

ANNUAL REPORT
2012

NKSJ Holdings, Inc. is the joint holding company formed between Sampo Japan Insurance Inc. (Sampo Japan) and NIPPONKOA Insurance Company, Limited (Nipponkoa) in April 2010.

Underpinned by our Group Management Philosophy, all executives and employees of the NKSJ Group shall take actions consistent with the Group Action Guidelines to provide customers with the highest quality of service. We will enhance our corporate value, aiming to establish our position among customers as the most highly evaluated service company.



Masaya Futamiya
Representative Director,
Chairman and
Executive Officer

Kengo Sakurada
Representative Director,
President and
Executive Officer

Group Management Philosophy

The NKSJ Group will contribute to society by extending the highest quality of service across a wide range of business activities building on its core business of insurance to provide security and peace of mind to its customers, always carefully considering the customer's perspective in our business actions.

Group Action Guidelines

To provide the highest quality of customer service, we commit ourselves to:

1. listening closely to our customers, aware that each employee represents the entire NKSJ Group;
2. always setting ambitious goals thinking for ourselves and continuously learning;
3. emphasizing speed, simplicity, and clarity; and,
4. acting with integrity and high ethical standards.

Group Vision

As part of our effort to build a globally competitive organization, we aim to establish our position among customers as the most highly evaluated service company.

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Forward-looking Statements:

This annual report contains certain forward-looking statements relating to future plans and targets, and related operating investments. We caution that there can be no assurance that such targets and plans can or will actually be achieved.

Consolidated Financial Highlights

NKSJ Holdings

	Millions of yen		Millions of U.S. dollars
	FY2011	FY2010	FY2011
Ordinary Income	2,790,555	2,621,689	33,673
Net Premiums Written (P&C Insurance)	1,973,777	1,933,283	23,817
Life Insurance Premiums	250,193	238,178	3,019
Ordinary Profit (Loss)	(51,815)	(6,437)	(625)
Net Income (Loss)	(92,262)	(12,918)	(1,113)
Comprehensive Income	(48,098)	(143,120)	(580)
Total Assets	8,893,378	8,981,974	107,317
Total Net Assets	1,000,577	1,079,446	12,074
Net Income (Loss) per Share (yen, dollars)	(222.30)	(31.11)	(2.68)
Diluted Net Income per Share (yen, dollars)	—	—	—
Equity Ratio	11.2%	12.0%	11.2%
Consolidated Solvency Margin Ratio	549.8%	—	549.8%
Number of Shares (Excluding treasury stock)	414,825,205 shares	415,106,429 shares	414,825,205 shares
Adjusted Consolidated Profit (billions of yen)	1.2	80.7	15
Adjusted Consolidated ROE	0.1%	4.2%	0.1%

Notes: 1. NKSJ Holdings, Inc. carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Number of shares, and Net income per share are calculated based on the assumption that the reverse split of stocks was executed at the beginning of the fiscal year ended March 31, 2011.

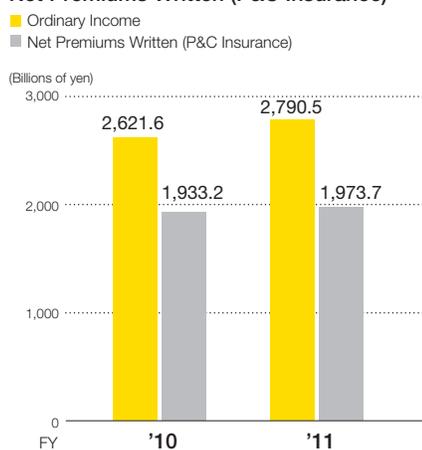
2. Diluted net income per share (yen) is not shown because there was a net loss.

3. Consolidated solvency margin ratio as the new standard of consolidated financial soundness is calculated in accordance with the Ordinance for Enforcement of the Insurance Business Act revised on March 31, 2011 and such.

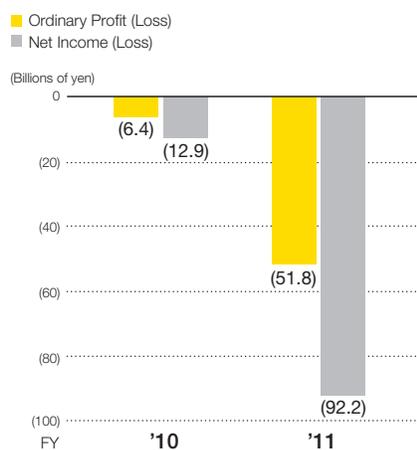
4. The calculation of Adjusted consolidated profit and Adjusted consolidated ROE is explained in page 30.

5. U.S. dollar amounts are translated from yen at the rate of ¥82.87=U.S.\$1.00, the approximate rate prevailing at March 31, 2012.

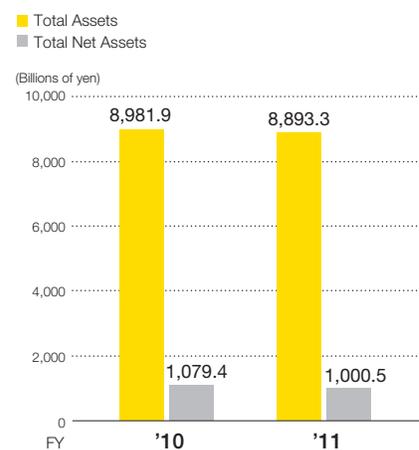
Ordinary Income/ Net Premiums Written (P&C Insurance)



Ordinary Profit (Loss)/Net Income (Loss)

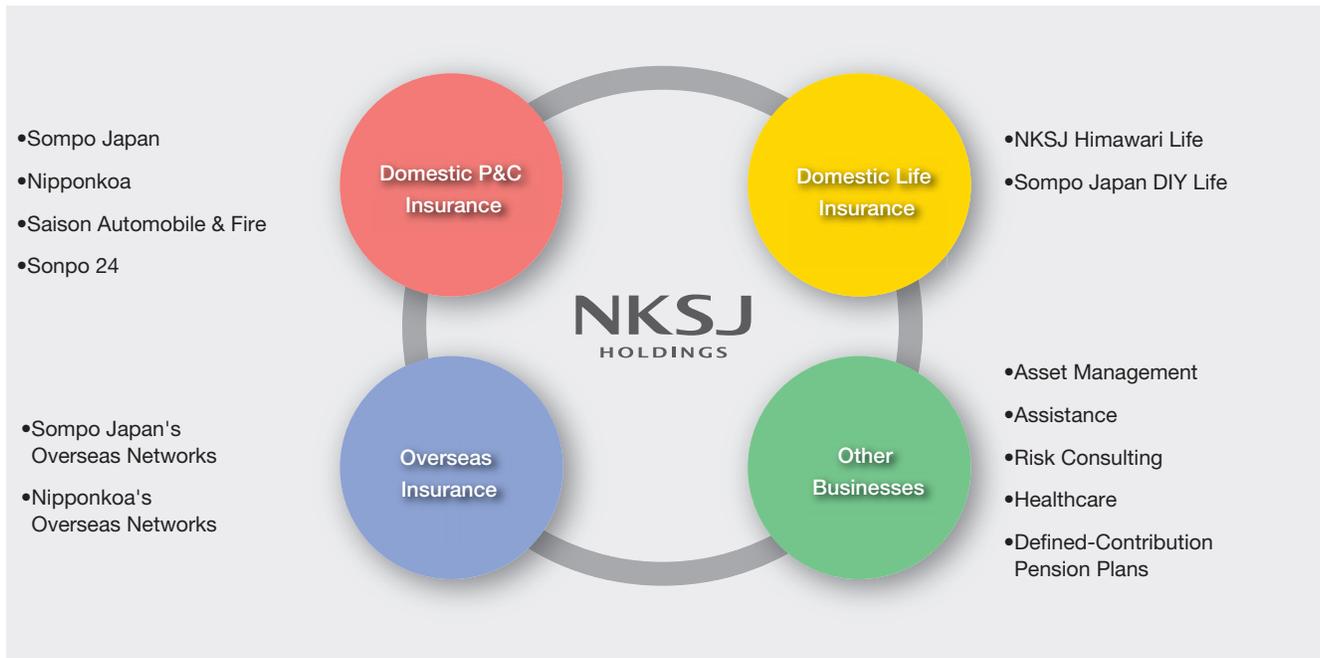


Total Assets/Total Net Assets



Business Domains and Major Group Companies

The NKSJ Group deploys various businesses: “Domestic P&C Insurance” as our core business, “Domestic Life Insurance,” “Overseas Insurance” and other businesses.



● Domestic P&C Insurance

This is the NKSJ Group's core business, through which we provide high-quality products and services that ensure our customers' peace of mind and safety. Sampo Japan and Nipponkoa market through insurance agencies, while Saison Automobile & Fire and Sonpo 24 sell directly to customers.

● Overseas Insurance

We are pursuing business expansion, mainly through M&As, in overseas insurance markets with promising growth prospects, capitalizing on the human resources and strengthened financial foundation following the business integration.

● Domestic Life Insurance

We are actively engaged in this high-growth-potential area. NKSJ Himawari Life markets its services mainly through P&C insurance agencies, while Sampo Japan DIY Life engages exclusively in direct marketing.

● Other Businesses

To help customers address the risks and issues that they face, we also provide products and services in areas other than insurance, including asset management, assistance, risk consulting, healthcare, and defined-contribution pension plans.

Characteristics of Each Business Domain

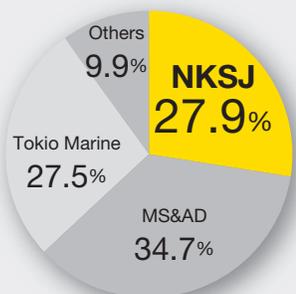
Consolidated Financial Highlights
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 Corporate Information

Domestic P&C Insurance

High Market Presence

- Realizing Group synergies and strengthening domestic competitiveness
- Enhancing earning capacity through increasing premium income, reducing expenses and reinforcing asset management

Net Premiums Written in FY2010



Domestic P&C Market: ¥6,819.2 billion
 Source: Statistics of Japanese Non-Life Insurance, 2011

Domestic Life Insurance

High Growth

- Growing adjusted embedded value (EV) backed with progress on the shift to protection products

EV

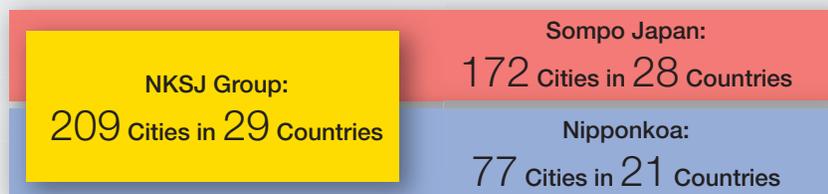
- Sampo Japan Himawari Life (MCEV)
- Nipponkoa Life (TEV)
- NKSJ Himawari Life (MCEV)



Overseas Insurance

An Earnings Pillar to Drive Sustainable Growth

–Expanding profit in markets with high potential for growth and profitability

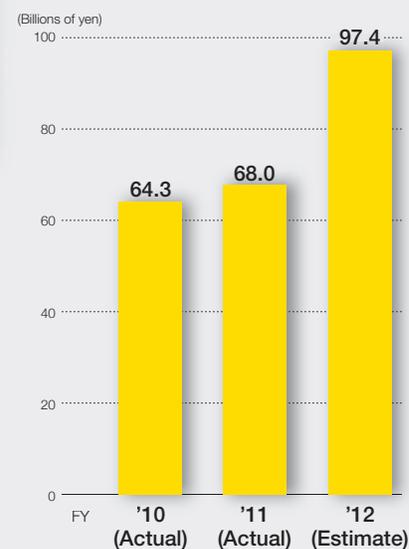


(As of April 1, 2012)

Major Recent Developments

Country	Date	Event
Singapore	May, 2010	Acquired Tenet Insurance Company Limited for approx. ¥6.4 billion
Turkey	Nov. 2010	Acquired Fiba Sigorta Anonim Sirketi for approx. ¥27.4 billion. Transition to joint venture with the European Bank for Reconstruction and Development (Dec. 2010).
Brazil	Jul. 2009	Took 50% stake (investment: approx. ¥15.5 billion) in Maritima Seguros S.A.
China	Jul. 2010 Jan. 2012 Mar. 2012	Sampo Japan Insurance (China) Co., Ltd. opened the Jiangsu Branch. Sampo Japan Insurance (China) Co., Ltd. opened the Beijing Branch. NIPPONKOA Insurance Company (China) Limited received preliminary approval to establish the Shandong Branch.
Malaysia	Aug. 2010 Jun. 2011	Sampo Japan Reinsurance Company Limited received official approval to start business. Raised investment stake in Berjaya Sampo Insurance Berhad, and made it subsidiary (approx. ¥13.3 billion)
Indonesia	Jan. 2011	Raised investment stake in PT. Asuransi Permata Nipponkoa Indonesia, and made it subsidiary (approx. ¥0.6 billion)
Thailand	Dec. 2010	Formed a business alliance with The Deves Insurance Public Company Limited.
Netherlands	Oct. 2011	Acquired Nateus Nederland B.V., underwriting agency

Net Premiums Written



Non-Consolidated Indicators for Sompo Japan

	Millions of yen					Millions of U.S. dollars	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011	
Net Premiums Written	1,345,024	1,290,464	1,258,896	1,256,639	1,281,155	15,459	
Net Losses Paid	804,131	832,768	855,048	817,961	939,541	11,337	
Net Loss Ratio	65.1%	70.3%	73.9%	72.5%	80.6%	80.6%	
Underwriting Expenses	442,412	445,389	428,728	423,365	423,376	5,108	
Net Expense Ratio	32.9%	34.5%	34.1%	33.7%	33.0%	33.0%	
Underwriting Balance	26,899	(62,665)	(99,801)	(77,706)	(174,293)	(2,103)	
Underwriting Profit (Loss)	(42,578)	(92,274)	(2,585)	(9,716)	(24,994)	(301)	
Combined Ratio	98.0%	104.9%	107.9%	106.2%	113.6%	113.6%	
Investment Assets	5,000,282	4,221,207	4,458,771	4,221,756	3,947,664	47,636	
Assets in Saving-Type Account	1,305,213	1,247,295	1,177,782	1,069,884	1,004,327	12,119	
Interest and Dividend Income	135,606	102,511	91,009	86,463	78,375	945	
Income Yield	3.25%	2.49%	2.28%	2.21%	2.13%	2.13%	
Investment Profit (Realized Basis)	171,596	(11,764)	105,749	79,858	67,874	819	
Realized Yield	4.15%	(0.29)%	2.68%	2.07%	1.86%	1.86%	
Investment Profit (Mark-to-Market Basis)	(494,634)	(578,808)	385,039	(60,367)	65,188	786	
MTM Yield	(8.70)%	(11.66)%	9.03%	(1.36)%	1.59%	1.59%	
Ordinary Profit (Loss)	73,316	(153,884)	50,318	20,541	3,964	47	
Net Income (Loss)	44,667	(73,943)	42,774	12,124	(37,518)	(452)	
Return on Equity (ROE)	3.5%	(8.8)%	6.0%	1.6%	(5.9)%	(5.9)%	
Non-Consolidated Solvency Margin Ratio	887.9%	624.7%	800.0%	748.6%	502.5%	502.5%	
Total Net Assets	1,074,490	615,721	820,181	696,037	578,607	6,982	
Catastrophic Loss Reserve	387,918	377,788	394,687	420,671	383,247	4,624	

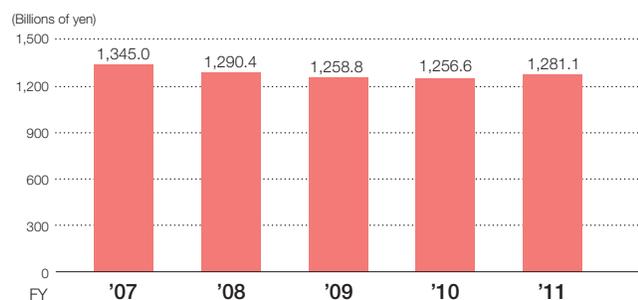
Notes: 1. ROE is calculated as net income/total net assets (average of totals at the start and end of the fiscal year).

2. The non-consolidated solvency margin ratio of FY2011 is calculated in accordance with the revisions of Cabinet Office Ordinance No. 23 (2010), Public Notice No. 48 of the Financial Services Agency (2010), Cabinet Office Ordinance No. 18 (2012) and Public Notice No. 33 of the Financial Services Agency (2012) effective on March 31, 2012.

The non-consolidated solvency margin ratios prior to FY2011 are based on the standards before reflection of the revisions.

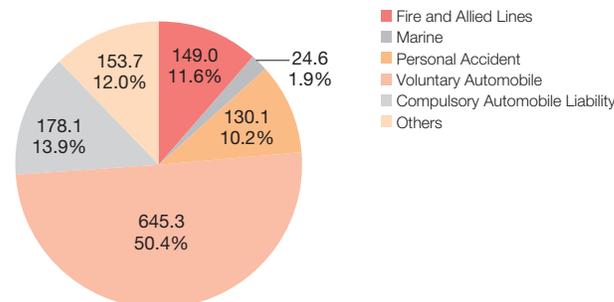
3. U.S. dollar amounts are translated from yen at the rate of ¥82.87=U.S.\$1.00, the approximate rate prevailing at March 31, 2012.

Net Premiums Written

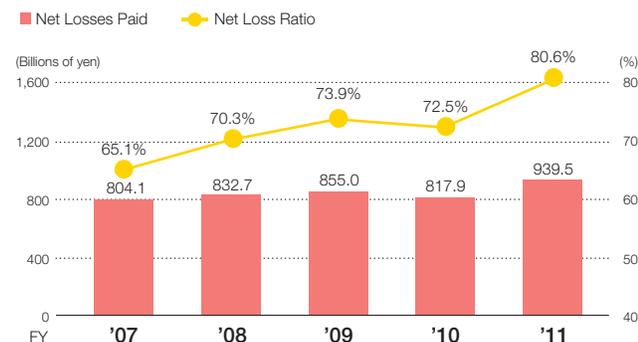


Breakdown of Net Premiums Written (FY2011)

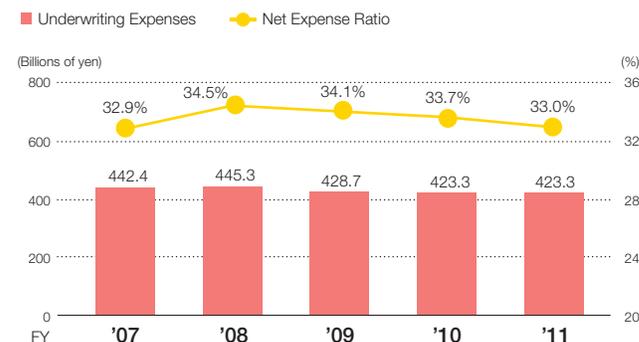
(Billions of yen, %)



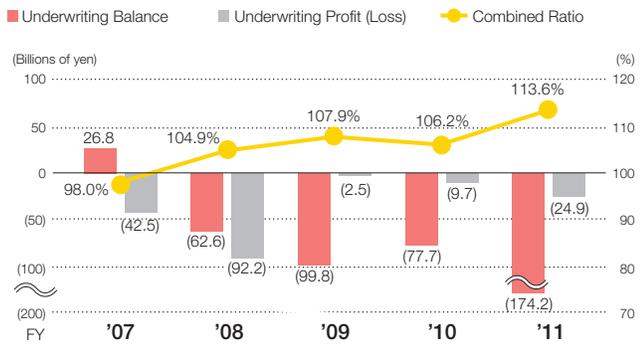
Net Losses Paid/Net Loss Ratio



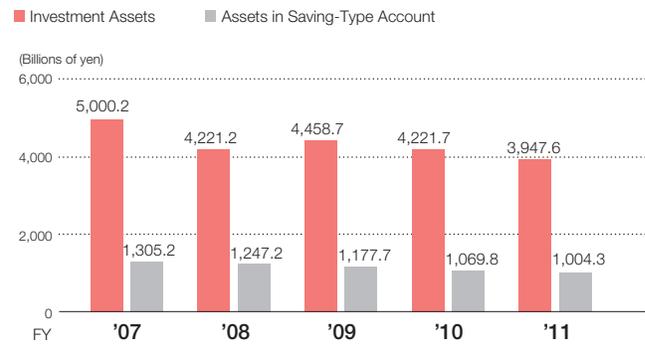
Underwriting Expenses/Net Expense Ratio



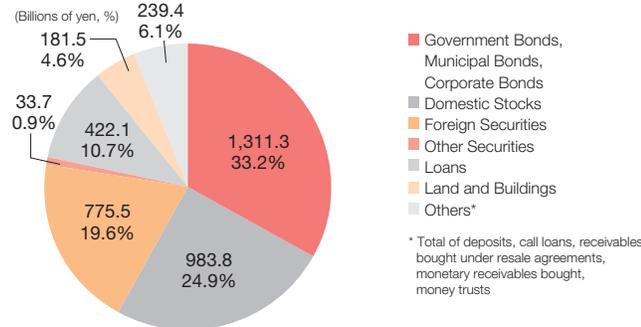
Underwriting Balance/Underwriting Profit (Loss)/Combined Ratio



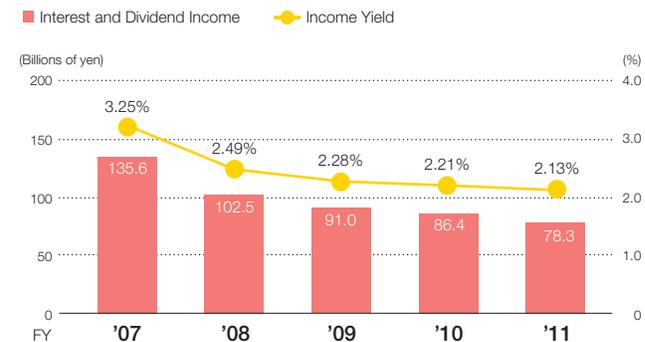
Investment Assets/Assets in Saving-Type Account



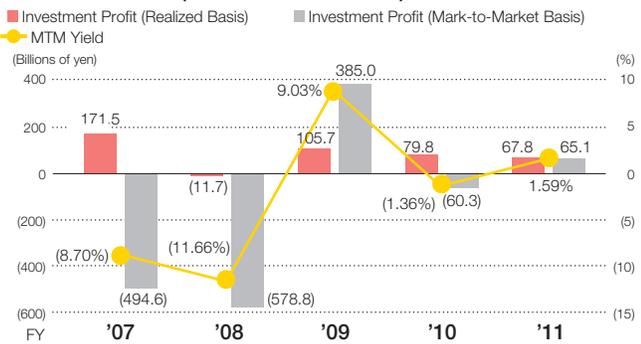
Breakdown of Investment Assets (FY2011)



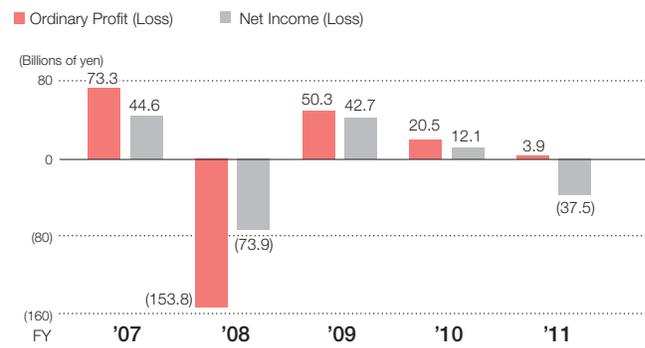
Interest and Dividend Income/Income Yield



Investment Profit (Realized Basis)/Investment Profit (Mark-to-Market Basis)/MTM Yield



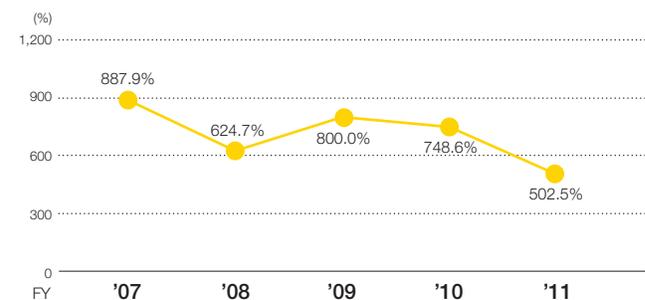
Ordinary Profit (Loss)/Net Income (Loss)



Return on Equity (ROE)



Non-Consolidated Solvency Margin Ratio



Note)
From the end of FY2011, the calculation of the solvency margin ratio was revised.

Non-Consolidated Indicators for Nipponkoa

	Millions of yen					Millions of U.S. dollars	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011	
Net Premiums Written	688,892	653,400	633,336	620,615	630,605	7,609	
Net Losses Paid	414,298	400,790	403,857	397,444	493,011	5,949	
Net Loss Ratio	65.4%	66.7%	69.4%	69.6%	84.7%	84.7%	
Underwriting Expenses	240,491	229,096	226,792	221,935	220,691	2,663	
Net Expense Ratio	34.9%	35.1%	35.8%	35.8%	35.0%	35.0%	
Underwriting Balance	(2,268)	(11,799)	(33,126)	(33,134)	(124,222)	(1,498)	
Underwriting Profit (Loss)	(14,042)	5,445	2,293	(24,991)	(41,118)	(496)	
Combined Ratio	100.3%	101.8%	105.2%	105.3%	119.7%	119.7%	
Investment Assets	2,818,984	2,412,896	2,367,667	2,202,069	2,086,194	25,174	
Assets in Saving-Type Account	1,012,658	898,704	813,343	744,194	692,183	8,352	
Interest and Dividend Income	53,009	51,124	44,999	42,722	41,211	497	
Income Yield	2.19%	2.19%	2.06%	2.08%	2.12%	2.12%	
Investment Profit (Realized Basis)	62,992	19,850	53,358	49,100	49,701	599	
Realized Yield	2.59%	0.85%	2.47%	2.40%	2.59%	2.59%	
Investment Profit (Mark-to-Market Basis)	(231,964)	(271,343)	173,995	(17,688)	68,662	828	
MTM Yield	(7.30)%	(9.76)%	7.55%	(0.76)%	3.23%	3.23%	
Ordinary Profit (Loss)	16,769	(2,851)	29,384	(319)	(7,737)	(93)	
Net Income (Loss)	7,877	10,111	13,123	(6,437)	(22,584)	(272)	
Return on Equity (ROE)	1.2%	2.3%	3.4%	(1.6)%	(6.5)%	(6.5)%	
Non-Consolidated Solvency Margin Ratio	905.6%	711.9%	742.5%	642.9%	470.8%	470.8%	
Total Net Assets	537,131	347,329	433,642	365,539	329,580	3,977	
Catastrophic Loss Reserve	224,225	229,598	234,593	240,067	202,953	2,449	

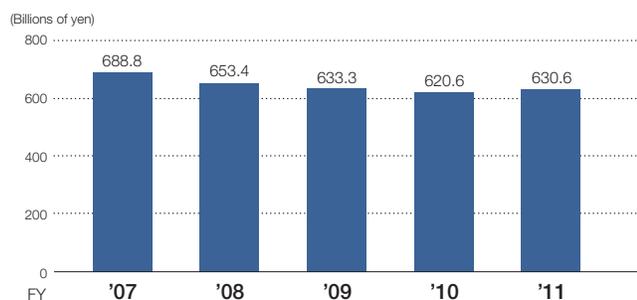
Notes: 1. ROE is calculated as net income/total net assets (average of totals at the start and end of the fiscal year).

2. The non-consolidated solvency margin ratio of FY2011 is calculated in accordance with the revisions of Cabinet Office Ordinance No. 23 (2010), Public Notice No. 48 of the Financial Services Agency (2010), Cabinet Office Ordinance No. 18 (2012) and Public Notice No. 33 of the Financial Services Agency (2012) effective on March 31, 2012.

The non-consolidated solvency margin ratios prior to FY2011 are based on the standards before reflection of the revisions.

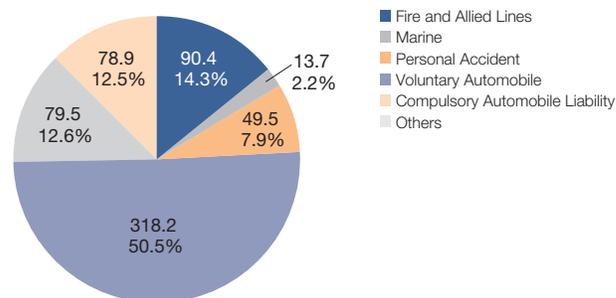
3. U.S. dollar amounts are translated from yen at the rate of ¥82.87=U.S.\$1.00, the approximate rate prevailing at March 31, 2012.

Net Premiums Written

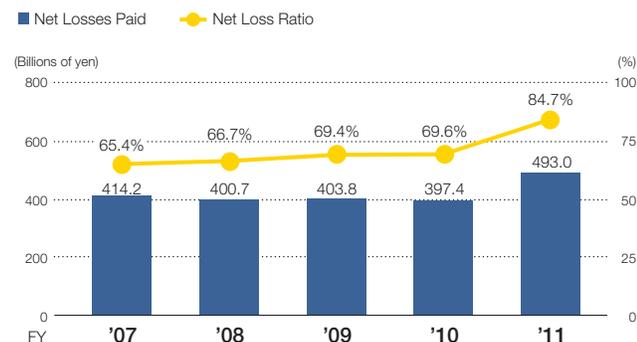


Breakdown of Net Premiums Written (FY2011)

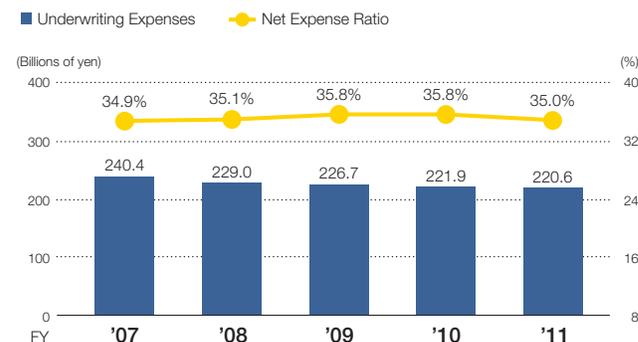
(Billions of yen, %)



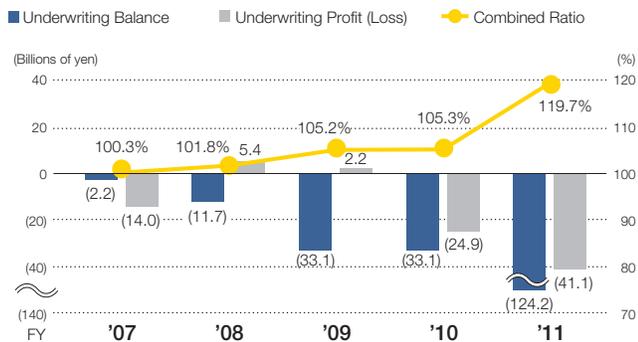
Net Losses Paid/Net Loss Ratio



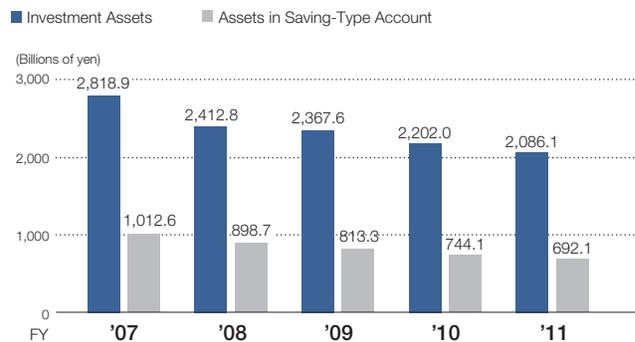
Underwriting Expenses/Net Expense Ratio



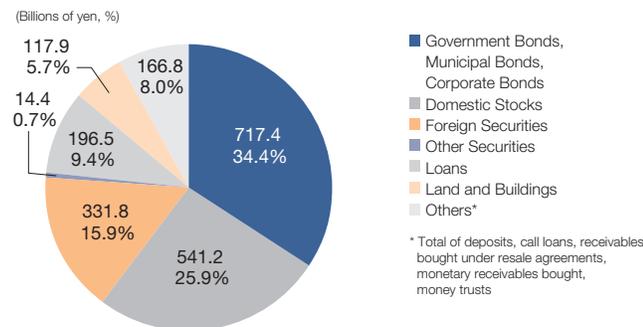
Underwriting Balance/Underwriting Profit (Loss)/Combined Ratio



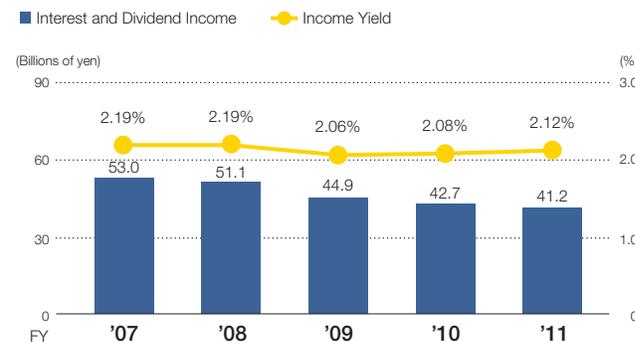
Investment Assets/Assets in Saving-Type Account



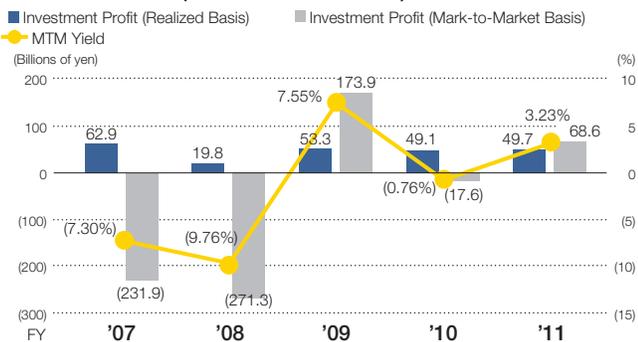
Breakdown of Investment Assets (FY2011)



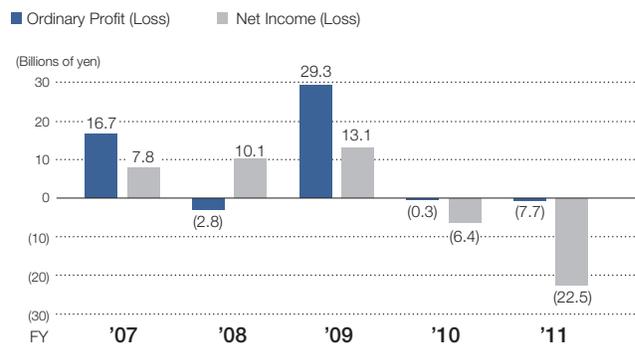
Interest and Dividend Income/Income Yield



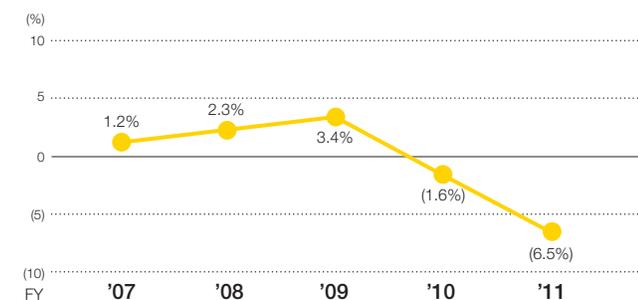
Investment Profit (Realized Basis)/Investment Profit (Mark-to-Market Basis)/MTM Yield



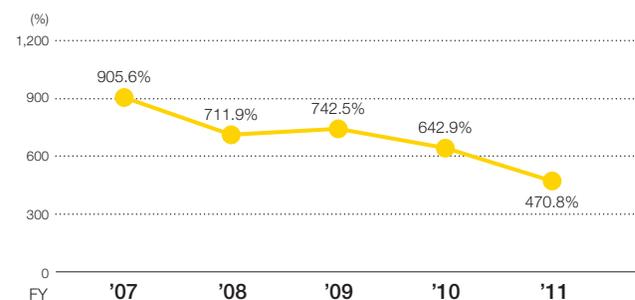
Ordinary Profit (Loss)/Net Income (Loss)



Return on Equity (ROE)



Non-Consolidated Solvency Margin Ratio



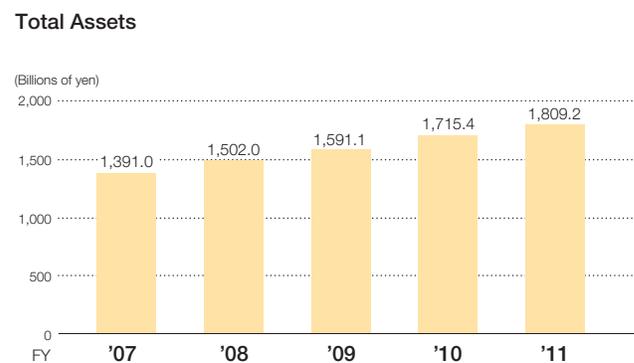
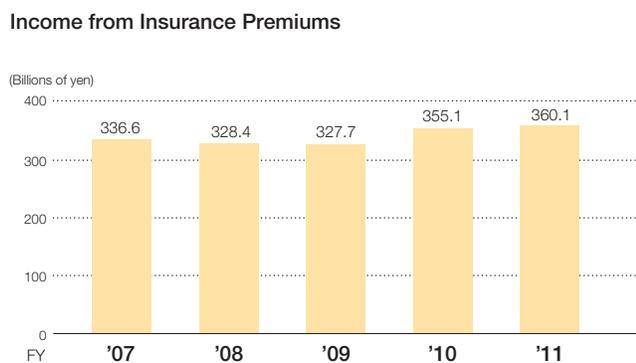
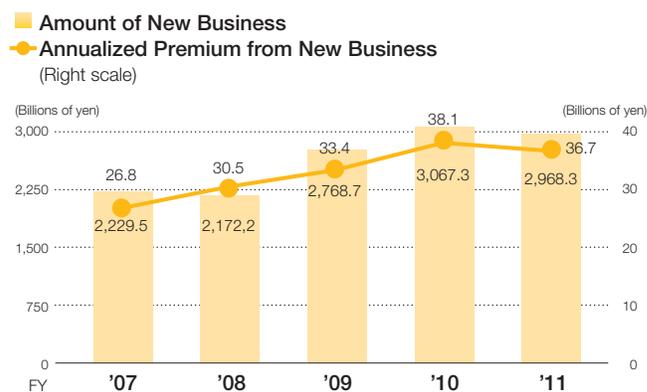
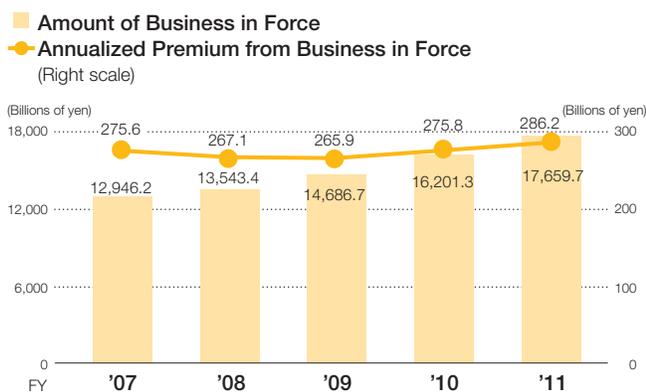
Note)

In FY2011, the calculation of the solvency margin ratio was revised.

Non-Consolidated Indicators for NKSJ Himawari Life

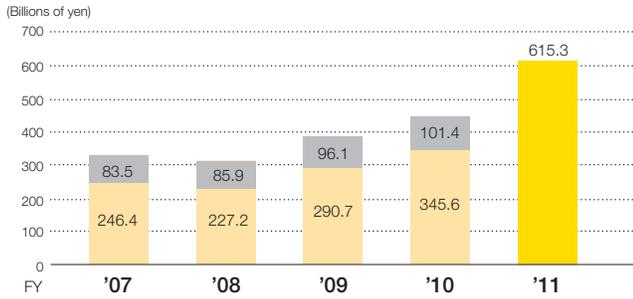
		Millions of yen				Millions of U.S. dollars	
		FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Amount of Business in Force		12,946,213	13,543,489	14,686,763	16,201,321	17,659,712	213,101
Annualized Premium from Business in Force		275,652	267,142	265,907	275,815	286,252	3,454
Amount of New Business		2,229,565	2,172,216	2,768,734	3,067,388	2,968,353	35,819
Annualized Premium from New Business		26,805	30,573	33,421	38,121	36,766	443
Income from Insurance Premiums		336,660	328,406	327,745	355,109	360,180	4,346
Total Assets		1,391,003	1,502,075	1,591,121	1,715,400	1,809,210	21,831
Embedded Value (billions of yen)	Sompo Japan Himawari	246.4	227.2	290.7	345.6	615.3	7,425
	(TEV)		(MCEV)	(MCEV)	(MCEV)		
	Nipponkoa Life	83.5	85.9	96.1	101.4	(MCEV)	(MCEV)
	(TEV)		(TEV)	(TEV)	(TEV)		
Non-Consolidated Solvency Margin Ratio	Sompo Japan Himawari	2408.3%	2459.3%	2437.9%	2300.9%	1449.5%	1449.5%
	Nipponkoa Life	2914.3%	2947.5%	2750.4%	2596.3%		

- Notes: 1. The figures prior to FY2011 are the sum of the figures of Sompo Japan Himawari Life and Nipponkoa Life except for the non-consolidated solvency margin ratio and the embedded value.
 2. The items regarding "Business in Force" and "New Business" represent the sum of Individual insurance and Individual annuities.
 3. Under Cabinet Office Ordinance No. 23 (2010) and Public Notice No. 48 of the Financial Services Agency (2010), the standards for the calculation of solvency margin ratio are revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. Therefore, the figures of FY2007-2010 and FY2011 are calculated respectively based on different basis.
 4. The figures of "Solvency margin ratio" of FY2007 and FY2008 were corrected on June 2, 2010.
 5. U.S. dollar amounts are translated from yen at the rate of ¥82.87=U.S.\$1.00, the approximate rate prevailing at March 31, 2012.

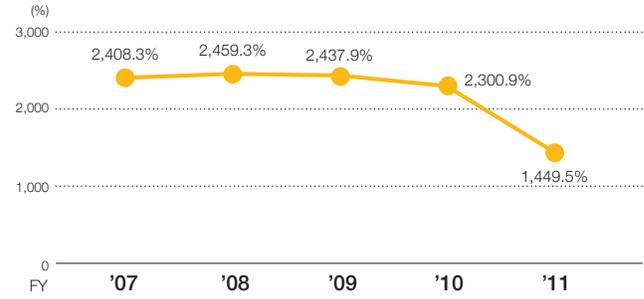


Embedded Value

■ Sompo Japan Himawari Life ■ Nipponkoa Life ■ NKSJ Himawari Life



Non-Consolidated Solvency Margin Ratio



Notes)

In FY2011, the calculation method was revised.

Figures from FY2007 to FY2010 were those of Sompo Japan Himawari Life, the pre-merger company.



To Become the Most Highly Evaluated Service Company

A handwritten signature in white ink on a dark grey background, reading "Kengo Sakurada".

Kengo Sakurada
President

NKSJ Holdings, Inc.

I would like to express my gratitude for your continued support. More than one year has passed since the Great East Japan Earthquake struck in 2011. Once again I convey my deepest sympathies to all those who were affected by the earthquake and tsunami, along with my hopes for a speedy recovery.

Around two years have passed since the NKSJ Group was formed in April 2010. During this period, management integration has progressed with the merger and integration of group companies including the creation of NKSJ Himawari Life Insurance. In March 2012, we announced that Sompo Japan

and Nipponkoa, our main P&C insurance companies, will fully merge into a single company during the first half of the fiscal year ending March 31, 2015. Sampo Japan Nipponkoa Insurance Inc., the new company, will be Japan's largest P&C insurance company in terms of premiums written on a stand-alone basis.

From the fiscal year ending March 31, 2013, the NKSJ Group is entering a new stage to create synergies from the business integration. Going forward, the NKSJ Group will work to build a globally competitive organization. We aim to consistently maintain the industry's highest level of business efficiency and profitability by leading the industry in the domestic P&C insurance business not only in terms of business scale, but also service quality. Furthermore, in the domestic life insurance business, we aim to achieve sustained growth by strategically allocating business resources while rigorously implementing a cross-selling model with P&C insurance. In addition to these initiatives, we aim to evolve into a true service enterprise by providing innovative services that support the security and peace of mind of customers, including P&C

and life insurance. The NKSJ Group will strive to expand its activities overseas in its quest for growth.

The NKSJ Group remains committed to fulfilling its social mission to provide the highest quality of service to support the security and peace of mind of its customers. We will strive to increase our earnings power and to enhance business efficiency. These efforts will be directed at increasing shareholder value and improving evaluations from customers. The NKSJ Group looks forward to your continued support and cooperation as it endeavors to reach its goals.

September 2012



Question:

Two years have passed since NKSJ Holdings was formed. What's changed?

Answer:

Management integration has been steadily progressing. The Group's core companies, Sompo Japan and Nipponkoa will merge into a single company during the first half of fiscal 2014.

We have made steady progress integrating group companies. During the two years since the NKSJ Group was established in April 2010, merger and integration of group companies have been proceeding smoothly, including the establishment of NKSJ Himawari Life Insurance, Inc. in October 2011.

In the domestic property and casualty (P&C) insurance business, as our flagship business, we will establish a new company "Sompo Japan Nipponkoa Insurance Inc." during the first half of fiscal 2014, through the merger of Sompo Japan and Nipponkoa. Through this merger, we aim to maximize the Group's profitability leveraging its strengthened operating base.

In addition, the Group is working to develop and deliver a number of advanced services to provide customers with security and peace of mind. The establishment of Prime Assistance Inc. in April 2012 marked the first step in developing our assistance business, which we seek to expand in the future.

Question:

Please provide some more detailed information about “Sompo Japan Nipponkoa Insurance,” the new company to be established through the full merger.

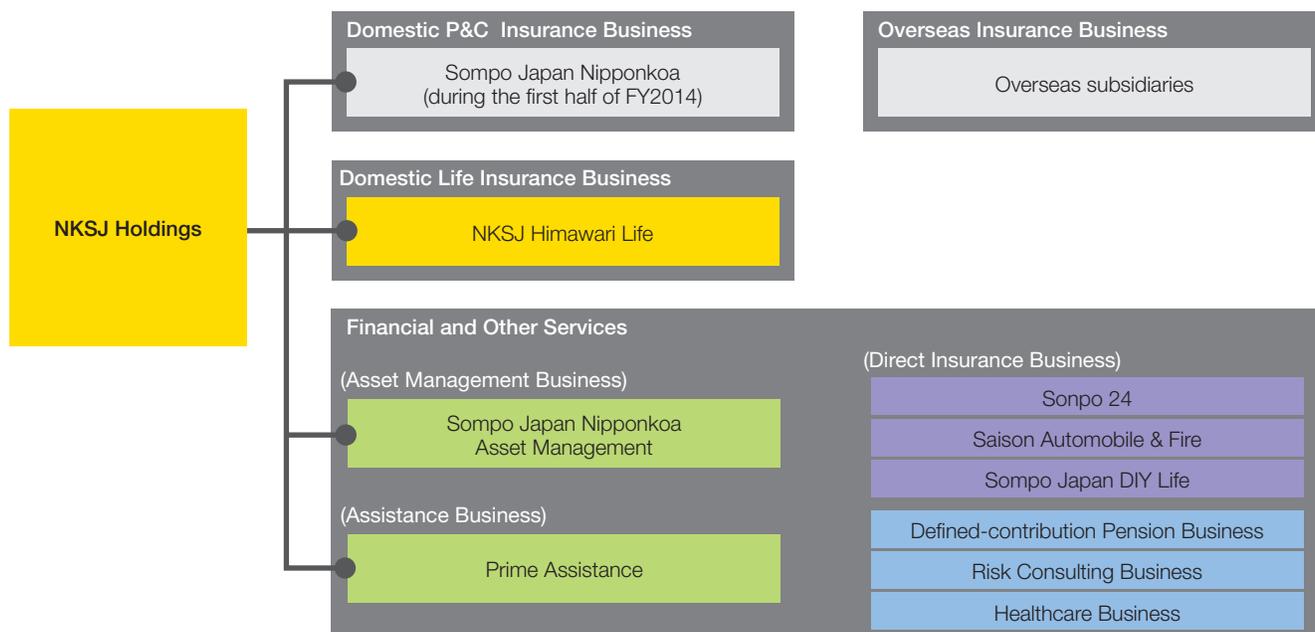
Answer:

It will be the Japan’s largest P&C insurance company in terms of size. However, it further aims to be the No.1 company in terms of customer evaluation.

Sompo Japan Nipponkoa Insurance, the new company to be created through the merger will be the largest domestic insurance company based on premiums. Nevertheless, we will not be satisfied with creating the company with the largest business scale. We will only be satisfied when it becomes the No. 1 insurance company in terms of customer evaluation and we are determined to make this happen rapidly by improving the quality of services offered to customers.

Ultimately, Sompo Japan Nipponkoa Insurance is intended to be Japan’s leading company in terms of business scale as well as product quality. This will enable the company to compete effectively on the global stage in an increasingly borderless world economy.

Two years from now, Sompo Japan Nipponkoa Insurance will open for business. Prior to the scheduled opening, we will work to integrate the businesses of Sompo Japan and Nipponkoa. For example, we are establishing a co-headquarters system, integrating sales bases and combining claims offices. Standardized procedures and shared resources will improve efficiency, contributing to improved profitability. Of course we are steadily integrating their IT systems as well.



Question:

In fiscal 2011, natural disasters battered the economy, for example there were typhoons in Japan and floods in Thailand. What impact did these disasters have on the Group's performance?

Answer:

Adjusted profit, a strategic management indicator of the NKSJ Group, remained in the black. With growth in the domestic life insurance business, we were able to absorb losses in the domestic P&C insurance and overseas insurance business stemming from natural disasters.

In the fiscal year under review, ordinary income steadily grew. This was attributable to a 2.1% increase of net premiums written of P&C insurance and a 5.0% increase of life insurance premiums. However, the Group recorded ordinary loss of ¥51.8 billion and net loss of ¥92.2 billion, due to natural disasters in Japan and overseas as well as domestic taxation system reforms.

Losses incurred by the flooding in Thailand amounted to ¥109.8 billion. The Group absorbed ¥18.0 billion of losses underwritten by the domestic insurance companies through the reversal of catastrophic loss reserves. We charged the remaining ¥91.8 billion damages to profit, leading to a decline in ordinary profit.

Net losses of ¥71.3 billion in the domestic P&C insurance business and ¥19.7 billion in the overseas insurance business were recorded due mainly to the repercussions of a series of natural disasters placing strain on those businesses.

On the other hand, adjusted profit, the Group's strategic management indicator, remained positive, totaling ¥1.2 billion. Embedded value increased ¥100.0 billion in the domestic life insurance business, helping the Group to stay in the black. This strong performance was attributable to a steady growth in new premiums written while surrender rates remained far below our initial forecast.

Question:

What is the future forecast about performance in fiscal 2012?

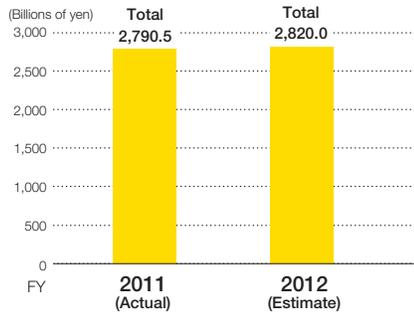
Answer:

In fiscal 2012, we expect significant improvement of performance primarily in the Domestic P&C insurance business.

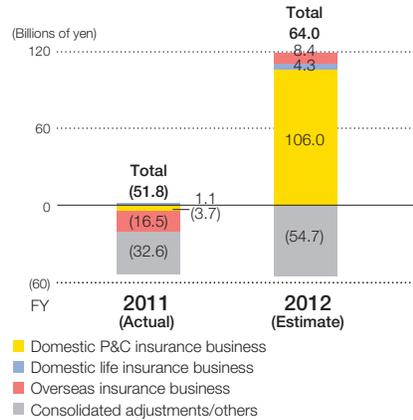
In fiscal 2012, our forecast is for ordinary profit of ¥64.0 billion and net income of ¥24.0 billion. We expect a considerable improvement year on year, along with steady growth in ordinary income. Adjusted profit, a strategic management indicator is also expected to significantly recover year on year, to ¥53.7 billion.

In the domestic P&C insurance business, we expect substantial recovery reflecting the absence of the impact of flooding in Thailand. The automobile insurance business may still post a loss as we are now only halfway through the process of

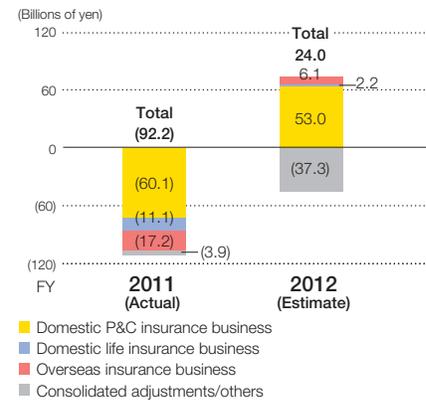
Ordinary Income (NKSJ consolidated)



Ordinary Profit (NKSJ consolidated)



Net Income (NKSJ consolidated)



strengthening its underwriting performance, reducing system expenses and completing other reforms. To improve the profitability of the automobile insurance business, continuous rate revision is essential and we are aiming to achieve appropriate insurance premium rates.

We expect recovery in the overseas insurance business, and the domestic life insurance will naturally continue to contribute to earnings.

In the domestic P&C insurance business, we recognize that a drastic rationalization is required of our profit structure. We will achieve this through measures such as exhaustive cost reduction. Synergies obtained through the merger of Sompo Japan and Nipponkoa will cement this transformation. We will thoroughly eliminate duplication to maximize merger synergies. Leveraging the advantage of scale, we will reduce operating costs and improve the combined ratio.

Question:

Please tell us about your future business strategies in the domestic life insurance and the overseas insurance business.

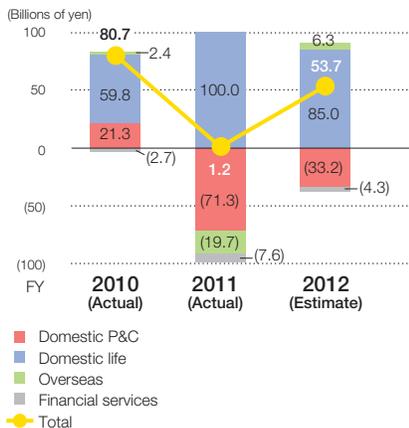
Answer:

We aim to accelerate growth in the domestic life insurance business while expanding business overseas through mergers and acquisitions.

We seek to realize sustainable growth for the domestic life insurance business, securing an earnings pillar second only to the domestic P&C insurance business. We will aggressively devote the management resources of the NKSJ Group to this goal, thoroughly promoting cross-sales of life insurance alongside P&C insurance.

Product strategy is important and we continuously fix our focus on sales of more profitable protection-type products, such as medical insurance and income compensation insurance. We plan to devote more resources into promoting protec-

Change in Adjusted Consolidated Profit



tion-type products.

On the other hand, we recognize that the overseas insurance business is one of the Group's growth drivers. By continuously working to cultivate it, the overseas insurance business will become a strong earnings pillar to rival the domestic P&C and life insurance businesses.

To realize the rapid and substantial growth of the overseas insurance business, we will utilize mergers and acquisitions (M&A), along with the organic growth of our existing overseas bases.

We plan to invest ¥200 billion over three years from fiscal 2010 to fiscal 2012. Of course our strict investment policies remain unchanged. Our planned investment is not a foregone conclusion. It depends on targets with strong prospects for growth and high margins.

By the end of fiscal 2011, the Group had invested ¥50 billion through M&A.

Question:

How did the natural disasters, such as flooding in Thailand, impact the Group's operating capital? Could you please explain your capital management policy?

Answer:

The Group retains sufficient capital and remains financially sound. Looking ahead, the Group aims to improve capital efficiency through further reduction of strategic-holding stocks.

In fiscal 2011, the P&C insurance business did experience a capital outflow due to natural disasters such as flooding in Thailand, but the strong performance of the life insurance business was more than able to compensate. Year on year, the overall Group actually increased its capital level slightly.

The Group manages its risk and capital on a consolidated basis, with the aim of maintaining an AA credit rating. Currently, the Group's ratio of capital to risk level is 129% when measured with the Value at Risk method adopting 99.95% confidence level. This corresponds to the soundness of an AA-rated company.

In terms of asset management, the Group is exposed to significant risk, especially through concentration in domestic equities. This has to be addressed properly. We are working to achieve a reduction of ¥300 billion in strategic-holding stocks over three years from fiscal 2010 to 2012. We already reduced these holdings by more than ¥170 billion during fiscal 2010 and 2011.

Our remaining target for reducing strategic-holding stocks now stands at approximately ¥130 billion. This is a minimum. In practice, we are aiming at a reduction that largely exceeds this goal. When we consider the Group's current capital efficiency and tighter capital regulations in the future, further reduction may be warranted.

Looking ahead, we will strive for the further reduction of strategic-holding stocks in excess of the existing plan.

Question:

Could you describe initiatives under way in corporate social responsibility?

Answer:

To remain one step ahead, we continuously work to create new social value and contribute to a sustainable society by providing customers with security and peace of mind.

Under the Group's basic policies for corporate social responsibility, we are striving to create new social value. For example, we are continuously making efforts to contribute to a sustainable society, and to provide customers with security and peace of mind. In December 2011, NKSJ Holdings and other member companies of the Group became signatories of the "Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)." We fully agree with the purpose of these newly established principles.

In fiscal 2011, the Group engaged in a series of activities to support disaster stricken areas following the Great East Japan Earthquake. Employees participated in voluntary efforts to support reconstruction and the Group made contributions through the Central Community Chest of Japan. Moreover, the Group provided the region with aid supplies. To help support recovery of local agriculture and industry, we supported events, such as sales and tastings, to promote the local food products of areas affected by the disaster. Through these and other activities, we rallied the overall strength of the Group to support those in need.

The NKSJ Group's CSR initiatives are highly regarded globally. NKSJ Holdings was again included as a stock in Dow Jones Sustainability World Indexes. Also, the Company is either included or candidate for inclusion in the FTSE4Good Index and other socially responsible investment (SRI) funds as of April 1, 2012.

Through these initiatives the NKSJ Group aims at sustainable growth and to improve its corporate value.



Question:

Is there anything else you'd like to share with your shareholders?

Answer:

The NKSJ Group will continue to improve its corporate value through continuous efforts to expand profitability and improve business efficiency. Aiming to evolve into the true service enterprise, the Group continues to deliver advanced insurance services, including P&C insurance and life insurance, which offer security and peace of mind to customers. We look forward to your continuing support and value the encouragement you bring to the NKSJ Group.

Overseas

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Approval Obtained to Establish Beijing Branch of Subsidiary in China

Sompo Japan Insurance (China) Co., Ltd. (SJIC) received official approval to establish a branch office in Beijing from the China Insurance Regulatory Commission and kicked off branch operations in February 2012. With the opening of the Beijing Branch, SJIC has succeeded in securing the biggest service network in China of any Japanese P&C insurer. SJIC now provides insurance services through the network of five regions including Liaoning, Shanghai, Guangdong, Jiangsu and Beijing.

In 2012, Sompo Japan marked the 30th anniversary in China, and aims to further strengthen its businesses in China through these operating bases.



Preliminary Approval Obtained to Establish Shangdong Branch of Subsidiary in China

NIPPONKOA Insurance Company (China) Limited (NKC), a wholly-owned subsidiary of Nipponkoa, received preliminary approval to establish a branch office in Shangdong from the China Insurance Regulatory Commission in March 2012. Upon official approval from the China Insurance Regulatory Commission, the branch is scheduled to start operations around October 2012.

NKC became the first Japanese P&C insurer to establish a Shangdong branch. NKC aims to provide quick and extensive insurance services, especially to meet the needs of a growing number of Japanese-affiliated companies moving into Shangdong, primarily in the cities of Qingdao and Yantai.

Striving to improve its service network in China, Nipponkoa will further introduce P&C insurance services and contribute to expansion of the P&C insurance industry in China.



Release of Overseas Travel Insurance Service for Local Companies in China

In January 2012, Sompo Japan Insurance (China) Co., Ltd. (SJIC) introduced new overseas travel insurance, namely "Yi-xing-quan-jiu," for local companies in China. In addition to standard covers, "Yi-xing-quan-jiu" also provides corporate customers with 24-hour assistance service for their employees on overseas business trips. The scope of assistance incorporates a hospital referral service, interpretation service at hospitals, cashless payment service at affiliated medical facilities as well as other emergency services including travel arrangement for family members and a search and rescue service.

Sompo Japan will further augment its operations in China's personal insurance market.

Acquired 100% Ownership of an Underwriting Agency in the Netherlands

In October 2011, Nipponkoa acquired 100% ownership of Nateus Nederland Besloten Vennootschap, an underwriting agency in the Netherlands, by purchasing its stock through NIPPONKOA Insurance Company (Europe) Limited (NKE), a wholly-owned subsidiary of the Company. In November 2011, the company name of Nateus Nederland Besloten Vennootschap changed to NIPPONKOA Nederland Besloten Vennootschap.

Through this acquisition, Nipponkoa will expand NKE's operations and participate in the European insurance market, which is one of the world's principal insurance markets, providing good-standing companies in the Netherlands with highest quality services and peace of mind.



Initiated Support Service for Countermeasures against Overseas Flooding

In June 2012, NKSJ Risk Management, Inc. initiated Support Service for Countermeasures against Overseas Flooding. This service supports the implementation of each customer's business continuity measures in the event of flooding. This service is especially designed for Japanese-affiliated companies with operating bases in Southeast Asian countries including Thailand.

In 2011, flooding in Thailand forced numerous Japanese-affiliated companies to cease operations. Complete recovery required a long time and the flooding caused extensive problems due to supply chain disruption, which gravely impacted production.

In response to these events, NKSJ Risk Management initiated this new service aiming to utilize experience and know-how accumulated over the years in business continuity support services, extending to risk assessment of typhoons and flooding, the formulation of business continuity plans (BCP) and training on BCP implementation.



Partnership with Local Financial Institutions to Support Overseas Expansion

Sompo Japan and Nipponkoa are supporting the overseas expansion of domestic companies in local cities. Based on business partnership agreements with local financial institutions, we offer support to their corporate clients as they expand overseas operations or plan overseas expansion. The scope of partnership includes supplying overseas information and co-sponsoring seminars.

Representative Office Opened in Phnom Penh

In Cambodia, Lonpac Insurance Berhad, Nipponkoa's investment partner in Malaysia, set up Campu Lonpac Insurance Private Limited Company ("Campu Lonpac") in a joint venture with a local bank. Until now, Nipponkoa had been providing insurance services to Japanese companies through Campu Lonpac, but in June 2012, established a representative office in Cambodia, the first Japanese insurer to do so. The opening of this Phnom Penh representative office will enable Nipponkoa, in co-operation with Campu Lonpac, to expand its services to Japanese firms moving into Cambodia.

Overseas Initiatives—Centered on Local Markets

In recent years, through investment in or acquisition of local insurance companies, the NKSJ Group has built up strong platforms in promising emerging markets. These include Universal Sompo General Insurance Company Limited in India (established as a joint venture in 2007), Maritima Seguros S.A. in Brazil (acquired 50% of ordinary shares in 2009), Tenet Insurance Company Limited in Singapore (acquired in 2010), Sompo Japan Sigorta A.S. in Turkey (acquired in 2010), and Berjaya Sompo Insurance Berhad in Malaysia (turned into a subsidiary in 2011). Alongside strong market growth in each country, each company is continuously growing its own operating base backed by its own strength. In fiscal 2011, total GWP (gross written premium) of these companies grew 14% year-on-year. We expect continuous growth and further contribution to Group profits in the coming future.

Signed the UN Principles for Sustainable Insurance (PSI)

In June 2012, Sompo Japan became signatory to the UN Principles for Sustainable Insurance. PSI is an international initiative which declares that they will take environmental, social, and governance issues into account through their business decisions. Deeply committed, Sompo Japan has greatly contributed to the development of the principles.

These principles were announced in public during the RIO+20 United Nations Conference on Sustainable Development. Mr. Masatoshi Sato, Chairman of Sompo Japan attended the official signing ceremony held in Rio de Janeiro.



Masatoshi Sato (right), Chairman of Sompo Japan at the press conference

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Organizational Realignment among the NKSJ Group Member Companies

Basic Merger Agreement of Sampo Japan and Nipponkoa

Sampo Japan and Nipponkoa have agreed to a full merger in the first half of fiscal 2014. Through this merger, a new company Sampo Japan Nipponkoa Insurance will be created. With the overarching strategic target of becoming the No. 1 P&C insurance company in terms of customer evaluation, Sampo Japan Nipponkoa Insurance will aim for sustainable growth and contribution to a sustainable society.

The Integration of Sampo Japan and Nipponkoa Kicked Off

Toward the establishment of Sampo Japan Nipponkoa Insurance in the first half of fiscal 2014, Sampo Japan and Nipponkoa have been integrating operations and offices since December 2011 and have established a co-headquarters system. The companies will also work to integrate their sales bases and combine claims offices, including overseas bases during fiscal 2012 and 2013. The NKSJ Group strives to realize integration synergy even prior to the formal merger of Sampo Japan and Nipponkoa.

Two Newly Created Companies of the NKSJ Group

Inauguration of NKSJ Himawari Life

On October 1, 2011, NKSJ Himawari Life Insurance, Inc. was established through the merger of Sampo Japan Himawari Life and Nipponkoa Life. As a strategic subsidiary shouldering the Group's life insurance business, NKSJ Himawari Life shall further strengthen its operating foundation and accelerate its growth.

Participation in Assistance Service Business: Established Prime Assistance Inc.

In April 2012, NKSJ Holdings has established Prime Assistance Inc., jointly with Prestige International Inc., the largest domestic company which operates assistance service as a privately-owned entity.

From October 2012, Prime Assistance is planning to initiate its own road assistance service oriented toward the automobile insurance policyholders of Sampo Japan and Nipponkoa.

Positioning the assistance business as a core service business, the NKSJ Group aims to improve its corporate value by moving beyond the standard bounds of the insurance business to develop products and services which carefully meet customer needs.

Corporate Social Responsibility

Became signatories to the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)

In December 2011, NKSJ Holdings and other group members became signatories to the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century). These principles were newly formulated with the aim of expanding environmentally-friendly finance in Japan.

The NKSJ Group is developing advanced initiatives for global environmental issues ahead of other domestic financial companies. The Group offers services, products and solutions related to risk finance which are environmentally-friendly and also contributing to society. Under "the NKSJ Group's Approach to CSR" (CSR basic policy), the Group is accelerating its efforts to contribute to a sustainable society through the businesses of its group members.



Initiated Free Smartphone Application:

“Trouble Ch” Service Provides the Solution for Troubles Anywhere, Anytime

Sompo Japan released a free Smartphone application in July 2011. The “Trouble Ch” (Channel) service aims to provide the quick solutions customers seek when trouble arises during travel and daily life. The service incorporates advice from specialists to offer useful troubleshooting know-how, such as “fixing a car with a dead battery,” “first-aid burn treatment,” and “emergency contacts for lost passports.” From March 2012, a new service was added to automatically suggest relevant issues and solutions based on proximity to facilities such as airports and golf courses.



Release of “Hotto” (heart-easing) Medical Plan, Kenko no Omamori

In conjunction with its October 2011 founding, NKSJ Himawari Life released the new “Hotto” (heart-easing) Medical Plan *Kenko no Omamori*. This medical insurance provides comprehensive coverage when undergoing surgery and invasive medical procedures insurance.

This product builds on the reputation established by *Kenko no Omamori*, a former product introduced in August 2008, which provided generous benefits for advanced medical procedures. *Kenko no Omamori* has now evolved with even broader, more generous coverage to provide customers with even greater peace of mind and security when undergoing intensive medical procedures.

Looking ahead, NKSJ Himawari Life will enhance its medical insurance service in line with the latest medical advances, aiming to be an insurance company which offers customers top quality service, as well as peace of mind.

Our Response to the Great East Japan Earthquake



Volunteer Project in the Devastated Areas



“Cheer Up Market” for the Devastated Areas

We would like to express our heartfelt sympathy and deepest condolences to those who suffered from the Great East Japan Earthquake. We deeply wish for the swift, full recovery of the disaster stricken areas.

Immediately after the occurrence of the Great East Japan Earthquake on March 11, 2011, the NKSJ Group established individual Disaster Response Headquarters chaired by the presidents of each group member company. Aiming to ensure comprehensive service for our customers, the Group also established Local Response Headquarters to take charge of gathering damage data and handling insurance payouts.

Under the direction of each headquarters, the Group rallied all of its strength and endeavored to accelerate insurance payments to customers through such initiatives as dispatching employees to operating bases in disas-

ter stricken areas and augmenting call centers and claims offices.

In addition to initiatives for prompt and proper insurance payment, the NKSJ Group has been supporting reconstruction of devastated areas. To support farmers who suffered damage from the spread of rumors of radiation, the Group supported sales events to promote agricultural products made in Fukushima and Ibaraki prefectures. The Group also encouraged its 34,000 employees to participate in the NKSJ Volunteer Days, held from October to December 2011, to support reconstruction activities in the devastated areas. Both in Japan and overseas, executives and employees from many Group companies and insurance agencies also made donations.

Corporate Governance, Internal Control and Compliance

NKSJ Holdings is continually working to improve the transparency and fairness of its corporate governance, and strengthen its relationships of trust with all stakeholders. The Board of Directors sets corporate governance policies and defines the overall vision for the governance organization and its mechanisms.

■ Corporate Governance

1. Overall Governance Structure

NKSJ Holdings is structured as a company with a Board of Corporate Auditors. The Board of Directors, which is responsible for principal management decisions and the supervision of operations, and the Corporate Auditors and Board of Corporate Auditors, which are independent from the Board of Directors, both work to maintain and enhance the effectiveness of supervisory functions and checks and balances. To ensure timely decision-making and clarify chains of authority and accountability, the Company has also adopted an executive officer system.

With the aim of creating a highly transparent group-wide corporate governance structure, NKSJ Holdings has also established a Nomination and Compensation Committee and Investment Committee to advise the Board of Directors. Both are chaired by independent directors, and independent directors make up the majority of committee members.

2. Directors and the Board of Directors

Alongside performing its statutory duties, the Board of Directors makes decisions on important management matters and supervises the performance of operations. In principle, the Board of Directors meets monthly, with the appropriate number of members required to allow timely decision making. To benefit from outside perspective, the Company has appointed six of its 12 directors as independent directors.

Directors must improve their knowledge and accumulate experience pertaining to important matters, so that they can perform their management duties appropriately, fairly and efficiently. To provide clear management accountability within each fiscal year, the term of office of directors expires at the conclusion of the final ordinary General Meeting of Shareholders pertaining to the fiscal year that ends within one year of their appointment.

3. Corporate Auditors and Board of Corporate Auditors

Alongside performing their statutory duties, corporate auditors conduct audits concerning the legality and appropriateness of business operations, taking into account the importance of customer protection.

The Board of Corporate Auditors formulates audit policies and plans, etc., to ensure that these audits are conducted effectively. The term of office of corporate auditors expires at the conclusion of the final ordinary General Meeting of Shareholders pertaining to the fiscal year that ends within four years of their appointment.

4. Nomination and Compensation Committee and Investment Committee

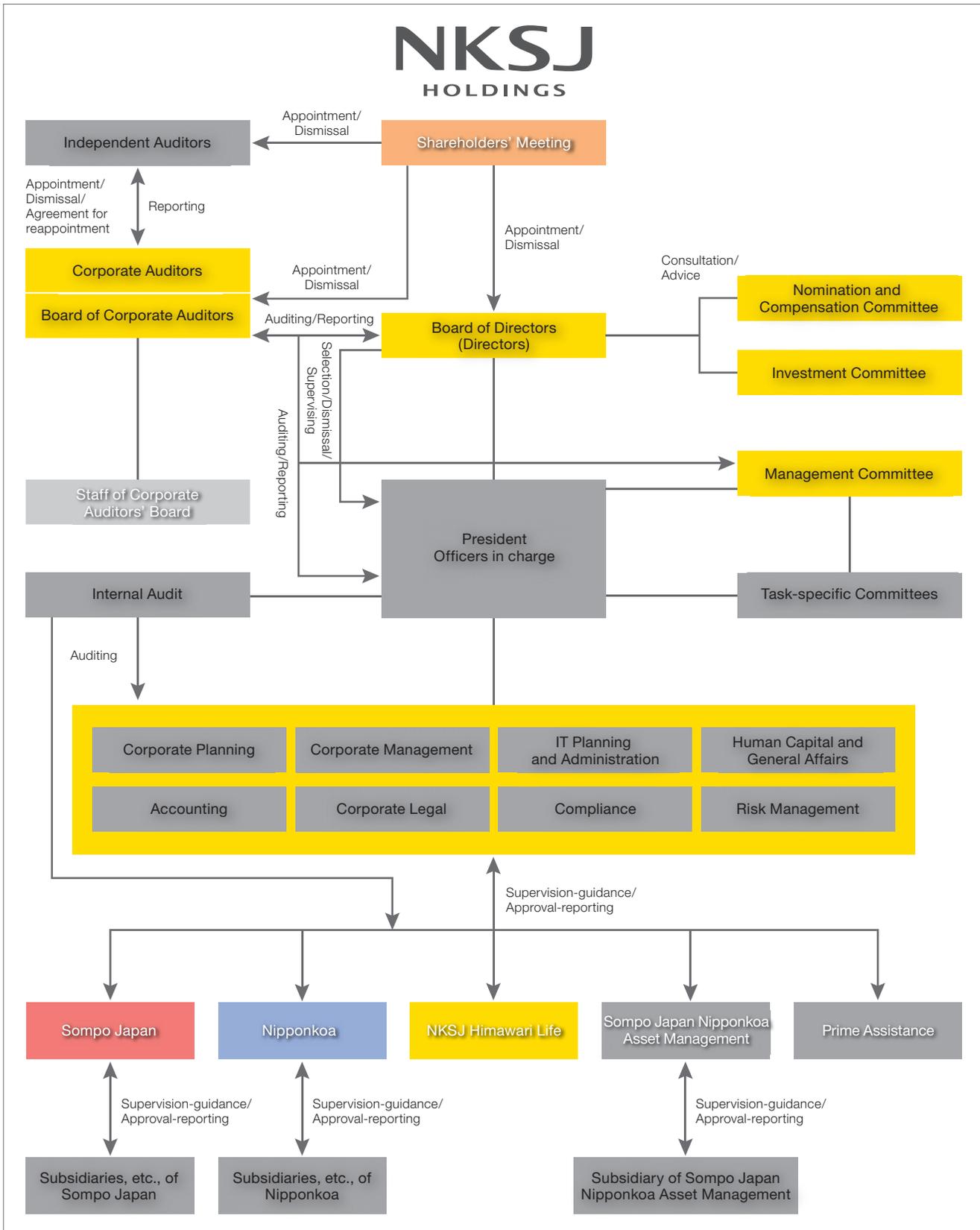
NKSJ Holdings has established the Nomination and Compensation Committee, and also the Investment Committee to advise the Board of Directors.

To ensure transparency in the appointment and compensation of directors and executive officers, the Nomination and Compensation Committee determines policies and standards for the appointment of directors and executive officers and makes decisions on the proposal of candidates, and also advises the Board of Directors on the assessment of directors and executive officers, compensation structures and compensation.

The Nomination and Compensation Committee is also involved in determining the appointment and conditions of directors and executive officers of subsidiaries, in accordance with factors including their scope and scale of operations. The Committee should have no more than five members, who are appointed from among the directors. To ensure the independence and neutrality of the Committee, the majority of members must be independent directors. The chairperson is elected from among the independent directors who are members of the committee.

Management Structure of Holding Company

(As of July 1, 2012)



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To improve the asset management capabilities of the NKSJ Group, the Investment Committee is involved in the establishment of asset management policies for the NKSJ Group, the assessment of the state of invested assets, and other tasks. The Committee should have no more than five members, who are appointed from among the directors. To ensure the independence and neutrality of the Committee, the majority of members must be independent directors. The chairperson is elected from among the independent directors who are members of the committee.

■ Development of Internal Control Systems

NKSJ Holdings' Board of Directors has resolved to establish the Basic Policy on the Development of Internal Control Systems for the purpose of ensuring that the NKSJ Group's business operations are appropriately performed and that corporate governance is continually reinforced and qualitatively improved.

Under this basic policy, the Company continuously seeks to monitor and verify the Group's control systems and work to improve related structures.

■ Compliance

The NKSJ Group aims to be a corporate group trusted by society by providing customers with the highest quality services and absolute peace of mind. Toward this end, the Group conducts appropriate corporate activities in compliance with laws, other applicable rules, societal norms and corporate ethics, based on a constant recognition of the public mission of insurance and financial service businesses and social responsibility.

1. Formulation of Basic Policies and Code of Conduct

The NKSJ Group has formulated the NKSJ Group Basic Policy on Compliance and the NKSJ Group Compliance Code of Conduct as group-level policies. In line with these, all of the Group executives and employees now recognize compliance as a basic requirement for the administration of business operations, and are working to implement effective compliance measures.

2. Promotion of Compliance through Compliance Programs

Insurance companies in the NKSJ Group work to resolve issues by formulating compliance programs for each business year. NKSJ Holdings monitors initiatives by these companies, including the progress made, and gives instructions for improvement as necessary. NKSJ Holdings also shares information about other insurance companies' initiatives within the Group to facilitate the resolution of compliance issues.

3. Compliance Committee

A Compliance Committee has been established to improve the effectiveness of compliance systems by deliberating on and checking related matters, such as the development of systems and implementation of measures by the Group companies. Members of the committee include directors and department heads from NKSJ Holdings, as well as compliance department heads from Sampo Japan, Nipponkoa and NKSJ Himawari Life. This committee works to improve the effectiveness of group-level compliance activities by sharing up-to-date information and extending effective initiatives undertaken by individual companies across the Group.

4. Responding to Serious Breaches

A system has been established requiring any of the Group company affected by serious compliance-related problems, including serious breaches, to report the matter to NKSJ Holdings. In such cases, the entire Group will work together to implement countermeasures based on multiple perspectives, and to maximize the effectiveness of customer-related actions and initiatives designed to prevent recurrences.

■ Internal and External Audits

NKSJ Holdings is audited by its corporate auditors, internal audit department, and independent auditors. Group companies conduct internal audits as enacted in the NKSJ Group Basic Policy on Internal Audits to verify their operational activities and ask for improvement of any issues, with the aim of contributing to the achievement of management targets. The Company continuously seeks to improve the Group's internal control systems to ensure they operate autonomously.

Board of Directors, Officers and Auditors

(As of July 1, 2012)



Standing from left: Yoshikazu Nishiwaki, Eiichi Yoshimitsu, Keiji Nishizawa, Toshiyuki Takata, Akira Matsuda, Motoyoshi Nishikawa, Makiko Yasuda, Koichi Masuda, George C. Olcott, Shinji Tsuji, Yuichi Yamaguchi, Kazufumi Yunome
Seated from left: Yoshiharu Kawabata, Seiichi Asaka, Kengo Sakurada, Masaya Futamiya, Akira Gemma, Sumitaka Fujita

Representative Director,
Chairman and Executive Officer

Masaya Futamiya

Representative Director,
President and Executive Officer

Kengo Sakurada

Director, Senior Managing Executive Officer

Shinji Tsuji

Director, Managing Executive Officer

Toshiyuki Takata

Directors, Executive Officers

Yuichi Yamaguchi

Keiji Nishizawa

Independent Directors

Akira Gemma

Seiichi Asaka

Sumitaka Fujita

Yoshiharu Kawabata

George C. Olcott

Akira Matsuda

Executive Officer, General Manager,
Corporate Management Department

Yoshikazu Nishiwaki

Corporate Auditors

Kazufumi Yunome

Eiichi Yoshimitsu

Independent Corporate Auditors

Koichi Masuda

Makiko Yasuda

Motoyoshi Nishikawa

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Risk Management, Capital Strategy and Asset Management

The NKSJ Group has established the NKSJ Group Basic Policy on Risk Management to appropriately manage the risks of the Group as a whole as well as individual Group companies. Rules have been established based on this basic policy and systems have been established to assess and evaluate risks, appropriately control risks, and accurately respond when risks emerge. Based on this risk management framework, the Group aims to enhance corporate value by balancing financial soundness, capital efficiency and shareholder returns. The Group's asset management is conducted with this Capital Strategy.

■ Risk Management Systems in the NKSJ Group

The NKSJ Group has developed the following risk management systems:

1. To manage operations with due consideration for the risks, NKSJ Holdings has established an organizational unit to comprehensively manage the various risks that exist within the Group and risks inherent to a group structure, such as intragroup risk contagion. NKSJ Holdings has also established the Risk Management Committee to deliberate on systems and methods of risk management and monitor the current status of risk management.
2. To maintain sufficient net capital commensurate with risk, NKSJ Holdings shall manage risks by measuring the various risks that affect Group operations with uniform yardsticks, aggregating them, and comparing the results with capital resources.
3. Group companies are required to establish risk management frameworks, including assessment and evaluation of risks according to the content, scale, and characteristics of their business activities. NKSJ Holdings has also set forth matters that require its approval and matters that must be reported to NKSJ Holdings.
4. NKSJ Holdings has established systems to ensure the continuity and early restoration of the Group's key operations during times of crisis, including major natural disasters, and ensured the stability and soundness of the Group's operational foundation in times of emergency.

■ Roles of NKSJ Holdings and Group Companies

In the NKSJ Group, NKSJ Holdings and Group companies are each fulfilling specific roles and developing appropriate risk management systems.

1. The role of NKSJ Holdings

NKSJ Holdings has established systems to accurately assess and manage risks of the Group as a whole, including the risks inherent to a group structure and unmanageable for individual Group companies such as intragroup risk contagion. The details follow.

The NKSJ Group Basic Policy on Risk Management has been established and disseminated to executives and employees within the Group to establish and develop risk management systems of the Group as a whole. Systems have been also established for the prompt reporting of matters that could have a material impact on Group management by means of setting forth matters that require its approval and matters that must be reported to NKSJ Holdings.

2. The role of Group companies

As independent legal entities, Group companies establish their own risk management systems to ensure that they operate soundly and appropriately in accordance with the principle of self responsibility. Group companies manage their risks by establishing their own basic policies on risk management consistent with the NKSJ Group Basic Policy on Risk Management and disseminating them to their executives and employees.

■ NKSJ Group Basic Policy on Risk Management

In accordance with the NKSJ Group management policy, NKSJ Holdings has established the NKSJ Group Basic Policy on Risk Management outlined as follows. This Basic Policy governs our efforts to accurately assess the Group's risk exposure, avoid unforeseen losses, and thereby secure financial soundness through appropriate risk management. The Basic Policy also supports our development of an enterprise risk management (ERM) system designed to maximize the Group's corporate value.

1. Capital management

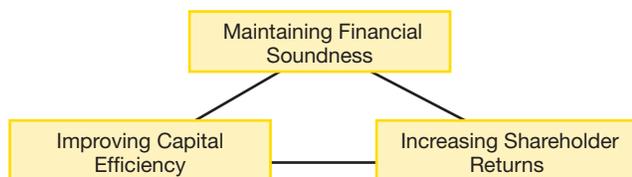
NKSJ Holdings shall establish a framework to maintain financial soundness and maximize corporate value. This framework centers on appropriate capital management by means of a comparison of the Group's economic risk capital, the aggregate of the Group's various risks measured with uniform yardsticks, and the Group's net capital (meaning the difference between assets and liabilities on an economic value basis).

2. Comprehensive risk management

In addition to accurately assessing the Group's various risk exposure, NKSJ Holdings shall manage risks comprehensively by monitoring risks inherent to a group structure, such as contagion, uneven distribution, and concentration of risk. NKSJ Holdings shall also mandate that Group companies establish systems to ensure that they operate soundly and appropriately in accordance with the principle of self responsibility.

■ Capital Strategy

The NKSJ Group aims to enhance corporate value by balancing three imperatives: "maintaining financial soundness," "improving capital efficiency," and "increasing shareholder returns."



1. Maintaining financial soundness

We conduct risk and capital management on a group-wide basis, with a target credit rating of AA.

We will reduce strategic-holding stocks continuously.

2. Improving capital efficiency

We will enhance adjusted profit by realizing integration synergies.

We will allocate part of the risk buffer generated through the reduction of strategic-holding stocks to investments in growth businesses such as overseas M&As.

3. Increasing shareholder returns

We aim to return profit to shareholders primarily by paying a stable dividend supplemented by stock buybacks where warranted by capital conditions.

We set a medium-term target for a total payout ratio of 50%, such that total shareholder returns amount to 50% of adjusted profit (excluding the domestic life insurance business).

■ Asset Management

The NKSJ Group recognizes investment as the group's key strategic area. By strengthening investment capabilities through various measures, we aim to improve our investment performances.

1. The Investment Committee

The Investment Committee stands as an advisory organ to the NKSJ Holdings' Board of Directors. The committee comprises five directors, and the chairman and majority of the members are independent directors to ensure independence. The Investment Committee is involved in a wide manner of the investment activities as it establishes the Group's investment strategy and monitors investment activities of the Group. The committee is expected to give advice and recommendations to the Board of Directors as needed.

2. Strengthening investment capabilities

We have transferred front office operations for managing securities held as pure investments from Sompo Japan and Nipponkoa to Sompo Japan Nipponkoa Asset Management.

Through the integration of the front offices of both companies and synergies with third-party businesses, we will enhance and raise the efficiency of asset management capabilities.

3. Management of strategic-holding stocks

We are continuously selling our strategic-holding stocks in accordance with the plan that we established to reduce our strategic-holding stocks by 300 billion yen (MTM basis) over the three years ending FY2012. In FY2011, the net reduction of strategic-holding stocks was brought to ¥127.6 billion for the two companies combined.

Management Plan

The NKSJ Group pursues sustainable growth and further improvement of our corporate value by expanding group income through realization of integration synergies and strategic allocation of management resources to growth areas.

■ Group Basic Management Policies

1. Pursuit of Service Quality

We aim to be the customers' number one choice by raising the quality of all our operational processes and providing the highest quality of service.

2. Enhancement of Corporate Value through Sustained Growth

We will endeavor to realize our Group Vision by strategically investing business resources in growth areas to bolster Group earnings and enhance corporate value.

3. Pursuit of Business Efficiency

By maximizing the Group's strengths through collaboration in all areas of our operations, we will enhance business efficiency and build a stable operating base.

4. Highly Transparent Governance Systems

Recognizing our social responsibilities and public mission in insurance and financial services, we will base the development of our business operations on highly transparent systems of governance, effective risk management, and compliance.

5. Fulfillment of Our Social Responsibilities

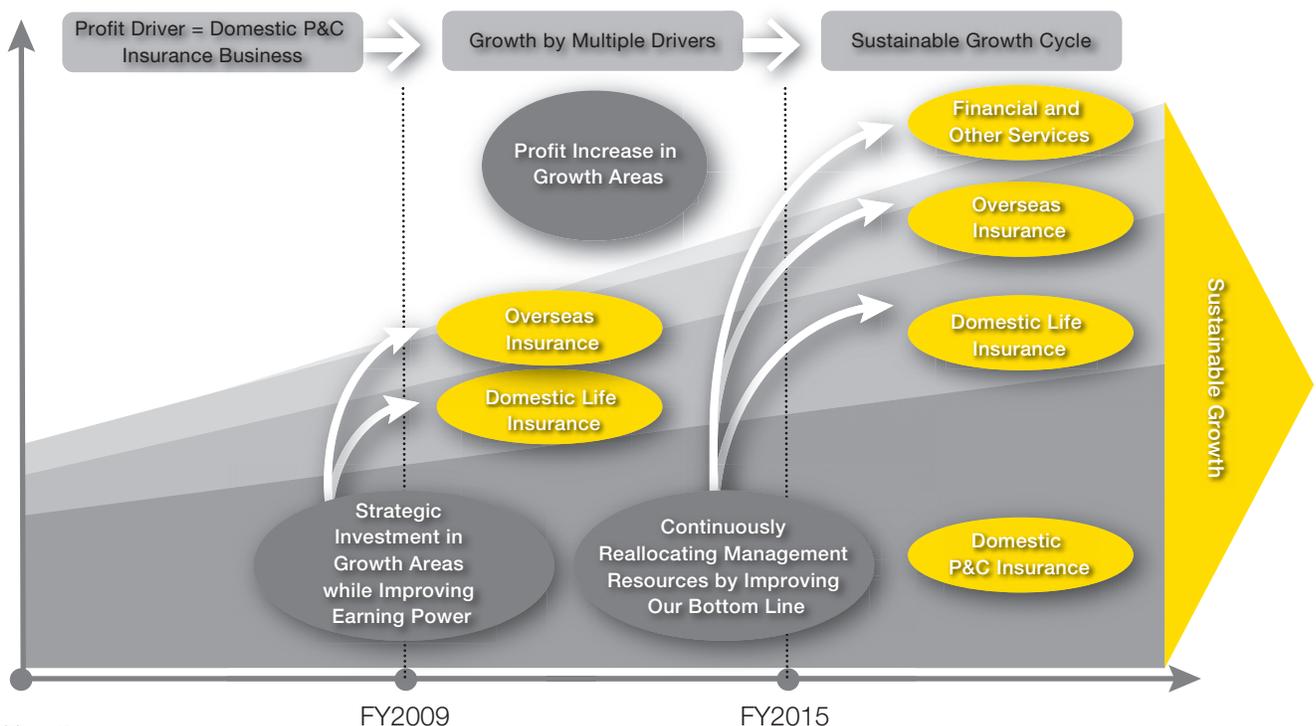
We will fulfill our corporate social responsibilities and help to build a sustainable society through active dialogue with stakeholders, utilizing the Group's core business strengths in areas of high social impact such as the environment, health, and medical care.

6. Creation of a Vibrant Workplace

We will actively strive to invigorate the Group's organization in order to create a vibrant and open organization that grows together with its employees.

■ Basic Strategies

We aim to further improve our profit-earning capacity in the domestic P&C insurance business, which is a profit driver of the Group. Also, we are shifting management resources to promising areas such as domestic life insurance and overseas insurance businesses, and working to establish a more balanced business portfolio. Moreover, we are investing in growth businesses by utilizing enhanced profit expanded by multiple profit drivers. In this way, the NKSJ Group aims to create a sustainable growth cycle.

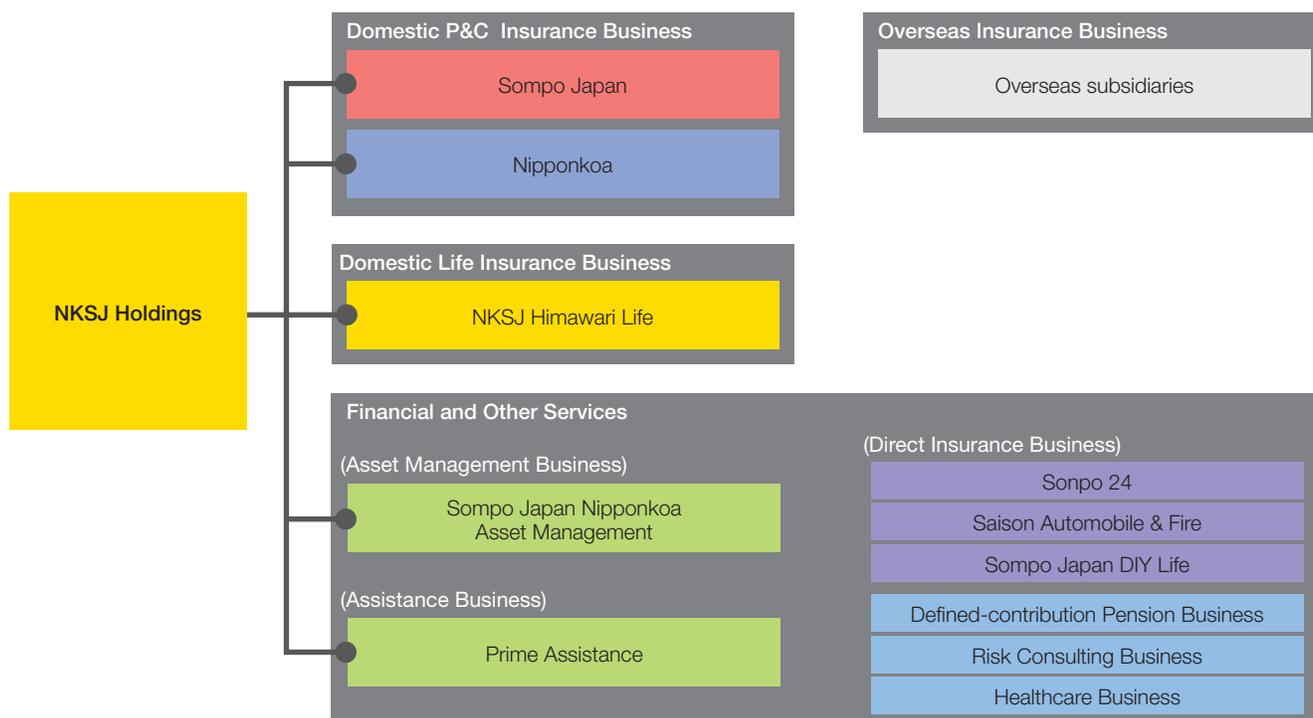


Progress in Integration of Group Subsidiaries

The merger and integration of group companies progressed smoothly.

- In October 2011, NKSJ Himawari Life Insurance, Inc. was established through the merger of Sompo Japan Himawari Life and Nipponkoa Life.
- Prime Assistance Inc. was established in April 2012 to conduct the assistance service business.
- Both companies support group-wide growth as a directly owned subsidiary of NKSJ Holdings.

Structure of the NKSJ Group



Pursuing Medium-term Financial Targets

FY2011 adjusted consolidated earnings amounted ¥1.2 billion. Large earnings growth of domestic life insurance made up for the loss of the domestic P&C insurance and overseas insurance businesses due to natural disasters worldwide.

(Billions of yen)

	FY2010 (Actual)	FY2011 (Actual)	FY2012 (Forecast)	FY2015* (Plan)
Adjusted Consolidated Profit				
Domestic P&C Insurance	21.3	(71.3)	(33.2)	81.0
Domestic Life Insurance	59.8	100.0	85.0	55.0
Overseas Insurance	2.4	(19.7)	6.3	20.0
Financial and Other Services	(2.7)	(7.6)	(4.3)	4.0
Total	80.7	1.2	53.7	160.0
Adjusted Consolidated ROE	4.2%	0.1%	2.7%	Over 7%

* Forecast of the Medium-term Management Plan announced in September 2011

Note: We are revising our management plan according to such changes in the operating environment as the full merger of Sompo Japan and Nipponkoa. (As at July 2012)

Scope of Aggregation of Adjusted Income

Domestic P&C Insurance	Sum of non-consolidated results for Sampo Japan and Nipponkoa
Domestic Life Insurance	NKSJ Himawari Life (FY2010, sum of results for Sampo Japan Himawari Life and Nipponkoa Life)
Overseas Insurance	Overseas insurance subsidiaries
Financial and Other Services	Sonpo 24, Saison Automobile & Fire, Sampo Japan DIY Life, financial services, healthcare, etc.

Calculation of Adjusted Consolidated Profit

■ Domestic P&C Insurance:

Net income + provisions for catastrophic loss reserve (after tax) + provisions for price fluctuation reserve (after tax) – gains/losses on securities sales and securities impairment losses (after tax) – extraordinary items

■ Domestic Life Insurance:

Growth in embedded value (EV) – capital account transactions (e.g., equity issuance) – changes in EV attributable to interest rate movements

■ Overseas Insurance, Financial and Other Services:

Net income as reported in financial statements

Adjusted Consolidated Profit Results for Fiscal 2011

■ Domestic P&C Insurance:

Net income	¥(60.1) billion
+ Provisions for catastrophic loss reserve (after tax)	¥(47.6) billion
+ Provisions for price fluctuation reserve (after tax)	¥(0.1) billion
- Gains/losses on securities sales and Securities impairment losses (after tax)	¥10.3 billion
- Extraordinary items (change in the corporate tax rate)	¥(46.8) billion
Total	¥(71.3) billion

■ Domestic Life Insurance:

Growth in embedded value (EV)	¥148.3 billion
- Capital account transactions (e.g., equity issuance)	—
- Changes in EV attributable to interest rate movements	¥48.3 billion
Total	¥100.0 billion

■ Adjusted Consolidated ROE:

$$\frac{\text{Adjusted consolidated profit } ¥1.2 \text{ billion}}{\text{Consolidated net assets (excluding life insurance subsidiaries' net assets) } ¥956.3 \text{ billion} + \text{Catastrophic loss reserve (after tax) } ¥398.4 \text{ billion} + \text{price fluctuation reserve (after tax) } ¥16.5 \text{ billion} + \text{Life insurance subsidiaries' EV } ¥531.1 \text{ billion}} = 0.1\%$$

Note: After-tax amounts are calculated by deducting an amount based on the effective tax rate from the balance of each reserve.
The denominator is the average balance at the end/start of each fiscal year.

Our Impact on Society

The NKSJ Group has pledged to fulfill its corporate social responsibilities and contribute to the realization of a resilient and sustainable future by drawing on strengths based on its core business activities. Described below are approaches to our goals and medium-term priorities. Specific information about our initiatives can be found in “Corporate Responsibility Communication 2012” report scheduled to be released in September 2012.

■ The NKSJ Group's Approach to CSR (Basic Policy)

In addressing corporate social responsibility as the NKSJ Group, we respect international regulations and norms of conduct and undertake business by high ethical standards while actively engaging stakeholders through forward-looking dialogue. We integrate broad environmental and social considerations into our core business operations, including tackling environmental challenges such as climate change and biodiversity loss, respect for human dignity and diversity, and proactive community involvement.

Drawing on core strengths in the insurance business cultivated over our 120-year history, we will continue to contribute towards realizing a sustainable society, create new values, and provide safety and security.

■ Our Medium-term CSR Objectives

1. To become a highly valued corporate group by creating new social values towards a safe, secure, and sustainable society. In particular, we will provide a variety of solutions designed to address social challenges in areas such as healthcare and the environment.

- (1) We will provide insurance and financial products and services, and make investments and loans that meet the needs of society.
- (2) We will further enhance our corporate citizenship activities.

2. To seek and assume environmental leadership by tackling climate change, loss of biodiversity, and other environmental challenges.

- (1) We will minimize our environmental footprint through group-wide efforts to reduce greenhouse gas emissions.
- (2) We will remain focused on valuing biodiversity and actively engage in the creation of a recycling-based society and the protection of ecosystems.

- (3) We will provide environment-friendly products and services. Together with our stakeholders, we will promote “Eco & Safety Drive” as well as the utilization of recycled automobile parts, upgrade our green purchasing throughout our value chain, and enhance our environmental education initiatives.

3. To actively engage with our stakeholders to share favorable outcomes and build trust.

- (1) We will maintain a high level of transparency and clarity in disclosure and engage in active dialogue with our stakeholders.
- (2) We will work in partnership with our stakeholders in an effort to resolve environmental and social issues to make the world a better place.

■ Five CSR Material Issues of the NKSJ Group

From 2012, the NKSJ Group has revised the CSR material issues through dialogue with experts on the following 5 issues.

Material Issue 1

Providing Safety and Security for the Society

Material Issue 2

Tackling Global Environmental Issues
~Focusing on Climate Change~

Material Issue 3

Providing Sustainable and Responsible Financial Services

Material Issue 4

Community Involvement and Development
~Partnership with NGOs~

Material Issue 5

Developing Human Resources and Promoting Diversity

Stakeholder Engagement

The NKSJ Group sees engagement with a wide range of stakeholders as essential to fulfill its corporate social responsibilities. As a core activity it enables us to continually improve our CSR initiatives and achieve tangible results. We regard participation as a member in international organizations and initiatives significant, due to the potential to make lasting contributions to the solution of sustainability challenges and deliver real benefits to stakeholders. Listed below are main initiatives in which we are participants or signatories, also the SRI fund universes and indexes in which we are included.

Initiatives

United Nations Global Compact (UNGC)

UNGC is a partnership initiative between the UN and business that motivates companies to grow into better corporate citizens by voluntarily addressing the areas of human rights, labor, the environment, and anticorruption. It was initiated in response to a proposal by then UN Secretary-General Kofi Annan. (Sompo Japan, Nipponkoa)



Principles for Responsible Investment (PRI)

PRI was formulated by the United Nations Environment Programme Finance Initiative (UNEP FI) as a declaration by financial institutions that they will take environmental, social, and governance (ESG) issues into account when making investment decisions. Sompo Japan was the first Japanese insurance company to become a signatory to these principles in 2006, and Sompo Japan Nipponkoa Asset Management followed to become a signatory in 2012. (Sompo Japan, Sompo Japan Nipponkoa Asset Management)



Carbon Neutral Declaration

Nipponkoa issued a Carbon Neutral Declaration in July 2008, stating its intention to achieve net zero CO₂ emissions by fiscal 2012 by cutting its CO₂ emissions by at least 20% (versus FY2006) and purchasing carbon credits to offset unavoidable emissions. By donating purchased emissions credits to the Japanese government, Nipponkoa is also helping Japan to meet its greenhouse gas emissions reduction target under the Kyoto Protocol. (Nipponkoa)

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is an international financial sector network of approximately 200 financial institutions from 40 countries (as of March 2012). Since its launch in 1992, the initiative has promoted the integration of environmental considerations into all aspects of the financial sector's operations and services in pursuit of sustainable development

that is conducive to both economic progress and environmental protection.



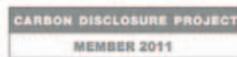
Principles for Sustainable Insurance (PSI)

PSI was formulated by the United Nations Environment Programme (UNEP FI) in June 2012, as a declaration by financial institutions that they will take ESG issues into account through their business operations. Sompo Japan contributed to the development of the principles and became a signatory in June 2012. (Sompo Japan)



Carbon Disclosure Project (CDP)

CDP is a collaborative initiative by the world's leading institutional investors. This international initiative encourages businesses to adopt climate change strategies and disclose their greenhouse gas emissions, spurring action on climate change. Sompo Japan has been a member since 2005 as an institutional investor and joined its advisory board of Japan in 2007. (Sompo Japan)



World Business Council for Sustainable Development (WBCSD)

WBCSD, established in 1995, is a CEO-led global association of companies. As of March 2012, approximately 200 company leaders from 35 countries were involved, providing industry leadership on the environment and sustainable development through lively debate, policy recommendations, and other activities. (Sompo Japan)



Principles for Financial Action towards a Sustainable Society (PFA)

These principles were formulated based on the recommendation made by the "Expert Committee on Environment and Finance" under the Central Environmental Council in June 2010, which proposed establishing a "Japanese version of PRI" aimed at expanding environmentally-friendly finance in Japan. Sompo Japan and Nipponkoa

were actively involved in the formulation, participating as members of the drafting committee. In December 2011, a total of 10 NKSJ Group members became signatories to these principles (NKSJ Holdings, Sompo Japan, Nipponkoa, NKSJ Himawari Life, Sompo Japan Nipponkoa Asset Management and five other group companies).

Inclusion in SRI Fund Universes and SRI Indexes

NKSJ Holdings was selected to be included in the following SRI indexes and also as a candidate for SRI funds (as of April 2012).

Dow Jones Sustainability Indexes (DJSI World)

DJSI World is a leading global SRI index of companies that are leaders in sustainability, as assessed from their ESG issues.



FTSE4Good Index Series

FTSE4Good Index Series is a group of socially responsible investment indexes that tracks the performance of companies that meet recognized corporate responsibility standards.



Ethibel Pioneer Register and Ethibel Excellence Investment Register

The two registers are a socially responsible investment universe for European institutional investors.



Morningstar Socially Responsible Investment Index

Morningstar Socially Responsible Investment Index covers Japanese ESG leading companies and is Japan's first SRI index.



Strategy on Global Environmental Issues—Risks and Opportunities

■ Responding to Climate Change

Climate change is a major problem that could have a wide ranging impact on all economic and social activities in the future. All stakeholders, from individual citizens to governments and business corporations, need to respond to this issue globally and from a long-term perspective. Financial institutions are increasingly expected to play an important role in this area. The NKSJ Group recognizes that climate change will create both risks and opportunities for companies.

Climate risk, in the form of major losses caused by extreme weather events attributable to the effects of climate change, is a serious management issue for P&C insurance companies. Because of their important role in society, insurance companies have a fundamental responsibility to adapt to climate change by strengthening their financial structures to provide the resources needed to meet insurance payments, and by establishing service structures capable of providing insurance payouts promptly in the event of disasters affecting large areas.

Next to managing risk, however, there are also business opportunities. For example, our support for adaptation measures in developing countries, which are especially vulnerable to the effects of climate change, includes R&D relating to innovative risk finance methods, such as Weather Index Insurance. We also offer consultation services to support businesses in reducing their greenhouse gas emissions.

The NKSJ Group regards these responses to climate change as opportunities to draw on its strengths in the core business of insurance, finance and risk management, and apply these to create new solutions.



■ Minimizing the Impact on Biodiversity

NKSJ Holdings, Inc., along with 36 NKSJ Group companies, participated in the “Japan Business and Biodiversity Partnership” since its inception in October 2010. Participation in the Partnership aims to pledge to the world that the NKSJ Group will make unflagging efforts to advance operations which support biodiversity conservation, and encourage each Group company to implement such business practices that contribute to biodiversity conservation as reducing paper consumption throughout the value chain. With the selection of web-based clause by customers, the NKSJ Group makes donations to NGOs that are promoting activities to protect the environment where endangered species are living and provides assistance to natural resource development projects.

Masatoshi Sato, Chairman of Sampo Japan, provides various leadership roles in industry, including the Chairmanship of the Keidanren Committee on Nature Conservation.

Another priority is to develop human resources who can contribute to the creation of a sustainable society. The NKSJ Group implements a range of initiatives based on the concept of Education for Sustainable Development (ESD). This includes forestation projects and environmental education programs carried out in cooperation with local governments and communities, group employees and individual insurance agencies. Sampo Japan and Nipponkoa are developing their forestation programs jointly in each others’ fields.

Through these activities, the NKSJ Group seeks to offset the impact of heavy paper consumption. We will also continue to inform local communities about the importance of biodiversity, and to express our appreciation for the many benefits that nature brings to people and society.

Initiatives on Global Environmental Issues

Weather Index Insurance for Drought Risk: Expanding sales to nine provinces in northeastern Thailand

Sompo Japan Insurance (Thailand) Co., Ltd. began selling the Weather Index Insurance in Khon Kaen Province in north-east Thailand in January 2010. The purpose of this product is to reduce damage caused by drought for rice farmers, as part of a pilot project to confirm adaptation measures for climate change.

Sompo Japan Group developed this product based on the research into risk financing methods for climate change while collaborating with the Japan Bank for International Cooperation (JBIC) in 2007. Sompo Japan Insurance (Thailand) offers this product to farmers that take out loans from the Bank for Agriculture and Agricultural Cooperatives (BAAC).

In the first fiscal year, 2010, 1,158 farmers applied for the Weather Index Insurance, surpassing our target for 1,000 insurance applications. The product is easy to understand and highly praised by Thai farmers, as the insurance payment is based on the results of accumulated rainfall data from July to September.

In the second fiscal year, 2011, the sales area was expanded to 5 provinces and the result of sales reached up to 6,173 applications.

In 2012, the product was revised to pay out insurance on the basis of the accumulated precipitation of July alone or the two months August to September, instead of the current three months from July to September. This makes it possible to pay out insurance payments at an early stage due to the planting period in July, which is the period when drought severely impacts on crop yields. It is aimed to hopefully

provide a great effect in mitigating economic losses for rice farmers in Thailand.

The sale area was also expanded to 9 provinces from 5 provinces in 2012.

Utilizing feedback from farmers and experience on this project, Sompo Japan Group will continue to examine the possibility of new products for different crops and regions.

Offering Environmentally-Friendly Products and Services, and Our International Contributions

As a part of its efforts to reduce its burden on the environment Nipponkoa strives to provide environmentally friendly products and services. These efforts include a paperless option for the terms and conditions of automotive and other types of insurance, allowing policyholders to view them on our website instead of on paper. Nipponkoa also gives automotive insurance policyholders the option of using recycled parts instead of new parts for vehicle repairs following an accident.

When policyholders choose one of these environmentally-friendly options, Nipponkoa donates a preset amount to the purchase of emission reduction credits generated from natural energy development projects certified by the United Nations, thereby funding these projects. In this way, Nipponkoa plays a role in reducing Greenhouse Gas and supplying funds for natural energy development projects in emerging countries, which contributes to their economic development by creating new jobs.



Photovoltaic power generation project



Briefing sessions for farmers in Thailand



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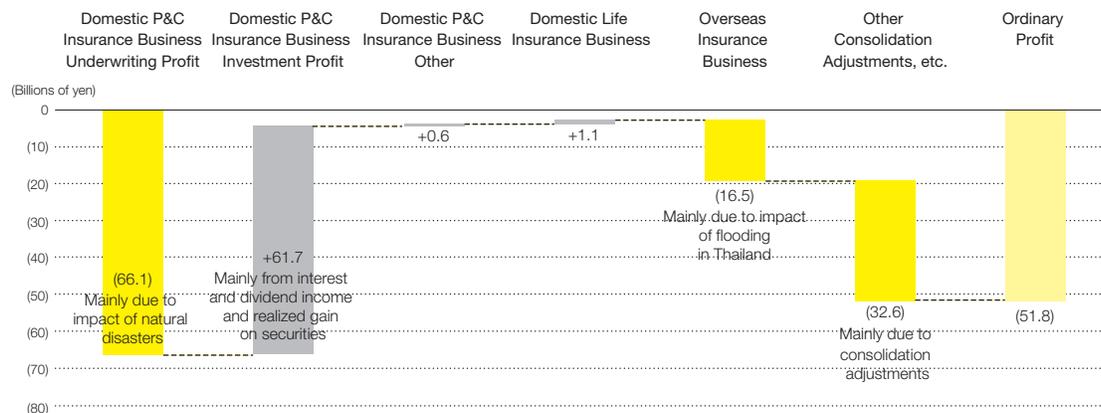
Consolidated Results of NKSJ Holdings

In the 2011 fiscal year (April 1, 2011 through March 31, 2012) consolidated results of the NKSJ Group, our top line steadily grew. This was attributable to a 2.1% increase of net premiums written to ¥1,973.7 billion and a 5.0% increase of life insurance premiums to ¥250.1 billion. However, NKSJ recorded ordinary loss of ¥51.8 billion and net loss of ¥92.2 billion, mainly due to the negative impact of natural disasters worldwide and a tax code amendment in Japan.

	Billions of yen			Millions of U.S. dollars	
	FY2010	FY2011	Change	FY2011	Change
Ordinary income	2,621.6	2,790.5	168.8	33,673	2,036
Net premiums written (P&C insurance)	1,933.2	1,973.7	40.4	23,817	487
Life insurance premiums	238.1	250.1	12.0	3,019	144
Ordinary profit (loss)	(6.4)	(51.8)	(45.3)	(625)	(547)
Net income (loss)	(12.9)	(92.2)	(79.3)	(1,113)	(956)

Ordinary Profit by Business Domains

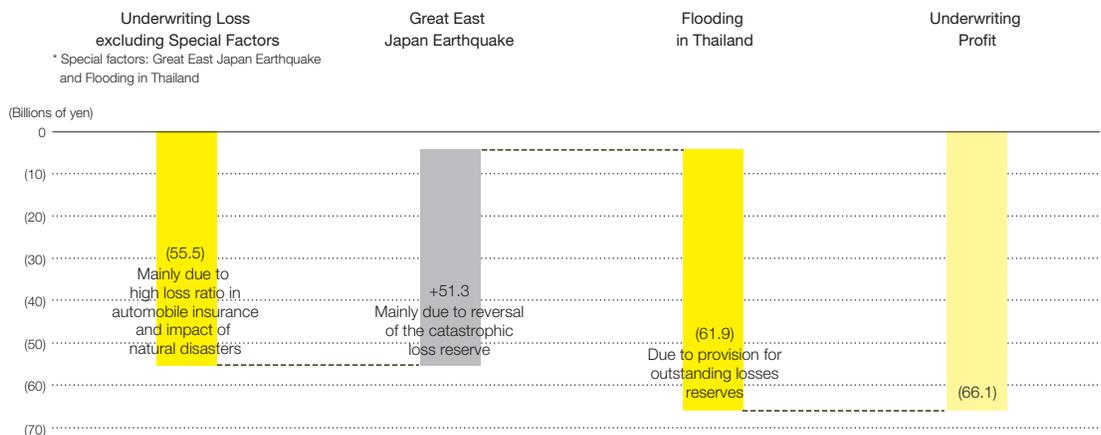
FY2011



Factors regarding domestic P&C insurance business underwriting profit are as follows.

Breakdown of Underwriting Profit of Domestic P&C Insurance Business

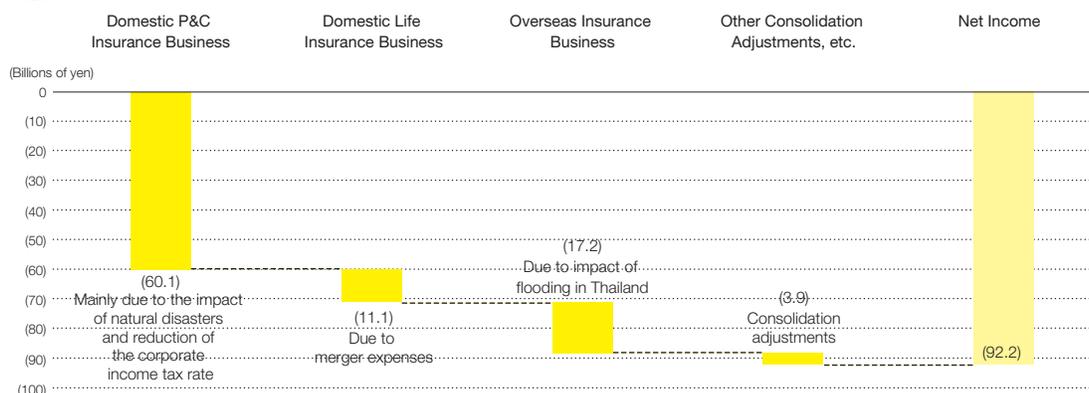
FY2011



Factors regarding net income are as follows.

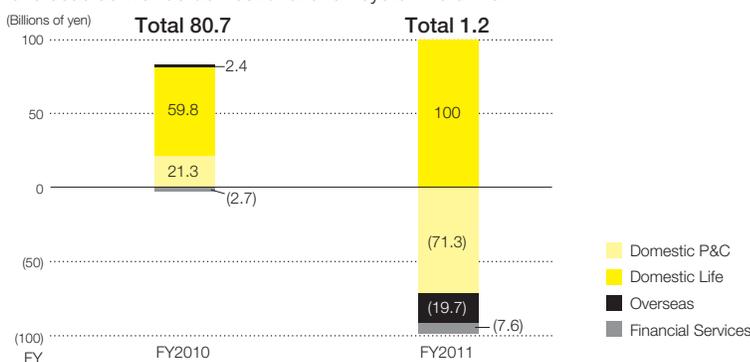
Net income by Business Domains

FY2011



Adjusted Consolidated Profit

Along with ordinary profit, adjusted consolidated profit amounted to ¥1.2 billion, due to natural disasters in Japan and overseas as well as domestic taxation system reforms.



Adjusted Capital

Adjusted consolidated net assets slightly increased to ¥1,924.1 billion and adjusted consolidated net assets per share amounted to ¥4,638. Embedded Value (EV) growth of life insurance subsidiaries made up for the loss of domestic P&C insurance and overseas insurance and decrease of catastrophic loss reserve by natural disasters. The EV of life insurance subsidiaries was ¥615.3 billion, representing around 32% of adjusted consolidated net assets, highlighting the growing significance of the domestic life insurance business in the Group.

	Billions of yen			Millions of U.S. dollars	
	FY2010	FY2011		FY2011	
	Amount	Amount	Change	Amount	Change
(1) Consolidated net assets	1,074.3	993.5	(80.7)	11,989	(974)
(2) of which, life insurance subsidiaries' net assets	79.4	75.7	(3.6)	914	(43)
(3) of which, unrealized gains on securities available for sale	268.9	326.5	57.6	3,941	695
(4)=(1)-(2)-(3)	725.9	591.1	(134.7)	7,133	(1,626)
(5)=(1)-(2) Consolidated net assets (excl. life insurance subsidiaries' net assets)	994.8	917.7	(77.1)	11,074	(930)
(6) Catastrophic loss reserve (net of tax)	422.2	374.6	(47.6)	4,520	(574)
(7) Reserve for price fluctuation (net of tax)	16.5	16.4	(0.1)	198	(1)
(8) NKSJ Himawari Life's EV	447.0	615.3	168.3	7,425	2,031
(9)=(5)+(6)+(7)+(8) Adjusted consolidated net assets	1,880.7	1,924.1	43.4	23,219	524
Adjusted consolidated net assets per share (yen)	4,531	4,638	107	—	—

*1 Consolidated net assets: stock acquisition rights and non-controlling interests are deducted.

*2 "Net tax" figure is the amount of each reserve minus tax effect. Tax rate used is non-consolidated basis of Sompo Japan and Nipponkoa.

Domestic P&C Insurance Business

This section discusses the results of Sompo Japan and Nipponkoa, the two core P&C insurance companies. Figures are shown on a non-consolidated basis for each company unless otherwise stated.

Net Premiums Written

Net premiums written increased ¥34.5 billion at both companies, as a result of increases in automobile insurance and fire insurance and effect from a hike in premiums in compulsory automobile liability insurance (CALI).

Billions of yen

FY2011	Sompo Japan			Nipponkoa			Total		
	Premiums	Change	% Change	Premiums	Change	% Change	Premiums	Change	% Change
Fire & allied lines	149.0	7.8	5.6 %	90.4	0.9	1.0 %	239.5	8.7	3.8 %
Marine	24.6	(0.6)	(2.7)%	13.7	(0.3)	(2.1)%	38.3	(0.9)	(2.5)%
Personal accident	130.1	2.9	2.3 %	49.5	(0.1)	(0.2)%	179.7	2.8	1.6 %
Voluntary automobile	645.3	5.4	0.8 %	318.2	3.4	1.1 %	963.6	8.8	0.9 %
CALI	178.1	11.5	7.0 %	79.5	5.1	6.9 %	257.7	16.7	6.9 %
Other	153.7	(2.6)	(1.7)%	78.9	0.9	1.2 %	232.7	(1.7)	(0.7)%
of which, liability	98.4	(0.9)	(1.0)%	40.6	0.7	1.9 %	139.0	(0.2)	(0.2)%
All lines	1,281.1	24.5	2.0 %	630.6	9.9	1.6 %	1,911.7	34.5	1.8 %
All lines excluding CALI	1,103.0	12.9	1.2 %	551.0	4.8	0.9 %	1,654.0	17.7	1.1 %

Millions of U.S. dollars

	Sompo Japan	Nipponkoa	Total
	Premiums		
Fire & allied lines	1,798	1,091	2,890
Marine	297	165	463
Personal accident	1,570	598	2,168
Voluntary automobile	7,787	3,840	11,628
CALI	2,149	960	3,109
Other	1,855	952	2,808
of which, liability	1,187	490	1,678
All lines	15,459	7,609	23,069
All lines excluding CALI	13,310	6,649	19,959

Net Loss

Net claims paid increased ¥217.1 billion at Sompo Japan and Nipponkoa mainly due to natural disaster worldwide.

Owing to claims paid due to natural disasters including the Great East Japan Earthquake and the flooding in Thailand and other negative factors, the written/paid net loss ratio for fire insurance increased significantly. As a result, the written/paid net loss ratio for all lines increased 10.4 percentage points to 81.9%. Meanwhile, at Sompo Japan, the loss ratio for the other category improved 24.4 percentage points, owing to a decrease in claims paid for financial guarantee insurance.

Written Paid Basis Loss

Billions of yen

FY2011	Sampo Japan				Nipponkoa			
	Net claims paid		Loss ratio		Net claims paid		Loss ratio	
		Change		Change		Change		Change
Fire & allied lines	201.9	145.9	139.2%	97.6 pt	133.1	93.9	150.8%	103.3 pt
Marine	17.2	3.5	74.8%	16.7 pt	6.4	0.6	48.3%	5.9 pt
Personal accident	70.7	1.8	59.6%	0.2 pt	29.1	(0.5)	63.8%	(1.2) pt
Voluntary automobile	405.8	7.7	71.9%	(0.0) pt	205.8	(4.2)	72.8%	(0.1) pt
CALI	156.3	1.2	95.6%	(5.2) pt	71.8	0.4	97.9%	(5.2) pt
Other	87.2	(38.7)	61.2%	(24.4) pt	46.5	5.3	63.2%	5.8 pt
of which, liability	51.5	(0.0)	56.8%	0.3 pt	23.4	3.5	61.2%	7.7 pt
All lines	939.5	121.5	80.6%	8.1 pt	493.0	95.5	84.7%	15.1 pt
All lines excl. CALI	783.2	120.3	78.1%	10.0 pt	421.1	95.1	82.8%	17.8 pt

Billions of yen

FY2011	Total			
	Net claims paid		Loss ratio	
		Change		Change
Fire & allied lines	335.1	239.8	143.6%	99.7 pt
Marine	23.7	4.2	65.3%	12.9 pt
Personal accident	99.9	1.3	60.8%	(0.2) pt
Voluntary automobile	611.7	3.5	72.2%	(0.0) pt
CALI	228.1	1.6	96.3%	(5.2) pt
Other	133.8	(33.4)	61.8%	(14.3) pt
of which, liability	75.0	3.4	58.1%	2.5 pt
All lines	1,432.5	217.1	81.9%	10.4 pt
All lines excl. CALI	1,204.3	215.4	79.7%	12.6 pt

Note) Loss adjustment expenses are included in the calculation of Loss Ratio.

Mainly due to natural disasters worldwide, the total incurred loss ratio increased 8.3 percentage points to 72.9%.

Earned Incurred Basis Loss

Billions of yen

FY2011	Sampo Japan				Nipponkoa			
	Net claims incurred		Loss ratio		Net claims incurred		Loss ratio	
		Change		Change		Change		Change
Fire & allied lines	142.6	51.5	97.2%	34.1 pt	103.2	48.6	116.5%	54.6 pt
Marine	16.7	1.0	72.9%	5.9 pt	5.6	(0.0)	42.7%	0.9 pt
Personal accident	69.9	(6.3)	60.6%	(6.6) pt	27.7	(0.3)	59.7%	(1.4) pt
Voluntary automobile	395.1	(2.3)	70.5%	(1.3) pt	211.4	1.0	74.6%	1.9 pt
Other	74.9	42.7	53.8%	27.6 pt	42.3	1.0	58.6%	2.4 pt
of which, liability	47.4	12.3	53.4%	12.0 pt	21.2	3.0	56.7%	8.0 pt
All lines	699.2	86.7	70.8%	7.2 pt	390.3	50.3	77.1%	10.4 pt

Billions of yen

	Total			
	Net claims incurred		Loss ratio	
		Change		Change
Fire & allied lines	245.8	100.2	104.5%	41.8 pt
Marine	22.3	1.0	62.1%	4.2 pt
Personal accident	97.6	(6.6)	60.4%	(5.1) pt
Voluntary automobile	606.5	(1.3)	71.9%	(0.2) pt
Other	117.2	43.7	55.4%	18.9 pt
of which, liability	68.6	15.4	54.4%	10.8 pt
All lines*	1,089.6	137.0	72.9%	8.3 pt

Notes)

1. Loss adjustment expenses are included in the calculation of Loss Ratio.

2. Household earthquake insurance and CALI are excluded in the above chart.

Impact of Flooding in Thailand

Losses incurred by the flooding in Thailand amounted to ¥109.8 billion. The Group absorbed ¥18.0 billion of losses underwritten by Sompo Japan and Nipponkoa through the reversal of catastrophic loss reserves. NKSJ charged the remaining ¥91.8 billion damages to profit, leading to a decline in ordinary profit.

Billions of yen

	FY2011
Net incurred loss	109.8
Claims paid in FY2011 (domestic)	18.0
Impact on ordinary profit	(91.8)
of which, Domestic (Sompo Japan + Nipponkoa)	(61.9)
Overseas (related to consolidated subsidiaries)	(22.7)
Overseas (related to a non-consolidated subsidiary)	(7.0)

Expense

Reduction in company expenses remains steady and the expense ratio continues to improve.

Net Expenses

Billions of yen

FY2011	Sompo Japan				Nipponkoa			
	Amount *1		Ratio *2		Amount *1		Ratio *2	
		Change		Change		Change		Change
Net commissions and brokerage fees	219.5	5.8	17.1%	0.1 pt	107.3	2.8	17.0%	0.2 pt
Operating, general and administrative expenses	203.8	(5.8)	15.9%	(0.8) pt	113.3	(4.1)	18.0%	(1.0) pt
Net expenses	423.3	0.0	33.0%	(0.6) pt	220.6	(1.2)	35.0%	(0.8) pt
Net expenses (excl. CALI)	382.2	3.2	34.7%	(0.1) pt	203.5	0.3	36.9%	(0.3) pt

Billions of yen

	Total			
	Amount *1		Ratio *2	
		Change		Change
Net commissions and brokerage fees	326.9	8.7	17.1%	0.2 pt
Operating, general and administrative expenses	317.1	(10.0)	16.6%	(0.8) pt
Net expenses	644.0	(1.2)	33.7%	(0.7) pt
Net expenses (excl. CALI)	585.8	3.6	35.4%	(0.2) pt

*1. Above figures are only for underwriting expenses.

*2. Above figures are the ratio of each amount for underwriting expenses against net premiums written.

Company Expenses

FY2011	Sompo Japan				Nipponkoa			
	Amount		Ratio*		Amount		Ratio*	
		Change		Change		Change		Change
Personnel expenses	172.8	(4.6)	13.5%	(0.6) pt	90.0	2.3	14.3%	0.2 pt
Non-personnel expenses	122.5	(0.1)	9.6%	(0.2) pt	62.5	(0.4)	9.9%	(0.2) pt
Tax and contributions	12.2	(0.6)	1.0%	(0.1) pt	6.8	(0.5)	1.1%	(0.1) pt
Total company expenses	307.6	(5.4)	24.0%	(0.9) pt	159.5	1.4	25.3%	(0.2) pt

	Total			
	Amount		Ratio*	
		Change		Change
Personnel expenses	262.9	(2.2)	13.8%	(0.4) pt
Non-personnel expenses	185.1	(0.6)	9.7%	(0.2) pt
Tax and contributions	19.0	(1.1)	1.0%	(0.1) pt
Total company expenses	467.1	(3.9)	24.4%	(0.7) pt

* Above figures are the ratio of each amount against net premium written.

Financial Guarantee Insurance (Sompo Japan, Non-consolidated basis)

The following is a summary of gains & losses and exposure in the financial guarantee insurance business.

Profit and loss of financial guarantee in fiscal 2011 amounted to a profit of ¥0.8 billion.

The primary insurance ABS-CDOs* guarantees which had been the main loss factor were all settled in fiscal 2011 and none remain on the balance sheet. The ¥0.2 billion balance in the table below was for assumed treaty reinsurance.

Overall Financial Guarantee (Gains/Losses)

	Billions of yen		Millions of U.S. dollars
	FY2010	FY2011	FY2011
Loss payment	(45.1)	(8.1)	(98)
Provision/reversal of loss reserves	68.4	9.4	114
Gains/losses	23.2	0.8	10

ABS-CDOs* (Insured Amount)

	Billions of yen					Millions of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Total of insured amount	289.4	218.0	123.1	25.1	0.2	3
Outstanding loss reserves	(30.0)	(139.0)	(79.5)	(9.3)	—	—
Insured amount net of loss reserves	259.4	78.9	43.5	15.7	0.2*	3

* Securities backed by securitized assets such as the RMBS, CDOs, and CLOs. The ¥0.2 billion balance as March 31, 2012, was an assumed treaty reinsurance. Ratings were Moody's Aa3 and S&P BBB-.

Investment

Net interest and dividend income totaled ¥63.7 billion at Sompo Japan and Nipponkoa, down ¥5.4 billion, owing mainly to decreases in investment assets and in interest income from foreign bonds due to the yen's appreciation against foreign currencies.

Realized gains on securities (sale gains – sale losses) totaled ¥36.1 billion at Sompo Japan and Nipponkoa. Impairment losses on securities amounted to ¥19.9 billion at Sompo Japan and Nipponkoa.

As a result total investment profit recorded was ¥61.7 billion.

Investment Profit

Billions of yen

	Sompo Japan		Nipponkoa		Total	
	FY2011	Change	FY2011	Change	FY2011	Change
Net interest and dividend income	41.1	(5.8)	22.5	0.4	63.7	(5.4)
Interest and dividend income	78.3	(8.0)	41.2	(1.5)	119.5	(9.5)
Investment income on deposit premium	(37.1)	2.2	(18.6)	1.9	(55.8)	4.1
Gain on money trusts	0.0	0.3	(0.4)	(0.5)	(0.4)	(0.1)
Gain on trading securities	(0.0)	(0.1)	—	—	0.0	(0.1)
Realized gain on securities sales	21.8	8.2	14.2	1.6	36.1	9.8
Realized gain on domestic stock sales	32.2	16.4	18.0	6.6	50.2	23.0
Realized gain on securities redemption	(0.8)	1.9	(1.0)	0.0	(1.9)	2.0
Impairment losses on securities	(18.1)	(11.3)	(1.7)	1.8	(19.9)	(9.5)
Impairment loss on domestic stocks	(10.4)	(4.1)	(1.5)	1.9	(12.0)	(2.1)
Gain on derivative products	0.6	(2.6)	0.2	(0.9)	0.8	(3.6)
FX gains/losses	(12.5)	(2.2)	(0.3)	0.1	(12.8)	(2.1)
Other investment income	(1.3)	2.0	(2.3)	(0.0)	(3.7)	1.9
Total investment profit	30.6	(9.7)	31.0	2.5	61.7	(7.2)

Millions of U.S. dollars

	FY2011		
	Sompo Japan	Nipponkoa	Total
Net interest and dividend income	497	271	768
Interest and dividend income	945	497	1,443
Investment income on deposit premium	(448)	(225)	(674)
Gain on money trusts	0	(5)	(5)
Gain on trading securities	(0)	—	(0)
Realized gain on securities sales	264	171	435
Realized gain on domestic stocks sales	388	218	606
Realized gain on securities redemption	(10)	(12)	(23)
Impairment losses on securities	(218)	(21)	(240)
Impairment loss on domestic stocks	(126)	(18)	(145)
Gain on derivative products	7	2	9
FX gains/losses	(151)	(4)	(155)
Other investment income	(16)	(28)	(44)
Total investment profit	370	374	744

Investment Asset Portfolio

As of March 31, 2012	Mark-to-market basis Billions of yen						Mark-to-market basis Millions of U.S. dollars		
	Sompo Japan		Nipponkoa		Total		Sompo Japan	Nipponkoa	Total
		Proportion		Proportion		Proportion			
Securities:	3,104.4	78.6%	1,604.9	76.9%	4,709.4	78.1%	37,462	19,366	56,828
Domestic stock	983.8	24.9%	541.2	25.9%	1,525.0	25.3%	11,871	6,530	18,402
Yen-denominated securities	1,404.8	35.6%	776.3	37.2%	2,181.2	36.1%	16,952	9,368	26,321
Bonds	1,361.3	34.5%	722.1	34.6%	2,083.5	34.5%	16,427	8,714	25,142
Others	43.4	1.1%	54.1	2.6%	97.6	1.6%	524	653	1,178
Foreign securities (Foreign currency denominated)	715.8	18.1%	287.3	13.8%	1,003.1	16.6%	8,637	3,467	12,105
Bonds	193.8	4.9%	234.6	11.2%	428.4	7.1%	2,339	2,830	5,170
Others	521.9	13.2%	52.7	2.5%	574.6	9.5%	6,298	636	6,934
Monetary receivables bought	27.2	0.7%	1.7	0.1%	28.9	0.5%	328	20	349
Money trusts	0.2	0.0%	35.4	1.7%	35.7	0.6%	3	427	431
Loans	422.1	10.7%	196.5	9.4%	618.6	10.3%	5,094	2,371	7,465
Deposits	85.1	2.2%	119.6	5.7%	204.8	3.4%	1,027	1,443	2,471
Call loans	66.3	1.7%	10.0	0.5%	76.3	1.3%	800	120	920
Receivables under resale agreements	60.4	1.5%	—	—	60.4	1.0%	729	—	729
Land and buildings	181.5	4.6%	117.9	5.7%	299.4	5.0%	2,191	1,422	3,613
Total investment assets	3,947.6	100.0%	2,086.1	100.0%	6,033.8	100.0%	47,636	25,174	72,811
Change from the previous year	(274.0)		(115.8)		(389.9)		(3,307)	(1,398)	(4,705)

Domestic Life Insurance Business

This section discusses the results of NKSJ Himawari Life for the 2011 fiscal year.

Overview of Results

Annualized premiums from new business decreased 3.6% to ¥36.7 billion. Strong sales of profitable medical insurance were offset by the decrease in sales of such unprofitable saving-type insurance as whole-life insurance. This reflects our product strategy to focus on profitability. Annualized premiums from business in force increased 3.8% to ¥286.2 billion.

Ordinary profit amounted to ¥4.2 billion due mainly to increased amount of business in force and decrease of insurance claims and other payments. NKSJ Himawari Life posted a net loss of ¥11.1 billion owing to ¥11.7 billion merger cost.

FY2011	Billions of yen			Millions of U.S. dollars
	Amount	Change*1	% Change	Amount
Amount of new business	3,011.2	(88.3)	(2.8)%	36,337
Annualized premiums from new business	36.7	(1.3)	(3.6)%	443
of which, third sector insurance*2 premiums	15.5	0.4	3.2 %	187
Amount of business in force	20,761.2	1,542.0	8.0 %	250,528
Annualized premiums from business in force	286.2	10.4	3.8 %	3,454
of which, third-sector insurance* premiums	102.1	8.3	8.8 %	1,232
Income from insurance premiums	360.1	5.0	1.4 %	4,346
Insurance claims and other payments	172.8	(5.1)	(2.9)%	2,085
Ordinary profit	4.2	2.3	130.9 %	50
Net income (loss)	(11.1)	(9.3)	—	(134)

*1 "Change" is the comparison between NKSJ Himawari Life in FY2011 and the sum of Sampo Japan Himawari Life and Nipponkoa Life in FY2010.

*2 "Third sector" includes medical insurance, cancer insurance, etc.

Embedded Value (EV)

Embedded Value (MCEV base) increased ¥148.2 billion to ¥615.3 billion on the back of strong growth in new policies while surrender rates remained far below the initial forecast. Particularly, progress on shift to protection products in new policies contributed an increase in EV.

Adjusted EV, which is equal to growth in EV during the fiscal year minus capital account transactions (such as equity issuance) and changes in EV attributable to interest rate movements, increased ¥100.0 billion.

As of March 31, 2012	Billions of yen		Millions of U.S. dollars
	Amount	Change	Amount
Embedded value	615.3	148.2	7,425
Adjusted net worth	137.1	29.3	1,654
Value in-force business	478.2	118.8	5,770
of which, new business value	52.8	21.7	637

Investment

In tandem with the increased amount of business in force, the general account investment assets rose by ¥101.9 billion to ¥1,735.2 billion. The company conducts asset liability management (ALM) mainly by yen-denominated bonds.

General Account Investment Portfolio

As of March 31, 2012	Billions of yen		Millions of U.S. dollars
	Amount	Proportion	
Yen-denominated bonds	1,636.8	94.3%	19,751
Foreign currency denominated bonds	17.0	1.0%	206
Loans	34.0	2.0%	411
Domestic stocks	5.0	0.3%	60
Others	42.2	2.4%	509
Total investment assets	1,735.2	100.0%	20,939

Overseas Insurance Business

With top-line growth in emerging countries, net premiums written increased ¥14.5 billion to ¥29.7 billion in Asia and the Middle East, and rose ¥0.6 billion to ¥42.4 billion in South America.

Total net premium written of the overseas insurance business increased ¥3.6 billion to ¥68.0 billion. On the other hand, net loss amounted to ¥19.7 billion mainly due to the Thai floods.

Net Premium Written

FY2011	Companies	Net premium written		Net income	
		Change	Change	Change	Change
US	SJ America	6.4	1.2	1.0	(0.0)
Europe	SJ Europe	(11.4)	(12.8)	(2.9)	(2.1)
	NK Europe	0.7	0.1	0.1	(0.0)
	Other	(0.0)	(0.0)	(0.0)	0.1
Europe total		(10.6)	(12.7)	(2.9)	(2.0)
Turkey	SJ Sigorta	10.0	7.5	1.3	1.0
Singapore	SJ Singapore	1.3	(0.3)	(21.2)	(21.5)
	Tenet	2.3	1.1	0.3	(0.0)
Malaysia	Berjaya Sampo	4.4	4.4	0.2	0.2
China	SJ China	4.4	0.8	0.0	0.0
	NK China	0.3	0.1	(0.0)	0.0
Hong Kong	SJ Hong Kong	1.5	0.4	0.1	0.1
	NK Asia	0.6	0.0	0.1	0.0
Other		4.5	0.2	(0.0)	(0.5)
Asia & Middle East Total		29.7	14.5	(18.9)	(20.4)
Brazil	Yasuda Seguros	12.7	0.0	0.4	0.2
	Maritima	29.7	0.6	0.5	0.2
South America Total		42.4	0.6	1.0	0.4
Total		68.0	3.6	(19.7)	(22.1)

*1 Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements.

*2 Net income reflects holding shares of each subsidiaries and affiliates, and figures are before consolidation adjustments.

*3 Affiliates accounted for under the equity method are included in "others."

Direct Insurance Business

This section covers Saison Automobile & Fire and Sonpo 24, which are involved in the direct non-life insurance business.

Saison Automobile & Fire has gradually expanded sales of insurance through direct channels, including direct marketing to 28 million Saison credit card holders, which comprise the core of its business. Sonpo 24 is an insurance company that specializes in the direct sale of voluntary automobile insurance, advertising through general media outlets and also selling via intermediary agents.

Net premiums written increased ¥0.1 billion at Saison Automobile & Fire to ¥14.4 billion and ¥1.1 billion at Sonpo 24 to ¥11.9 billion.

The loss ratio recorded a 3.7 percentage point increase to 63.4% at Saison Automobile & Fire and a 1.6 percentage point increase to 68.7% at Sonpo 24, due to an increase of net claims paid.

The net expense ratio was 65.3% at Saison Automobile & Fire, up 15.8 percentage points due to upfront investment in the direct sales business. Net expense ratio remained unchanged at 30.5% at Sonpo 24. As a result of the above, Saison Automobile & Fire incurred a net loss of ¥6.2 billion, and Sonpo 24 had a net loss of ¥1.3 billion.

FY2011	Billions of yen				Millions of U.S. dollars	
	Saison Automobile & Fire		Sonpo 24		Saison Automobile & Fire	Sonpo 24
		Change		Change		
Net premiums written	14.4	0.1	11.9	1.1	174	2
Net claims paid	8.1	0.5	7.3	0.7	97	6
Ordinary profit (loss)	(6.0)	(3.7)	(1.3)	(0.9)	(72)	(45)
Net income (loss)	(6.2)	(3.9)	(1.3)	(0.9)	(75)	(47)
Net loss ratio	63.4%	3.7 pt	68.7%	1.6 pt		
Net expense ratio	65.3%	15.8 pt	30.5%	0.0 pt		

*1: Loss ratio = (Net loss paid + Loss adjustment) / Net premiums written × 100

*2: Expense ratio = (Operating and administrative expenses on underwriting + Net commissions and brokerage expenses) / Net premiums written × 100



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Independent Auditor's Report

The Board of Directors
NKSJ Holdings, Inc.

We have audited the accompanying consolidated financial statements of NKSJ Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NKSJ Holdings, Inc. and its consolidated subsidiaries as of March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 27, 2012

A member firm of Ernst & Young Global Limited

Consolidated Financial Statements

Consolidated Balance Sheets

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2011		As of March 31, 2012		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Assets:						
Cash and deposits	*5	328,528	3.66%	332,416	3.74%	3,887
Call loans		78,399	0.87	76,300	0.86	(2,099)
Receivables under resale agreements		33,490	0.37	60,486	0.68	26,996
Receivables under securities borrowing transactions		30,370	0.34	—	—	(30,370)
Monetary receivables bought		32,273	0.36	28,952	0.33	(3,320)
Money trusts		67,861	0.76	37,091	0.42	(30,769)
Securities	*3, *5, *6	6,431,235	71.60	6,317,507	71.04	(113,728)
Loans	*4, *8	691,294	7.70	654,039	7.35	(37,254)
Tangible fixed assets:	*1, *2, *5	363,416	4.05	358,530	4.03	(4,886)
Land		195,746		194,742		
Buildings		132,690		127,422		
Leased assets		6,841		6,337		
Construction in progress		2,028		4,993		
Other tangible fixed assets		26,109		25,034		
Intangible fixed assets:		53,438	0.59	55,311	0.62	1,872
Software		6,797		6,502		
Goodwill		41,956		47,740		
Other intangible fixed assets		4,684		1,067		
Other assets		618,602	6.89	716,711	8.06	98,108
Deferred tax assets		258,966	2.88	232,285	2.61	(26,681)
Customers' liabilities for acceptances and guarantees		—	—	29,370	0.33	29,370
Allowance for possible credit losses		(5,903)	(0.07)	(5,619)	(0.06)	283
Allowance for possible investment losses		—	—	(3)	(0.00)	(3)
Total assets		8,981,974	100.00	8,893,378	100.00	(88,595)

Consolidated Balance Sheets (Continued)

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2011		As of March 31, 2012		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Liabilities:						
Underwriting funds:		7,313,315	81.42%	7,144,799	80.34%	(168,515)
Reserve for outstanding losses and claims		1,009,329		1,022,435		
Underwriting reserves		6,303,985		6,122,363		
Corporate bonds		128,000	1.43	128,000	1.44	—
Other liabilities	*5	305,559	3.40	430,895	4.85	125,336
Reserve for retirement benefits		104,793	1.17	107,983	1.21	3,190
Reserve for retirement benefits to directors		141	0.00	67	0.00	(74)
Reserve for bonus payments		22,624	0.25	22,839	0.26	214
Reserve for bonus payments to directors		—	—	143	0.00	143
Reserves under the special laws:		27,520	0.31	27,658	0.31	137
Reserve for price fluctuation		27,520		27,658		
Deferred tax liabilities		572	0.01	1,043	0.01	470
Acceptances and guarantees		—	—	29,370	0.33	29,370
Total liabilities		7,902,527	87.98	7,892,801	88.75	(9,726)
Net assets:						
Shareholders' equity:						
Common stock		100,045	1.11	100,045	1.12	—
Capital surplus		438,555	4.88	438,562	4.93	6
Retained earnings		298,339	3.32	172,868	1.94	(125,470)
Treasury stock		(572)	(0.01)	(1,044)	(0.01)	(471)
Total shareholders' equity		836,367	9.31	710,431	7.99	(125,935)
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale, net of tax		268,976	2.99	326,591	3.67	57,615
Deferred gains and losses on hedges		3,543	0.04	5,660	0.06	2,117
Foreign currency translation adjustments		(34,583)	(0.39)	(49,141)	(0.55)	(14,557)
Total accumulated other comprehensive income		237,936	2.65	283,111	3.18	45,174
Stock acquisition rights		2,349	0.03	2,409	0.03	60
Non-controlling interests		2,793	0.03	4,624	0.05	1,831
Total net assets		1,079,446	12.02	1,000,577	11.25	(78,868)
Total liabilities and net assets		8,981,974	100.00	8,893,378	100.00	(88,595)

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Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Ordinary income:		2,621,689	100.00%	2,790,555	100.00%	168,865
Underwriting income:		2,480,715	94.62	2,628,200	94.18	147,484
Net premiums written		1,933,283		1,973,777		
Deposits of premiums by policyholders		153,723		164,628		
Interest and dividend income on deposits of premiums, etc.		60,088		55,932		
Life insurance premiums written		238,178		250,193		
Reversal of reserve for outstanding losses and claims		13,655		—		
Reversal of underwriting reserves		76,033		180,372		
Other underwriting income		5,752		3,294		
Investment income:		129,136	4.93	151,083	5.41	21,947
Interest and dividend income		156,467		152,090		
Investment gains on money trusts		1,220		333		
Investment gains on trading securities		104		—		
Gains on sales of securities		26,359		52,522		
Gains on redemption of securities		698		1,011		
Gains on derivatives		4,134		508		
Investment gains on special account		—		353		
Other investment income		238		196		
Transfer of interest and dividend income on deposits of premiums, etc.		(60,088)		(59,932)		
Other ordinary income:		11,837	0.45	11,271	0.40	(565)
Investment gains on the equity method		511		111		
Other ordinary income		11,325		11,160		
Ordinary expenses:		2,628,126	100.25	2,842,370	101.86	214,243
Underwriting expenses:		2,144,942	81.82	2,340,706	83.88	195,763
Net claims paid		1,244,450		1,472,664		
Loss adjustment expenses	*1	129,526		136,324		
Net commissions and brokerage fees	*1	353,193		366,545		
Maturity refunds to policyholders		350,406		291,534		
Dividends to policyholders		117		52		
Life insurance claims paid and other payments		58,318		60,357		
Provision for reserve for outstanding losses and claims		—		8,473		
Other underwriting expenses		8,930		4,754		
Investment expenses:		51,524	1.97	72,525	2.60	21,001
Investment losses on money trusts		968		364		
Investment losses on trading securities		—		37		
Losses on sales of securities		9,281		34,813		
Impairment losses on securities		20,993		17,980		
Losses on redemption of securities		3,320		2,289		
Investment losses on special account		379		—		
Other investment expenses		16,581		17,040		
Operating, general and administrative expenses	*1	419,925	16.02	418,273	14.99	(1,651)
Other ordinary expenses:		11,734	0.45	10,864	0.39	(870)
Interest paid		7,301		7,566		
Provision for allowance for possible credit losses		—		31		
Losses on bad debt		148		8		
Provision for allowance for possible investment losses		—		3		
Other ordinary expenses		4,284		3,253		
Ordinary loss		(6,437)	(0.25)	(51,815)	(1.86)	(45,377)

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income (Continued)

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Extraordinary gains:		3,540	0.14%	9,144	0.33%	5,603
Gains on disposal of fixed assets		1,605		1,874		
Gains on negative goodwill		149		—		
Gains on step acquisitions		—		6,298		
Other extraordinary gains		1,785		970		
Extraordinary losses:		14,786	0.56	14,965	0.54	178
Losses on disposal of fixed assets		1,366		2,068		
Impairment losses	*2	1,118		992		
Provision for reserves under the special laws:		9,028		137		
Provision for reserve for price fluctuation		9,028		137		
Other extraordinary losses	*3	3,273		11,766		
Loss before income taxes and non-controlling interests		(17,683)	(0.67)	(57,636)	(2.07)	(39,952)
Income taxes		3,240		2,544		
Deferred income taxes		(7,623)		32,630		
Total income taxes		(4,382)	(0.17)	35,174	1.26	39,557
Loss before non-controlling interests		(13,300)	(0.51)	(92,810)	(3.33)	(79,509)
Net loss attributable to non-controlling interests		(382)	(0.01)	(548)	(0.02)	(166)
Net loss		(12,918)	(0.49)	(92,262)	(3.31)	(79,343)

Consolidated Statements of Comprehensive Income

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
		Amount	Amount
Loss before non-controlling interests		(13,300)	(92,810)
Other comprehensive income:			
Unrealized gains and losses on securities available for sale, net of tax		(120,733)	57,739
Deferred gains and losses on hedges		3,543	2,117
Foreign currency translation adjustments		(12,233)	(13,944)
Share of other comprehensive income of affiliates accounted for under the equity method		(395)	(1,200)
Total other comprehensive income	*1	(129,819)	44,712
Comprehensive income		(143,120)	(48,098)
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		(142,660)	(47,125)
Comprehensive income attributable to non-controlling interests		(459)	(973)

Consolidated Statements of Changes in Net Assets

NKSJ Holdings, Inc.

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
	Amount	Amount
Shareholders' equity:		
Common stock:		
Balance at the beginning of the period	70,000	100,045
Changes during the period:		
Issuance of new stocks - exercise of stock acquisition rights	45	—
Increase due to share exchange	30,000	—
Total changes during the period	30,045	—
Balance at the end of the period	100,045	100,045
Capital surplus:		
Balance at the beginning of the period	24,229	438,555
Changes during the period:		
Issuance of new stocks - exercise of stock acquisition rights	45	—
Disposal of treasury stock	31	6
Increase due to share exchange	414,248	—
Total changes during the period	414,325	6
Balance at the end of the period	438,555	438,562
Retained earnings:		
Balance at the beginning of the period	336,793	298,339
Changes during the period:		
Dividends	(25,700)	(33,208)
Net loss	(12,918)	(92,262)
Changes in the scope of consolidation	165	—
Total changes during the period	(38,454)	(125,470)
Balance at the end of the period	298,339	172,868
Treasury stock:		
Balance at the beginning of the period	—	(572)
Changes during the period:		
Acquisition of treasury stock	(769)	(924)
Disposal of treasury stock	196	452
Total changes during the period	(572)	(471)
Balance at the end of the period	(572)	(1,044)
Total shareholders' equity:		
Balance at the beginning of the period	431,023	836,367
Changes during the period:		
Issuance of new stocks - exercise of stock acquisition rights	91	—
Dividends	(25,700)	(33,208)
Net loss	(12,918)	(92,262)
Acquisition of treasury stock	(769)	(924)
Disposal of treasury stock	228	459
Changes in the scope of consolidation	165	—
Increase due to share exchange	444,248	—
Total changes during the period	405,344	(125,935)
Balance at the end of the period	836,367	710,431

Consolidated Statements of Changes in Net Assets (Continued)

NKSJ Holdings, Inc.

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
	Amount	Amount
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale, net of tax:		
Balance at the beginning of the period	389,352	268,976
Changes during the period:		
Net changes in items other than shareholders' equity	(120,376)	57,615
Total changes during the period	(120,376)	57,615
Balance at the end of the period	268,976	326,591
Deferred gains and losses on hedges:		
Balance at the beginning of the period	—	3,543
Changes during the period:		
Net changes in items other than shareholders' equity	3,543	2,117
Total changes during the period	3,543	2,117
Balance at the end of the period	3,543	5,660
Foreign currency translation adjustments:		
Balance at the beginning of the period	(21,674)	(34,583)
Changes during the period:		
Net changes in items other than shareholders' equity	(12,908)	(14,557)
Total changes during the period	(12,908)	(14,557)
Balance at the end of the period	(34,583)	(49,141)
Total accumulated other comprehensive income:		
Balance at the beginning of the period	367,678	237,936
Changes during the period:		
Net changes in items other than shareholders' equity	(129,741)	45,174
Total changes during the period	(129,741)	45,174
Balance at the end of the period	237,936	283,111
Stock acquisition rights:		
Balance at the beginning of the period	1,302	2,349
Changes during the period:		
Net changes in items other than shareholders' equity	1,046	60
Total changes during the period	1,046	60
Balance at the end of the period	2,349	2,409
Non-controlling interests:		
Balance at the beginning of the period	2,839	2,793
Changes during the period:		
Net changes in items other than shareholders' equity	(46)	1,831
Total changes during the period	(46)	1,831
Balance at the end of the period	2,793	4,624
Total net assets:		
Balance at the beginning of the period	802,843	1,079,446
Changes during the period:		
Issuance of new stocks – exercise of stock acquisition rights	91	—
Dividends	(25,700)	(33,208)
Net loss	(12,918)	(92,262)
Acquisition of treasury stock	(769)	(924)
Disposal of treasury stock	228	459
Changes in the scope of consolidation	165	—
Increase due to share exchange	444,248	—
Net changes in items other than shareholders' equity	(128,742)	47,066
Total changes during the period	276,602	(78,868)
Balance at the end of the period	1,079,446	1,000,577

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Consolidated Statements of Cash Flows

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease) Amount
		March 31, 2011 (April 1, 2010 to March 31, 2011)	March 31, 2012 (April 1, 2011 to March 31, 2012)	
		Amount	Amount	Amount
Cash flows from operating activities:				
Loss before income taxes and non-controlling interests		(17,683)	(57,636)	(39,952)
Depreciation		20,132	21,040	908
Impairment losses		1,118	992	(126)
Amortization of goodwill		2,221	3,662	1,440
Gains on negative goodwill		(149)	—	149
Increase (decrease) in reserve for outstanding losses and claims		(23,560)	8,282	31,842
Increase (decrease) in underwriting reserves		(78,908)	(183,286)	(104,377)
Increase (decrease) in allowance for possible credit losses		(1,669)	(354)	1,314
Increase (decrease) in allowance for possible investment losses		—	3	3
Increase (decrease) in reserve for retirement benefits		1,227	1,145	(82)
Increase (decrease) in reserve for retirement benefits to directors		49	(74)	(124)
Increase (decrease) in reserve for bonus payments		105	(142)	(247)
Increase (decrease) in reserve for bonus payments to directors		(57)	143	201
Increase (decrease) in reserve for price fluctuation		9,028	137	(8,890)
Interest and dividend income		(156,467)	(152,090)	4,377
Losses (gains) on investment in securities		6,553	1,550	(5,003)
Interest expenses		7,301	7,566	264
Foreign exchange losses (gains)		6,767	12,575	5,807
Losses (gains) related to tangible fixed assets		(238)	(1,002)	(764)
Losses (gains) related to loans		56	131	75
Investment losses (gains) on the equity method		(511)	(111)	400
Decrease (increase) in other assets		44,787	(25,263)	(70,050)
Increase (decrease) in other liabilities		(1,199)	47,823	49,023
Others		20,151	15,616	(4,535)
Subtotal		(160,941)	(299,288)	(138,347)
Interest and dividend received		165,269	159,264	(6,004)
Interest paid		(7,173)	(7,168)	5
Income taxes refund (paid)		(15,750)	2,637	18,388
Cash flows from operating activities		(18,596)	(144,555)	(125,958)
Cash flows from investing activities:				
Net decrease (increase) in deposits		25,600	(11,219)	(36,819)
Purchase of monetary receivables bought		(1,187)	—	1,187
Proceeds from sales and redemption of monetary receivables bought		10,282	3,723	(6,559)
Increase in money trusts		(1,874)	(807)	1,067
Decrease in money trusts		18,351	31,154	12,803
Purchase of securities		(858,423)	(1,027,133)	(168,710)
Proceeds from sales and redemption of securities		838,695	1,142,006	303,311
Loans made		(192,900)	(183,549)	9,351
Collection of loans		229,106	211,363	(17,743)
Net increase in receivables and payables under securities borrowing transactions		121	39,510	39,388
Others		15,280	13,165	(2,114)
Total of investment transactions		83,050	218,214	135,163

Consolidated Statements of Cash Flows (Continued)

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease) Amount
		March 31, 2011 (April 1, 2010 to March 31, 2011)	March 31, 2012 (April 1, 2011 to March 31, 2012)	
		Amount	Amount	
Total of operating activities and investment transactions as above		64,453	73,659	9,205
Acquisition of tangible fixed assets		(13,324)	(14,359)	(1,035)
Proceeds from sales of tangible fixed assets		2,707	2,874	167
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation	*2	(28,410)	(5,191)	23,218
Others		(5,254)	(2,641)	2,613
Cash flows from investing activities		38,768	198,896	160,127
Cash flows from financing activities:				
Proceeds from issuance of stocks		0	—	(0)
Proceeds from sales of treasury stock		20	13	(7)
Acquisition of treasury stock		(769)	(924)	(155)
Dividends paid		(25,696)	(33,246)	(7,550)
Dividends paid to non-controlling shareholders		(5)	(3)	1
Others		768	(2,698)	(3,466)
Cash flows from financing activities		(25,683)	(36,860)	(11,177)
Effect of exchange rate changes on cash and cash equivalents		(2,584)	(3,033)	(448)
Net increase (decrease) in cash and cash equivalents		(8,095)	14,447	22,543
Cash and cash equivalents at the beginning of the period		262,844	398,912	136,067
Net increase in cash and cash equivalents due to share exchange		141,141	—	(141,141)
Net increase in cash and cash equivalents due to merger		3,022	2,129	(892)
Cash and cash equivalents at the end of the period	*1	398,912	415,489	16,576

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NKSJ Holdings, Inc.

1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 24 companies

Sompo Japan Insurance Inc.
NIPPONKOA Insurance Co., Ltd.
Sonpo 24 Insurance Company Limited
Saison Automobile and Fire Insurance Company, Limited
NKSJ Himawari Life Insurance, Inc.
Sompo Japan DIY Life Insurance Co., Ltd.
Sompo Japan DC Securities Co., Ltd.
Healthcare Frontier Japan Inc.
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.
Sompo Japan Insurance Company of America
Sompo Japan Insurance Company of Europe Limited
NIPPONKOA Insurance Company (Europe) Limited
NIPPONKOA Management Services (Europe) Limited
Nippon Insurance Company of Europe Limited
Sompo Japan Sigorta Anonim Sirketi
Sompo Japan Asia Holdings Pte. Ltd.
Sompo Japan Insurance (Singapore) Pte. Ltd.
Tenet Insurance Company Limited
Berjaya Sompo Insurance Berhad
Sompo Japan Insurance (China) Co., Ltd.
NIPPONKOA Insurance Company (China) Limited
Sompo Japan Insurance (Hong Kong) Company Limited
NIPPONKOA Insurance Company (Asia) Limited
Yasuda Seguros S.A.

Berjaya Sompo Insurance Berhad, which had been an affiliate accounted for under the equity method became a consolidated subsidiary during the fiscal year ended March 31, 2012 through additional acquisition of shares.

(2) Names of principal non-consolidated subsidiaries

Names of principal non-consolidated subsidiaries
Sompo Japan Insurance (Thailand) Co., Ltd.
Ark Re Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of the NKSJ Group (the "Group") in terms of total assets, ordinary income, net income or loss and retained earnings to the extent of equity position of the NKSJ Holdings, Inc. ("NKSJ"), they are excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method: 5 companies

Hitachi Capital Insurance Corporation
Yasuda Enterprise Development Co., Ltd.
Universal Sompo General Insurance Company Limited
Maritima Seguros S.A.
Maritima Saude Seguros S.A.

(2) The non-consolidated subsidiaries and affiliates (Sompo Japan Insurance (Thailand) Co., Ltd. and Ark Re Limited, etc.) are not accounted for under the equity method as each company has a minor impact on the consolidated net income or loss and retained earnings, etc. and they also do not have a material impact as a whole.

(3) NKSJ holds 26.6% of voting rights of Japan Earthquake Reinsurance Co., Ltd. (“J.E.R.”) through its domestic consolidated property and casualty insurance subsidiaries. As J.E.R. is engaged in public business and NKSJ is not considered to have a material impact on J.E.R.’s decisions of finance, promotion and business strategy, J.E.R. is excluded from affiliates.

3. The fiscal year of consolidated subsidiaries

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements.

Necessary adjustments are made for significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

4. Accounting policies

(1) Valuation policies and methods for securities

- (a) Trading securities are carried at fair value.
Cost of sale is calculated based on the moving-average method.
- (b) Bonds held to maturity are carried at amortized cost based on the moving-average method.
- (c) Stocks of non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost based on the moving-average method.
- (d) Securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) are carried at fair value based on the market price and other factors at the end of the fiscal year. Unrealized gains and losses, net of applicable income taxes, are directly included in net assets and cost of sale is calculated based on the moving-average method.
- (e) Securities available for sale which are considered extremely difficult to figure out their fair value are carried at cost based on the moving-average method.
- (f) Securities managed as trust assets in individually operated money trusts for primarily trading purposes are carried at fair value.
- (g) Securities managed as trust assets in individually operated money trusts classified as other than trading purposes or held to maturity are carried on the same basis as that of securities available for sale.

(2) Valuation policies and methods for derivative transactions

Derivative transactions are carried at fair value.

(3) Depreciation methods of significant depreciable assets

- (a) Tangible fixed assets (excluding leased assets)
Depreciation of tangible fixed assets (excluding leased assets) held by NKSJ and its domestic consolidated subsidiaries is calculated using the declining-balance method, except for buildings (excluding fixtures attached to buildings) acquired on or after April 1, 1998 whose depreciation is calculated using the straight-line method. Depreciation of tangible fixed assets (excluding leased assets) held by the foreign consolidated subsidiaries is mainly calculated using the straight-line method.
- (b) Intangible fixed assets
Amortization of software for internal use held by the consolidated subsidiaries is calculated using the straight-line method based on the estimated useful life.

(4) Accounting policies for significant reserves

(a) Allowance for possible credit losses

In order to provide for losses from defaults, the domestic consolidated insurance subsidiaries establish allowance for possible credit losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.

For claims against debtors that have legally, formally or substantially entered into bankruptcy, special liquidation or whose notes have been under suspension at clearing houses, allowances are provided based on the amount remaining after deduction of the estimated collectable amounts by the disposal of collateral and by guarantees.

For claims against debtors that are highly likely to go bankrupt in the future, allowances are provided based on the amount considered necessary according to overall solvency assessment of the debtor, after deduction of estimated collectable amounts from disposal of collateral and from guarantees.

For claims other than those described above, allowances are provided based on the amount of claims multiplied by the default rate, which is calculated based on historical credit loss experience for a certain period in the past.

The departments responsible for respective assets assess relevant claim in accordance with the internal standards for self-assessment of assets. The asset auditing department independently reviews the results and allowances are provided based on the reviewed results.

The other consolidated subsidiaries determine mainly the collectability of the receivables respectively to provide allowances to cover the estimated future losses.

(b) Allowance for possible investment losses

In order to provide for possible investment losses mainly concerning securities transactions, the domestic consolidated subsidiary establishes allowance for possible investment losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.

(c) Reserve for retirement benefits

In order to provide for employees' retirement benefits, the domestic consolidated subsidiaries record the amount based on the projected retirement benefit obligation and the estimated plan assets at the end of the fiscal year.

Prior service costs are amortized using the straight-line method over certain years within the average remaining service years of employees at the time of occurrence.

Actuarial difference is amortized from the following fiscal year by using the straight-line method over certain years within the average remaining service years of employees as of each fiscal year when difference occurs.

(d) Reserve for retirement benefits to directors

In order to provide for retirement benefits to directors, the domestic consolidated subsidiaries record the amount deemed accrued at the end of the fiscal year based on internal regulations.

(e) Reserve for bonus payments

In order to provide for employees' bonus payments, reserve for bonus payments is recorded, based on the estimated amounts to be paid at the end of the fiscal year.

(f) Reserve for bonus payments to directors

In order to provide for directors' bonus payments, reserve for bonus payments to directors is recorded, based on the estimated amounts to be paid at the end of the fiscal year.

(g) Reserve for price fluctuation

In order to provide for possible losses arising from price fluctuation of stock, etc., the domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

(5) Significant hedge accounting

Generally the consolidated subsidiaries apply the deferred hedge accounting method to interest rate swaps to hedge cash flow fluctuation risk of floating-rate loans and bonds and interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit

Practice Committee Report No.26, hereafter “Industry Audit Practice Committee Report No.26”). The exceptional treatment is applied to certain interest rate swaps to the extent that such transactions meet certain conditions required for the application of the exceptional treatment.

The domestic consolidated subsidiaries apply the fair value hedge accounting method to equity swaps for hedging the future stock price fluctuation risks.

The fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets, etc. The assignment accounting as an exceptional treatment is applied to certain transactions to the extent that such transactions meet certain conditions required for application of the assignment accounting.

Hedge effectiveness is assessed by periodically comparing the accumulated fluctuations of the market value or cash flows of the hedged item to those of the related hedging instrument for the period from the commencement of the hedge to the date of assessment. However, when the material conditions are shared among the hedged item and the hedging instrument and its effectiveness is considered high, when interest rate swaps meet requirements for applying the exceptional treatment or when certain transactions fulfill the required conditions to apply the assignment accounting, the assessment of the hedge effectiveness is omitted.

The hedge effectiveness based on Industry Audit Practice Committee Report No.26 is assessed by monitoring the interest rates which impact the calculation of theoretical prices of both insurance liabilities as hedged item and interest rate swaps as hedging instrument which are grouped by different remaining periods.

(6) Method and period of amortization of goodwill

Goodwill is amortized over 20 years using the straight-line method. Insignificant amounts of goodwill are amortized at one time.

(7) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, demand deposits and short-term investments with original maturities or redemption of three months or less, which can be cashed easily and have little risk of fluctuation in value.

(8) Accounting methods for consumption taxes

NKSJ and its domestic consolidated subsidiaries account for national and local consumption taxes using the tax-excluded method, except for the domestic consolidated insurance subsidiaries’ expenses such as loss adjustment expenses and operating, general and administrative expenses under the tax-included method. Non-deductible consumption taxes relating to assets are included in other assets and amortized in equal installments over 5 years.

Changes in accounting policies, etc.

(Changes in accounting policies)

Effective from the fiscal year ended March 31, 2012, NKSJ has applied Accounting Standards Board of Japan Statement No.2 “Accounting Standard for Earnings Per Share” (June 30, 2010), Accounting Standards Board of Japan Guidance No.4 “Guidance on Accounting Standard for Earnings Per Share” (June 30, 2010) and Accounting Standards Board of Japan Practical Issues Task Force No.9 “Practical Solution on Accounting for Earnings Per Share” (June 30, 2010).

NKSJ carried out a reverse split of stocks on October 1, 2011. Total net assets per share and net loss per share are calculated based on the assumption that the reverse split of stocks was executed at the beginning of the fiscal year ended March 31, 2011.

The impact of changes in accounting policies is shown in “Per share information.”

Additional information

(Application of “Accounting Standard for Accounting Changes and Error Corrections”, etc.)

Effective from the beginning of the fiscal year ended March 31, 2012, NKSJ has applied Accounting Standards Board of Japan Statement No.24 “Accounting Standard for Accounting Changes and Error Corrections” (December 4, 2009) and Accounting Standards Board of Japan Guidance No.24 “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (December 4, 2009).

2. Notes to the Consolidated Balance Sheets

*1. The amounts of accumulated depreciation of tangible fixed assets are as follows.

(Millions of yen)

As of March 31, 2011	As of March 31, 2012
396,437	406,764

*2. The amounts of advanced depreciation of tangible fixed assets are as follows.

(Millions of yen)

As of March 31, 2011	As of March 31, 2012
28,987	28,681

*3. Investments in non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Securities (stocks)	37,122	36,459
Securities (equity interests)	6,003	5,721

*4. The amounts of loans to borrowers in bankruptcy, etc. are as follows.

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Loans to borrowers in bankruptcy	591	323
Overdue loans	2,210	2,076
Loans overdue for three months or more	1	—
Restructured loans	963	538
Total	3,767	2,937

Note) Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96-1-3 (the maximum amount transferable to allowance for possible credit losses) or Article 96-1-4 of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965). Non-accrual loans are defined as loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.

Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which grace on interest payments have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans overdue for three months or more represent, among loans which are not included in loans to borrowers in bankruptcy or overdue loans, loans on which the payment of principal or interest has been delayed for three months or more from the date following the due date.

Restructured loans represent, among loans which are not included in any of the above categories, loans on which favorable terms for the benefit of borrowers such as interest exemption or reduction, grace on interest payments, grace on principal repayments or forgiveness of debts have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

*5. Pledged assets and secured debts are as follows.

Pledged assets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Deposits	2,330	2,323
Securities	64,798	75,360
Tangible fixed assets	5,177	5,068
Total	72,306	82,752

Note) Other than those mentioned above, stocks of subsidiaries and affiliates of 2,794 million yen are pledged as collateral as of March 31, 2011 and 2012, but the entire amount is eliminated for the preparation of the consolidated financial statements.

Secured debts

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Other liabilities (borrowings)	1,834	1,546

***6. The amounts of lending securities under loan agreements included in securities are as follows.**

(Millions of yen)

As of March 31, 2011	As of March 31, 2012
74,592	43,523

7. Of the securities received under borrowing transactions of bonds with cash collateral and the securities received as collateral under derivative transactions, those which the Group holds rights to dispose of by sale or use as collateral at its discretion are as follows.

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Securities which the Group does not dispose of but retains	34,071	5,307

***8. The amounts of loan commitments outstanding are as follows.**

(Millions of yen)

As of March 31, 2011	As of March 31, 2012
10,940	9,386

3. Notes to the Consolidated Statements of Income

***1. Major components of operating expenses are as follows.**

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Agency commissions, etc.	353,682	367,784
Salaries	221,632	218,893

Note) Operating expenses represent the sum of loss adjustment expenses, operating, general and administrative expenses and net commissions and brokerage fees included in the consolidated statements of income.

***2. Components of impairment losses are as follows.**

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

Purpose of use	Category	Location	Impairment losses (millions of yen)			
			Land	Buildings	Others	Total
Properties for rent	Land and buildings	9 properties, including building for rent in Tokyo	596	354	—	951
Idle properties	Land, buildings and others	11 properties, including parking lot in Ehime	145	19	1	166
Total			742	374	1	1,118

The domestic consolidated insurance subsidiaries categorize properties used for the insurance business as a single asset group for the entire insurance business. Each property for rent, idle property and expected disposal property is categorized as an individual asset group. The other consolidated subsidiaries categorize properties used for the business as a single asset group for each subsidiary.

Concerning properties which have reduced their profitability significantly, mainly due to a decline in the prices of land, the consolidated subsidiaries devalue the book value of those properties to the realizable value.

These devaluations are recorded as impairment losses in extraordinary losses.

The realizable value is calculated using the value in use or the net selling price for properties for rent and the net selling price for idle properties. The value in use is calculated by discounting the future cash flows at the rate of 5.2%.

The net selling price is the appraisal value based on the real estate appraisal standard.

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

Purpose of use	Category	Location	Impairment losses (millions of yen)			
			Land	Buildings	Others	Total
Properties for rent	Land and buildings	5 properties, including building for rent in Miyazaki	9	3	—	13
Idle properties	Land, buildings and others	11 properties, including company house in Ibaraki	744	234	0	978
Total			753	238	0	992

The domestic consolidated insurance subsidiaries categorize properties used for the insurance business as a single asset group for the entire insurance business. Each property for rent, idle property and expected disposal property is categorized as an individual asset group. The other consolidated subsidiaries categorize properties used for the business as a single asset group for each subsidiary.

Concerning properties which have reduced their profitability significantly, mainly due to a decline in the prices of land, the consolidated subsidiaries devalue the book value of those properties to the realizable value.

These devaluations are recorded as impairment losses in extraordinary losses.

The realizable value is calculated using the net selling price. The net selling price is the appraisal value measured by the real estate appraisers.

*3. Principal items in other extraordinary losses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Merger cost of domestic consolidated life insurance subsidiaries	903	11,766

4. Note to the Consolidated Statements of Comprehensive Income

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

*1. Reclassification adjustments and the related tax effects concerning other comprehensive income

(Millions of yen)

Unrealized gains and losses on securities available for sale, net of tax	
The amount occurred during the period	49,917
Reclassification adjustments	2,337
Before tax effects adjustments	52,254
Tax effects	5,485
Unrealized gains and losses on securities available for sale, net of tax	57,739
Deferred gains and losses on hedges	
The amount occurred during the period	4,158
Reclassification adjustments	(1,385)
Before tax effects adjustments	2,773
Tax effects	(655)
Deferred gains and losses on hedges	2,117
Foreign currency translation adjustments	
The amount occurred during the period	(13,944)
Share of other comprehensive income of affiliates accounted for under the equity method	
The amount occurred during the period	(1,133)
Reclassification adjustments	(66)
Share of other comprehensive income of affiliates accounted for under the equity method	(1,200)
Total other comprehensive income	44,712

5. Notes to the Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	—	1,661,409	—	1,661,409
Total	—	1,661,409	—	1,661,409
Treasury stock				
Common stock	—	1,317	334	983
Total	—	1,317	334	983

Notes)

- Breakdown of increase in shares outstanding of common stock of 1,661,409 thousand shares is as follows.
New stocks issued in the establishment of NKSJ through share exchange of Sompō Japan Insurance Inc. ("Sompō Japan") and NIPPONKOA Insurance Co., Ltd. ("NIPPONKOA"): 1,661,263 thousand shares
Increase due to exercise of stock acquisition rights: 145 thousand shares
- Breakdown of increase in treasury stock of common stock of 1,317 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by board of directors: 1,000 thousand shares
Increase due to purchase of shares less than a full trading unit: 317 thousand shares
- Breakdown of decrease in treasury stock of common stock of 334 thousand shares is as follows.
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 299 thousand shares
Decrease due to sales of shares less than a full trading unit: 34 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
NKSJ Holdings, Inc.	Stock acquisition rights for stock options	2,349
Total		2,349

3. Dividends

(1) Dividends paid

As NKSJ is a joint holding company established through share exchange on April 1, 2010, the amounts of dividends paid are the amounts approved at each general meeting of stockholders of wholly-owned subsidiaries mentioned below.

Sompō Japan

Resolution	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
General meeting of stockholders held on June 28, 2010	Common stock	19,681 million yen	20 yen	March 31, 2010	June 29, 2010

NIPPONKOA

Resolution	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
General meeting of stockholders held on June 28, 2010	Common stock	6,019 million yen	8 yen	March 31, 2010	June 29, 2010

(2) Of dividends recorded in this period, dividends effective in the following period

Resolution	Type of shares	Total amount of dividends	Source of dividend	Dividend per share	Record date	Effective date
General meeting of stockholders held on June 27, 2011	Common stock	33,208 million yen	Retained earnings	20 yen	March 31, 2011	June 28, 2011

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	1,661,409	—	1,246,056	415,352
Total	1,661,409	—	1,246,056	415,352
Treasury stock				
Common stock	983	1,260	1,716	527
Total	983	1,260	1,716	527

Notes)

- Decrease in shares outstanding of common stock of 1,246,056 thousand shares is due to the reverse split of stocks.
- Breakdown of increase in treasury stock of common stock of 1,260 thousand shares is as follows.
 - Increase due to acquisition of treasury stock in accordance with approval by board of directors: 1,200 thousand shares (before the reverse split of stocks: 1,000 thousand shares, after the reverse split of stocks: 200 thousand shares)
 - Increase due to purchase of fractional shares as the result of a reverse split of stocks: 7 thousand shares
 - Increase due to purchase of shares less than a full trading unit: 53 thousand shares (before the reverse split of stocks: 36 thousand shares, after the reverse split of stocks: 16 thousand shares)
- Breakdown of decrease in treasury stock of common stock of 1,716 thousand shares is as follows.
 - Decrease due to the reverse split of stocks: 924 thousand shares
 - Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 771 thousand shares (before the reverse split of stocks: 768 thousand shares, after the reverse split of stocks: 3 thousand shares)
 - Decrease due to sales of shares less than a full trading unit: 21 thousand shares (before the reverse split of stocks: 19 thousand shares, after the reverse split of stocks: 2 thousand shares)

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
NKSJ Holdings, Inc.	Stock acquisition rights for stock options	2,409
Total		2,409

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
General meeting of stockholders held on June 27, 2011	Common stock	33,208 million yen	20 yen	March 31, 2011	June 28, 2011

(2) Of dividends recorded in this period, dividends effective in the following fiscal period

Resolution	Type of shares	Total amount of dividends	Source of dividend	Dividend per share	Record date	Effective date
General meeting of stockholders held on June 27, 2012	Common stock	33,186 million yen	Retained earnings	80 yen	March 31, 2012	June 28, 2012

6. Notes to the Consolidated Statements of Cash Flows

*1. Reconciliation of cash and cash equivalents at the end of the period to the line items represented in the consolidated balance sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Cash and deposits	328,528	332,416
Call loans	78,399	76,300
Receivables under resale agreements	33,490	60,486
Securities	6,431,235	6,317,507
Time deposits with original maturities of more than 3 months	(46,402)	(58,782)
Securities other than cash equivalents	(6,426,338)	(6,312,437)
Cash and cash equivalents	398,912	415,489

*2. Major components of assets and liabilities of newly consolidated subsidiaries through the acquisition of shares

The major components of assets and liabilities of the newly consolidated subsidiary during the fiscal year ended March 31, 2012, Berjaya Sampo Insurance Berhad, at the commencement of the consolidation are as follows. The following also shows cost for additional acquisition of the shares and net expenditure for acquisition of those shares.

	(Millions of yen)
Assets:	26,397
Cash and deposits	12,264
Goodwill	15,238
Liabilities:	(15,284)
Underwriting funds	(13,735)
Non-controlling interests	(3,334)
Appraised value of already-acquired stocks based on the equity method	(3,527)
Gains on step acquisitions	(6,298)
Others	(38)
Cost for additional acquisition of the shares	13,153
Cash and cash equivalents of the subsidiary mentioned above	(7,961)
Net: Expenditure for additional acquisition of the shares mentioned above	5,191

3. Significant non-cash transactions

None.

4. Cash flows from investing activities include cash flows from investment activities conducted as a part of insurance business.

7. Lease Transactions

1. Finance lease transactions

Finance lease transactions that do not transfer ownership accounted for in a manner similar to accounting treatment for ordinary rental transactions.

(Lessee)

(1) Acquisition cost, accumulated depreciation, accumulated impairment losses and balance of leased assets

As of March 31, 2011

	(Millions of yen)			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Balance
Tangible fixed assets	2,665	2,166	—	499

Acquisition cost includes interest payable thereon because the balance of future lease payments account for a small portion of the balance of tangible fixed assets.

As of March 31, 2012

	(Millions of yen)			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Balance
Tangible fixed assets	790	707	—	82

Acquisition cost includes interest payable thereon because the balance of future lease payments account for a small portion of the balance of tangible fixed assets.

(2) Balance of future lease payments

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Due within one year	421	67
Due after one year	77	14
Total	499	82
Balance of reserve for impairment losses on leased assets	—	—

Balance of future lease payments includes interest payable thereon because it accounts for a small portion of the balance of tangible fixed assets.

(3) Lease payments, reversal of reserve for impairment losses on leased assets, depreciation equivalent and impairment losses

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Lease payments	706	435
Reversal of reserve for impairment losses on leased assets	—	—
Depreciation equivalent	706	435
Impairment losses	—	—

(4) Calculation of depreciation equivalent

Depreciation equivalent is calculated using the straight-line method over the lease period, with no residual value.

2. Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Due within one year	2,061	1,771
Due after one year	2,702	1,931
Total	4,763	3,702

(Lessor)

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Due within one year	1,496	1,419
Due after one year	6,683	5,170
Total	8,180	6,590

8. Financial Instruments

1. Overview of financial instruments

(1) Our policy to manage financial instruments

As the Group is mainly engaged in insurance businesses and fully recognizes the characteristic of investment fund for the insurance company, the Group manages the investment asset taking into consideration the optimal mix of safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities such as life insurance and savings-type insurance, the Group intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

The consolidated subsidiary aims to enhance its equity capital effectively, in order to strengthen its financial position, by issuing subordinated bonds (hybrid finance) that major credit rating agencies evaluate to be eligible for inclusion to certain extent in the calculation of capital.

(2) The nature and risk of financial instruments

As financial instruments which the Group holds are mainly securities such as bonds and stocks, the Group is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by stock prices, interest rates and foreign exchange rates, as well as risks (liquidity risks) that securities may not be traded or may be forced to be traded at far more unfavorable prices than under normal conditions due to a market crisis and the like.

And the securities and the loans which the Group holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the reasons such as deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, the Group utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

(3) The risk management structure regarding financial instruments

NKSJ has established “the NKSJ Group risk management basic policy” to properly identify the risk profile held by the Group, in order to avoid unforeseen loss and to control the risk appropriately in order to ensure the financial soundness and to develop an enterprise risk management (ERM) structure that aims to maximize the enterprise value of the Group. In addition, NKSJ has applied risk management regulations that prescribe the system and important matters relating to execution of operation necessary for developing the Group’s risk management structure. NKSJ has also established a risk management department to supervise the Group’s risk management. The risk management department has monitored the status of the Group’s risk management based on the Basic Policy, said regulations and the like and has reported periodically to the Board of Directors on such matters.

Through the integrated management model of investment risks, NKSJ manages investment risks related to the financial assets and liabilities held by the Group on an integrated basis, covering both market risk and credit risk, and quantifies the investment risks on a daily basis pursuant to the value at risk (VaR) method, and monitors the soundness of the Group’s financial condition. In addition, NKSJ periodically makes sensitivity analyses against changes in stock price, interest rate and currency exchange rate. Further, NKSJ has established comprehensive stress scenarios covering a range of events that could cause a significant impact on the management of the Group and performs stress tests to evaluate and measure risks on an integrated basis. In addition, as to credit risks, in order to avoid concentrating the risk on specific borrowers, NKSJ has set credit limits and established controls to manage the risks appropriately.

With respect to liquidity risks, NKSJ has developed a structure to implement appropriate countermeasures, such as categorizing the urgency level of funds needs as “normal”, “needs care” and “crisis”, and ensuring the fund-raising methods corresponding to such categorization, in order to be prepared for claims paid upon occurrence of large natural disasters, redemption of bonds and the like.

Domestic insurance subsidiaries have developed equivalent risk management systems and have respectively managed the risks based on their respective asset management policy and risk profile, establishing limits of their own as necessary. With respect to each finance/investment transaction, they also have developed a system concerning credit control such as credit administration, internal risk ratings assessment and post-closing monitoring.

(4) Supplemental explanation about the fair value of financial instruments

Other than the fair value of financial instruments based on the market price, fair value calculated reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied. “Notional amount” on each table in notes on “Derivative Transactions” shows contract amounts or notional amounts of derivative transactions. These amounts do not show the volume of market risk or credit risk regarding derivative transactions.

2. Fair value of financial investments

Carrying amount, fair value and unrealized gains and losses are as follows. Meanwhile, financial instruments which are considered extremely difficult to figure out their fair value are not included in the following table. (Please refer to Notes) 2 for details.)

As of March 31, 2011

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	328,528	328,528	—
(2) Call loans	78,399	78,399	—
(3) Receivables under resale agreements	33,490	33,490	—
(4) Receivables under securities borrowing transactions	30,370	30,370	—
(5) Monetary receivables bought	32,273	32,273	—
(6) Money trusts	67,440	67,440	—
(7) Securities:			
Trading securities	16,289	16,289	—
Bonds held to maturity	1,182,616	1,212,955	30,339
Policy reserve matching bonds	16,887	17,045	158
Securities available for sale	5,034,489	5,034,489	—
(8) Loans	691,294		
Allowance for possible credit losses ⁽¹⁾	(1,293)		
	690,000	694,863	4,862
Total assets	7,510,786	7,546,145	35,359
(1) Corporate bonds	128,000	129,369	1,369
Total liabilities	128,000	129,369	1,369
Derivative transactions ⁽²⁾ :			
Hedge accounting is not applied to	[1,921]	[1,921]	—
Hedge accounting is applied to	[2,522]	[2,523]	(0)
Total derivative transactions	[4,444]	[4,445]	(0)

⁽¹⁾ This figure represents deductions as general and individual allowance for possible credit losses.

⁽²⁾ This table collectively shows derivative transactions which are included in other assets and other liabilities. Assets and liabilities from derivative transactions are shown on the net basis. The items which are net debt in total are shown in the brackets [].

As of March 31, 2012

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	332,416	332,416	—
(2) Call loans	76,300	76,300	—
(3) Receivables under resale agreements	60,486	60,486	—
(4) Monetary receivables bought	28,952	28,952	—
(5) Money trusts	36,972	36,972	—
(6) Securities:			
Trading securities	14,557	14,557	—
Bonds held to maturity	1,177,645	1,246,155	68,510
Securities available for sale	4,950,816	4,950,816	—
(7) Loans	654,039		
Allowance for possible credit losses ⁽¹⁾	(1,014)		
	653,025	660,711	7,685
Total assets	7,331,172	7,407,369	76,196
(1) Corporate bonds	128,000	129,625	1,625
Total liabilities	128,000	129,625	1,625
Derivative transactions ⁽²⁾ :			
Hedge accounting is not applied to	[1,038]	[1,038]	—
Hedge accounting is applied to	[6,244]	[6,244]	(0)
Total derivative transactions	[7,283]	[7,283]	(0)

⁽¹⁾ This figure represents deductions as general and individual allowance for possible credit losses.

⁽²⁾ This table collectively shows derivative transactions which are included in other assets and other liabilities. Assets and liabilities from derivative transactions are shown on the net basis. The items which are net debt in total are shown in the brackets [].

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(2) Call loans

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Receivables under resale agreements

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(4) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(5) Money trusts

The fair value of the financial instruments managed as trust asset is as follows. As bank deposit, etc. are short term and the fair value approximates the book value, the book value is presented as the fair value. The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association, the price quoted by counterparties and the over-the-counter average price released by the information providers. The fair value of the domestic stocks is based on the price at exchanges. And the fair value of foreign securities is based on the price at exchanges, the price released by the industry association and the price quoted by counterparties. As for derivative transactions, the fair value of quoted derivatives is based on the price at exchanges and the fair value of forward foreign exchanges is based on forward exchange rate at the end of the fiscal year.

(6) Securities

The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties. The fair value of the domestic stocks is based on the price at exchanges. And the fair value of foreign securities is based on the price at exchanges and the price quoted by counterparties.

(7) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto, or the total amount of principal and interest which is discounted by the expected interest rate of new loans by the types and categories of internal ratings. For the loans categorized as loans to borrowers in bankruptcy legally or substantially, borrowers who are highly probable to go bankrupt in the future and some borrowers special mention, the fair values are (a) the present values of estimated future cash flows or (b) the carrying amount less current estimated credit losses. As for (b), because the estimated credit losses are calculated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the said amount.

Liabilities

(1) Corporate bonds

The fair value is the amount of future cash flow discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto.

Derivative transactions

Please refer to the notes on "Derivative Transactions."

2. Carrying amounts of the financial instruments which are considered extremely difficult to figure out their fair value are as follows. These financial instruments are not included in "(5) Money trusts" or "(6) Securities."

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Money trusts	420	119
Domestic bonds	1,000	1,000
Domestic stocks	110,735	110,565
Foreign securities	44,176	42,865
Others	25,040	20,055
Total	181,373	174,606

As domestic stocks are unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As foreign securities are unlisted stocks or investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As others are investments mainly in real estate or in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

3. The redemption schedules after the consolidated balance sheet date for monetary receivables and securities which have maturity date

As of March 31, 2011

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	324,103	4,325	—	—
Call loans	78,399	—	—	—
Receivables under resale agreements	33,490	—	—	—
Receivables under securities borrowing transactions	30,370	—	—	—
Monetary receivables bought	190	7,201	2,379	22,081
Securities:				
Bonds held to maturity:				
Government bonds	7,620	11,130	56,673	622,713
Municipal bonds	3,178	64,528	600	51,900
Corporate bonds	20,057	162,787	63,191	68,000
Foreign securities	25,872	21,622	1,051	16
Policy reserve matching bonds:				
Government bonds	—	—	1,500	14,800
Fixed maturity securities available for sale:				
Government bonds	102,434	449,686	313,763	538,440
Municipal bonds	12,758	46,582	6,680	4,600
Corporate bonds	88,947	435,995	138,797	221,576
Foreign securities	52,109	277,655	200,593	51,034
Others	1,682	2,149	7,284	—
Loans ^(*)	204,072	309,844	119,212	52,831
Total	985,286	1,793,509	911,727	1,647,993

(*) 1,782 million yen of loans which are regarded as uncollectible such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

As of March 31, 2012

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	327,234	4,581	—	—
Call loans	76,300	—	—	—
Receivables under resale agreements	60,487	—	—	—
Monetary receivables bought	1,214	6,487	1,000	19,605
Securities:				
Bonds held to maturity:				
Government bonds	380	25,150	70,773	711,503
Municipal bonds	11,257	38,951	—	44,400
Corporate bonds	40,002	101,679	36,997	59,500
Foreign securities	7,434	21,463	1,363	15
Fixed maturity securities available for sale:				
Government bonds	78,691	467,138	299,782	607,256
Municipal bonds	15,947	42,595	3,380	12,200
Corporate bonds	167,476	362,863	138,201	240,969
Foreign securities	37,708	204,222	239,371	57,433
Others	1,020	2,635	6,910	—
Loans ^(*)	181,035	310,527	108,272	50,109
Total	1,006,190	1,588,295	906,052	1,802,994

(*) 1,585 million yen of loans which are regarded as uncollectible such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

4. The contractual maturities of the corporate bonds, long-term borrowings and lease obligations after the consolidated balance sheet date

As of March 31, 2011

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	—	—	—	128,000
Long-term borrowings	200	168	143	138	125	3,901
Lease obligations	2,327	2,171	1,601	822	355	0
Total	2,527	2,340	1,745	960	480	131,901

As of March 31, 2012

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	—	—	—	128,000
Long-term borrowings	165	132	129	120	104	3,745
Lease obligations	2,564	2,001	1,227	760	223	0
Total	2,730	2,134	1,357	880	327	131,745

9. Securities

1. Trading securities

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Unrealized gains and losses recognized in statements of income	(517)	318

2. Bonds held to maturity

As of March 31, 2011

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	995,987	1,028,399	32,411
	Foreign securities	35,918	36,481	562
	Subtotal	1,031,906	1,064,881	32,974
Securities whose fair value doesn't exceed their carrying amount	Domestic bonds	137,065	134,472	(2,592)
	Foreign securities	13,644	13,601	(42)
	Subtotal	150,709	148,074	(2,635)
Total		1,182,616	1,212,955	30,339

As of March 31, 2012

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,142,287	1,210,414	68,127
	Foreign securities	24,878	25,548	670
	Subtotal	1,167,165	1,235,962	68,797
Securities whose fair value doesn't exceed their carrying amount	Domestic bonds	4,369	4,367	(2)
	Foreign securities	6,110	5,825	(284)
	Subtotal	10,480	10,193	(287)
Total		1,177,645	1,246,155	68,510

3. Policy reserve matching bonds

As of March 31, 2011

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	10,397	10,653	256
Securities whose fair value doesn't exceed their carrying amount	Domestic bonds	6,489	6,392	(97)
Total		16,887	17,045	158

As of March 31, 2012
None.

4. Securities available for sale

As of March 31, 2011

(Millions of yen)

		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,072,558	2,024,355	48,202
	Domestic stocks	1,048,158	549,193	498,965
	Foreign securities	427,681	395,039	32,641
	Others	54,348	50,963	3,385
	Subtotal	3,602,747	3,019,552	583,195
Securities whose carrying amount doesn't exceed their cost	Domestic bonds	354,765	360,520	(5,755)
	Domestic stocks	476,054	552,661	(76,607)
	Foreign securities	618,991	694,896	(75,905)
	Others	28,882	29,810	(928)
	Subtotal	1,478,692	1,637,889	(159,196)
Total		5,081,440	4,657,441	423,998

Notes)

- Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
- Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheets are included in "Others" above.

As of March 31, 2012

(Millions of yen)

		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,412,530	2,335,317	77,213
	Domestic stocks	992,640	514,384	478,256
	Foreign securities	591,536	551,010	40,525
	Others	47,662	44,281	3,381
	Subtotal	4,044,370	3,444,993	599,377
Securities whose carrying amount doesn't exceed their cost	Domestic bonds	126,342	129,135	(2,792)
	Domestic stocks	402,536	474,666	(72,130)
	Foreign securities	393,555	443,134	(49,578)
	Others	32,914	33,589	(674)
	Subtotal	955,348	1,080,525	(125,176)
Total		4,999,719	4,525,518	474,200

Notes)

- Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
- Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheets are included in "Others" above.

5. Securities available for sale sold during the fiscal years ended March 31, 2011 and 2012

Fiscal year ended March 31, 2011

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	271,796	4,875	1,512
Domestic stocks	60,320	18,711	2,338
Foreign securities	88,613	2,481	5,018
Others	217	70	126
Total	420,947	26,138	8,995

Fiscal year ended March 31, 2012

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	344,871	7,333	763
Domestic stocks	131,812	37,322	13,668
Foreign securities	325,639	7,627	20,185
Others	228	73	58
Total	802,552	52,355	34,675

6. Securities for which holding purposes are changed during the fiscal years ended March 31, 2011 and 2012

For the fiscal year ended March 31, 2012, the holding purpose of securities which were previously classified as held to maturity (carrying amount: 86,371 million yen) changed to available for sale. This change is due to changes in classification policy of securities held to maturity, arising from the merger of domestic consolidated life insurance subsidiaries.

As a result, compared to the amounts based on the previous classification, amount of securities increased 1,029 million yen, deferred tax assets decreased 317 million yen and unrealized gains and losses on securities available for sale, net of tax increased 712 million yen.

7. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2011 and 2012

For the fiscal year ended March 31, 2011, 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 20,124 million yen (domestic stocks: 19,731 million yen, foreign securities: 393 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 381 million yen (domestic stocks: 333 million yen, foreign securities: 47 million yen).

For the fiscal year ended March 31, 2012, 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 10,676 million yen (domestic bonds: 222 million yen, domestic stocks: 9,384 million yen, foreign securities: 891 million yen, others: 177 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 368 million yen (domestic stocks: 348 million yen, others: 20 million yen). Of this amount, impairment losses on beneficial interests in the loan trusts, which are classified as other investment expenses in the consolidated statements of income, amount to 177 million yen.

Basically, NKSJ and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value declines by 30% or more from their cost at the end of the fiscal year.

10. Money Trusts

1. Money trusts for trading purposes

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Unrealized gains and losses recognized in statements of income	890	544

2. Money trusts held to maturity

As of March 31, 2011
None.

As of March 31, 2012
None.

3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2011

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	20,281	20,302	(20)

Note) Money trusts which are considered extremely difficult to figure out their fair value are not included in the above table.

As of March 31, 2012

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	362	362	—

Note) Money trusts which are considered extremely difficult to figure out their fair value are not included in the above table.

11. Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency derivatives

As of March 31, 2011

(Millions of yen)

	Notional amount	Fair value		
		Due after 1 year		Unrealized gains and losses
Over-the-counter transactions:				
Forward foreign exchanges:				
Short:				
EUR	36,566	—	(1,187)	(1,187)
USD	10,243	—	(145)	(145)
GBP	183	—	(4)	(4)
Long:				
USD	7,398	—	73	73
TRY	2,598	—	38	38
EUR	183	—	3	3
Currency options:				
Short:				
Call:				
EUR	5,911	—		
	6*	—*	(7)	(1)
Long:				
Put:				
EUR	5,300	—		
	6*	—*	—	(6)
Total			(1,228)	(1,228)

Notes)

1. Calculation methods for the fair value

(1) Forward foreign exchanges

The fair value is calculated using forward exchange rate.

As for forward foreign exchanges between foreign currency and the other foreign currency, the fair value is calculated using forward exchange rate between the other foreign currency and yen on the transaction date of forward foreign exchanges.

(2) Currency options

The fair value is based on the price quoted by counterparties.

2. Amounts with an asterisk (*) represent the amount of the option premiums.

As of March 31, 2012

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Forward foreign exchanges:				
Short:				
EUR	37,229	—	(1,043)	(1,043)
USD	17,253	—	(265)	(265)
GBP	243	—	0	0
Long:				
EUR	9,307	—	29	29
TRY	2,691	—	(5)	(5)
USD	2,368	—	(2)	(2)
Total			(1,286)	(1,286)

Note) Calculation methods for the fair value

The fair value of forward foreign exchanges is calculated using forward exchange rate.

As for forward foreign exchanges between foreign currency and the other foreign currency, the fair value is calculated using forward exchange rate between the other foreign currency and yen on the transaction date of forward foreign exchanges.

(2) Equity derivatives

As of March 31, 2011

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Equity index futures:				
Short	6,546	—	(773)	(773)
Total			(773)	(773)

Note) Calculation methods for the fair value

The fair value is based on the closing price at major exchanges.

As of March 31, 2012

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Equity index futures:				
Short	39,379	—	137	137
Total			137	137

Note) Calculation methods for the fair value

The fair value is based on the closing price at major exchanges.

(3) Bond derivatives

As of March 31, 2011

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Bond futures:				
Long	1,730	—	(2)	(2)
Total			(2)	(2)

Note) Calculation methods for the fair value
The fair value is based on the closing price at major exchanges.

As of March 31, 2012

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Bond futures:				
Short	2,947	—	33	33
Long	315	—	(10)	(10)
Total			23	23

Note) Calculation methods for the fair value
The fair value is based on the closing price at major exchanges.

(4) Others

As of March 31, 2011

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Credit derivatives:				
Short	9,000	9,000	17	17
Long	1,000	—	(1)	(1)
Weather derivatives:				
Short	597	201		
	21*	7*	(9)	12
Earthquake derivatives:				
Short	3,560	10		
	103*	0*	(0)	103
Long	3,195	2,610		
	314*	234*	77	(236)
Total			83	(104)

Notes)

- Calculation methods for the fair value
 - Credit derivatives
The fair value is based on the price quoted by counterparties.
 - Weather derivatives
The fair value is calculated based on the contract term and other elements of the contract.
 - Earthquake derivatives
The fair value is calculated based on the contract term and other elements of the contract.
- Amounts with an asterisk (*) represent the amount of the option premiums.

As of March 31, 2012

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Credit derivatives:				
Short	9,000	8,000	2	2
Weather derivatives:				
Short	1,191	788		
	42*	27*	(72)	(29)
Earthquake derivatives:				
Short	4,370	10		
	133*	0*	(0)	133
Long	3,933	2,124		
	392*	265*	156	(235)
Total			86	(129)

Notes)

1. Calculation methods for the fair value

(1) Credit derivatives

The fair value is based on the price quoted by counterparties.

(2) Weather derivatives

The fair value is calculated based on the contract term and other elements of the contract.

(3) Earthquake derivatives

The fair value is calculated based on the contract term and other elements of the contract.

2. Amounts with an asterisk (*) represent the amount of the option premiums.

2. Derivative transactions to which hedge accounting is applied

(1) Currency derivatives

As of March 31, 2011

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Fair value hedge	Forward foreign exchanges:	Securities available for sale			
	Short:				
	USD		142,409	—	(2,094)
	EUR		115,637	—	(4,989)
	CAD		7,899	—	(397)
	GBP		5,203	—	(113)
	AUD		4,999	—	(473)
Total					(8,068)

Note) Calculation methods for the fair value

The fair value is calculated using forward exchange rate.

As of March 31, 2012

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Fair value hedge	Forward foreign exchanges: Short: USD EUR GBP CAD AUD	Securities available for sale			
			190,753	—	(7,808)
			110,178	—	(5,752)
			12,315	—	(628)
			9,050	—	(343)
			6,588	—	(31)
Total					(14,564)

Note) Calculation methods for the fair value
The fair value is calculated using forward exchange rate.

(2) Interest rate derivatives

As of March 31, 2011

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	5,545
The exceptional treatment for certain interest rate swaps	Interest rate swaps: Payment fix / Receipt float	Borrowings	60	20	(0)
Total					5,545

Note) Calculation methods for the fair value
The fair value is based on the price quoted by counterparties or the fair value calculated by discounting future cash flow to the present value.

As of March 31, 2012

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	8,319
The exceptional treatment for certain interest rate swaps	Interest rate swaps: Payment fix / Receipt float	Borrowings	20	—	(0)
Total					8,319

Note) Calculation methods for the fair value
The fair value is based on the price quoted by counterparties or the fair value calculated by discounting future cash flow to the present value.

12. Retirement Benefits

1. Outline of retirement benefit plans

In addition to a defined contribution pension plan, Sompo Japan provides a lump-sum payments retirement plan and a corporate pension fund system as defined benefit plans. Sompo Japan sets up a retirement benefits trust.

In addition to a defined contribution pension plan, NIPPONKOA provides defined benefit plans with a lump-sum payments retirement plan, a contract-type corporate pension plan and a self-administered corporate pension plan both for retired employees who already receive or who is eligible for employees' benefits but have not yet reached the pension commencement age. NIPPONKOA also sets up a retirement benefit trust.

The other domestic consolidated subsidiaries provide a lump-sum payments retirement plan as defined benefit plans in addition to a defined contribution pension plan.

Certain foreign consolidated subsidiaries have retirement benefit plans such as defined contribution type and defined benefit type.

2. Retirement benefit obligation

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
a. Retirement benefit obligation	(179,490)	(179,138)
b. Plan assets	75,300	73,129
c. Unfunded retirement benefit obligation (a+b)	(104,190)	(106,008)
d. Unrecognized actuarial difference	(259)	(1,740)
e. Unrecognized prior service costs	(25)	—
f. Net amount of retirement benefit obligation on the balance sheets (c+d+e)	(104,475)	(107,749)
g. Prepaid pension cost	318	233
h. Reserve for retirement benefits (f-g)	(104,793)	(107,983)

Note) Consolidated subsidiaries adopt the simplified accounting method for the calculation of retirement benefit obligation for certain retirement benefit plans.

3. Retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
a. Service cost (Note 1)	7,902	8,189
b. Interest cost	2,829	2,850
c. Expected return on plan assets	(470)	(424)
d. Amortization of unrecognized actuarial difference	1,925	2,420
e. Amortization of unrecognized prior service costs	(67)	(12)
f. Subtotal (a+b+c+d+e)	12,120	13,024
g. Contributions paid to the defined contribution pension plan	5,583	5,808
h. Others	—	(608) ^(Note 2)
i. Total (f+g+h)	17,703	18,223

Notes)

1. Retirement benefit expenses for retirement benefit plans which adopt simplified accounting method are included in "a. Service cost."

2. The amount represents profit and loss due to partial termination of the retirement benefit plan for employees of a subsidiary merged by a consolidated subsidiary.

4. Basis of calculation of retirement benefit obligation

- a. Allocation method of projected retirement benefits
 - Straight-line method, point method

b. Discount rate

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
1.5%–2.0%	1.5%–1.8%

c. Expected rate of return on plan assets

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
0.0%–4.0%	0.0%–1.5%

d. Amortization period of prior service costs

5 to 10 years (Prior service costs are amortized using the straight-line method over certain years within the average remaining service years of employees at the time of occurrence.)

e. Amortization period of actuarial difference

10 to 13 years (Actuarial difference is amortized from the following fiscal year by using the straight-line method over certain years within the average remaining service years of employees as of each fiscal year when difference occurs.)

13. Stock Options

1. Recorded amount and account which includes stock option expense

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Operating, general and administrative expenses	631	510

2. Recorded amount on profit resulting from forfeiture of stock options

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Gains on reversal of stock acquisition rights	—	3

3. Contents, size and its changes of stock options

(1) Contents of stock options

1st to 16th issue of stock acquisition rights of NKSJ are stock options transferred from Sompo Japan to NKSJ and 17th to 22nd issue of stock acquisition rights of NKSJ are stock options transferred from NIPPONKOA to NKSJ on the date of establishment of NKSJ, April 1, 2010. 23rd to 24th issue of stock acquisition rights of NKSJ are stock options granted by NKSJ.

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
1st issue of stock acquisition rights of NKSJ	Directors and executive officers of Sompo Japan: 1 Others: 7	Common stock: 125,000 [31,250] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2012
2nd issue	Directors and executive officers of Sompo Japan: 0 Others: 1	Common stock: 10,000 [2,500] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2012
3rd issue	Directors and executive officers of Sompo Japan: 1 Others: 1	Common stock: 20,000 [5,000] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2012
4th issue	Directors and executive officers of Sompo Japan: 0 Others: 3	Common stock: 30,000 [7,500] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2012
5th issue	Directors and executive officers of Sompo Japan: 3 Others: 12	Common stock: 90,000 [22,500] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2013
6th issue	Directors and executive officers of Sompo Japan: 3 Others: 18	Common stock: 130,000 [32,500] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2013
7th issue	Directors and executive officers of Sompo Japan: 5 Others: 27	Common stock: 255,000 [63,750] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2014
8th issue	Directors and executive officers of Sompo Japan: 6 Others: 26	Common stock: 262,000 [65,500] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2014
9th issue	Directors and executive officers of Sompo Japan: 11 Others: 34	Common stock: 363,000 [90,750] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2015
10th issue	Directors and executive officers of Sompo Japan: 11 Others: 35	Common stock: 365,000 [91,250] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2015
11th issue	Directors and executive officers of Sompo Japan: 11 Others: 31	Common stock: 324,000 [81,000] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2016
12th issue	Directors and executive officers of Sompo Japan: 11 Others: 30	Common stock: 316,000 [79,000] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2016
13th issue	Directors and executive officers of Sompo Japan: 17 Others: 24	Common stock: 403,000 [100,750] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2017
14th issue	Directors and executive officers of Sompo Japan: 17 Others: 24	Common stock: 382,000 [95,500] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2017
15th issue	Directors and executive officers of Sompo Japan: 27 Others: 1	Common stock: 297,300 [74,325] stocks	Apr. 1, 2010	Apr. 1, 2010 – Aug. 11, 2033
16th issue	Directors and executive officers of Sompo Japan: 41 Others: 1	Common stock: 747,100 [186,775] stocks	Apr. 1, 2010	Apr. 1, 2010 – Aug. 10, 2034

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
17th issue	Directors and executive officers of NIPPONKOA: 5 Others: 7	Common stock: 143,100 [35,775] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2024
18th issue	Directors and executive officers of NIPPONKOA: 7 Others: 11	Common stock: 201,600 [50,400] stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2025
19th issue	Directors and executive officers of NIPPONKOA: 12 Others: 2	Common stock: 110,700 [27,675] stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 27, 2027
20th issue	Directors and executive officers of NIPPONKOA: 12 Others: 2	Common stock: 121,500 [30,375] stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 17, 2028
21st issue	Directors and executive officers of NIPPONKOA: 16 Others: 3	Common stock: 247,500 [61,875] stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 16, 2029
22nd issue	Directors and executive officers of NIPPONKOA: 21 Others: 3	Common stock: 353,700 [88,425] stocks	Apr. 1, 2010	Apr. 1, 2010 – Oct. 7, 2029
23rd issue	Directors and executive officers of NKSJ: 7 Directors and executive officers of Sompo Japan: 40 Directors and executive officers of NIPPONKOA: 26	Common stock: 1,397,800 [349,450] stocks	Aug. 16, 2010	Aug. 17, 2010 – Aug. 16, 2035
24th issue	Directors and executive officers of NKSJ: 8 Directors and executive officers of Sompo Japan: 43 Directors and executive officers of NIPPONKOA: 26 Directors and executive officers of NKSJ Himawari Life Insurance, Inc.: 12 Directors of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.: 1	Common stock: 372,300 stocks	Nov. 1, 2011	Nov. 1, 2011 – Oct. 31, 2036

Notes)

- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. NKSJ carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The numbers of shares in the brackets [] are calculated considering the effect of the reverse split of stocks.
- Stock options are vested on the grant date.
- Requisite service period is not shown.
- Concerning 1st to 16th issue of stock acquisition rights of NKSJ, "Others" in the column "Title and number of grantees" represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
Concerning 17th to 22nd issue of stock acquisition rights of NKSJ, "Others" in the column "Title and number of grantees" represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by NKSJ.
Concerning 23rd to 24th issue of stock acquisition rights of NKSJ, "Directors" in the column "Title and number of grantees" excludes outside directors and non-full time directors. Since several directors and executive officers of NKSJ are concurrently served as director/executive officer of Sompo Japan or NIPPONKOA, the actual number of the persons whom 23rd and 24th issue of stock acquisition rights of NKSJ are granted are 69 and 86, respectively.

(2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2012 is indicated by converting to number of shares.

(a) Number of stock options

As all stock options are vested at the time that they are granted, items of stock options before vested are not shown.

<Stock options after vested>

	March 31, 2011	Vested	Exercised	Forfeited	March 31, 2012
1st issue of stock acquisition rights of NKSJ	31,250	—	—	17,500	13,750
2nd issue	2,500	—	—	—	2,500
3rd issue	5,000	—	—	—	5,000
4th issue	5,000	—	—	—	5,000
5th issue	21,250	—	—	5,000	16,250
6th issue	31,000	—	—	14,750	16,250
7th issue	57,500	—	—	27,500	30,000
8th issue	60,500	—	—	27,500	33,000
9th issue	88,750	—	—	28,250	60,500
10th issue	91,250	—	—	28,250	63,000
11th issue	81,000	—	—	2,000	79,000
12th issue	79,000	—	—	—	79,000
13th issue	100,750	—	—	—	100,750
14th issue	95,500	—	—	—	95,500
15th issue	54,150	—	15,025	—	39,125
16th issue	144,525	—	41,375	—	103,150
17th issue	25,200	—	2,475	—	22,725
18th issue	41,175	—	6,300	—	34,875
19th issue	23,175	—	8,100	—	15,075
20th issue	26,100	—	7,875	—	18,225
21st issue	52,650	—	15,300	—	37,350
22nd issue	77,400	—	16,875	—	60,525
23rd issue	349,450	—	82,100	—	267,350
24th issue	—	372,300	—	—	372,300

Note) NKSJ carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Number of shares as of March 31, 2011, number of shares exercised and number of shares forfeited are calculated based on the assumptions that the reverse split of stocks was executed at the end of the fiscal year ended March 31, 2011.

(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2012 (yen)	Fair value per share on the grant date (yen)
1st issue of stock acquisition rights of NKSJ	777 [3,108] (Note 1)	—	— (Note 2)
2nd issue	712 [2,848] (Note 1)	—	— (Note 2)
3rd issue	581 [2,324] (Note 1)	—	— (Note 2)
4th issue	574 [2,296] (Note 1)	—	— (Note 2)
5th issue	735 [2,940] (Note 1)	—	— (Note 2)
6th issue	901 [3,604] (Note 1)	—	— (Note 2)
7th issue	1,167 [4,668] (Note 1)	—	— (Note 2)
8th issue	1,082 [4,328] (Note 1)	—	— (Note 2)
9th issue	1,148 [4,592] (Note 1)	—	— (Note 2)
10th issue	1,665 [6,660] (Note 1)	—	— (Note 2)
11th issue	1,598 [6,392] (Note 1)	—	470 [1,880] (Note 4)
12th issue	1,623 [6,492] (Note 1)	—	515 [2,060] (Note 4)
13th issue	1,547 [6,188] (Note 1)	—	379 [1,516] (Note 4)
14th issue	990 [3,960] (Note 1)	—	236 [944] (Note 4)
15th issue	1	525 [2,101] (Note 3)	940 [3,760] (Note 4)
16th issue	1	524 [2,096] (Note 3)	623 [2,492] (Note 4)
17th issue	1	524 [2,096] (Note 3)	596 [2,384]
18th issue	1	439 [1,756] (Note 3)	596 [2,384]
19th issue	1	524 [2,096] (Note 3)	610 [2,440]
20th issue	1	524 [2,098] (Note 3)	610 [2,440]
21st issue	1	526 [2,105] (Note 3)	610 [2,440]
22nd issue	1	532 [2,128] (Note 3)	610 [2,440]
23rd issue	1	528 [2,114] (Note 3)	452 [1,808]
24th issue	1	—	1,372

Notes)

1. NKSJ carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The amounts in the brackets [] represent exercise price after the execution of the reverse split of stocks.
2. Fair value per share on the grant date is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.
3. The amounts in the brackets [] are calculated considering the effect of the reverse split of stocks.
4. Fair value per share at the time of grant by Sompō Japan is shown in the table. The amounts in the brackets [] are calculated considering the effect of the reverse split of stocks.

4. Method for estimating the fair value per share of stock options

Method for estimating the fair value per share of 24th issue of stock acquisition rights of NKSJ granted during the fiscal year ended March 31, 2012 is as follows.

NKSJ does not make a new estimation for the fair value per share of stock acquisition rights transferred from Sompō Japan to NKSJ (1st to 16th issue of stock acquisition rights of NKSJ).

NKSJ also does not make a new estimation for the fair value per share of stock acquisition rights transferred from NIPPONKOA to NKSJ (17th to 22nd issue of stock acquisition rights of NKSJ) because those are revalued under the purchase method.

(1) Model to calculate the option price per share

The Black-Scholes model

(2) The basic numerical values used in calculation and estimation method

	24th issue of stock acquisition rights of NKSJ
Volatility (Note 1)	44.57%
Expected remaining period (Note 2)	3 years
Expected dividends (Note 3)	80 yen
Risk-free interest rate (Note 4)	0.196%

Notes)

1. The volatility is calculated based on the closing price in the regular trading of common stock of NKSJ (Sompo Japan for the period from November 1, 2008 to March 31, 2010) on each trading day from November 1, 2008 to October 31, 2011.
2. The expected remaining period is calculated based on the average terms in position until retirement under the historical data of Sompo Japan and NIPPONKOA.
3. The expected dividends is calculated based on the dividends for the fiscal year ended March 31, 2011.
4. The risk-free interest rate is based on the interest rates of Japanese government bonds with a maturity that corresponds to the expected remaining period.

5. Method for estimating the number of rights of stock options granted

As all stock options are vested at the time that they are granted, this item is not applicable.

14. Tax Effect Accounting

1. Major components of deferred tax assets and deferred tax liabilities

	(Millions of yen)	
	As of March 31, 2011	As of March 31, 2012
Deferred tax assets:		
Underwriting reserves	323,733	286,541
Reserve for outstanding losses and claims	69,804	48,058
Impairment losses on securities and real estate	50,928	45,079
Losses carried forward for tax purposes	27,239	44,618
Reserve for retirement benefits	36,977	33,800
Intangible fixed assets for tax purposes	29,244	25,469
Others	40,576	33,237
Subtotal	578,505	516,805
Valuation allowance	(65,576)	(60,378)
Total deferred tax assets	512,928	456,426
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(233,431)	(206,611)
Unrealized gains and losses on consolidated subsidiaries	(14,051)	(11,935)
Others	(7,051)	(6,638)
Total deferred tax liabilities	(254,534)	(225,184)
Net deferred tax assets	258,393	231,241

2. Reconciliation of the significant difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting

The reconciliations for the fiscal year ended March 31, 2011 and 2012 are not shown due to loss before income taxes and non-controlling interests.

3. Revisions of deferred tax assets and deferred tax liabilities, etc. following changes in the corporate tax rate

“Act on Partial Amendment to the Income Tax Act, etc. in order to Create a Tax System Responding to Structural Changes of Economy and Society” (Act No. 114, 2011) and “Act on Special Measures Concerning Securing

Financial Resources Necessary for the Implementation of Measures to recover from the Great East Japan Earthquake” (Act No. 117, 2011) were promulgated on December 2, 2011, and accordingly, the corporate income tax rate has been lowered and the special corporation tax for restoration has been imposed from the consolidated fiscal year beginning on or after April 1, 2012.

Accordingly, the effective statutory income tax rate used to calculate deferred tax assets and deferred tax liabilities will generally change from the 36.1% used previously, to 33.2% for temporary differences expected to be reversed in the fiscal years from the fiscal year beginning April 1, 2012 up to and including the fiscal year beginning April 1, 2014, and 30.7% for temporary differences expected to be reversed from the fiscal year beginning April 1, 2015 onwards. As a result of this change in the corporate tax rate, deferred tax assets (net of deferred tax liabilities) decreased 28,389 million yen, underwriting reserves decreased 16,262 million yen, deferred income taxes increased 53,504 million yen, and net loss increased 37,242 million yen.

15. Business Combinations

1. Business combination through acquisitions

(1) Summary of business combination

- (a) The name of acquiree and its type of business
Berjaya Sampo Insurance Berhad (“Berjaya”): Property and casualty insurance business
- (b) Reason for business combination
Through the acquisition of Berjaya, NKSJ and Sampo Japan plan to expand and strengthen the insurance business operations in the growing Malaysian property and casualty insurance market, which is the 3rd biggest in Southeast Asia region after Singapore and Thailand and is expected to continue further stable market expansion.
- (c) Date of business combination
June 15, 2011
- (d) Legal form of business combination
Acquisition of shares by cash
- (e) Name of the entity after business combination
Berjaya Sampo Insurance Berhad
- (f) Percentage of voting rights acquired
- | | |
|---|-----|
| Percentage of voting rights held prior to the business combination | 30% |
| Percentage of additional voting rights acquired on the date of business combination | 40% |
| Percentage of voting rights held after the business combination | 70% |
- (g) The primary reason for determination of the acquirer
Sampo Japan, which is a consolidated subsidiary of NKSJ, was determined as the acquirer because Sampo Japan acquired shares of Berjaya by cash.

(2) The period of financial result of the acquiree included in the consolidated financial statements

From May 1, 2011 to December 31, 2011

As the deemed acquisition date is April 30, 2011, financial result of the acquiree prior to the deemed acquisition date is recorded as investment gains and losses on the equity method.

(3) Acquisition cost of the acquiree

Purchase price	Fair value of common stock of Berjaya held before the business combination	372 million Malaysian ringgits
	Cash paid by additional common stock acquired	496 million Malaysian ringgits
Total		868 million Malaysian ringgits

(4) Difference between acquisition cost of the acquiree and total acquisition cost of individual transactions leading to acquisition

Gains on step acquisitions	6,298 million yen
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(5) Amount of goodwill, reason for recognizing goodwill, method and period of amortization

- (a) Amount of goodwill
574 million Malaysian ringgits
- (b) Reason for recognizing goodwill
The acquisition cost exceeded the net amounts of assets acquired and liabilities assumed.
- (c) Method and period of amortization
Straight-line amortization over 20 years

(6) Amounts of assets acquired and liabilities assumed on the day of business combination

Total assets:	995 million Malaysian ringgits
Cash and deposits	462 million Malaysian ringgits
Total liabilities:	576 million Malaysian ringgits
Underwriting funds	517 million Malaysian ringgits

2. Transactions under common control

(1) Summary of transactions

- (a) The names of subject companies and their types of business
 - Sompo Japan Himawari Life Insurance Co., Ltd. : Life insurance business
 - NIPPONKOA Life Insurance Company, Limited : Life insurance business
- (b) Date of business combination
October 1, 2011
- (c) Legal form of business combination
Merger between Sompo Japan Himawari Life Insurance Co., Ltd. (consolidated subsidiary of NKSJ, surviving company) and NIPPONKOA Life Insurance Company, Limited (consolidated subsidiary of NKSJ, merging company)
- (d) Name of the entity after business combination
NKSJ Himawari Life Insurance, Inc. (consolidated subsidiary of NKSJ)
- (e) Other matters concerning the transactions
Through this merger, NKSJ Himawari Life Insurance, Inc. will be positioned as a strategic subsidiary within the Group responsible for the life insurance business, a core earnings source second only to the domestic property and casualty insurance business. And the merger will provide a firmer management base for the new company, leveraging the unique features and strengths of the pre-merger companies to accelerate growth.

(2) Summary of accounting treatment

The transactions are accounted for as transactions under common control in accordance with Accounting Standards Board of Japan Statement No. 21 "Accounting Standard for Business Combinations" (December 26, 2008) and Accounting Standards Board of Japan Guidance No. 10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (December 26, 2008).

3. Transactions under common control

(1) Summary of transactions

- (a) The names of subject companies and their types of business
 - Sompo Japan Insurance Inc. : Property and casualty insurance business
 - Sompo Japan Asia Holdings Pte. Ltd. : Property and casualty insurance business
- (b) Date of business combination
November 30, 2011
- (c) Legal form of business combination
Investment in-kind by Sompo Japan (consolidated subsidiary of NKSJ) of stocks of a subsidiary in Sompo Japan Asia Holdings Pte. Ltd. (consolidated subsidiary of NKSJ)
- (d) Other matters concerning the transactions
During the fiscal year ended March 31, 2012, Sompo Japan made investment in-kind in Sompo Japan Asia Holdings Pte. Ltd. of all the stocks held by Sompo Japan in Tenet Insurance Company Limited (consolidated subsidiary of NKSJ) with the aim of strengthening strategic planning support and management control across the region and further expanding operations and enhancing internal control by bringing subsidiaries and affiliates in Southeast Asia under the control of Sompo Japan Asia Holdings Pte. Ltd.

(2) Summary of accounting treatment

The transactions were accounted for at appropriate book value as transactions under common control in accordance with Accounting Standards Board of Japan Statement No. 21 “Accounting Standard for Business Combinations” (December 26, 2008), Accounting Standards Board of Japan Statement No. 7 “Accounting Standard for Business Divestitures” (December 26, 2008) and Accounting Standards Board of Japan Guidance No. 10 “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (December 26, 2008).

16. Segment Information

Segment information

1. Summary of reportable segments

The reportable segment of NKSJ is the component of the Group, for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance.

The respective group companies of NKSJ determine their comprehensive strategies for their operations as independent management unit and roll out their operations under the group-wide management policy of NKSJ.

Therefore, NKSJ is composed of business segments which consist of the respective group companies as a minimum component, and “Property and casualty insurance business” and “Life insurance business” are determined as the reportable segments. NKSJ and other operations which are not covered by the reportable segments are included in “Others.” The major companies which constitute each reportable segment and “Others” are listed below.

“Property and casualty insurance business” conducts underwriting of property and casualty insurance, investment and related activities. “Life insurance business” conducts underwriting of life insurance and investment activities.

	Major companies
Reportable segments	
Property and casualty insurance business	Sompo Japan Insurance Inc. NIPPONKOA Insurance Co., Ltd. Sonpo 24 Insurance Company Limited Saison Automobile and Fire Insurance Company, Limited Sompo Japan Insurance Company of America Sompo Japan Sigorta Anonim Sirketi Yasuda Seguros S.A.
Life insurance business	NKSJ Himawari Life Insurance, Inc. Sompo Japan DIY Life Insurance Co., Ltd.
Others	NKSJ Holdings, Inc. Sompo Japan DC Securities Co., Ltd. Healthcare Frontier Japan Inc. SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. Yasuda Enterprise Development Co., Ltd.

2. Calculation methods for the amount of sales, net income or loss, assets and other items by each reportable segment

The accounting methods of reportable business segments are those mentioned in “Significant Accounting Policies for the Preparation of the Consolidated Financial Statements.” Net income or loss attributable to the reportable segments is the amounts based on net income in the consolidated statements of income.

Income from internal transactions among segments is based on the price of transactions among third parties.

3. Information related to the amount of sales, income or loss, assets and other items by each reportable segment

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segments			Others (Note 2)	Total	Adjustments (Note 3)	Carrying amount on the consolidated financial statements (Note 4)
	Property and casualty insurance business	Life insurance business	Total				
Sales: (Note 1)							
Sales from transactions with external customers	1,933,283	238,178	2,171,461	5,313	2,176,775	444,913	2,621,689
Sales from internal transactions among segments	—	—	—	3,109	3,109	(3,109)	—
Total	1,933,283	238,178	2,171,461	8,423	2,179,885	441,804	2,621,689
Segment income (loss)	(7,873)	(4,073)	(11,946)	(971)	(12,918)	—	(12,918)
Segment assets	7,233,827	1,740,175	8,974,003	7,971	8,981,974	—	8,981,974
Other items:							
Depreciation	18,464	1,405	19,870	262	20,132	—	20,132
Amortization of goodwill	349	1,872	2,221	0	2,221	—	2,221
Interest and dividend income	129,528	27,559	157,088	1	157,090	(622)	156,467
Interest paid	7,202	95	7,298	7	7,306	(4)	7,301
Investment gains (losses) on the equity method	509	—	509	2	511	—	511
Extraordinary gains:	3,547	—	3,547	—	3,547	(6)	3,540
Gains on negative goodwill	149	—	149	—	149	—	149
Extraordinary losses:	13,507	1,283	14,791	1	14,793	(6)	14,786
Impairment losses	1,118	—	1,118	—	1,118	—	1,118
Income tax expenses	(3,735)	(664)	(4,400)	17	(4,382)	—	(4,382)
Investment in affiliates accounted for under the equity method	20,271	—	20,271	1,166	21,437	—	21,437
Increase in tangible and intangible fixed assets	41,685	4,580	46,266	419	46,686	—	46,686

Notes)

1. The definitions of sales are as follows.

Property and casualty insurance business:

Life insurance business:

"Others" and carrying amount on the consolidated financial statements:

Net premiums written

Life insurance premiums written

Ordinary income

2. "Others" is business segments which are not included in reportable segments. It includes other operations.

3. Adjustments of sales are as follows.

Ordinary income related to property and casualty insurance business and life insurance business excluding net premiums written and life insurance premiums written:

444,913 million yen

Elimination of internal transactions among segments:

(3,109) million yen

4. Segment income (loss) is adjusted to net loss in the consolidated statements of income.

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Reportable segments			Others (Note 2)	Total	Adjustments (Note 3)	Carrying amount on the consolidated financial statements (Note 4)
	Property and casualty insurance business	Life insurance business	Total				
Sales: (Note 1)							
Sales from transactions with external customers	1,973,777	250,193	2,223,971	5,865	2,229,837	560,718	2,790,555
Sales from internal transactions among segments	—	—	—	3,977	3,977	(3,977)	—
Total	1,973,777	250,193	2,223,971	9,843	2,233,815	556,740	2,790,555
Segment income (loss)	(78,175)	(14,687)	(92,862)	600	(92,262)	—	(92,262)
Segment assets	7,053,710	1,830,468	8,884,178	9,200	8,893,378	—	8,893,378
Other items:							
Depreciation	18,979	1,833	20,813	226	21,040	—	21,040
Amortization of goodwill	1,789	1,872	3,662	—	3,662	—	3,662
Interest and dividend income	122,838	29,958	152,796	0	152,797	(707)	152,090
Interest paid	7,461	103	7,565	2	7,568	(1)	7,566
Investment gains (losses) on the equity method	156	—	156	(45)	111	—	111
Extraordinary gain (Note 5)	12,012	—	12,012	3	12,015	(2,871)	9,144
Extraordinary losses: (Note 6)	4,498	13,337	17,835	0	17,836	(2,871)	14,965
Impairment losses	992	—	992	—	992	—	992
Income tax expenses	35,951	(825)	35,126	48	35,174	—	35,174
Investment in affiliates accounted for under the equity method	16,576	—	16,576	1,108	17,684	—	17,684
Increase in tangible and intangible fixed assets	32,055	2,145	34,200	323	34,524	—	34,524

Notes)

1. The definitions of sales are as follows.

Property and casualty insurance business:

Net premiums written

Life insurance business:

Life insurance premiums written

"Others" and carrying amount on the consolidated financial statements:

Ordinary income

2. "Others" is business segments which are not included in reportable segments. It includes other operations.

3. Adjustments of sales are as follows.

Ordinary income related to property and casualty insurance business and life insurance

business excluding net premiums written and life insurance premiums written:

560,718 million yen

Elimination of internal transactions among segments:

(3,977) million yen

4. Segment income (loss) is adjusted to net loss in the consolidated statements of income.

5. Extraordinary gains for property and casualty insurance business include 6,298 million yen of gains on step acquisitions.

6. Extraordinary gains for property and life insurance business include 11,766 million yen of merger cost.

Related information

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Information by products and services

(1) Property and casualty insurance business

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Sales from transactions with external customers	239,420	47,611	180,262	982,028	241,625	242,335	1,933,283

Note) Sales represent amounts of net premiums written.

(2) Life insurance business

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Sales from transactions with external customers	215,929	10,780	11,468	—	238,178

Note) Sales represent amounts of life insurance premiums written.

2. Information by geographic area

(1) Sales

Geographic information is omitted because sales (net premiums written and life insurance premiums written) from transactions with external customers attributed to Japan constitute more than 90 percent of sales (net premiums written and life insurance premiums written) in the consolidated statements of income.

(2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheets.

3. Information by major customers

None.

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. Information by products and services

(1) Property and casualty insurance business

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Sales from transactions with external customers	250,769	47,525	182,581	1,002,015	258,353	232,532	1,973,777

Note) Sales represent amounts of net premiums written.

(2) Life insurance business

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Sales from transactions with external customers	227,141	11,501	11,550	—	250,193

Note) Sales represent amounts of life insurance premiums written.

2. Information by geographic area

(1) Sales

Geographic information is omitted because sales (net premiums written and life insurance premiums written) from transactions with external customers attributed to Japan constitute more than 90 percent of sales (net premiums written and life insurance premiums written) in the consolidated statements of income.

(2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheets.

3. Information by major customers

None.

Information related to impairment losses on fixed assets by reportable segments

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Impairment losses	1,118	—	1,118	—	—	1,118

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Impairment losses	992	—	992	—	—	992

Information related to amortization of goodwill and balance of goodwill by reportable segments

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Amortization for the fiscal year ended March 31, 2011	349	1,872	2,221	0	—	2,221
Balance as of March 31, 2011	22,604	19,352	41,956	—	—	41,956

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Amortization for the fiscal year ended March 31, 2012	1,789	1,872	3,662	—	—	3,662
Balance as of March 31, 2012	30,260	17,480	47,740	—	—	47,740

Information related to gains on negative goodwill by reportable segments

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Gains on negative goodwill	149	—	149	—	—	149

Outline of events resulting in recognition of gains on negative goodwill

Property and casualty insurance business:

Sompo Japan, which was defined as the acquirer, acquired NIPPONKOA through share exchange, and NKSJ was established as a joint holding company as of April 1, 2010.

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

None.

17. Related-Party Transactions

There is no material related-party transaction to be represented.

18. Per Share Information

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Net assets per share	2,588.02 yen	2,395.08 yen
Net loss per share	(31.11) yen	(222.30) yen

Notes)

1. Diluted net income per share for the fiscal year ended March 31, 2011 and 2012 are not shown due to net loss per share, although dilutive shares exist.

2. Calculation of net loss per share is based on the following figures.

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Net loss	(12,918)	(92,262)
Net loss not attributable to common stockholders	—	—
Net loss attributable to common stocks	(12,918)	(92,262)
Average number of common stocks outstanding	415,154 thousand shares	415,026 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	Stock acquisition rights: 13 types Number of dilutive shares: 745,250 shares	Stock acquisition rights: 14 types Number of dilutive shares: 599,500 shares

3. Calculation of net assets per share is based on the following figures.

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Total net assets	1,079,446	1,000,577
Amount to be deducted from total net assets:	5,142	7,034
Stock acquisition rights	2,349	2,409
Non-controlling interests	2,793	4,624
Total net assets attributable to common stocks	1,074,303	993,543
Number of common stocks used for calculation of net assets per share	415,106 thousand shares	414,825 thousand shares

4. NKSJ carried out a reverse split of stocks on October 1, 2011. Net assets per share and net loss per share are calculated based on the assumption that the reverse split of stocks was executed at the beginning of the fiscal year ended March 31, 2011.

(Changes in accounting policies)

Effective from the fiscal year ended March 31, 2012, NKSJ has applied Accounting Standards Board of Japan Statement No.2 "Accounting Standard for Earnings Per Share" (June 30, 2010), Accounting Standards Board of Japan Guidance No.4 "Guidance on Accounting Standard for Earnings Per Share" (June 30, 2010) and Accounting Standards Board of Japan Practical Issues Task Force No.9 "Practical Solution on Accounting for Earnings Per Share" (June 30, 2010).

According to the application, net assets per share and net loss per share are calculated as if the reverse split of stocks carried out on October 1, 2011 had been executed at the beginning of the fiscal year ended March 31, 2011.

Pro forma calculation of net assets per share and net loss per share for the fiscal year ended March 31, 2011 if these revisions are not applied are as follows.

Net assets per share	647.00 yen
Net loss per share	(7.77) yen

19. Significant Subsequent Events

None.

Consolidated
Financial Highlights

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the NKSJ Group

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the Management

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Balance Sheets and Statements of Income of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	89,494	85,164	(4,330)
Cash	4	3	(1)
Deposits	89,489	85,161	(4,328)
Call loans	67,800	66,300	(1,500)
Receivables under resale agreements	33,490	60,486	26,996
Monetary receivables bought	29,823	27,215	(2,608)
Money trusts	237	280	43
Securities:	3,359,247	3,104,476	(254,771)
Government bonds	837,468	814,062	(23,405)
Municipal bonds	19,068	10,633	(8,435)
Corporate bonds	512,744	486,667	(26,077)
Domestic stocks	1,163,091	983,826	(179,265)
Foreign securities	788,949	775,527	(13,422)
Other securities	37,923	33,759	(4,163)
Loans:	455,617	422,163	(33,453)
Policy loans	9,575	8,900	(674)
Ordinary loans	446,041	413,262	(32,779)
Tangible fixed assets:	211,597	208,055	(3,541)
Land	103,264	102,893	(370)
Buildings	82,786	78,688	(4,098)
Leased assets	5,357	4,985	(372)
Construction in progress	826	2,669	1,842
Other tangible fixed assets	19,361	18,819	(541)
Intangible fixed assets	96	86	(9)
Other assets:	381,845	458,486	76,641
Premiums receivable	1,519	943	(575)
Agency accounts receivable	98,000	98,057	57
Foreign agency accounts receivable	23,668	23,841	173
Coinsurance accounts receivable	8,701	17,748	9,047
Reinsurance accounts receivable	67,711	80,362	12,651
Foreign reinsurance accounts receivable	9,125	29,992	20,866
Proxy service receivable	1	14	12
Accounts receivable	23,571	99,947	76,375
Accrued income	7,748	7,303	(444)
Advance deposits	13,011	12,554	(457)
Earthquake insurance deposits	68,895	5,342	(63,552)
Suspense payments	54,878	77,972	23,094
Deposits paid for future transactions	3,632	2,950	(681)
Derivative assets	417	488	71
Other assets	962	965	3
Deferred tax assets	168,619	149,862	(18,757)
Customers' liabilities for acceptances and guarantees	—	29,370	29,370
Allowance for possible credit losses	(3,477)	(3,152)	325
Allowance for possible investment losses	(8,019)	(8,202)	(183)
Total assets	4,786,371	4,600,592	(185,778)

	(Millions of yen)		
	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Liabilities:			
Underwriting funds:	3,645,004	3,459,994	(185,009)
Reserve for outstanding losses and claims	639,564	620,037	(19,526)
Underwriting reserves	3,005,440	2,839,957	(165,483)
Corporate bonds	128,000	128,000	—
Other liabilities:	207,245	296,255	89,009
Coinsurance accounts payable	4,623	4,499	(124)
Reinsurance accounts payable	46,366	54,994	8,627
Foreign reinsurance accounts payable	9,663	13,424	3,761
Proxy service payable	16	15	(1)
Borrowings	3,157	3,146	(11)
Income taxes payable	3,353	3,435	82
Deposits received	5,301	4,976	(325)
Unearned income	35	462	426
Accounts payable	66,842	136,160	69,318
Suspense receipts	55,349	55,684	335
Securities borrowed	299	109	(189)
Derivative liabilities	5,030	12,489	7,458
Lease obligations	5,662	5,277	(385)
Asset retirement obligations	1,543	1,579	35
Reserve for retirement benefits	77,984	79,511	1,526
Reserve for bonus payments	14,793	14,316	(476)
Reserve for bonus payments to directors	—	101	101
Reserves under the special laws:	17,305	14,436	(2,869)
Reserve for price fluctuation	17,305	14,436	(2,869)
Acceptances and guarantees	—	29,370	29,370
Total liabilities	4,090,334	4,021,985	(68,349)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	24,229	24,229	—
Capital reserves	24,229	24,229	—
Retained earnings:	305,999	166,424	(139,575)
Legal reserve	45,770	45,770	—
Other retained earnings:	260,229	120,654	(139,575)
Reserve for advanced depreciation	1,257	1,306	49
General reserve	233,300	83,300	(150,000)
Retained earnings carried forward	25,671	36,047	10,375
Total shareholders' equity	400,229	260,654	(139,575)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale, net of tax	295,807	317,953	22,145
Total valuation and translation adjustments	295,807	317,953	22,145
Total net assets	696,037	578,607	(117,429)
Total liabilities and net assets	4,786,371	4,600,592	(185,778)

Sompo Japan Insurance Inc. (Non-consolidated)

Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	1,637,215	1,716,224	79,008	4.8%
Underwriting income:	1,562,178	1,627,195	65,017	4.2
Net premiums written	1,256,639	1,281,155	24,515	2.0
Deposits of premiums by policyholders	118,184	122,087	3,903	3.3
Interest and dividend income on deposits of premiums, etc.	39,399	37,176	(2,223)	(5.6)
Reversal of reserve for outstanding losses and claims	38,950	19,526	(19,423)	(49.9)
Reversal of underwriting reserves	104,344	165,483	61,138	58.6
Other underwriting income	4,660	1,767	(2,892)	(62.1)
Investment income:	69,131	83,391	14,260	20.6
Interest and dividend income	86,463	78,375	(8,087)	(9.4)
Investment gains on money trusts	0	0	0	39.4
Investment gains on trading securities	62	—	(62)	(100.0)
Gains on sales of securities	18,604	41,369	22,765	122.4
Gains on redemption of securities	0	39	38	4,142.0
Gains on derivatives	3,231	600	(2,630)	(81.4)
Other investment income	168	181	12	7.5
Transfer of interest and dividend income on deposits of premiums, etc.	(39,399)	(37,176)	2,223	—
Other ordinary income	5,905	5,637	(268)	(4.5)
Ordinary expenses:	1,616,673	1,712,259	95,585	5.9
Underwriting expenses:	1,359,579	1,435,869	76,290	5.6
Net claims paid	817,961	939,541	121,580	14.9
Loss adjustment expenses	93,020	92,530	(489)	(0.5)
Net commissions and brokerage fees	213,680	219,559	5,879	2.8
Maturity refunds to policyholders	227,802	180,999	(46,802)	(20.5)
Dividends to policyholders	89	35	(54)	(60.8)
Foreign exchange losses	155	326	170	110.2
Other underwriting expenses	6,869	2,876	(3,993)	(58.1)
Investment expenses:	28,672	52,693	24,020	83.8
Investment losses on money trusts	365	—	(365)	(100.0)
Investment losses on trading securities	—	67	67	—
Losses on sales of securities	4,926	19,478	14,552	295.4
Impairment losses on securities	6,767	18,141	11,374	168.1
Losses on redemption of securities	2,840	928	(1,911)	(67.3)
Foreign exchange losses	10,228	12,528	2,299	22.5
Other investment expenses	3,544	1,548	(1,995)	(56.3)
Operating, general and administrative expenses	220,108	215,148	(4,960)	(2.3)
Other ordinary expenses:	8,312	8,547	235	2.8
Interest paid	7,161	7,421	260	3.6
Losses on bad debt	8	5	(2)	(31.8)
Provision for allowance for possible investment losses	284	183	(101)	(35.6)
Other ordinary expenses	858	936	78	9.1
Ordinary profit	20,541	3,964	(16,577)	(80.7)

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change
	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		
	Amount	Amount		
Extraordinary gains:	3,320	3,402	81	2.5%
Gains on disposal of fixed assets	231	533	301	129.8
Reversal of reserves under the special laws:	—	2,869	2,869	—
Reversal of reserve for price fluctuation	—	2,869	2,869	—
Other extraordinary gains	3,088	—	(3,088)	(100.0)
Extraordinary losses:	8,449	665	(7,784)	(92.1)
Losses on disposal of fixed assets	464	305	(158)	(34.2)
Impairment losses	259	359	100	38.6
Provision for reserves under the special laws:	5,843	—	(5,843)	(100.0)
Provision for reserve for price fluctuation	5,843	—	(5,843)	(100.0)
Other extraordinary losses	1,882	—	(1,882)	(100.0)
Income before income taxes	15,412	6,701	(8,710)	(56.5)
Income taxes	454	632	178	39.3
Deferred income taxes	2,833	43,587	40,754	1,438.1
Total income taxes	3,288	44,220	40,932	1,244.9
Net income (loss)	12,124	(37,518)	(49,643)	(409.4)
Underwriting result:				
Net premiums written (+)	1,256,639	1,281,155	24,515	2.0
Net claims paid (-)	817,961	939,541	121,580	14.9
Loss adjustment expenses (-)	93,020	92,530	(489)	(0.5)
Operating expenses: (-)	423,365	423,376	10	0.0
Net commissions and brokerage fees	213,680	219,559	5,879	2.8
Operating, general and administrative expenses related to underwriting	209,684	203,816	(5,868)	(2.8)
Underwriting result	(77,706)	(174,293)	(96,586)	—
Underwriting profit (loss)	(9,716)	(24,994)	(15,278)	—
Ratios:				
Net loss ratio (%)	72.5	80.6	8.1	
Net expense ratio (%)	33.7	33.0	(0.6)	
Underwriting result ratio (%)	(6.2)	(13.6)	(7.4)	

NIPPONKOA Insurance Co., Ltd. (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	124,674	119,708	(4,965)
Cash	65	61	(3)
Deposits	124,609	119,646	(4,962)
Call loans	10,000	10,000	—
Monetary receivables bought	2,449	1,737	(712)
Money trusts	46,313	35,455	(10,858)
Securities:	1,697,112	1,604,942	(92,170)
Government bonds	375,501	379,739	4,237
Municipal bonds	45,552	38,519	(7,033)
Corporate bonds	311,568	299,220	(12,347)
Domestic stocks	601,533	541,221	(60,312)
Foreign securities	344,291	331,805	(12,486)
Other securities	18,664	14,435	(4,228)
Loans:	200,717	196,512	(4,205)
Policy loans	5,654	5,193	(460)
Ordinary loans	195,062	191,318	(3,744)
Tangible fixed assets:	127,897	125,359	(2,538)
Land	66,692	66,097	(595)
Buildings	54,174	51,803	(2,370)
Leased assets	466	424	(41)
Construction in progress	1,201	2,324	1,122
Other tangible fixed assets	5,362	4,709	(653)
Intangible fixed assets	526	526	(0)
Other assets:	169,264	170,892	1,627
Premiums receivable	266	476	210
Agency accounts receivable	20,841	21,326	485
Foreign agency accounts receivable	3,895	13,319	9,424
Coinsurance accounts receivable	2,076	3,233	1,157
Reinsurance accounts receivable	35,485	43,187	7,702
Foreign reinsurance accounts receivable	9,005	32,062	23,057
Accounts receivable	13,178	10,949	(2,228)
Accrued income	5,877	4,256	(1,620)
Advance deposits	5,731	5,634	(96)
Earthquake insurance deposits	48,813	4,700	(44,113)
Suspense payments	17,033	19,579	2,545
Deposits paid for future transactions	—	2,800	2,800
Derivative assets	5,553	8,586	3,033
Other assets	1,507	779	(728)
Deferred tax assets	82,262	74,489	(7,772)
Allowance for possible credit losses	(2,028)	(1,987)	40
Allowance for possible investment losses	—	(3)	(3)
Total assets	2,459,190	2,337,631	(121,558)

	(Millions of yen)		
	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Liabilities:			
Underwriting funds:	1,982,929	1,844,117	(138,812)
Reserve for outstanding losses and claims	289,142	301,967	12,824
Underwriting reserves	1,693,786	1,542,150	(151,636)
Other liabilities:	73,476	120,925	47,449
Coinsurance accounts payable	1,213	1,340	126
Reinsurance accounts payable	18,650	22,548	3,897
Foreign reinsurance accounts payable	1,775	2,776	1,001
Payables under securities lending transactions	—	40,110	40,110
Borrowings	1,455	1,232	(223)
Income taxes payable	1,441	1,658	216
Deposits received	1,740	1,597	(142)
Unearned income	898	825	(73)
Accounts payable	33,370	36,432	3,061
Suspense receipts	6,798	7,799	1,001
Derivative liabilities	5,358	3,846	(1,511)
Lease obligations	489	447	(42)
Asset retirement obligations	282	308	26
Other liabilities	0	0	—
Reserve for retirement benefits	23,217	25,472	2,254
Reserve for bonus payments	5,415	6,228	812
Reserve for bonus payments to directors	—	18	18
Reserves under the special laws:	8,611	11,289	2,677
Reserve for price fluctuation	8,611	11,289	2,677
Total liabilities	2,093,650	2,008,051	(85,599)
Net assets:			
Shareholders' equity:			
Common stock	91,249	91,249	—
Capital surplus:	46,702	21,702	(25,000)
Capital reserves	46,702	21,702	(25,000)
Retained earnings:	92,050	57,952	(34,097)
Legal reserve	41,894	44,196	2,302
Other retained earnings:	50,156	13,755	(36,400)
Reserve for advanced depreciation	3,133	3,299	165
General reserve	50,000	—	(50,000)
Retained earnings carried forward	(2,977)	10,456	13,433
Total shareholders' equity	230,001	170,903	(59,097)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale, net of tax	131,995	153,016	21,021
Deferred gains and losses on hedges	3,543	5,660	2,117
Total valuation and translation adjustments	135,538	158,677	23,138
Total net assets	365,539	329,580	(35,958)
Total liabilities and net assets	2,459,190	2,337,631	(121,558)

NIPPONKOA Insurance Co., Ltd. (Non-consolidated)

Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	819,445	895,408	75,962	9.3%
Underwriting income:	773,845	842,967	69,121	8.9
Net premiums written	620,615	630,605	9,990	1.6
Deposits of premiums by policyholders	34,918	42,013	7,094	20.3
Interest and dividend income on deposits of premiums, etc.	20,625	18,698	(1,926)	(9.3)
Reversal of underwriting reserves	97,631	151,636	54,005	55.3
Other underwriting income	54	12	(41)	(76.8)
Investment income:	43,237	50,862	7,624	17.6
Interest and dividend income	42,722	41,211	(1,510)	(3.5)
Investment gains on money trusts	671	21	(649)	(96.8)
Gains on sales of securities	19,181	27,939	8,758	45.7
Gains on redemption of securities	2	160	157	7,856.1
Gains on derivatives	1,217	220	(997)	(81.9)
Other investment income	68	7	(61)	(89.2)
Transfer of interest and dividend income on deposits of premiums, etc.	(20,625)	(18,698)	1,926	—
Other ordinary income	2,362	1,578	(783)	(33.2)
Ordinary expenses:	819,764	903,146	83,381	10.2
Underwriting expenses:	680,302	764,546	84,244	12.4
Net claims paid	397,444	493,011	95,566	24.0
Loss adjustment expenses	34,369	41,125	6,756	19.7
Net commissions and brokerage fees	104,455	107,355	2,899	2.8
Maturity refunds to policyholders	121,532	109,800	(11,732)	(9.7)
Dividends to policyholders	27	17	(9)	(35.6)
Provision for reserve for outstanding losses and claims	21,270	12,824	(8,446)	(39.7)
Foreign exchange losses	977	183	(794)	(81.2)
Other underwriting expenses	224	228	4	2.0
Investment expenses:	14,762	19,859	5,097	34.5
Investment losses on money trusts	603	475	(127)	(21.2)
Losses on sales of securities	6,590	13,713	7,122	108.1
Impairment losses on securities	3,641	1,773	(1,867)	(51.3)
Losses on redemption of securities	1,085	1,185	100	9.2
Foreign exchange losses	474	366	(107)	(22.7)
Other investment expenses	2,366	2,344	(22)	(0.9)
Operating, general and administrative expenses	123,663	118,378	(5,284)	(4.3)
Other ordinary expenses:	1,037	361	(675)	(65.1)
Interest paid	32	27	(5)	(15.6)
Provision for allowance for possible credit losses	121	9	(111)	(92.4)
Losses on bad debt	3	2	(0)	(22.3)
Provision for allowance for possible investment losses	—	3	3	—
Other ordinary expenses	879	318	(561)	(63.8)
Ordinary loss	(319)	(7,737)	(7,418)	—

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
Extraordinary gains:		1,931	2,112		180	9.4%
Gains on disposal of fixed assets		1,366	1,145		(221)	(16.2)
Other extraordinary gains		565	967		402	71.2
Extraordinary losses:		5,203	3,802		(1,401)	(26.9)
Losses on disposal of fixed assets		876	491		(384)	(43.9)
Impairment losses		859	632		(226)	(26.4)
Provision for reserves under the special laws:		2,968	2,677		(291)	(9.8)
Provision for reserve for price fluctuation		2,968	2,677		(291)	(9.8)
Other extraordinary losses		499	—		(499)	(100.0)
Loss before income taxes		(3,591)	(9,427)		(5,836)	—
Income taxes		311	270		(41)	(13.2)
Deferred income taxes		2,534	12,886		10,352	408.5
Total income taxes		2,845	13,157		10,311	362.3
Net loss		(6,437)	(22,584)		(16,147)	—
Underwriting result:						
Net premiums written	(+)	620,615	630,605		9,990	1.6
Net claims paid	(-)	397,444	493,011		95,566	24.0
Loss adjustment expenses	(-)	34,369	41,125		6,756	19.7
Operating expenses:	(-)	221,935	220,691		(1,244)	(0.6)
Net commissions and brokerage fees		104,455	107,355		2,899	2.8
Operating, general and administrative expenses related to underwriting		117,480	113,336		(4,143)	(3.5)
Underwriting result		(33,134)	(124,222)		(91,088)	—
Underwriting profit (loss)		(24,991)	(41,118)		(16,126)	—
Ratios:						
Net loss ratio	(%)	69.6	84.7		15.1	
Net expense ratio	(%)	35.8	35.0		(0.8)	
Underwriting result ratio	(%)	(5.3)	(19.7)		(14.4)	

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Sonpo 24 Insurance Company Limited (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	1,664	1,752	88
Deposits	1,664	1,752	88
Securities:	16,451	16,966	515
Government bonds	15,951	16,866	915
Other securities	500	100	(400)
Tangible fixed assets:	137	133	(3)
Buildings	33	30	(2)
Other tangible fixed assets	104	102	(1)
Other assets:	806	890	84
Accounts receivable	617	701	84
Accrued income	5	16	10
Advance deposits	166	166	0
Suspense payments	16	6	(10)
Total assets	19,059	19,743	684
Liabilities:			
Underwriting funds:	9,497	11,063	1,565
Reserve for outstanding losses and claims	2,807	3,751	943
Underwriting reserves	6,690	7,312	621
Other liabilities:	1,558	1,829	271
Reinsurance accounts payable	7	6	(0)
Income taxes payable	34	38	3
Deposits received	9	8	(0)
Accounts payable	922	1,098	176
Suspense receipts	584	677	92
Reserve for retirement benefits	103	131	27
Reserve for bonus payments	80	91	11
Reserves under the special laws:	23	26	3
Reserve for price fluctuation	23	26	3
Deferred tax liabilities	—	23	23
Total liabilities	11,263	13,166	1,902
Net assets:			
Shareholders' equity:			
Common stock	19,000	19,000	—
Capital surplus:	19,000	19,000	—
Capital reserves	19,000	19,000	—
Retained earnings:	(30,132)	(31,475)	(1,343)
Other retained earnings:	(30,132)	(31,475)	(1,343)
Retained earnings carried forward	(30,132)	(31,475)	(1,343)
Total shareholders' equity	7,867	6,524	(1,343)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale, net of tax	(72)	52	124
Total valuation and translation adjustments	(72)	52	124
Total net assets	7,795	6,577	(1,218)
Total liabilities and net assets	19,059	19,743	684

Sonpo 24 Insurance Company Limited (Non-consolidated)

Statements of Income

(Millions of yen)

	Fiscal year ended		Fiscal year ended		
	March 31, 2011 (April 1, 2010 to March 31, 2011)	March 31, 2012 (April 1, 2011 to March 31, 2012)	Increase (Decrease)	Rate of change	
	Amount	Amount			
Ordinary income:	11,143	12,070	926	8.3%	
Underwriting income:	10,797	11,927	1,129	10.5	
Net premiums written	10,788	11,919	1,130	10.5	
Interest and dividend income on deposits of premiums, etc.	9	8	(0)	(10.4)	
Investment income:	345	131	(213)	(61.9)	
Interest and dividend income	80	100	19	24.1	
Gains on sales of securities	273	39	(234)	(85.5)	
Transfer of interest and dividend income on deposits of premiums, etc.	(9)	(8)	0	—	
Other ordinary income	0	11	10	1,823.0	
Ordinary expenses:	11,504	13,402	1,898	16.5	
Underwriting expenses:	8,901	10,546	1,645	18.5	
Net claims paid	6,604	7,328	723	11.0	
Loss adjustment expenses	637	863	225	35.4	
Net commissions and brokerage fees	699	789	89	12.8	
Provision for reserve for outstanding losses and claims	473	943	469	99.2	
Provision for underwriting reserves	485	621	136	28.1	
Other underwriting expenses	0	0	0	9.4	
Investment expenses:	—	3	3	—	
Losses on sales of securities	—	3	3	—	
Operating, general and administrative expenses	2,597	2,852	254	9.8	
Other ordinary expenses:	5	0	(5)	(96.5)	
Other ordinary expenses	5	0	(5)	(96.5)	
Ordinary loss	(360)	(1,331)	(971)	—	
Extraordinary losses:	4	7	2	64.2	
Losses on disposal of fixed assets	1	4	2	214.6	
Provision for reserves under the special laws:	3	3	0	2.2	
Provision for reserve for price fluctuation	3	3	0	2.2	
Loss before income taxes	(364)	(1,339)	(974)	—	
Income taxes	3	3	—	—	
Total income taxes	3	3	—	—	
Net loss	(368)	(1,343)	(974)	—	
Underwriting result:					
Net premiums written	(+)	10,788	11,919	1,130	10.5
Net claims paid	(-)	6,604	7,328	723	11.0
Loss adjustment expenses	(-)	637	863	225	35.4
Operating expenses:	(-)	3,293	3,638	345	10.5
Net commissions and brokerage fees		699	789	89	12.8
Operating, general and administrative expenses related to underwriting		2,593	2,849	255	9.9
Underwriting result		253	89	(164)	(64.9)
Underwriting profit (loss)		(696)	(1,476)	(779)	—
Ratios:					
Net loss ratio	(%)	67.1	68.7	1.6	
Net expense ratio	(%)	30.5	30.5	—	
Underwriting result ratio	(%)	2.4	0.7	(1.7)	

Saison Automobile and Fire Insurance Company, Limited (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	4,028	2,548	(1,480)
Cash	5	8	3
Deposits	4,022	2,539	(1,483)
Money trusts	1,316	1,324	7
Securities:	23,104	19,469	(3,634)
Government bonds	8,543	6,871	(1,672)
Municipal bonds	1,453	1,781	328
Corporate bonds	9,390	8,652	(737)
Domestic stocks	166	154	(12)
Foreign securities	1,345	805	(540)
Other securities	2,205	1,204	(1,000)
Loans:	16	15	(0)
Policy loans	16	15	(0)
Tangible fixed assets:	385	322	(63)
Buildings	17	15	(2)
Leased assets	365	305	(59)
Other tangible fixed assets	2	2	(0)
Intangible fixed assets:	1,958	2,411	452
Software	1,878	2,346	467
Leased assets	57	45	(11)
Other intangible fixed assets	21	19	(2)
Other assets:	2,239	2,507	267
Premiums receivable	480	717	237
Agency accounts receivable	13	24	11
Coinsurance accounts receivable	22	8	(13)
Reinsurance accounts receivable	362	410	47
Accounts receivable	283	399	115
Accrued income	76	56	(19)
Advance deposits	407	410	2
Earthquake insurance deposits	196	—	(196)
Suspense payments	397	480	82
Allowance for possible credit losses	(0)	(0)	(0)
Total assets	33,049	28,598	(4,450)

	(Millions of yen)		
	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Liabilities:			
Underwriting funds:	20,051	21,813	1,761
Reserve for outstanding losses and claims	4,741	4,972	230
Underwriting reserves	15,310	16,840	1,530
Other liabilities:	1,986	2,002	16
Coinsurance accounts payable	23	26	3
Reinsurance accounts payable	626	533	(92)
Proxy service payable	0	—	(0)
Income taxes payable	60	61	1
Deposits received	14	18	3
Accounts payable	799	937	138
Suspense receipts	32	64	31
Lease obligations	429	361	(68)
Reserve for retirement benefits	218	176	(42)
Reserve for retirement benefits to directors	42	51	9
Reserve for bonus payments	217	225	8
Reserves under the special laws:	7	5	(2)
Reserve for price fluctuation	7	5	(2)
Deferred tax liabilities	85	95	9
Total liabilities	22,610	24,370	1,760
Net assets:			
Shareholders' equity:			
Common stock	8,610	8,610	—
Capital surplus:	6,848	6,848	—
Capital reserves	6,848	6,848	—
Other capital surplus	0	0	—
Retained earnings:	(5,250)	(11,529)	(6,279)
Other retained earnings:	(5,250)	(11,529)	(6,279)
Retained earnings carried forward	(5,250)	(11,529)	(6,279)
Total shareholders' equity	10,207	3,928	(6,279)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale, net of tax	231	299	68
Total valuation and translation adjustments	231	299	68
Total net assets	10,439	4,228	(6,210)
Total liabilities and net assets	33,049	28,598	(4,450)

Saison Automobile and Fire Insurance Company, Limited (Non-consolidated)

Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	15,724	15,608	(116)	(0.7)%
Underwriting income:	15,173	15,056	(116)	(0.8)
Net premiums written	14,294	14,479	185	1.3
Deposits of premiums by policyholders	620	527	(92)	(14.9)
Interest and dividend income on deposits of premiums, etc.	53	49	(4)	(8.3)
Reversal of reserve for outstanding losses and claims	204	—	(204)	(100.0)
Foreign exchange gains	0	—	(0)	(100.0)
Investment income:	339	232	(106)	(31.4)
Interest and dividend income	283	249	(34)	(12.1)
Investment gains on money trusts	0	8	7	2,322.7
Investment gains on trading securities	2	0	(1)	(60.6)
Gains on sales of securities	106	16	(89)	(84.5)
Other investment income	0	7	6	895.2
Transfer of interest and dividend income on deposits of premiums, etc.	(53)	(49)	4	—
Other ordinary income	212	319	106	50.2
Ordinary expenses:	18,031	21,653	3,621	20.1
Underwriting expenses:	12,238	13,191	953	7.8
Net claims paid	7,571	8,102	530	7.0
Loss adjustment expenses	964	1,076	112	11.6
Net commissions and brokerage fees	1,727	1,511	(216)	(12.5)
Maturity refunds to policyholders	1,071	734	(337)	(31.5)
Dividends to policyholders	0	0	(0)	(63.8)
Provision for reserve for outstanding losses and claims	—	230	230	—
Provision for underwriting reserves	896	1,530	633	70.7
Foreign exchange losses	—	0	0	—
Other underwriting expenses	5	5	(0)	(5.8)
Investment expenses:	151	78	(72)	(48.1)
Losses on sales of securities	54	0	(54)	(99.9)
Losses on redemption of securities	64	69	5	9.0
Other investment expenses	33	8	(24)	(73.8)
Operating, general and administrative expenses	5,629	8,356	2,726	48.4
Other ordinary expenses:	12	26	14	119.1
Interest paid	9	14	4	43.4
Provision for allowance for possible credit losses	—	0	0	—
Other ordinary expenses	2	12	10	467.3
Ordinary loss	(2,307)	(6,044)	(3,737)	—

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
Extraordinary gains:	6		2		(4)	(69.4)%
Reversal of reserves under the special laws:	6		2		(4)	(69.4)
Reversal of reserve for price fluctuation	6		2		(4)	(69.4)
Extraordinary losses:	3		215		211	6,456.9
Losses on disposal of fixed assets	2		1		(0)	(29.4)
Impairment losses	1		2		1	157.1
Other extraordinary losses	—		210		210	—
Loss before income taxes	(2,303)		(6,258)		(3,954)	—
Income taxes	21		21		(0)	(1.5)
Total income taxes	21		21		(0)	(1.5)
Net loss	(2,325)		(6,279)		(3,953)	—
Underwriting result:						
Net premiums written	(+)	14,294	14,479		185	1.3
Net claims paid	(-)	7,571	8,102		530	7.0
Loss adjustment expenses	(-)	964	1,076		112	11.6
Operating expenses:	(-)	7,071	9,451		2,379	33.7
Net commissions and brokerage fees		1,727	1,511		(216)	(12.5)
Operating, general and administrative expenses related to underwriting		5,343	7,939		2,596	48.6
Underwriting result		(1,313)	(4,150)		(2,836)	—
Underwriting profit (loss)		(2,369)	(6,114)		(3,745)	—
Ratios:						
Net loss ratio	(%)	59.7	63.4		3.7	
Net expense ratio	(%)	49.5	65.3		15.8	
Underwriting result ratio	(%)	(9.2)	(28.7)		(19.5)	

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NKSJ Himawari Life Insurance, Inc. (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	56,382	42,764	(13,617)
Cash	23	11	(11)
Deposits	56,358	42,752	(13,606)
Call loans	599	—	(599)
Receivables under securities borrowing transactions	30,370	—	(30,370)
Money trusts	19,963	—	(19,963)
Securities:	1,507,240	1,672,594	165,353
Government bonds	930,646	1,126,262	195,616
Municipal bonds	125,942	120,094	(5,847)
Corporate bonds	388,827	382,065	(6,761)
Domestic stocks	10,932	9,869	(1,062)
Foreign securities	50,891	34,301	(16,590)
Loans:	32,949	34,091	1,141
Policy loans	32,949	34,091	1,141
Tangible fixed assets:	1,611	1,676	65
Buildings	624	801	177
Leased assets	644	619	(24)
Other tangible fixed assets	342	255	(87)
Intangible fixed assets:	6,693	3,101	(3,592)
Software	4,114	3,101	(1,013)
Other intangible fixed assets	2,579	—	(2,579)
Agency accounts receivable	164	137	(26)
Reinsurance accounts receivable	1,555	1,467	(87)
Other assets:	36,033	34,092	(1,941)
Accounts receivable	24,768	24,822	53
Prepaid expenses	908	1,173	264
Accrued income	4,652	4,746	93
Advance deposits	4,089	2,851	(1,238)
Derivative assets	31	96	65
Suspense payments	1,551	365	(1,185)
Other assets	31	37	5
Deferred tax assets	21,872	19,343	(2,529)
Allowance for possible credit losses	(35)	(58)	(22)
Total assets	1,715,400	1,809,210	93,809

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Liabilities:			
Policy reserves:	1,588,540	1,717,788	129,247
Reserve for outstanding claims	25,437	24,615	(822)
Policy reserves	1,559,315	1,689,139	129,824
Reserve for dividends to policyholders	3,787	4,034	246
Agency accounts payable	3,582	3,466	(116)
Reinsurance accounts payable	1,358	1,248	(109)
Other liabilities:	39,542	7,294	(32,247)
Payables under securities lending transactions	30,970	—	(30,970)
Income taxes payable	49	43	(6)
Accounts payable	1,611	150	(1,461)
Accrued expenses	4,915	5,167	252
Deposits received	120	194	74
Derivative liabilities	58	120	61
Lease obligations	688	687	(0)
Suspense receipts	1,128	931	(196)
Reserve for retirement benefits	1,325	1,718	393
Reserve for retirement benefits to directors	84	—	(84)
Reserve for bonus payments to directors	—	24	24
Reserves under the special laws:	1,554	1,881	326
Reserve for price fluctuation	1,554	1,881	326
Total liabilities	1,635,989	1,733,423	97,434
Net assets:			
Shareholders' equity:			
Common stock	37,250	17,250	(20,000)
Capital surplus:	10,000	30,000	20,000
Capital reserves	10,000	10,000	—
Other capital surplus	—	20,000	20,000
Retained earnings:	27,063	15,958	(11,105)
Legal reserve	4	—	(4)
Other retained earnings:	27,059	15,958	(11,101)
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	26,734	15,633	(11,101)
Total shareholders' equity	74,313	63,208	(11,105)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale, net of tax	5,097	12,578	7,480
Total valuation and translation adjustments	5,097	12,578	7,480
Total net assets	79,411	75,786	(3,624)
Total liabilities and net assets	1,715,400	1,809,210	93,809

Note)

Amount as of March 31, 2011 represents the combined result of Sompo Japan Himawari Life Insurance Co., Ltd. and NIPPONKOA Life Insurance Company, Limited.

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NKSJ Himawari Life Insurance, Inc. (Non-consolidated)

Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	385,380	395,288	9,908	2.6%
Insurance premiums and other:	355,109	360,180	5,071	1.4
Insurance premiums	349,877	356,263	6,385	1.8
Reinsurance income	5,231	3,917	(1,313)	(25.1)
Investment income:	29,208	32,667	3,459	11.8
Interest and dividend income:	28,088	30,403	2,315	8.2
Interest on deposits	0	0	(0)	(51.7)
Interest and dividends on securities	26,973	29,265	2,291	8.5
Interest on loans	1,061	1,116	54	5.2
Other interest and dividends	52	22	(30)	(58.4)
Investment gains on money trusts	385	125	(259)	(67.4)
Gains on sales of securities	734	1,784	1,050	142.9
Investment gains on special account	—	353	353	—
Other ordinary income:	1,063	2,440	1,376	129.5
Fund receipt for annuity rider	263	659	395	150.0
Fund receipt for claim deposit payments	774	855	81	10.5
Reversal of reserve for outstanding claims	—	822	822	—
Other ordinary income	24	102	77	310.2
Ordinary expenses:	383,550	391,063	7,513	2.0
Insurance claims and other:	177,978	172,819	(5,158)	(2.9)
Insurance claims	32,810	32,763	(47)	(0.1)
Annuity payments	1,659	2,001	341	20.6
Insurance benefits	28,127	28,243	116	0.4
Surrender benefits	109,028	103,550	(5,477)	(5.0)
Other refunds	1,143	1,112	(31)	(2.8)
Reinsurance premiums	5,208	5,148	(60)	(1.2)
Provision for policy reserves and other:	122,036	129,826	7,790	6.4
Provision for reserve for outstanding claims	2,283	—	(2,283)	(100.0)
Provision for policy reserves	119,750	129,824	10,073	8.4
Provision for interest portion of reserve for dividends to policyholders	1	1	0	25.0
Investment expenses:	893	659	(233)	(26.2)
Interest paid	95	103	8	8.6
Losses on sales of securities	334	455	121	36.3
Losses on derivatives	34	32	(1)	(4.7)
Foreign exchange losses	13	1	(12)	(91.7)
Provision for allowance for possible credit losses	—	31	31	—
Other investment expenses	35	34	(1)	(4.4)
Investment losses on special account	379	—	(379)	(100.0)

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Increase (Decrease) Rate of change	
	Amount	Amount		
Operating, general and administrative expenses	78,909	82,793	3,883	4.9%
Other ordinary expenses:	3,733	4,965	1,232	33.0
Claim deposit payments	547	754	206	37.7
Taxes	1,355	1,537	181	13.4
Depreciation	1,373	1,806	433	31.5
Provision for reserve for retirement benefits	382	615	232	60.8
Other ordinary expenses	74	252	178	241.0
Ordinary profit	1,830	4,225	2,394	130.9
Extraordinary gains:	11	—	(11)	(100.0)
Other extraordinary gains	11	—	(11)	(100.0)
Extraordinary losses:	1,281	12,254	10,973	856.4
Losses on disposal of fixed assets	18	46	28	154.8
Provision for reserves under the special laws:	218	326	108	49.8
Provision for reserve for price fluctuation	218	326	108	49.8
Other extraordinary losses	1,044	11,880	10,836	1,037.2
Provision for reserve for dividends to policyholders	2,802	3,093	290	10.4
Loss before income taxes	(2,242)	(11,122)	(8,880)	—
Income taxes	1,459	159	(1,299)	(89.0)
Deferred income taxes	(1,917)	(177)	1,740	—
Total income taxes	(458)	(17)	440	—
Net loss	(1,784)	(11,105)	(9,321)	—

Note)

Amount for the fiscal year ended March 31, 2011 represents the combined result of Sompo Japan Himawari Life Insurance Co., Ltd. and NIPPONKOA Life Insurance Company, Limited. Amount for the fiscal year ended March 31, 2012 includes the result of NIPPONKOA Life Insurance Company, Limited for the six months ended September 30, 2011.

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Sompo Japan DIY Life Insurance Co., Ltd. (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	251	401	150
Deposits	251	401	150
Securities:	4,354	4,148	(206)
Government bonds	1,575	1,272	(303)
Domestic stocks	757	652	(104)
Other securities	2,021	2,223	201
Tangible fixed assets:	51	39	(12)
Buildings	19	14	(4)
Leased assets	7	2	(5)
Other tangible fixed assets	24	22	(2)
Intangible fixed assets:	1,064	—	(1,064)
Other intangible fixed assets	1,064	—	(1,064)
Agency accounts receivable	0	0	0
Reinsurance accounts receivable	3	26	22
Other assets:	288	247	(40)
Accounts receivable	172	176	3
Prepaid expenses	3	2	(1)
Accrued income	0	0	0
Advance deposits	74	62	(11)
Suspense payments	36	5	(31)
Other assets	0	0	(0)
Total assets	6,014	4,863	(1,151)

	(Millions of yen)		
	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	Increase (Decrease)
Liabilities:			
Policy reserves:	1,204	1,128	(76)
Reserve for outstanding claims	315	270	(45)
Policy reserves	888	857	(31)
Agency accounts payable	3	4	0
Reinsurance accounts payable	31	30	(1)
Other liabilities:	227	173	(54)
Income taxes payable	3	3	—
Accounts payable	—	0	0
Accrued expenses	213	164	(48)
Deposits received	1	1	(0)
Lease obligations	8	2	(5)
Suspense receipts	0	0	0
Reserve for retirement benefits	24	29	4
Reserves under the special laws:	16	18	1
Reserve for price fluctuation	16	18	1
Deferred tax liabilities	155	99	(55)
Total liabilities	1,664	1,482	(181)
Net assets:			
Shareholders' equity:			
Common stock	10,100	10,100	—
Capital surplus:	2,100	2,100	—
Capital reserves	2,100	2,100	—
Retained earnings:	(8,123)	(9,043)	(920)
Other retained earnings:	(8,123)	(9,043)	(920)
Retained earnings carried forward	(8,123)	(9,043)	(920)
Total shareholders' equity	4,076	3,156	(920)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale, net of tax	273	224	(49)
Total valuation and translation adjustments	273	224	(49)
Total net assets	4,350	3,380	(969)
Total liabilities and net assets	6,014	4,863	(1,151)

Sompo Japan DIY Life Insurance Co., Ltd. (Non-consolidated)

Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		
	Amount	Amount	Increase (Decrease)	Rate of change
Ordinary income:	3,794	4,008	213	5.6%
Insurance premiums and other:	3,751	3,901	150	4.0
Insurance premiums	3,655	3,696	40	1.1
Reinsurance income	95	205	110	115.7
Investment income:	32	26	(5)	(17.9)
Interest and dividend income:	32	26	(5)	(17.9)
Interest on deposits	—	0	0	—
Interest and dividends on securities	32	26	(5)	(17.9)
Other ordinary income:	11	80	69	621.1
Reversal of reserve for outstanding claims	—	45	45	—
Reversal of policy reserves	11	31	20	183.6
Other ordinary income	0	3	3	3,478.2
Ordinary expenses:	3,784	3,728	(56)	(1.5)
Insurance claims and other:	1,105	1,508	402	36.4
Insurance claims	752	1,148	396	52.7
Insurance benefits	212	220	7	3.6
Other refunds	4	5	0	23.0
Reinsurance premiums	136	133	(2)	(1.9)
Provision for policy reserves and other:	174	—	(174)	(100.0)
Provision for reserve for outstanding claims	174	—	(174)	(100.0)
Investment expenses:	2	0	(2)	(91.6)
Interest paid	2	0	(2)	(91.6)
Operating, general and administrative expenses	2,448	2,170	(277)	(11.3)
Other ordinary expenses:	53	48	(5)	(9.5)
Taxes	16	16	(0)	(2.1)
Depreciation	32	27	(5)	(15.8)
Provision for reserve for retirement benefits	4	4	0	10.1
Ordinary profit	10	280	270	2,682.2
Extraordinary losses:	1	1,197	1,195	98,439.6
Losses on disposal of fixed assets	—	1,195	1,195	—
Provision for reserves under the special laws:	1	1	(0)	(1.7)
Provision for reserve for price fluctuation	1	1	(0)	(1.7)
Income (loss) before income taxes	8	(916)	(925)	(10,437.8)
Income taxes	3	3	—	—
Total income taxes	3	3	—	—
Net income (loss)	5	(920)	(925)	(18,266.7)

Solvency Margin Ratio of NKSJ Holdings, Inc. on a Consolidated Basis

(Unaudited)

Solvency Margin Ratio (Consolidated)

- The NKSJ Group (the “Group”) is an insurance company group and operates property and casualty insurance business and life insurance business at the NKSJ Holdings, Inc. (the “Company”)’s subsidiaries.
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for property and casualty insurance company group to maintain sufficient solvency in order to cover against risks which may exceed its normal estimates, i.e. occurrence of major catastrophes and big decline in value of assets held by insurance company group.
- (C) Solvency Margin Ratio (Consolidated), which is calculated in accordance with the Ordinance for Enforcement of the Insurance Business Act and the provisions of Public Notice No. 23 of the Financial Service Agency (2011), is the ratio of “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Solvency Margin (Consolidated)) to “risks which will exceed its normal estimates” ((B) Total Risks (Consolidated)).
The scope of solvency margin ratio (consolidated) is primarily same with that of the consolidated financial statements.
- “Risks which will exceed its normal estimates” are composed of risks described below.
 - <1> Underwriting risk for property and casualty insurance business, Underwriting risk for life insurance business, Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance, Underwriting risk related to small amount and short term insurance companies:
Risks of rate of occurrence of insurance claims, etc. in excess of normal estimates (excluding risks relating to major catastrophes)
 - <2> Guaranteed interest rate risk:
Risks of invested assets failing to yield assumed interest rates for saving-type insurance and life insurance due to the aggravation of investment conditions
 - <3> Guaranteed minimum benefit risk for life insurance policies:
Risks related to guaranteed minimum benefit such as insurance claims and others for variable insurance and variable annuities, etc.
 - <4> Investment risk:
Risks of securities and other assets held fluctuating in prices in excess of normal estimates
 - <5> Business management risk:
Risks beyond normal estimates arising from business management that do not fall under other categories
 - <6> Major catastrophe risk:
Risks of the occurrence of major catastrophic losses in excess of normal estimates for property and casualty insurance policies (risks such as the Great Kanto Earthquake, Isewan Typhoon or major catastrophic losses in foreign countries)
- “Solvency margin of the Company and its subsidiaries by means of their capital, reserves, etc.” (total solvency margin (consolidated)) is the sum of total net assets of the Company and its subsidiaries, etc. (excluding appropriation of surplus), certain reserves (reserve for price fluctuation and catastrophic loss reserve, etc.) and parts of net unrealized gains and losses on land in Japan, etc.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.

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NKSJ Holdings, Inc. (Consolidated)

(Millions of yen)

	As of March 31, 2012
(A) Total Solvency Margin (Consolidated)	1,940,876
Capital and funds, etc.	636,539
Reserve for price fluctuation	27,658
Contingency reserve	23,831
Catastrophic loss reserve	601,951
General allowance for possible credit losses	519
Unrealized gains and losses on securities (before tax effect deductions)	429,824
Net unrealized gains and losses on land	14,845
Surplus such as premium fund	112,359
Subordinated debt, etc.	128,000
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—
Total solvency margin related to small amount and short term insurance companies	—
Deductions	114,133
Others	79,481
(B) Total Risks (Consolidated)	706,016
$\sqrt{(\sqrt{R_1^2+R_2^2+R_3+R_4})^2+(R_5+R_6+R_7)^2+R_8+R_9}$	
Underwriting risk for property and casualty insurance business (R_1)	170,949
Underwriting risk for life insurance business (R_2)	11,560
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_3)	5,720
Underwriting risk related to small amount and short term insurance companies (R_4)	—
Guaranteed interest rate risk (R_5)	35,747
Guaranteed minimum benefit risk for life insurance policies (R_6)	337
Investment risk (R_7)	358,197
Business management risk (R_8)	17,117
Major catastrophe risk for property and casualty insurance policies (R_9)	256,685
(C) Solvency Margin Ratio (Consolidated)	549.8%
$[(A) / \{(B) \times 1/2\}] \times 100$	

Note) The above figures are calculated based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).

Solvency Margin Ratios of Principal Consolidated Subsidiaries

(Unaudited)

Solvency Margin Ratio (Non-consolidated)

- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which may exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Solvency Margin Ratio (Non-consolidated), which is calculated in accordance with the Insurance Business Act, is the ratio of "solvency margin of insurance companies by means of their capital, reserves, etc." ((A) Total Solvency Margin (Non-consolidated)) to "risks which will exceed their normal estimates" ((B) Total Risks (Non-consolidated)).
- "Risks which will exceed their normal estimates" are composed of risks described below.
 - <1> Underwriting risk, Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance:
 - Risks of rate of occurrence of insurance claims, etc. in excess of normal estimates (excluding risks relating to major catastrophes)
 - <2> Guaranteed interest rate risk:
 - Risks of invested assets failing to yield assumed interest rates due to the aggravation of investment conditions
 - <3> Investment risk:
 - Risks of securities and other assets held fluctuating in prices in excess of normal estimates
 - <4> Business management risk:
 - Risks beyond normal estimates arising from business management that do not fall under other categories
 - <5> Major catastrophe risk:
 - Risks of the occurrence of major catastrophic losses in excess of normal estimates (risks such as the Great Kanto Earthquake or Isewan Typhoon)
 - <6> Guaranteed minimum benefit risk:
 - Risks of special account assets fluctuating in prices in excess of normal estimates
- "Solvency margin of insurance companies by means of their capital, reserves, etc." (total solvency margin (non-consolidated)) is the sum of total net assets (excluding planned outflows), certain reserves (reserve for price fluctuation, contingency reserve and catastrophic loss reserve, etc.) and parts of net unrealized gains and losses on land, etc.
- Solvency margin ratio (non-consolidated) is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The current standards to calculate solvency margin ratio (non-consolidated) are applied from March 31, 2012. Solvency margin ratio (non-consolidated) as of March 31, 2011 calculated under the current standards is also described as reference.
- Since a solvency margin ratio regulation on a consolidated basis was adopted from March 31, 2012, solvency margin ratio and some of other related items represented in the past are stated with words "(non-consolidated)" like "Solvency margin ratio (Non-consolidated)".

Sompo Japan Insurance Inc. (Non-consolidated)

	(Millions of yen)		(Reference)
	As of March 31, 2011 Former Standards	As of March 31, 2012 Current Standards	As of March 31, 2011 Current Standards
(A) Total Solvency Margin (Non-consolidated)	1,476,906	1,213,539	1,476,906
Capital and funds, etc.	400,229	260,654	400,229
Reserve for price fluctuation	17,305	14,436	17,305
Contingency reserve	611	611	611
Catastrophic loss reserve	487,656	389,766	487,656
General allowance for possible credit losses	404	286	404
Unrealized gains and losses on securities (before tax effect deductions)	415,622	414,934	415,622
Net unrealized gains and losses on land	30,177	24,062	30,177
Excess amount of reserve for maturity refunds	—	—	—
Subordinated debt, etc.	128,000	128,000	128,000
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin		—	—
Deductions	157,360	79,975	157,360
Others	154,258	60,763	154,258
(B) Total Risks (Non-consolidated)	394,555	482,931	525,109
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$			
Underwriting risk (R ₁)	77,389	108,974	108,300
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—	—
Guaranteed interest rate risk (R ₃)	5,144	17,763	18,681
Investment risk (R ₄)	173,292	279,213	301,892
Business management risk (R ₅)	8,938	11,226	12,070
Major catastrophe risk (R ₆)	191,119	155,365	174,665
(C) Solvency Margin Ratio (Non-consolidated)	748.6%	502.5%	562.5%
$[(A) / \{(B) \times 1/2\}] \times 100$			

NIPPONKOA Insurance Co., Ltd. (Non-consolidated)

	(Millions of yen)		(Reference)
	As of March 31, 2011 Former Standards	As of March 31, 2012 Current Standards	As of March 31, 2011 Current Standards
(A) Total Solvency Margin (Non-consolidated)	742,896	598,090	742,896
Capital and funds, etc.	230,001	170,903	230,001
Reserve for price fluctuation	8,611	11,289	8,611
Contingency reserve	14	10	14
Catastrophic loss reserve	287,719	208,934	287,719
General allowance for possible credit losses	75	51	75
Unrealized gains and losses on securities (before tax effect deductions)	180,010	194,583	180,010
Net unrealized gains and losses on land	15,866	12,637	15,866
Excess amount of reserve for maturity refunds	—	—	—
Subordinated debt, etc.	—	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin		—	—
Deductions	13,269	11,769	13,269
Others	33,866	11,450	33,866
(B) Total Risks (Non-consolidated)	231,098	254,066	284,736
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$			
Underwriting risk (R ₁)	37,852	56,018	55,228
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	1	1	1
Guaranteed interest rate risk (R ₃)	2,926	9,872	10,408
Investment risk (R ₄)	78,200	126,578	147,295
Business management risk (R ₅)	7,589	5,863	9,628
Major catastrophe risk (R ₆)	133,986	100,700	108,013
(C) Solvency Margin Ratio (Non-consolidated)	642.9%	470.8%	521.8%
$[(A) / \{(B) \times 1/2\}] \times 100$			

Note) The above figures are calculated based on the provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

The "Current Standards" are standards which reflect the revisions of Cabinet Office Ordinance No. 23 (2010), Public Notice No. 48 of the Financial Services Agency (2010), Cabinet Office Ordinance No. 18 (2012) and Public Notice No. 33 of the Financial Services Agency (2012). These revisions are applied from March 31, 2012. The "Former Standards" are standards before reflection of the revisions.

Sonpo 24 Insurance Company Limited (Non-consolidated)

		(Millions of yen)		[Reference]
		As of March 31, 2011 Former Standards	As of March 31, 2012 Current Standards	As of March 31, 2011 Current Standards
(A) Total Solvency Margin (Non-consolidated)		8,160	6,996	8,160
	Capital and funds, etc.	7,867	6,524	7,867
	Reserve for price fluctuation	23	26	23
	Contingency reserve	—	—	—
	Catastrophic loss reserve	340	376	340
	General allowance for possible credit losses	—	—	—
	Unrealized gains and losses on securities (before tax effect deductions)	(72)	68	(72)
	Net unrealized gains and losses on land	—	—	—
	Excess amount of reserve for maturity refunds	—	—	—
	Subordinated debt, etc.	—	—	—
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin		—	—
	Deductions	—	—	—
	Others	—	—	—
(B) Total Risks (Non-consolidated)		962	1,700	1,521
	$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$			
	Underwriting risk (R ₁)	809	1,491	1,316
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—	—
	Guaranteed interest rate risk (R ₃)	—	—	—
	Investment risk (R ₄)	153	358	351
	Business management risk (R ₅)	32	58	53
	Major catastrophe risk (R ₆)	105	107	105
(C) Solvency Margin Ratio (Non-consolidated)		1,695.8%	822.9%	1,072.8%
	$[(A) / \{(B) \times 1/2\}] \times 100$			

Saison Automobile and Fire Insurance Company, Limited (Non-consolidated)

		(Millions of yen)		[Reference]
		As of March 31, 2011 Former Standards	As of March 31, 2012 Current Standards	As of March 31, 2011 Current Standards
(A) Total Solvency Margin (Non-consolidated)		13,698	7,177	13,698
	Capital and funds, etc.	10,207	3,928	10,207
	Reserve for price fluctuation	7	5	7
	Contingency reserve	8	10	8
	Catastrophic loss reserve	3,185	2,873	3,185
	General allowance for possible credit losses	—	—	—
	Unrealized gains and losses on securities (before tax effect deductions)	285	355	285
	Net unrealized gains and losses on land	—	—	—
	Excess amount of reserve for maturity refunds	—	—	—
	Subordinated debt, etc.	—	—	—
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin		—	—
	Deductions	—	—	—
	Others	2	3	2
(B) Total Risks (Non-consolidated)		1,633	2,012	2,114
	$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$			
	Underwriting risk (R ₁)	846	1,287	1,260
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—	—
	Guaranteed interest rate risk (R ₃)	6	27	25
	Investment risk (R ₄)	516	590	707
	Business management risk (R ₅)	58	72	77
	Major catastrophe risk (R ₆)	579	512	579
(C) Solvency Margin Ratio (Non-consolidated)		1,677.2%	713.2%	1,295.8%
	$[(A) / \{(B) \times 1/2\}] \times 100$			

Note) The above figures are calculated based on the provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

The "Current Standards" are standards which reflect the revisions of Cabinet Office Ordinance No. 23 (2010), Public Notice No. 48 of the Financial Services Agency (2010), Cabinet Office Ordinance No. 18 (2012) and Public Notice No. 33 of the Financial Services Agency (2012). These revisions are applied from March 31, 2012. The "Former Standards" are standards before reflection of the revisions.

NKSJ Himawari Life Insurance, Inc. (Non-consolidated)

	(Millions of yen)			[Reference]	
	As of March 31, 2011 Former Standards		As of March 31, 2012 Current Standards	As of March 31, 2011 Current Standards	
	Sompo Japan Himawari Life Insurance Co., Ltd.	NIPPONKOA Life Insurance Company, Limited		Sompo Japan Himawari Life Insurance Co., Ltd.	NIPPONKOA Life Insurance Company, Limited
(A) Total Solvency Margin (Non-consolidated)	159,904	61,719	199,339	153,831	60,073
Capital, etc.	53,027	21,285	63,208	53,027	21,285
Reserve for price fluctuation	923	631	1,881	923	631
Contingency reserve	14,939	4,752	22,677	14,939	4,752
General allowance for possible credit losses	7	—	19	7	—
Unrealized gains and losses on securities (90% of gain or 100% of loss)	1,340	5,849	16,358	1,340	5,849
Net unrealized gains and losses on land (85% of gain or 100% of loss)	—	—	—	—	—
Excess of continued Zillmerized reserve	74,145	27,847	112,359	74,145	27,847
Subordinated debt, etc.	—	—	—	—	—
Excess of continued Zillmerized reserve and sub- ordinated debt, etc. which are excluded from total solvency margin			(24,430)	(5,219)	(1,099)
Brought in capital, etc.	—	—	—	—	—
Deductions	—	—	—	—	—
Others	15,520	1,352	7,264	14,667	805
(B) Total Risks (Non-consolidated)	13,898	4,754	27,502	18,683	5,756
$\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2+R_4}$					
Underwriting risk (R ₁)	7,114	3,134	11,109	7,114	3,134
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₆)	3,966	1,113	5,625	3,966	1,113
Guaranteed interest rate risk (R ₂)	3,217	173	8,084	7,388	624
Guaranteed minimum benefit risk (R ₇)	329	—	337	323	—
Investment risk (R ₃)	4,202	1,674	12,447	6,692	3,021
Business management risk (R ₄)	376	121	752	509	157
(C) Solvency Margin Ratio (Non-consolidated)					
$\frac{(A)}{(1/2) \times (B)} \times 100$	2,300.9%	2,596.3%	1,449.5%	1,646.7%	2,087.3%

Notes

- The figures as of March 31, 2012 are calculated based on the provisions of Articles 86, 87, 161, 162 and 190 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). Under Cabinet Office Ordinance No.23 (2010) and Public Notice No. 48 of the Financial Services Agency (2010), the standards for the calculation of solvency margin ratio are partially revised (tightening of margin calculations, tightening and refining of risk measurements, etc.)
The figures shown as reference are calculated by using the revised standards to the financial results as of March 31, 2011. These figures are disclosed in previous fiscal year.
The "Former standards" are standards before reflection of the revisions.
- Guaranteed minimum benefit risk is calculated by the standard method.
- "Excess of continued Zillmerized reserve" is calculated under the provisions of Article 1 Paragraph 1-1 of Public Notice No. 25 of the Financial Services Agency (2011). "Excess of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin" is calculated under the provisions of Article 1 Paragraph 1-3 of Public Notice No. 25 of the Financial Services Agency (2011).

Sompo Japan DIY Life Insurance Co., Ltd. (Non-consolidated)

	(Millions of yen)		[Reference]
	As of March 31, 2011 Former Standards	As of March 31, 2012 Current Standards	As of March 31, 2011 Current Standards
(A) Total Solvency Margin (Non-consolidated)	5,020	3,987	5,020
Capital, etc.	4,076	3,156	4,076
Reserve for price fluctuation	16	18	16
Contingency reserve	540	521	540
General allowance for possible credit losses	—	—	—
Unrealized gains and losses on securities (90% of gain or 100% of loss)	385	292	385
Net unrealized gains and losses on land (85% of gain or 100% of loss)	—	—	—
Excess of continued Zillmerized reserve	—	—	—
Subordinated debt, etc.	—	—	—
Excess of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	—	—	—
Brought in capital, etc.	—	—	—
Deductions	—	—	—
Others	—	—	—
(B) Total Risks (Non-consolidated)	567	569	593
$\sqrt{(R_1+R_3)^2+(R_2+R_3+R_4)^2+R_4}$			
Underwriting risk (R_1)	443	425	443
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_3)	95	93	95
Guaranteed interest rate risk (R_2)	0	0	0
Guaranteed minimum benefit risk (R_4)	—	—	—
Investment risk (R_3)	102	175	191
Business management risk (R_4)	19	20	21
(C) Solvency Margin Ratio (Non-consolidated)			
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,768.9%	1,400.8%	1,690.3%

Note) The figures as of March 31, 2012 are calculated based on the provisions of Articles 86, 87, 161, 162 and 190 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). Under Cabinet Office Ordinance No. 23 (2010) and Public Notice No. 48 of the Financial Services Agency (2010), the standards for the calculation of solvency margin ratio are partially revised (tightening of margin calculations, tightening and refining of risk measurements, etc.)

The figures shown as reference are calculated by using the revised standards to the financial results as of March 31, 2011. These figures are disclosed in previous fiscal year.

The "Former standards" are standards before reflection of the revisions.

Overseas Network

◆ Branch Office ■ Subsidiary or Affiliate ○ Branch Office of a Subsidiary or an Affiliate ▲ Representative Office △ Underwriting Agency ● Alliance Company

Consolidated
Financial Highlights

About
the NKSJ Group

Message from
the Management

Interview with
the President

Review of
Operations

Management
Structure

The NKSJ Group's
Approach to CSR

Financial Section

Corporate
Information

Sompo Japan

EUROPE

U.K.

London

◆ UK Branch

■ Sompo Japan Insurance Company of Europe Limited (Headquarters)

■ Sompo Japan Claim Services (Europe) Limited.

■ Sompo Japan Corporate Member Limited

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GUERNSEY

Saint Peter Port

■ Ark Re Limited

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St. Peter Port, Guernsey,
Channel Islands GY1 4AT

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○ Sompo Japan Insurance Company of Europe Limited (Germany Branch)

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P.O. Box 25538,
UNITED ARAB EMIRATES

TURKEY

Istanbul

■ Sompo Japan Sigorta Anonim Sirketi

* branches in 7 other cities
Cumhuriyet Cad.
No:12 Acarlar iş merkezi C blok 34805,
Kavacık-Beykoz / Istanbul, TURKEY

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Brokerage Inc. Cayiriyolu Sk. No.:11
Sayar Is Merkezi K.:6 34752 Icerenkoy,
Istanbul, TURKEY

NORTH AMERICA

U.S.A.

New York

■ Sompo Japan Insurance Company of America (Headquarters)

■ Sompo Japan Fire & Marine Insurance Company of America

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New York, NY 10017-1414, U.S.A.

Los Angeles

○ Sompo Japan Insurance Company of America (Los Angeles Branch)

○ SJA Insurance Agency, LLC (Los Angeles Branch)

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Chicago

○ Sompo Japan Insurance Company of America (Chicago Branch)

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Nashville

○ Sompo Japan Insurance Company of America (Nashville Branch)

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Franklin, TN 37067, U.S.A.

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○ Sompo Japan Insurance Company of America (San Francisco Branch)

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Suite 203 San Bruno, CA 94066, U.S.A

Charlotte

■ SJA Insurance Agency, LLC (Headquarters)

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CANADA

Toronto

◆ Canada Branch

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△ Ace INA Insurance

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CENTRAL AND SOUTH AMERICA

BERMUDA

Hamilton

■ Eterna Insurance Company Limited

Clarendon House 2 Church Street,
Hamilton HM11, BERMUDA

BRAZIL

Sao Paulo

■ Yasuda Seguros, S.A. (Headquarters)

* branches in 10 other cities
Rua Cubatão, 320
Paraíso São Paulo-SP
CEP04013-001-BRAZIL

■ Sompso Japan do Brasil Ltda.

Rua Cubatão, 320-15° and.
Paraíso São Paulo-SP
CEP04013-001-BRAZIL

■ Vistomar Sevicos de Vistoria Ltda.

Rua Cubatão, 320-12° and.
Paraíso São Paulo-SP
CEP04013-001-BRAZIL

■ Maritima Seguros S.A. (Headquarters)

* branches in 43 other cities
Rua Coronel Xavier de Toledo,
No.114, 9th Floor,
São Paulo-SP CEP01048-902-BRAZIL

■ Maritima Saude Seguros S.A.

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No.114, 10th Floor,
São Paulo-SP CEP01048-902-BRAZIL

MEXICO

Mexico City

■ Sompso Japan Insurance De Mexico, S.A. de C.V.

Av. Insurgentes Sur No. 1196 Piso 12
Desp. 1201 Col. Tlacoquemecatl del Valle,
C.P. 03200 Mexico, D.F. MEXICO

ASIA

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■ Sompso Japan System Solutions (Dalian) Co.,Ltd.

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THE PEOPLE'S REPUBLIC OF CHINA

Shanghai

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■ Sompso Japan Consulting (Korea) Inc.

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■ **Tenet Insurance Company Limited**

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Sriracha

○ **Sompo Japan Insurance (Thailand) Public Co., Ltd.**

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■ **Universal Sompo General Insurance Company Limited (Headquarters)**

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Mumbai, Chennai, Kolkata and Delhi
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○ **Universal Sompo General Insurance Company Limited (Chennai Office)**

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Chennai - 600018, INDIA

Kolkata

○ **Universal Sompo General Insurance Company Limited (Kolkata Office)**

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○ **Universal Sompo General Insurance Company Limited (Delhi Office)**

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Nipponkoa

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- **NIPPONKOA Management Services (Europe) Limited**
- **Nippon Insurance Company of Europe Limited (Headquarters)**
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- **NIPPONKOA Insurance Company (Europe) Limited (The Netherlands Branch)**
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1043 EJ, THE NETHERLANDS
- **NIPPONKOA Nederland Besloten Vennootschap**
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Paris

- **NIPPONKOA Insurance Company (Europe) Limited (France Branch)**
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Genova

- **NIPPONKOA Insurance Company (Europe) Limited (Italy Branch)**
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16121 Genova, ITALY

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- **OJSC IC Allianz (Russia), NKSJ Division**
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New York

- ◆ **U.S.A. Branch**
- **NIPPONKOA Management Corporation (Headquarters)**
- ▲ **New York Representative Office**
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Hartford

- **NIPPONKOA Management Corporation (Hartford Office)**
- △ **The Travelers Marine Corporation**
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CT 06183, U.S.A.

Chicago

- **NIPPONKOA Management Corporation (Chicago Office)**
- ▲ **Chicago Representative Office**
180 North LaSalle Street, Suite 2503,
Chicago, IL 60601, U.S.A.

Los Angeles

- **NIPPONKOA Management Corporation (Los Angeles Office)**
- ▲ **Los Angeles Representative Office**
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Los Angeles, CA 90017, U.S.A.

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- ◆ **Guam Branch**
- △ **Nanbo Guam Limited**
Post Office Box 2980 Haganta,
Guam 96932, U.S.A.

CANADA

Toronto

- ◆ **Canada Branch**
- ▲ **Toronto Representative Office**
- △ **St. Paul Fire and Marine Insurance Company**
Suite 200 P.O. Box 5,
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ASIA

SINGAPORE

Singapore

- ◆ **Singapore Branch**
- **NIPPONKOA Management Service (Singapore) Private Limited**
- ▲ **Singapore Representative Office**
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REPUBLIC OF SINGAPORE

MALAYSIA

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- **Lonpac Insurance Bhd**
* branches in 16 other cities and one subsidiary in CAMBODIA
- ▲ **Kuala Lumpur Representative Office**
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* branches in 5 other cities

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■ **The Navakij Insurance
Public Company Limited**

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■ **NIPPONKOA Insurance Broker
(Thailand) Company Limited**▲ **Bangkok Representative Office**

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VIETNAM

Ho Chi Minh

▲ **Ho Chi Minh Representative Office**

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▲ **Hanoi Representative Office**

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VIETNAM

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▲ **New Delhi Representative Office**

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Gurgaon 122009-03, INDIA

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▲ **Phnom Penh Representative Office**

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Kingdom of Cambodia, P.O. Box 1556

CHINA

Shenzhen

■ **NIPPONKOA Insurance Company
(China) Limited**

No. 903-904, Kerry Plaza Tower 2,
No. 1 Zhong Xin Si Road Futian District,
Shenzhen, Guangdong 518048,
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▲ **Shenzhen Representative Office**

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Shenzhen, Guangdong,
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Beijing

▲ **Beijing Representative Office**

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Qingdao

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THE PEOPLE'S REPUBLIC OF CHINA

Suzhou

▲ **Suzhou Representative Office**

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Suzhou Industrial Park, Jiangsu 215021,
THE PEOPLE'S REPUBLIC OF CHINA

Hong Kong

■ **NIPPONKOA Insurance Company
(Asia) Limited**▲ **Hong Kong Representative Office**

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THE PEOPLE'S REPUBLIC OF CHINA

TAIWAN

Taipei

▲ **Taipei Representative Office**

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Tun-Hwa S Road, Taipei,
TAIWAN R.O.C.

OCEANIA

AUSTRALIA

Sydney

◆ **Australia Branch**△ **Allianz Australia Insurance Limited**▲ **Sydney Representative Office**

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Sydney, NSW 2000, AUSTRALIA

Shares and Shareholders

■ Share Information (As of March 31, 2012)

Fiscal year:	April 1 through March 31 of the following year
Annual General Meeting of Shareholders:	Held within three months of April 1
Record date for dividends and voting rights:	March 31
Share-trading lot size:	100 Note: The trading unit of the shares was amended from 1,000 shares to 100 shares on October 1, 2011.
Shareholder registry administrator:	Mitsubishi UFJ Trust and Banking Corporation
Public notices:	NKSJ Holdings issues public notices electronically (http://www.nksj-hd.com/) (Japanese only). *If a public notice cannot be issued electronically, it will be published in the Nihon Keizai Shimbun (newspaper).
Exchange listings:	Tokyo Stock Exchange (First Section), Osaka Securities Exchange (First Section)

■ Matters for the General Meeting of Shareholders

The 2nd General Meeting of Shareholders was held on June 27, 2012. The matters to be reported and the matters to be resolved were as follows:

Matters to be Reported

1. The business report, the consolidated financial statements and the audit reports by the accounting auditors and the board of auditors for FY2011 (April 1, 2011 to March 31, 2012)
2. The financial statements for FY2011 (April 1, 2011 to March 31, 2012)

Matters to be Resolved

- Proposal No. 1 Disposition of Retained Earnings
Proposal No. 2 Appointment of Twelve Directors
Proposal No. 3 Appointment of Two Auditors

The proposals were approved as initially proposed.

■ Distribution and Shares (As of March 31, 2012)

Summary of Issued Shares

Type of shares:	Common Share
Total number of authorized shares:	1,200,000,000
Total number of shares outstanding:	415,352,294
Total number of shareholders:	51,617

Types of Shareholders

	Number of Shareholders	Number of Shares Held (Thousands)	Portion of Shares Outstanding (%)
National and Regional Governmental Organizations	2	8	0.00
Financial Institutions	187	158,884	38.25
Securities Companies	60	15,357	3.70
Other Corporations	1,202	43,576	10.49
Foreign Investors	484	147,245	35.45
Individuals and Others	49,681	49,753	11.98
Treasury Shares	1	527	0.13
Total	51,617	415,352	100.00

■ Major Shareholders (As of March 31, 2012)

Name of Shareholder	Number of Shares Held (Thousands)	Portion of Shares Outstanding (%)
STATE STREET BANK AND TRUST COMPANY	25,002	6.02
Japan Trustee Services Bank, Ltd. (Trust account)	19,313	4.65
The Master Trust Bank of Japan, Ltd. (Trust account)	14,747	3.55
NKSJ Holdings Employee Shareholders Association	11,807	2.84
The Dai-ichi Life Insurance Company, Limited	10,227	2.46
CBNY-ORBIS FUNDS	8,997	2.17
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	8,667	2.09
Mizuho Corporate Bank, Ltd.	8,513	2.05
Nippon Express Co., Ltd.	8,001	1.93
CBNY-ORBIS SICAV	7,850	1.89

Notes: The number of shares held by The Dai-ichi Life Insurance Company, Limited includes 4,492 thousand shares contributed by that company as trust assets for a retirement benefit trust (In the shareholder register, the shares are listed in the name of Mizuho Trust & Banking Co., Ltd., Dai-ichi Life Insurance Retirement Benefit Trust).

Status of Shares Held

Sompo Japan

The number of companies and carrying amount on the balance sheet in which equity investments are held for purposes other than pure investment

1,686 companies ¥1,039,240 million

<Top 50 shares held>

• Specific shares held

Purpose for which shares are held: To maintain and strengthen business relationships

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Honda Motor Co., Ltd.	30,766,600	96,760
Canon Inc.	20,189,987	78,942
NISSAN MOTOR CO., LTD.	53,928,000	47,510
The Dai-ichi Life Insurance Company, Limited	300,000	34,290
Marubeni Corporation	56,110,000	33,497
SUZUKI MOTOR CORPORATION	9,500,000	18,781
ITOCHU Corporation	17,353,000	15,669
Hulic Co., Ltd.	15,327,200	15,296
Panasonic Corporation	20,000,000	15,220
JX Holdings, Inc.	26,849,980	13,774
JFE Holdings, Inc.	7,366,525	13,097
Sharp Corporation	21,496,000	12,983
AISIN SEIKI CO., LTD.	4,100,000	11,914
Mizuho Financial Group, Inc.	87,880,990	11,863
TOYOTA MOTOR CORPORATION	3,000,900	10,713
Murata Manufacturing Co., Ltd.	2,039,200	10,002
Hitachi, Ltd.	16,686,032	8,860
NITTO DENKO CORPORATION	2,566,800	8,560
YAMATO HOLDINGS CO., LTD.	6,488,000	8,298
Suruga Bank Ltd.	9,655,000	8,158
Showa Denko K.K.	41,867,600	7,871
Fuji Heavy Industries Ltd.	11,716,490	7,791
Ajinomoto Co., Inc.	7,264,500	7,540
East Japan Railway Company	1,221,200	6,362
The Bank of Kyoto, Ltd.	8,012,000	6,017
AEON CO., LTD.	5,041,600	5,485
BRIDGESTONE CORPORATION	2,630,000	5,275
Kawasaki Kisen Kaisha, Ltd.	27,295,000	4,967
The Kansai Electric Power Company, Incorporated	3,833,700	4,914
KYOCERA Corporation	631,500	4,786
mitsubishi GAS CHEMICAL COMPANY, INC.	8,564,850	4,736
ASAHI KASEI CORPORATION	9,123,000	4,661

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
The Yokohama Rubber Company, Limited	7,812,000	4,655
NSK Ltd.	7,248,000	4,616
Keikyu Corporation	6,057,000	4,385
Odakyu Electric Railway Co., Ltd.	5,540,000	4,332
NICHIREI CORPORATION	11,059,000	4,290
Seven & i Holdings Co., Ltd	1,693,300	4,162
The Bank of Yokohama, Ltd	10,017,000	4,147
KONICA MINOLTA HOLDINGS, INC.	5,551,000	4,013
The Iyo Bank, Ltd.	5,471,000	4,010
ISUZU MOTORS LIMITED	7,751,000	3,759
Kawasaki Heavy Industries, Ltd.	14,709,000	3,721
COSMO OIL COMPANY, LIMITED	15,792,000	3,632
ZEON CORPORATION	4,689,000	3,596
Tokyo Tatemono Co.,Ltd.	10,484,000	3,512
Tohoku Electric Power Company, Incorporated	3,653,300	3,448
Yamaguchi Financial Group, Inc.	4,545,320	3,418
Central Japan Railway Company	5,000	3,410

• Shares subject to deemed holding

Purpose for which shares are held: To secure the ability to exercise voting rights

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Honda Motor Co., Ltd.	8,900,000	27,990

Note: Specific shares for investment and shares subject to deemed holding have not been combined at the time of selecting the aforementioned companies recorded on the balance sheet.

Nipponkoa

The number of companies and carrying amount on the balance sheet in which equity investments are held for purposes other than pure investment

986 companies ¥510,271 million

<Top 50 shares held>

• Specific shares held

Purpose for which shares are held: To maintain and strengthen business relationships

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Shin-Etsu Chemical Co., Ltd.	5,777,556	27,616
ITOCHU Corporation	30,104,714	27,184
Komatsu Ltd.	10,462,448	24,680
TOSHIBA CORPORATION	51,308,000	18,676
Honda Motor Co., Ltd.	5,700,000	17,926
Ajinomoto Co., Inc.	16,097,994	16,709
NIPPON EXPRESS CO., LTD.	50,294,850	16,245
The Chiba Bank, Ltd.	29,998,468	15,839
RICOH COMPANY, LTD.	18,197,414	14,648
Shiseido Company, Limited	8,477,497	12,105
The Jojo Bank, Ltd.	28,973,000	10,980
T&D Holdings, Inc.	9,638,810	9,243
Mitsubishi UFJ Financial Group, Inc.	22,391,975	9,225
NOK CORPORATION	4,500,000	8,100
Astellas Pharma Inc.	2,241,544	7,621
TOYOTA MOTOR CORPORATION	2,055,418	7,337
LPI CAPITAL BHD	18,902,400	7,087
YAMAZAKI BAKING CO., LTD.	5,557,396	6,591
The Hiroshima Bank, Ltd.	16,687,911	6,308
Shionogi & Co., Ltd.	5,231,791	5,985
THE SHIGA BANK, LTD.	11,651,260	5,767
Seven & i Holdings Co., Ltd	2,307,002	5,670
JX Holdings, Inc.	10,251,645	5,259
NIPPON MEAT PACKERS, INC.	4,990,000	5,244
Isetan Mitsukoshi Holdings Ltd.	5,189,767	5,044
The Keiyo Bank, Ltd.	12,619,128	5,009
FUKUYAMA TRANSPORTING CO.,LTD.	10,087,304	4,539
Kawasaki Heavy Industries, Ltd.	17,338,999	4,386
HISAMITSU PHARMACEUTICAL CO., INC.	1,101,102	4,321
Fuji Heavy Industries Ltd.	5,649,540	3,756
The Iyo Bank, Ltd.	5,016,421	3,677
The Juroku Bank, Ltd.	12,338,080	3,516
Keio Corporation	5,809,421	3,444
Sapporo Hokuyo Holdings, Inc.	10,866,480	3,314

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
The Hachijuni Bank, Ltd.	6,515,541	3,179
YAKULT HONSHA CO., LTD.	1,114,760	3,171
HOKUETSU KISHU PAPER CO., LTD.	5,699,652	3,140
AEON CO., LTD.	2,639,688	2,871
The Hyakugo Bank, Ltd.	7,230,274	2,754
NIPPON SHOKUBAI CO., LTD.	2,781,350	2,667
The Chugoku Electric Power Company, Incorporated	1,717,666	2,640
East Japan Railway Company	500,000	2,605
Sekisui Chemical Co., Ltd.	3,616,080	2,596
The Hokkoku Bank, Ltd.	7,883,395	2,451
Mazda Motor Corporation	15,587,200	2,260
Kyowa Hakko Kirin Co., Ltd.	2,446,456	2,250
Showa Sangyo Co., Ltd.	8,545,501	2,221
The Hyakujushi Bank, Ltd.	5,762,646	2,218
Kobe Steel, Ltd.	16,271,557	2,180

• Shares subject to deemed holding

Purpose for which shares are held: To secure the ability to exercise voting rights

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
TOSHIBA CORPORATION	9,500,000	3,458

Note: Specific shares for investment and shares subject to deemed holding have not been combined at the time of selecting the aforementioned companies recorded on the balance sheet.

NKSJ Holdings, Subsidiaries and Affiliates

(As of March 31, 2012)

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The NKSJ Group consists of NKSJ Holdings, Inc., 69 subsidiaries and 18 affiliates. The Group is engaged in property and casualty insurance business, life insurance business and other business.

Major group companies are as follows.

Property and casualty insurance business

- Sompo Japan Insurance Inc.
- NIPPONKOA Insurance Company, Limited
- Sompo 24 Insurance Company Limited
- SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
- Sompo Japan Insurance Company of America <USA>
- Sompo Japan Insurance Company of Europe Limited <UK>
- NIPPONKOA Insurance Company (Europe) Limited <UK>
- NIPPONKOA Management Services (Europe) Limited <UK>
- Nippon Insurance Company of Europe Limited <UK>
- Sompo Japan Sigorta Anonim Sirketi <Turkey>
- Sompo Japan Asia Holdings Pte. Ltd. <Singapore>
- Sompo Japan Insurance (Singapore) Pte. Ltd. <Singapore>
- Tenet Insurance Company Limited <Singapore>
- Berjaya Sompo Insurance Berhad <Malaysia>
- Sompo Japan Insurance (China) Co., Ltd. <China>
- NIPPONKOA Insurance Company (China) Limited <China>
- Sompo Japan Insurance (Hong Kong) Company Limited <China>
- NIPPONKOA Insurance Company (Asia) Limited <China>
- Yasuda Seguros S.A. <Brazil>
- ★ Hitachi Capital Insurance Corporation
- ★ Universal Sompo General Insurance Company Limited <India>
- ★ Maritima Seguros S.A. <Brazil>
- ★ Maritima Saude Seguros S.A. <Brazil>

Life insurance business

- NKSJ Himawari Life Insurance, Inc.
- Sompo Japan DIY Life Insurance CO., LTD.

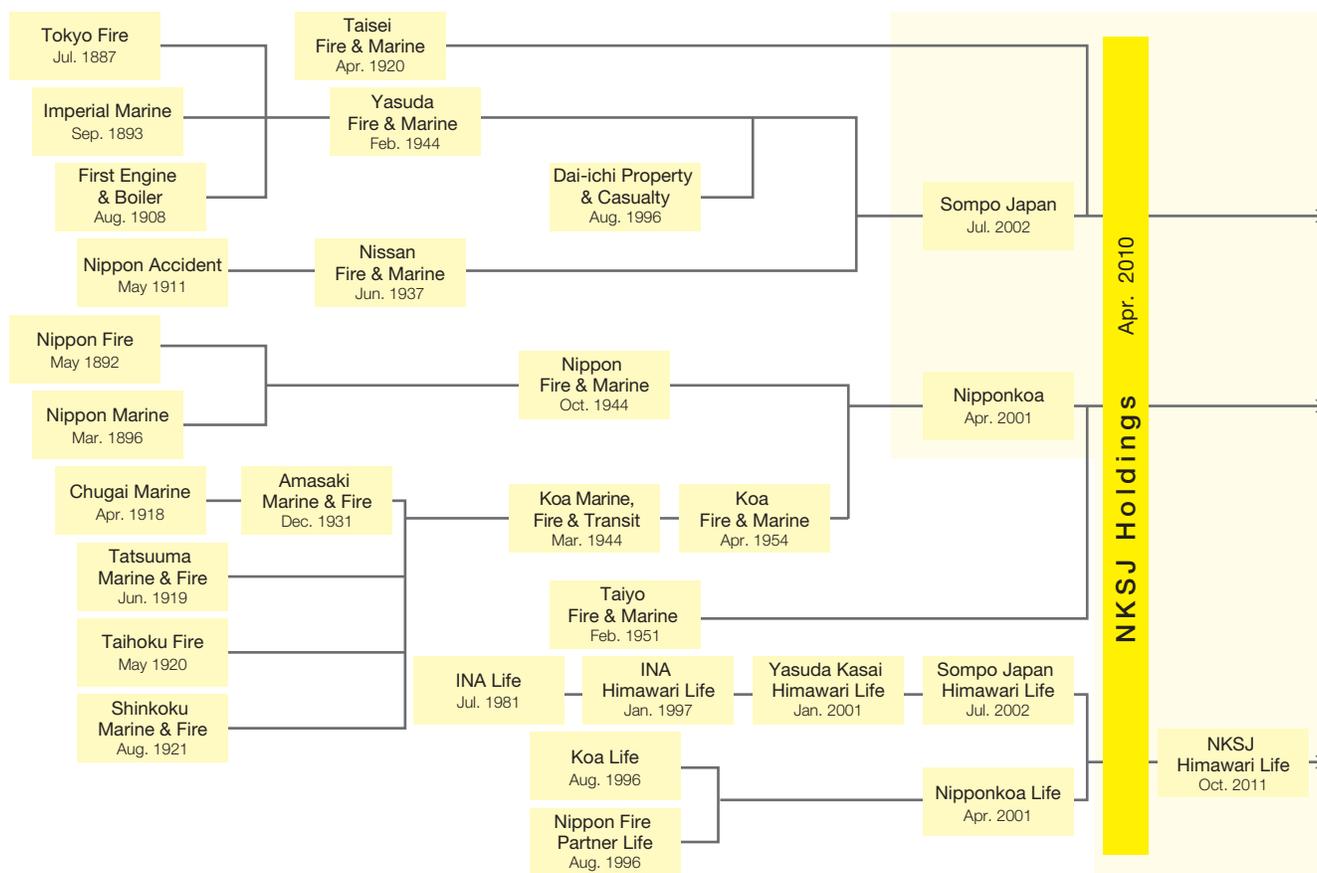
Other business

- Sompo Japan DC Securities Inc. (Defined contribution pension plan business and fund sales business)
- Healthcare Frontier Japan Inc. (Consulting service regarding health and care such as prevention of disease)
- SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. (Investment advisory service and fund trust management service)
- ★ Yasuda Enterprise Development Co., Ltd. (Investment and management for investment enterprise partnerships)

Note: The definitions of each sign are as follows. ● : Consolidated subsidiary ★ : Affiliate accounted for under the equity method

NKSJ History

2009	March	Sompo Japan and Nipponkoa Insurance agreed to establish a joint holding company to integrate their businesses.
	July	The two companies signed an agreement on the business integration that set out the share exchange ratio, company name, head office location, and corporate governance structure of the joint holding company.
	October	The two companies drew up a share exchange agreement and signed a business integration agreement.
2010	April	NKSJ Holdings, Inc., was established.
		NKSJ Holdings was listed on the Tokyo Stock Exchange (First Section) and the Osaka Securities Exchange (First Section).
	May	Sompo Japan acquired 100% of shares in Tenet Insurance Company Ltd, a Singapore P&C insurance company, making Tenet a consolidated subsidiary of NKSJ Holdings.
	October	Sompo Japan Asset Management Co., Ltd. and ZEST Asset Management Ltd. were merged into Sompo Japan Nipponkoa Asset Management Co., Ltd.
2011	November	N.K. Risk Consulting Co., Ltd. transferred its relevant operations to Sompo Japan Risk Management, Inc. which was then renamed to NKSJ Risk Management, Inc. Sompo Japan acquired 99.07% of Fiba Sigorta Anonim Sirketi, a P&C insurance company in Turkey, making Fiba Sigorta a consolidated subsidiary of NKSJ Holdings. The company name was changed to Sompo Japan Sigorta A.S. in February 2011.
	April	Sompo Japan System Solutions Inc. and N.K. Systems, Limited were merged into NKSJ Systems, Inc. Sompo Japan Information Services Inc. and Nipponkoa Business Services, Co., Ltd. were merged into NKSJ Business Services, Inc.
	June	Sompo Japan acquired an additional 40% of the issued ordinary shares of Berjaya Sompo Insurance Berhad, through Sompo Japan Asia Holdings Pte. Ltd., making Berjaya Sompo a consolidated subsidiary of NKSJ Holdings and bringing our stake to 70% ownership.
	October	Sompo Japan Himawari Life Insurance Co., Ltd. and Nipponkoa Life Insurance Company, Limited were merged into NKSJ Himawari Life Insurance, Inc.
2012	April	Prime Assistance Inc. was established to enter the assistance services business.



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Company name:	NKSJ Holdings, Inc.
Established:	April 1, 2010
Capital:	100 billion yen
Head office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan 160-8338 Telephone: 03-3349-3000 (operator)
Representative Director, Chairman and Executive Officer:	Masaya Futamiya
Representative Director, President and Executive Officer:	Kengo Sakurada
Business activities:	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other operations incidental thereto.
Employees*:	245
URL:	http://www.nksj-hd.com/
Independent auditors:	Ernst & Young ShinNihon LLC

* As of March 31, 2012

Rating Information for NKSJ Group Companies

Listed below are credit ratings for NKSJ Group companies as of July 1, 2012.*

Rating agency	Sompo Japan	Nipponkoa	NKSJ Himawari Life	Saison Automobile & Fire
Standard & Poor's	A+	A+	A+	—
Moody's	A1	—	—	—
R&I	AA-	AA-	AA-	—
JCR	AA	—	—	A
A.M. Best	A+	A	—	—

* Only ratings commissioned by the Group are shown.

For further information please contact

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NKSJ

HOLDINGS

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