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February 14, 2019

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the nine months ended December 31, 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: February 14, 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 nine months ended December 31, 2018 (April 1 to December 31, 2018)

(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, 2018	2,724,530	(4.6)	163,396	52.0	118,433	(13.7)
Nine months ended December 31, 2017	2,856,457	14.1	107,463	(35.1)	137,239	25.0

Note) Comprehensive income: Nine months ended December 31, 2018 (106,013) million yen — %
Nine months ended December 31, 2017 315,553 million yen 85.6 %

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2018	316.46	316.22
Nine months ended December 31, 2017	352.85	352.55

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of December 31, 2018	11,969,919	1,729,273	14.2
As of March 31, 2018	11,948,323	1,916,210	15.8

Reference) Equity capital: As of December 31, 2018 1,704,217 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: None

(Notes)

(1) Changes in significant subsidiaries during the nine months ended December 31, 2018 (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: None

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, 2018	373,330,489	shares
As of March 31, 2018	415,352,294	shares

②Treasury stock:

As of December 31, 2018	905,301	shares
As of March 31, 2018	34,772,350	shares

③Average number of shares outstanding:

For the nine months ended December 31, 2018	374,239,836	shares
For the nine months ended December 31, 2017	388,940,732	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.

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1. Qualitative Information Related to Consolidated Financial Results for the nine months ended December 31, 2018

(1) Qualitative Information Related to Consolidated Results of Operations

During the nine months ended December 31, 2018, the global economy continued to gradually recover as a whole due to the good condition of the U.S. economy, despite the rising uncertainty for growth result from the trade dispute between the U.S. and China. The Japanese economy remained on a moderate recovery path, supported by increases in corporate production and capital investment as well as a rebound in personal consumption reflecting improvement in employment conditions.

Under these circumstances, the consolidated financial results of Sompo Holdings Group ("SOMPO HOLDINGS") for the nine months ended December 31, 2018 were as follows:

Ordinary income decreased by 131.9 billion yen to 2,724.5 billion yen compared with the same period last year, the components of which were underwriting income of 2,435.9 billion yen, investment income of 180.3 billion yen and other ordinary income of 108.2 billion yen. Meanwhile, ordinary expenses decreased by 187.8 billion yen to 2,561.1 billion yen compared with the same period last year, the components of which were underwriting expenses of 2,037.7 billion yen, investment expenses of 20.9 billion yen, operating, general and administrative expenses of 406.2 billion yen and other ordinary expenses of 96.1 billion yen.

As a result of the foregoing, Sompo Holdings, Inc. (the "Company") reported ordinary profit, calculated as ordinary income minus ordinary expenses, of 163.3 billion yen, an increase of 55.9 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 118.4 billion yen, a decrease of 18.8 billion yen from the same period last year.

(2) Qualitative Information Related to Consolidated Financial Condition

Total assets as of December 31, 2018 amounted to 11,969.9 billion yen on a consolidated basis, an increase of 21.5 billion yen from March 31, 2018, due mainly to an increase in other assets, despite a decrease in securities.

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

For the fiscal year ending March 31, 2019, the Company is forecasting consolidated ordinary profit of 237.0 billion yen and net income attributable to shareholders of the parent of 170.0 billion yen. There is no change from the forecasts in the summary of consolidated financial results disclosed on November 19, 2018.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets:		
Cash and deposits	894,437	916,721
Receivables under resale agreements	74,998	44,999
Monetary receivables bought	6,727	9,961
Money trusts	98,744	53,116
Securities	8,275,132	8,063,155
Loans	668,419	696,645
Tangible fixed assets	354,593	356,734
Intangible fixed assets	402,839	406,348
Other assets	1,155,305	1,406,150
Net defined benefit asset	1,062	1,119
Deferred tax assets	22,312	21,811
Allowance for possible credit losses	(6,249)	(6,846)
Total assets	11,948,323	11,969,919
Liabilities:		
Underwriting funds:	8,277,130	8,315,948
Reserve for outstanding losses and claims	1,563,825	1,590,785
Underwriting reserves	6,713,304	6,725,163
Corporate bonds	512,045	512,233
Other liabilities	939,362	1,190,668
Net defined benefit liability	102,992	108,330
Reserve for retirement benefits to directors	40	45
Reserve for bonus payments	31,731	13,707
Reserve for bonus payments to directors	290	—
Reserve for stocks payments	937	1,347
Reserves under the special laws:	86,095	89,619
Reserve for price fluctuation	86,095	89,619
Deferred tax liabilities	81,487	8,745
Total liabilities	10,032,113	10,240,645
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	408,335	244,175
Retained earnings	603,615	684,486
Treasury stock	(128,182)	(2,906)
Total shareholders' equity	983,814	1,025,801
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	922,425	716,810
Deferred gains and losses on hedges	7,050	6,210
Foreign currency translation adjustments	(22,317)	(41,820)
Remeasurements of defined benefit plans	(3,205)	(2,783)
Total accumulated other comprehensive income	903,954	678,416
Stock acquisition rights	749	639
Non-controlling interests	27,692	24,416
Total net assets	1,916,210	1,729,273
Total liabilities and net assets	11,948,323	11,969,919

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

Quarterly Consolidated Statement of Income

Nine months ended December 31, 2018

(Millions of yen)

	Nine months ended December 31, 2017 (April 1 to December 31, 2017)	Nine months ended December 31, 2018 (April 1 to December 31, 2018)
Ordinary income:	2,856,457	2,724,530
Underwriting income:	2,562,331	2,435,916
Net premiums written	2,179,697	2,065,819
Deposits of premiums by policyholders	91,859	84,635
Interest and dividend income on deposits of premiums, etc.	29,815	27,982
Life insurance premiums written	253,815	254,523
Investment income:	187,680	180,347
Interest and dividend income	139,749	143,821
Investment gains on money trusts	4,990	4,611
Investment gains on trading securities	10,194	362
Gains on sales of securities	54,850	54,592
Transfer of interest and dividend income on deposits of premiums, etc.	(29,815)	(27,982)
Other ordinary income	106,445	108,266
Ordinary expenses:	2,748,994	2,561,134
Underwriting expenses:	2,181,232	2,037,798
Net claims paid	1,251,181	1,283,821
Loss adjustment expenses	104,328	99,182
Net commissions and brokerage fees	382,575	378,433
Maturity refunds to policyholders	168,911	152,248
Life insurance claims paid and other payments	66,373	66,676
Provision for reserve for outstanding losses and claims	88,626	28,160
Provision for underwriting reserves	115,808	22,246
Investment expenses:	19,065	20,988
Investment losses on money trusts	131	988
Losses on sales of securities	3,268	8,218
Impairment losses on securities	1,457	7,341
Operating, general and administrative expenses	457,631	406,214
Other ordinary expenses:	91,065	96,133
Interest paid	11,015	10,547
Ordinary profit	107,463	163,396
Extraordinary gains:	26,924	273
Gains on disposal of fixed assets	946	273
Other extraordinary gains	25,978	—
Extraordinary losses:	21,463	5,308
Losses on disposal of fixed assets	1,095	857
Impairment losses	11,132	—
Provision for reserves under the special laws:	9,216	3,523
Provision for reserve for price fluctuation	9,216	3,523
Losses on reduction of real estate	18	—
Other extraordinary losses	—	926
Net income before income taxes	112,924	158,362
Income taxes and deferred income taxes	(20,798)	42,048
Net income	133,722	116,313
Net loss attributable to non-controlling shareholders	(3,517)	(2,120)
Net income attributable to shareholders of the parent	137,239	118,433

Quarterly Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2018

(Millions of yen)

	Nine months ended December 31, 2017 (April 1 to December 31, 2017)	Nine months ended December 31, 2018 (April 1 to December 31, 2018)
Net income	133,722	116,313
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	227,179	(202,216)
Deferred gains and losses on hedges	(3,341)	(840)
Foreign currency translation adjustments	(44,078)	(19,573)
Remeasurements of defined benefit plans	2,027	421
Share of other comprehensive income of affiliates accounted for under the equity method	44	(117)
Total other comprehensive income	181,831	(222,326)
Comprehensive income	315,553	(106,013)
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	318,658	(103,574)
Comprehensive income attributable to non-controlling shareholders	(3,104)	(2,438)

(3) Notes on Going-Concern Assumption

None.

(4) Notes on Significant Changes in Shareholders' Equity

On November 30, 2018, the company cancelled its treasury stock of 42,021,805 shares in accordance with the resolution approved at the Board Meeting held on November 19, 2018. As a result, the balances of capital surplus and treasury stock as of December 31, 2018 were 244,175 million yen and 2,906 million yen respectively, with decreases of 164,112 million yen for the nine months ended December 31, 2018.

(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)

ASU No.2016-01 "Recognition and Measurement of Financial Assets and Financial Liabilities." has been early applied since the beginning of the fiscal year 2018 at overseas consolidated subsidiaries that apply US GAAP.

ASU No.2016-01 requires equity investments except the investments in consolidated subsidiaries and affiliates accounted for under the equity method (hereinafter the "Equity Investments") to be measured at fair value with changes in fair value recognized in net income or loss. Due to this update, previously, the Company has changed the Equity Investments classified as securities available for sale in overseas consolidated subsidiaries into trading securities since the beginning of the fiscal year 2018 and has changed the method of recording changes in unrealized gains and losses related to the Equity Investments in the consolidated statement of comprehensive income into the method of recording changes in unrealized gains and losses related to the Equity Investments in the consolidated statement of income.

The Company has transferred unrealized gains and losses on securities available for sale related to the Equity Investments at the end of the fiscal year ended March 31, 2018 to retained earnings at the beginning of the fiscal year 2018.

As a result, retained earnings have increased by 3,529 million yen and unrealized gains and losses on securities available for sale has decreased by the same amount at the beginning of the fiscal year 2018. The effect on ordinary profit and net income before income taxes for the nine months ended December 31, 2018 was immaterial.

3. Supplementary Information

(1) Summary of Results of Operations (Consolidated)

(Millions of yen)

	Nine months ended December 31, 2017 (April 1 to December 31, 2017)	Nine months ended December 31, 2018 (April 1 to December 31, 2018)	Increase (Decrease)	Rate of change
				%
Ordinary income and expenses:				
Underwriting income:	2,562,331	2,435,916	(126,414)	(4.9)
Net premiums written	2,179,697	2,065,819	(113,878)	(5.2)
Deposits of premiums by policyholders	91,859	84,635	(7,224)	(7.9)
Life insurance premiums written	253,815	254,523	708	0.3
Underwriting expenses:	2,181,232	2,037,798	(143,434)	(6.6)
Net claims paid	1,251,181	1,283,821	32,639	2.6
Loss adjustment expenses	104,328	99,182	(5,145)	(4.9)
Net commissions and brokerage fees	382,575	378,433	(4,142)	(1.1)
Maturity refunds to policyholders	168,911	152,248	(16,662)	(9.9)
Life insurance claims paid and other payments	66,373	66,676	302	0.5
Provision for reserve for outstanding losses and claims	88,626	28,160	(60,465)	(68.2)
Provision for underwriting reserves	115,808	22,246	(93,561)	(80.8)
Investment income:	187,680	180,347	(7,332)	(3.9)
Interest and dividend income	139,749	143,821	4,072	2.9
Gains on sales of securities	54,850	54,592	(257)	(0.5)
Investment expenses:	19,065	20,988	1,923	10.1
Losses on sales of securities	3,268	8,218	4,950	151.5
Impairment losses on securities	1,457	7,341	5,883	403.6
Operating, general and administrative expenses	457,631	406,214	(51,417)	(11.2)
Other ordinary income and expenses	15,380	12,132	(3,247)	(21.1)
Ordinary profit	107,463	163,396	55,933	52.0
Extraordinary gains and losses:				
Extraordinary gains	26,924	273	(26,650)	(99.0)
Extraordinary losses	21,463	5,308	(16,155)	(75.3)
Extraordinary gains and losses	5,461	(5,034)	(10,495)	(192.2)
Net income before income taxes	112,924	158,362	45,437	40.2
Income taxes and deferred income taxes	(20,798)	42,048	62,846	—
Net income	133,722	116,313	(17,409)	(13.0)
Net loss attributable to non-controlling interests	(3,517)	(2,120)	1,396	—
Net income attributable to shareholders of the parent	137,239	118,433	(18,805)	(13.7)

(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, 2017 (April 1 to December 31, 2017)			Nine months ended December 31, 2018 (April 1 to December 31, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	398,440	16.6	16.4	397,159	16.9	(0.3)
Marine insurance	79,337	3.3	22.8	66,826	2.8	(15.8)
Personal accident insurance	222,414	9.3	(3.1)	208,346	8.9	(6.3)
Voluntary automobile insurance	938,877	39.2	1.1	899,791	38.3	(4.2)
Compulsory automobile liability insurance	223,585	9.3	(4.2)	219,314	9.3	(1.9)
Others	534,126	22.3	63.5	557,436	23.7	4.4
Total	2,396,780	100.0	12.8	2,348,874	100.0	(2.0)
Deposits of premiums by policyholders	91,859	3.8	(10.1)	84,635	3.6	(7.9)

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, 2017 (April 1 to December 31, 2017)			Nine months ended December 31, 2018 (April 1 to December 31, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	345,904	15.9	31.8	290,332	14.1	(16.1)
Marine insurance	82,951	3.8	40.2	64,106	3.1	(22.7)
Personal accident insurance	148,792	6.8	0.7	139,203	6.7	(6.4)
Voluntary automobile insurance	934,449	42.9	1.1	895,916	43.4	(4.1)
Compulsory automobile liability insurance	223,827	10.3	1.8	207,430	10.0	(7.3)
Others	443,770	20.4	62.9	468,830	22.7	5.6
Total	2,179,697	100.0	15.6	2,065,819	100.0	(5.2)

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, 2017 (April 1 to December 31, 2017)			Nine months ended December 31, 2018 (April 1 to December 31, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	240,013	19.2	37.9	283,879	22.1	18.3
Marine insurance	41,152	3.3	41.3	34,854	2.7	(15.3)
Personal accident insurance	75,290	6.0	2.0	71,790	5.6	(4.6)
Voluntary automobile insurance	504,376	40.3	7.2	501,228	39.0	(0.6)
Compulsory automobile liability insurance	164,350	13.1	(4.3)	158,995	12.4	(3.3)
Others	225,998	18.1	74.9	233,073	18.2	3.1
Total	1,251,181	100.0	19.3	1,283,821	100.0	2.6

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 December 31, 2018		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,195,241	1,480,620	285,378	1,189,868	1,471,550	281,681
Foreign securities	4,015	4,066	50	8,944	8,790	(153)
Total	1,199,257	1,484,687	285,429	1,198,812	1,480,340	281,528

2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2018			As of December 31, 2018		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	267,978	290,029	22,051	346,580	371,376	24,795
Total	267,978	290,029	22,051	346,580	371,376	24,795

3. Securities available for sale

(Millions of yen)

	As of March 31, 2018			As of December 31, 2018		
	Cost	Carrying amount	Unrealized gains and losses	Cost	Carrying amount	Unrealized gains and losses
Domestic bonds	1,963,520	2,147,833	184,312	1,988,002	2,167,162	179,160
Domestic stocks	592,116	1,588,589	996,473	558,892	1,306,160	747,268
Foreign securities	2,648,568	2,726,452	77,884	2,631,333	2,691,204	59,870
Others	61,487	67,581	6,094	63,189	67,718	4,529
Total	5,265,692	6,530,456	1,264,764	5,241,418	6,232,246	990,828

Notes)

As of March 31, 2018	As of December 31, 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 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 1,627 million yen (foreign securities only). 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 5,274 million yen (domestic stocks: 4,789 million yen, foreign securities: 484 million yen). Basically, impairment losses on securities are recognized if fair value at the end of the third quarter declines by 30% or more from their cost.