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August 10, 2017

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the three months ended June 30, 2017
[Under Japanese GAAP]

Company Name: Sompo Holdings, Inc.
Listed on: Tokyo Stock Exchange
Securities Code: 8630
URL: http://www.sompo-hd.com/
Representative: Kengo Sakurada, President & CEO
Scheduled date to file Quarterly Securities Report: August 14, 2017
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, 2017 (April 1 to June 30, 2017)

(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, 2017	1,014,597	19.3	36,937	17.8	27,069	35.4
Three months ended June 30, 2016	850,446	2.1	31,343	(16.4)	19,984	(24.6)

Note) Comprehensive income: Three months ended June 30, 2017 65,588 million yen — %
Three months ended June 30, 2016 (83,919) million yen — %

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2017	68.80	68.74
Three months ended June 30, 2016	49.42	49.37

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of June 30, 2017	12,158,058	1,913,831	15.2
As of March 31, 2017	11,931,135	1,868,940	15.1

Reference) Equity capital: As of June 30, 2017 1,849,209 million yen
As of March 31, 2017 1,802,975 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, 2017	—	40.00	—	50.00	90.00
Fiscal year ending March 31, 2018	—				
Fiscal year ending March 31, 2018 (Forecast)		55.00	—	55.00	110.00

Note) Revisions to the latest announced dividends forecasts: None

3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

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	259,000	7.2	183,000	10.0	465.17

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

(Notes)

(1) Changes in significant subsidiaries during the three months ended June 30, 2017 (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

①Changes in accounting policies due to revisions to accounting standards, etc.: None

②Changes in accounting policies due to reasons other than the above: Yes

③Changes in accounting estimations: Yes

④Retrospective restatements: None

Note) Please refer to "2. (6) Changes in Accounting Policies, Changes in Accounting Estimations, and Retrospective Restatements" on page 6 for details.

(4) Number of shares outstanding (Common stock):

①Total shares outstanding including treasury stock:

As of June 30, 2017	415,352,294	shares
As of March 31, 2017	415,352,294	shares

②Treasury stock:

As of June 30, 2017	21,889,796	shares
As of March 31, 2017	21,953,718	shares

③Average number of shares outstanding:

For the three months ended June 30, 2017	393,441,285	shares
For the three months ended June 30, 2016	404,320,024	shares

(Expression of implementation status of quarterly review procedures)

This summary is not subject to quarterly reviews.

(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.

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1. Qualitative Information Related to Consolidated Financial Results for the three months ended June 30, 2017

(1) Qualitative Information Related to Consolidated Results of Operations

During the three months ended June 30, 2017, the global economy continued to gradually recover as a whole, including a steady business rebound in the U.S. The Japanese economy remained on a moderate recovery path, supported by a rebound in personal consumption, amid ongoing improvement in employment conditions.

Under these circumstances, the consolidated financial results of Sompo Holdings Group ("SOMPO HOLDINGS") for the three months ended June 30, 2017 were as follows:

Ordinary income increased by 164.1 billion yen to 1,014.5 billion yen compared with the same period last year, the components of which were underwriting income of 926.0 billion yen, investment income of 54.5 billion yen and other ordinary income of 33.9 billion yen. Meanwhile, ordinary expenses increased by 158.5 billion yen to 977.6 billion yen compared with the same period last year, the components of which were underwriting expenses of 780.4 billion yen, investment expenses of 6.3 billion yen, operating, general and administrative expenses of 161.3 billion yen and other ordinary expenses of 29.5 billion yen.

As a result of the foregoing, Sompo Holdings, Inc. (the "Company") reported ordinary profit, calculated as ordinary income minus ordinary expenses, of 36.9 billion yen, an increase of 5.5 billion yen from the same period last year.

The Company posted net income attributable to shareholders of the parent, after extraordinary items, net of income taxes and deferred income taxes and others, of 27.0 billion yen, an increase of 7.0 billion yen from the same period last year.

(2) Qualitative Information Related to Consolidated Financial Condition

Total assets as of June 30, 2017 amounted to 12,158.0 billion yen on a consolidated basis, an increase of 226.9 billion yen from March 31, 2017, due mainly to the issuance of corporate bonds.

(3) Qualitative Information Related to the Forecasts of Consolidated Financial Results

For the fiscal year ending March 31, 2018, the Company is forecasting consolidated ordinary profit of 259.0 billion yen and net income attributable to shareholders of the parent of 183.0 billion yen. There is no change from the forecasts in the Summary of Consolidated Financial Results disclosed on May 19, 2017.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets:		
Cash and deposits	814,217	856,789
Receivables under resale agreements	54,999	75,582
Monetary receivables bought	11,718	8,203
Money trusts	104,423	101,653
Securities	8,303,829	8,419,881
Loans	638,768	646,589
Tangible fixed assets	402,480	399,823
Intangible fixed assets	469,825	437,878
Other assets	1,119,434	1,199,986
Net defined benefit asset	756	770
Deferred tax assets	17,194	17,333
Allowance for possible credit losses	(6,512)	(6,433)
Total assets	11,931,135	12,158,058
Liabilities:		
Underwriting funds:	8,335,158	8,422,354
Reserve for outstanding losses and claims	1,674,277	1,634,348
Underwriting reserves	6,660,881	6,788,005
Corporate bonds	424,991	521,569
Other liabilities	978,343	965,271
Net defined benefit liability	134,263	135,422
Reserve for retirement benefits to directors	36	37
Reserve for bonus payments	35,253	13,135
Reserve for bonus payments to directors	306	—
Reserve for stocks payments	445	397
Reserves under the special laws:	74,200	77,174
Reserve for price fluctuation	74,200	77,174
Deferred tax liabilities	79,195	108,863
Total liabilities	10,062,195	10,244,227
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	408,382	408,337
Retained earnings	501,561	511,262
Treasury stock	(71,459)	(71,260)
Total shareholders' equity	938,529	948,384
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	863,455	944,666
Deferred gains and losses on hedges	8,003	7,463
Foreign currency translation adjustments	22,663	(22,298)
Remeasurements of defined benefit plans	(29,676)	(29,007)
Total accumulated other comprehensive income	864,445	900,824
Stock acquisition rights	926	754
Non-controlling interests	65,038	63,867
Total net assets	1,868,940	1,913,831
Total liabilities and net assets	11,931,135	12,158,058

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

Quarterly Consolidated Statement of Income

Three months ended June 30, 2017

(Millions of yen)

	Three months ended June 30, 2016 (April 1 to June 30, 2016)	Three months ended June 30, 2017 (April 1 to June 30, 2017)
Ordinary income:	850,446	1,014,597
Underwriting income:	770,299	926,059
Net premiums written	654,747	777,787
Deposits of premiums by policyholders	30,911	30,815
Interest and dividend income on deposits of premiums, etc.	11,266	10,039
Life insurance premiums written	72,900	81,606
Reversal of reserve for outstanding losses and claims	—	23,666
Investment income:	47,764	54,565
Interest and dividend income	43,572	51,104
Investment gains on money trusts	91	1,414
Investment gains on trading securities	1,783	5,344
Gains on sales of securities	8,278	4,224
Transfer of interest and dividend income on deposits of premiums, etc.	(11,266)	(10,039)
Other ordinary income	32,382	33,972
Ordinary expenses:	819,103	977,660
Underwriting expenses:	651,096	780,411
Net claims paid	342,015	413,569
Loss adjustment expenses	34,494	35,589
Net commissions and brokerage fees	122,685	126,905
Maturity refunds to policyholders	45,515	47,053
Life insurance claims paid and other payments	19,462	21,492
Provision for reserve for outstanding losses and claims	12,025	—
Provision for underwriting reserves	68,482	134,654
Investment expenses:	13,634	6,389
Investment losses on money trusts	511	48
Losses on sales of securities	451	1,612
Impairment losses on securities	5,783	280
Operating, general and administrative expenses	127,541	161,338
Other ordinary expenses:	26,831	29,520
Interest paid	2,026	3,598
Ordinary profit	31,343	36,937
Extraordinary gains:	255	81
Gains on disposal of fixed assets	186	30
Other extraordinary gains	69	50
Extraordinary losses:	2,330	3,542
Losses on disposal of fixed assets	132	552
Provision for reserves under the special laws:	2,198	2,973
Provision for reserve for price fluctuation	2,198	2,973
Losses on reduction of real estate	—	16
Net income before income taxes	29,268	33,476
Income taxes and deferred income taxes	9,205	5,166
Net income	20,062	28,309
Net income attributable to non-controlling shareholders	77	1,239
Net income attributable to shareholders of the parent	19,984	27,069

Quarterly Consolidated Statement of Comprehensive Income

Three months ended June 30, 2017

(Millions of yen)

	Three months ended June 30, 2016 (April 1 to June 30, 2016)	Three months ended June 30, 2017 (April 1 to June 30, 2017)
Net income	20,062	28,309
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	(83,811)	81,247
Deferred gains and losses on hedges	(529)	(540)
Foreign currency translation adjustments	(19,964)	(44,100)
Remeasurements of defined benefit plans	447	662
Share of other comprehensive income of affiliates accounted for under the equity method	(125)	10
Total other comprehensive income	(103,982)	37,279
Comprehensive income	(83,919)	65,588
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	(84,102)	64,494
Comprehensive income attributable to non-controlling shareholders	182	1,094

(3) Notes on Going-Concern Assumption

None.

(4) Notes on Significant Changes in Shareholders' Equity

None.

(5) Application of Accounting Methods Used Specifically for the Preparation of the Quarterly Consolidated Financial Statements

Income tax expenses are calculated by multiplying net income before income taxes by an estimated effective tax rate, which is a reasonable estimate of the effective tax rate after applying tax effect accounting to net income before income taxes for the fiscal year that includes this first quarter. However, if the use of this estimated effective tax rate produces significantly unreasonable results, income tax expenses are calculated by using the statutory effective tax rate.

(6) Changes in Accounting Policies, Changes in Accounting Estimations, and Retrospective Restatements

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

The Company and its domestic consolidated subsidiaries have changed the depreciation method for tangible fixed assets from the declining balance method to the straight-line method since the beginning of the fiscal year 2017. Previously, the Company and its domestic consolidated subsidiaries applied the declining balance method for depreciation of tangible fixed assets except for buildings acquired on or after April 1, 1998 and structures and fixtures attached to buildings acquired on or after April 1, 2016, to which the straight-line method was applied.

The proportion of companies adopting the straight-line method has increased due to the recent expansion in our overseas insurance business. In addition, in domestic P&C insurance business, it is expected that tangible fixed assets will be used stably over their useful lives in the future, due to the completion of combination and reorganization of bases and system integration resulting from merger. For this reason, the Company and its domestic consolidated subsidiaries reviewed unification of its depreciation methods and determined that allocating depreciation expenses equally represents the actual situation more and is a reasonable method. Herewith, SOMPO HOLDINGS will be able to unify accounting policies applied by domestic consolidated subsidiaries with those applied by overseas consolidated subsidiaries that have been using the straight-line method, and be able to provide more useful financial information.

As a result of this change, both ordinary profit and income before income taxes and non-controlling interests for the three months ended June 30, 2017 increased by 737 million yen, compared with the previous accounting method.

3. Supplementary Information

(1) Summary of Results of Operations (Consolidated)

(Millions of yen)

	Three months ended June 30, 2016 (April 1 to June 30, 2016)	Three months ended June 30, 2017 (April 1 to June 30, 2017)	Increase (Decrease)	Rate of change
				%
Ordinary income and expenses:				
Underwriting income:	770,299	926,059	155,760	20.2
Net premiums written	654,747	777,787	123,040	18.8
Deposits of premiums by policyholders	30,911	30,815	(96)	(0.3)
Life insurance premiums written	72,900	81,606	8,705	11.9
Reversal of reserve for outstanding losses and claims	—	23,666	23,666	—
Underwriting expenses:	651,096	780,411	129,315	19.9
Net claims paid	342,015	413,569	71,554	20.9
Loss adjustment expenses	34,494	35,589	1,094	3.2
Net commissions and brokerage fees	122,685	126,905	4,220	3.4
Maturity refunds to policyholders	45,515	47,053	1,537	3.4
Life insurance claims paid and other payments	19,462	21,492	2,029	10.4
Provision for reserve for outstanding losses and claims	12,025	—	(12,025)	(100.0)
Provision for underwriting reserves	68,482	134,654	66,171	96.6
Investment income:	47,764	54,565	6,800	14.2
Interest and dividend income	43,572	51,104	7,532	17.3
Gains on sales of securities	8,278	4,224	(4,053)	(49.0)
Investment expenses:	13,634	6,389	(7,244)	(53.1)
Losses on sales of securities	451	1,612	1,161	257.6
Impairment losses on securities	5,783	280	(5,502)	(95.1)
Operating, general and administrative expenses	127,541	161,338	33,797	26.5
Other ordinary income and expenses	5,551	4,451	(1,099)	(19.8)
Ordinary profit	31,343	36,937	5,594	17.8
Extraordinary gains and losses:				
Extraordinary gains	255	81	(173)	(68.1)
Extraordinary losses	2,330	3,542	1,212	52.0
Extraordinary gains and losses	(2,075)	(3,461)	(1,385)	—
Net income before income taxes	29,268	33,476	4,208	14.4
Income taxes and deferred income taxes	9,205	5,166	(4,038)	(43.9)
Net income	20,062	28,309	8,246	41.1
Net income attributable to non-controlling interests	77	1,239	1,162	1,493.2
Net income attributable to shareholders of the parent	19,984	27,069	7,084	35.4

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

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Three months ended June 30, 2016 (April 1 to June 30, 2016)			Three months ended June 30, 2017 (April 1 to June 30, 2017)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	108,016	14.7	(5.6)	129,035	15.1	19.5
Marine insurance	24,253	3.3	2.1	24,862	2.9	2.5
Personal accident insurance	81,350	11.1	0.1	82,874	9.7	1.9
Voluntary automobile insurance	317,196	43.2	4.4	323,228	37.8	1.9
Compulsory automobile liability insurance	78,330	10.7	(5.3)	78,899	9.2	0.7
Others	124,941	17.0	4.0	215,462	25.2	72.5
Total	734,087	100.0	1.1	854,363	100.0	16.4
Deposits of premiums by policyholders	30,911	4.2	(1.4)	30,815	3.6	(0.3)

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, 2016 (April 1 to June 30, 2016)			Three months ended June 30, 2017 (April 1 to June 30, 2017)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	83,080	12.7	(5.6)	113,462	14.6	36.6
Marine insurance	24,481	3.7	(2.7)	35,949	4.6	46.8
Personal accident insurance	56,451	8.6	(1.5)	57,110	7.3	1.2
Voluntary automobile insurance	317,162	48.4	4.1	323,108	41.5	1.9
Compulsory automobile liability insurance	67,801	10.4	(6.8)	72,818	9.4	7.4
Others	105,770	16.2	1.1	175,337	22.5	65.8
Total	654,747	100.0	0.3	777,787	100.0	18.8

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, 2016 (April 1 to June 30, 2016)			Three months ended June 30, 2017 (April 1 to June 30, 2017)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	55,198	16.1	7.0	73,050	17.7	32.3
Marine insurance	10,063	2.9	(1.2)	14,168	3.4	40.8
Personal accident insurance	24,791	7.2	(3.9)	24,666	6.0	(0.5)
Voluntary automobile insurance	149,637	43.8	(4.4)	162,597	39.3	8.7
Compulsory automobile liability insurance	56,571	16.5	2.8	52,936	12.8	(6.4)
Others	45,751	13.4	3.2	86,150	20.8	88.3
Total	342,015	100.0	(0.4)	413,569	100.0	20.9

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, 2017			As of June 30, 2017		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,203,685	1,481,038	277,352	1,201,858	1,478,377	276,518
Foreign securities	2,070	2,044	(26)	3,927	3,953	25
Total	1,205,755	1,483,082	277,326	1,205,786	1,482,330	276,543

2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2017			As of June 30, 2017		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	199,659	215,634	15,974	213,253	229,817	16,564
Total	199,659	215,634	15,974	213,253	229,817	16,564

3. Securities available for sale

(Millions of yen)

	As of March 31, 2017			As of June 30, 2017		
	Cost	Carrying amount	Unrealized gains and losses	Cost	Carrying amount	Unrealized gains and losses
Domestic bonds	2,018,952	2,203,575	184,623	2,001,467	2,183,644	182,176
Domestic stocks	632,392	1,520,117	887,725	629,882	1,605,733	975,851
Foreign securities	2,324,203	2,427,781	103,578	2,410,947	2,538,299	127,351
Others	58,725	63,907	5,182	50,193	55,808	5,615
Total	5,034,273	6,215,382	1,181,109	5,092,490	6,383,485	1,290,995

Notes)

As of March 31, 2017	As of June 30, 2017
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 744 million yen (domestic stocks: 527 million yen, foreign securities: 216 million yen). Basically, Sompo Holdings, Inc. and its domestic consolidated subsidiaries recognize impairment losses on securities 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 236 million yen (foreign securities only). Basically, Sompo Holdings, Inc. and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value at the end of the first quarter declines by 30% or more from their cost.