	5.0
Impairment losses on securities	591	2,275	1,684	284.7
Operating, general and administrative expenses	134,415	133,945	(470)	(0.3)
Other ordinary income and expenses	5,011	4,837	(174)	(3.5)
Ordinary profit	72,770	42,898	(29,872)	(41.0)
Extraordinary gains and losses:				
Extraordinary gains	51	651	600	1,172.1
Extraordinary losses	1,412	1,754	342	24.3
Extraordinary gains and losses	(1,360)	(1,103)	257	—
Net income before income taxes	71,409	41,795	(29,614)	(41.5)
Income taxes and deferred income taxes	15,780	10,770	(5,010)	(31.7)
Net income	55,629	31,025	(24,604)	(44.2)
Net income attributable to non-controlling interests	116	460	344	295.3
Net income attributable to shareholders of the parent	55,512	30,564	(24,948)	(44.9)

(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, 2018 (April 1 to June 30, 2018)			Three months ended June 30, 2019 (April 1 to June 30, 2019)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	116,341	14.0	(9.8)	129,447	15.1	11.3
Marine insurance	23,399	2.8	(5.9)	23,591	2.7	0.8
Personal accident insurance	80,569	9.7	(2.8)	75,909	8.8	(5.8)
Voluntary automobile insurance	315,002	38.0	(2.5)	314,776	36.6	(0.1)
Compulsory automobile liability insurance	74,382	9.0	(5.7)	77,929	9.1	4.8
Others	220,319	26.5	2.3	237,360	27.6	7.7
Total	830,013	100.0	(2.9)	859,013	100.0	3.5
Deposits of premiums by policyholders	29,582	3.6	(4.0)	26,883	3.1	(9.1)

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, 2018 (April 1 to June 30, 2018)			Three months ended June 30, 2019 (April 1 to June 30, 2019)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	92,414	12.4	(18.6)	104,135	13.1	12.7
Marine insurance	28,259	3.8	(21.4)	37,020	4.7	31.0
Personal accident insurance	55,499	7.4	(2.8)	52,762	6.6	(4.9)
Voluntary automobile insurance	315,111	42.2	(2.5)	316,086	39.8	0.3
Compulsory automobile liability insurance	63,423	8.5	(12.9)	66,679	8.4	5.1
Others	192,616	25.8	9.9	217,714	27.4	13.0
Total	747,324	100.0	(3.9)	794,400	100.0	6.3

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, 2018 (April 1 to June 30, 2018)			Three months ended June 30, 2019 (April 1 to June 30, 2019)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	58,394	15.4	(20.1)	57,954	15.3	(0.8)
Marine insurance	9,657	2.5	(31.8)	10,834	2.9	12.2
Personal accident insurance	24,351	6.4	(1.3)	22,045	5.8	(9.5)
Voluntary automobile insurance	162,095	42.7	(0.3)	154,982	40.9	(4.4)
Compulsory automobile liability insurance	51,616	13.6	(2.5)	47,542	12.6	(7.9)
Others	73,762	19.4	(14.4)	85,342	22.5	15.7
Total	379,876	100.0	(8.1)	378,702	100.0	(0.3)

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 June 30, 2019		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,187,996	1,500,391	312,395	1,189,803	1,521,898	332,095
Foreign securities	9,762	9,718	(44)	9,818	9,842	23
Total	1,197,758	1,510,109	312,350	1,199,622	1,531,741	332,118

2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2019			As of June 30, 2019		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	370,080	409,926	39,846	378,770	429,415	50,644
Total	370,080	409,926	39,846	378,770	429,415	50,644

3. Securities available for sale

(Millions of yen)

	As of March 31, 2019			As of June 30, 2019		
	Cost	Carrying amount	Unrealized gains and losses	Cost	Carrying amount	Unrealized gains and losses
Domestic bonds	1,976,899	2,174,560	197,661	2,010,650	2,224,680	214,029
Domestic stocks	517,749	1,266,725	748,976	502,377	1,187,864	685,487
Foreign securities	2,566,511	2,667,429	100,918	2,765,166	2,887,988	122,822
Others	70,165	75,812	5,646	71,635	77,616	5,980
Total	5,131,325	6,184,528	1,053,202	5,349,829	6,378,149	1,028,319

Notes)

As of March 31, 2019	As of June 30, 2019
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, etc. 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 9,176 million yen (domestic stocks: 6,732 million yen, foreign securities: 2,444 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.	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 2,211 million yen (domestic stocks: 1,938 million yen, foreign securities: 238 million yen, others: 34 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.