

**UNOFFICIAL TRANSLATION**

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February 13, 2015

## Sompo Japan Nipponkoa Holdings, Inc.

### Summary of Consolidated Financial Results for the nine months ended December 31, 2014 [Under Japanese GAAP]

Company Name: Sompo Japan Nipponkoa Holdings, Inc.  
 Listed on: Tokyo Stock Exchange  
 Securities Code: 8630  
 URL: <http://www.sompo-hd.com/>  
 Representative: Kengo Sakurada, President  
 Scheduled date to file Quarterly Securities Report: February 13, 2015  
 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, 2014 (April 1 to December 31, 2014)

##### (1) Consolidated Results of Operations (accumulated)

(Note) Percentages are changes from corresponding period of previous fiscal year.

	Ordinary income		Ordinary profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%
Nine months ended December 31, 2014	2,421,772	9.4	158,510	62.3	43,327	(8.5)
Nine months ended December 31, 2013	2,213,897	5.7	97,645	194.1	47,374	814.1

Note) Comprehensive income:   
 Nine months ended December 31, 2014 366,285 million yen 52.6 %  
 Nine months ended December 31, 2013 240,095 million yen 302.3 %

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2014	106.00	105.82
Nine months ended December 31, 2013	114.61	114.39

##### (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of December 31, 2014	10,058,963	1,726,843	17.1
As of March 31, 2014	9,499,799	1,390,153	14.5

Reference) Equity capital: As of December 31, 2014 1,718,653 million yen  
 As of March 31, 2014 1,382,205 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, 2014	—	30.00	—	30.00	60.00
Fiscal year ending March 31, 2015	—	30.00	—	—	—
Fiscal year ending March 31, 2015 (Forecast)	—	—	—	30.00	60.00

Note) Revisions to the latest announced dividends forecasts: None

### 3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2015 (April 1, 2014 to March 31, 2015)

Note) Percentages are changes from previous fiscal year.

	Ordinary profit		Net income		Net income per share
	millions of yen	%	millions of yen	%	yen
Full year	172,000	53.0	45,000	1.9	110.00

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

#### (Notes)

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2014 (changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes  
 Increase: 1 (Company Name: Canopus Group Limited)  
 Decrease: 3 (Company Names: NIPPONKOA Insurance Company, Limited, Sompo Japan DIY Life Insurance CO., LTD. and Yasuda Seguros S.A.)

(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: Yes  
 ② Changes in accounting policies due to reasons other than the above: None  
 ③ Changes in accounting estimations: None  
 ④ Retrospective restatements: None

Note) Please refer to "2. (3) Changes in Accounting Policies, Changes in Accounting Estimations, and Retrospective Restatements" on page 3 for details.

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

- ① Total shares outstanding including treasury stock:  
 As of December 31, 2014 415,352,294 shares  
 As of March 31, 2014 415,352,294 shares
- ② Treasury stock:  
 As of December 31, 2014 7,349,118 shares  
 As of March 31, 2014 4,068,086 shares
- ③ Average number of shares outstanding:  
 For the nine months ended December 31, 2014 408,723,271 shares  
 For the nine months ended December 31, 2013 413,317,775 shares

#### (Expression of implementation status of quarterly review procedures)

This summary is outside the scope of the quarterly review procedures which are required by the Financial Instruments and Exchange Act, and the review procedures of the quarterly consolidated financial statements have been completed as of the date of the disclosure of this summary.

#### (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.

## Contents – Appendices

<b>1. Qualitative Information Related to Consolidated Financial Results for the nine months ended</b>	
<b>December 31, 2014</b> .....	<b>2</b>
(1) Qualitative Information Related to Consolidated Results of Operations .....	2
(2) Qualitative Information Related to Consolidated Financial Condition .....	2
(3) Qualitative Information Related to the Forecasts of Consolidated Financial Results .....	2
<b>2. Information Concerning Notes in the Summarized Information</b> .....	<b>3</b>
(1) Changes in Significant Subsidiaries during the nine months ended December 31, 2014 .....	3
(2) Application of Accounting Methods Used Specifically for the Preparation of the Quarterly Consolidated Financial Statements .....	3
(3) Changes in Accounting Policies, Changes in Accounting Estimations, and Retrospective Restatements ...	3
<b>3. Quarterly Consolidated Financial Statements</b> .....	<b>4</b>
(1) Quarterly Consolidated Balance Sheet .....	4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income .....	5
(3) Notes on Going-Concern Assumption .....	8
(4) Notes on Significant Changes in Shareholders' Equity .....	8
<b>4. Supplementary Information</b> .....	<b>9</b>
(1) Summary of Results of Operations (Consolidated) .....	9
(2) Premiums Written and Claims Paid by Business Lines (Consolidated) .....	10
(3) Securities (Consolidated) .....	11

## **1. Qualitative Information Related to Consolidated Financial Results for the nine months ended December 31, 2014**

### **(1) Qualitative Information Related to Consolidated Results of Operations**

During the nine months ended December 31, 2014, the Japanese economy continued to stage a moderate recovery, due mainly to solid growth in capital investment, public works spending and certain other areas. This was despite sluggishness in some sectors, such as personal consumption.

Under these circumstances, the Sompo Japan Nipponkoa Group's consolidated financial results for the nine months ended December 31, 2014 were as follows:

Ordinary income increased by 207.8 billion yen to 2,421.7 billion yen compared to the nine months ended December 31, 2013, the components of which were underwriting income of 2,246.0 billion yen, investment income of 157.1 billion yen and other ordinary income of 18.5 billion yen. Meanwhile, ordinary expenses increased by 147.0 billion yen to 2,263.2 billion yen compared to the nine months ended December 31, 2013, the components of which were underwriting expenses of 1,907.7 billion yen, investment expenses of 9.4 billion yen, operating, general and administrative expenses of 338.4 billion yen and other ordinary expenses of 7.5 billion yen.

As a result of the foregoing, Sompo Japan Nipponkoa Holdings, Inc. (the "Company") reported ordinary profit, calculated as ordinary income minus ordinary expenses, of 158.5 billion yen, an increase of 60.8 billion yen from the same period last year.

The Company posted net income, after extraordinary items, net of income taxes and deferred income taxes and income attributable to non-controlling interests, of 43.3 billion yen, a decrease of 4.0 billion yen compared with the same period last year. This decrease was due mainly to costs related to the merger of Sompo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited as extraordinary losses.

### **(2) Qualitative Information Related to Consolidated Financial Condition**

Total assets as of December 31, 2014 amounted to 10,058.9 billion yen on a consolidated basis, an increase of 559.1 billion yen from March 31, 2014, due mainly to an increase in unrealized gains and losses on securities available for sale.

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

For the fiscal year ending March 31, 2015 (full fiscal year), the Company is forecasting consolidated ordinary profit of 172.0 billion yen, and net income of 45.0 billion yen. There is no change from the forecasts in the Summary of Consolidated Financial Results disclosed on November 19, 2014.

## 2. Information Concerning Notes in the Summarized Information

### (1) Changes in Significant Subsidiaries during the nine months ended December 31, 2014

NIPPONKOA Insurance Company, Limited no longer exists due to the merger on September 1, 2014 with Sompo Japan Insurance Inc., which changed its name to Sompo Japan Nipponkoa Insurance Inc. on the same date.

### (2) 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.

### (3) Changes in Accounting Policies, Changes in Accounting Estimations, and Retrospective Restatements

#### (Changes in accounting policies)

Sompo Japan Nipponkoa Holdings, Inc. (the "Company") has applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, May 17, 2012, hereinafter "Retirement Benefits Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25, May 17, 2012, hereinafter "Retirement Benefits Guidance") with regard to the provisions laid down in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Retirement Benefits Guidance from the three months ended June 30, 2014. Accordingly, the Company reviewed the calculation method for retirement benefit obligation and service cost, and changed the method of attributing expected benefit to periods from straight-line attribution method or point method to benefit formula method. The Company also changed the way of determining discount rate, from use of the number of years approximate to average remaining service period of employees as bond maturity, which is the basis of determining the discount rate, to use of a single weighted average discount rate reflecting the expected periods of payment of retirement benefits and amount of benefit payment for each expected payment period.

Application of the Retirement Benefits Accounting Standard, etc. is in line with the transitional measures provided in Paragraph 37 of the Retirement Benefits Accounting Standard. The impact from the change in calculation method for retirement benefit obligation and service cost was recognized as retained earnings at the beginning of the nine months ended December 31, 2014.

As a result, net defined benefit liability decreased by 6,733 million yen and retained earnings increased by 4,665 million yen at the beginning of the nine months ended December 31, 2014. The impact on ordinary profit and net income before income taxes and non-controlling interests for the nine months ended December 31, 2014 was immaterial.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2014	As of December 31, 2014
Assets:		
Cash and deposits	471,481	374,519
Call loans	75,000	90,000
Receivables under resale agreements	126,984	97,980
Monetary receivables bought	16,951	14,899
Money trusts	97,850	101,038
Securities	6,896,907	7,564,416
Loans	606,541	603,740
Tangible fixed assets	349,968	341,828
Intangible fixed assets	66,904	98,155
Other assets	720,934	769,427
Net defined benefit asset	240	238
Deferred tax assets	63,095	8,770
Customers' liabilities for acceptances and guarantees	12,299	—
Allowance for possible credit losses	(5,360)	(6,050)
<b>Total assets</b>	<b>9,499,799</b>	<b>10,058,963</b>
Liabilities:		
Underwriting funds:	7,301,760	7,560,937
Reserve for outstanding losses and claims	1,100,613	1,243,847
Underwriting reserves	6,201,146	6,317,090
Corporate bonds	261,560	141,673
Other liabilities	371,054	395,791
Net defined benefit liability	95,814	91,463
Reserve for retirement benefits to directors	58	60
Reserve for bonus payments	22,195	9,805
Reserve for bonus payments to directors	185	—
Reserves under the special laws:	43,790	51,270
Reserve for price fluctuation	43,790	51,270
Deferred tax liabilities	926	81,115
Acceptances and guarantees	12,299	—
<b>Total liabilities</b>	<b>8,109,646</b>	<b>8,332,119</b>
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	438,536	438,336
Retained earnings	188,087	211,734
Treasury stock	(9,825)	(19,153)
<b>Total shareholders' equity</b>	<b>716,845</b>	<b>730,962</b>
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	659,375	970,228
Deferred gains and losses on hedges	7,205	8,002
Foreign currency translation adjustments	(4,341)	5,249
Remeasurements of defined benefit plans	3,120	4,211
<b>Total accumulated other comprehensive income</b>	<b>665,360</b>	<b>987,691</b>
Stock acquisition rights	1,851	1,623
Non-controlling interests	6,096	6,565
<b>Total net assets</b>	<b>1,390,153</b>	<b>1,726,843</b>
<b>Total liabilities and net assets</b>	<b>9,499,799</b>	<b>10,058,963</b>

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income  
 Quarterly Consolidated Statement of Income  
 Nine months ended December 31, 2014

	(Millions of yen)	
	Nine months ended December 31, 2013 (April 1 to December 31, 2013)	Nine months ended December 31, 2014 (April 1 to December 31, 2014)
Ordinary income:	2,213,897	2,421,772
Underwriting income:	2,037,040	2,246,049
Net premiums written	1,683,708	1,868,106
Deposits of premiums by policyholders	107,717	118,885
Interest and dividend income on deposits of premiums, etc.	36,608	34,144
Life insurance premiums written	200,880	202,022
Reversal of reserve for outstanding losses and claims	—	14,809
Investment income:	167,017	157,128
Interest and dividend income	121,087	121,565
Investment gains on money trusts	3,880	4,338
Investment gains on trading securities	—	4,569
Gains on sales of securities	64,993	45,953
Transfer of interest and dividend income on deposits of premiums, etc.	(36,608)	(34,144)
Other ordinary income	9,839	18,594
Ordinary expenses:	2,116,251	2,263,261
Underwriting expenses:	1,754,995	1,907,786
Net claims paid	984,568	1,103,735
Loss adjustment expenses	102,150	102,789
Net commissions and brokerage fees	303,943	352,801
Maturity refunds to policyholders	212,333	219,000
Life insurance claims paid and other payments	53,662	57,833
Provision for reserve for outstanding losses and claims	9,952	—
Provision for underwriting reserves	84,627	68,565
Investment expenses:	22,723	9,495
Investment losses on money trusts	354	180
Investment losses on trading securities	154	—
Losses on sales of securities	4,305	1,069
Impairment losses on securities	1,019	1,359
Operating, general and administrative expenses	326,616	338,427
Other ordinary expenses:	11,916	7,552
Interest paid	8,770	4,634
Ordinary profit	97,645	158,510

(Millions of yen)

	Nine months ended December 31, 2013 (April 1 to December 31, 2013)	Nine months ended December 31, 2014 (April 1 to December 31, 2014)
Extraordinary gains:	2,240	714
Gains on disposal of fixed assets	1,897	572
Gains on negative goodwill	—	0
Other extraordinary gains	342	140
Extraordinary losses:	29,238	99,018
Losses on disposal of fixed assets	1,713	1,184
Impairment losses	3,882	4,995
Provision for reserves under the special laws:	6,279	7,499
Provision for reserve for price fluctuation	6,279	7,499
Other extraordinary losses	17,362	85,340
Net income before income taxes and non-controlling interests	<u>70,647</u>	<u>60,206</u>
Income taxes and deferred income taxes	<u>22,898</u>	<u>16,409</u>
Net income before non-controlling interests	<u>47,748</u>	<u>43,796</u>
Income attributable to non-controlling interests	<u>374</u>	<u>469</u>
Net income	<u>47,374</u>	<u>43,327</u>



Quarterly Consolidated Statement of Comprehensive Income  
 Nine months ended December 31, 2014

	(Millions of yen)	
	Nine months ended December 31, 2013 (April 1 to December 31, 2013)	Nine months ended December 31, 2014 (April 1 to December 31, 2014)
Net Income before non-controlling interests	47,748	43,796
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	182,242	310,336
Deferred gains and losses on hedges	(1,509)	797
Foreign currency translation adjustments	10,832	10,131
Remeasurements of defined benefit plans	—	1,090
Share of other comprehensive income of affiliates accounted for under the equity method	780	131
Total other comprehensive income	192,346	322,488
Comprehensive income	240,095	366,285
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	239,661	365,528
Comprehensive income attributable to non-controlling interests	433	756

(3) Notes on Going-Concern Assumption

None.

(4) Notes on Significant Changes in Shareholders' Equity

None.

## 4. Supplementary Information

### (1) Summary of Results of Operations (Consolidated)

	(Millions of yen)			
	Nine months ended December 31, 2013 (April 1 to December 31, 2013)	Nine months ended December 31, 2014 (April 1 to December 31, 2014)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	2,037,040	2,246,049	209,009	10.3
Net premiums written	1,683,708	1,868,106	184,398	11.0
Deposits of premiums by policyholders	107,717	118,885	11,168	10.4
Life insurance premiums written	200,880	202,022	1,142	0.6
Underwriting expenses:	1,754,995	1,907,786	152,791	8.7
Net claims paid	984,568	1,103,735	119,166	12.1
Loss adjustment expenses	102,150	102,789	638	0.6
Net commissions and brokerage fees	303,943	352,801	48,858	16.1
Maturity refunds to policyholders	212,333	219,000	6,667	3.1
Life insurance claims paid and other payments	53,662	57,833	4,170	7.8
Investment income:	167,017	157,128	(9,889)	(5.9)
Interest and dividend income	121,087	121,565	478	0.4
Gains on sales of securities	64,993	45,953	(19,039)	(29.3)
Investment expenses:	22,723	9,495	(13,227)	(58.2)
Losses on sales of securities	4,305	1,069	(3,236)	(75.2)
Impairment losses on securities	1,019	1,359	339	33.3
Operating, general and administrative expenses	326,616	338,427	11,810	3.6
Other ordinary income and expenses	(2,076)	11,042	13,119	—
Ordinary profit	97,645	158,510	60,864	62.3
Extraordinary gains and losses:				
Extraordinary gains	2,240	714	(1,525)	(68.1)
Extraordinary losses	29,238	99,018	69,780	238.7
Extraordinary gains and losses	(26,998)	(98,304)	(71,306)	—
Net income before income taxes and non-controlling interests	70,647	60,206	(10,441)	(14.8)
Income taxes and deferred income taxes	22,898	16,409	(6,489)	(28.3)
Net income before non-controlling interests	47,748	43,796	(3,952)	(8.3)
Income attributable to non-controlling interests	374	469	94	25.2
Net income	47,374	43,327	(4,046)	(8.5)

## (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, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	321,735	16.6	7.7	369,168	17.6	14.7
Marine insurance	54,191	2.8	22.2	57,712	2.8	6.5
Personal accident insurance	221,479	11.4	(0.5)	240,758	11.5	8.7
Voluntary automobile insurance	824,220	42.5	6.7	877,015	41.8	6.4
Compulsory automobile liability insurance	242,242	12.5	12.0	239,246	11.4	(1.2)
Others	273,213	14.1	17.0	313,860	15.0	14.9
Total	1,937,084	100.0	8.3	2,097,761	100.0	8.3
Deposits of premiums by policyholders	107,717	5.6	(6.2)	118,885	5.7	10.4

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, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	220,357	13.1	16.5	295,260	15.8	34.0
Marine insurance	43,201	2.6	20.0	52,366	2.8	21.2
Personal accident insurance	146,485	8.7	2.0	149,479	8.0	2.0
Voluntary automobile insurance	824,910	49.0	6.8	877,193	47.0	6.3
Compulsory automobile liability insurance	222,135	13.2	7.7	228,314	12.2	2.8
Others	226,617	13.5	16.1	265,491	14.2	17.2
Total	1,683,708	100.0	9.1	1,868,106	100.0	11.0

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, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	137,407	14.0	(14.1)	200,366	18.2	45.8
Marine insurance	25,289	2.6	41.1	26,963	2.4	6.6
Personal accident insurance	78,273	8.0	2.8	79,797	7.2	1.9
Voluntary automobile insurance	464,711	47.2	(2.3)	487,920	44.2	5.0
Compulsory automobile liability insurance	173,507	17.6	(0.8)	172,748	15.7	(0.4)
Others	105,379	10.7	11.6	135,938	12.3	29.0
Total	984,568	100.0	(1.4)	1,103,735	100.0	12.1

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, 2014			As of December 31, 2014		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,251,045	1,368,704	117,658	1,235,999	1,443,922	207,922
Foreign securities	11,961	12,064	103	10,990	11,019	28
Total	1,263,007	1,380,769	117,762	1,246,989	1,454,941	207,951

## 2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2014			As of December 31, 2014		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	—	—	—	50,642	54,042	3,400
Total	—	—	—	50,642	54,042	3,400

## 3. Securities available for sale

(Millions of yen)

	As of March 31, 2014			As of December 31, 2014		
	Cost	Carrying amount	Unrealized gains and losses	Cost	Carrying amount	Unrealized gains and losses
Domestic bonds	2,323,068	2,432,796	109,727	2,271,960	2,441,133	169,172
Domestic stocks	752,066	1,460,328	708,262	727,723	1,682,903	955,180
Foreign securities	1,425,124	1,535,686	110,562	1,505,304	1,741,865	236,560
Others	67,620	73,341	5,721	61,936	66,930	4,994
Total	4,567,879	5,502,153	934,273	4,566,924	5,932,831	1,365,907

## Notes)

As of March 31, 2014	As of December 31, 2014
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 1,080 million yen (domestic stocks: 199 million yen, foreign securities: 880 million yen). Basically, Sompo Japan Nipponkoa 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 814 million yen (domestic stocks: 578 million yen, foreign securities: 235 million yen). Basically, Sompo Japan Nipponkoa Holdings, Inc. and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value at the end of the third quarter declines by 30% or more from their cost.