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February 14, 2018

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the nine months ended December 31, 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: February 14, 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 nine months ended December 31, 2017 (April 1 to December 31, 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	%
Nine months ended December 31, 2017	2,856,457	14.1	107,463	(35.1)	137,239	25.0
Nine months ended December 31, 2016	2,503,879	2.5	165,521	36.1	109,783	24.3

Note) Comprehensive income: Nine months ended December 31, 2017 315,553 million yen 85.6 %
Nine months ended December 31, 2016 170,031 million yen — %

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2017	352.85	352.55
Nine months ended December 31, 2016	275.71	275.41

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of December 31, 2017	12,546,915	2,053,778	16.1
As of March 31, 2017	11,931,135	1,868,940	15.1

Reference) Equity capital: As of December 31, 2017 2,025,128 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	—	55.00	—		
Fiscal year ending March 31, 2018 (Forecast)				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	189,000	(21.8)	152,000	(8.7)	392.88

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

(Notes)

(1) Changes in significant subsidiaries during the nine months ended December 31, 2017 (changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes

Decrease: 1 (Company Name: Endurance Specialty Holdings Ltd.)

(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 December 31, 2017	415,352,294	shares
As of March 31, 2017	415,352,294	shares

②Treasury stock:

As of December 31, 2017	34,771,203	shares
As of March 31, 2017	21,953,718	shares

③Average number of shares outstanding:

For the nine months ended December 31, 2017	388,940,732	shares
For the nine months ended December 31, 2016	398,182,889	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 nine months ended December 31, 2017

(1) Qualitative Information Related to Consolidated Results of Operations

During the nine months ended December 31, 2017, the global economy continued to gradually recover, including a steady business rebound in the U.S. The Japanese economy remained on a moderate recovery path, supported by a rebound in exports and personal consumption, amid ongoing improvement in corporate earnings and employment conditions, along with gradual increases in production and capital investment.

Under these circumstances, the consolidated financial results of Sompo Holdings Group ("SOMPO HOLDINGS") for the nine months ended December 31, 2017 were as follows:

Ordinary income increased by 352.5 billion yen to 2,856.4 billion yen compared with the same period last year, the components of which were underwriting income of 2,562.3 billion yen, investment income of 187.6 billion yen and other ordinary income of 106.4 billion yen. Meanwhile, ordinary expenses increased by 410.6 billion yen to 2,748.9 billion yen compared with the same period last year, the components of which were underwriting expenses of 2,181.2 billion yen, investment expenses of 19.0 billion yen, operating, general and administrative expenses of 457.6 billion yen and other ordinary expenses of 91.0 billion yen.

As a result of the foregoing, Sompo Holdings, Inc. (the "Company") reported ordinary profit, calculated as ordinary income minus ordinary expenses, of 107.4 billion yen, a decrease of 58.0 billion yen from the same period last year. The main reason for the decrease in profits was an increase in net incurred loss by overseas consolidated subsidiaries due to natural disasters outside Japan, including Hurricanes in North America, etc.

Meanwhile, 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 137.2 billion yen, an increase of 27.4 billion yen from the same period last year due mainly to the recording of a gain on liquidation of subsidiaries resulting from a reorganization of overseas consolidated subsidiaries as extraordinary gains, as well as a decrease in income tax expenses associated with reorganization.

(2) Qualitative Information Related to Consolidated Financial Condition

Total assets as of December 31, 2017 amounted to 12,546.9 billion yen on a consolidated basis, an increase of 615.7 billion yen from March 31, 2017, due mainly to an increase in unrealized gains and losses on securities available for sale and 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 189.0 billion yen and net income attributable to shareholders of the parent of 152.0 billion yen. There is no change from the forecasts in the Summary of Consolidated Financial Results disclosed on November 17, 2017.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets:		
Cash and deposits	814,217	825,141
Receivables under resale agreements	54,999	74,999
Monetary receivables bought	11,718	6,581
Money trusts	104,423	101,283
Securities	8,303,829	8,709,482
Loans	638,768	657,277
Tangible fixed assets	402,480	398,909
Intangible fixed assets	469,825	429,932
Other assets	1,119,434	1,322,821
Net defined benefit asset	756	641
Deferred tax assets	17,194	26,149
Allowance for possible credit losses	(6,512)	(6,303)
Total assets	11,931,135	12,546,915
Liabilities:		
Underwriting funds:	8,335,158	8,528,999
Reserve for outstanding losses and claims	1,674,277	1,758,545
Underwriting reserves	6,660,881	6,770,453
Corporate bonds	424,991	511,924
Other liabilities	978,343	1,064,379
Net defined benefit liability	134,263	139,491
Reserve for retirement benefits to directors	36	40
Reserve for bonus payments	35,253	14,428
Reserve for bonus payments to directors	306	—
Reserve for stocks payments	445	937
Reserves under the special laws:	74,200	83,417
Reserve for price fluctuation	74,200	83,417
Deferred tax liabilities	79,195	149,518
Total liabilities	10,062,195	10,493,136
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	408,382	408,335
Retained earnings	501,561	600,105
Treasury stock	(71,459)	(128,176)
Total shareholders' equity	938,529	980,310
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	863,455	1,090,326
Deferred gains and losses on hedges	8,003	4,661
Foreign currency translation adjustments	22,663	(22,527)
Remeasurements of defined benefit plans	(29,676)	(27,642)
Total accumulated other comprehensive income	864,445	1,044,817
Stock acquisition rights	926	752
Non-controlling interests	65,038	27,896
Total net assets	1,868,940	2,053,778
Total liabilities and net assets	11,931,135	12,546,915

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

Quarterly Consolidated Statement of Income

Nine months ended December 31, 2017

(Millions of yen)

	Nine months ended December 31, 2016 (April 1 to December 31, 2016)	Nine months ended December 31, 2017 (April 1 to December 31, 2017)
Ordinary income:	2,503,879	2,856,457
Underwriting income:	2,255,001	2,562,331
Net premiums written	1,886,340	2,179,697
Deposits of premiums by policyholders	102,221	91,859
Interest and dividend income on deposits of premiums, etc.	33,540	29,815
Life insurance premiums written	231,065	253,815
Investment income:	150,215	187,680
Interest and dividend income	124,233	139,749
Investment gains on money trusts	1,658	4,990
Investment gains on trading securities	4,891	10,194
Gains on sales of securities	43,624	54,850
Transfer of interest and dividend income on deposits of premiums, etc.	(33,540)	(29,815)
Other ordinary income	98,663	106,445
Ordinary expenses:	2,338,357	2,748,994
Underwriting expenses:	1,861,085	2,181,232
Net claims paid	1,048,591	1,251,181
Loss adjustment expenses	102,406	104,328
Net commissions and brokerage fees	353,761	382,575
Maturity refunds to policyholders	166,220	168,911
Life insurance claims paid and other payments	60,643	66,373
Provision for reserve for outstanding losses and claims	26,495	88,626
Provision for underwriting reserves	97,174	115,808
Investment expenses:	25,811	19,065
Investment losses on money trusts	145	131
Losses on sales of securities	4,143	3,268
Impairment losses on securities	2,229	1,457
Operating, general and administrative expenses	367,632	457,631
Other ordinary expenses:	83,827	91,065
Interest paid	7,406	11,015
Ordinary profit	165,521	107,463
Extraordinary gains:	771	26,924
Gains on disposal of fixed assets	702	946
Other extraordinary gains	69	25,978
Extraordinary losses:	12,817	21,463
Losses on disposal of fixed assets	5,655	1,095
Impairment losses	244	11,132
Provision for reserves under the special laws:	6,909	9,216
Provision for reserve for price fluctuation	6,909	9,216
Losses on reduction of real estate	7	18
Net income before income taxes	153,476	112,924
Income taxes and deferred income taxes	43,445	(20,798)
Net income	110,030	133,722
Net income (loss) attributable to non-controlling interests	246	(3,517)
Net income attributable to shareholders of the parent	109,783	137,239

Quarterly Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2017

(Millions of yen)

	Nine months ended December 31, 2016 (April 1 to December 31, 2016)	Nine months ended December 31, 2017 (April 1 to December 31, 2017)
Net income	110,030	133,722
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	90,542	227,179
Deferred gains and losses on hedges	26,229	(3,341)
Foreign currency translation adjustments	(58,161)	(44,078)
Remeasurements of defined benefit plans	1,368	2,027
Share of other comprehensive income of affiliates accounted for under the equity method	22	44
Total other comprehensive income	60,000	181,831
Comprehensive income	170,031	315,553
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	170,517	318,658
Comprehensive income attributable to non-controlling shareholders	(486)	(3,104)

(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 third 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 nine months ended December 31, 2017 increased by 2,360 million yen, compared with the previous accounting method.

3. Supplementary Information

(1) Summary of Results of Operations (Consolidated)

(Millions of yen)

	Nine months ended December 31, 2016 (April 1 to December 31, 2016)	Nine months ended December 31, 2017 (April 1 to December 31, 2017)	Increase (Decrease)	Rate of change
				%
Ordinary income and expenses:				
Underwriting income:	2,255,001	2,562,331	307,329	13.6
Net premiums written	1,886,340	2,179,697	293,357	15.6
Deposits of premiums by policyholders	102,221	91,859	(10,361)	(10.1)
Life insurance premiums written	231,065	253,815	22,749	9.8
Underwriting expenses:	1,861,085	2,181,232	320,146	17.2
Net claims paid	1,048,591	1,251,181	202,590	19.3
Loss adjustment expenses	102,406	104,328	1,921	1.9
Net commissions and brokerage fees	353,761	382,575	28,813	8.1
Maturity refunds to policyholders	166,220	168,911	2,690	1.6
Life insurance claims paid and other payments	60,643	66,373	5,729	9.4
Provision for reserve for outstanding losses and claims	26,495	88,626	62,130	234.5
Provision for underwriting reserves	97,174	115,808	18,633	19.2
Investment income:	150,215	187,680	37,464	24.9
Interest and dividend income	124,233	139,749	15,515	12.5
Gains on sales of securities	43,624	54,850	11,225	25.7
Investment expenses:	25,811	19,065	(6,746)	(26.1)
Losses on sales of securities	4,143	3,268	(875)	(21.1)
Impairment losses on securities	2,229	1,457	(771)	(34.6)
Operating, general and administrative expenses	367,632	457,631	89,998	24.5
Other ordinary income and expenses	14,836	15,380	544	3.7
Ordinary profit	165,521	107,463	(58,058)	(35.1)
Extraordinary gains and losses:				
Extraordinary gains	771	26,924	26,152	3,390.0
Extraordinary losses	12,817	21,463	8,645	67.5
Extraordinary gains and losses	(12,045)	5,461	17,506	—
Net income before income taxes	153,476	112,924	(40,551)	(26.4)
Income taxes and deferred income taxes	43,445	(20,798)	(64,243)	(147.9)
Net income	110,030	133,722	23,691	21.5
Net income (loss) attributable to non-controlling interests	246	(3,517)	(3,763)	(1,525.5)
Net income attributable to shareholders of the parent	109,783	137,239	27,455	25.0

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

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2016 (April 1 to December 31, 2016)			Nine months ended December 31, 2017 (April 1 to December 31, 2017)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	342,285	16.1	(11.1)	398,440	16.6	16.4
Marine insurance	64,629	3.0	(5.8)	79,337	3.3	22.8
Personal accident insurance	229,466	10.8	3.8	222,414	9.3	(3.1)
Voluntary automobile insurance	928,907	43.7	4.7	938,877	39.2	1.1
Compulsory automobile liability insurance	233,457	11.0	(1.9)	223,585	9.3	(4.2)
Others	326,584	15.4	1.0	534,126	22.3	63.5
Total	2,125,330	100.0	0.1	2,396,780	100.0	12.8
Deposits of premiums by policyholders	102,221	4.8	8.4	91,859	3.8	(10.1)

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

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2016 (April 1 to December 31, 2016)			Nine months ended December 31, 2017 (April 1 to December 31, 2017)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	262,443	13.9	(18.4)	345,904	15.9	31.8
Marine insurance	59,183	3.1	(12.4)	82,951	3.8	40.2
Personal accident insurance	147,787	7.8	(0.9)	148,792	6.8	0.7
Voluntary automobile insurance	924,726	49.0	4.1	934,449	42.9	1.1
Compulsory automobile liability insurance	219,786	11.7	(6.1)	223,827	10.3	1.8
Others	272,414	14.4	(2.4)	443,770	20.4	62.9
Total	1,886,340	100.0	(2.7)	2,179,697	100.0	15.6

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

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2016 (April 1 to December 31, 2016)			Nine months ended December 31, 2017 (April 1 to December 31, 2017)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	174,080	16.6	(12.2)	240,013	19.2	37.9
Marine insurance	29,132	2.8	(20.2)	41,152	3.3	41.3
Personal accident insurance	73,812	7.0	(7.4)	75,290	6.0	2.0
Voluntary automobile insurance	470,679	44.9	(0.8)	504,376	40.3	7.2
Compulsory automobile liability insurance	171,673	16.4	(0.6)	164,350	13.1	(4.3)
Others	129,212	12.3	(7.5)	225,998	18.1	74.9
Total	1,048,591	100.0	(4.8)	1,251,181	100.0	19.3

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, 2017			As of December 31, 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	1,196,431	1,476,017	279,586
Foreign securities	2,070	2,044	(26)	3,354	3,402	47
Total	1,205,755	1,483,082	277,326	1,199,785	1,479,419	279,634

2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2017			As of December 31, 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	253,062	271,869	18,806
Total	199,659	215,634	15,974	253,062	271,869	18,806

3. Securities available for sale

(Millions of yen)

	As of March 31, 2017			As of December 31, 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	1,984,180	2,166,441	182,261
Domestic stocks	632,392	1,520,117	887,725	603,325	1,749,015	1,145,690
Foreign securities	2,324,203	2,427,781	103,578	2,613,975	2,768,506	154,531
Others	58,725	63,907	5,182	53,105	59,434	6,329
Total	5,034,273	6,215,382	1,181,109	5,254,586	6,743,399	1,488,813

Notes)

As of March 31, 2017	As of December 31, 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 1,347 million yen (foreign securities only). 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.