

ANNUAL REPORT 2014

(INTEGRATED REPORT)



Sampo Japan
Nipponkoa

Sampo Japan Nipponkoa Holdings, Inc.

We are pleased to deliver ANNUAL REPORT 2014 to our stakeholders. This report marks the first edition published under the name of Sompo Japan Nipponkoa Holdings, Inc. From the 2014 edition, we adopted the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) * as a guide line. By doing so, we have tried to outline the Sompo Japan Nipponkoa Group, its business performance and management strategies in an easily understandable manner. We hope that this report will assist all of our stakeholders in deepening their understanding of the Group and its activities.

* Established in 2010 to prepare an international reporting framework for businesses, IIRC published the International Integrated Reporting Framework in December 2013.

Corporate Data

(As of September 1, 2014)

Company name:	Sompo Japan Nipponkoa Holdings, Inc.
Established:	April 1, 2010
Capital:	100 billion yen
Head office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, 160-8338 Japan Telephone: 03-3349-3000
Representative Director, Chairman and Executive Officer:	Masaya Futamiya
Representative Director, President and Executive Officer (Group CEO):	Kengo Sakurada
Employees:	346 (Consolidated Group 35,904)*
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.
URL:	http://www.sompo-hd.com/en/
Exchange listing:	Tokyo Stock Exchange (First Section)
Independent auditors:	Ernst & Young ShinNihon LLC

* As of March 31, 2014

Editorial Policy

1. Report Purpose and Guidelines

ANNUAL REPORT 2014 aims to provide stakeholders with an outline of the Sompo Japan Nipponkoa Group, its business performance and management strategies in an easily understandable manner.

From the 2014 edition, we adopted the International Integrated Reporting Framework issued by IIRC as a guideline in preparing this integrated report that features both the financial and non-financial aspects of the Group's business accomplishments, challenges and strategies.

For further specific information on the CSR initiatives of the Group, we also disclose Corporate Responsibility Communication Report on our website.

2. The Scope of Reporting

This report primarily features activities undertaken by Sompo Japan Nipponkoa Holdings, Inc. and its domestic and overseas group members. In addition, the scope of reporting may include other significant events deemed to impact our operations.

3. Coverage Period

Fiscal Year 2013 (April 1, 2013 – March 31, 2014)

However, with the aim of presenting the most current information, events that fall beyond this period may be reported.

4. Frequency of Issuance

Once a year

5. Date of Issuance

The previous edition: September 2013

The latest edition: September 2014

The next edition: September 2015 (scheduled)

6. Forward-looking Statements

This report contains certain forward-looking statements, based on information available at the time, 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 be achieved. Actual results or business plans may be affected by future changes in the business environment.

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Kengo Sakurada
President (Group CEO)

Sompo Japan Nipponkoa Holdings, Inc.

Group Management Philosophy

We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.

Group Action Guidelines

To provide the highest possible quality of service to our customers we will:

1. treat each and every customer with sincerity, and act in the knowledge that our every action as an individual shapes our entire reputation as a company;
2. act with initiative, set ourselves the highest goals, and always learn from our actions;
3. strive to be both prompt and clear in our dealings and activities; and,
4. act with the utmost integrity.

Group Vision

Our goal is to always be the best customer service provider both at home and abroad.

First

“First” expresses our determination to take the first step ahead of others, while emphasizing promptness and the willingness to embrace challenges. At the same time, we will remain mindful of the fact that our every action as an individual shapes our entire reputation as a company.

To become the best customer service provider both at home and abroad

I would like to express my gratitude for all of your continued support.

We are implementing our Medium-Term Management Plan that sets the final year at fiscal 2015. Under this plan, each business segment is steadily moving forward with good prospects of achieving its respective management targets.

In the mainstay domestic property and casualty, P&C, insurance business, Sampo Japan Nipponkoa Insurance Inc. was formed on September 1, 2014 through the merger of Sampo Japan and Nipponkoa. Prior to the merger, the two companies had been promoting the integration of their management structure, combining their headquarters functions, and sharing their sales and claim handling offices while working to improve the loss ratios of flagship automobile insurance and other products. The success of these efforts resulted in steady growth in our profitability. Sampo Japan Nipponkoa is already the largest domestic insurance company in terms of premiums written, and this new company will lead the entire Group with the industry's top service quality and growth potential, as the Group's main business driver.

In the domestic life insurance business, we are continuing growth steadily. Specifically, we are making use of our network of P&C insurance agencies, while pursuing strategies focused on high-margin protection-type products, such as a new medical insurance launched in May 2014. By doing so, we are solidifying our brand based on excellence in the medical insurance field, thereby accelerating the growth of this business as the Group's main earnings pillar. In the overseas insurance business, we are executing selective and disciplined investment. In May 2014, we entered the Lloyd's insurance market in the U.K. on a full scale. In this way, we are striving to increase our competitiveness in new business fields, which will, in turn, help us achieve our management targets. In financial and other services, we are proactively working to expand into a variety of fields with the aim of becoming a corporate group capable of providing products and services of the highest quality, thereby contributing to the security, health, and wellbeing of our customers.

Simultaneously with the merger of Sampo Japan and Nipponkoa, NKSJ Holdings, Inc. changed its corporate name to Sampo Japan Nipponkoa Holdings, Inc. At the same time, the Group's brand name has become the Sampo Japan Nipponkoa Group. Under these unified names, we will strive to enhance our brand value and recognition on a group-wide basis.

The Sampo Japan Nipponkoa Group aims to establish the position as the best customer service provider both at home and abroad. To make it happen, every employee group-wide will work together as one to live up to the high expectations of each of our stakeholders.

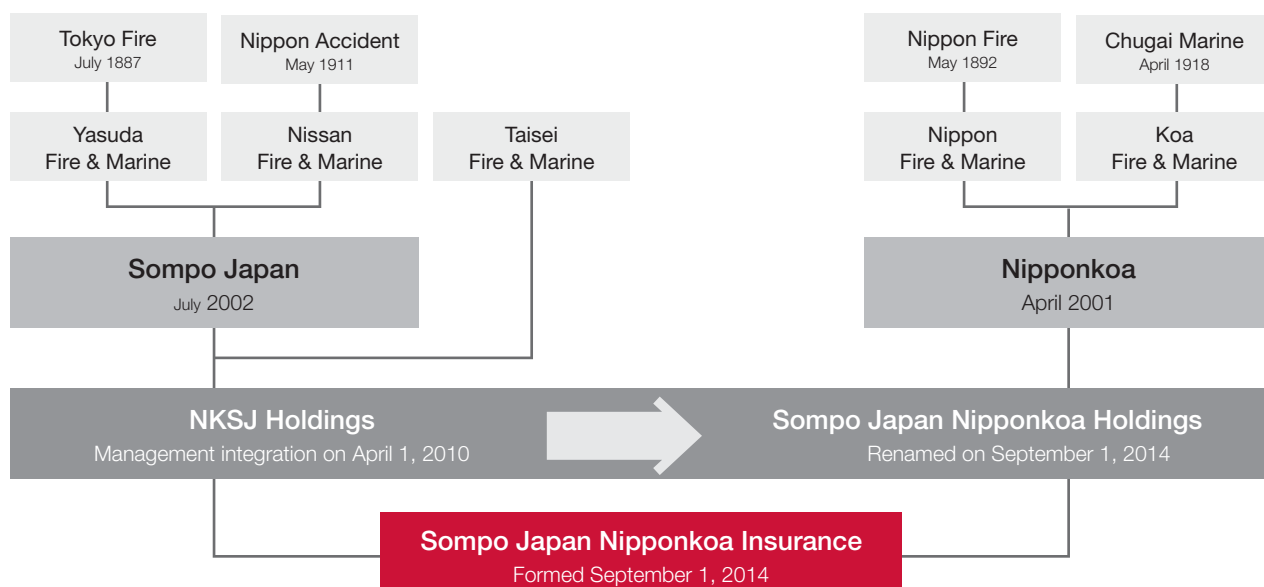
Looking ahead, we sincerely ask for your continued support and encouragement.

September 2014

September 1, 2014 — Somo Japan Nipponkoa Insurance Inc. Inaugurated

On September 1, 2014, Somo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. merged into Somo Japan Nipponkoa Insurance Inc.

In conjunction, NKSJ Holdings, Inc. changed its corporate name to Somo Japan Nipponkoa Holdings, Inc. At the same time, the Group's brand name has become the Somo Japan Nipponkoa Group. Under these unified names, we will strive to enhance our brand value and recognition on a group-wide basis.



Note: Please also see page 148 for more details on the history of the Somo Japan Nipponkoa Group.

About the Corporate Mark



The red sphere symbolizes perfect harmony and stability, while simultaneously representing our nation of Japan.

The overlaid platinum ring is a leader guiding towards our future, representing Somo Japan Nipponkoa's future in connecting with people of the world to create a "new level of trust".

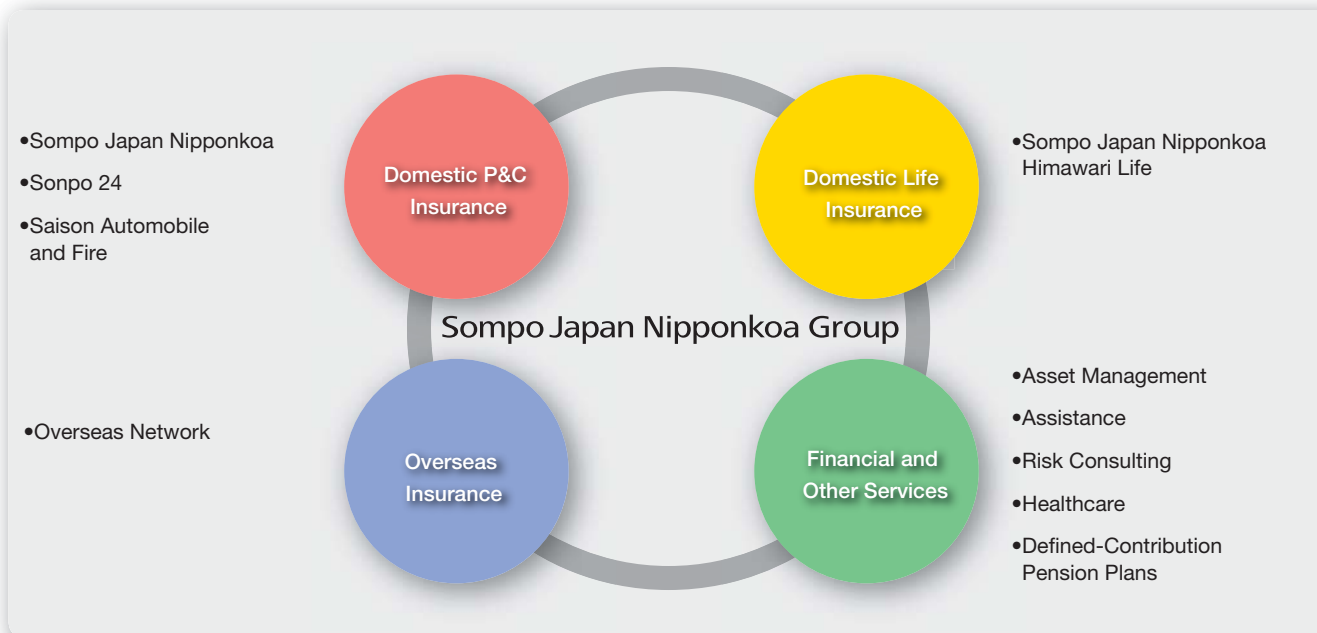
Dynamic combination of the sphere and ring is an expression of our vision to build a globally competitive company, as a leading brand in Japan.

About the Sampo Japan Nipponkoa Group

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Business Domains and Major Group Companies

The Sampo Japan Nipponkoa Group deploys various businesses: Domestic P&C Insurance as our core business, Domestic Life Insurance, Overseas Insurance and Financial and Other Services.



● Domestic P&C Insurance

This is the Sampo Japan Nipponkoa Group's core business, through which we provide high-quality products and services that ensure our customers' security and wellbeing. Sampo Japan Nipponkoa markets through insurance agencies, while Sonpo 24 sells policies directly to customers marketed by agencies, and Saison Automobile and Fire sells directly to customers.

Sampo Japan and Nipponkoa merged on September 1, 2014 to form a new company, Sampo Japan Nipponkoa Insurance Inc. Going forward, we will strive to maximize our profitability by leveraging the strengthened operating base of the new company. Simultaneously, we will accelerate efforts to develop the full potential of the new company by combining the strengths accumulated at both companies.

● Overseas Insurance

We position overseas insurance as a key business to bolster the Group's growth strategy. We concentrate our management resources on countries and regions that are strategically selected, thereby striving to increase the Group's earnings power. While continuing with the provision of high-quality insurance services for Japanese companies expanding overseas operations, which has constituted the core of this business segment, we are expanding into local markets abroad.

In May 2014, we acquired Canopus Group Limited, the parent company of the Canopus group which is engaged in underwriting a diversified portfolio of business from its operations at Lloyd's and around the world. With this acquisition, we will further expand our overseas insurance business by entering into the overseas specialty market on a full scale.

● Domestic Life Insurance

We position domestic life insurance as a major business pillar second only to the domestic P&C insurance business. Boasting particularly high-growth potential, we are striving to spur its growth even further.

Sampo Japan Nipponkoa Himawari Life markets its services mainly through P&C insurance agencies and promotes cross-sales of life insurance products targeted to P&C insurance policyholders. Its lineup of unique insurance products includes "Shin Kenko no Omamori" medical insurance and "Kazoku no Omamori," an income protection insurance that offers premium discounts for policyholders who have met prescribed standards with regard to maintaining healthy lifestyles, such as abstaining from smoking.

● Financial and Other Services

We are striving to expand our field of business beyond the traditional boundary of the insurance business. To this end, we are assisting customers with asset formation through the asset management and defined contribution pension businesses, providing policyholders with road assistance and other services through the assistance business, supporting customers with risk management through the risk consulting business, and helping them maintain and promote physical and mental health through the healthcare business.

Group Structure



*1 NKSJ Holdings, Inc. changed its name to Sompo Japan Nipponkoa Holdings, Inc. on September 1, 2014.

*2 Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. merged into Sompo Japan Nipponkoa Insurance Inc. on September 1, 2014.

*3 NKSJ Himawari Life Insurance, Inc. changed its name to Sompo Japan Nipponkoa Himawari Life Insurance, Inc. on September 1, 2014.

*4 Sompo Japan DC Securities Inc. changed its name to Sompo Japan Nipponkoa DC Securities Inc. on September 1, 2014.

Main Operating Companies in Japan

Domestic P&C Insurance Business



Sampo Japan Nipponkoa

Sampo Japan Nipponkoa Insurance Inc.

On September 1, 2014 Sampo Japan and Nipponkoa merged into Sampo Japan Nipponkoa. Solidifying its operating base even further, Sampo Japan Nipponkoa is striving to provide high-quality insurance products and services to help both individual and corporate customers manage the risks they face.

Company outline

Establishment:	October 1888
Capital:	70 billion yen
Shareholder:	Sampo Japan Nipponkoa Holdings, Inc. (100%)
Total assets:	7,098.9 billion yen*1
Net premiums written:	2,082.1 billion yen*1
Head Office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo



SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED

Saison Automobile and Fire mainly targets those in their 40s and 50s, a demographic group with lower accident rates, through the direct marketing of "Otona no Jidosha Hoken" automobile insurance. Aiming to ensure that every policyholder selects its products with confidence, Saison Automobile & Fire is striving to provide high-quality services. This has made it the Group leader in direct marketing P&C insurance services.

Company outline

Establishment:	September 1982 (operational kickoff: April 1983)
Capital:	20.1 billion yen
Shareholders:	Sampo Japan Nipponkoa Insurance Inc. (98.8%) Credit Saison Co., Ltd. (1.2%)
Total assets:	41.7 billion yen*2
Net premiums written:	18.9 billion yen*2
Head Office:	Sunshine 60, 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo

*1 Sum of Sampo Japan and Nipponkoa as of March 31, 2014.

Domestic Life Insurance Business



Sampo Japan Nipponkoa Himawari Life

Sampo Japan Nipponkoa Himawari Life Insurance, Inc.

On September 1, 2014, NKSJ Himawari Life was renamed Sampo Japan Nipponkoa Himawari Life. Its product lineup comprises an array of unique policies, such as "Shin Kenko no Omamori," a medical insurance equipped with diverse coverage options as well as a simple and easy-to-understand basic coverage.

Company outline

Establishment:	July 1981 (operational kickoff: April 1982)
Capital:	17.2 billion yen
Shareholder:	Sampo Japan Nipponkoa Holdings, Inc. (100%)
Total assets:	2,120.2 billion yen*2
Amount of business in force:	20,245.5 billion yen (total of individual insurance and individual annuities)*2
Head Office:	Shinjuku Central Park Building, 13-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo

8 Sampo Japan Nipponkoa Holdings, Inc.

そんぽ24

Sonpo 24 Insurance Company Limited

With its intermediary agents introducing insurance products to customers, Sonpo 24 is involved in the direct marketing of automobile insurance through its website and call centers. Together with these agents, Sonpo 24 cherishes building relationships with each customer and is committed to remaining an approachable and reliable partner.

Company outline

Establishment:	December 1999 (operational kickoff: March 2001)
Capital:	19 billion yen
Shareholder:	Sampo Japan Nipponkoa Insurance Inc. (100%)
Total assets:	21.7 billion yen*2
Net premiums written:	13.7 billion yen*2
Head Office:	Sunshine 60, 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo

Financial and Other Services

Sampo Japan Nipponkoa Asset Management

Sampo Japan Nipponkoa Asset Management Co., Ltd.

Serving as the Group's core asset management company, Sampo Japan Nipponkoa Asset Management is putting the utmost emphasis on contributing to the wealth-building of customers and, to this end, is striving to provide unique and high-quality asset management services.

Main investment trust products

"Sampo Japan Green Open" (nicknamed "Buna no Mori" (beech forest))
 "Mizuho High Yield Japanese Stock Open"
 "Asian High Yield Bond Fund" etc.

Company outline

Establishment: February 1986
 Capital: 1,550 million yen
 Shareholder: Sampo Japan Nipponkoa Holdings, Inc. (100%)
 Pension investment discretionary account: 608.1 billion yen*2
 Investment trust net assets: 513.4 billion yen*2
 Head Office: Kyoritsu Nihonbashi Building, 2-16, Nihonbashi 2-chome, Chuo-ku, Tokyo

Sampo Japan Nipponkoa Risk Management

Sampo Japan Nipponkoa Risk Management Inc.

As the risk consulting company of the Sampo Japan Nipponkoa Group, Sampo Japan Nipponkoa Risk Management assists customers with their risk management activities, providing consulting services spanning enterprise risk management and business continuity management, as well as the formulation of business continuity plans.

Company outline

Establishment: November 1997
 Capital: 30 million yen
 Shareholders: Sampo Japan Nipponkoa Insurance Inc. (83.5%)
 Sampo Japan Nipponkoa Research Institute Inc. (16.5%)
 Head Office: 24-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo

Sampo Japan Nipponkoa Healthcare Services

Sampo Japan Nipponkoa Healthcare Services Inc.

To help businesses counter mental health problems, which may grow into significant business challenges, Sampo Japan Nipponkoa Healthcare Services is striving to develop and market new services to meet customer needs. One such service is entitled "LLax" series, comprising a set of uniquely developed solutions aimed at comprehensively assisting top management, HR/labor relation staff, industrial physicians and medical personnel to successfully resolve the mental health issues they confront.

Company outline

Establishment: April 2007
 Capital: 495 million yen
 Shareholder: Sampo Japan Nipponkoa Holdings, Inc. (100%)
 Head Office: Sumitomo Fudosan Nibancho Building 2nd floor, 11-7, Niban-cho, Chiyoda-ku, Tokyo

*2 As of March 31, 2014.

Prime Assistance

Prime Assistance Inc.

Prime Assistance was established as a joint venture between Sampo Japan Nipponkoa Holdings and Prestige International Inc. By providing roadside and home assistance of the highest grade, Prime Assistance helps to resolve the inconveniences customers face, thereby restoring the security and wellbeing in their daily lives.

Company outline

Establishment: April 2012
 Capital: 450 million yen
 Shareholders: Sampo Japan Nipponkoa Holdings, Inc. (66.6%)
 Prestige International Inc. (33.4%)
 Head Office: Harmony Tower, 32-2, Honcho 1-chome, Nakano-ku, Tokyo

Healthcare Frontier Japan

Healthcare Frontier Japan Inc.

Boasting Japan's largest network of approximately 1,100 healthcare specialists, including nurses, public health nurses and national registered dietitians, Healthcare Frontier Japan provides specific health guidance and other services to meet the diverse needs of medical insurers, while striving to enhance service capabilities in a bid to help as many people as possible.

Company outline

Establishment: October 2005
 Capital: 1,286 million yen
 Shareholders: Sampo Japan Nipponkoa Holdings, Inc. (96.65%)
 OMRON HEALTHCARE Co., Ltd. (3.06%)
 NTT DATA Corporation (0.29%)
 Head Office: 2-3, Kanda Awaji-cho 1-chome, Chiyoda-ku, Tokyo

Sampo Japan Nipponkoa DC Securities

Sampo Japan Nipponkoa DC Securities Inc.

Sampo Japan DC Securities changed its name to Sampo Japan Nipponkoa DC Securities on September 1, 2014. By providing a customized bundle of wide-ranging services helpful for the operation and management of such plans, Sampo Japan Nipponkoa DC Securities assists with the swift, seamless introduction and smooth maintenance of defined contribution plans, thereby maintaining superior quality and consistency in service content.












Company outline

Establishment: May 1999
 Capital: 3,000 million yen
 Shareholder: Sampo Japan Nipponkoa Insurance Inc. (100%)
 Head Office: Shinjuku Center Building, 25-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo

Main Operating Companies Overseas

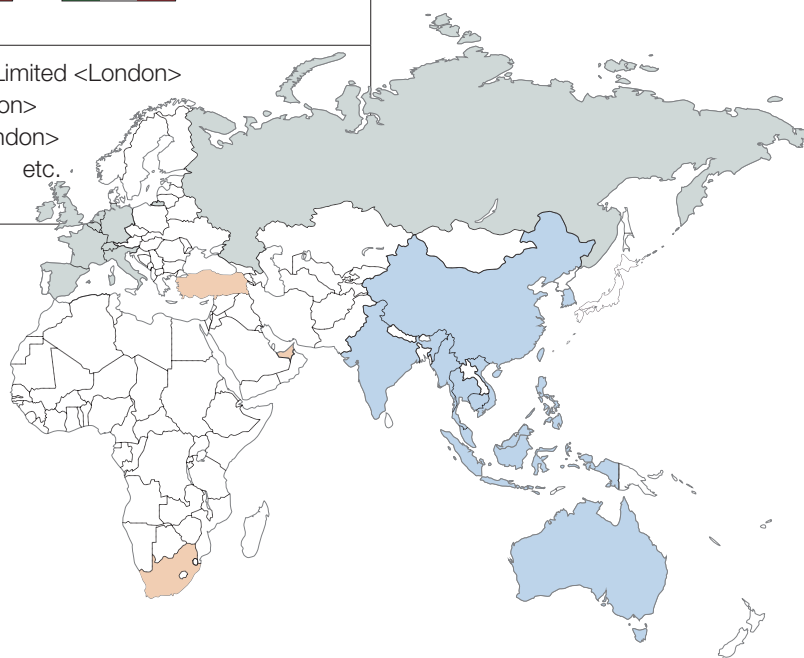
The Sampo Japan Nipponkoa Group boasts a global business network encompassing 231 cities in 32 countries and regions, including Europe, the Middle East, North America, Central and South America, Asia, Oceania and Africa. Approximately 6,700 employees*1 are engaged in insurance underwriting, claim handling, risk engineering and other services.




*1 As of April 1, 2014

Europe					
U.K. 	Germany 	Spain 	Belgium 	France 	Ireland 
Netherlands 	Guernsey 	Russia 	Swiss 	Italy 	






- Sampo Japan Nipponkoa Insurance Company of Europe Limited <London>
- NIPPONKOA Insurance Company (Europe) Limited <London>
- NIPPONKOA Management Services (Europe) Limited <London>
- Canopus Group Limited <Saint Peter Port>

etc.



Middle East / Africa		
Turkey 	United Arab Emirates 	Republic of South Africa 



- Sampo Japan Sigorta A.S. <Istanbul> etc.

Asia / Oceania				
China 	Malaysia 	Cambodia 	Korea 	Indonesia 

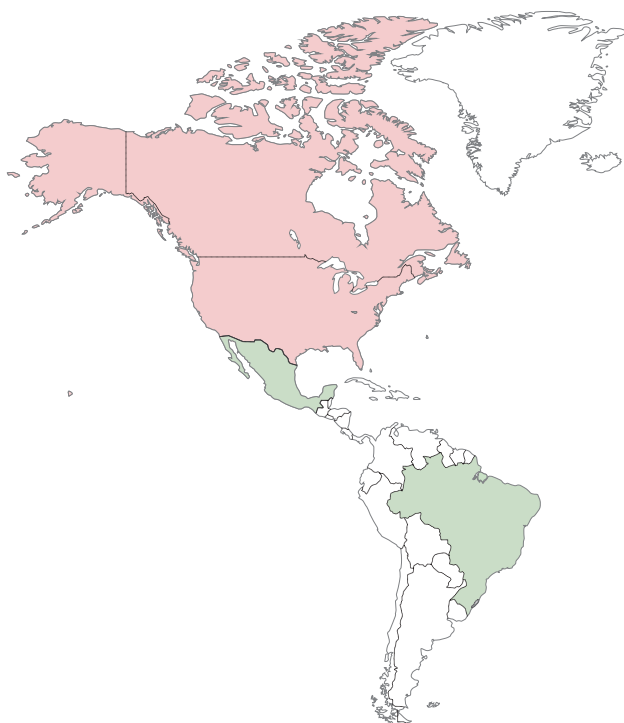
- NIPPONKOA Insurance Company (China) Limited <Shenzhen>
- Sampo Japan Nipponkoa Management (Hong Kong) Company Limited <Hong Kong>
- Sampo Japan Nipponkoa Holdings (Asia) Pte. Ltd. <Singapore>
- Tenet Sampo Insurance Pte. Ltd. <Singapore>

*2 Yasuda Seguros S.A. and Marítima Seguros S.A. signed a merger agreement in June 2014 and are pushing forward with merger procedures. The official merger will take effect after the regulatory agency's approval, which is scheduled for December 2014.

North America

U.S.A.	Canada
	

- Sampo Japan Nipponkoa Holdings (Americas) Inc. <Delaware>
- Sampo Japan Insurance Company of America <New York> etc.



Central and South America

Mexico	Brazil	Bermuda
		

- Yasuda Seguros S.A. *2 <Sao Paulo>
- Maritima Seguros S.A. *2 <Sao Paulo>
- Maritima Saude Seguros S.A. <Sao Paulo> etc.



- Berjaya Sampo Insurance Berhad <Kuala Lumpur>
- Sampo Japan Nipponkoa Insurance (China) Co., Ltd. <Dalian>
- Sampo Japan Nipponkoa Insurance (Hong Kong) Company Limited <Hong Kong>
- Universal Sampo General Insurance Company Limited <Mumbai> etc.

Japan

Introducing New Products for Individual Customers

Launching New Brand “THE” Series

Sompo Japan Nipponkoa launched a new insurance brand for individual policyholders under the brand name of “THE” series in concert with the merger of Sompo Japan and Nipponkoa.

In addition to providing new coverage and services tailored to customer needs, the release of “THE” series aims to launch an easy-to-understand product lineup that comprises multiple insurance types under a unified brand name.

The naming of “THE” series represents the commitment of Sompo Japan Nipponkoa to carefully considering individual customer needs to provide insurance products that are indispensable to their lives and capable of delivering wellbeing.



Introducing New Product in “Shin Kenko no Omamori” Medical Insurance Line

Enhancing Coverage while Reducing Premiums

In May 2014, Sompo Japan Nipponkoa Himawari Life released new medical insurance product “Medical Insurance (2014),” a whole-life insurance nicknamed “Shin Kenko no Omamori.”

Building upon “Medical Insurance (08),” a whole-life insurance that marked total sales of 1,200,000 policies with the nickname of “Kenko no Omamori,” Sompo Japan Nipponkoa Himawari Life exhaustively upgraded this well-received product for the first time in the last six years, enhancing coverage content in line with customer needs and adopting lower premiums.

For example, the overall number of hospitalization dates due to three major diseases (cancer, cerebral stroke, acute myocardial infarction) is subject to coverage without limitation, while benefits for advanced medical procedures were expanded from a maximum of ¥10 million to ¥20 million. Moreover, criteria for the payment of benefits for policyholders who underwent surgeries and invasive medical procedures have been adjusted in line with that of public medical insurance.



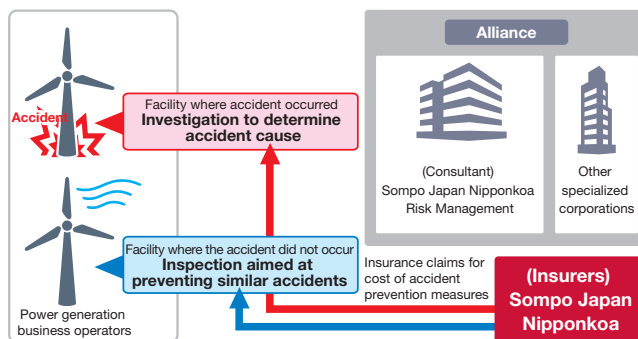
Introducing Fire Insurance for Wind Power Generation Business Operators; Rider Covers Cost of Measures to Prevent Accident Reoccurrence

Assisting with Stable Business Operations through Our Insurance and Risk Management Services

In February 2014, Sompo Japan Nipponkoa released fire insurance for the operators of wind power generation businesses, with a rider covering the cost of measures to prevent the reoccurrence of similar accidents at the operator’s facilities.

A single accident at a wind power generation facility can result in considerable damage and loss to operators. Moreover, similar types of accidents tend to reoccur successively. Because of this, many wind power generation business operators place the highest management priority on determining the cause of each accident and implementing prevention measures.

In response to their needs, the newly released rider also incorporates the provision of knowhow in determining prevention measures. Sompo Japan Nipponkoa will assist wind power generation business operators with their pursuit of stable operations by providing both insurance and risk management services.



Entering the Cloud Business

On Becoming the First Domestic P&C Insurance Company to Develop a Cloud Computing Service

In April 2014, Sompo Japan Nipponkoa formulated the “Basic Plan for the Joint Operation of a Common Platform System Service” in tandem with Internet Initiative Japan Inc., establishing a policy of promoting the development and provision of a cloud computing service tentatively entitled “Sompo Japan Nipponkoa Cloud.”

This joint project will help Sompo Japan Nipponkoa enter the cloud business in a bid to evolve into “the best customer service provider” by combining risk consultation and other solutions with cloud computing services.

Under this project, Sompo Japan Nipponkoa will upgrade its intragroup common platform system and enrich its service menu. From October 2014 onward, the upgraded system will be available to the Group members and agencies.

Overseas

Acquisition of Shares in Canopus Group Limited

In May 2014, with the aim of realizing full-scale entry into the overseas specialty market, Sompo Japan Nipponkoa acquired the shares of Canopus Group Limited, one of the top ten insurers in the Lloyd's insurance market of the U.K. The acquisition price totaled £613 million, or approximately ¥104.8 billion,* making this the largest ever acquisition for the Sompo Japan Nipponkoa Group.

This M&A was awarded as "Deal of The Year Award" by Reactions, an insurance industry magazine based in London.

The Group's exiting overseas business network and Canopus's operational areas have little overlap. Accordingly, this complementary acquisition will bring new strength to each business. Moreover, Canopus Group have proven highly capable of executing M&A and improving management at the acquired companies while boasting superior competencies and knowhow in such fields as human resource management strategies. By incorporating these capabilities, the Sompo Japan Nipponkoa Group will secure greater competitiveness while working to expand its overseas insurance business.



Lloyd's of London
Head Office

* Exchange rate: £1 = ¥171

Opening Zurich Branch for Reinsurance Business

Sompo Japan Nipponkoa opened a branch in Zurich, Switzerland and simultaneously established Sompo Japan Nipponkoa Reinsurance (Switzerland) AG as a reinsurance agent, launching their operations in October 2013.

With an eye to ensuring global risk dispersion, Sompo Japan Nipponkoa has been engaged in the underwriting of reinsurance mainly in regions where market growth and high profit are expected, putting the utmost emphasis on striking proper balance between risk and profitability. To this end, Sompo Japan Nipponkoa has established bases of operations in Hong Kong (China), Kuala Lumpur (Malaysia) and London (UK) to expand into the respective local reinsurance markets.

The reinsurance market in Zurich has rapidly expanded in recent years. With its favorable location, Zurich offers ease of access to other countries throughout Europe. By establishing this strategically located fourth overseas base for the reinsurance business, Sompo Japan Nipponkoa will be able to penetrate the entire European reinsurance market.

Entering the Automotive Repair and Maintenance Business in China

In July 2014, Sompo Japan Nipponkoa formed a business alliance with Shanghai Automotive Industry Sales Co., Ltd. (SAIS), a core subsidiary of Shanghai Automotive Industry Corporation, the largest automaker group in China, with an eye to entering the automotive repair and maintenance markets throughout the country on a full scale.

In China, more than 20 million new automobiles were sold during 2013. Reflecting this, the automobile repair market and other automobile-related aftermarkets are expected to experience continuing growth.

Under this alliance, Sompo Japan Nipponkoa and SAIS will implement a two-year test project to collaboratively operate an automobile repair facility in Shanghai. Upon successful conclusion of the project, the plans call for establishing a joint venture to develop the automobile repair business on a full scale.

In addition, Sompo Japan Nipponkoa launched SJNK Business Consulting (Shanghai) Co., Ltd. This consulting subsidiary specializes in the operation of automobile repair facilities, with the aim of securing a base of operations to promote the aforementioned project.



Signing ceremony

Opening a Representative Office in Johannesburg

In April 2014, Sompo Japan Nipponkoa opened a representative office in Johannesburg, the largest city in the Republic of South Africa. By doing so, Sompo Japan Nipponkoa became the first domestic insurer to establish a representative office in the Sub-Saharan African region.*

On the back of rapid economic development and population growth, the insurance market in this region is expected to grow over the medium and long term. With this in mind, we will initiate market research targeting the Sub-Saharan African countries on a full scale while enhancing our local structure to serve Japanese companies expanding into the region.

* The Sub-Saharan Africa represents the area south of the Sahara Desert and comprises 49 of 54 countries in continental Africa.



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Group Management Strategy

The Sampo Japan Nipponkoa Group seeks to realize sustainable growth and greater corporate value, based on striving to secure earnings from its domestic P&C insurance while aggressively devoting greater management resources to growth fields.

Group Basic Management Policies

1. Pursuit of Service Quality

We will constantly aim for the highest possible quality in all our business processes in order to become the best service provider for our customers.

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 enhance our earnings and corporate value.

3. Pursuit of Business Efficiency

We will maximize our strengths through group-wide collaboration in all areas in order to promote efficiency in our operations and stability in our operational base.

4. Highly Transparent Governance Systems

In acknowledgement of our social responsibility and obligations as an insurance and financial services business, we will base our operations on highly transparent governance, effective risk management, and compliance systems.

5. Fulfillment of Our Social Responsibilities

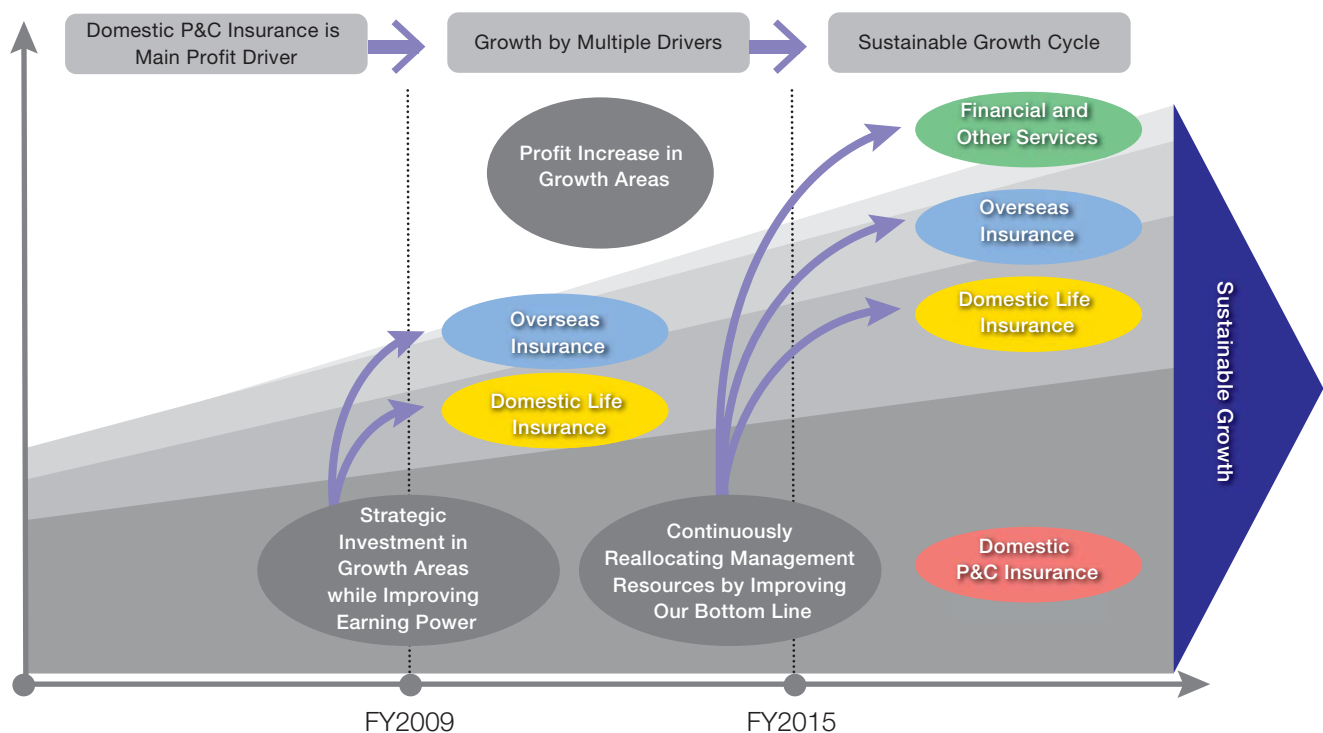
We use our corporate strengths to address social issues concerning the environment, health and medical care and, by engaging in constructive dialogue, strive to fulfill our social responsibilities and contribute to the realization of a social sustainability.

6. Creation of a Vibrant Workplace

We will strive to create a dynamic and open organizational environment wherein we as individuals and together as a corporate group may thrive and grow together.

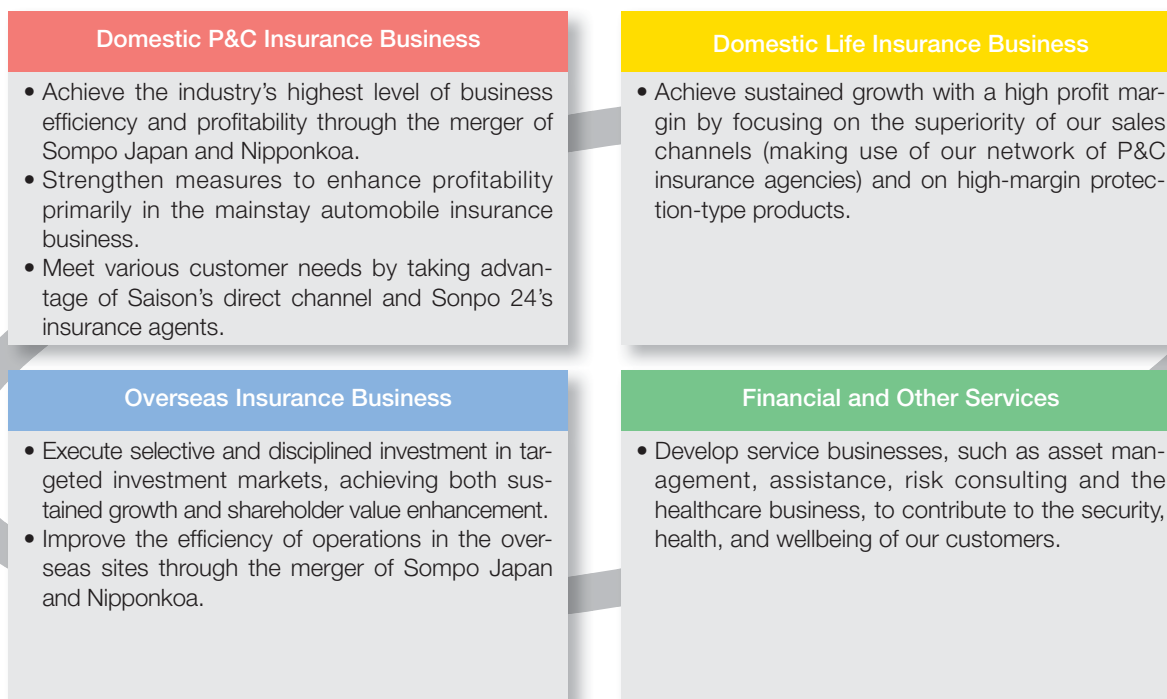
Basic Strategies

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 Sampo Japan Nipponkoa Group aims to create a sustainable growth cycle.



Group Medium-Term Management Plan (for Fiscal Year 2015)

Main Points of Strategies



- Aim to maximize corporate value by controlling the balance among capital, return and risk appropriately.

Numerical Targets of Group Medium-Term Management Plan for Fiscal Year 2015 (adjusted profit basis)

(Billions of yen)

	FY2013 (Actual)	FY2015 (Plan)
Domestic P&C Insurance	6.5	70–80
Domestic Life Insurance	85.7	100–110
Overseas Insurance	7.8	14–20
Financial and Other Services	1.5	2–3
Adjusted Consolidated Profit	101.5	180–210
Adjusted Consolidated ROE	4.3%	Over 7%

Note: See page 25 about the details of adjusted consolidated profit.



Kengo Sakurada
President (Group CEO)
Sompo Japan Nipponkoa Holdings, Inc.

Question:

Please share the fiscal 2013 results with us, as well as the forecast for fiscal 2014.

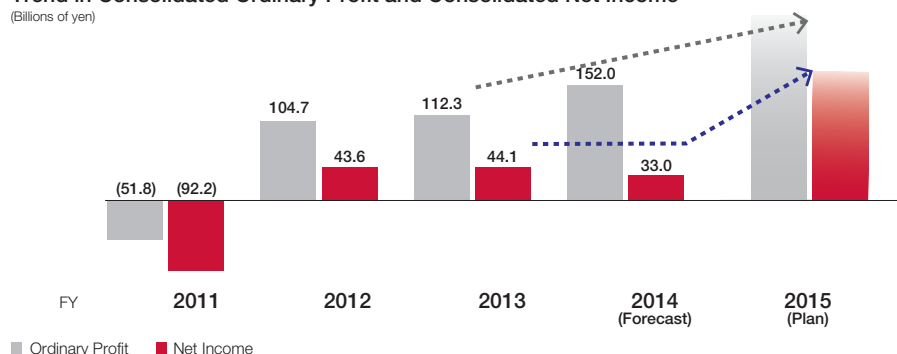
Answer:

In fiscal 2013, ordinary profit rose to ¥112.3 billion and net income totaled ¥44.1 billion, thus achieving growth in both measures of profit. For fiscal 2014, we expect ordinary profit to grow significantly to ¥152.0 billion, but anticipate that net income will fall to ¥33.0 billion. This reflects a one-time cost increase, which will, in turn, increase extraordinary losses, due to the merger of the two P&C companies.

In fiscal 2013, underwriting results improved significantly owing to the success of initiatives undertaken by both Sompo Japan and Nipponkoa to increase net premiums written and decrease net loss ratio. On the other hand, in the face of snow damage in the Kanto Koshin areas in February 2014, we increased reserve for outstanding losses and claims in preparation for the payment of insurance claims. This led to a decline in underwriting profit. As a result, the domestic P&C Insurance experienced decreases in both ordinary profit and net income. Nevertheless, we were able to secure year-on-year profit growth on a consolidated basis, due to the increased profits of Sompo Japan Nipponkoa Himawari Life, formerly known as NKSJ Himawari Life, and other factors.

Trend in Consolidated Ordinary Profit and Consolidated Net Income

(Billions of yen)



In fiscal 2014, the merger of Sampo Japan and Nipponkoa was executed in September. We anticipate that ordinary profit will grow on a consolidated basis due mainly to the ongoing increases in underwriting profits of Sampo Japan Nipponkoa.

However, consolidated net income will decline as we have to post extraordinary losses due to the cost of the merger. We would like to ask our shareholders for their understanding in regard to the one-time costs accompanying the merger. Please recognize this as an upfront investment we are making with an eye to future business development.

Question:

Could you explain the progress of the management plan?

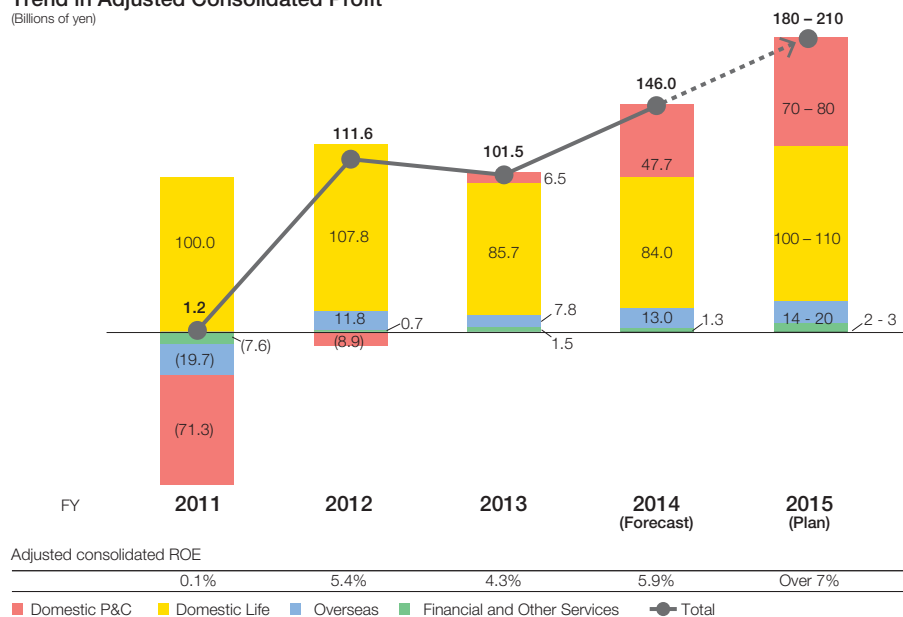
Answer:

We are steadily implementing the management plan. In fiscal 2013, adjusted consolidated profit, one of our strategic management indicators, totaled ¥101.5 billion. In fiscal 2014, adjusted consolidated profit is forecast to increase to ¥146.0 billion as we expect the domestic P&C insurance business will secure even greater profitability. To achieve our targets for fiscal 2015, the final year of the management plan, we will accelerate our growth strategies centered on the domestic life insurance and overseas insurance businesses while enhancing the profitability of the domestic P&C insurance business.

As for adjusted consolidated profit in fiscal 2013, although performance was affected by snow damage in February 2014, the domestic P&C insurance business moved into the black for the first time in the last three years. In fiscal 2014, we expect stable profitability in the domestic P&C insurance business, with improvement mainly in the automobile insurance businesses. Moreover, profit growth will be further supported by sales of a new medical insurance product, the first to be introduced in the last six years in the domestic life insurance business, as well as our recent expansion into a new insurance field overseas following the acquisition of the U.K.-based Canopus Group Limited.

Although there will also be some adverse impacts such as the consumption tax hike and rising automobile repair costs, we will leverage the synergies of the merger to overcome these negative factors, thereby achieving our targets for fiscal 2015.

Trend in Adjusted Consolidated Profit
(Billions of yen)



Question:

Please tell us about your key strategies to achieve the targets of the management plan.

Domestic P&C Insurance Business

Answer:

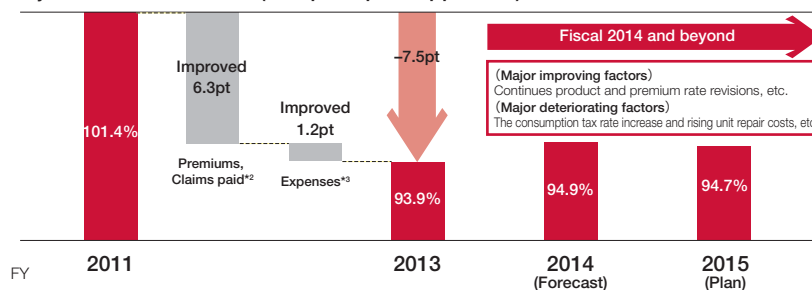
The adjusted combined ratio*¹ improved significantly owing to the success of our efforts to cut expenses by leveraging the synergies of the merger and our initiatives to improve the loss ratio of mainstay products, especially in the automobile insurance field. Going forward, we will steadily move forward to meet the target of achieving an adjusted combined ratio of 95%.

Prior to the merger of Sompo Japan and Nipponkoa, we promoted integrated management of the two companies by combining their headquarters and sharing sales and claim handling offices, with the aim of maximizing the synergies of the merger. Moreover, the effect of revisions to automobile insurance products has materialized and positively affected operating results. Consequently, the adjusted combined ratio for fiscal 2013 improved significantly and marked less than 95%, which is actually the target we set for fiscal 2015.

In fiscal 2014 and beyond, we will continue to implement measures aimed at improving profitability, with the aim of countering such negative factors as increased repair costs and the consumption tax hike, and with an eye to achieving our quantitative targets for fiscal 2015.

*¹ Adjusted combined ratio: The combined ratio provides an indicator for the profitability of the P&C insurance business, and is calculated as the sum of the net loss ratio and net expense ratio. Adjusted combined ratio is calculated with the following assumptions: One-time merger costs are excluded; Assumed impact of natural disaster is 38 billion yen in every year; and compulsory automobile liability insurance (CAL) is excluded.

Trend in adjusted combined ratio (Sompo Japan Nipponkoa)



*² Premiums, Claims paid: The loss ratio in the automobile insurance business improved mainly due to product and rate revisions.

*³ Expenses: Business cost reduction benefits by capturing synergies, etc.

Domestic Life Insurance Business

Answer:

Sompo Japan Nipponkoa Himawari Life has achieved ongoing business growth by focusing on the superiority of P&C's sales channel as well as product strategies placing emphasis on highly-profitable insurance. In May 2014, a new cost-competitive product with enhanced coverage was introduced in our mainstay medical insurance business, thus helping accelerate business growth.

While positioning the Group's network of P&C insurance agencies as a core sales channel, Sompo Japan Nipponkoa Himawari Life has put a strategic focus on marketing protection-type products with high profitability, such as medical insurance and income compensation insurance, thereby achieving business expansion that entails greater efficiency and profitability. As a result, MCEV* of Sompo Japan Nipponkoa Himawari Life is increasing in a stable manner.

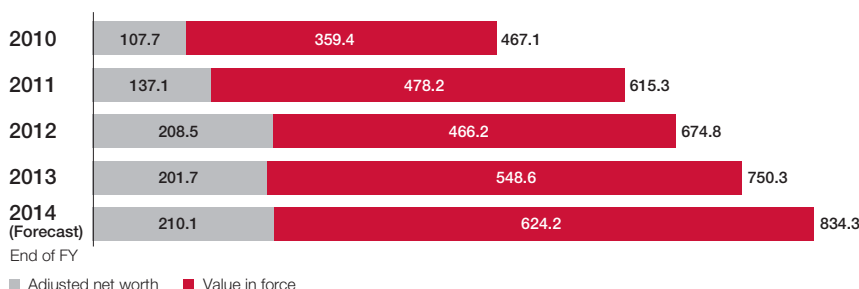
In addition, we launched "Shin Kenko no Omamori," a new medical insurance product designed to meet customer needs by providing enhanced coverage with lower

premiums. Through expanding our product lineup, we will further solidify our brand based on excellence in the medical insurance field.

* MCEV: In Europe and Canada, Embedded Value (EV) is adopted by life insurance companies as a principal indicator of financial soundness and corporate performance, with the aim of supplementing the information presented in corporate financial statements and notes. We place emphasis on Market Consistent Embedded Value (MCEV), an indicator aimed at assessing EV in a way consistent with the market value of financial products. With this in mind, Sampo Japan Nipponkoa Himawari Life calculates MCEV by combining its adjusted net worth and the present value of in-force business, including an evaluation of future profitability, with due consideration to business specific risk.

Trend in MCEV

(Billions of yen)



Overseas Insurance Business

Answer:

The acquisition of the U.K.-based Canopus Group Limited in May 2014 marked our full scale entry into the specialty insurance market mainly in Europe and the United States. This move will help us obtain significantly greater profits from the overseas insurance business. Looking ahead, we will pursue disciplined investment as we aim to achieve sustainable growth.

Guided by the basic policy of clarifying targeted regions and fields in the course of overseas business expansion, we have made strategic investments in Turkey, Brazil and other emerging countries. In May 2014, we also applied this policy on strategic investment to the acquisition of the U.K.-based Canopus Group Limited.

This acquisition enabled us to enter the specialty insurance market mainly in Europe and the United States on a full scale, helping us leverage Canopus's superior underwriting capabilities and knowhow to expand into this new business field that involves underwriting specialty lines. In addition, our existing overseas business network and Canopus's operational areas have little overlap. Drawing on this acquisition to supplement each other's strengths, we will utilize Canopus as a platform for overseas expansion while striving to boost the profitability of the entire Group's operations.

Moreover, this acquisition provided us with a definite means of achieving our fiscal 2015 profit target for the overseas insurance business. Going forward, we will maintain our approach to disciplined investment and basic policy of clarifying targeted regions and fields, thereby securing sustainable growth.

The Status of Expansion of Overseas Insurance Business

■ Business areas of Canopus Group Ltd.

Field	Region	The United States	Europe/U.K.	The Middle East/Africa	Turkey	South America	Asia	Japan
Retail			U.K. retail					
Corporate (Japanese)			Sampo Japan Nipponkoa Insurance Company of Europe		Sampo Japan Sigorta	Yasuda Seguros/ Maritima Seguros	Tenet Sampo/ Berjaya Sampo etc.	Sampo Japan Nipponkoa etc.
Corporate (Non-Japanese)		Sampo Japan Insurance Company of America	MGA France/ Netherlands					
Specialty		Canopus business area including Lloyd's & U.S. E&S*						

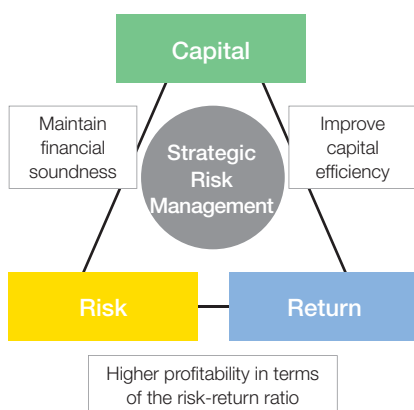
* E&S is abbreviation of Excess & Surplus, the insurance market for professional indemnity, environmental impairment liability and other policies that insure against special type of risk. The E&S insurance business requires high underwriting capabilities while allowing flexibility in the content of policies and setting of premium rates.

Question:

Could you tell us about your initiatives aimed at enhancing corporate value?

Answer:

To maximize corporate value, we are implementing Strategic Risk Management. In this approach, management of the entire business is centered on the efficient utilization of capital and appropriate risk control aimed at improving profitability.



We work to improve our corporate value, so as to extend the highest quality of service through providing customers with the security, health, and wellbeing by considering the customers' perspective whenever we make business decisions. With the aim of maximizing corporate value, we have adopted Strategic Risk Management* to appropriately strike the balance between capital, risk and return and to secure financial soundness and greater capital efficiency as well as higher profitability in terms of the risk-return ratio.

More specifically, we establish an efficient business portfolio by allocating greater capital to growing and highly-profitable business fields of domestic life insurance and overseas insurance businesses. Within the allocated capital, each business unit takes risks considering profitability and aims to increase the corporate value of the entire Group as greatly as possible through the improvement of profitability.

* Our ERM framework is called Strategic Risk Management within the Group.

Note: For more details about the main points of our Strategic Risk Management, please also see page 26.

Question:

Please tell us about the human resource management strategies of the Sampo Japan Nipponkoa Group.

Answer:

Human resources are essential to creating a globally competitive organization. With this in mind, we are exhaustively practicing performance-based HR management, regardless of an employee's age, gender, nationality or career path. Moreover, the Group is promoting workforce diversity as it aims to enable employees with diverse characteristics to realize their full potential.

Human resources constitute one of the Group's core competences. Accordingly, we endeavor to enhance our total human resource capabilities while working to create a company in which an even greater number of ambitious high performers can demonstrate their strengths to help expand Group operations. This will help lead to the earliest possible realization of our Group Vision, for which we are striving.

More specifically, we have formulated our Group Personnel Vision while establishing the Human Resource Strategy Committee, a body that determines our group-wide structures to develop, promote, transfer and allocate human resources solely based on their job performance, regardless of employees' age, gender, nationality or career path. Also, in October 2013 we set up the Diversity Promotion Headquarters to promote diversity by setting concrete targets.

Group Personnel Vision

Action and Achievement	<ul style="list-style-type: none">• We value achievement, factual understanding and action in our work.• We value prompt action in our people.
Impartiality and Fairness	<ul style="list-style-type: none">• We value workplaces wherein all people are treated fairly and impartially and wherein everyone may have the opportunity to realize their potential.• We value people who demonstrate initiative and take challenges, not those who rest only on past achievements.
Openness	<ul style="list-style-type: none">• We value frank discussions and debate within transparent work environments based upon clear rules and procedures.
Diversity	<ul style="list-style-type: none">• We value all our people as individuals, regardless of their gender, nationality, previous careers or other characteristics.

Question:

Could you describe the Group's initiatives underway in corporate social responsibility (CSR)?

Answer:

We have established the "Group CSR Vision" in April 2014 and expand the scope of CSR initiatives from Sampo Japan Nipponkoa Insurance which has been proactively addressing CSR to all the other Group members. Currently, the Group as a whole is striving to contribute to help resolve social issues and to facilitate the growth of the entire Group.



The social challenges confronting us today include such issues as climate change, the loss of biodiversity, poverty, infectious disease and human rights. All of these major issues are growing in complexity and, more and more, becoming cross-border issues. As a result, global corporations are increasingly being called upon to demonstrate their leadership in addressing these challenges.

Since we have been stating CSR as essential management foundation, we have been promoting CSR initiatives through our wide-range of business activities, including P&C insurance, life insurance, asset management, healthcare and risk consulting, etc. and established our Group CSR Vision in April 2014.

More specifically, the Group as a whole has been striving to provide products and services that contribute to the resolution of social issues, such as an insurance product aimed to increase and accelerate the use of renewable energy, a microinsurance for developing countries that mitigates damage caused by natural disasters and climate change, and SRI funds.

Looking ahead, we will promote CSR initiatives that contribute to both the resolution of global social issues and growth of the entire Group.

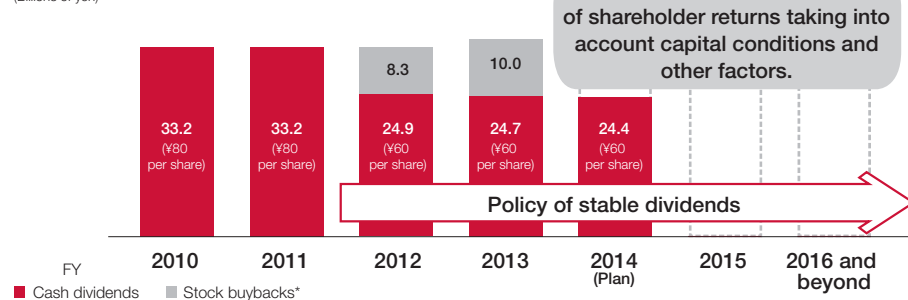
Question:

Please tell us about shareholder returns.

Answer:

Taking our fiscal 2013 operating results into account, we decided to pay an annual dividend of ¥60 per share, which amounts to ¥24.7 billion. As another means of providing shareholder returns, we conducted stock buyback of totaling ¥10 billion. For fiscal 2014 and beyond, we will maintain stable dividend payouts with an annual dividend of ¥60 per share while flexibly implementing stock buybacks or other means to deliver shareholder returns that are suited to the operating environment, capital conditions and the level of the share price of Sampo Japan Nipponkoa Holdings.

Trend in Total of Shareholder Returns (Billions of yen)



We aim to reward shareholders with steady dividend payouts while considering the option of stock buybacks in line with capital conditions and others. As a medium-term target, we have set its total payout ratio at 50% of adjusted consolidated profit (excluding the domestic life insurance business). For fiscal 2014 and beyond, we will maintain stable shareholder returns with an annual dividend of ¥60 per share. At the same time, we will flexibly consider

and implement other means of providing shareholder returns in light of the operating environment, capital conditions and the level of the share price of Sompo Japan Nipponkoa Holdings.

Question:

Lastly, is there anything else you'd like to share with your shareholders?

Answer:

We set our management philosophy that we will strive to contribute to the security, health and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible. To secure sustainable growth, we will evolve into a service provider centered on the insurance business by providing customers with a range of superior services capable of supporting their security, health, and wellbeing.

In addition, simultaneously with the inauguration of Sompo Japan Nipponkoa in September 2014, NKSJ Holdings, Inc. was renamed Sompo Japan Nipponkoa Holdings, Inc., and the Group has rebranded as the Sompo Japan Nipponkoa Group. Looking ahead, we will strive to secure greater brand strength while accelerating our business expansion. We look forward to your continuing support and value the encouragement you bring to the Sompo Japan Nipponkoa Group.

Kengo Sakurada

President (Group CEO)
Sompo Japan Nipponkoa Holdings, Inc.

- 1978** Joined Yasuda Fire & Marine Insurance Co., Ltd.*1
Successively Served as General Manager at Integration Planning Department and Corporate Planning Department, and others.
- 2005** Executive Officer and General Manager of Financial Institutions Department of Sompo Japan Insurance Inc.*1
- 2007** Director and Managing Executive Officer of Sompo Japan Insurance Inc.*1
- 2010** Director of NKSJ Holdings, Inc.*2
Representative Director and President of Sompo Japan Insurance Inc.*1
- 2012** Representative Director and President of NKSJ Holdings, Inc.*2
(current position)
Representative Director and President of Sompo Japan Insurance Inc.*1

*1 Currently, Sompo Japan Nippokoa Insurance Inc.

*2 Currently, Sompo Japan Nipponkoa Holdings, Inc.



Adjusted Profit

The Scope of the Calculation of Adjusted Profit

Domestic P&C Insurance	Total of Sompo Japan Nipponkoa, Sonpo 24 and Saison Automobile & Fire (non-consolidated)
Domestic Life Insurance	Sompo Japan Nipponkoa Himawari Life
Overseas Insurance	Overseas insurance subsidiaries
Financial and Other Services	Financial services, Healthcare business, etc.

Calculation Method for Adjusted Profit

■ Domestic P&C Insurance:

Net income + Provisions for catastrophic loss reserve (after tax) + Provisions for reserve for price fluctuation (after tax)
– Gains/losses on sales of securities and impairment losses on securities (after tax) – Special factors

■ Domestic Life Insurance:

Growth in Embedded Value (EV) – Capital transactions such as equity issuance – Changes in EV attributable to fluctuation of interest rates, etc.

■ Overseas Insurance, Financial and Other Services:

Net income

$$\text{Adjusted consolidated ROE} = \frac{\text{Adjusted consolidated profit}}{\text{Consolidated net assets (excluding those of life insurance subsidiaries)} + \text{Catastrophic loss reserve (after tax)} + \text{Reserve for price fluctuation (after tax)} + \text{Life insurance subsidiaries' EV}}$$

* "After tax" refers to deducting effective tax rates from each item. Denominators of adjusted consolidated ROE are the average of the balance at end/start of each fiscal year.

Adjusted Consolidated Profit Results for Fiscal 2013

■ Domestic P&C Insurance:

Net income	¥40.5 billion
+ Provisions for catastrophic loss reserve (after tax)	¥8.0 billion
+ Provisions for reserve for price fluctuation (after tax)	¥5.2 billion
- Gains/losses on sales of securities and impairment losses on securities (after tax)	¥74.1 billion
- Special factors	¥(26.7) billion
Total	¥6.5 billion

■ Domestic Life Insurance:

Growth in Embedded Value (EV)	¥75.5 billion
- Capital transactions such as equity issuance	—
- Changes in EV attributable to fluctuation of interest rates, etc.	¥(10.2) billion
Total	¥85.7 billion

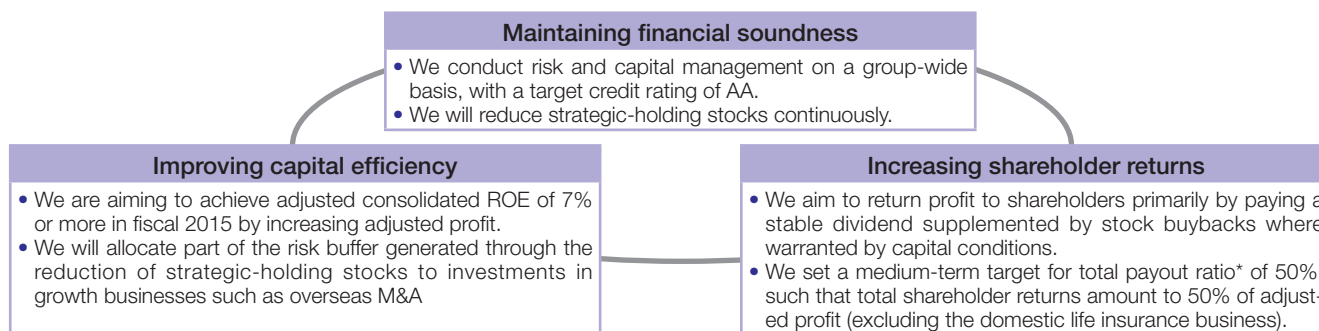
■ Adjusted Consolidated ROE:

$$\frac{\text{Adjusted consolidated profit } ¥101.5 \text{ billion}}{\text{Consolidated net assets (excluding life insurance subsidiaries' net assets) } ¥1,230.7 \text{ billion} + \text{Catastrophic loss reserve (after tax) } ¥371.4 \text{ billion} + \text{Reserve for price fluctuation (after tax) } ¥24.8 \text{ billion} + \text{Life insurance subsidiaries' EV } ¥712.5 \text{ billion}} = 4.3\%$$

Note: In calculating adjusted profit, a special factors including one-time merger cost of domestic P&C companies is excluded.

Capital Strategy

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



* Total payout ratio = (Total of dividends paid + Total of treasury stock purchased) / Adjusted consolidated profit (excluding the domestic life insurance business)

Main Points of Strategic Risk Management

PDCA Cycle of Strategic Risk Management

In determining business plans and capital allocation, the Sompo Japan Nipponkoa Group gives due consideration to the Risk Appetite Principles that define objectives of Strategic Risk Management and risk-taking business areas. The Group operates PDCA cycle by formulating business plans (P), operating business in accordance with the plans (D), reviewing periodically (C) and revising plans as needed (A), thereby continue improving our corporate value.

Risk Appetite Principles

The Sompo Japan Nipponkoa Group aims to:

- (1) become a globally competitive group, by maximizing corporate value through controlling the balance between capital, risk and return appropriately and improving capital efficiency,
- (2) enhance profit by taking risks through financial and other services in addition to insurance underwriting and asset management,
- (3) retain financial soundness with a target credit rating of AA so as to maintain competitiveness against global insurers,
- (4) achieve target of adjusted consolidated ROE of 7% or more in FY2015 and a stable return to ensure group's sustainable growth.

<Plan>

Formulate business plans for each business unit and allocate capital in accordance with risk appetite consistent with the Group's Basic Strategies

The Group's risk appetite

Capital allocation

Domestic P&C Insurance	Domestic Life Insurance	Overseas Insurance	Financial and Other Services
------------------------	-------------------------	--------------------	------------------------------

<Do>

Business operations in line with business plans and capital allocation

<Check>

Periodic reviews of changes in the operating environment and progress in plans

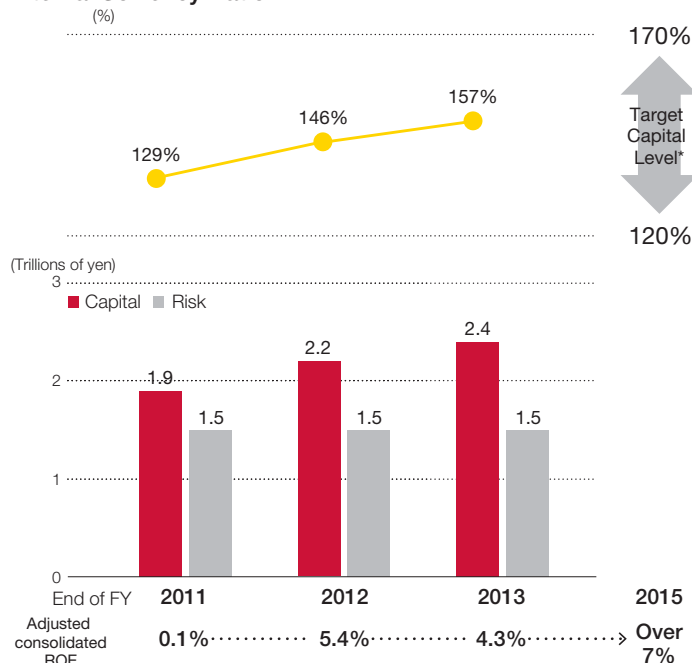
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Revisions to the plans and capital allocation as needed

Internal Solvency Ratio and ROE

The Sompo Japan Nipponkoa Group has formulated Target Capital Level (between 120% and 170%) to satisfy both capital efficiency and financial soundness. The Group's internal solvency ratio is within the Target Capital Level.

Internal Solvency Ratio



Level that enables targeted ROE of 7% or more, in accordance with capital efficiency

Capital level that satisfies both capital efficiency and financial soundness

* To be verified annually in principle

Level taking into account the results of stress tests, from the standpoint of financial soundness

Sensitivity of internal solvency ratio against market fluctuation (end of FY2013)

30% decline in stock prices	-11.0 pt
10% appreciation in yen exchange rate	-3.6 pt
50bps decrease in interest rate	-6.8 pt

Definitions

- Risk: One-year holding period, 99.95% VaR (confidence level equivalent to AA rating)
- Capital: Total of net assets on balance sheet, hybrid debt capital instruments, catastrophic loss reserve, and reserve for price fluctuation, etc.
- After-tax basis (calculated according to European solvency II)
- Internal solvency ratio : Ratio of capital/risk

Note: Figures for end of FY2013 include the impact of the merger of Canopus

Financial Highlights

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Review of Operations

Financial and Economic Environment, and Results of the Corporate Group for the Fiscal Year under Review

In the fiscal year ended March 31, 2014, the Japanese economy was on a moderate recovery supported by improved corporate earnings mainly attributable to the effects of the government's economic and monetary easing policies as well as firm public investment and consumer spending. Despite the impact of natural disasters in Japan including the heavy snowfall, the P&C insurance industry saw signs of improvement in the business environment due primarily to an economic recovery and rate revisions for products and premiums.

Sompo Japan Nipponkoa Holdings, Inc. formerly known as NKSJ Holdings, Inc. (the "Company" or "we") was launched in April 2010 through the business integration of Sompo Japan Insurance Inc. ("Sompo Japan") and NIPPONKOA Insurance Company, Limited ("Nipponkoa"), and operates as a holding company by optimally allocating management resources and managing and advising each company within the Sompo Japan Nipponkoa Group formerly known as the NKSJ Group (the "Group").

The Group aims to become the best customer service provider both at home and abroad based on its management philosophy of "We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible."

In order to accelerate the growth of the Group by strengthening the Group brand, the Company changed the Group name to "Sompo Japan Nipponkoa Group" and the Company name to "Sompo Japan Nipponkoa Holdings, Inc." on September 1, 2014. Moreover, on the same date, Sompo Japan and Nipponkoa merged into "Sompo Japan Nipponkoa Insurance Inc." ("Sompo Japan Nipponkoa")

Domestic P&C Insurance Business

In the domestic P&C insurance business, in an effort to ensure a smooth transition to the new company and to achieve merger synergies at an early stage, Sompo Japan and Nipponkoa implemented integrated management (effective merger) from April 2013 by assigning officers and employees concurrent duties, among other things. Preparations, including adoption of a joint head office structure and co-locating sales and claims handling offices, toward the actual merger were implemented. Regarding IT systems integration, the Company worked to minimize the risk of problems emerging from IT system integration by establishing a structure that

regularly monitors the progress of such integration to promptly identify and address any issues.

In order to become the best customer service provider, Sompo Japan Nipponkoa is working to improve quality of service and operating efficiency. As part of these efforts, Sompo Japan Nipponkoa is providing customer oriented services through "Hoken App", a new smartphone application that collectively provides information on insurance for customers and their family members. Furthermore, Sompo Japan Nipponkoa tries to improve operating efficiency by applying an innovative business model through the use of highly functional tablet terminals in agency operations to provide easily understandable explanations to customers and to ensure an efficient contract process. In addition, efforts are being made to further reinforce the payment structure to provide prompt, timely, and appropriate insurance payments.

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sompo 24 Insurance Company Limited are developing a direct marketing business model and have responded to increasingly diverse customer needs by providing customers with high-quality and distinctive P&C insurance products.

Domestic Life Insurance Business

In the domestic life insurance business, Sompo Japan Nipponkoa Himawari Life Insurance, Inc. formerly known as NKSJ Himawari Life Insurance, Inc. ("Sompo Japan Nipponkoa Himawari Life"), has been enjoying a brisk sale of whole-life medical insurance "Kenko no Omamori". In addition, Sompo Japan Nipponkoa Himawari Life offers products meeting diverse customer needs, ranging from "Yuki no Omamori", the industry's first whole-life cancer insurance incorporating "Cancer Out-Patient Treatment Benefits" covering medical costs when hospitalization is unnecessary, and "Kazoku no Omamori", an income compensation insurance allowing customization according to a customer's life stage.

In August 2014, the Company transferred all the shares of Sompo Japan DIY Life Insurance CO., LTD. held by Sompo Japan to The Dai-ichi Life Insurance Company, Limited. Going forward, the Group will strategically invest its management resources by centralizing the Group's domestic life insurance business into Sompo Japan Nipponkoa Himawari Life and provide appealing products and services to the market with the objective of achieving a further acceleration of growth in this business segment.

Overseas Insurance Business

In the overseas insurance business, as a key part of the Group's growth strategy, the Company is allocating management resources mainly in countries and regions where profits can be expected, thereby striving to increase the earnings of

the Group.

Sompo Japan Nipponkoa acquired, through its local subsidiary in Brazil, additional shares of Maritima Seguros S.A., making it a Sompo Japan Nipponkoa subsidiary in June 2013. In addition, Sompo Japan Nipponkoa obtained all the shares of Canopus Group Limited, a leading insurance company in the UK-based Lloyd's insurance market, making it Sompo Japan Nipponkoa's subsidiary in May 2014. By making a full scale entry into the overseas specialty market through the acquisition of Canopus Group Limited, the Company aims to further expand the overseas insurance business in the future.

The Company will continue to strive to strengthen the support structure in order to satisfy globally growing customer needs.

Financial Services and Other Businesses

In the financial services business and other businesses, we are striving to expand our field of business by developing and providing diverse advanced services that contribute to the security, health and wellbeing of our customers, while utilizing our strengths, such as the defined contribution pension plan business and asset management business that provide asset-building services to customers, the healthcare business that provides services related to maintaining and improving physical and mental health measures, the assistance business, and the nursing care services business.

Corporate Social Responsibility

The Company formulated the "Group CSR Vision" in order for all Group companies both at home and abroad to fulfill their corporate social responsibility (CSR). The Company has identified material issues ("CSR Six Material Issues of the Group") and is taking action accordingly. In the CSR Communication Report issued in August 2013, the Company disclosed the information of the Group companies in response to the requirement to disclose non-financial information including ESG (Environment, Social and Governance). These activities have been highly rated both at home and abroad.

Recognizing the promotion of diversity as one of the Company's most important business strategies, the Company established the Diversity Promotion Headquarters in October 2013. By incorporating various perspectives of a diverse range of human resources including female employees into the Group's various services, the Company aims to respond to the wide ranging needs of customers.

Targets for the ratio of female workers in managerial positions group-wide

Fiscal 2015 year-end or earlier: 10%

Fiscal 2020 year-end or earlier: 30%

Performance over the Period under Review

In the 2013 fiscal year (April 1, 2013 through March 31, 2014), the consolidated financial results of the Company were as follows.

For the period, underwriting income was 2,744.6 billion yen, investment income was 248.9 billion yen and other ordinary income was 14.7 billion yen. As the result, ordinary income for the period was 3,008.3 billion yen, an increase of 165.1 billion yen compared with the same period last year. Meanwhile, for the period, underwriting expenses was 2,420.2 billion yen, investment expenses was 20.6 billion yen, operating, general and administrative expenses was 439.3 billion yen and other ordinary expenses was 15.6 billion yen. As the result, ordinary expenses for the period were 2,895.9 billion yen, an increase of 157.5 billion yen from the same period last year.

Subtracting ordinary expenses from ordinary income resulted in an ordinary profit of 112.3 billion yen, representing an increase of 7.6 billion yen when compared to the previous period. Net profit after extraordinary gain, extraordinary losses, income taxes and net profit attributable to non-controlling interests amounted to 44.1 billion yen, a year-on-year increase of 0.5 billion yen.

Non-consolidated financial results of the Company for the period were as follows. The Company had dividends from its subsidiaries of 24.6 billion yen and received management and administration fees of 2.9 billion yen, resulting in operating income of 27.5 billion yen. Ordinary profit decreased 12.0 billion yen year on year to 24.9 billion yen. Net profit amounted to 24.9 billion yen, a year-on-year decrease of 12.0 billion yen.

Sompo Japan (on a non-consolidated basis) had net premiums written of 1,413.8 billion yen, representing an increase of 86.4 billion yen when compared to the previous period. Ordinary profit increased 3.0 billion yen to 68.0 billion yen, but net income fell to 27.3 billion yen, a year-on-year decrease of 1.7 billion yen.

Nipponkoa (on a non-consolidated basis) had net premiums written of 668.3 billion yen, representing an increase of 29.5 billion yen when compared to the previous period. Ordinary profit amounted to 49.6 billion yen, a year-on-year decrease of 14.8 billion yen. Net income also decreased, falling 11.1 billion yen to 22.1 billion yen.

Sompo Japan Nipponkoa Himawari Life had a balance of retained policies of 20,245.5 billion yen as a total of both individual insurance and individual annuities, representing an increase of 1,080.7 billion yen when compared to the previous period. New policies amounted to 2,635.0 billion yen, representing a decrease of 408.2 billion yen when compared to the previous period. Ordinary profit amounted to 17.2 billion yen and net income amounted to 8.0 billion yen.

Overview of Asset Management

Total consolidated assets at the end of March 2014 amounted to 9,499.7 billion yen. The unrealized gains on securities available for sale, net of tax (net assets), which is unrealized gains on securities available for sale less income taxes, etc., were 659.3 billion yen.

With respect to income and expenses from investment for the period, investment income amounted to 248.9 billion yen after adding and subtracting, inter alia, interest and dividend income, gains on sale of securities, as well as transfers of interest and dividend income on deposits of premiums, etc., while investment expenses such as losses on sales of securities and impairment losses on securities amounted to 20.6 billion yen.

Issues to be Addressed

The Japanese economy is expected to continue a moderate recovery supported by continuing firm domestic demand. However, the future economy remains uncertain due to possible recoil following the rush of demand before the consumption tax hike and concerns over a slowdown in the global economy.

In the P&C insurance business, we will continue to face the need to improve profitability in the domestic market, secure new sources of revenue in the overseas market, and build a solid business base to address various social risks.

Taking into account the basic agreement on the merger between Sompo Japan and Nipponkoa, as well as the business environment, the Company announced its decision in November 2012 to revise the Management Plan of the Group (the final year being the 2015 fiscal year). Under the new plan, the Group adopts the policy of basing its activities on ensuring higher profits in the domestic P&C business, while aggressively shifting management resources to the Group's growth areas such as the domestic life insurance business and the overseas life insurance business to create a sustainable growth cycle. With respect to the numerical management targets of the Group, adjusted consolidated profit of 180.0~210.0 billion yen and adjusted consolidated ROE of 7% or more have been established as targets for the fiscal year ending March 31, 2016. The Group will work together as a whole to achieve the numerical management targets.

Through the Group's domestic P&C insurance business, domestic life insurance business, overseas insurance business, financial services business and other businesses, the Company will make ongoing efforts to increase corporate value by providing customers with the highest quality services and wellbeing.

Consolidated Indicators for Sompo Japan Nipponkoa Holdings

(NKSJ Holdings, Inc. changed its name to Sompo Japan Nipponkoa Holdings, Inc. on September 1, 2014.)

	Millions of yen				Millions of U.S. dollars
	FY2010	FY2011	FY2012	FY2013	FY2013
Ordinary Income	2,621,689	2,790,555	2,843,226	3,008,339	29,142
Net Premiums Written (P&C Insurance)	1,933,283	1,973,777	2,062,606	2,268,967	21,980
Life Insurance Premiums	238,178	250,193	264,732	277,230	2,686
Ordinary Profit (Loss)	(6,437)	(51,815)	104,783	112,391	1,089
Net Income (Loss)	(12,918)	(92,262)	43,618	44,169	428
Comprehensive Income	(143,120)	(48,098)	319,047	149,965	1,453
Net Income (Loss) per Share (yen, dollar)	(31.11)	(222.30)	105.10	106.98	1.04
Diluted Net Income per Share (yen, dollar)	—	—	104.87	106.77	1.03
Total Net Assets	1,079,446	1,000,577	1,283,488	1,390,153	13,467
Total Assets	8,981,974	8,893,378	9,178,198	9,499,799	92,026
Equity Ratio	12.0%	11.2%	13.9%	14.5%	14.5%
Consolidated Solvency Margin Ratio	—	549.8%	688.3%	783.1%	783.1%
Number of Shares Outstanding (Excluding treasury stock)	415,106,429 shares	414,825,205 shares	414,726,157 shares	411,284,208 shares	411,284,208 shares
Adjusted Consolidated Profit (billions of yen)	80.7	1.2	111.6	101.5	984
Adjusted Consolidated ROE	4.2%	0.1%	5.4%	4.3%	4.3%

Notes: 1. Sompo Japan Nipponkoa Holdings 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 for FY2010 and FY2011 is not shown due to net loss per share.

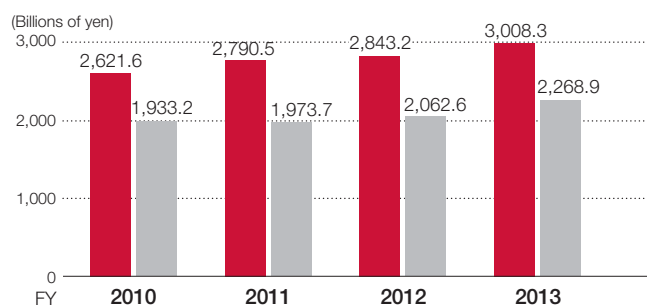
3. From the end of FY2011, Consolidated solvency margin ratio as the standard of consolidated financial soundness is calculated in accordance with the related laws and regulations including the Ordinance for Enforcement of the Insurance Business Act, revised on March 31, 2011. In the Consolidated solvency margin ratio presented above, the figures for FY2012 and before and the figures for FY2013 are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of solvency margin ratio that was enforced at the end of FY2013.

4. See page 25 about the calculation method for Adjusted consolidated profit and Adjusted consolidated ROE.

5. U.S. dollar amounts are translated from yen at the rate of ¥103.23=U.S.\$1.00, the approximate rate prevailing at March 31, 2014.

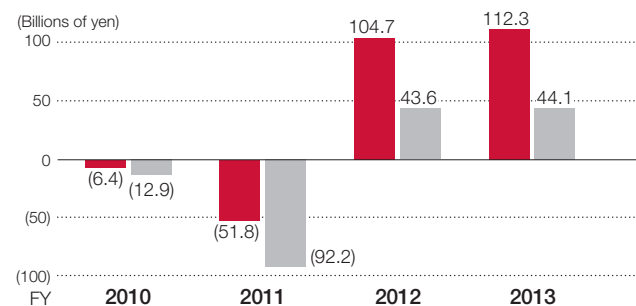
Ordinary Income/ Net Premiums Written (P&C Insurance)

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



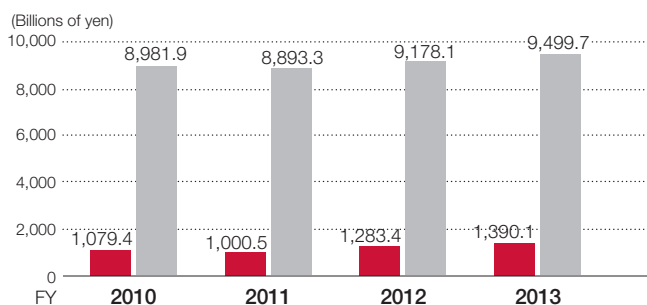
Ordinary Profit (Loss)/Net Income (Loss)

■ Ordinary Profit (Loss) ■ Net Income (Loss)



Total Net Assets/Total Assets

■ Total Net Assets ■ Total Assets



Non-Consolidated Indicators for Sompo Japan

(Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. merged on September 1, 2014, and formed Sompo Japan Nipponkoa Insurance Inc.)

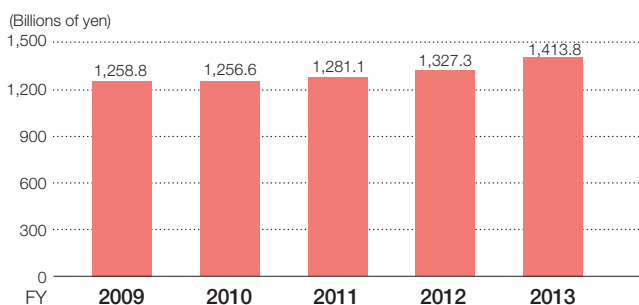
	Millions of yen					Millions of U.S. dollars
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2013
Net Premiums Written	1,258,896	1,256,639	1,281,155	1,327,361	1,413,818	13,696
Net Claims Paid	855,048	817,961	939,541	843,762	822,285	7,966
Net Loss Ratio	73.9%	72.5%	80.6%	70.6%	64.6%	64.6%
Underwriting Expenses	428,728	423,365	423,376	434,824	443,875	4,300
Net Expense Ratio	34.1%	33.7%	33.0%	32.8%	31.4%	31.4%
Underwriting Result	(99,801)	(77,706)	(174,293)	(44,600)	55,933	542
Underwriting Profit (Loss)	(2,585)	(9,716)	(24,994)	(25,704)	(32,844)	(318)
Combined Ratio	107.9%	106.2%	113.6%	103.4%	96.0%	96.0%
Investment Assets	4,458,771	4,221,756	3,947,664	4,203,360	4,324,489	41,892
Assets in Saving-Type Account	1,177,782	1,069,884	1,004,327	908,196	832,902	8,068
Interest and Dividend Income	91,009	86,463	78,375	79,498	78,110	757
Income Yield	2.28%	2.21%	2.13%	2.28%	2.20%	2.20%
Investment Profit (Realized Basis)	105,749	79,858	67,874	136,161	144,683	1,402
Realized Yield	2.68%	2.07%	1.86%	3.93%	4.04%	4.04%
Investment Profit (Mark-to-Market Basis)	385,039	(60,367)	65,188	313,759	236,006	2,286
MTM Yield	9.03%	(1.36)%	1.59%	8.01%	5.60%	5.60%
Ordinary Profit	50,318	20,541	3,964	65,058	68,079	659
Net Income (Loss)	42,774	12,124	(37,518)	29,137	27,350	265
Return on Equity (ROE)	6.0%	1.6%	(5.9)%	4.5%	3.7%	3.7%
Non-Consolidated Solvency Margin Ratio	800.0%	748.6%	502.5%	645.6%	713.3%	713.3%
Total Net Assets	820,181	696,037	578,607	704,843	782,538	7,581
Catastrophic Loss Reserve	394,687	420,671	383,247	377,941	398,114	3,857

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

2. In the non-consolidated solvency margin ratios presented above, the figures for FY2010 and before and the figures for FY2011 and later are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of solvency margin ratio that was enforced at the end of FY2011.

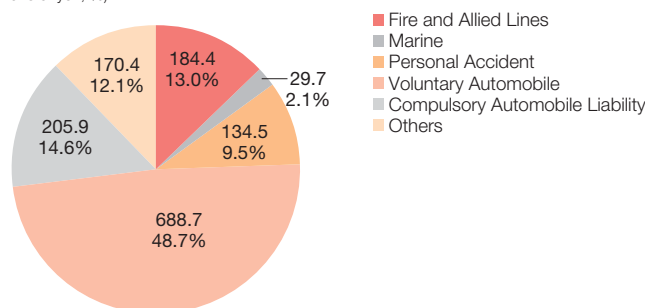
3. U.S. dollar amounts are translated from yen at the rate of ¥103.23=U.S.\$1.00, the approximate rate prevailing at March 31, 2014.

Net Premiums Written

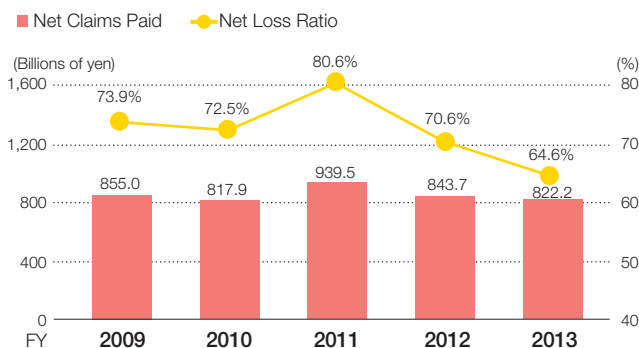


Breakdown of Net Premiums Written (FY2013)

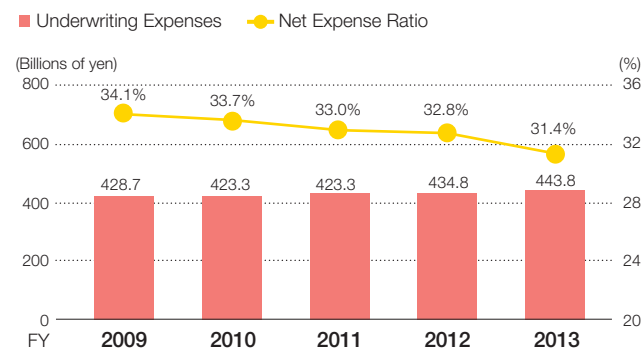
(Billions of yen, %)



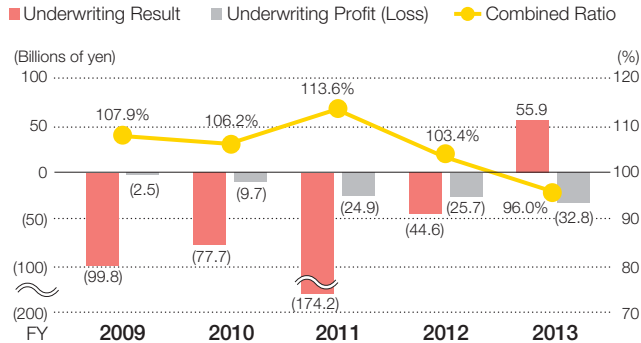
Net Claims Paid/Net Loss Ratio



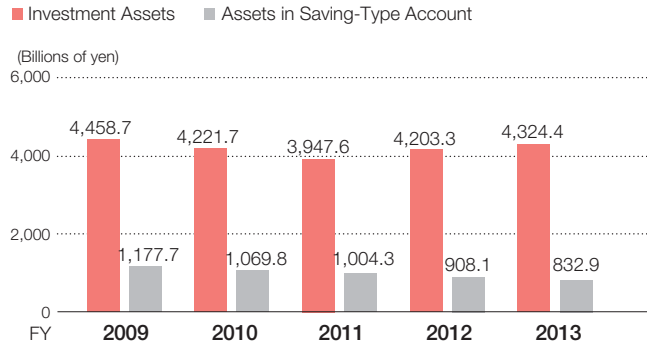
Underwriting Expenses/Net Expense Ratio



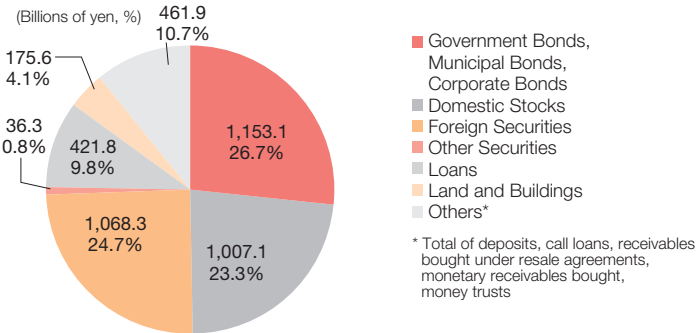
Underwriting Result/Underwriting Profit (Loss)/ Combined Ratio



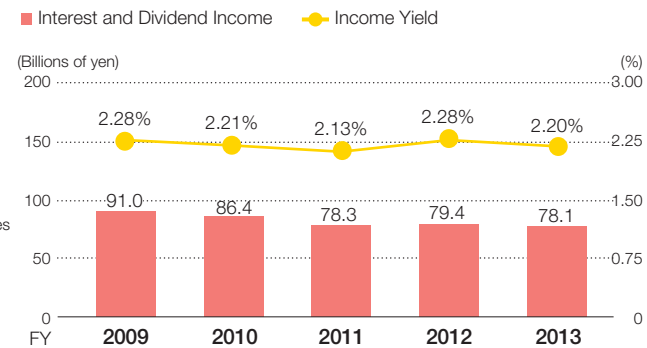
Investment Assets/Assets in Saving-Type Account



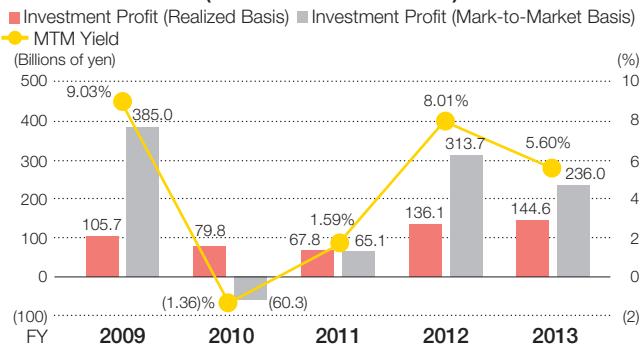
Breakdown of Investment Assets (FY2013)



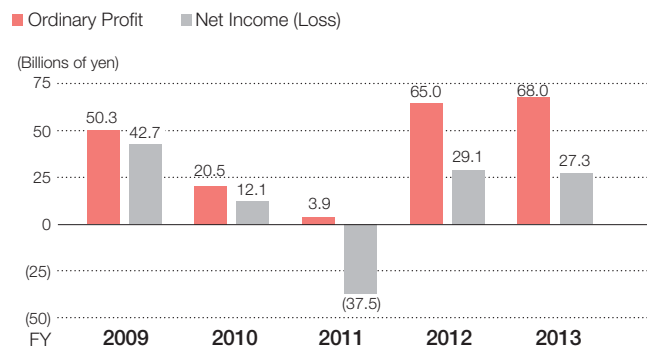
Interest and Dividend Income/Income Yield



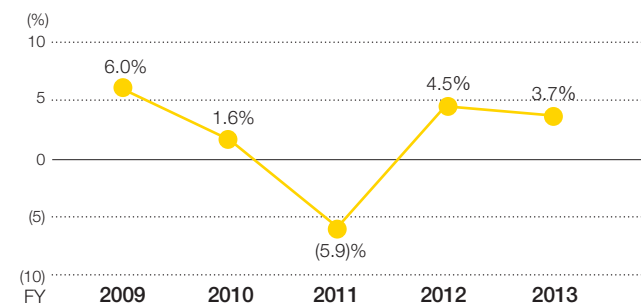
Investment Profit (Realized Basis)/ Investment Profit (Mark-to-Market Basis)/MTM Yield



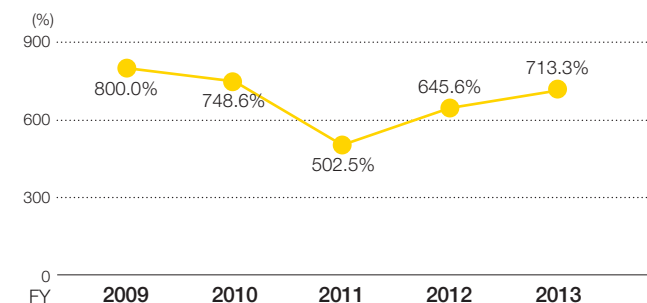
Ordinary Profit /Net Income (Loss)



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 Nipponkoa

(NIPPONKOA Insurance Co., Ltd. and Sampo Japan Insurance Inc. merged on September 1, 2014, and formed Sampo Japan Nipponkoa Insurance Inc.)

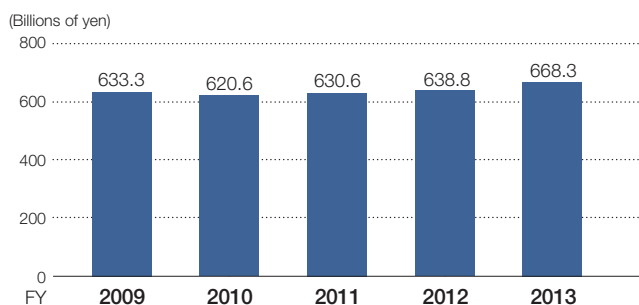
	Millions of yen					Millions of U.S. dollars	
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2013	
Net Premiums Written	633,336	620,615	630,605	638,863	668,375	6,475	
Net Claims Paid	403,857	397,444	493,011	436,647	413,767	4,008	
Net Loss Ratio	69.4%	69.6%	84.7%	74.8%	67.8%	67.8%	
Underwriting Expenses	226,792	221,935	220,691	222,618	227,049	2,199	
Net Expense Ratio	35.8%	35.8%	35.0%	34.8%	34.0%	34.0%	
Underwriting Result	(33,126)	(33,134)	(124,222)	(61,738)	(11,701)	(113)	
Underwriting Profit (Loss)	2,293	(24,991)	(41,118)	8,786	(29,725)	(288)	
Combined Ratio	105.2%	105.3%	119.7%	109.7%	101.8%	101.8%	
Investment Assets	2,367,667	2,202,069	2,086,194	2,119,815	2,092,332	20,269	
Assets in Saving-Type Account	813,343	744,194	692,183	629,121	569,831	5,520	
Interest and Dividend Income	44,999	42,722	41,211	39,183	40,640	394	
Income Yield	2.06%	2.08%	2.12%	2.15%	2.34%	2.34%	
Investment Profit (Realized Basis)	53,358	49,100	49,701	75,079	96,963	939	
Realized Yield	2.47%	2.40%	2.59%	4.15%	5.54%	5.54%	
Investment Profit (Mark-to-Market Basis)	173,995	(17,688)	68,662	198,428	92,904	900	
MTM Yield	7.55%	(0.76)%	3.23%	9.78%	4.44%	4.44%	
Ordinary Profit (Loss)	29,384	(319)	(7,737)	64,580	49,685	481	
Net Income (Loss)	13,123	(6,437)	(22,584)	33,332	22,173	215	
Return on Equity (ROE)	3.4%	(1.6)%	(6.5)%	8.7%	5.0%	5.0%	
Non-Consolidated Solvency Margin Ratio	742.5%	642.9%	470.8%	534.0%	653.0%	653.0%	
Total Net Assets	433,642	365,539	329,580	440,100	450,797	4,367	
Catastrophic Loss Reserve	234,593	240,067	202,953	172,172	163,975	1,588	

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

2. In the non-consolidated solvency margin ratios presented above, the figures for FY2010 and before and the figures for FY2011 and later are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of solvency margin ratio that was enforced at the end of FY2011.

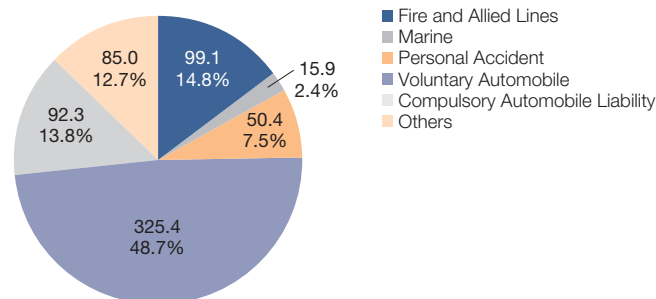
3. U.S. dollar amounts are translated from yen at the rate of ¥103.23=U.S.\$1.00, the approximate rate prevailing at March 31, 2014.

Net Premiums Written

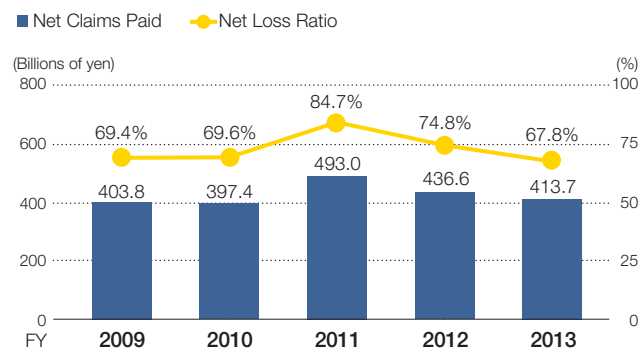


Breakdown of Net Premiums Written (FY2013)

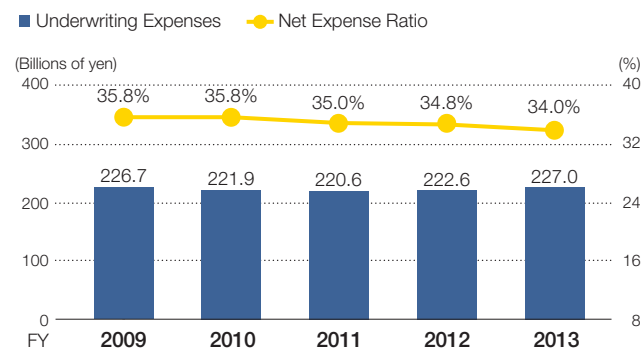
(Billions of yen, %)



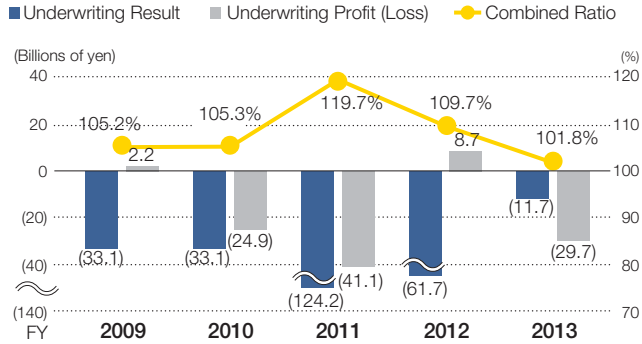
Net Claims Paid/Net Loss Ratio



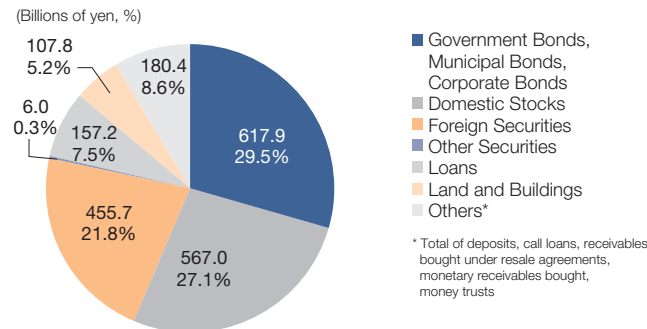
Underwriting Expenses/Net Expense Ratio



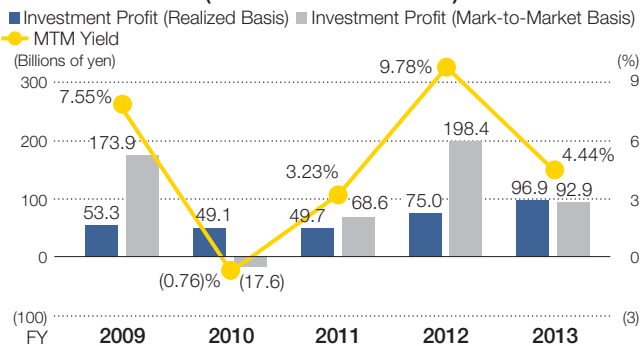
Underwriting Result/Underwriting Profit (Loss)/Combined Ratio



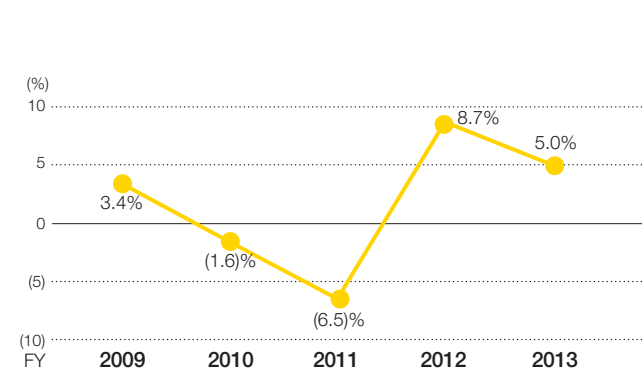
Breakdown of Investment Assets (FY2013)



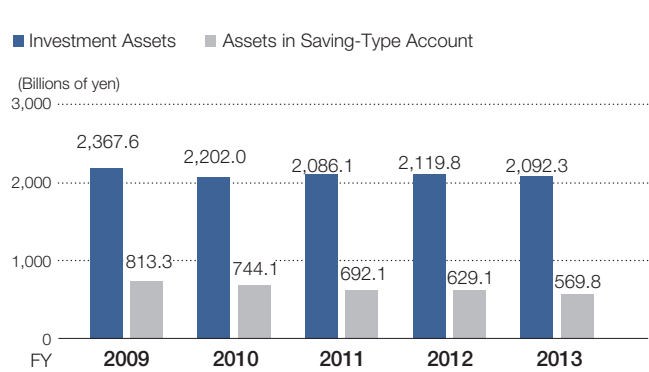
Investment Profit (Realized Basis)/Investment Profit (Mark-to-Market Basis)/MTM Yield



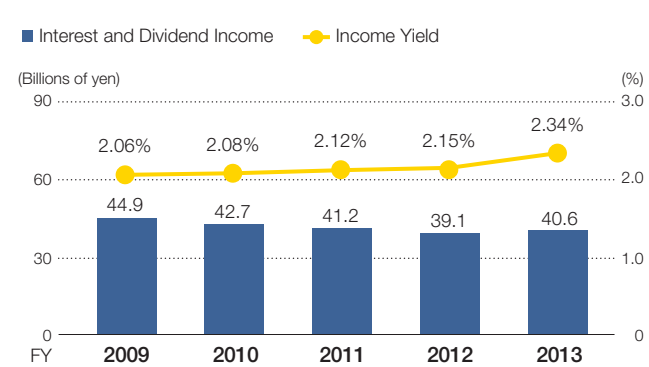
Return on Equity (ROE)



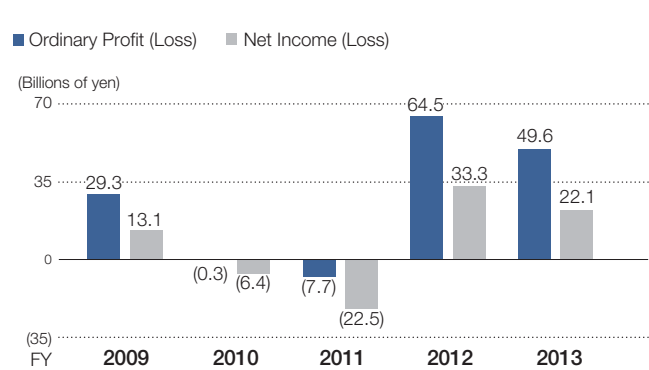
Investment Assets/Assets in Saving-Type Account



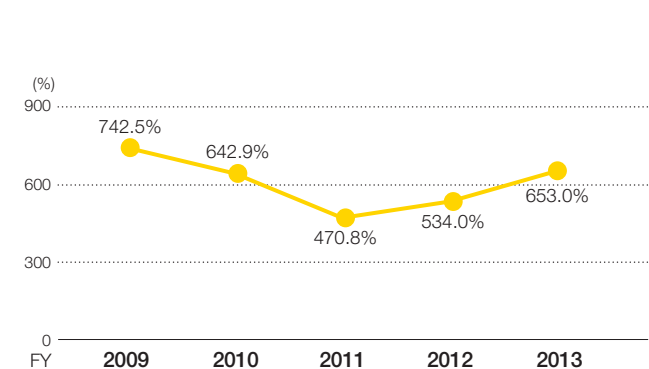
Interest and Dividend Income/Income Yield



Ordinary Profit (Loss)/Net Income (Loss)



Non-Consolidated Solvency Margin Ratio



Note)

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

Non-Consolidated Indicators for Sompo Japan Nipponkoa Himawari Life

(NKSJ Himawari Life Insurance Inc. changed its name to Sompo Japan Nipponkoa Himawari Life Insurance Inc. on September 1, 2014.)

		Millions of yen				Millions of U.S. dollars	
		FY2009	FY2010	FY2011	FY2012	FY2013	FY2013
Amount of Business in Force		14,686,763	16,201,321	17,659,712	19,164,751	20,245,544	196,121
Annualized Premium from Business in Force		265,907	275,815	286,252	300,504	308,507	2,989
Amount of New Business		2,768,734	3,067,388	2,968,353	3,043,304	2,635,008	25,526
Annualized Premium from New Business		33,421	38,121	36,766	38,505	30,496	295
Income from Insurance Premiums		327,745	355,109	360,180	370,725	372,878	3,612
Total Assets		1,591,121	1,715,400	1,809,210	1,972,630	2,120,286	20,539
Embedded Value (billions of yen)	Sompo Japan Himawari Life	290.7 (MCEV)	345.5 (MCEV)	615.3 (MCEV)	674.8 (MCEV)	750.3 (MCEV)	6,537 (MCEV)
	Nipponkoa Life	96.0 (TEV)	101.4 (TEV)				
Non-Consolidated Solvency Margin Ratio	Sompo Japan Himawari Life	2,437.9%	2,300.9%	1,449.5%	1,555.3%	1,583.2%	1,583.2%
	Nipponkoa Life	2,750.4%	2,596.3%				

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. The figures of embedded value are rounded down to the nearest one-hundred million yen.

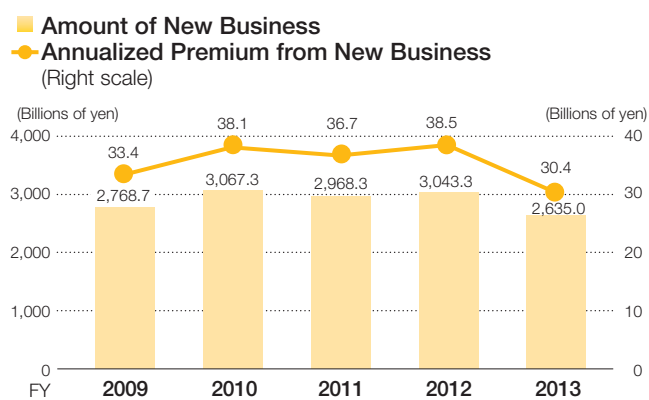
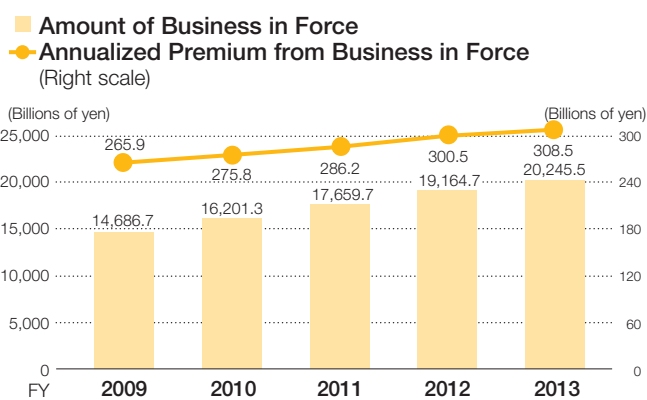
2. The items regarding "Business in Force" and "New Business" represent the sum of Individual insurance and Individual annuities.

3. Amount of new business, annualized premiums from new business and income from insurance premiums prior to October 2011 represent the sum of Sompo Japan Himawari Life and Nipponkoa Life.

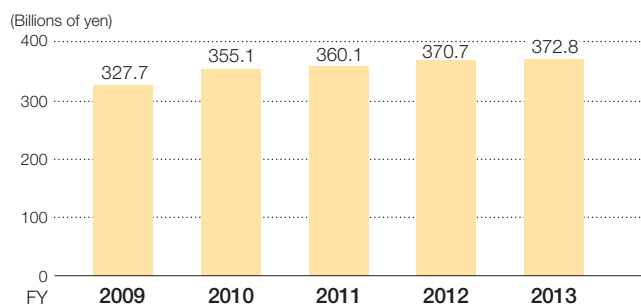
4. Sompo Japan Nipponkoa Himawari Life adopted the interest rates of Japanese government bonds as the benchmark for determining the risk-free interest rate used to calculate Market Consistent Embedded Value (MCEV) for FY2012 and FY2013. The risk-free interest rate for FY2011 and before was determined based on swap rates.

5. In the non-consolidated solvency margin ratios presented above, the figures for FY2010 and before and the figures for FY2011 and later are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of solvency margin ratio that was enforced at the end of FY2011.

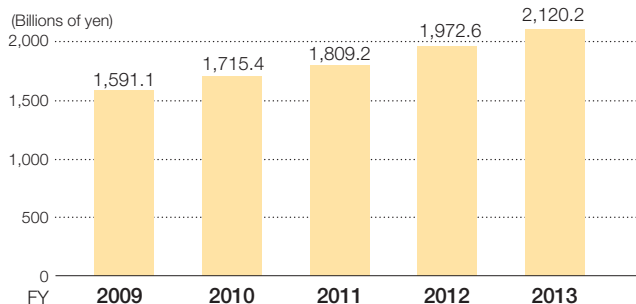
6. U.S. dollar amounts are translated from yen at the rate of ¥103.23=U.S.\$1.00, the approximate rate prevailing at March 31, 2014.



Income from Insurance Premiums

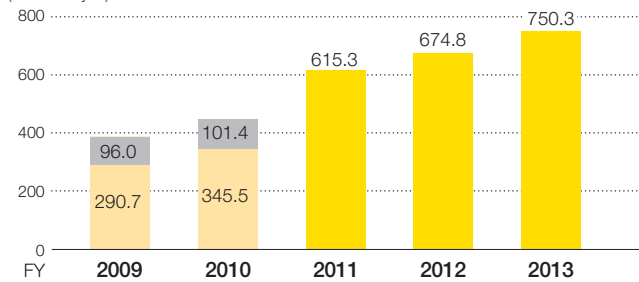


Total Assets



Embedded Value

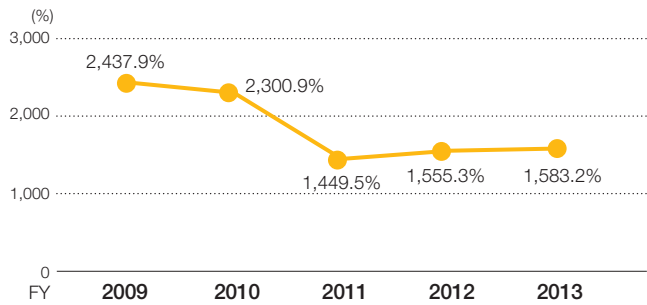
■ Sompo Japan Himawari Life
 ■ Nipponkoa Life
■ Sompo Japan Nipponkoa Himawari Life
 (Billions of yen)



Note)

The embedded value of Nipponkoa Life is calculated based on Traditional Embedded Value (TEV) while the embedded values of Sompo Japan Himawari Life and Sompo Japan Nipponkoa Himawari Life are calculated based on Market Consistent Embedded Value (MCEV).

Non-Consolidated Solvency Margin Ratio



Notes)

- In FY2011, the calculation of the solvency margin ratio was revised.
- Figures of FY2009 and FY2010 were those of Sompo Japan Himawari Life, the surviving company.



Management Structure

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Directors, Audit & Supervisory Board Members and Executive Officers

(Photograph taken on June 23, 2014)



Standing from left: Nobuhiro Kojima, Toshiyuki Takata, Takaya Isogai, Shigeru Ehara, Shoichiro Takemoto, Naoki Yanagida, Haruo Kasama, Isao Endo, Shinji Tsuji, Keiji Nishizawa, Atsushi Kumanomido, Eiichi Yoshimitsu, Hiroyuki Tokuoka
Seated from left: Chikami Tsubaki, Scott Trevor Davis, Kengo Sakurada, Masaya Futamiya, Sawako Nohara, Tamami Murata

(As of September 1, 2014)

Representative Director,
Chairman and Executive Officer

Masaya Futamiya

Representative Director,
President and Executive Officer
(Group CEO)

Kengo Sakurada

Representative Director,
Deputy President and Senior Managing
Executive Officer

Shinji Tsuji

Director,
Managing Executive Officer
(Group CRO)

Shoichiro Takemoto

Director
Managing Executive Officer

Shigeru Ehara

Director, Executive Officer
(Group CIO)

Keiji Nishizawa

Director, Executive Officer

Takaya Isogai

Director
Atsushi Kumanomido

Independent Directors

Sawako Nohara

Isao Endo

Tamami Murata

Scott Trevor Davis

Executive Officers

Hisato Hosoi

Junichi Tanaka

Nobuhiro Kojima

Shiro Sato

Masato Fujikura

Takashi Yoshino

Audit & Supervisory Board Members
(Full-Time)

Eiichi Yoshimitsu

Toshiyuki Takata

Independent Audit &
Supervisory Board Members

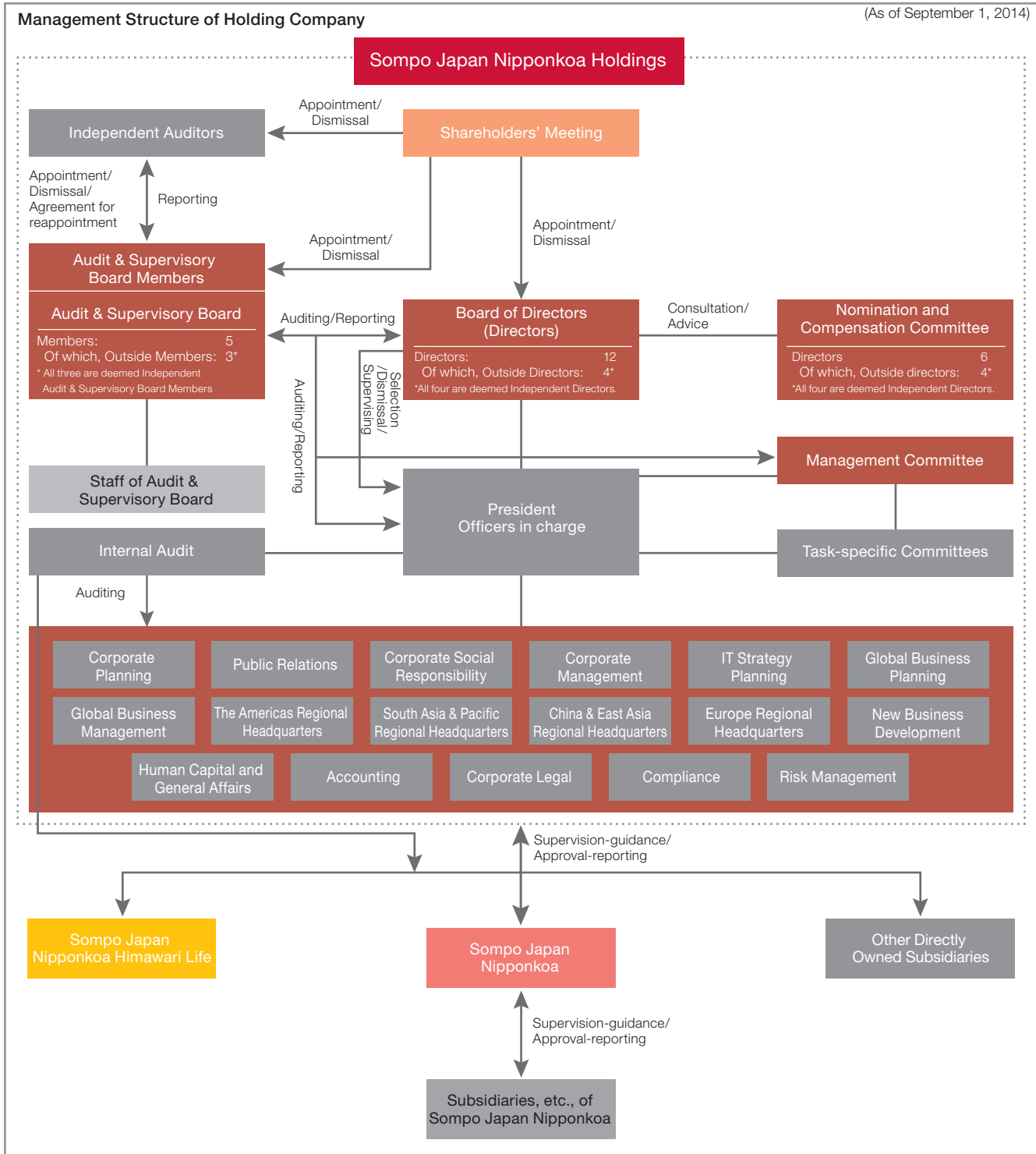
Chikami Tsubaki

Haruo Kasama

Naoki Yanagida

Corporate Governance

Sompo Japan Nipponkoa Holdings recognizes that it is essential to work continuously to improve the transparency and fairness of its corporate governance and to strengthen its relationships of trust with all stakeholders. Reflecting this, the Company's Board of Directors sets corporate governance policies and defines the overall vision for the governance structure and its mechanisms.



Sompo Japan Nipponkoa Holdings has established the following policies to ensure transparent and fair corporate governance, and to strengthen the confidence of all stakeholders in its ability to fulfill its corporate social responsibilities.

1. Overall Governance Organization

Sompo Japan Nipponkoa Holdings is structured as a company with a Board of Corporate Auditors. The Board of Directors, which is responsible for important management decisions and the supervision of operations, and the its Corporate Auditors and Board of Corporate Auditors, which are independent from the Board of Directors, both shall work to maintain and enhance the effectiveness of supervisory functions and checks and balances. In order to ensure swift decision-making and clarify authority and responsibility, Sompo Japan Nipponkoa Holdings shall adopt an Executive Officer System.

The Board of Directors shall be charged with creating a highly transparent group-wide governance structure by formulating basic management policies for the Group, as well as the Basic Policy on Developing Internal Control Systems on which management is based. Sompo Japan Nipponkoa Holdings shall also establish a Nomination and Compensation Committee as the advisory body of the Board of Directors, to ensure transparency in the appointment and compensation of directors and executive officers. Independent directors shall make up the majority of committee members.

2. Directors and the Board of Directors

(1) Role of directors and the Board of Directors

Alongside performing its statutory duties, the Board of Directors shall make decisions on important management matters and supervise the performance of operations. In principle, the Board of Directors shall meet monthly, with the appropriate number of members required to allow swift decision making. Directors shall improve their knowledge and accumulate experience pertaining to important matters, so that they can perform their management duties appropriately, fairly and efficiently.

(2) Number and terms of office of directors, composition of the Board of Directors

The number of directors shall not exceed 15, as stipulated in the Articles of Association. When determining the actual number of directors, Sompo Japan Nipponkoa Holdings shall take into account the need for swift and appropriate decision making and the scope of duties to be performed by the Board of Directors. Independent directors shall be corporate managers and other persons with extensive experience and wide-ranging views, who can bring outside viewpoints to

various aspects, including legal affairs, consumer needs and overseas business development.

In order to provide clear accountability for each fiscal year of management, the terms of office of the directors shall expire 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

(1) Role of the corporate auditors and Board of Corporate Auditors

Alongside performing their statutory duties, corporate auditors shall also conduct audits concerning the legality and appropriateness of business operations, taking into account the importance of customer protection. The Board of Corporate Auditors shall formulate audit policies and plans, etc., in order to ensure that these audits are conducted effectively.

(2) Number and terms of office of auditors, composition of the Board of Corporate Auditors

The number of corporate auditors shall not exceed seven, as stipulated in the Articles of Association. When determining the actual number of corporate auditors, Sompo Japan Nipponkoa Holdings shall take into account the need to ensure that audits of financial and business can be conducted effectively. As required by law, at least one-half of the corporate auditors shall be independent corporate auditors. The terms of office of corporate auditors shall expire at the conclusion of the ordinary General Meeting of Shareholders for the final of the fiscal years that ends within four years of their appointment.

4. Nomination and Compensation Committee

(1) Role of the Committee

Nomination and Compensation Committee shall determine policies and standards for the appointment of directors and executive officers and make a proposal of candidates and also advise the Board of Directors on the assessment of directors and executive officers, compensation structures and compensation. Nomination and Compensation Committee shall also be involved in the appointment and compensation of directors and executive officers of subsidiaries in accordance with factors including their business scope and scale of operations

(2) Structure of the Committee and number of members

The Committee shall be appointed from among the directors. In order to ensure the independence and neutrality of the members of Committee, the majority of members shall be independent directors. The chairperson shall be elected by the committee from among the independent directors who are members of the committee.

5. Policies for Determining the Compensation of Corporate Officers

Compensation for Sampo Japan Nipponkoa Holdings' directors, executive officers, and corporate auditors shall be determined in accordance with the following policies. Compensation for the directors and executive officers shall be determined by the Board of Director's after deliberation by Nomination and Compensation Committee. Compensation for corporate auditors shall be determined through discussion among the corporate auditors.

(1) Basic policy

Sampo Japan Nipponkoa Holdings shall adopt a compensation structure for directors and executive officers that increase incentive to improve business performance and contribute to the enhancement of long-term corporate value, with compensation at a level that makes it possible to secure talented human resources. Objectivity and transparency for the level of compensation shall be ensured by determination after deliberations by Nomination and Compensation Committee, mainly by independent directors.

In principle, a similar compensation structure shall be adopted for the compensation for the directors and executive officers of subsidiaries.

Sampo Japan Nipponkoa Holdings shall adopt a compensation structure for corporate auditors and maintains compensation at a level appropriate to the duties and responsibilities of the corporate auditors, taking into account their independence.

(2) Compensation for directors

Compensation for directors shall consist of basic compensation and stock compensation-type stock options. Basic compensation shall consist of monthly compensation and performance-related compensation. Monthly compensation shall be a fixed amount determined according to whether the individual is a director inside Sampo Japan Nipponkoa Holdings or an independent director and whether the individual holds the right to represent. Performance-related compensation shall be determined in accordance with Sampo Japan Nipponkoa Holdings' business performance, taking into account adjusted consolidated profit, consolidated net income and change in net assets per share as performance indicators. Sampo Japan Nipponkoa Holdings shall grant stock compensation-type stock options to

increase the linkage between long-term enhancement of corporate value and compensation.

However, Sampo Japan Nipponkoa Holdings shall not provide stock compensation-type stock options or performance-related compensation to independent directors. A director who concurrently serves as an executive office shall be paid both compensation as a director and compensation as an executive officer.

(3) Compensation for executive officers

Compensation for executive officers shall consist of basic compensation and stock compensation-type stock options. Basic compensation shall consist of monthly compensation and performance-related compensation. Monthly compensation shall be a fixed amount determined in accordance with the individual's position.

Performance-related compensation shall be determined in accordance with the performance of both Sampo Japan Nipponkoa Holdings and the individual.

Company performance-related compensation shall be determined taking into account adjusted consolidated profit, consolidated net income and change in net assets per share as performance indicators. Individual performance-related compensation shall be determined in accordance with the performance assessments of the executive officers. Sampo Japan Nipponkoa Holdings shall grants stock compensation-type stock options to increase the linkage between long-term enhancement of corporate value and compensation.

(4) Compensation for corporate auditors

Compensation for corporate auditors shall be a fixed amount determined through discussions among the corporate auditors in accordance with the individual's status as executive or non-executive.

6. Information Disclosure

Sampo Japan Nipponkoa Holdings shall fulfill its accountability by providing accurate information in a fair, appropriate and timely manner. Disclosure systems, including internal rules, shall be established to ensure that essential information is supplied appropriately and promptly. As one aspect of this, Disclosure Committee shall be established to discuss material issues regarding disclosure.

7. Supervision Policies for Group Companies

To improve the Sampo Japan Nipponkoa Group's corporate value, Sampo Japan Nipponkoa Holdings shall take steps to supervise the entire Group and foster organic links among its various business segments. To achieve above, Sampo Japan Nipponkoa Holdings shall establish structures, including internal rules, to ensure to conduct appropriately business management of companies within the Group.

Sompo Japan Nipponkoa Holdings shall formulate a common management vision and basic policies for the Group and notify these among Group companies. It shall supervise Group companies' management through monitoring and other means. Sompo Japan Nipponkoa Holdings shall also establish appropriate systems, including risk management

systems, regulatory compliance systems, conflict of interest control systems, customer information management systems and internal audit systems, in order to ensure effectiveness of the internal control systems of Group companies. Group companies shall formulate their own basic policies and business plans on the basis of the Group's basic policies and plans.

Independent Directors and Independent Audit & Supervisory Board Members

The Company's Independent Directors and Audit & Supervisory Board Members consist of the following seven persons and are making their respective contributions to the Board of Directors and the Audit & Supervisory Board, ensuring that corporate governance is appropriately executed.

Independent Directors

Name	Attendance at Board of Directors meetings	Important concurrent positions	Reason for appointment
Sawako Nohara	All 11 Board of Directors meetings	Representative Director and President, IPSe Marketing, Inc. Specially Appointed Professor, Keio University Graduate School of Media and Governance Outside Director, Japan Post Bank Co., Ltd. Outside Board Member, Nissha Printing Co., Ltd.	The Company determined that she will be able to reflect her extensive experience and knowledge as a corporate manager in its business management.
Isao Endo	(Appointed on June 23, 2014)	Chairman, Roland Berger Strategy Consultants in Japan Professor, Waseda University Graduate School of Commerce Director, Ryohin Keikaku Co., Ltd. Outside Audit & Supervisory Board Member, Yamaha Motor Co., Ltd. Outside Director, Nisshin Steel Co., Ltd.	The Company determined that he will be able to reflect his extensive experience and abundant knowledge as a corporate manager in its business management.
Tamami Murata	(Appointed on June 23, 2014)	Attorney-at-law	The Company determined that she possesses an aptitude for duties as an Independent Director based upon her experience and specialized knowledge as an attorney-at-law.
Scott Trevor Davis	(Appointed on June 23, 2014)	Director, Seven & i Holdings Co., Ltd. Corporate Auditor, Nissen Holdings Co., Ltd. Professor, Department of Global Business, Rikkyo University College of Business, Member of the Board, Bridgestone Corporation	The Company determined that he will be able to reflect his abundant experience as an academic expert in its business management.

Independent Audit & Supervisory Board Members

Name	Attendance at Board of Directors meetings	Important concurrent positions	Reason for appointment
Chikami Tsubaki	All 11 Board of Directors meetings; all 10 Audit & Supervisory Board meetings	Certified public accountant Statutory Auditor, HEIWA REAL ESTATE CO.,LTD.	The Company determined she possess an aptitude for duties as an Independent Audit & Supervisory Board Member based upon her experience and specialized knowledge as a certified public accountant.
Haruo Kasama	All 11 Board of Directors meetings; all 10 Audit & Supervisory Board meetings	Attorney-at-law Director (Outside), Japan Post Holdings Co., Ltd. Outside Corporate Auditor, SUMITOMO CORPORATION Outside Audit & Supervisory Board Member, Kewpie Corporation	The Company determined that he possesses an aptitude for duties as an Independent Audit & Supervisory Board Member based upon his experience and specialized knowledge as an attorney-at-law.
Naoki Yanagida	(Appointed on June 23, 2014)	Attorney-at-law Outside Audit & Supervisory Board Member, Alpine Electronics, Inc.	The Company determined that he possess an aptitude for duties as an Independent Audit & Supervisory Board Member based upon his experience and specialized knowledge as an attorney-at-law.

Internal Controls and Compliance

Internal Controls

Sompo Japan Nipponkoa Holdings' Board of Directors has resolved to establish the Basic Policy on Internal Controls for the purpose of ensuring that the Sompo Japan Nipponkoa 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 works to improve related structures.

Compliance

The Sompo Japan Nipponkoa 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 Sompo Japan Nipponkoa Group has formulated the Sompo Japan Nipponkoa Group Basic Policy on Compliance and the Sompo Japan Nipponkoa 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 Sompo Japan Nipponkoa Group work to resolve issues by formulating compliance programs for each business year. Sompo Japan Nipponkoa Holdings monitors initiatives by these companies, including the progress made, and gives instructions for improvement as necessary. Sompo Japan Nipponkoa Holdings also shares information about initiatives being undertaken by one Group subsidiary with the other insurance companies within the Group to facilitate the resolution of compliance issues support the development of best practice.

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 Sompo Japan Nipponkoa Holdings, as well as compliance department heads from Sompo Japan Nipponkoa and Sompo Japan Nipponkoa 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 Group company affected by serious compliance-related problems, including serious breaches, to report the matter to Sompo Japan Nipponkoa 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.

Risk Management

The Sampo Japan Nipponkoa Group has established risk management system to appropriately assess, evaluate and control risks while accurately responding when risks emerge through Strategic Risk Management (the Group's ERM framework) designed to maximize the Group's corporate value.

The Group's Risk Management Systems

The Sampo Japan Nipponkoa Group has developed the following risk management systems:

1. In accordance with its Group Management Policy, Sampo Japan Nipponkoa Holdings has established the Group Basic Policy on ERM upon the approval of its Board of Directors. This Group Basic Policy on ERM supports Strategic Risk Management by setting forth principles of accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner.
2. With the aim of enabling appropriate management decision making based upon the assessment of group-wide risk, the Company established Group ERM Promotion Committee*1 and Risk Management Committee.*2 Moreover, the Risk Management Department was established to promote the Company's efforts to develop and enhance its risk management systems.
3. Each Group member has basic policies and rules on risk management formulated in reference to the Group Basic

Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management. In addition, the insurance subsidiaries place considerable emphasis on managing insurance underwriting risk, asset management risk, operational risk and liquidity risk in ways tailored to their particular risk profile. By doing so, these subsidiaries are appropriately addressing risks that could significantly affect their operations.

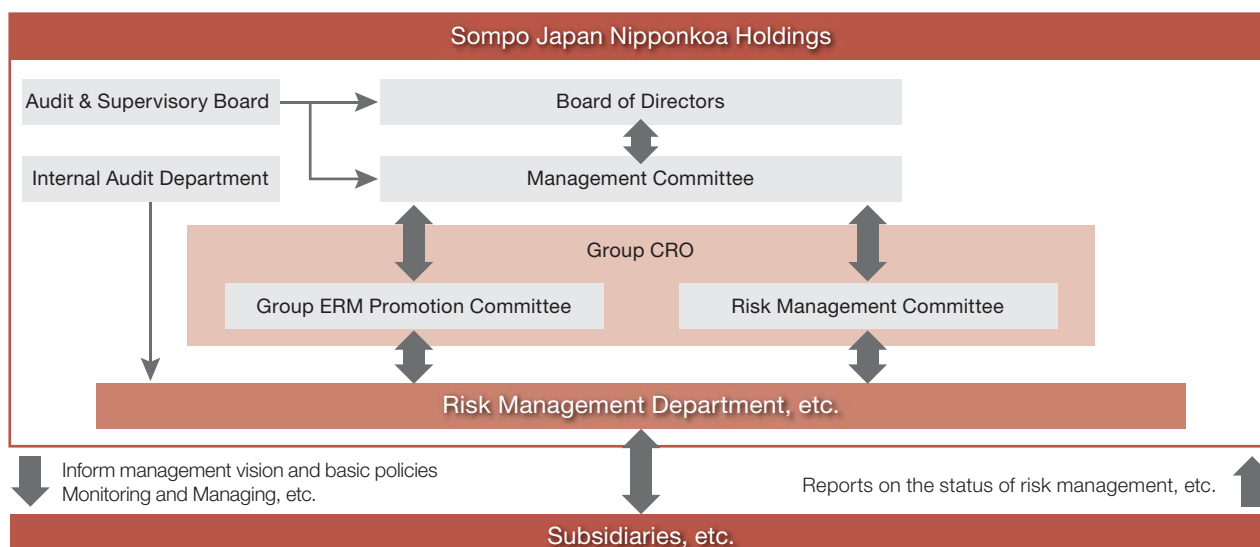
4. Sampo Japan Nipponkoa Holdings sets forth matters that require its approval and matters that must be reported to the Company. Moreover, Sampo Japan Nipponkoa Holdings established a structure to ensure that each Group member promptly reports matters that may significantly affect Group operations.

*1 The Committee is engaged in discussions about the Group ERM Basic Policy and capital allocation.

*2 The Committee monitors the status of risk management while considering countermeasures against risk that have emerged.

Risk Management Structure

(As of September 1, 2014)



Capital Management

With the aim of maintaining sufficient capital to counter whatever risk it may face, the Sampo Japan Nipponkoa Group is engaged in capital management by comparing economic risk capital against adjusted capital. Economic risk capital is the aggregation of risks that may impact Group operations, measured by uniform yardsticks. Adjusted capital represents the difference between assets and liabilities on an economic value basis. By this way, the Group is securing its financial soundness.

1. Quantifying Risk

As a strategic target, the Sampo Japan Nipponkoa Group seeks to maintain a level of financial soundness at AA rating equivalent. Therefore the Group uses Value at Risk (VaR) as a yardstick to quantify its risks and determine the estimated levels of damage it may suffer at a holding period of one year and confidence level equivalent to AA rating.

2. Capital Allocation

The Group has defined business units according to the Group strategy and has allocated capital* to each business unit. Each business unit controls risks so that risks will not constantly exceed allocated capital.

* Allocating the maximum extent of risk permitted to each unit within the Group's adjusted capital

3. Monitoring Risk, Formulating and Implementing Countermeasures

The Sampo Japan Nipponkoa Group periodically monitors the status of risk and capital of the Group and each business unit. A system is established so that when a risk of the Group or its business units appears likely to exceed capital, the Group will formulate and implement measures aimed at reducing risk or strengthening capital.

Comprehensive Risk Management

In addition to capital management, the Sampo Japan Nipponkoa Group comprehensively addresses on a group-wide basis, diverse risks by the following manner, giving due consideration to the type and specific characteristics of each risk.

1. Risk Limit Management

The Sampo Japan Nipponkoa Group aims to avoid overconcentration of credit risk, of reinsurance counterparty risk and of specific type of risks by the Group. To that end, risk limits are set to ensure appropriate risk management on a group-wide basis. Moreover, in response to the recent expansion of the overseas insurance business, the Group also aims to avoid the concentration of overseas' natural disasters risk by strengthening its risk management structure.

2. Stress Test

Stress tests that assess and measure risks comprehensively are conducted to analyze their effects on adjusted capital and risk of group as a whole, domestic insurance subsidiaries and other affiliates. The stress scenarios are appropriately set to comprehensively cover events that could cause a material impact on the Group's operations.

3. Risk Assessment

While comprehensively reviewing and identifying various types of risks that may affect Group operations, the Sampo Japan Nipponkoa Group is performing both qualitative and quantitative evaluations on the potential magnitude of such risks and their probability. By drawing on these results to formulate and implement risk countermeasures, the Group is ensuring appropriate risk management. Moreover, the Group is developing a structure to manage "emerging risks," which are risks that could materialize or change due to changes in the operating environment and other factors.



Approach to CSR

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Stance on Corporate Social Responsibilities

To make sure that every Group member in Japan and overseas fulfills its corporate social responsibilities, the Sampo Japan Nipponkoa Group has established its Group CSR Vision, thereby implementing initiatives centered on six CSR material issues.

Group CSR Vision

We, the Sampo Japan Nipponkoa Group will positively engage our stakeholders in forward looking dialogue, respect international standards and codes of conduct, address environmental issues of climate change, biodiversity, and social issues of human rights and diversity in the course of our business operations in a transparent, fair and open manner.

By constantly maintaining a long-term outlook, and by providing services and products that contribute to security, health, and wellbeing, we will strive as a solutions provider to promote the realization of a resilient and sustainable society.

Group's Six CSR Material Issues

1. Providing Products and Services that Contributes to Security, Health, and Wellbeing

We will provide products and services that furnish protection from various risks in society and contribute to the security, health, and wellbeing of our customers.

2. Tackling Global Environmental Issues

We will develop and provide new solutions to help solve global environmental issues including biodiversity loss and will address the risks of climate change through dual approaches of adaptation and mitigation.

3. Providing Sustainable and Responsible Financial Services

We will promote social responsible investment incorporating ESG* issues and develop products and services that contribute to the resolution of social issues by applying our financial and insurance capabilities.

4. Community Involvement and Development — Partnership with NGOs/NPOs

Through collaboration with citizens, governments, NGOs/NPOs, and other principals aimed at the resolution of regional issues, we will contribute to the building of sustainable communities.

5. Respect Human Rights, Promoting the Development of Human Resource and Diversity

We will respect the basic human rights of all stakeholders. We will provide dynamic work environments that support our diverse employees to realize their full potential and develop human resources that contribute to society through our business.

6. Disclosing Transparent Information

We will establish a governance structure that enables sustainable growth and proactively disclose corporate information including non financial information in a fair and transparent manner.

*ESG: Environment, Social and Governance

External Recognition of the Somo Japan Nipponkoa Group

Inclusion in SRI Indices

Sompo Japan Nipponkoa Holdings was selected for inclusion in the following SRI Indices. (as of April 1, 2014).

■ Dow Jones Sustainability Indices (DJSI World)



DJSI World is a leading global SRI index of companies that are leaders in sustainability, as assessed from their approaches towards ESG (Environment, Social and Governance) issues.

■ FTSE4Good Index Series



The FTSE4Good Index Series is a group of SRI indexes that evaluate the performance of companies that meet globally recognized corporate responsibility standards, including ESG issues such as aspects on environment and human rights.

■ Ethibel EXCELLENCE Investment Registers



The Ethibel Investment Register is an investment universe that selects and includes companies which are highly recognized in terms of the performance in fulfilling their corporate social responsibility.

■ Morningstar Socially Responsible Investment Index



The Morningstar Socially Responsible Investment Index was developed as Japan's first SRI index covering Japanese companies.

■ Received "Prime" Rating from Oekom Research AG



Oekom Research AG is a global rating agency that evaluates corporate performance using unique standards which focus on the social and environmental perspectives. Sompo Japan Nipponkoa Holdings received a "Prime" rating, a status awarded only to companies that are especially highly assessed.

Main Awards Received during Fiscal Year 2013

- NKSJ Holdings Received "Bronze Class" in Corporate Sustainability Assessment sponsored by Swiss asset management advisor RobecoSAM.
- Nipponkoa received the Environment Minister's Award in the 2013 Environment Minister's Award for Global Warming Prevention Activity.
- Nipponkoa ranked first and Sompo Japan third in the Nikkei Inc's 17th "Corporate Environmental Management Survey" ranking (Category of Non-Manufacturers/Financial Business).
- Nipponkoa ranked first and Sompo Japan third in the Toyo Keizai Inc's eighth CSR Corporation Ranking (Category of Financial Business).

The Sompo Japan Nipponkoa Group aims to help resolve social issues and to facilitate the growth of the entire Group through its business activities. The examples highlight just a few of our initiatives to achieve this aim.

Developing and Providing Products and Services Aimed at Addressing Social Challenges

We are developing new products and services aimed at helping to resolve various challenges confronting society.

As a part of our initiative to address the issues of climate change, Sompo Japan Nipponkoa developed "Weather Index Insurance" that aims to mitigate drought-related damage incurred by rice farmers in Thailand. Sompo Japan Nipponkoa is also participating in the Pacific Catastrophe Risk Insurance Pilot Program, an initiative established by the World Bank in collaboration with the Japanese government, to mitigate natural disaster risks that the Pacific Island countries are facing.

Moreover, in fiscal year 2013, Sompo Japan Nipponkoa launched a support service targeting local financial institutions to assist farmers in developing a new agricultural

business framework to accelerate the "sixth" industrialization which is the vertical integration of primary, secondary, and tertiary industries to achieve greater value added in products and services. Sompo Japan Nipponkoa also developed "specified earthquake damage compensation benefits and earthquake derivatives" to help corporations enhance their business continuity management with the aim of countering the risk of a major earthquake along the Nankai Trough. Furthermore, Sompo Japan Nipponkoa released an insurance product that provides wind power generation business operators with coverage for the costs of measures to prevent the reoccurrence of accidents at their facilities.

Preserving Rare Species through Automobile Insurance under the “SAVE JAPAN Project”

Sompo Japan Nipponkoa is promoting the use of web-based contracts for its flagship automobile insurance products in lieu of paper-based contracts while utilizing reconditioned auto parts in automobile repair services. Sompo Japan Nipponkoa is giving due consideration to environmental preservation throughout processes spanning the signing of policies and the payment of insurance claims.

These initiatives also enable business cost reduction, thus helping raise funds for environmental activities. Taking advantage of this, since fiscal year 2011, Sompo Japan Nipponkoa has implemented the “SAVE JAPAN Project”, funded by a part of proceeds derived from policyholders’ selection of such web-based contracts and reconditioned auto parts. With the aim of preserving favorable habitats for wildlife, this

project holds biodiversity promotion events in collaboration with the Japan NPO Center and more than a hundred local NGOs/NPOs as well as other supportive local entities, with the aim of encouraging citizens nationwide to casually take part in environmental preservation activities.

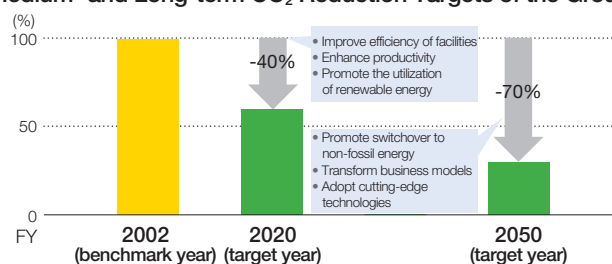
As of March 31, 2014, the “SAVE JAPAN Project” has held a total of 325 events all around Japan since its launch in fiscal year 2011, with more than 18,000 citizens participating.



Group-wide Initiatives to Reduce CO₂ Emissions

The Sompo Japan Nipponkoa Group has set its long-term CO₂ reduction targets covering the period from fiscal year 2020 to 2050. While promoting environment-friendly purchasing and energy-saving operations, the Group is working to reduce the environmental footprint of its entire value chain. The scope of such initiatives not only covers direct CO₂ emissions attributable to the use of energy but also includes Scope 3 emissions, namely, indirect CO₂ emissions attributable to commuting, business trips, the use of paper and printing equipment, logistics, disposal and other business processes.

Medium- and Long-term CO₂ Reduction Targets of the Group



Value-Chain Initiatives to Contribute to Society

In collaboration with its agencies, Sompo Japan Nipponkoa is striving to reduce the environmental footprint of its value chain while undertaking social contribution activities.

AIR AUTOCLUB, a nationwide association of automobile repair agencies partnering with Sompo Japan Nipponkoa, is implementing ongoing activities aimed at helping raise environmental awareness, as a part of its across-the-board environmental preservation initiatives that are rooted in communities. For example, the association promotes “green purchasing” through the utilization of an on-line joint procurement system developed for agencies while helping them obtain the environmental management system certifications, such as ISO14001 and Eco Action 21. Moreover, it also utilizes a database system enabling the stockpile search of reconditioned auto parts, with the aim of facilitating the use of these parts in automobile repair.

Meanwhile, JSA Chukaku Kai, an association of professional insurance agencies that have been collaborating with

Sompo Japan Nipponkoa, is striving to facilitate the use of web-based materials and contracts in insurance solicitation, claim application and other procedures while promoting “green purchasing”.

In partnership with nationwide branches of these two associations, Sompo Japan Nipponkoa is assisting social welfare facilities with the maintenance of wheelchairs while undertaking cleanup activities at these facilities. Specifically, AIR AUTOCLUB members are engaged in quick repairs of these wheelchairs, leveraging their automobile repair techniques to contribute to the society.



AIR AUTOCLUB members repairing wheelchairs

Declarations for Society; Participating in Initiatives Aimed at Resolving Social Issues

In order to resolve global issues confronting society, it is essential to facilitate collaboration between various types of entities. With this in mind, the Sampo Japan Nipponkoa Group is proactively participating in initiatives led by financial institutions, both domestically and overseas. In doing so, the Group is striving to play a leading role in countering such social issues.

Main Initiatives in which we participate

United Nations Global Compact (UN GC)



Advocated by then UN Secretary General Kofi Annan in July 2000, the UN GC is a partnership initiative between the UN and business that motivates companies to enhance better corporate citizenship by voluntarily addressing the areas of human rights, labor, the environment, and anticorruption. The Sampo Japan Nipponkoa Group became UN GC signatories in 2006.

United Nations Environment Programme Finance Initiative (UNEP FI)



UNEP FI is an international financial sector network. 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. Sampo Japan Nipponkoa became a signatory of this initiative in 1995.



CDP
The CDP is a collaborative initiative by the world's leading institutional investors. This international initiative encourages businesses worldwide to adopt climate change strategies and disclose their greenhouse gas emissions. Sampo Japan Nipponkoa has been a member since 2005 as an institutional investor.

Women's Empowerment Principles (WEPs)



The Women's Empowerment Principles (WEPs), a joint initiative between UN Women and the UN Global Compact, offer a framework for business on how to empower women in the workplace, marketplace and community. The 7 WEPs Principles seek to point the way to best practice in advancing gender equality by elaborating the gender dimension of corporate responsibility, the UN Global Compact, and business' role in sustainable development. Sampo Japan Nipponkoa Holdings became a signatory of WEPs in June 2012.

Principles for Sustainable Insurance (UN PSI)



UN PSI was formulated by the United Nations Environment Programme Finance Initiative (UNEP FI) in June 2012, as a declaration by financial institutions that they will take environmental, social and governance (ESG) issues into account through their business operations. Sampo Japan Nipponkoa has participated in the development of the principles and became a signatory in June 2012.

World Business Council for Sustainable Development (WBCSD)



The WBCSD, established in 1995, is a CEO-led global association of companies. Company leaders from the world are providing industry leadership on the environment and sustainable development through lively debate, policy recommendations, and other activities. Sampo Japan Nipponkoa is the only Japanese financial institution participating in the initiatives of the WBCSD.

Caring for Climate

It is the initiative aimed at advancing the role of business in addressing climate change. It was launched by UN Secretary-General Ban Ki-moon in July 2007. The initiative is jointly convened by the United Nations Global Compact, the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Environment Programme (UNEP). Sampo Japan Nipponkoa is a member of the steering committee.

Principles for Responsible Investment (UN PRI)



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

Principles for Financial Action towards a Sustainable Society (PFA)

These principles were formulated in October 2011 as action principles for financial institutions to fulfill their roles and responsibilities to develop a sustainable society. Sampo Japan Nipponkoa was actively involved in the formulation, participating as members of the drafting committee. In December 2011, seven group companies including Sampo Japan Nipponkoa became signatories to these principles.

Topics: Commitment to Stakeholder Engagement

As a responsible corporate citizen, the Sampo Japan Nipponkoa Group recognizes that maintaining proactive communications with various stakeholders is essential to remaining apprised of current social challenges and to building relationships of trust as we aim to achieve better outcomes through collaboration. In line with this recognition, we are placing emphasis on stakeholder engagement in our pursuit of CSR initiatives.

For example, our website features topics on our CSR initiatives, and this content is periodically updated to deliver the latest information to our stakeholders. Moreover, we hold forums to exchange opinions with shareholders, investors, CSR ratings and certification institutions, and other external specialists, obtaining their feedback to enhance our initiatives. In addition, since fiscal year 2002 Sampo Japan Nipponkoa has been holding annual CSR dialogue sessions

to exchange opinions with the Company's various stakeholders. In fiscal year 2013, CSR dialogue was held in Japan in collaboration with 14 domestic Group member companies and one CSR dialogue with NGOs/NPOs. Also several CSR dialogues were held at overseas bases.



Dialogue with RobecoSAM, a Swiss asset management advisor



CSR dialogue in which 14 Group members participated

Contributing to Society through Global Initiatives

Europe



① London, U.K.
(June 2013)

Participated in the **G8 Social Impact Investment Forum**, in which government officials and senior figures from the worlds of finance, business and philanthropy gathered from across the G8 countries, introducing Japan and initiatives undertaken by the Group (Photo A)



② Amsterdam, Netherlands
(April 2013)

Attended a conference of the **Global Reporting Initiative (GRI)**, with the Group's representatives speaking on "Sustainability in the Era of Resilient Growth in Japan," a session featuring Japanese business leaders (Photo B)



Photo A: London, U.K.
(the G8 Social Impact Investment Forum)



③ Warsaw, Poland
(November 2013)

Participated in the "**Caring for Climate Business Forum**" held at the 19th United Nations Framework Convention on Climate Change (**COP19**), taking part in discussions over countermeasures against climate change



④ Istanbul, Turkey
(November 2013)

Attended the **WBCSD Council Meeting** as a core member of the "Action2020" project aimed at setting an action agenda for business on sustainable development to 2020 and beyond

Photo B: Amsterdam, Netherlands
(GRI Global Conference on Sustainability and Reporting 2013)



Photo C: Beijing, China (UN PSI annual meeting)



Photo D: Hong Kong, China
(Asia Ethics Summit)

Asia



⑤ Beijing, China
(November 2013)

Participated in "Global Roundtable" of the UN Environment Programme Finance Initiative (UNEP FI), as well as annual meetings of **UNEP FI** and **UN Principles for Sustainable Insurance (PSI)** (Photo C)



⑤ Beijing, China
(December 2013)

Gave a presentation on initiatives undertaken by the Group at the **Sixth International Conference on CSR Reporting in China** hosted by WTO Tribune



⑥ Hong Kong, China
(December 2013)

Attended **Asia Ethics Summit** sponsored by Ethisphere Institute to participate in a panel discussion (Photo D)



Photo E: Hanoi, Vietnam (Visit to Vietnam's Ministry of Nature Resources and Environment as a member of KCNC)



⑦ Bangkok, Thailand
(September 2013)

Took a rostrum at the **CSR Asia Summit 2013** to introduce the Group's approach to countering climate change



⑧ Indonesia/Vietnam
(October 2013)

Participated in a tour organized by the **Keidanren Committee on Nature Conservation (KCNC)** to observe nature conservation projects undertaken in Indonesia and Vietnam while taking part in dialogue with local governments and NGOs/NPOs (Photo E)



⑨ Tokyo, Japan
(March 2014)

Took a rostrum at **RI Asia 2014**, with the Group's representatives speaking on a platform at a session entitled "The Case for ESG Integration"

The United States



⑩ New York, San Francisco, the United States (February 2014)

Participated in "CSR Dialogue Mission to the U.S." hosted by **Council for Better Corporate Citizenship (CBCC)**, taking part in dialogue with **UN Global Compact** and U.S. companies while introducing initiatives undertaken by the Group (Photo F)



Photo F: New York, the United States
(visit to UN GC as a member of CBCC mission)

Fiscal Year 2013 CSR Topics

The Sampo Japan Nipponkoa Group's Volunteer Days

Since fiscal year 2011, the Sampo Japan Nipponkoa Group is annually holding the Sampo Japan Nipponkoa Group's Volunteer Days, a volunteer campaign aimed at raising all Group employees' social contribution awareness. While offering ongoing support for the reconstruction of areas affected by the Great East Japan Earthquake, this initiative has entailed a variety of social welfare, environmental preservation and other activities. Marking the third round of its kind, fiscal year 2013 campaign extended to a period of five months from October 2013 to February 2014, with around 10,000 Group employees undertaking volunteer activities on approximately 300 occasions in Japan and overseas.



Seminar held in Tokyo to promote better understanding of people with vision impairments through hands-on experience



Group employees who joined a charity run held in Vietnam

Employee Dispatch "Pro Bono" Program

As reconstruction efforts progress in areas stricken by the Great East Japan Earthquake, the need for volunteers is shifting from short-term volunteers to medium- and long-term supporters. There is also growing demand for capable business persons who can assist with reconstruction by offering their management skills. In response, the Sampo Japan Nipponkoa Group began implementing the Employee Dispatch "Pro Bono" Program in fiscal year 2012, sending employees to NGOs/NPOs with the aim of supporting their reconstruction activities. In fiscal year 2013, the Group dispatched nine employees who volunteered for this opportunity to assist the "Fukushima Solar and Agriculture Experience Association". This incorporated association operates Minamisoma Solar Agripark in Minamisoma City, Fukushima Prefecture, and works to support the upbringing of local children through the provision of educational programs featuring hands-on experience at solar power generation facilities and plant cultivation facilities. Over a period of four months, from

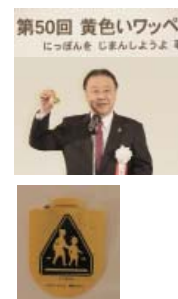
July to October 2013, these employees worked to enhance the content of educational programs, plan strategies aimed at increasing the number of contributing supporters of "solar panel owners", and cultivated local alliance partners while organizing local events.



Hands-on experience at a solar power generation facility

Half a Century of Providing "Yellow Badges" to New First-Graders

Each spring, Sampo Japan Nipponkoa provides new first-grade elementary school students nationwide with Yellow Badges that qualify holders as eligible to receive insurance if a traffic accident injury occurred. This initiative aims to raise children's awareness of traffic safety and, with the cooperation of drivers and local residents, to decrease traffic accidents. Launched in 1965, this spring's activities marked the initiative's 50th distribution. Over half a century, we have provided over 61 million badges, working in tandem with Mizuho Financial Group, Inc., Meiji Yasuda Life Insurance Company and The Dai-ichi Life Insurance Company, Limited.



The 20th Anniversary of Public Seminars on the Environment for Citizens

Sompo Japan Nipponkoa, the Sompo Japan Nipponkoa Environmental Foundation and the Japan Environmental Education Forum (JEEF) are jointly hosting Public Seminars on the Environment inviting citizens. Launched in 1993, the seminar marked its 20th anniversary in 2013. At the end of fiscal year 2013, a total of 351 seminar sessions had been held, with approximately 17,500 attendees. Addressing a variety of themes, including nature conservation, climate change, biodiversity preservation, dietary education and environmental education, 410 lecturers in total have addressed seminar attendees over the years. Moreover, these sessions extend beyond lectures to involve field trips aimed at offering hands-on experience in the natural environment.

To mark the 20th anniversary of this initiative, in February 2014 we held a commemorative symposium on the theme of “Business and Environmental Issues”, with approximately 130 people attending. The symposium also celebrated the publication of the first book prepared by the Environmental Issues Research Group, which was launched in 2011. With stakeholders including citizens, representatives from local governments and NGOs/NPOs, we discussed the challenges confronting businesses as they address environmental issues and the future prospects of their environmental initiatives.



Masatoshi Sato, Chairman at the time of Sompo Japan Nipponkoa, greeting attendees of the 20th anniversary commemorative symposium



“How Should We Adapt to Climate Change Risks?” published by the Environmental Issues Research Group

Financial Section

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Note: NKSJ Holdings, Inc. changed its company name to Sompo Japan Nipponkoa Holdings, Inc. on September 1, 2014. The former name is represented in this financial section because this section is based on the financial data as of March 31, 2014.

Financial Review

For the year ended March 31, 2014

Consolidated Results of NKSJ Holdings

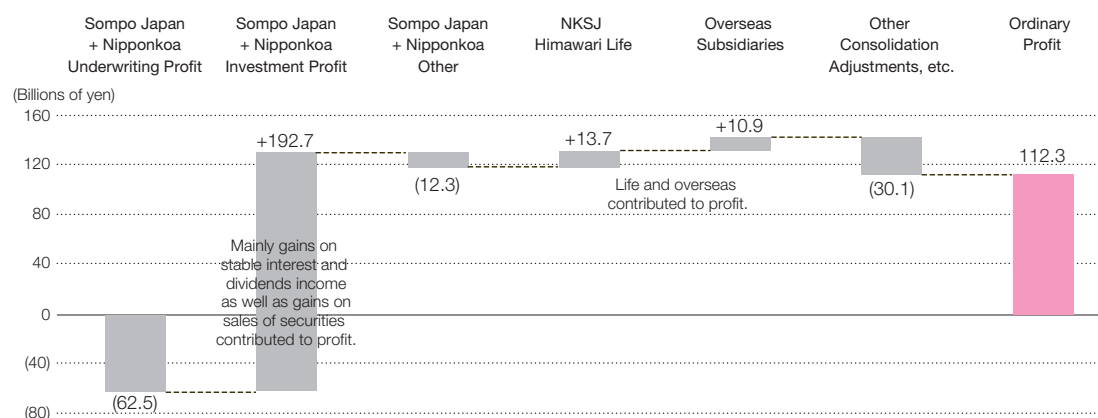
In the fiscal year 2013 (April 1, 2013 through March 31, 2014) consolidated results of the NKSJ Group, our top line of insurance underwriting business steadily grew. This was attributable to a 10.0% increase of net premiums written to ¥2,268.9 billion and a 4.7% increase of life insurance premiums to ¥277.2 billion. Also, progress has been made on efforts of Sompo Japan and Nipponkoa to sell strategic-holding stocks. As a result, NKSJ Holdings recorded consolidated ordinary profit of ¥112.3 billion, an increase of ¥7.6 billion, and net income of ¥44.1 billion, an increase of ¥0.5 billion.

FY2013 Results

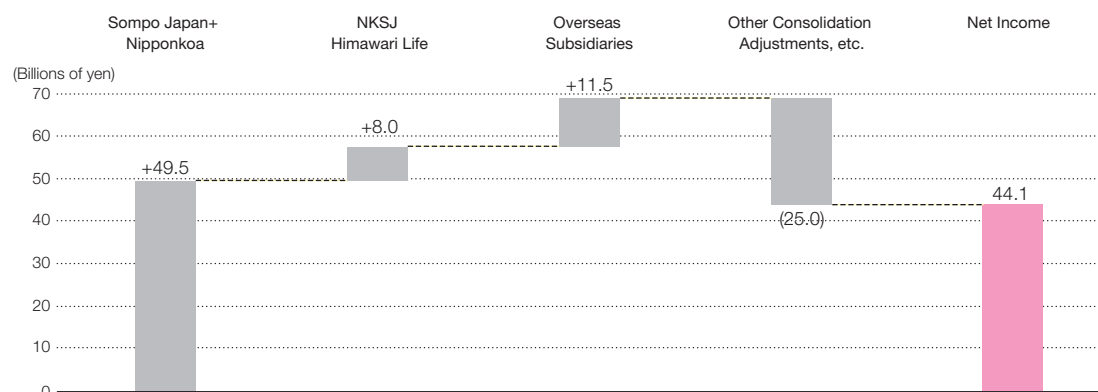
	Billions of yen			Millions of U.S. dollars
	FY2012	FY2013		FY2013
			Change	
Ordinary income	¥2,843.2	¥3,008.3	¥165.1	\$29,142
Net premiums written (P&C insurance))	2,062.6	2,268.9	206.3	21,979
Life insurance premiums	264.7	277.2	12.4	2,685
Ordinary profit (loss)	104.7	112.3	7.6	1,088
Net income (loss)	43.6	44.1	0.5	427

Note: U.S. dollar amounts are translated from yen at the rate of ¥103.23=U.S.\$1.00, the approximate rate prevailing at March 31, 2014.

Ordinary Profit by Business Domain (FY2013)



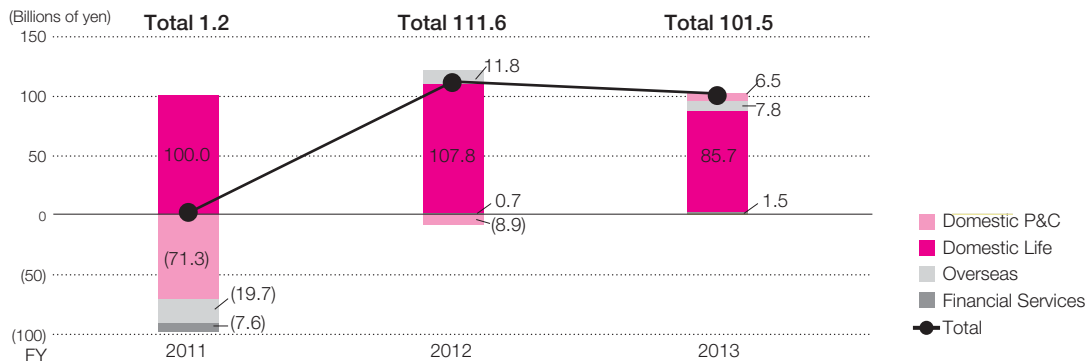
Net income by Business Domain (FY2013)



Adjusted Consolidated Profit

NKSJ Holdings recorded adjusted consolidated profit of ¥101.5 billion, a slight decrease from the ¥111.6 billion recorded in the previous fiscal year mainly due to snow damage in February 2014.

Historical Adjusted Consolidated Profit by Business

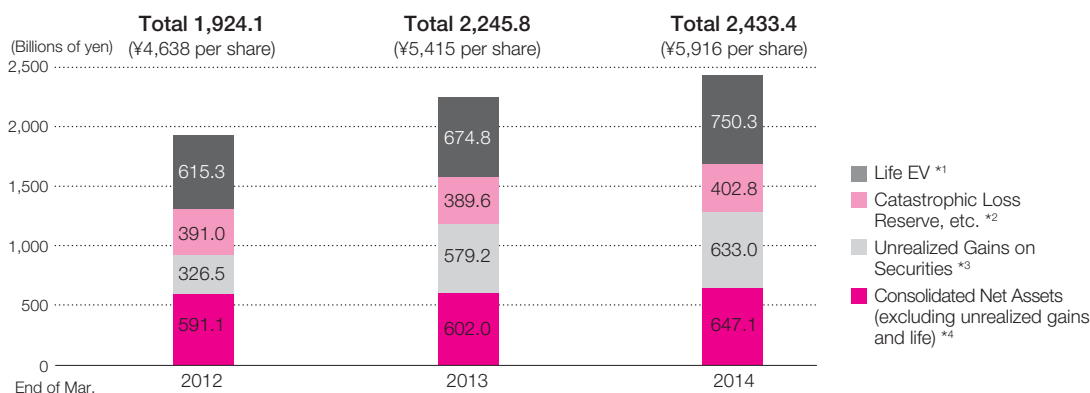


Note: See page 25 about the calculation method for adjusted profit.

Adjusted Consolidated Net Assets

Adjusted consolidated net assets increased year on year to ¥2,433.4 billion and adjusted consolidated net assets per share rose to ¥5,916. This was mainly attributable to the Embedded Value (EV) growth of the domestic life insurance business and an increase in unrealized gains on securities due to the rising value of stocks held by Sampo Japan and Nipponkoa.

Historical Adjusted Consolidated Net Assets



*1 Life insurance EV is the nominal price before deduction of changes in EV attributable to interest rate movements. However, in the case of adjusted profit, which is the subject of the management plan, the growth in EV is the value after deduction of changes in EV attributable to interest rate movements.

*2 Catastrophic loss reserve, etc. is the total of catastrophic loss reserve after tax plus price fluctuation reserve after tax.

*3 Unrealized gains/losses on securities is after tax.

*4 Consolidated net assets excludes Himawari Life Insurance's net assets and the unrealized gains/losses on securities.

Domestic P&C Insurance Business

This section discusses the fiscal year 2013 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.

FY2013	Billions of yen						Millions of U.S. dollars		
	Sompo Japan		Nipponkoa		Total		Sompo Japan	Nipponkoa	Total
		Change		Change		Change			
Net premiums written	1,413.8	86.4	668.3	29.5	2,082.1	115.9	13,695	6,474	20,170
(excl. CALI*)	1,207.9	69.8	576.0	22.3	1,783.9	92.2	11,701	5,579	17,281
Loss ratio	64.6%	(6.0)pt	67.8%	(7.0)pt	65.7%	(6.3)pt	64.6%	67.8%	65.7%
(excl. CALI)	61.5%	(5.7)pt	65.2%	(7.0)pt	62.7%	(6.2)pt	61.5%	65.2%	62.7%
Expense ratio	31.4%	(1.4)pt	34.0%	(0.9)pt	32.2%	(1.2)pt	31.4%	34.0%	32.2%
(excl. CALI)	33.2%	(1.2)pt	36.4%	(0.6)pt	34.2%	(1.0)pt	33.2%	36.4%	34.2%
Combined ratio	96.0%	(7.3)pt	101.8%	(7.9)pt	97.9%	(7.5)pt	96.0%	101.8%	97.9%
(excl. CALI)	94.7%	(6.9)pt	101.5%	(7.7)pt	96.9%	(7.2)pt	94.7%	101.5%	96.9%
Underwriting result	55.9	100.5	(11.7)	50.0	44.2	150.5	542	(113)	428
(excl. CALI)	64.1	82.2	(8.7)	42.0	55.4	124.3	622	(85)	537
Underwriting profit (loss)	(32.8)	(7.1)	(29.7)	(38.5)	(62.5)	(45.6)	(318)	(288)	(606)
Investment profit	112.2	10.1	80.4	22.5	192.7	32.7	1,088	779	1,867
Ordinary profit (loss)	68.0	3.0	49.6	(14.8)	117.7	(11.8)	659	481	1,141
Net income (loss)	27.3	(1.7)	22.1	(11.1)	49.5	(12.9)	265	215	480

* CALI: Compulsory Automobile Liability Insurance

Net Premiums Written

Since fiscal year 2011, Sompo Japan and Nipponkoa enjoyed continued growth in net premiums written due mainly to the effect of rate revisions in automobile insurance. As the combined result of both companies, net premiums written for fiscal year 2013 rose ¥115.9 billion year on year backed by increases in each line of insurance.

FY2013	Billions of yen								
	Sompo Japan			Nipponkoa			Total		
	Amount	Change	% Change	Amount	Change	% Change	Amount	Change	% Change
Fire & allied lines	184.4	19.7	12.0%	99.1	11.4	13.1%	283.6	31.2	12.4%
Marine	29.7	3.4	13.2%	15.9	2.3	17.5%	45.6	5.8	14.7%
Personal accident	134.5	2.4	1.9%	50.4	(0.0)	(0.1)%	184.9	2.4	1.3%
Voluntary automobile	688.7	29.8	4.5%	325.4	3.3	1.0%	1,014.1	33.1	3.4%
CALI	205.9	16.6	8.8%	92.3	7.1	8.4%	298.2	23.7	8.7%
Other	170.4	14.3	9.2%	85.0	5.1	6.5%	255.4	19.5	8.3%
of which, liability	107.0	8.8	9.1%	43.2	1.7	4.1%	150.3	10.6	7.6%
All lines	1,413.8	86.4	6.5%	668.3	29.5	4.6%	2,082.1	115.9	5.9%
All lines excluding CALI	1,207.9	69.8	6.1%	576.0	22.3	4.0%	1,783.9	92.2	5.5%

	Millions of U.S. dollars		
	Sompo Japan	Nipponkoa	Total
	Amount		
Fire & allied lines	1,787	960	2,747
Marine	288	154	442
Personal accident	1,303	488	1,792
Voluntary automobile	6,671	3,152	9,824
CALI	1,994	894	2,889
Other	1,650	823	2,474
of which, liability	1,037	419	1,456
All lines	13,695	6,474	20,170
All lines excluding CALI	11,701	5,579	17,281

Net Loss

Net claims paid decreased ¥44.3 billion at Sampo Japan and Nipponkoa in step with improvement in the written/paid net loss ratio. This was mainly attributable to a decrease of claims paid for catastrophic loss, and a decrease of petty claims associated with the revision of the driver rating system, which is reflected in policies written after October 2012.

Written Paid Basis Loss

Billions of yen

FY2013	Sampo Japan				Nipponkoa			
	Net claims paid		Loss ratio		Net claims paid		Loss ratio	
		Change		Change		Change		Change
Fire & allied lines	104.6	(7.0)	58.3%	(11.6)pt	73.2	(12.6)	76.8%	(24.9)pt
Marine	17.9	2.1	63.9%	(0.0)pt	7.5	1.8	48.3%	5.0pt
Personal accident	74.4	1.9	60.8%	(0.2)pt	27.3	0.4	58.9%	0.7pt
Voluntary automobile	385.4	(19.3)	64.5%	(6.0)pt	190.0	(12.1)	65.9%	(4.9)pt
CALI	156.6	(1.3)	83.3%	(7.8)pt	71.4	(0.7)	84.1%	(7.7)pt
Other	83.0	2.1	52.7%	(3.4)pt	44.1	0.4	55.6%	(3.4)pt
of which, liability	54.0	2.0	54.7%	(2.9)pt	21.4	(0.0)	52.8%	(2.3)pt
All lines	822.2	(21.4)	64.6%	(6.0)pt	413.7	(22.8)	67.8%	(7.0)pt
All lines excluding CALI	665.5	(20.1)	61.5%	(5.7)pt	342.3	(22.0)	65.2%	(7.0)pt

Billions of yen

Millions of U.S. dollars

	Total				Net claims paid		
	Net claims paid		Loss ratio		Sampo Japan	Nipponkoa	Total
		Change		Change			
Fire & allied lines	177.8	(19.7)	64.8%	(16.2)pt	1,013	709	1,722
Marine	25.4	4.0	58.4%	1.5pt	174	72	246
Personal accident	101.8	2.4	60.2%	0.0pt	721	265	986
Voluntary automobile	575.5	(31.5)	65.0%	(5.7)pt	3,734	1,841	5,575
CALI	228.1	(2.1)	83.5%	(7.7)pt	1,517	691	2,209
Other	127.2	2.5	53.7%	(3.4)pt	804	427	1,232
of which, liability	75.4	2.0	54.2%	(2.7)pt	523	207	731
All lines	1,236.0	(44.3)	65.7%	(6.3)pt	7,965	4,008	11,973
All lines excluding CALI	1,007.9	(42.2)	62.7%	(6.2)pt	6,447	3,316	9,763

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

Earned Incurred Basis Loss

Billions of yen

FY2013	Sompo Japan				Nipponkoa			
	Net claims incurred		Loss ratio		Net claims incurred		Loss ratio	
		Change		Change		Change		Change
Fire & allied lines	134.4	23.8	78.7%	7.3pt	87.4	21.8	97.9%	23.8pt
Marine	19.4	2.8	71.2%	1.8pt	8.2	3.2	55.4%	16.1pt
Personal accident	76.1	4.3	64.0%	1.8pt	25.9	(0.8)	56.2%	(1.9)pt
Voluntary automobile	391.1	(7.7)	66.6%	(3.5)pt	190.2	(11.0)	66.3%	(3.7)pt
Other	88.9	5.2	59.4%	0.6pt	48.8	2.9	63.1%	0.9pt
of which, liability	56.3	0.4	60.1%	(2.2)pt	24.0	1.1	59.8%	1.4pt
All lines	710.1	28.5	67.2%	(0.6)pt	360.7	16.2	69.8%	2.1pt

Billions of yen

Millions of U.S. dollars

	Total				Sompo Japan	Nipponkoa	Total
	Net claims incurred		Loss ratio		Net claims incurred		
		Change		Change			
Fire & allied lines	221.9	45.7	85.4%	12.9pt	1,302	847	2,149
Marine	27.7	6.0	65.7%	6.7pt	188	80	268
Personal accident	102.1	3.4	61.8%	0.8pt	737	251	989
Voluntary automobile	581.3	(18.7)	66.5%	(3.6)pt	3,789	1,842	5,631
Other	137.8	8.1	60.7%	0.7pt	861	473	1,334
of which, liability	80.4	1.6	60.0%	(1.1)pt	546	232	778
All lines	1,070.9	44.7	68.1%	0.3pt	6,879	3,494	10,374

Notes)

1. Loss adjustment expenses are included in the calculation of Loss Ratio.
2. Household earthquake insurance and CALI are excluded in the above table.

Expense

Sompo Japan and Nipponkoa implemented measures such as structural integration and personnel reduction to establish efficient operations in the newly merged company. As a result, the expense ratio improved in fiscal year 2013.

Net Expenses

Billions of yen

FY2013	Sompo Japan				Nipponkoa			
	Amount *1		Ratio *2		Amount *1		Ratio *2	
		Change		Change		Change		Change
Net commissions and brokerage fees	245.1	16.2	17.3%	0.1pt	118.5	6.7	17.7%	0.2pt
Operating, general and administrative expenses	198.7	(7.1)	14.1%	(1.5)pt	108.4	(2.3)	16.2%	(1.1)pt
Net expenses	443.8	9.0	31.4%	(1.4)pt	227.0	4.4	34.0%	(0.9)pt
Net expenses excluding CALI	401.2	9.8	33.2%	(1.2)pt	209.4	4.7	36.4%	(0.6)pt

Billions of yen

Millions of U.S. dollars

	Total				Sompo Japan	Nipponkoa	Total
	Amount *1		Ratio *2		Amount		
		Change		Change			
Net commissions and brokerage fees	363.7	23.0	17.5%	0.1pt	2,374	1,148	3,523
Operating, general and administrative expenses	307.1	(9.5)	14.8%	(1.4)pt	1,925	1,050	2,975
Net expenses	670.9	13.4	32.2%	(1.2)pt	4,299	2,199	6,499
Net expenses excluding CALI	610.6	14.5	34.2%	(1.0)pt	3,886	2,028	5,915

*1. Only for underwriting expenses.

*2. The ratio of each amount for underwriting expenses against net premiums written.

Company Expenses

Billions of yen

FY2013	Sompo Japan				Nipponkoa			
	Amount		Ratio*		Amount		Ratio*	
		Change		Change		Change		Change
Personnel expenses	162.9	(6.0)	11.5%	(1.2)pt	84.2	(4.6)	12.6%	(1.3)pt
Non-personnel expenses	122.4	(4.6)	8.7%	(0.9)pt	60.8	0.1	9.1%	(0.4)pt
Tax and contributions	12.5	0.4	0.9%	(0.0)pt	6.8	0.2	1.0%	(0.0)pt
Total company expenses	297.9	(10.2)	21.1%	(2.1)pt	151.9	(4.3)	22.7%	(1.7)pt

Billions of yen

Millions of U.S. dollars

	Total				Sompo Japan	Nipponkoa	Total
	Amount		Ratio*		Amount		
		Change		Change			
Personnel expenses	247.2	(10.7)	11.9%	(1.2)pt	1,578	815	2,394
Non-personnel expenses	183.2	(4.5)	8.8%	(0.8)pt	1,185	589	1,775
Tax and contributions	19.4	0.6	0.9%	(0.0)pt	121	66	188
Total company expenses	449.9	(14.5)	21.6%	(2.0)pt	2,886	1,472	4,358

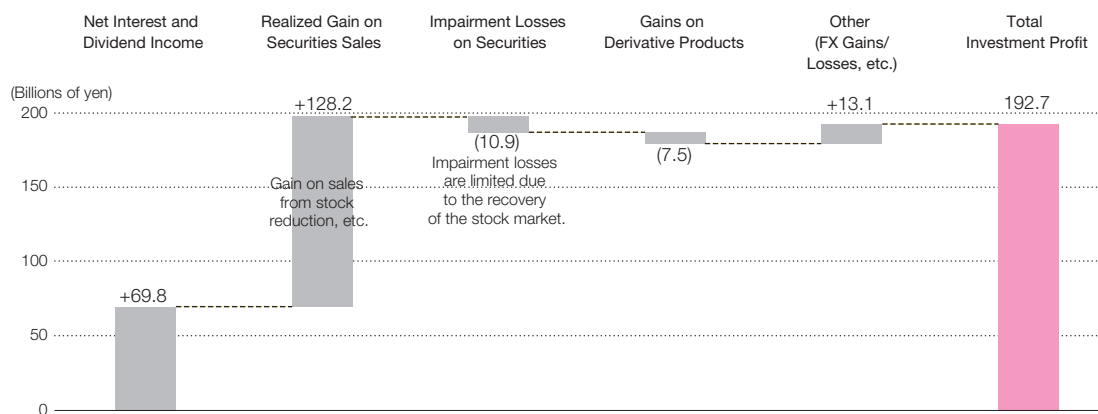
* The ratio of each amount against net premiums written.

Investment

Realized gains on securities recorded by both companies totaled ¥128.2 billion, reflecting timely purchases and sales, as well as favorable market condition. Both companies achieved reductions in strategic-holding stocks totaling ¥206.1 billion yen in fiscal year 2013. Impairment losses on securities were limited to ¥10.9 billion in fiscal year 2013 as the stock market continued to recover. As a combined result, total investment profit rose to ¥192.7 billion

Total Investment Profit

FY2013



Investment Profit

Billions of yen

	Sompo Japan		Nipponkoa		Total	
	FY2013	Change	FY2013	Change	FY2013	Change
Net interest and dividend income	45.7	0.2	24.1	2.1	69.8	2.4
Interest and dividend income	78.1	(1.3)	40.6	1.4	118.7	0.0
Investment income on deposit premium	(32.4)	1.6	(16.5)	0.7	(48.9)	2.3
Gain on money trusts	3.0	2.5	1.6	0.6	4.6	3.2
Gain on trading securities	0.0	(0.0)	0.0	0.0	0.1	(0.0)
Realized gain on securities sales	73.5	(18.9)	54.7	21.3	128.2	2.4
Realized gain on domestic stock sales	66.0	(16.0)	46.0	19.8	112.1	3.7
Realized gain on securities redemption	0.1	0.3	1.9	2.3	2.0	2.6
Impairment losses on securities	(10.8)	14.4	(0.1)	1.3	(10.9)	15.8
Impairment loss on domestic stocks	(10.0)	15.2	(0.0)	1.1	(10.1)	16.3
Gain on derivative products	(5.7)	4.7	(1.7)	(4.2)	(7.5)	0.4
FX gains/losses	9.2	7.3	1.0	(0.7)	10.2	6.6
Other investment income	(2.8)	(0.5)	(1.0)	(0.0)	(3.9)	(0.9)
Total investment profit	112.2	10.1	80.4	22.5	192.7	32.7

Millions of U.S. dollars

	FY2013		
	Sompo Japan	Nipponkoa	Total
Net interest and dividend income	442	233	676
Interest and dividend income	756	393	1,150
Investment income on deposit premium	(313)	(160)	(474)
Gain on money trusts	29	15	45
Gain on trading securities	0	0	1
Realized gain on securities sales	712	529	1,242
Realized gain on domestic stock sales	639	446	1,086
Realized gain on securities redemption	1	18	19
Impairment losses on securities	(105)	(1)	(106)
Impairment loss on domestic stocks	(97)	(0)	(97)
Gain on derivative products	(55)	(17)	(72)
FX gains/losses	89	10	99
Other investment income	(27)	(10)	(38)
Total investment profit	1,087	779	1,866

Investment Asset Portfolio (Mark-to-market basis)

As of March 31, 2014	Billions of yen						Millions of U.S. dollars		
	Sompo Japan		Nipponkoa		Total		Sompo Japan	Nipponkoa	Total
		Proportion		Proportion		Proportion			
Securities:	3,264.9	75.5%	1,646.7	78.7%	4,911.7	76.5%	31,627	15,952	47,580
Domestic stock	1,007.1	23.3%	567.0	27.1%	1,574.1	24.5%	9,756	5,492	15,249
Yen-denominated securities	1,334.5	30.9%	657.1	31.4%	1,991.6	31.0%	12,927	6,365	19,293
Bonds	1,235.3	28.6%	617.0	29.5%	1,852.4	28.9%	11,967	5,977	17,944
Others	99.1	2.3%	40.0	1.9%	139.2	2.2%	960	388	1,348
Foreign securities (Foreign currency denominated)	923.2	21.4%	422.5	20.2%	1,345.8	21.0%	8,943	4,093	13,037
Bonds	405.9	9.4%	356.7	17.1%	762.7	11.9%	3,932	3,455	7,388
Others	517.3	12.0%	65.8	3.2%	583.1	9.1%	5,011	637	5,648
Monetary receivables bought	16.5	0.4%	0.3	0.0%	16.9	0.3%	160	3	164
Money trusts	71.0	1.6%	26.8	1.3%	97.8	1.5%	687	259	947
Loans	421.8	9.8%	157.2	7.5%	579.1	9.0%	4,086	1,523	5,610
Deposits	187.3	4.3%	138.2	6.6%	325.6	5.1%	1,815	1,339	3,154
Call loans	60.0	1.4%	15.0	0.7%	75.0	1.2%	581	145	726
Receivables under resale agreements	126.9	2.9%	—	—	126.9	2.0%	1,230	—	1,230
Land and buildings	175.6	4.1%	107.8	5.2%	283.5	4.4%	1,701	1,044	2,746
Total investment assets	4,324.4	100.0%	2,092.3	100.0%	6,416.8	100.0%	41,891	20,268	62,160
Change from the previous year	121.1		(27.4)		93.6		1,173	(266)	907

Domestic Life Insurance Business

This section discusses the fiscal 2013 results of NKSJ Himawari Life.

Overview of Results

NKSJ Himawari Life has a product strategy focusing on the promotion of protection-type products that are highly profitable. At the fiscal year end, its earned annualized premiums from business in force of third-sector products totaled ¥113.5 billion, marking a 4.7% increase. Earned annualized premiums for all products also increased 2.7% to ¥308.5 billion.

In fiscal year 2013, ordinary profit amounted to ¥17.2 billion, a year-on-year increase of ¥5.8 billion. Net income rose to ¥8.0 billion, an increase of ¥3.6 billion.

FY2013	Billions of yen			Millions of U.S. dollars
	Amount	Change	% Change	Amount
Amount of new business	2,676.2	(402.8)	(13.1%)	25,925
Annualized premiums from new business	30.4	(8.0)	(20.8%)	295
of which, third sector insurance* premiums	12.0	(1.9)	(13.8%)	116
Amount of business in force	23,387.9	1,106.0	5.0%	226,561
Annualized premiums from business in force	308.5	8.0	2.7%	2,988
of which, third-sector insurance* premiums	113.5	5.0	4.7%	1,099
Income from insurance premiums	372.8	2.1	0.6%	3,612
Insurance claims and other payments	174.0	1.8	1.1%	1,685
Ordinary profit	17.2	5.8	51.1%	167
Net income (loss)	8.0	3.6	82.5%	78

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

Embedded Value (EV)

Unless the sales of new business decreased year on year in fiscal year 2013, NKSJ Himawari Life recorded EV (MCEV base) of ¥750.3 billion, an increase of ¥75.5 billion.

As of March 31, 2014	Billions of yen		Millions of U.S. dollars
	Amount	Change	Amount
Embedded Value	750.3	75.5	7,268
Adjusted net worth	201.7	(6.8)	1,954
Value in force	548.6	82.3	5,314
of which, new business value	46.3	(0.7)	448

Investment

The general account investment assets of NKSJ Himawari Life rose ¥142.5 billion to ¥2,044.7 billion thanks to its investment management efforts and the increased amount of business in force. Under its asset management policy, NKSJ Himawari Life conducts Asset Liability Management (ALM) mainly through yen-denominated securities.

General Account Investment Portfolio

As of March 31, 2014	Billions of yen		Millions of U.S. dollars
	Amount	Proportion	Amount
Yen-denominated securities	1,899.4	92.9%	18,399
Foreign currency denominated securities	69.6	3.4%	674
Loans	35.6	1.7%	345
Domestic stocks	2.1	0.1%	21
Others	37.7	1.8%	365
Total investment assets	2,044.7	100.0%	19,807

Overseas Insurance Business

We are seeing continued top-line growth, although we have yet to achieve stable profit in this business domain. Net premiums written increased ¥44.6 billion in South America to ¥93.9 billion as the result of acquiring additional shares of Brazilian insurer Marítima Seguros S.A., which subsequently became a subsidiary. Total net premiums written of the overseas insurance business increased by ¥59.8 billion to ¥158.5 billion.

Net Premiums Written

FY2013	Companies	Millions of yen				Millions of U.S. dollars	
		Net premiums written		Net income		Net premiums written	Net income
			Change		Change		
US	Sompo Japan America	13,113	4,051	1,416	(247)	127	13
	Other	—	—	(2)	(2)	—	(0)
North America Total		13,113	4,051	1,414	(249)	127	14
Europe	Sompo Japan Nipponkoa Europe	2,771	1,658	414	(61)	26	4
	Nipponkoa Europe	1,303	385	(731)	(842)	12	(7)
	Other	—	0	—	170	—	—
Europe total		4,074	2,044	(316)	(734)	39	(3)
Turkey	Sompo Japan Sigorta	18,453	3,279	1,966	358	178	19
Singapore	Tenet Sompo	6,009	1,903	3,513	(2,754)	58	34
Malaysia	Berjaya Sompo	9,678	1,789	1,511	328	93	14
China	Sompo Japan China	6,809	1,234	(2,834)	(2,298)	65	(27)
	Nipponkoa China	840	306	(228)	(177)	8	(2)
Hong Kong	Sompo Japan Nipponkoa Hong Kong	3,602	1,215	417	276	34	4
	Nipponkoa Asia	104	(688)	169	5	1	1
Other		1,900	(15)	(44)	55	18	(0)
Asia & Middle East Total		47,399	9,023	4,470	(4,205)	459	43
Brazil	Yasuda Seguros	22,310	7,027	380	(137)	216	3
	Marítima	71,687	37,668	1,904	1,321	694	18
South America Total		93,997	44,696	2,284	1,184	910	22
Total		158,585	59,815	7,852	(4,004)	1,536	76

*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 is the figure after some adjustment of holding shares of each company and so on. This treatment does not coincide with financial.

*3 Affiliates accounted for under the equity method are included in "Others". The Marítima's results before June 2013 (when it became our subsidiary) are included in "Marítima".

*4 Figures of Tenet Sompo for FY2012 (not show, but used to calculate "Change") are the sum of Sompo Japan Singapore and Tenet.



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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, 2014, 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, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note on Significant Subsequent Events to the consolidated financial statements, which describes on May 1, 2014, NKSJ Holdings, Inc. acquired through Sompo Japan Insurance Inc. which is a consolidated subsidiary, 100% of the issued shares of Canopus Group Limited. Our opinion is not qualified in respect of this matter.

Ernst & Young ShinNihon LLC

June 26, 2014

Consolidated Financial Statements

Consolidated Balance Sheet

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2013		As of March 31, 2014		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Assets:						
Cash and deposits	*5	513,739	5.60%	471,481	4.96%	(42,257)
Call loans		66,700	0.73	75,000	0.79	8,300
Receivables under resale agreements		80,483	0.88	126,984	1.34	46,500
Monetary receivables bought		21,969	0.24	16,951	0.18	(5,018)
Money trusts		69,179	0.75	97,850	1.03	28,671
Securities	*3, *5, *6	6,596,246	71.87	6,896,907	72.60	300,660
Loans	*4, *8	635,239	6.92	606,541	6.38	(28,697)
Tangible fixed assets:	*1, *2, *5	355,792	3.88	349,968	3.68	(5,823)
Land		192,387		184,801		
Buildings		129,178		125,115		
Leased assets		6,146		6,595		
Construction in progress		2,562		5,370		
Other tangible fixed assets		25,519		28,085		
Intangible fixed assets:		56,896	0.62	66,904	0.70	10,007
Software		6,855		8,483		
Goodwill		49,311		54,431		
Other intangible fixed assets		729		3,988		
Other assets		643,596	7.01	720,934	7.59	77,338
Net defined benefit asset		—	—	240	0.00	240
Deferred tax assets		107,938	1.18	63,095	0.66	(44,842)
Customers' liabilities for acceptances and guarantees		35,200	0.38	12,299	0.13	(22,900)
Allowance for possible credit losses		(4,783)	(0.05)	(5,360)	(0.06)	(576)
Total assets		9,178,198	100.00	9,499,799	100.00	321,601

Consolidated Balance Sheet (Continued)

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2013		As of March 31, 2014		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Liabilities:						
Underwriting funds:		7,081,082	77.15%	7,301,760	76.86%	220,678
Reserve for outstanding losses and claims		1,001,993		1,100,613		
Underwriting reserves		6,079,088		6,201,146		
Corporate bonds		261,560	2.85	261,560	2.75	—
Other liabilities	*5	352,898	3.84	371,054	3.91	18,155
Reserve for retirement benefits		103,244	1.12	—	—	(103,244)
Net defined benefit liability		—	—	95,814	1.01	95,814
Reserve for retirement benefits to directors		53	0.00	58	0.00	5
Reserve for bonus payments		23,088	0.25	22,195	0.23	(893)
Reserve for bonus payments to directors		290	0.00	185	0.00	(104)
Reserves under the special laws:		35,519	0.39	43,790	0.46	8,270
Reserve for price fluctuation		35,519		43,790		
Deferred tax liabilities		1,772	0.02	926	0.01	(846)
Acceptances and guarantees		35,200	0.38	12,299	0.13	(22,900)
Total liabilities		7,894,710	86.02	8,109,646	85.37	214,935
Net assets:						
Shareholders' equity:						
Common stock		100,045	1.09	100,045	1.05	—
Capital surplus		438,567	4.78	438,536	4.62	(31)
Retained earnings		181,149	1.97	188,087	1.98	6,938
Treasury stock		(1,122)	(0.01)	(9,825)	(0.10)	(8,702)
Total shareholders' equity		718,640	7.83	716,845	7.55	(1,795)
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		579,284	6.31	659,375	6.94	80,091
Deferred gains and losses on hedges		7,653	0.08	7,205	0.08	(448)
Foreign currency translation adjustments		(29,309)	(0.32)	(4,341)	(0.05)	24,968
Remeasurements of defined benefit plans		—	—	3,120	0.03	3,120
Total accumulated other comprehensive income		557,628	6.08	665,360	7.00	107,731
Stock acquisition rights		2,027	0.02	1,851	0.02	(176)
Non-controlling interests		5,191	0.06	6,096	0.06	905
Total net assets		1,283,488	13.98	1,390,153	14.63	106,665
Total liabilities and net assets		9,178,198	100.00	9,499,799	100.00	321,601

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Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)		Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Ordinary income:		2,843,226	100.00%	3,008,339	100.00%	165,112
Underwriting income:		2,605,798	91.65	2,744,636	91.23	138,837
Net premiums written		2,062,606		2,268,967		
Deposits of premiums by policyholders		146,309		140,943		
Interest and dividend income on deposits of premiums, etc.		51,359		48,983		
Life insurance premiums written		264,732		277,230		
Reversal of reserve for outstanding losses and claims		30,978		—		
Reversal of underwriting reserves		42,689		—		
Other underwriting income		7,122		8,510		
Investment income:		223,709	7.87	248,906	8.27	25,196
Interest and dividend income		154,789		161,257		
Investment gains on money trusts		1,700		5,060		
Investment gains on trading securities		334		2,524		
Gains on sales of securities		112,139		112,625		
Gains on redemption of securities		88		2,287		
Investment gains on special account		2,019		2,252		
Other investment income		3,998		11,881		
Transfer of interest and dividend income on deposits of premiums, etc.		(51,359)		(48,983)		
Other ordinary income:		13,717	0.48	14,796	0.49	1,078
Investment gains on the equity method		713		—		
Other ordinary income		13,004		14,796		
Ordinary expenses:		2,738,443	96.31	2,895,947	96.26	157,503
Underwriting expenses:		2,241,571	78.84	2,420,220	80.45	178,648
Net claims paid		1,336,201		1,339,253		
Loss adjustment expenses	*1	138,019		136,112		
Net commissions and brokerage fees	*1	376,994		412,344		
Maturity refunds to policyholders		322,292		285,504		
Dividends to policyholders		60		109		
Life insurance claims paid and other payments		63,521		73,730		
Provision for reserve for outstanding losses and claims		—		67,862		
Provision for underwriting reserves		—		100,269		
Other underwriting expenses		4,481		5,032		
Investment expenses:		58,269	2.05	20,665	0.69	(37,603)
Investment losses on money trusts		54		235		
Losses on sales of securities		7,395		5,597		
Impairment losses on securities		37,755		1,169		
Losses on redemption of securities		1,133		146		
Losses on derivatives		8,315		7,867		
Other investment expenses		3,614		5,649		
Operating, general and administrative expenses	*1	426,216	14.99	439,382	14.61	13,165
Other ordinary expenses:		12,385	0.44	15,678	0.52	3,293
Interest paid		7,563		11,692		
Losses on bad debt		9		13		
Investment losses on the equity method		—		159		
Other ordinary expenses		4,812		3,812		
Ordinary profit		104,783	3.69	112,391	3.74	7,608

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income (Continued)

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)		Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Extraordinary gains:		3,058	0.11%	4,284	0.14%	1,225
Gains on disposal of fixed assets		2,774		3,926		
Gains on negative goodwill		184		—		
Other extraordinary gains	*3	99		358		
Extraordinary losses:		37,662	1.32	47,518	1.58	9,856
Losses on disposal of fixed assets		760		3,240		
Impairment losses	*2	3,962		4,021		
Provision for reserves under the special laws:		7,861		8,270		
Provision for reserve for price fluctuation		7,861		8,270		
Other extraordinary losses	*4	25,076		31,985		
Net income before income taxes and non-controlling interests		70,179	2.47	69,157	2.30	(1,022)
Income taxes		7,118		9,319		
Deferred income taxes		19,145		14,921		
Total income taxes		26,263	0.92	24,240	0.81	(2,022)
Net income before non-controlling interests		43,916	1.54	44,916	1.49	1,000
Income attributable to non-controlling interests		298	0.01	746	0.02	448
Net income		43,618	1.53	44,169	1.47	551

Consolidated Statement of Comprehensive Income

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
		Amount	Amount
Net income before non-controlling interests		43,916	44,916
Other comprehensive income:			
Unrealized gains and losses on securities available for sale		252,794	80,280
Deferred gains and losses on hedges		1,993	(448)
Foreign currency translation adjustments		20,104	24,425
Share of other comprehensive income of affiliates accounted for under the equity method		239	790
Total other comprehensive income	*1	275,131	105,048
Comprehensive income		319,047	149,965
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		318,126	148,781
Comprehensive income attributable to non-controlling interests		921	1,183

Consolidated Statement of Changes in Net Assets

NKSJ Holdings, Inc.

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	438,562	172,868	(1,044)	710,431
Changes during the period:					
Dividends			(33,186)		(33,186)
Net income			43,618		43,618
Acquisition of treasury stock				(877)	(877)
Disposal of treasury stock		5		799	804
Changes in the scope of consolidation			(1,175)		(1,175)
Changes in the scope of application of the equity method			(976)		(976)
Net changes in items other than shareholders' equity					
Total changes during the period	—	5	8,281	(77)	8,208
Balance at the end of the period	100,045	438,567	181,149	(1,122)	718,640

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	326,591	5,660	(49,141)	—	283,111	2,409	4,624	1,000,577
Changes during the period:								
Dividends								(33,186)
Net income								43,618
Acquisition of treasury stock								(877)
Disposal of treasury stock								804
Changes in the scope of consolidation								(1,175)
Changes in the scope of application of the equity method								(976)
Net changes in items other than shareholders' equity	252,692	1,993	19,832	—	274,517	(382)	566	274,701
Total changes during the period	252,692	1,993	19,832	—	274,517	(382)	566	282,910
Balance at the end of the period	579,284	7,653	(29,309)	—	557,628	2,027	5,191	1,283,488

Consolidated Statement of Changes in Net Assets (Continued)

NKSJ Holdings, Inc.

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	438,567	181,149	(1,122)	718,640
Changes during the period:					
Dividends			(37,231)		(37,231)
Net income			44,169		44,169
Acquisition of treasury stock				(9,242)	(9,242)
Disposal of treasury stock		(31)		539	508
Changes in the scope of consolidation					—
Changes in the scope of application of the equity method					—
Net changes in items other than shareholders' equity					
Total changes during the period	—	(31)	6,938	(8,702)	(1,795)
Balance at the end of the period	100,045	438,536	188,087	(9,825)	716,845

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	579,284	7,653	(29,309)	—	557,628	2,027	5,191	1,283,488
Changes during the period:								
Dividends								(37,231)
Net income								44,169
Acquisition of treasury stock								(9,242)
Disposal of treasury stock								508
Changes in the scope of consolidation								—
Changes in the scope of application of the equity method								—
Net changes in items other than shareholders' equity	80,091	(448)	24,968	3,120	107,731	(176)	905	108,460
Total changes during the period	80,091	(448)	24,968	3,120	107,731	(176)	905	106,665
Balance at the end of the period	659,375	7,205	(4,341)	3,120	665,360	1,851	6,096	1,390,153

Consolidated Statement of Cash Flows

NKSJ Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2013 (April 1, 2012 to March 31, 2013)	March 31, 2014 (April 1, 2013 to March 31, 2014)	
		Amount	Amount	Amount
Cash flows from operating activities:				
Net income before income taxes and non-controlling interests		70,179	69,157	(1,022)
Depreciation		20,177	20,633	455
Impairment losses		3,962	4,021	58
Amortization of goodwill		4,050	4,473	422
Gains on negative goodwill		(184)	—	184
Increase (decrease) in reserve for outstanding losses and claims		(30,908)	68,039	98,947
Increase (decrease) in underwriting reserves		(46,047)	96,668	142,715
Increase (decrease) in allowance for possible credit losses		(900)	80	980
Increase (decrease) in allowance for possible investment losses		(3)	—	3
Increase (decrease) in reserve for retirement benefits		(4,872)	—	4,872
Increase (decrease) in net defined benefit liability		—	(3,080)	(3,080)
Increase (decrease) in reserve for retirement benefits to directors		(14)	5	19
Increase (decrease) in reserve for bonus payments		144	(903)	(1,048)
Increase (decrease) in reserve for bonus payments to directors		146	(105)	(252)
Increase (decrease) in reserve for price fluctuation		7,861	8,270	409
Interest and dividend income		(154,789)	(161,257)	(6,468)
Losses (gains) on investment in securities		(65,942)	(107,999)	(42,056)
Interest expenses		7,563	11,692	4,129
Foreign exchange losses (gains)		3,007	(6,958)	(9,966)
Losses (gains) related to tangible fixed assets		(1,998)	(684)	1,314
Losses (gains) related to loans		0	105	105
Investment losses (gains) on the equity method		(713)	159	873
Decrease (increase) in other assets (Other than investing and financing activities)		4,029	(44,513)	(48,543)
Increase (decrease) in other liabilities (Other than investing and financing activities)		(1,115)	19,717	20,832
Others		3,557	3,224	(332)
Subtotal		(182,808)	(19,252)	163,555
Interest and dividend received		160,334	163,169	2,835
Interest paid		(7,156)	(11,356)	(4,200)
Income taxes paid		(2,968)	(8,874)	(5,905)
Cash flows from operating activities		(32,599)	123,685	156,284
Cash flows from investing activities:				
Net decrease (increase) in deposits		101	14,084	13,982
Proceeds from sales and redemption of monetary receivables bought		7,341	4,838	(2,502)
Increase in money trusts		(45,186)	(36,464)	8,721
Decrease in money trusts		13,070	14,395	1,324
Purchase of securities		(1,231,982)	(1,208,457)	23,524
Proceeds from sales and redemption of securities		1,449,598	1,192,755	(256,843)
Loans made		(171,551)	(160,420)	11,131
Collection of loans		178,933	179,636	702
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		(30,070)	(10,040)	20,029
Others		(19,787)	(44,164)	(24,376)
Total of investment transactions		150,467	(53,836)	(204,304)

Consolidated Statement of Cash Flows (Continued)

NKSJ Holdings, Inc.

	Notes No.	(Millions of yen)		
		Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Increase (Decrease)
		Amount	Amount	Amount
Total of operating activities and investment transactions as above		117,868	69,848	(48,019)
Acquisition of tangible fixed assets		(17,703)	(22,387)	(4,683)
Proceeds from sales of tangible fixed assets		3,974	13,901	9,926
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation	*2	—	(9,492)	(9,492)
Others		(2,889)	(2,888)	0
Cash flows from investing activities		133,848	(74,704)	(208,552)
Cash flows from financing activities:				
Proceeds from issuance of corporate bonds		133,560	—	(133,560)
Proceeds from sales of treasury stock		2	3	0
Acquisition of treasury stock		(877)	(9,242)	(8,365)
Dividends paid		(33,152)	(37,183)	(4,031)
Dividends paid to non-controlling shareholders		(4)	(6)	(1)
Others		(2,954)	(4,044)	(1,089)
Cash flows from financing activities		96,573	(50,473)	(147,046)
Effect of exchange rate changes on cash and cash equivalents		10,599	9,302	(1,297)
Increase (decrease) in cash and cash equivalents		208,422	7,810	(200,612)
Cash and cash equivalents at the beginning of the period		415,489	624,349	208,860
Increase in cash and cash equivalents due to newly consolidated subsidiaries		1,269	—	(1,269)
Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries		(831)	—	831
Cash and cash equivalents at the end of the period	*1	624,349	632,160	7,810

Notes to the Consolidated Financial Statements

NKSJ Holdings, Inc.

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 26 companies

Sompo Japan Insurance Inc.
NIPPONKOA Insurance Company, Limited
Sonpo 24 Insurance Company Limited
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
Sompo Japan Nipponkoa Insurance Services Inc.
NKSJ Himawari Life Insurance, Inc.
Sompo Japan DIY Life Insurance CO., LTD.
Sompo Japan DC Securities Inc.
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.
Healthcare Frontier Japan Inc.
Sompo Japan Nipponkoa Holdings (Americas) Inc.
Sompo Japan Insurance Company of America
Sompo Japan Nipponkoa Insurance Company of Europe Limited
NIPPONKOA Insurance Company (Europe) Limited
NIPPONKOA Management Services (Europe) Limited
Sompo Japan Sigorta Anonim Sirketi
Sompo Japan Asia Holdings Pte. Ltd.
Tenet Sompo Insurance Pte. Ltd.
Berjaya Sompo Insurance Berhad
Sompo Japan Insurance (China) Co., Ltd.
NIPPONKOA Insurance Company (China) Limited
NIPPONKOA Insurance Company (Asia) Limited
Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited
Yasuda Seguros S.A.
Marítima Seguros S.A.
Marítima Saude Seguros S.A.

Marítima Seguros S.A. and Marítima Saude Seguros S.A., which had been affiliates accounted for under the equity method, became consolidated subsidiaries of NKSJ Holdings, Inc. ("NKSJ") during the fiscal year ended March 31, 2014 through additional acquisition of shares.

Tenet Capital Ltd., which changed its company name from Tenet Insurance Company Limited on May 22, 2013, is excluded from the scope of consolidation from the fiscal year ended March 31, 2014 because it no longer exists due to a merger with Tenet Sompo Insurance Pte. Ltd.

Furthermore, Sompo Japan Insurance Services Inc. changed its company name to Sompo Japan Nipponkoa Insurance Services Inc. on September 1, 2013. Sompo Japan Insurance Company of Europe Limited changed its company name to Sompo Japan Nipponkoa Insurance Company of Europe Limited on May 31, 2013.

(2) Names of major non-consolidated subsidiaries

Names of major non-consolidated subsidiaries

- Sompo Japan Nipponkoa Insurance (Thailand) Public Company Limited
- Sompo Japan Nipponkoa Corporate Member 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 NKSJ), etc., they are excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method: 2 companies

- Hitachi Capital Insurance Corporation
- Universal Sampo General Insurance Company Limited

(2) The non-consolidated subsidiaries and affiliates (Sampo Japan Nipponkoa Insurance (Thailand) Public Company Limited and Sampo Japan Nipponkoa Corporate Member 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 materiality 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 the 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

- Trading securities are carried at fair value.
Cost of sale is calculated based on the moving-average method.
- Bonds held to maturity are carried at amortized cost based on the moving-average method.
- 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.
- 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 are directly included in net assets and cost of sale is calculated based on the moving-average method.
- 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.
- Securities managed as trust assets in individually operated money trusts for primarily trading purposes are carried at fair value.
- 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 by using the declining-balance method, except for buildings (excluding fixtures attached to buildings) acquired on or after April 1, 1998 whose depreciation is calculated by using the straight-line method.

Depreciation of tangible fixed assets (excluding leased assets) held by the foreign consolidated subsidiaries is mainly calculated by using the straight-line method.

(b) Intangible fixed assets

Amortization of software for internal use held by the consolidated subsidiaries is calculated by using the straight-line method based on the estimated useful lives.

(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 by disposal of collateral and by 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) 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.

(c) Reserve for bonus payments

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

(d) Reserve for bonus payments to directors

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

(e) 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) Methods of accounting procedures for retirement benefits

(a) Allocation method of projected retirement

Straight-line attribution method or point method is mainly used for calculating retirement benefit obligation as the method for attributing projected retirement benefits to the end of the current consolidated fiscal year.

(b) Amortization method of actuarial difference

Actuarial difference is mainly amortized from the following fiscal year by using the straight-line attribution method over certain years (10 to 11 years) within the average remaining service years of employees in each fiscal year when the difference occurs.

(Changes in accounting policies)

Effective from the end of this fiscal year, NKSJ has applied the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan Statement No. 26 of May 17, 2012, hereinafter “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan Guidance No. 25 of May 17, 2012, hereinafter “Retirement Benefits Guidance”) (however, excluding the provisions of the main clauses of Paragraph 35 of the Retirement Benefits Accounting Standard and Paragraph 67 of the Retirement Benefits Guidance). Accordingly, NKSJ has changed its accounting policy to one that records the difference between retirement benefit obligation and plan assets as “net defined benefit liability” and recorded unrecognized actuarial difference under “net defined benefit liability.”

Application of the Retirement Benefits Accounting Standard, etc. is in line with the transitional measures provided in Paragraph 37 of the Retirement Benefits Accounting Standard. In accordance with such measures, the effect of the change has been added to or deducted from “remeasurements of defined benefit plans” in “accumulated other comprehensive income” at the end of this fiscal year.

As a result, at the end of this fiscal year, NKSJ recorded “net defined benefit asset” of 240 million yen and “net defined benefit liability” of 95,814 million yen. In addition, the amount of “accumulated other comprehensive income” increased by 3,120 million yen.

(6) 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 the conditions required for the application of the exceptional treatment.

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

Generally 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 the conditions required for application of the assignment accounting. Deferred hedge is applied to the part of foreign exchange forward contracts to fix yen denominated cash flow from foreign currency denominated forecast transactions. The assignment accounting is applied to currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated corporate bonds issued by the domestic consolidated insurance subsidiary.

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 significant conditions are shared among the hedged item and the hedging instrument and its effectiveness is obviously 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.

(7) Method and period of amortization of goodwill

Goodwill is amortized in equal installments over 20 years. Immaterial amounts of goodwill are amortized at one time.

(8) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement 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.

(9) Accounting methods for consumption taxes

NKSJ and its domestic consolidated subsidiaries account for consumption taxes by 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.

(Accounting standards not applied)

- Accounting Standards Board of Japan Statement No. 26 "Accounting Standard for Retirement Benefits" (May 17, 2012)
- Accounting Standards Board of Japan Guidance No. 25 "Guidance on Accounting Standard for Retirement Benefits" (May 17, 2012)

(1) Summary

These accounting standard and guidance aim mainly to change accounting methods of unrecognized actuarial difference and unrecognized prior service costs and extend disclosure items in addition to changes in calculation methods of retirement benefit obligation and service cost under the viewpoint of improving the financial reporting and international trends.

(2) Scheduled date of application

The changes in calculation of retirement benefit obligation and service cost will be applied at the beginning of the consolidated fiscal year beginning on April 1, 2014.

(3) Impact following the application of this accounting standard and guidance

NKSJ is currently evaluating the impact of adopting the accounting standard and guidance on its consolidated financial statements.

- Accounting Standards Board of Japan Statement No. 21 "Accounting Standard for Business Combinations" (September 13, 2013)
- Accounting Standards Board of Japan Statement No. 22 "Accounting Standard for Consolidated Financial Statements" (September 13, 2013)
- Accounting Standards Board of Japan Statement No. 7 "Accounting Standard for Business Divestitures" (September 13, 2013)
- Accounting Standards Board of Japan Statement No. 2 "Accounting Standard for Earnings Per Share" (September 13, 2013)
- Accounting Standards Board of Japan Guidance No. 10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (September 13, 2013)
- Accounting Standards Board of Japan Guidance No. 4 "Guidance on Accounting Standard for Earnings Per Share" (September 13, 2013)

(1) Summary

These accounting standards and guidances aim mainly to change matters as follows.

- (a) Treatment of changes in a parent's ownership in a subsidiary if there is no change in control of additional acquisition of the shares and others
- (b) Treatment of acquisition related costs
- (c) The presentation of net income and the changes in the presentation of non-controlling interests
- (d) Treatment of temporary accounting methods

(2) Scheduled date of application

These accounting standards and guidances will be applied at the beginning of the consolidated fiscal year beginning on April 1, 2015. Treatment of temporary accounting methods will be applied to business combinations which are conducted after the beginning of the consolidated fiscal year beginning on April 1, 2015.

(3) Impact following the application of these accounting standards and guidances

The impact of adopting the accounting standards and guidances on its consolidated financial statements is not currently determined.

2. Notes to the Consolidated Balance Sheet

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

(Millions of yen)	
As of March 31, 2013	As of March 31, 2014
415,804	406,395

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

(Millions of yen)	
As of March 31, 2013	As of March 31, 2014
28,604	22,545

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

(Millions of yen)		
	As of March 31, 2013	As of March 31, 2014
Securities (stocks)	37,391	27,658
Securities (equity interests)	5,152	4,285

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

(Millions of yen)		
	As of March 31, 2013	As of March 31, 2014
Loans to borrowers in bankruptcy	235	76
Overdue loans	1,394	748
Loans overdue for three months or more	—	—
Restructured loans	440	74
Total	2,071	900

Note) Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96, paragraph (1), item (iii) (the maximum amount transferable to allowance for possible credit losses) or Article 96, paragraph (1), item (iv) 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 has 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, 2013	As of March 31, 2014
Deposits	3,317	3,880
Securities	75,370	86,419
Tangible fixed assets	3,493	2,799
Total	82,181	93,098

Note) Other than those mentioned above, stocks of subsidiaries and affiliates of 2,794 million yen are pledged as collateral as of March 31, 2013 and 2014, but the entire amount is eliminated for the preparation of the consolidated financial statements.

Secured debts

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Other liabilities (borrowings)	1,220	962

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

(Millions of yen)

As of March 31, 2013	As of March 31, 2014
10,067	392

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

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Securities which the Group does not dispose of but retains	7,592	11,897

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

(Millions of yen)

As of March 31, 2013	As of March 31, 2014
9,043	9,133

3. Notes to the Consolidated Statement of Income

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

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Agency commissions, etc.	375,362	405,239
Salaries	220,872	220,006

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 statement of income.

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

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

Purpose of use	Category	Location	Impairment losses (millions of yen)			
			Land	Buildings	Software and others	Total
Properties for rent	Land and buildings	2 properties, including building for rent in Fukushima	5	49	—	54
Idle properties	Land and buildings	25 properties, including land and buildings in Fukushima	2,641	742	—	3,383
Software for business use	Software and others	Software relating to other business, etc.	—	23	501	524
Total			2,646	815	501	3,962

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 for rent and idle properties which have reduced their profitability significantly, due mainly to a decline in the prices of land, the book value of those properties is devalued to the recoverable value. These devaluations are recorded as impairment losses in extraordinary losses. The recoverable value is calculated by using the net selling price. The net selling price is the appraisal value measured by the real estate appraisers.

Concerning software, etc. for business use relating to other business whose recoverable value declines below its book value, the book value of those properties is devalued to the recoverable value. These devaluations are recorded as impairment losses in extraordinary losses.

The recoverable value is calculated by using the value in use. Future cash flow of software, etc. for business use is not estimable. Therefore the value in use is calculated as zero.

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

Purpose of use	Category	Location	Impairment losses (millions of yen)		
			Land	Buildings	Total
Idle properties	Land and buildings	40 properties, including land and buildings in Okayama	2,745	1,276	4,021

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 idle properties whose profitability is decreased significantly, due mainly to a decline in the prices of land, the consolidated subsidiaries devalue the book value of those properties to the recoverable value. These devaluations are recorded as impairment losses in extraordinary losses. The recoverable value is calculated by using the net selling price. The net selling price is the appraisal value measured by the real estate appraisers.

***3. Significant items in other extraordinary gains are as follows.**

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Gains on step acquisitions	—	239
Gains on reversal of stock acquisition rights	99	118

***4. Significant items in other extraordinary losses are as follows.**

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Merger cost of domestic consolidated property and casualty insurance subsidiaries	13,195	23,155
Special extra retirement payments relating to its call for voluntary retirement, etc.	11,682	8,830

4. Note to the Consolidated Statement of Comprehensive Income

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

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	423,823	225,591
Reclassification adjustments	(65,910)	(115,671)
Before tax effects adjustments	357,913	109,920
Tax effects	(105,118)	(29,639)
Unrealized gains and losses on securities available for sale	252,794	80,280
Deferred gains and losses on hedges		
The amount occurred during the period	4,256	710
Reclassification adjustments	(1,429)	(1,460)
Before tax effects adjustments	2,827	(749)
Tax effects	(834)	301
Deferred gains and losses on hedges	1,993	(448)
Foreign currency translation adjustments		
The amount occurred during the period	19,992	24,425
Reclassification adjustments	112	—
Foreign currency translation adjustments	20,104	24,425
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	267	829
Reclassification adjustments	(28)	(39)
Share of other comprehensive income of affiliates accounted for under the equity method	239	790
Total other comprehensive income	275,131	105,048

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

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

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	415,352	—	—	415,352
Total	415,352	—	—	415,352
Treasury stock				
Common stock	527	508	409	626
Total	527	508	409	626

Notes)

- Breakdown of increase in treasury stock of common stock of 508 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by board of directors: 500 thousand shares
Increase due to purchase of shares less than a full trading unit: 8 thousand shares
- Breakdown of decrease in treasury stock of common stock of 409 thousand shares is as follows.
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 408 thousand shares
Decrease due to sales of shares less than a full trading unit: 1 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	2,027
Total		2,027

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, 2012	Common stock	33,186 million yen	80 yen	March 31, 2012	June 28, 2012

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends	Source of dividends	Dividend per share	Record date	Effective date
General meeting of stockholders held on June 24, 2013	Common stock	24,883 million yen	Retained earnings	60 yen	March 31, 2013	June 25, 2013

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

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	415,352	—	—	415,352
Total	415,352	—	—	415,352
Treasury stock				
Common stock	626	3,732	290	4,068
Total	626	3,732	290	4,068

Notes)

- Breakdown of increase in treasury stock of common stock of 3,732 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by board of directors: 3,716 thousand shares
Increase due to purchase of shares less than a full trading unit: 16 thousand shares
- Breakdown of decrease in treasury stock of common stock of 290 thousand shares is as follows.
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 289 thousand shares
Decrease due to sales of shares less than a full trading unit: 1 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	1,851
Total		1,851

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 24, 2013	Common stock	24,883 million yen	60 yen	March 31, 2013	June 25, 2013
The board of director's meeting held on November 19, 2013	Common stock	12,347 million yen	30 yen	September 30, 2013	December 10, 2013

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends	Source of dividends	Dividend per share	Record date	Effective date
General meeting of stockholders held on June 23, 2014	Common stock	12,338 million yen	Retained earnings	30 yen	March 31, 2014	June 24, 2014

6. Notes to the Consolidated Statement 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 sheet**

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Cash and deposits	513,739	471,481
Call loans	66,700	75,000
Receivables under resale agreements	80,483	126,984
Securities	6,596,246	6,896,907
Time deposits with original maturities of more than 3 months	(63,142)	(56,479)
Securities other than cash equivalents	(6,569,677)	(6,881,733)
Cash and cash equivalents	624,349	632,160

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

The main components of assets and liabilities of a newly consolidated subsidiary, Marítima Seguros S.A., at the commencement of the consolidation are as follows. The following also shows the acquisition cost of the shares and net expenditure for the acquisition of those shares.

Assets:	83,911	million yen
Securities	43,218	million yen
Goodwill	5,546	million yen
Liabilities:	(60,553)	million yen
Underwriting funds	(44,887)	million yen
Non-controlling interests	(2,751)	million yen
Appraised value of already-acquired stocks based on the equity method	(16,010)	million yen
Gains on step acquisitions	(239)	million yen
Others	3	million yen
Cost for additional acquisition of the shares	9,906	million yen
Cash and cash equivalents of the subsidiary mentioned above	(413)	million yen
Net: Expenditure for additional acquisition of the shares mentioned above	9,492	million yen

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, 2013

(Millions of yen)

	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Balance
Tangible fixed assets	77	63	—	13

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

As of March 31, 2014

(Millions of yen)

	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Balance
Tangible fixed assets	21	19	—	2

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

(2) Balance of future lease payments

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Due within one year	10	2
Due after one year	2	—
Total	13	2
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, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Lease payments	58	10
Reversal of reserve for impairment losses on leased assets	—	—
Depreciation equivalent	58	10
Impairment losses	—	—

(4) Calculation of depreciation equivalent

Depreciation equivalent is calculated by 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, 2013	As of March 31, 2014
Due within one year	722	894
Due after one year	1,902	1,791
Total	2,625	2,686

(Lessor)

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Due within one year	1,401	632
Due after one year	4,281	3,658
Total	5,682	4,291

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).

In addition, with a view to strengthen the financial structure, the consolidated subsidiary increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

(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.

In addition, 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 credit-worthiness 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.

Please refer to the note on "(6) Significant hedge accounting" in "4. Accounting policies" in "1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements" for derivative transactions which hedge accounting is applied to.

(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 material 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, 2013

	Carrying amount	Fair value	Unrealized gains and losses
(Millions of yen)			
(1) Cash and deposits	513,739	513,739	—
(2) Call loans	66,700	66,700	—
(3) Receivables under resale agreements	80,483	80,483	—
(4) Monetary receivables bought	21,969	21,969	—
(5) Money trusts	69,179	69,179	—
(6) Securities:			
Trading securities	19,859	19,859	—
Bonds held to maturity	1,228,646	1,369,128	140,482
Securities available for sale	5,177,783	5,177,783	—
(7) Loans	635,239		
Allowance for possible credit losses ⁽¹⁾	(507)		
	634,732	645,235	10,503
Total assets	7,813,093	7,964,078	150,985
(1) Corporate bonds	261,560	263,363	1,803
Total liabilities	261,560	263,363	1,803
Derivative transactions ⁽²⁾ :			
Hedge accounting is not applied to	210	210	—
Hedge accounting is applied to	[5,317]	[5,317]	—
Total derivative transactions	[5,107]	[5,107]	—

⁽¹⁾ This figure represents deductions to loans 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. Net 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, 2014

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	471,481	471,481	—
(2) Call loans	75,000	75,000	—
(3) Receivables under resale agreements	126,984	126,984	—
(4) Monetary receivables bought	16,951	16,951	—
(5) Money trusts	97,850	97,850	—
(6) Securities:			
Trading securities	47,817	47,817	—
Bonds held to maturity	1,263,007	1,380,769	117,762
Securities available for sale	5,470,362	5,470,362	—
(7) Loans	606,541		
Allowance for possible credit losses ⁽¹⁾	(201)		
	606,340	618,378	12,038
Total assets	8,175,794	8,305,595	129,800
(1) Corporate bonds	261,560	277,567	16,007
Total liabilities	261,560	277,567	16,007
Derivative transactions ⁽²⁾ :			
Hedge accounting is not applied to	500	500	—
Hedge accounting is applied to	[208]	[208]	—
Total derivative transactions	292	292	—

⁽¹⁾ This figure represents deductions to loans 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. Net 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 their 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. In addition, 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. In addition, the fair value of foreign securities is based on the price at exchanges, the price quoted by counterparties and others.

(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 price at exchanges, the amount of future cash flow discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto and others.

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 "(6) Securities."

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Domestic bonds	0	0
Domestic stocks	103,797	74,866
Foreign securities	50,981	29,655
Others	13,814	9,846
Total	168,594	114,369

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 amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

As of March 31, 2013

(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	508,174	5,463	—	—
Call loans	66,700	—	—	—
Receivables under resale agreements	80,484	—	—	—
Monetary receivables bought	71	2,907	1,000	16,870
Securities:				
Bonds held to maturity:				
Government bonds	3,020	29,330	69,873	820,083
Municipal bonds	27,586	11,365	—	44,400
Corporate bonds	51,525	65,078	26,473	55,100
Foreign securities	5,138	8,943	553	—
Fixed maturity securities available for sale:				
Government bonds	108,411	403,604	282,801	705,795
Municipal bonds	15,804	19,807	2,980	12,200
Corporate bonds	108,332	318,720	150,319	230,471
Foreign securities	47,152	252,734	284,927	68,648
Others	11,366	2,695	11,605	—
Loans ^(*)	187,385	286,766	110,226	48,185
Total	1,221,154	1,407,415	940,758	2,001,754

(*) 1,223 million yen of loans whose redemption amounts are not estimable 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, 2014

(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	463,680	5,977	1,736	—
Call loans	75,000	—	—	—
Receivables under resale agreements	126,985	—	—	—
Monetary receivables bought	2	1,840	—	14,166
Securities:				
Bonds held to maturity:				
Government bonds	230	44,413	61,660	928,283
Municipal bonds	6,400	4,965	—	44,400
Corporate bonds	23,760	54,491	17,500	50,900
Foreign securities	4,519	6,535	820	—
Fixed maturity securities available for sale:				
Government bonds	128,944	352,510	379,487	655,737
Municipal bonds	9,248	11,316	2,000	12,200
Corporate bonds	100,631	278,574	146,594	216,248
Foreign securities	51,601	407,072	481,383	78,316
Others	367	5,470	12,813	—
Loans ^(*)	158,282	292,864	107,438	47,028
Total	1,149,654	1,466,031	1,211,433	2,047,280

(*) 522 million yen of loans whose redemption amounts are not estimable 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 payment amounts of the corporate bonds, long-term borrowings and lease obligations after the consolidated balance sheet date

As of March 31, 2013

(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	—	—	—	—	—	261,560
Long-term borrowings	120	110	105	96	82	4,324
Lease obligations	2,618	1,828	1,365	666	115	—
Total	2,738	1,939	1,470	762	197	265,884

As of March 31, 2014

(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	—	—	—	—	133,560
Long-term borrowings	92	90	82	72	57	4,196
Lease obligations	4,054	1,502	818	377	163	0
Total	132,147	1,593	901	449	220	137,757

9. Securities

1. Trading securities

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Unrealized gains and losses recognized in the statement of income	1,643	1,175

Note) Certificate of deposit classified as cash and deposits in the consolidated balance sheet as of March 31, 2014 is included in the above table.

2. Bonds held to maturity

As of March 31, 2013

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,213,783	1,354,093	140,310
	Foreign securities	10,505	10,715	209
	Subtotal	1,224,289	1,364,808	140,519
Securities whose fair value does not exceed their carrying amount	Domestic bonds	—	—	—
	Foreign securities	4,357	4,319	(37)
	Subtotal	4,357	4,319	(37)
Total		1,228,646	1,369,128	140,482

As of March 31, 2014

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,206,086	1,323,913	117,826
	Foreign securities	9,652	9,785	132
	Subtotal	1,215,739	1,333,698	117,959
Securities whose fair value does not exceed their carrying amount	Domestic bonds	44,959	44,790	(168)
	Foreign securities	2,308	2,279	(28)
	Subtotal	47,267	47,070	(197)
Total		1,263,007	1,380,769	117,762

3. Securities available for sale

As of March 31, 2013

(Millions of yen)

		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,465,919	2,335,246	130,673
	Domestic stocks	1,278,449	661,719	616,730
	Foreign securities	910,155	810,619	99,535
	Others	58,087	48,488	9,598
	Subtotal	4,712,611	3,856,074	856,537
Securities whose carrying amount does not exceed their cost	Domestic bonds	54,401	55,074	(672)
	Domestic stocks	167,690	180,774	(13,084)
	Foreign securities	240,399	255,984	(15,584)
	Others	45,167	45,673	(506)
	Subtotal	507,658	537,506	(29,848)
Total	5,220,270	4,393,581	826,689	

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, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

As of March 31, 2014

(Millions of yen)

		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,344,132	2,233,901	110,230
	Domestic stocks	1,384,548	669,238	715,309
	Foreign securities	1,187,117	1,065,445	121,671
	Others	45,291	39,316	5,974
	Subtotal	4,961,088	4,007,903	953,185
Securities whose carrying amount does not exceed their cost	Domestic bonds	88,664	89,167	(502)
	Domestic stocks	75,780	82,827	(7,046)
	Foreign securities	348,569	359,678	(11,109)
	Others	28,050	28,303	(252)
	Subtotal	541,064	559,976	(18,912)
Total	5,502,153	4,567,879	934,273	

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 sheet are included in "Others" above.

4. Securities available for sale sold during the fiscal years ended March 31, 2013 and 2014

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	454,965	10,757	668
Domestic stocks	199,856	87,911	4,124
Foreign securities	255,679	11,736	2,578
Others	1,487	1,033	21
Total	911,989	111,439	7,393

Note) Beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	332,120	8,935	460
Domestic stocks	209,659	88,088	1,356
Foreign securities	128,162	9,157	3,746
Others	17,815	5,545	12
Total	687,757	111,726	5,575

5. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2013 and 2014

For the fiscal year ended March 31, 2013, 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 37,113 million yen (domestic bonds: 1,130 million yen, domestic stocks: 35,183 million yen, foreign securities: 799 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 641 million yen (domestic stocks: 621 million yen, others: 20 million yen).

For the fiscal year ended March 31, 2014, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 1,080 million yen (domestic stocks: 199 million yen, foreign securities: 880 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 89 million yen (domestic stocks: 82 million yen, foreign securities: 6 million yen).

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

10. Money Trusts

1. Money trusts for trading purposes

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Unrealized gains and losses recognized in the statement of income	1,008	(515)

2. Money trusts held to maturity

None.

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

As of March 31, 2013

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	29,076	27,958	1,118

As of March 31, 2014

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	71,089	66,981	4,107

4. Money trusts for which impairment losses are recognized during the fiscal year ended March 31, 2014

For the fiscal year ended March 31, 2014, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 51 million yen.

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

11. Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency derivatives

As of March 31, 2013

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Forward foreign exchanges:				
Short:				
USD	17,159	—	(467)	(467)
EUR	4,514	—	155	155
Long:				
EUR	4,671	—	(20)	(20)
TRY	3,521	—	(39)	(39)
Total			(372)	(372)

Note) Calculation methods for the fair value

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

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

As of March 31, 2014

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Forward foreign exchanges:				
Long:				
TRY	3,294	—	211	211
Total			211	211

Note) Calculation methods for the fair value

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

(2) Equity derivatives

As of March 31, 2013

None.

As of March 31, 2014

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Equity index futures:				
Short	5,088	—	(102)	(102)
Total			(102)	(102)

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

(3) Others

As of March 31, 2013

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Credit derivatives:				
Short	6,000	—	3	3
Weather derivatives:				
Short	2,499	726		
	68*	24*	(52)	16
Earthquake derivatives:				
Short	10,440	60		
	421*	1*	(13)	407
Long	8,676	7,128		
	1,007*	866*	644	(363)
Total			582	64

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.

As of March 31, 2014

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Weather derivatives:				
Short	3,312	617		
	99*	21*	(66)	32
Earthquake derivatives:				
Short	8,723	10		
	299*	0*	(24)	275
Long	6,885	6,426		
	644*	637*	481	(162)
Total			390	145

Notes)
1. Calculation methods for the fair value
(1) Weather derivatives
The fair value is calculated based on the contract term and other elements of the contract.
(2) 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, 2013

(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: Short:	Securities available for sale				
			USD	132,581	—	(7,330)
			EUR	95,428	—	(8,755)
			GBP	17,085	—	(284)
			AUD	10,272	—	(77)
			CAD	5,882	—	(16)
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities)	133,560	133,560	Note 2	
Total					(16,464)	

Notes)

1. Calculation methods for the fair value

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

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds in "Financial Instruments."

As of March 31, 2014

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value	
Deferred hedge	Forward foreign exchanges: Long:	Foreign currency forecast transaction				
			GBP	79,516	—	569
Fair value hedge	Forward foreign exchanges: Short:	Securities available for sale				
			USD	224,976	—	(2,772)
			EUR	153,094	—	(3,847)
			GBP	42,788	—	(3,343)
			AUD	18,229	—	(812)
			CAD	14,947	—	171
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities)	133,560	133,560	Note 2	
Total					(10,036)	

Notes)

1. Calculation methods for the fair value

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

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds in "Financial Instruments."

(2) Interest rate derivatives

As of March 31, 2013

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	11,146
Total					11,146

Note) Calculation methods for the fair value
The fair value is calculated by discounting estimated future cash flow to the present value.

As of March 31, 2014

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	9,827
Total					9,827

Note) Calculation methods for the fair value
The fair value is calculated by discounting estimated future cash flow to the present value.

12. Retirement Benefits

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

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 type. 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 for both retired employees who are already receiving pension and those who are 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 lump-sum payments retirement plans as defined benefit type in addition to defined contribution pension plans. Certain foreign consolidated subsidiaries have retirement benefit plans such as defined contribution type and defined benefit type.

2. Retirement benefit obligation

(Millions of yen)

a. Retirement benefit obligation	(186,276)
b. Plan assets	85,012
c. Unfunded retirement benefit obligation (a+b)	(101,264)
d. Unrecognized actuarial difference	(1,866)
e. Net amount of retirement benefit obligation on the balance sheet (c+d)	(103,130)
f. Prepaid pension cost	113
g. Reserve for retirement benefits (e-f)	(103,244)

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

3. Retirement benefit expenses

(Millions of yen)

a. Service cost	7,943
b. Interest cost	2,826
c. Expected return on plan assets	(393)
d. Amortization of actuarial difference	2,259
e. Subtotal (a+b+c+d)	12,636
f. Contributions paid to the defined contribution pension plan	5,884
g. Retirement benefit expenses (e+f)	18,520

Notes)

1. Retirement benefit expenses for retirement benefit plans under the simplified accounting methods are included in "a. Service cost."
2. 11,387 million yen of special extra retirement payments relating to its call for voluntary retirement is recognized as other extraordinary losses in addition to the above retirement benefit expenses during the fiscal year ended March 31, 2013.

4. Basis of calculation of retirement benefit obligation

- Allocation method of projected retirement benefits
Straight-line attribution method, point method
- Discount rate
0.8%–1.5%
- Expected rate of return on plan assets
0.0%–1.5%
- Amortization period of actuarial difference
10 to 13 years (Actuarial difference is amortized from the following fiscal year by using the straight-line attribution method over certain years within the average remaining service years of employees as of each fiscal year when the difference occurs.)

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

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 type. 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 for both retired employees who are already receiving pension and those who are 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 unfunded retirement plans with lump-sum payments as defined benefit type in addition to defined contribution pension plans.

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

Net defined benefit liability and retirement benefit expenses regarding certain retirement benefit plans are calculated by the simplified accounting methods.

2. Retirement defined benefit plans

(1) Reconciliation of the changes in the retirement benefit obligation for the fiscal year ended March 31, 2014

	(Millions of yen)
Retirement benefit obligation at the beginning of the period	186,276
Service cost	7,892
Interest cost	2,526
The amount occurred of actuarial difference	4,166
Retirement benefit paid	(16,140)
Others	658
Retirement benefit obligation at the end of the period	185,380

Note) Retirement benefit expenses for retirement benefit plans under the simplified accounting methods are included in "Service cost."

(2) Reconciliation of the changes in plan assets for the fiscal year ended March 31, 2014

	(Millions of yen)
Plan assets at the beginning of the period	85,012
Expected return on plan assets	702
The amount occurred of actuarial difference	5,369
The amount of employer contributions	407
Retirement benefit paid	(2,304)
Others	618
Plan assets at the end of the period	89,806

(3) Reconciliation of retirement benefit obligation and plan assets to the amounts recognized in the consolidated balance sheet as of March 31, 2014

	(Millions of yen)
Funded retirement benefit obligation	175,751
Plan assets	(89,806)
	85,945
Unfunded retirement benefit obligation	9,629
Net liabilities and assets on the consolidated balance sheet	95,574
Net defined benefit liability	95,814
Net defined benefit asset	(240)
Net liabilities and assets on the consolidated balance sheet	95,574

(4) Components of retirement benefit expenses

	(Millions of yen)
Service cost	7,892
Interest cost	2,526
Expected return on plan assets	(702)
Amortization of actuarial difference	1,646
Others	(15)
Retirement benefit expenses for defined benefit plans	11,346

Notes)

1. Retirement benefit expenses for retirement benefit plans under simplified accounting methods are included in "Service cost."

2. 8,487 million yen of special extra retirement payments relating to its call for voluntary retirement is recognized as other extraordinary losses in addition to the above retirement benefit expenses during the fiscal year ended March 31, 2014.

(5) Remeasurements of retirement benefit obligation

Component of items (before tax effect deductions) recorded in remeasurements of defined benefit plans is as follows.

(Millions of yen)	
Unrecognized actuarial difference	(4,545)
Total	(4,545)

(6) Plan assets

(a) Main components of plan assets

(Proportion)	
Bonds	13%
Stocks	62%
Joint investment assets	11%
Life insurance general accounts	4%
Cash and deposits	3%
Others	6%
Total	100%

(b) Establishment of methods for the long-term expected rate of return on plan assets

In order to assume the long-term expected rate of return on plan assets, present and expected distribution of plan assets and the long term expected rate of return on the multitude of assets in plan assets are considered.

(7) Basis of actuarial assumptions

Significant actuarial assumptions as of March 31, 2014

Discount rate	Domestic consolidated subsidiaries	0.8%— 1.5%
	Consolidated foreign subsidiaries	3.5%—12.3%
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0%— 1.5%
	Consolidated foreign subsidiaries	4.8%—12.3%

3. Defined contribution plans

Contributions paid to the defined contribution pension plan amounts to 5,216 million yen.

13. Stock Options**1. Recorded amount and account which includes stock option expense**

(Millions of yen)		
	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Operating, general and administrative expenses	519	447

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

(Millions of yen)		
	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Gains on reversal of stock acquisition rights	99	118

3. Contents, size and its changes of stock options

(1) Contents of stock options

Stock options granted by NKSJ are as follows.

5th 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 26th 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
5th issue	Directors and executive officers of Sompo Japan: 3 Others: 12	Common stock: 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: 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: 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: 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: 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: 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: 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: 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: 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: 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: 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: 186,775 stocks	Apr. 1, 2010	Apr. 1, 2010 – Aug. 10, 2034
17th issue	Directors and executive officers of NIPPONKOA: 5 Others: 7	Common stock: 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: 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: 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: 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: 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: 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 The actual number of the persons: 69	Common stock: 349,450 stocks	Aug. 16, 2010	Aug. 17, 2010 – Aug. 16, 2035

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
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 The actual number of the persons: 86	Common stock: 372,300 stocks	Nov. 1, 2011	Nov. 1, 2011 – Oct. 31, 2036
25th issue	Directors and executive officers of NKSJ: 7 Directors and executive officers of Sompo Japan: 43 Directors and executive officers of NIPPONKOA: 25 Directors and executive officers of NKSJ Himawari Life Insurance, Inc.: 16 Directors of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.: 1 Directors of Prime Assistance Inc.: 2 The actual number of the persons: 90	Common stock: 391,100 stocks	Aug. 14, 2012	Aug. 14, 2012 – Aug. 13, 2037
26th issue	Directors and executive officers of NKSJ: 9 Directors and executive officers of Sompo Japan: 60 Directors and executive officers of NIPPONKOA: 60 Directors and executive officers of NKSJ Himawari Life Insurance, Inc.: 13 Directors of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.: 1 Directors of Prime Assistance Inc.: 2 The actual number of the persons: 79	Common stock: 195,000 stocks	Aug. 13, 2013	Aug. 13, 2013 – Aug. 12, 2038

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. The numbers of shares concerning 5th to 23rd issue of stock acquisition rights of NKSJ are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- Stock options are vested on the grant date.
- Requisite service period is not shown.
- Concerning 5th 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 26th 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 to whom 23rd, 24th, 25th and 26th issue of stock acquisition rights of NKSJ are granted is 69, 86, 90 and 79 respectively.

(2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2014 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, 2013	Vested	Exercised	Forfeited	March 31, 2014
5th issue of stock acquisition rights of NKSJ	11,250	—	—	11,250	—
6th issue	11,250	—	—	11,250	—
7th issue	18,750	—	—	6,250	12,500
8th issue	22,500	—	—	6,250	16,250
9th issue	41,250	—	—	12,500	28,750
10th issue	42,500	—	—	12,500	30,000
11th issue	53,750	—	—	15,250	38,500
12th issue	53,750	—	—	15,250	38,500
13th issue	100,750	—	—	24,250	76,500
14th issue	95,500	—	—	23,250	72,250
15th issue	20,150	—	10,650	—	9,500
16th issue	66,025	—	30,550	—	35,475
17th issue	12,600	—	2,475	—	10,125
18th issue	22,950	—	7,425	—	15,525
19th issue	5,850	—	3,600	—	2,250
20th issue	5,850	—	3,150	—	2,700
21st issue	14,625	—	5,400	—	9,225
22nd issue	24,300	—	7,425	—	16,875
23rd issue	158,075	—	41,275	—	116,800
24th issue	244,700	—	67,600	—	177,100
25th issue	378,500	—	105,400	—	273,100
26th issue	—	195,000	4,500	—	190,500

(Shares)

(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2014 (yen)	Fair value per share on the grant date (yen)
5th issue of stock acquisition rights of NKSJ	2,940 ^(Note 1)	—	— ^(Note 2)
6th issue	3,604 ^(Note 1)	—	— ^(Note 2)
7th issue	4,668 ^(Note 1)	—	— ^(Note 2)
8th issue	4,328 ^(Note 1)	—	— ^(Note 2)
9th issue	4,592 ^(Note 1)	—	— ^(Note 2)
10th issue	6,660 ^(Note 1)	—	— ^(Note 2)
11th issue	6,392 ^(Note 1)	—	1,880 ^(Note 1, 3)
12th issue	6,492 ^(Note 1)	—	2,060 ^(Note 1, 3)
13th issue	6,188 ^(Note 1)	—	1,516 ^(Note 1, 3)
14th issue	3,960 ^(Note 1)	—	944 ^(Note 1, 3)
15th issue	1	2,154	3,760 ^(Note 1, 3)
16th issue	1	2,128	2,492 ^(Note 1, 3)
17th issue	1	2,698	2,384 ^(Note 1)
18th issue	1	2,431	2,384 ^(Note 1)
19th issue	1	1,955	2,440 ^(Note 1)
20th issue	1	1,955	2,440 ^(Note 1)
21st issue	1	1,955	2,440 ^(Note 1)
22nd issue	1	1,955	2,440 ^(Note 1)
23rd issue	1	2,041	1,808 ^(Note 1)
24th issue	1	2,034	1,372
25th issue	1	2,063	1,328
26th issue	1	2,564	2,296

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 represent exercise price and fair value per share on the grant date 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. Fair value per share at the time of grant by Sompo Japan is shown in the table.

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

Method for estimating the fair value per share of 26th issue of stock acquisition rights of NKSJ granted during the fiscal year ended March 31, 2014 is as follows. NKSJ does not make a new estimation for the fair value per share of stock acquisition rights transferred from Sompo Japan to NKSJ (5th 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 main basic numerical values used in calculation and estimation method

	26th issue of stock acquisition rights of NKSJ
Volatility ^(Note 1)	33.61%
Expected remaining period ^(Note 2)	3 years
Expected dividends ^(Note 3)	60 yen
Risk-free interest rate ^(Note 4)	0.145%

Notes)

1. The volatility is calculated based on the closing price in the regular trading of common stock of NKSJ on each trading day from August 13, 2010 to August 12, 2013.
2. The expected remaining period is calculated based on the average terms in position until retirement under the historical data of Sompo Japan, NIPPONKOA and NKSJ Himawari Life Insurance, Inc.
3. The expected dividends are calculated based on the dividends for the fiscal year ended March 31, 2013.
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 vested

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

14. Tax Effect Accounting

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

	(Millions of yen)	
	As of March 31, 2013	As of March 31, 2014
Deferred tax assets:		
Underwriting reserves	257,714	233,377
Losses carried forward for tax purposes	44,833	51,120
Reserve for outstanding losses and claims	44,862	44,370
Impairment losses on securities and real estate	47,910	39,975
Reserve for retirement benefits	32,345	—
Net defined benefit liability	—	29,474
Intangible fixed assets for tax purposes	25,822	26,361
Others	39,174	41,668
Subtotal	492,662	466,350
Valuation allowance	(64,869)	(58,614)
Total deferred tax assets	427,793	407,735
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(302,060)	(323,593)
Unrealized gains and losses on consolidated subsidiaries	(12,043)	(12,125)
Others	(7,524)	(9,847)
Total deferred tax liabilities	(321,627)	(345,566)
Net deferred tax assets	106,165	62,168

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

	(%)	
	As of March 31, 2013	As of March 31, 2014
Japanese statutory income tax rate	38.0	38.0
(Reconciliation)		
Effect of changes in the tax rate	3.9	16.1
Non-taxable revenue such as dividends received	(11.9)	(11.8)
Increase of valuation allowance	6.1	(6.8)
Difference in tax rate from consolidated subsidiaries	(5.9)	(5.0)
Non-deductible expenses such as entertainment expenses	4.1	2.3
Others	3.1	2.4
Effective tax rate after the application of tax effect accounting	37.4	35.1

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

“Act on Partial Amendment to the Income Tax Act, etc.” (Act No. 10, 2014) was promulgated on March 31, 2014, and accordingly, the special corporation tax for restoration has been abolished from the consolidated fiscal year beginning on or after April 1, 2014.

Accordingly, the effective statutory income tax rate has generally been changed from 33.2% used previously, to 30.7%. The effective statutory income tax rate was used to calculate deferred tax assets and liabilities for temporary differences expected to be reversed in the fiscal year beginning on or after April 1, 2014.

As a result of this changes in the corporate tax rate, the net amount of deferred tax assets (net of deferred tax liabilities) decreased by 8,417 million yen, and net income decreased by 5,962 million yen.

15. Business Combination

1. Business combination through acquisitions

(1) Summary of business combination

- (a) The name of acquiree and its type of business
Marítima Seguros S.A. : Property and casualty insurance business
- (b) Primary reason for business combination
The purpose of business integration through the acquisition of Marítima Seguros S.A. in the insurance market of Brazil, where sustained economic growth is expected, is to further expand our group's insurance business in that country and enhance Marítima's value over the medium to long term by acquiring its business rights and incorporating more flexibility and efficiency into its decision-making.
- (c) Date of business combination
June 11, 2013
- (d) Legal form of business combination
Acquisition of shares by cash
- (e) Name of the entity after business combination
Marítima Seguros S.A.
- (f) Percentage of voting rights acquired
- | | |
|---|-------|
| Percentage of voting rights held prior to the business combination | 50.0% |
| Percentage of additional voting rights acquired on the date of business combination | 37.0% |
| Percentage of voting rights held after the business combination | 87.0% |
- (g) Primary reason for determination of the acquirer
The company which is a consolidated subsidiary of NKSJ Holdings, Inc. ("NKSJ") acquired shares of Marítima Seguros S.A. by cash.

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

From April 1, 2013 to December 31, 2013

As the deemed acquisition date is April 1, 2013, financial result of the acquiree on or prior to March 31, 2013, the end of the first quarter, 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 Marítima Seguros S.A. held before the business combination	328 million Brazilian real
	Cash paid by additional common stock acquired	200 million Brazilian real
Acquisition cost		529 million Brazilian real

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

Gains on step acquisitions 239 million Japanese yen

(5) Amount of goodwill, reason for recognizing goodwill, method and period of amortization

- (a) Amount of goodwill
112 million Brazilian real
- (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:	1,698 million Brazilian real
Securities:	874 million Brazilian real
Total liabilities:	1,225 million Brazilian real
Underwriting funds:	908 million Brazilian real

(7) Estimated amounts of influence and its calculation method on the consolidated statement of income for the fiscal year ended March 31, 2014, assuming that the business integration was completed on the commencement date of the fiscal year

Net premiums written:	18,561 million Japanese yen
Life insurance premiums written:	677 million Japanese yen
Ordinary profit:	(444) million Japanese yen
Net income:	(154) million Japanese yen

(Calculation methods for approximate amounts)

Approximate amounts of influence are the differences between the amount of net premiums written, life insurance premiums written, ordinary profit and net income based on the assumption that the business integration was completed on the commencement date of the fiscal year and their corresponding amounts in the consolidated income statement of the acquirer. Goodwill recognized at business combination is amortized based on the assumption that this goodwill was incurred on the commencement date of the fiscal year.

Please note that this note is unaudited.

2. Transactions under common control

(1) Summary of transactions

(a) The name of subject companies and their type of business

Sompo Japan Insurance Inc.:	Property and casualty insurance business
Sompo Japan Nipponkoa Holdings (Americas) Inc.:	Property and casualty insurance business

(b) Date of business combination

April 1, 2013

(c) Legal form of business combination

Investment in-kind by Sompo Japan Insurance Inc. (consolidated subsidiary of NKSJ Holdings, Inc.) of stocks of a subsidiary in Sompo Japan Nipponkoa Holdings (Americas) Inc. (consolidated subsidiary of NKSJ Holdings, Inc.)

(d) Other matters concerning the transactions

Sompo Japan Insurance Inc. made an investment in-kind in Sompo Japan Nipponkoa Holdings (Americas) Inc., which is its North American regional headquarters, of all the stocks of Sompo Japan Insurance Company of America (consolidated subsidiary of NKSJ Holdings, Inc.) held by Sompo Japan Insurance Inc., with the aim of expanding operations in America.

(2) Summary of accounting treatment

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

3. Transactions under common control

(1) Summary of transactions

(a) The name of subject companies and their type of business

Tenet Sompo Insurance Pte. Ltd.:	Property and casualty insurance business
Tenet Capital Ltd.:	Property and casualty insurance business

(b) Date of business combination

July 31, 2013

(c) Legal form of business combination

Tenet Sompo Insurance Pte. Ltd. (consolidated subsidiary of NKSJ Holdings, Inc., surviving company) merged with Tenet Capital Ltd. (consolidated subsidiary of NKSJ Holdings, Inc., merged company).

(d) Name of the entity after business combination

Tenet Sompo Insurance Pte. Ltd.

(e) Other matters concerning the transactions

Through this merger, NKSJ Group plans to enhance further profitability and develop the entity as a core company with a firm presence in the Singapore market.

(2) Summary of accounting treatment

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

16. Segment Information

Segment information

1. Summary of reportable segments

The reportable segment of NKSJ Holdings, Inc. (“NKSJ”) is the component of the NKSJ Group, for which discrete financial information is available and whose operating results are periodically 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 Company, Limited 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. Maritima 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 Inc. SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. Healthcare Frontier Japan Inc.

2. Calculation methods for the amount of sales, 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". 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 and others.

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

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reportable segments			Others (Note 2)	Total	Adjustments (Note 3)	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	2,062,606	264,732	2,327,339	6,983	2,334,322	508,903	2,843,226
Sales from internal transactions or transfers among segments	—	—	—	3,928	3,928	(3,928)	—
Total	2,062,606	264,732	2,327,339	10,911	2,338,251	504,975	2,843,226
Segment income (loss)	40,753	2,470	43,224	394	43,618	—	43,618
Segment assets	7,177,150	1,992,184	9,169,335	8,863	9,178,198	—	9,178,198
Other items:							
Depreciation	18,390	1,579	19,970	206	20,177	—	20,177
Amortization of goodwill	2,178	1,872	4,050	—	4,050	—	4,050
Interest and dividend income	123,136	32,439	155,575	0	155,576	(787)	154,789
Interest paid	7,475	88	7,563	1	7,564	(0)	7,563
Investment gains (losses) on the equity method	644	—	644	69	713	—	713
Extraordinary gains (Note 5):	2,775	0	2,775	282	3,058	—	3,058
Gains on negative goodwill	0	—	0	183	184	—	184
Extraordinary losses (Note 6):	36,783	350	37,134	527	37,662	—	37,662
Impairment losses	3,437	—	3,437	524	3,962	—	3,962
Income tax expenses	23,197	3,030	26,227	36	26,263	—	26,263
Investment in affiliates accounted for under the equity method	17,470	—	17,470	—	17,470	—	17,470
Increase in tangible and intangible fixed assets	23,034	391	23,425	202	23,627	—	23,627

Notes)

1. Sales amounts represent the following:

Property and casualty insurance business:

Life insurance business:

"Others" and 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:

508,903 million yen

Elimination of internal transactions among segments:

(3,928) million yen

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

5. Extraordinary gains for property and casualty insurance business include 2,774 million yen of gains on disposal of fixed assets.

6. Extraordinary losses for property and casualty insurance business include 13,195 million yen of merger cost, and 11,682 million yen of special extra retirement payments, etc. due to voluntary retirement program.

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments			Others (Note 2)	Total	Adjustments (Note 3)	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	2,268,967	277,230	2,546,198	8,635	2,554,834	453,504	3,008,339
Sales from internal transactions or transfers among segments	—	—	—	4,114	4,114	(4,114)	—
Total	2,268,967	277,230	2,546,198	12,750	2,558,948	449,390	3,008,339
Segment income (loss)	37,807	5,054	42,862	1,307	44,169	—	44,169
Segment assets	7,352,187	2,137,956	9,490,143	9,656	9,499,799	—	9,499,799
Other items:							
Depreciation	19,058	1,499	20,557	75	20,633	—	20,633
Amortization of goodwill	2,601	1,872	4,473	—	4,473	—	4,473
Interest and dividend income	126,833	35,198	162,032	1	162,034	(776)	161,257
Interest paid	11,622	69	11,692	6	11,698	(5)	11,692
Investment gains (losses) on the equity method	(159)	—	(159)	—	(159)	—	(159)
Extraordinary gains (Note 5)	4,165	0	4,165	118	4,284	—	4,284
Extraordinary losses (Note 6):	46,968	546	47,515	3	47,518	—	47,518
Impairment losses	4,021	—	4,021	—	4,021	—	4,021
Income tax expenses	19,281	4,621	23,902	337	24,240	—	24,240
Investment in affiliates accounted for under the equity method	2,088	—	2,088	—	2,088	—	2,088
Increase in tangible and intangible fixed assets	35,102	378	35,480	204	35,685	—	35,685

Notes)

1. Sales amounts represent the following:

Property and casualty insurance business:

Life insurance business:

"Others" and 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: 453,504 million yen

Elimination of internal transactions among segments: (4,114) million yen

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

5. Extraordinary gains for property and casualty insurance business include 3,926 million yen of gains on disposal of fixed assets.

6. Extraordinary losses for property and casualty insurance business include 23,155 million yen of merger cost, and 8,830 million yen of special extra retirement payments, etc. due to voluntary retirement program.

Related information

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

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	264,626	49,661	186,894	1,033,584	275,086	252,753	2,062,606

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	241,645	11,305	11,781	—	264,732

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 statement 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 sheet.

3. Information by major customers

None.

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

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	311,417	58,553	190,743	1,108,121	298,911	301,222	2,268,967

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	253,174	9,669	14,387	—	277,230

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 statement 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 sheet.

3. Information by major customers

None.

Information related to impairment losses on fixed assets by reportable segments

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Impairment losses	3,437	—	3,437	524	—	3,962

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Impairment losses	4,021	—	4,021	—	—	4,021

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

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(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, 2013	2,178	1,872	4,050	—	—	4,050
Balance as of March 31, 2013	33,703	15,608	49,311	—	—	49,311

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(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, 2014	2,601	1,872	4,473	—	—	4,473
Balance as of March 31, 2014	40,695	13,736	54,431	—	—	54,431

Information related to gains on negative goodwill by reportable segments

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Gains on negative goodwill	0	—	0	183	—	184

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
None.

17. Related-Party Transactions

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

18. Per Share Information

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Net assets per share	3,077.37 yen	3,360.70 yen
Net income per share	105.10 yen	106.98 yen
Diluted net income per share	104.87 yen	106.77 yen

Notes)

1. Calculation of net income per share and diluted net income per share is based on the following figures.

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
(Millions of yen)		
Net income per share		
Net income	43,618	44,169
Amount not attributable to common stockholders	—	—
Net income attributable to common stocks	43,618	44,169
Average number of common stocks outstanding	414,978 thousand shares	412,854 thousand shares
Diluted net income per share		
Adjustment of net income	—	—
Increase of common stocks:	922 thousand shares	830 thousand shares
Stock acquisition rights	922 thousand shares	830 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: 10 types Number of dilutive shares: 451,250 shares	Stock acquisition rights: 8 types Number of dilutive shares: 313,250 shares

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

	As of March 31, 2013	As of March 31, 2014
(Millions of yen)		
Total net assets	1,283,488	1,390,153
Amount to be deducted from total net assets:	7,218	7,947
Stock acquisition rights	2,027	1,851
Non-controlling interests	5,191	6,096
Net assets attributable to common stocks	1,276,269	1,382,205
Number of common stocks used for calculation of net assets per share	414,726 thousand shares	411,284 thousand shares

19. Significant Subsequent Events

1. Business combination through acquisitions

On May 1, 2014, NKSJ Holdings, Inc. ("NKSJ") acquired through Sompo Japan Insurance Inc. ("Sompo Japan") which is a consolidated subsidiary of NKSJ, 100.0% of the issued shares of Canopiop Group Limited, a firm registered and incorporated in Guernsey.

(1) Summary of business combination

- (a) The name of acquiree and its type of business
Canopus Group Limited: Property and casualty insurance business
- (b) Primary reason for business combination
The NKSJ Group acquired the shares of Canopus Group Limited to enter into the overseas specialty market on a full scale with the aim of increasing the NKSJ Group's overseas insurance business profit. Through the acquisition of Canopus, the NKSJ Group intends to further increase its group-wide competitiveness in the overseas insurance business through transfer of Canopus' skills and know how to the NKSJ Group, such as in execution of M&A transactions, techniques to enhance management of acquired entities and excellent HR strategy.
- (c) Date of business combination
May 1, 2014
- (d) Legal form of business combination
Acquisition of shares by cash
- (e) Name of the entity after business combination
Canopus Group Limited
- (f) Percentage of voting rights acquired
100.0%
- (g) Primary reason for determination of the acquirer
Sompo Japan was determined as the acquirer because Sompo Japan acquired shares of Canopus Group Limited by cash.

(2) Acquisition cost of the acquiree

- Purchase price: GBP 613 million
Direct cost for the acquisition is not currently determined.

2. Acquisition of treasury stock

NKSJ passed a resolution setting out details of the NKSJ's stock buybacks to be conducted in accord with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at NKSJ's Board of Directors meeting on May 20, 2014. The Company accordingly conducted stock buybacks.

(1) Details of the NKSJ's board of directors' resolution

- (a) Reason for stock buybacks
While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., NKSJ has a shareholder return policy of paying stable dividends, with the option of stock buybacks depending on capital conditions. In accordance with this policy, NKSJ would conduct stock buybacks as a part of the shareholder return.
- (b) Details of stock buybacks
- | | |
|-----------------------------|-----------------------------------|
| (i) Class of shares | Common stock of NKSJ |
| (ii) Potential total number | 5,000,000 shares (upper limit) |
| (iii) Total price | 10,000,000,000 yen (upper limit) |
| (iv) Period | May 21, 2014 — September 22, 2014 |

(2) Details of result of stock buybacks

- | | |
|---------------------|--|
| (a) Class of shares | Common stock of NKSJ |
| (b) Total number | 3,552,100 shares |
| (c) Total price | 9,999,742,300 yen |
| (d) Period | May 21, 2014 — June 9, 2014 |
| (e) Method | Open-market transactions on the Tokyo Stock Exchange |

Balance Sheets and Statements of Income of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	238,184	187,388	(50,796)
Cash	3	2	(1)
Deposits	238,180	187,385	(50,795)
Call loans	56,700	60,000	3,300
Receivables under resale agreements	80,483	126,984	46,500
Monetary receivables bought	21,542	16,582	(4,960)
Money trusts	28,995	71,007	42,012
Securities:	3,184,642	3,264,956	80,314
Government bonds	869,545	786,454	(83,090)
Municipal bonds	7,259	4,435	(2,824)
Corporate bonds	415,123	362,256	(52,866)
Domestic stocks	995,062	1,007,125	12,062
Foreign securities	861,518	1,068,300	206,781
Other securities	36,132	36,384	252
Loans:	411,282	421,875	10,592
Policy loans	8,153	7,384	(768)
Ordinary loans	403,128	414,490	11,361
Tangible fixed assets:	208,482	205,255	(3,227)
Land	102,880	100,964	(1,915)
Buildings	78,651	74,732	(3,919)
Leased assets	4,979	5,639	660
Construction in progress	2,499	3,338	838
Other tangible fixed assets	19,471	20,580	1,108
Intangible fixed assets:	86	85	(0)
Other intangible fixed assets	86	85	(0)
Other assets:	411,065	446,010	34,945
Premiums receivable	2,292	1,312	(979)
Agency accounts receivable	100,970	103,591	2,621
Foreign agency accounts receivable	43,396	45,698	2,301
Coinsurance accounts receivable	10,813	20,701	9,888
Reinsurance accounts receivable	72,064	70,248	(1,816)
Foreign reinsurance accounts receivable	32,794	35,631	2,836
Proxy service receivable	0	0	(0)
Accounts receivable	27,824	28,612	787
Accrued income	6,639	8,009	1,370
Advance deposits	16,435	16,490	54
Earthquake insurance deposits	5,971	6,399	428
Suspense payments	87,877	104,567	16,689
Deposits paid for future transactions	2,694	3,178	483
Derivative assets	1,254	1,569	314
Other assets	35	1	(34)
Deferred tax assets	79,760	37,207	(42,553)
Customers' liabilities for acceptances and guarantees	35,200	12,299	(22,900)
Allowance for possible credit losses	(2,468)	(2,274)	194
Allowance for possible investment losses	(8,880)	(8,671)	209
Total assets	4,745,077	4,838,707	93,629

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	3,376,310	3,427,295	50,985
Reserve for outstanding losses and claims	614,979	660,514	45,534
Underwriting reserves	2,761,331	2,766,781	5,450
Corporate bonds	261,560	261,560	—
Other liabilities:	257,692	242,712	(14,979)
Coinsurance accounts payable	4,566	4,276	(290)
Reinsurance accounts payable	57,976	66,469	8,493
Foreign reinsurance accounts payable	14,878	17,824	2,946
Proxy service payable	14	—	(14)
Borrowings	3,889	3,870	(18)
Income taxes payable	3,568	3,897	328
Deposits received	4,359	3,437	(921)
Unearned income	428	329	(98)
Accounts payable	90,891	68,977	(21,913)
Suspense receipts	53,129	57,752	4,622
Derivative liabilities	17,070	8,531	(8,538)
Lease obligations	5,282	5,674	391
Asset retirement obligations	1,635	1,669	34
Reserve for retirement benefits	76,187	74,330	(1,856)
Reserve for bonus payments	13,753	13,296	(457)
Reserve for bonus payments to directors	140	62	(78)
Reserves under the special laws:	19,388	24,611	5,222
Reserve for price fluctuation	19,388	24,611	5,222
Acceptances and guarantees	35,200	12,299	(22,900)
Total liabilities	4,040,233	4,056,169	15,935
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	24,229	24,229	—
Capital reserves	24,229	24,229	—
Retained earnings:	169,069	180,970	11,900
Legal reserve	45,770	45,770	—
Other retained earnings:	123,299	135,199	11,900
Reserve for advanced depreciation	1,258	1,214	(43)
General reserve	83,300	83,300	—
Retained earnings carried forward	38,741	50,685	11,944
Total shareholders' equity	263,299	275,199	11,900
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	441,544	506,943	65,399
Deferred gains and losses on hedges	—	394	394
Total valuation and translation adjustments	441,544	507,338	65,793
Total net assets	704,843	782,538	77,694
Total liabilities and net assets	4,745,077	4,838,707	93,629

Sompo Japan Insurance Inc. (Non-consolidated)

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	1,702,481	1,699,997	(2,483)	(0.1)%
Underwriting income:	1,553,577	1,559,979	6,402	0.4
Net premiums written	1,327,361	1,413,818	86,456	6.5
Deposits of premiums by policyholders	104,804	108,361	3,557	3.4
Interest and dividend income on deposits of premiums, etc.	34,065	32,408	(1,656)	(4.9)
Reversal of reserve for outstanding losses and claims	5,058	—	(5,058)	(100.0)
Reversal of underwriting reserves	78,625	—	(78,625)	(100.0)
Foreign exchange gains	1,253	3,313	2,059	164.3
Other underwriting income	2,409	2,078	(330)	(13.7)
Investment income:	142,223	133,625	(8,597)	(6.0)
Interest and dividend income	79,498	78,110	(1,387)	(1.7)
Investment gains on money trusts	477	3,088	2,611	547.5
Investment gains on trading securities	128	99	(29)	(23.0)
Gains on sales of securities	93,914	75,114	(18,800)	(20.0)
Gains on redemption of securities	34	247	213	612.6
Foreign exchange gains	1,907	9,211	7,304	382.9
Other investment income	327	162	(165)	(50.5)
Transfer of interest and dividend income on deposits of premiums, etc.	(34,065)	(32,408)	1,656	—
Other ordinary income	6,681	6,392	(288)	(4.3)
Ordinary expenses:	1,637,422	1,631,918	(5,504)	(0.3)
Underwriting expenses:	1,371,853	1,392,345	20,492	1.5
Net claims paid	843,762	822,285	(21,477)	(2.5)
Loss adjustment expenses	93,375	91,723	(1,652)	(1.8)
Net commissions and brokerage fees	228,951	245,153	16,201	7.1
Maturity refunds to policyholders	203,020	179,584	(23,436)	(11.5)
Dividends to policyholders	7	6	(0)	(5.7)
Provision for reserve for outstanding losses and claims	—	45,534	45,534	—
Provision for underwriting reserves	—	5,450	5,450	—
Other underwriting expenses	2,735	2,607	(128)	(4.7)
Investment expenses:	40,127	21,350	(18,776)	(46.8)
Investment losses on money trusts	—	12	12	—
Losses on sales of securities	1,430	1,573	142	10.0
Impairment losses on securities	25,351	10,867	(14,484)	(57.1)
Losses on redemption of securities	256	121	(134)	(52.5)
Losses on derivatives	10,455	5,754	(4,701)	(45.0)
Other investment expenses	2,633	3,021	388	14.7
Operating, general and administrative expenses	214,839	206,242	(8,596)	(4.0)

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)		Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
Other ordinary expenses:	10,603		11,979		1,376	13.0%
Interest paid	7,420		11,576		4,156	56.0
Losses on bad debt	8		6		(1)	(18.3)
Provision for allowance for possible investment losses	677		—		(677)	(100.0)
Other ordinary expenses	2,496		395		(2,100)	(84.1)
Ordinary profit	65,058		68,079		3,020	4.6
Extraordinary gains:	91		2,161		2,069	2,258.4
Gains on disposal of fixed assets	91		2,161		2,069	2,258.4
Extraordinary losses:	19,298		24,637		5,338	27.7
Losses on disposal of fixed assets	367		1,136		768	209.2
Impairment losses	529		344		(185)	(35.0)
Provision for reserves under the special laws:	4,952		5,222		270	5.5
Provision for reserve for price fluctuation	4,952		5,222		270	5.5
Other extraordinary losses	13,449		17,933		4,484	33.3
Net income before income taxes	45,852		45,603		(248)	(0.5)
Income taxes	619		1,229		609	98.4
Deferred income taxes	16,094		17,023		928	5.8
Total income taxes	16,714		18,253		1,538	9.2
Net income	29,137		27,350		(1,786)	(6.1)
Underwriting result:						
Net premiums written	(+)	1,327,361		1,413,818	86,456	6.5
Net claims paid	(-)	843,762		822,285	(21,477)	(2.5)
Loss adjustment expenses	(-)	93,375		91,723	(1,652)	(1.8)
Net operating expenses:	(-)	434,824		443,875	9,051	2.1
Net commissions and brokerage fees		228,951		245,153	16,201	7.1
Operating, general and administrative expenses related to underwriting		205,872		198,722	(7,149)	(3.5)
Underwriting result		(44,600)		55,933	100,534	—
Underwriting profit (loss)		(25,704)		(32,844)	(7,140)	—
Ratios:						
Net loss ratio	(%)	70.6		64.6	(6.0)	
Net operating expenses ratio	(%)	32.8		31.4	(1.4)	
Underwriting result ratio	(%)	(3.4)		4.0	7.3	

NIPPONKOA Insurance Company, Limited (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	135,943	138,361	2,417
Cash	76	73	(2)
Deposits	135,867	138,287	2,419
Call loans	10,000	15,000	5,000
Monetary receivables bought	426	368	(57)
Money trusts	38,783	26,811	(11,971)
Securities:	1,629,386	1,646,747	17,360
Government bonds	370,017	382,647	12,629
Municipal bonds	27,771	20,470	(7,300)
Corporate bonds	246,287	214,804	(31,483)
Domestic stocks	590,417	567,032	(23,385)
Foreign securities	374,941	455,752	80,810
Other securities	19,951	6,041	(13,910)
Loans:	188,452	157,267	(31,184)
Policy loans	4,648	4,158	(489)
Ordinary loans	183,803	153,108	(30,695)
Tangible fixed assets:	121,832	113,501	(8,331)
Land	63,754	58,082	(5,672)
Buildings	53,144	49,768	(3,375)
Leased assets	378	293	(85)
Construction in progress	62	—	(62)
Other tangible fixed assets	4,492	5,357	864
Intangible fixed assets:	514	514	(0)
Other intangible fixed assets	514	514	(0)
Other assets:	144,076	142,592	(1,483)
Premiums receivable	605	436	(169)
Agency accounts receivable	21,970	21,312	(658)
Foreign agency accounts receivable	9,674	4,640	(5,033)
Coinsurance accounts receivable	2,515	2,635	119
Reinsurance accounts receivable	32,820	30,585	(2,234)
Foreign reinsurance accounts receivable	18,003	20,850	2,847
Accounts receivable	12,069	13,244	1,174
Accrued income	4,338	4,269	(68)
Advance deposits	5,390	4,986	(403)
Earthquake insurance deposits	5,274	5,666	391
Suspense payments	18,989	23,402	4,412
Derivative assets	12,423	10,562	(1,860)
Prepaid pension cost	—	13	13
Deferred tax assets	25,441	20,534	(4,907)
Allowance for possible credit losses	(1,687)	(1,481)	205
Total assets	2,293,170	2,260,231	(32,938)

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	1,713,373	1,673,061	(40,311)
Reserve for outstanding losses and claims	281,518	300,307	18,789
Underwriting reserves	1,431,855	1,372,754	(59,101)
Other liabilities:	94,998	91,033	(3,964)
Coinsurance accounts payable	1,239	1,385	146
Reinsurance accounts payable	23,469	25,695	2,225
Foreign reinsurance accounts payable	3,188	7,187	3,999
Payables under securities lending transactions	10,040	—	(10,040)
Borrowings	950	722	(228)
Income taxes payable	1,827	1,865	37
Deposits received	1,388	1,298	(89)
Unearned income	853	1,042	189
Accounts payable	42,492	36,847	(5,644)
Suspense receipts	7,016	11,239	4,223
Derivative liabilities	1,813	3,131	1,318
Lease obligations	399	304	(94)
Asset retirement obligations	319	311	(7)
Other liabilities	0	0	—
Reserve for retirement benefits	24,020	22,576	(1,444)
Reserve for bonus payments	6,786	6,320	(465)
Reserve for bonus payments to directors	41	24	(17)
Reserves under the special laws:	13,849	16,417	2,567
Reserve for price fluctuation	13,849	16,417	2,567
Total liabilities	1,853,069	1,809,433	(43,636)
Net assets:			
Shareholders' equity:			
Common stock	91,249	91,249	—
Capital surplus:	21,702	21,702	—
Capital reserves	21,702	21,702	—
Retained earnings:	80,045	92,993	12,948
Legal reserve	46,444	48,289	1,845
Other retained earnings:	33,600	44,703	11,103
Reserve for advanced depreciation	3,208	3,122	(86)
Retained earnings carried forward	30,391	41,581	11,189
Total shareholders' equity	192,996	205,944	12,948
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	239,450	238,042	(1,408)
Deferred gains and losses on hedges	7,653	6,810	(843)
Total valuation and translation adjustments	247,104	244,853	(2,251)
Total net assets	440,100	450,797	10,697
Total liabilities and net assets	2,293,170	2,260,231	(32,938)

NIPPONKOA Insurance Company, Limited (Non-consolidated)

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	897,046	868,809	(28,237)	(3.1)%
Underwriting income:	829,442	776,629	(52,812)	(6.4)
Net premiums written	638,863	668,375	29,512	4.6
Deposits of premiums by policyholders	41,100	32,324	(8,776)	(21.4)
Interest and dividend income on deposits of premiums, etc.	17,241	16,525	(716)	(4.2)
Reversal of reserve for outstanding losses and claims	20,448	—	(20,448)	(100.0)
Reversal of underwriting reserves	110,294	58,399	(51,895)	(47.1)
Foreign exchange gains	1,432	977	(455)	(31.8)
Other underwriting income	59	28	(31)	(52.7)
Investment income:	66,213	90,520	24,307	36.7
Interest and dividend income	39,183	40,640	1,457	3.7
Investment gains on money trusts	1,005	1,833	827	82.3
Investment gains on trading securities	—	28	28	—
Gains on sales of securities	38,432	60,394	21,961	57.1
Gains on redemption of securities	450	2,044	1,593	353.5
Gains on derivatives	2,450	—	(2,450)	(100.0)
Foreign exchange gains	1,745	1,044	(700)	(40.1)
Other investment income	186	1,058	871	467.8
Transfer of interest and dividend income on deposits of premiums, etc.	(17,241)	(16,525)	716	—
Other ordinary income	1,390	1,659	268	19.3
Ordinary expenses:	832,465	819,123	(13,342)	(1.6)
Underwriting expenses:	708,639	695,799	(12,840)	(1.8)
Net claims paid	436,647	413,767	(22,880)	(5.2)
Loss adjustment expenses	41,334	39,260	(2,073)	(5.0)
Net commissions and brokerage fees	111,787	118,586	6,798	6.1
Maturity refunds to policyholders	118,589	105,035	(13,553)	(11.4)
Dividends to policyholders	52	103	50	94.9
Provision for reserve for outstanding losses and claims	—	18,828	18,828	—
Other underwriting expenses	227	218	(9)	(4.2)
Investment expenses:	8,374	10,082	1,707	20.4
Investment losses on money trusts	81	231	149	182.7
Losses on sales of securities	5,081	5,688	607	12.0
Impairment losses on securities	1,495	126	(1,369)	(91.5)
Losses on redemption of securities	839	132	(707)	(84.3)
Losses on derivatives	—	1,765	1,765	—
Other investment expenses	876	2,138	1,262	144.0
Operating, general and administrative expenses	114,984	112,727	(2,256)	(2.0)

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)		Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
Other ordinary expenses:	466		514		47	10.2%
Interest paid	39		15		(23)	(60.1)
Losses on bad debt	0		5		4	504.4
Other ordinary expenses	426		492		66	15.6
Ordinary profit	64,580		49,685		(14,894)	(23.1)
Extraordinary gains:	2,058		1,740		(318)	(15.5)
Gains on disposal of fixed assets	2,058		1,740		(318)	(15.5)
Extraordinary losses:	18,823		22,114		3,290	17.5
Losses on disposal of fixed assets	354		1,994		1,640	462.4
Impairment losses	2,908		3,677		768	26.4
Provision for reserves under the special laws:	2,560		2,567		7	0.3
Provision for reserve for price fluctuation	2,560		2,567		7	0.3
Other extraordinary losses	13,000		13,873		873	6.7
Net income before income taxes	47,816		29,311		(18,504)	(38.7)
Income taxes	356		424		67	18.9
Deferred income taxes	14,126		6,713		(7,412)	(52.5)
Total income taxes	14,483		7,138		(7,345)	(50.7)
Net income	33,332		22,173		(11,158)	(33.5)
Underwriting result:						
Net premiums written	(+)	638,863	668,375		29,512	4.6
Net claims paid	(-)	436,647	413,767		(22,880)	(5.2)
Loss adjustment expenses	(-)	41,334	39,260		(2,073)	(5.0)
Net operating expenses:	(-)	222,618	227,049		4,430	2.0
Net commissions and brokerage fees		111,787	118,586		6,798	6.1
Operating, general and administrative expenses related to underwriting		110,831	108,463		(2,368)	(2.1)
Underwriting result		(61,738)	(11,701)		50,036	—
Underwriting profit (loss)		8,786	(29,725)		(38,511)	(438.3)
Ratios:						
Net loss ratio	(%)	74.8	67.8		(7.0)	
Net operating expenses ratio	(%)	34.8	34.0		(0.9)	
Underwriting result ratio	(%)	(9.7)	(1.8)		7.9	

Sompo 24 Insurance Company Limited (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	2,169	3,076	907
Deposits	2,169	3,076	907
Securities:	17,196	17,320	124
Government bonds	6,196	17,220	11,024
Other securities	11,000	100	(10,900)
Tangible fixed assets:	161	229	68
Buildings	22	22	(0)
Other tangible fixed assets	138	207	69
Other assets:	957	1,075	117
Accounts receivable	778	878	100
Accrued income	2	7	5
Advance deposits	166	171	5
Suspense payments	11	17	6
Total assets	20,484	21,703	1,218
Liabilities:			
Underwriting funds:	11,892	13,232	1,339
Reserve for outstanding losses and claims	4,026	4,912	886
Underwriting reserves	7,866	8,319	453
Other liabilities:	1,912	2,168	256
Reinsurance accounts payable	7	6	(0)
Income taxes payable	40	42	1
Deposits received	8	8	0
Accounts payable	1,103	1,219	116
Suspense receipts	751	891	139
Reserve for retirement benefits	158	186	28
Reserve for bonus payments	90	93	3
Reserves under the special laws:	30	33	3
Reserve for price fluctuation	30	33	3
Deferred tax liabilities	12	8	(3)
Total liabilities	14,096	15,723	1,627
Net assets:			
Shareholders' equity:			
Common stock	19,000	19,000	—
Capital surplus:	19,000	19,000	—
Capital reserves	19,000	19,000	—
Retained earnings:	(31,639)	(32,040)	(400)
Other retained earnings:	(31,639)	(32,040)	(400)
Retained earnings carried forward	(31,639)	(32,040)	(400)
Total shareholders' equity	6,360	5,959	(400)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	27	19	(8)
Total valuation and translation adjustments	27	19	(8)
Total net assets	6,388	5,979	(408)
Total liabilities and net assets	20,484	21,703	1,218

Sompo 24 Insurance Company Limited (Non-consolidated)

Statement of Income

(Millions of yen)

	Fiscal year ended		Fiscal year ended		
	March 31, 2013 (April 1, 2012 to March 31, 2013)	March 31, 2014 (April 1, 2013 to March 31, 2014)	Increase (Decrease)	Rate of change	
	Amount	Amount			
Ordinary income:	13,415	13,830	415	3.1%	
Underwriting income:	13,031	13,808	777	6.0	
Net premiums written	13,023	13,799	776	6.0	
Interest and dividend income on deposits of premiums, etc.	7	8	1	13.1	
Investment income:	383	21	(362)	(94.5)	
Interest and dividend income	110	30	(80)	(72.8)	
Gains on sales of securities	280	—	(280)	(100.0)	
Transfer of interest and dividend income on deposits of premiums, etc.	(7)	(8)	(1)	—	
Other ordinary income	0	0	0	7.2	
Ordinary expenses:	13,566	14,221	655	4.8	
Underwriting expenses:	10,574	11,120	546	5.2	
Net claims paid	7,944	7,922	(21)	(0.3)	
Loss adjustment expenses	924	943	18	2.0	
Net commissions and brokerage fees	875	913	38	4.4	
Provision for reserve for outstanding losses and claims	274	886	611	222.3	
Provision for underwriting reserves	554	453	(100)	(18.1)	
Other underwriting expenses	0	0	(0)	(0.3)	
Operating, general and administrative expenses	2,990	3,101	111	3.7	
Other ordinary expenses:	2	0	(1)	(90.1)	
Other ordinary expenses	2	0	(1)	(90.1)	
Ordinary loss	(151)	(391)	(240)	—	
Extraordinary losses:	8	5	(3)	(42.8)	
Losses on disposal of fixed assets	5	1	(3)	(70.5)	
Provision for reserves under the special laws:	3	3	0	0.8	
Provision for reserve for price fluctuation	3	3	0	0.8	
Net loss before income taxes	(160)	(396)	(236)	—	
Income taxes	3	3	—	—	
Total income taxes	3	3	—	—	
Net loss	(164)	(400)	(236)	—	
Underwriting result:					
Net premiums written	(+)	13,023	13,799	776	6.0
Net claims paid	(-)	7,944	7,922	(21)	(0.3)
Loss adjustment expenses	(-)	924	943	18	2.0
Net operating expenses:	(-)	3,862	4,012	150	3.9
Net commissions and brokerage fees		875	913	38	4.4
Operating, general and administrative expenses related to underwriting		2,987	3,099	111	3.7
Underwriting result		290	920	629	216.4
Underwriting profit (loss)		(530)	(412)	117	—
Ratios:					
Net loss ratio	(%)	68.1	64.3	(3.9)	
Net operating expenses ratio	(%)	29.7	29.1	(0.6)	
Underwriting result ratio	(%)	2.2	6.7	4.4	

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SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	1,834	2,887	1,053
Cash	5	0	(5)
Deposits	1,828	2,887	1,059
Money trusts	1,369	—	(1,369)
Securities:	29,041	31,932	2,890
Government bonds	11,592	14,098	2,505
Municipal bonds	1,894	2,287	392
Corporate bonds	7,027	5,970	(1,056)
Domestic stocks	139	56	(83)
Foreign securities	447	238	(209)
Other securities	7,939	9,281	1,341
Loans:	10	7	(3)
Policy loans	10	7	(3)
Tangible fixed assets:	256	254	(2)
Buildings	34	51	16
Leased assets	220	200	(20)
Other tangible fixed assets	1	2	1
Intangible fixed assets:	3,224	3,449	225
Software	3,183	3,421	238
Leased assets	33	21	(11)
Other intangible fixed assets	6	5	(1)
Other assets:	2,634	3,202	567
Premiums receivable	917	1,220	302
Agency accounts receivable	14	54	40
Coinsurance accounts receivable	13	12	(0)
Reinsurance accounts receivable	148	86	(61)
Foreign reinsurance accounts receivable	121	113	(7)
Accounts receivable	447	363	(84)
Accrued income	50	54	3
Advance deposits	346	314	(32)
Suspense payments	575	982	407
Allowance for possible credit losses	(0)	(0)	0
Total assets	38,371	41,733	3,361

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	24,543	27,238	2,695
Reserve for outstanding losses and claims	5,234	6,717	1,483
Underwriting reserves	19,309	20,521	1,211
Other liabilities:	2,472	2,221	(250)
Coinsurance accounts payable	31	34	3
Reinsurance accounts payable	199	187	(12)
Foreign reinsurance accounts payable	235	231	(4)
Income taxes payable	74	82	7
Deposits received	15	3	(12)
Accounts payable	1,609	1,332	(277)
Suspense receipts	41	119	78
Lease obligations	264	232	(32)
Reserve for retirement benefits to directors	34	42	7
Reserve for bonus payments	228	211	(16)
Reserves under the special laws:	13	20	7
Reserve for price fluctuation	13	20	7
Deferred tax liabilities	255	146	(108)
Total liabilities	27,546	29,880	2,334
Net assets:			
Shareholders' equity:			
Common stock	15,110	20,110	5,000
Capital surplus:	13,348	18,347	4,999
Capital reserves	13,348	18,347	4,999
Other capital surplus	0	0	—
Retained earnings:	(18,378)	(27,017)	(8,639)
Other retained earnings:	(18,378)	(27,017)	(8,639)
Retained earnings carried forward	(18,378)	(27,017)	(8,639)
Total shareholders' equity	10,079	11,440	1,360
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	745	412	(333)
Total valuation and translation adjustments	745	412	(333)
Total net assets	10,824	11,852	1,027
Total liabilities and net assets	38,371	41,733	3,361

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		
	Amount	Amount	Increase (Decrease)	Rate of change
Ordinary income:	18,243	19,819	1,575	8.6%
Underwriting income:	17,653	19,250	1,597	9.0
Net premiums written	17,204	18,951	1,747	10.2
Deposits of premiums by policyholders	404	257	(146)	(36.2)
Interest and dividend income on deposits of premiums, etc.	44	41	(3)	(7.8)
Foreign exchange gains	—	0	0	—
Investment income:	202	508	305	151.0
Interest and dividend income	172	158	(13)	(7.8)
Investment gains on money trusts	45	30	(14)	(32.9)
Investment gains on trading securities	4	0	(4)	(98.7)
Gains on sales of securities	24	323	298	1,224.9
Gains on redemption of securities	—	24	24	—
Other investment income	1	12	11	779.0
Transfer of interest and dividend income on deposits of premiums, etc.	(44)	(41)	3	—
Other ordinary income	387	59	(327)	(84.5)
Ordinary expenses:	24,970	28,259	3,288	13.2
Underwriting expenses:	15,078	17,408	2,330	15.5
Net claims paid	9,004	10,997	1,993	22.1
Loss adjustment expenses	1,185	1,470	284	24.0
Net commissions and brokerage fees	1,470	1,355	(115)	(7.8)
Maturity refunds to policyholders	683	885	202	29.6
Provision for reserve for outstanding losses and claims	261	1,483	1,221	466.7
Provision for underwriting reserves	2,468	1,211	(1,256)	(50.9)
Foreign exchange losses	0	—	(0)	(100.0)
Other underwriting expenses	5	4	(0)	(12.4)
Investment expenses:	120	6	(113)	(94.4)
Losses on sales of securities	113	1	(112)	(98.6)
Losses on redemption of securities	0	—	(0)	(100.0)
Other investment expenses	6	5	(1)	(20.1)
Operating, general and administrative expenses	9,713	10,776	1,062	10.9
Other ordinary expenses:	58	67	9	15.7
Interest paid	11	8	(3)	(29.6)
Provision for allowance for possible credit losses	0	—	(0)	(100.0)
Other ordinary expenses	46	59	12	27.2
Ordinary loss	(6,727)	(8,439)	(1,712)	—

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)		Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		Increase (Decrease)	Rate of change
	Amount		Amount			
Extraordinary gains:	176		—		(176)	(100.0)%
Other extraordinary gains	176		—		(176)	(100.0)
Extraordinary losses:	277		189		(88)	(31.7)
Losses on disposal of fixed assets	4		3		(1)	(27.7)
Impairment losses	2		1		(1)	(37.4)
Provision for reserves under the special laws:	7		7		(0)	(6.8)
Provision for reserve for price fluctuation	7		7		(0)	(6.8)
Other extraordinary losses	263		177		(85)	(32.4)
Net loss before income taxes	(6,828)		(8,629)		(1,800)	—
Income taxes	20		9		(10)	(52.9)
Total income taxes	20		9		(10)	(52.9)
Net loss	(6,849)		(8,639)		(1,790)	—
Underwriting result:						
Net premiums written	(+)	17,204	18,951		1,747	10.2
Net claims paid	(-)	9,004	10,997		1,993	22.1
Loss adjustment expenses	(-)	1,185	1,470		284	24.0
Net operating expenses:	(-)	10,665	12,104		1,439	13.5
Net commissions and brokerage fees		1,470	1,355		(115)	(7.8)
Operating, general and administrative expenses related to underwriting		9,194	10,749		1,554	16.9
Underwriting result		(3,650)	(5,621)		(1,971)	—
Underwriting profit (loss)		(6,561)	(8,873)		(2,311)	—
Ratios:						
Net loss ratio	(%)	59.2	65.8		6.6	
Net operating expenses ratio	(%)	62.0	63.9		1.9	
Underwriting result ratio	(%)	(21.2)	(29.7)		(8.5)	

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

Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	46,850	38,819	(8,031)
Cash	8	2	(6)
Deposits	46,842	38,816	(8,025)
Securities:	1,836,684	1,988,668	151,984
Government bonds	1,304,484	1,477,004	172,519
Municipal bonds	100,045	65,587	(34,457)
Corporate bonds	372,069	334,832	(37,236)
Domestic stocks	10,366	8,588	(1,777)
Foreign securities	49,718	102,655	52,936
Loans:	35,012	35,672	660
Policy loans	35,012	35,672	660
Tangible fixed assets:	1,411	1,228	(182)
Buildings	682	626	(55)
Leased assets	545	426	(118)
Other tangible fixed assets	183	175	(7)
Intangible fixed assets:	2,088	1,075	(1,013)
Software	2,088	1,075	(1,013)
Agency accounts receivable	179	125	(54)
Reinsurance accounts receivable	1,761	930	(831)
Other assets:	35,259	40,062	4,802
Accounts receivable	25,903	29,224	3,321
Prepaid expenses	1,090	1,267	177
Accrued income	4,893	5,414	521
Advance deposits	2,838	2,807	(31)
Derivative assets	112	86	(26)
Suspense payments	382	1,230	848
Other assets	38	30	(8)
Deferred tax assets	13,433	13,747	314
Allowance for possible credit losses	(49)	(43)	6
Total assets	1,972,630	2,120,286	147,655

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	1,856,426	1,995,280	138,853
Reserve for outstanding claims	28,345	31,850	3,054
Policy reserves	1,823,979	1,959,172	135,192
Reserve for dividends to policyholders	4,100	4,257	156
Agency accounts payable	3,711	3,253	(457)
Reinsurance accounts payable	1,254	1,026	(227)
Other liabilities:	11,886	13,353	1,466
Income taxes payable	3,497	3,068	(428)
Accounts payable	127	3,103	2,975
Accrued expenses	5,255	5,479	224
Deposits received	201	125	(76)
Derivative liabilities	13	262	248
Lease obligations	624	499	(125)
Suspense receipts	2,166	814	(1,351)
Reserve for bonus payments to directors	52	49	(2)
Reserve for retirement benefits	2,146	2,590	444
Reserves under the special laws:	2,218	2,688	469
Reserve for price fluctuation	2,218	2,688	469
Total liabilities	1,877,696	2,018,241	140,545
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	30,000	30,000	—
Capital reserves	10,000	10,000	—
Other capital surplus	20,000	20,000	—
Retained earnings:	20,380	28,448	8,068
Other retained earnings:	20,380	28,448	8,068
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	20,054	28,123	8,068
Total shareholders' equity	67,630	75,698	8,068
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	27,304	26,345	(958)
Total valuation and translation adjustments	27,304	26,345	(958)
Total net assets	94,934	102,044	7,110
Total liabilities and net assets	1,972,630	2,120,286	147,655

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

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		
	Amount	Amount	Increase (Decrease)	Rate of change
Ordinary income:	409,934	415,266	5,332	1.3%
Insurance premiums and other:	370,725	372,878	2,153	0.6
Insurance premiums	365,613	369,504	3,890	1.1
Reinsurance income	5,111	3,374	(1,737)	(34.0)
Investment income:	36,875	40,618	3,742	10.1
Interest and dividend income and other:	32,810	35,565	2,754	8.4
Interest on deposits	0	—	(0)	(100.0)
Interest and dividends on securities	31,661	34,387	2,725	8.6
Interest on loans	1,138	1,168	30	2.6
Other interest and dividends	9	8	(1)	(11.0)
Gains on sales of securities	2,010	2,739	729	36.3
Foreign exchange gains	34	55	20	59.3
Reversal of allowance for possible credit losses	—	4	4	—
Investment gains on special account	2,019	2,252	233	11.5
Other ordinary income:	2,333	1,769	(563)	(24.2)
Fund receipt for annuity rider	1,143	353	(790)	(69.1)
Fund receipt for claim deposit payments	1,170	1,404	233	20.0
Other ordinary income	18	11	(7)	(40.1)
Ordinary expenses:	398,510	398,009	(501)	(0.1)
Insurance claims and other:	172,202	174,043	1,840	1.1
Insurance claims	32,488	33,561	1,073	3.3
Annuity payments	3,804	7,387	3,582	94.2
Insurance benefits	31,219	33,703	2,484	8.0
Surrender benefits	97,961	93,280	(4,680)	(4.8)
Other refunds	1,467	1,701	233	15.9
Reinsurance premiums	5,261	4,409	(852)	(16.2)
Provision for policy reserves and other:	138,573	138,697	124	0.1
Provision for reserve for outstanding claims	3,730	3,504	(225)	(6.1)
Provision for policy reserves	134,840	135,192	352	0.3
Provision for interest portion of reserve for dividends to policyholders	2	0	(2)	(91.1)
Investment expenses:	1,116	568	(547)	(49.0)
Interest paid	88	69	(18)	(21.1)
Losses on sales of securities	178	401	223	125.4
Impairment losses on securities	793	—	(793)	(100.0)
Losses on derivatives	30	67	37	122.8
Provision for allowance for possible credit losses	3	—	(3)	(100.0)
Other investment expenses	22	29	7	35.0
Operating expenses	82,213	80,100	(2,113)	(2.6)

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	4,405	4,599	194	4.4%
Claim deposit payments	838	1,047	208	24.9
Taxes	1,562	1,616	54	3.5
Depreciation	1,552	1,466	(86)	(5.6)
Provision for reserve for retirement benefits	427	444	16	3.9
Other ordinary expenses	23	24	0	4.0
Ordinary profit	11,423	17,257	5,833	51.1
Extraordinary gains:	0	—	(0)	(100.0)
Gains on disposal of fixed assets and other	0	—	(0)	(100.0)
Extraordinary losses:	349	545	196	56.1
Losses on disposal of fixed assets and other	12	76	64	533.1
Provision for reserves under the special laws:	337	469	131	39.1
Provision for reserve for price fluctuation	337	469	131	39.1
Provision for reserve for dividends to policyholders	3,404	3,465	61	1.8
Net income before income taxes	7,670	13,246	5,575	72.7
Income taxes	3,721	5,051	1,329	35.7
Deferred income taxes	(472)	126	599	—
Total income taxes	3,249	5,177	1,928	59.4
Net income	4,421	8,068	3,647	82.5

Sompo Japan DIY Life Insurance CO., LTD. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	2,348	1,757	(590)
Deposits	2,348	1,757	(590)
Securities:	2,394	2,891	496
Government bonds	1,473	1,970	496
Domestic stocks	5	5	—
Other securities	915	915	0
Tangible fixed assets:	27	45	18
Buildings	12	8	(3)
Leased assets	1	24	22
Other tangible fixed assets	13	12	(0)
Intangible fixed assets:	90	70	(20)
Software	90	70	(20)
Agency accounts receivable	0	0	0
Reinsurance accounts receivable	12	22	10
Other assets:	242	247	4
Accounts receivable	177	182	5
Prepaid expenses	5	5	(0)
Accrued income	0	0	(0)
Advance deposits	57	56	(0)
Suspense payments	1	2	0
Other assets	0	0	(0)
Allowance for possible credit losses	(3)	(1)	1
Total assets	5,113	5,033	(80)

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	1,060	967	(92)
Reserve for outstanding claims	217	138	(79)
Policy reserves	842	828	(13)
Agency accounts payable	4	3	(0)
Reinsurance accounts payable	30	30	0
Other liabilities:	270	135	(134)
Income taxes payable	31	0	(30)
Accounts payable	0	0	0
Accrued expenses	233	107	(126)
Deposits received	2	1	(1)
Lease obligations	1	25	23
Suspense receipts	0	1	0
Reserve for retirement benefits	30	38	7
Reserves under the special laws:	18	19	0
Reserve for price fluctuation	18	19	0
Deferred tax liabilities	1	0	(0)
Total liabilities	1,415	1,195	(219)
Net assets:			
Shareholders' equity:			
Common stock	10,100	10,100	—
Capital surplus:	2,100	2,100	—
Capital reserves	2,100	2,100	—
Retained earnings:	(8,504)	(8,364)	139
Other retained earnings:	(8,504)	(8,364)	139
Retained earnings carried forward	(8,504)	(8,364)	139
Total shareholders' equity	3,695	3,835	139
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	2	1	(0)
Total valuation and translation adjustments	2	1	(0)
Total net assets	3,698	3,837	139
Total liabilities and net assets	5,113	5,033	(80)

Sompo Japan DIY Life Insurance CO., LTD. (Non-consolidated)

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	4,073	3,999	(74)	(1.8)%
Insurance premiums and other:	3,798	3,901	102	2.7
Insurance premiums	3,728	3,758	30	0.8
Reinsurance income	70	142	71	102.1
Investment income:	207	4	(202)	(97.6)
Interest and dividend income and other:	18	3	(14)	(80.6)
Interest and dividends on securities	18	3	(14)	(80.6)
Gains on sales of securities	188	—	(188)	(100.0)
Reversal of allowance for possible credit losses	—	1	1	—
Other ordinary income:	67	92	24	36.7
Reversal of reserve for outstanding claims	52	79	26	51.2
Reversal of policy reserves	15	13	(2)	(13.4)
Other ordinary income	0	0	0	180.3
Ordinary expenses:	3,500	3,850	349	10.0
Insurance claims and other:	1,204	1,608	403	33.5
Insurance claims	857	1,259	401	46.8
Insurance benefits	208	210	1	0.8
Other refunds	4	5	0	21.8
Reinsurance premiums	133	133	(0)	(0.1)
Investment expenses:	48	0	(48)	(99.5)
Interest paid	0	0	0	130.1
Losses on sales of securities	45	—	(45)	(100.0)
Provision for allowance for possible credit losses	3	—	(3)	(100.0)
Operating expenses	2,202	2,184	(18)	(0.8)
Other ordinary expenses:	45	57	12	27.3
Taxes	16	16	(0)	(0.1)
Depreciation	27	32	5	20.8
Provision for reserve for retirement benefits	1	7	5	373.4
Other ordinary expenses	—	0	0	—
Ordinary profit	572	148	(424)	(74.1)
Extraordinary gains:	—	0	0	—
Gains on disposal of fixed assets and other	—	0	0	—
Extraordinary losses:	0	1	0	72.6
Losses on disposal of fixed assets and other	0	0	0	189.0
Provision for reserves under the special laws:	0	0	0	20.5
Provision for reserve for price fluctuation	0	0	0	20.5
Net income before income taxes	572	147	(424)	(74.2)
Income taxes	32	7	(24)	(76.4)
Total income taxes	32	7	(24)	(76.4)
Net income	539	139	(399)	(74.1)

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

(Unaudited)

Consolidated Solvency Margin Ratio

- 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, etc.
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for 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) Consolidated Solvency Margin Ratio, 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 Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).
- “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 consolidated solvency margin) 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 unrealized gains and losses on land, 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.

NKSJ Holdings, Inc. (Consolidated)
Consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
(A) Total Consolidated Solvency Margin	2,410,452	2,599,684
Capital and funds, etc.	654,542	661,050
Reserve for price fluctuation	35,519	43,790
Contingency reserve	25,537	26,596
Catastrophic loss reserve	566,963	579,759
General allowance for possible credit losses	502	1,422
Unrealized gains and losses on securities (before tax effect deductions)	748,818	842,009
Unrealized gains and losses on land	13,955	17,276
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	—	4,545
Surplus such as premium fund	121,943	129,606
Subordinated debt, etc.	261,560	261,560
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	110,044	72,442
Others	91,154	104,510
(B) Total Consolidated Risks	700,332	663,862
$\sqrt{(\sqrt{R_1^2+R_2^2+R_3^2+R_4^2})^2+(R_5+R_6+R_7)^2+R_8+R_9}$		
Underwriting risk for property and casualty insurance business (R ₁)	176,406	187,832
Underwriting risk for life insurance business (R ₂)	12,531	13,758
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	6,135	6,382
Underwriting risk related to small amount and short term insurance companies (R ₄)	—	—
Guaranteed interest rate risk (R ₅)	34,285	32,990
Guaranteed minimum benefit risk for life insurance policies (R ₆)	347	357
Investment risk (R ₇)	381,757	389,654
Business management risk (R ₈)	17,147	16,587
Major catastrophe risk for property and casualty insurance policies (R ₉)	228,360	181,607
(C) Consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	688.3%	783.1%

Note) The above amounts and figures are calculated based on 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), applied in the end of each fiscal year. Regulations on consolidated solvency margin ratio were revised at the end of the fiscal year ended March 31, 2014. Therefore, the figures of the fiscal year ended March 31, 2013 and the figures of the fiscal year ended March 31, 2014 are calculated by different methods respectively.

Solvency Margin Ratios of Principal Consolidated Subsidiaries

(Unaudited)

Non-consolidated Solvency Margin Ratio

- 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) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance companies by means of their capital, reserves, etc.” ((A) Total Non-consolidated Solvency Margin) to “risks which will exceed their normal estimates” ((B) Total Non-consolidated Risks).
- “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 non-consolidated solvency margin) 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 unrealized gains and losses on land, 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.

Sompo Japan Insurance Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
(A) Total Non-consolidated Solvency Margin	1,493,106	1,636,131
Capital and funds, etc.	263,299	275,199
Reserve for price fluctuation	19,388	24,611
Contingency reserve	611	611
Catastrophic loss reserve	385,026	405,552
General allowance for possible credit losses	215	148
Unrealized gains and losses on securities (before tax effect deductions)	571,425	647,211
Unrealized gains and losses on land	22,103	21,421
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	261,560	261,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	92,366	67,066
Others	61,841	66,880
(B) Total Non-consolidated Risks	462,503	458,707
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	110,429	113,713
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	16,828	15,979
Investment risk (R ₄)	279,657	298,150
Business management risk (R ₅)	10,843	10,832
Major catastrophe risk (R ₆)	135,276	113,795
(C) Non-consolidated Solvency Margin Ratio	645.6%	713.3%
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above amounts and figures are calculated based on 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).

NIPPONKOA Insurance Company, Limited (Non-consolidated)

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
(A) Total Non-consolidated Solvency Margin	710,509	724,387
Capital and funds, etc.	192,996	205,944
Reserve for price fluctuation	13,849	16,417
Contingency reserve	8	9
Catastrophic loss reserve	178,714	170,890
General allowance for possible credit losses	50	39
Unrealized gains and losses on securities (before tax effect deductions)	303,023	300,559
Unrealized gains and losses on land	13,706	17,709
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	11,769	11,769
Others	19,928	24,587
(B) Total Non-consolidated Risks	266,095	221,843
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	57,467	57,602
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	0	0
Guaranteed interest rate risk (R ₃)	9,261	8,773
Investment risk (R ₄)	148,113	133,222
Business management risk (R ₅)	6,145	5,258
Major catastrophe risk (R ₆)	92,411	63,349
(C) Non-consolidated Solvency Margin Ratio	534.0%	653.0%
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above amounts and figures are calculated based on 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).

Sompo 24 Insurance Company Limited (Non-consolidated)

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
(A) Total Non-consolidated Solvency Margin	6,837	6,453
Capital and funds, etc.	6,360	5,959
Reserve for price fluctuation	30	33
Contingency reserve	—	—
Catastrophic loss reserve	410	434
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities (before tax effect deductions)	36	25
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 Non-consolidated Risks	1,930	2,036
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	1,678	1,793
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)	476	378
Business management risk (R ₅)	68	69
Major catastrophe risk (R ₆)	118	134
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	708.1%	633.9%

Note) The above amounts and figures are calculated based on 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).

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
(A) Total Non-consolidated Solvency Margin	13,821	14,862
Capital and funds, etc.	10,079	11,440
Reserve for price fluctuation	13	20
Contingency reserve	11	11
Catastrophic loss reserve	2,812	2,882
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities (before tax effect deductions)	900	503
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	4	4
(B) Total Non-consolidated Risks	2,315	2,647
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	1,442	1,787
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	28	28
Investment risk (R ₄)	825	824
Business management risk (R ₅)	85	96
Major catastrophe risk (R ₆)	554	570
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	1,193.6%	1,122.5%

Note) The above amounts and figures are calculated based on 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).

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

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
(A) Total Non-consolidated Solvency Margin	233,561	255,250
Capital, etc.	67,630	75,698
Reserve for price fluctuation	2,218	2,688
Contingency reserve	24,398	25,475
General allowance for possible credit losses	19	13
Unrealized gains and losses on securities (90% of gain or 100% of loss)	35,357	34,098
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	121,943	129,606
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(27,386)	(25,368)
Brought in capital, etc.	—	—
Deductions	—	—
Others	9,379	13,037
(B) Total Non-consolidated Risks	30,032	32,244
$\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2}+R_4$		
Underwriting risk (R ₁)	12,088	12,739
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₆)	6,041	6,290
Guaranteed interest rate risk (R ₂)	8,167	8,208
Guaranteed minimum benefit risk (R ₇)	347	357
Investment risk (R ₃)	14,389	16,366
Business management risk (R ₄)	820	879
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,555.3%	1,583.2%

Notes)

1. The above amounts and figures are calculated based on 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).
2. Guaranteed minimum benefit risk is calculated by using the standard method.

Sompo Japan DIY Life Insurance CO., LTD. (Non-consolidated)

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
(A) Total Non-consolidated Solvency Margin	4,224	4,345
Capital, etc.	3,695	3,835
Reserve for price fluctuation	18	19
Contingency reserve	507	488
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities (90% of gain or 100% of loss)	2	2
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	—	—
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	—	—
Brought in capital, etc.	—	—
Deductions	—	—
Others	—	—
(B) Total Non-consolidated Risks	529	510
$\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2}+R_4$		
Underwriting risk (R ₁)	411	395
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₆)	93	90
Guaranteed interest rate risk (R ₂)	0	0
Guaranteed minimum benefit risk (R ₇)	—	—
Investment risk (R ₃)	81	85
Business management risk (R ₄)	17	17
(C) Non-consolidated Solvency Margin Ratio	1,596.1%	1,700.9%
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above amounts and figures are calculated based on 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).

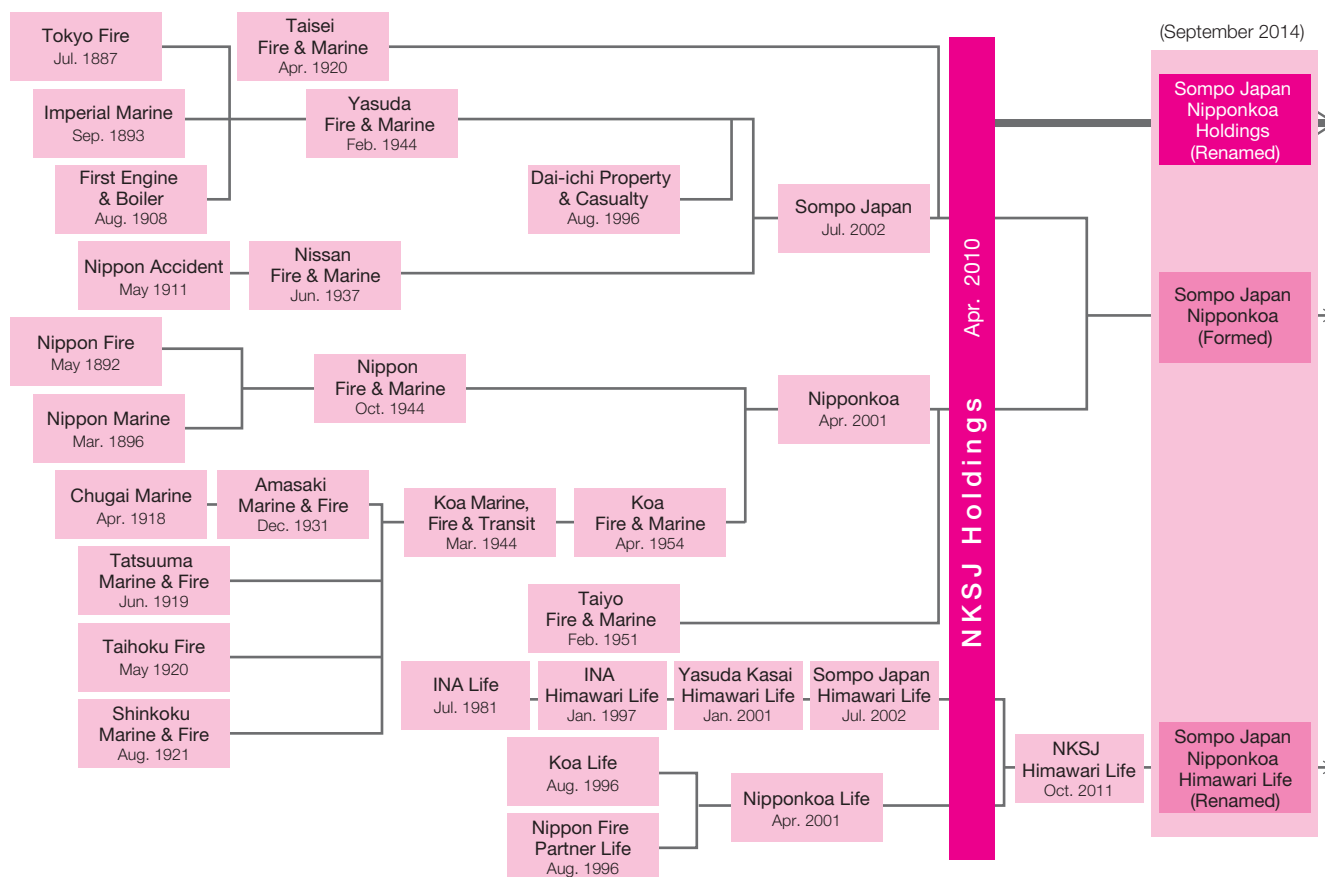


Corporate Information

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History of the Sompō Japan Nipponkoa Group

2009	October	Sompō Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. drew up a share exchange agreement aimed at establishing a joint holding company and signed a business integration agreement.
	December	Sompō Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. obtained the approval of their shareholders at extraordinary General Meetings of Shareholders with regard to the establishment of NKSJ Holdings, Inc.
2010	April	NKSJ Holdings, Inc. was established. NKSJ Holdings, Inc. was listed on the Tokyo Stock Exchange (First Section) and the Osaka Securities Exchange (First Section).
	May	Sompō Japan Insurance Inc. acquired 100% of shares in Tenet Insurance Company Limited, a Singaporean P&C insurer, making Tenet a consolidated subsidiary of NKSJ Holdings, Inc. (The company name was changed to Tenet Capital Ltd.)
	October	Sompō Japan Asset Management Co., Ltd., a consolidated subsidiary of NKSJ Holdings, Inc. and ZEST Asset Management Ltd., a non-consolidated subsidiary of NKSJ Holdings, Inc., were merged into SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD., becoming a consolidated subsidiary of NKSJ Holdings, Inc.
	November	Sompō Japan Insurance Inc. acquired substantially all of the shares in Fiba Sigorta Anonim Sirketi, a P&C insurer in Turkey, making Fiba Sigorta a consolidated subsidiary of NKSJ Holdings, Inc. (The company name was changed to Sompō Japan Sigorta A.S.)
	June	Sompō Japan Insurance Inc. acquired additional shares of Berjaya Sompō Insurance Berhad, formerly an equity-method affiliate of NKSJ Holdings, Inc., through Sompō Japan Asia Holdings Pte. Ltd., making Berjaya Sompō Insurance Berhad, a consolidated subsidiary of NKSJ Holdings, Inc.
2011	October	Sompō Japan Himawari Life Insurance Co., Ltd. and NIPPONKOA Life Insurance Company, Limited, both of which were consolidated subsidiaries of NKSJ Holdings, Inc., were merged into NKSJ Himawari Life Insurance, Inc.
	June	Sompō Japan Nipponkoa Holdings (Americas) Inc. the holding company that supervises North American operations of Sompō Japan Insurance Inc. was established and became a consolidated subsidiary of NKSJ Holdings, Inc.
	July	Yasuda Seguros S.A. acquired additional shares of Marítima Seguros S.A., formerly an equity-method affiliate of NKSJ Holdings, Inc. making Marítima Seguros S.A. and Marítima Saude Seguros S.A. (Marítima Seguros' subsidiary) consolidated subsidiaries of NKSJ Holdings, Inc.
2013	January	Tenet Sompō Insurance Pte. Ltd. and Tenet Capital Ltd., both of which were Singapore-based consolidated subsidiaries of NKSJ Holdings, Inc. operating in the P&C insurance business, were merged. Tenet Sompō Insurance Pte. Ltd. continues operations as the surviving company.
	June	Tenet Sompō Insurance Pte. Ltd. and Tenet Capital Ltd., both of which were Singapore-based consolidated subsidiaries of NKSJ Holdings, Inc. operating in the P&C insurance business, were merged. Tenet Sompō Insurance Pte. Ltd. continues operations as the surviving company.
	July	Tenet Sompō Insurance Pte. Ltd. and Tenet Capital Ltd., both of which were Singapore-based consolidated subsidiaries of NKSJ Holdings, Inc. operating in the P&C insurance business, were merged. Tenet Sompō Insurance Pte. Ltd. continues operations as the surviving company.
2014	May	Sompō Japan Insurance Inc. acquired 100% of shares in Canopus Group Limited, an insurer incorporated in Guernsey, a British crown dependency, making Canopus Group a consolidated subsidiary of NKSJ Holdings, Inc.



Shares and Shareholders

■ Share Information (As of September 1, 2014)

Fiscal year:	April 1 through March 31 of the following year
Annual General Meeting of Shareholders:	Held within three months of the end of each fiscal year
Record date for year-end dividends and voting rights:	March 31 * Record date for interim dividends: September 30 (When we pay an interim dividend)
Share-trading lot size:	100
Shareholder registry administrator:	Mizuho Trust & Banking Co., Ltd.
Public notices:	Sompo Japan Nipponkoa Holdings issues public notices electronically (http://www.sompo-hd.com/) *If a public notice cannot be issued electronically, it will be published in the Nihon Keizai Shimbun (newspaper).
Exchange Listing:	Tokyo Stock Exchange (First Section)

■ Matters for the General Meeting of Shareholders

The 4th General Meeting of Shareholders was held on June 23, 2014. 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 audit & supervisory board for Fiscal Year 2013 (April 1, 2013 to March 31, 2014)
2. The financial statements for Fiscal Year 2013 (April 1, 2013 to March 31, 2014)

Matters to be Resolved

- Proposal No. 1** Disposition of Retained Earnings
- Proposal No. 2** Partial Amendment of the Articles of Incorporation
- Proposal No. 3** Appointment of twelve Directors
- Proposal No. 4** Appointment of two Auditors & Supervisory Board Members

The proposals were approved as initially proposed.

■ Distribution and Shares (As of March 31, 2014)

Summary of Issued Shares

Type of shares:	Common Shares
Total number of authorized shares:	1,200,000,000
Total number of shares outstanding:	415,352,294
Total number of shareholders:	48,434

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	174	134,962	32.49
Securities Companies	54	11,631	2.80
Other Corporations	1,143	38,597	9.29
Foreign Investors	555	179,070	43.11
Individuals and Others	46,506	51,081	12.31
Total	48,434	415,352	100.00

■ Major Shareholders (As of March 31, 2014)

Name of Shareholder	Number of Shares Held (Thousands)	Portion of Shares Outstanding (%)
STATE STREET BANK AND TRUST COMPANY	23,489	5.66
The Master Trust Bank of Japan, Ltd. (Trust account)	14,216	3.42
Japan Trustee Services Bank, Ltd. (Trust account)	14,124	3.40
NKSJ Holdings Employee Shareholders Association	11,886	2.86
The Dai-ichi Life Insurance Company, Limited	10,227	2.46
CBNY-ORBIS FUNDS	9,532	2.29
Nippon Express Co., Ltd.	8,001	1.93
CBNY-ORBIS SICAV	7,758	1.87
STATE STREET BANK AND TSUST COMPANY 505225	6,755	1.63
STATE STREET BANK AND TSUST COMPANY	5,408	1.30

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

1,580 companies ¥1,045,397 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.	19,059,800	69,263
Hulic Co., Ltd.	47,578,800	67,276
Canon Inc.	17,439,987	55,650
The Dai-ichi Life Insurance Company, Limited	25,000,000	37,500
Marubeni Corporation	47,694,000	33,051
NISSAN MOTOR CO., LTD.	31,928,000	29,373
Fuji Heavy Industries Ltd.	8,202,490	22,901
SUZUKI MOTOR CORPORATION	7,761,500	20,909
TOYOTA MOTOR CORPORATION	3,000,900	17,483
Aisin Seiki Co., Ltd.	4,100,000	15,272
Panasonic Corporation	12,800,000	15,014
Suruga Bank Ltd.	7,655,000	13,916
Murata Manufacturing Co., Ltd.	1,429,200	13,913
JFE Holdings, Inc.	7,038,669	13,676
ITOCHU Corporation	11,280,000	13,603
YAMATO HOLDINGS CO., LTD.	6,033,900	13,419
JX Holdings, Inc.	23,866,580	11,861
Nitto Denko Corporation	2,310,800	11,419
Tokyo Tatemono Co.,Ltd.	10,484,000	9,278
Mizuho Financial Group, Inc.	44,140,590	9,004
Ajinomoto Co., Inc.	5,189,500	7,654
Hitachi, Ltd.	9,689,073	7,383
Mazda Motor Corporation	15,581,000	7,136
Sharp Corporation	21,496,000	6,749
Bridgestone Corporation	1,841,000	6,738
East Japan Railway Company	871,200	6,626
ZENKOKU HOSHO Co.,Ltd	2,400,000	6,535
The Bank of Kyoto, Ltd.	7,512,000	6,400
AEON CO., LTD.	5,041,600	5,863
Nissan Chemical Industries, Ltd.	3,530,000	5,467
NSK Ltd.	5,074,000	5,388
NIPPON PAINT CO., LTD.	3,435,000	5,372
Keikyu Corporation	6,057,000	5,269
Showa Denko K.K.	35,805,600	5,227

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
The Bank of Yokohama, Ltd.	10,017,000	5,158
KONICA MINOLTA, INC.	5,273,500	5,078
Kawasaki Heavy Industries, Ltd.	13,239,000	5,030
NGK SPARK PLUG CO., LTD.	2,000,000	4,640
Isuzu Motors Limited	7,751,000	4,596
Asahi Kasei Corp.	6,423,000	4,508
The Iyo Bank, Ltd.	4,375,300	4,314
Fuyo General Lease Co.,Ltd.	1,152,400	4,269
Kawasaki Kisen Kaisha, Ltd.	19,107,000	4,260
Central Japan Railway Company	350,000	4,221
STANLEY ELECTRIC CO., LTD.	1,800,000	4,123
Olympus Corporation	1,233,100	4,056
The Yokohama Rubber Company, Limited	3,906,000	3,788
Century Tokyo Leasing Corporation	1,287,500	3,719

• 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	32,342
Murata Manufacturing Co., Ltd.	550,000	5,354

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

916 companies ¥538,216 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.	5,177,556	30,537
NIPPON EXPRESS CO., LTD.	50,967,522	25,738
ITOCHU Corporation	18,556,714	22,379
Ricoh Company, Ltd.	18,197,414	21,654
The Chiba Bank, Ltd.	29,998,468	19,079
The Joyo Bank, Ltd.	28,973,000	14,921
TOSHIBA CORPORATION	30,308,000	13,244
Honda Motor Co., Ltd.	3,450,000	12,537
Ajinomoto Co., Inc.	8,049,994	11,873
Komatsu Ltd.	5,231,448	11,184
Fuji Heavy Industries Ltd.	3,954,540	11,041
Shiseido Company, Limited	5,934,497	10,777
LPI CAPITAL BHD	18,902,400	9,902
Astellas Pharma Inc.	1,569,544	9,605
Seven & i Holdings Co., Ltd	2,307,002	9,098
TOYOTA MOTOR CORPORATION	1,339,418	7,803
T&D Holdings, Inc.	6,264,810	7,686
Shionogi & Co., Ltd.	3,846,791	7,358
The Hiroshima Bank, Ltd.	16,687,911	7,192
ASHIKAGA HOLDINGS CO., LTD	15,000,000	6,885
Kawasaki Heavy Industries, Ltd.	17,338,999	6,588
THE SHIGA BANK, LTD.	11,651,260	6,524
Mitsubishi UFJ Financial Group, Inc.	11,195,975	6,348
FUKUYAMA TRANSPORTING CO.,LTD.	10,087,304	6,254
NOK CORPORATION	3,571,400	6,017
YAKULT HONSHA CO., LTD.	1,114,760	5,774
The Keiyo Bank, Ltd.	12,619,128	5,552
NH Foods Ltd.	3,493,000	5,368
YAMAZAKI BAKING CO., LTD.	4,168,396	5,093
OMRON Corporation	1,170,247	4,985
North Pacific Bank,Ltd.	10,866,480	4,553
The Juroku Bank, Ltd.	12,338,080	4,441
Mazda Motor Corporation	9,353,200	4,283
THE HACHIJUNI BANK,LTD.	6,515,541	3,824
The Iyo Bank, Ltd.	3,762,421	3,709

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
NIPPON KONPO UNYU SOKO CO.,LTD.	2,006,470	3,649
NIPPON SHOKUBAI CO., LTD.	2,781,350	3,390
Isetan Mitsukoshi Holdings Ltd.	2,595,767	3,307
AEON CO., LTD.	2,639,688	3,069
IHI Corporation	6,964,000	3,022
Keio Corporation	4,067,421	2,924
The Hokkoku Bank Ltd.	7,883,395	2,845
SHO-BOND Holdings Co., Ltd.	612,100	2,791
The Hyakugo Bank, Ltd.	6,507,274	2,759
East Japan Railway Company	350,000	2,662
HISAMITSU PHARMACEUTICAL CO., INC.	551,102	2,570
The Chugoku Electric Power Co.,Inc.	1,717,666	2,471
NIHON KOHDEN CORPORATION	584,748	2,406

• 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	4,151
Seven & i Holdings Co., Ltd	913,000	3,600

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.

Sompo Japan Nipponkoa Holdings, Subsidiaries and Affiliates

The Sompo Japan Nipponkoa Group consists of Sompo Japan Nipponkoa Holdings, Inc., 74 subsidiaries and 17 affiliates. The Group is engaged in property and casualty insurance business, life insurance business and other business.

Major group companies are as follows.

List of Group Companies

Property and casualty insurance business

(As of March 31, 2014)

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

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)
- SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. (Investment advisory service and fund trust management service)
- Healthcare Frontier Japan Inc. (Consulting service regarding health and care such as prevention of disease)

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

Subsidiaries and Affiliates

(As of March 31, 2014)

Consolidated subsidiaries

Company name	Head office	Establishment	Capital	Main business	Proportion of voting rights*12 held by the holding company (%)	Proportion of voting rights*12 held by subsidiaries or affiliates of the holding company (%)
Sampo Japan Insurance Inc. *1	Shinjuku-ku, Tokyo	February 12, 1944	70,000 million yen	P&C insurance	100.0	—
NIPPONKOA Insurance Company, Limited*1	Chiyoda-ku, Tokyo	October 1, 1944	91,249 million yen	P&C insurance	100.0	—
Sonpo 24 Insurance Company Limited	Toshima-ku, Tokyo	December 6, 1999	19,000 million yen	P&C insurance	—	100.0
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Toshima-ku, Tokyo	September 22, 1982	20,110 million yen	P&C insurance	—	98.8
Sampo Japan Nipponkoa Insurance Services Inc. *2	Shinjuku-ku, Tokyo	February 28, 1989	1,845 million yen	P&C insurance	—	100.0
NKSJ Himawari Life Insurance, Inc. *3	Shinjuku-ku, Tokyo	July 7, 1981	17,250 million yen	Life insurance	100.0	—
Sampo Japan DIY Life Insurance CO., LTD. *4	Shinjuku-ku, Tokyo	April 23, 1999	10,100 million yen	Life insurance	—	90.0
Sampo Japan DC Securities Inc. *5	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million yen	Defined contribution pension plan business and fund sales business	—	100.0
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.	Chuo-ku, Tokyo	February 25, 1986	1,550 million yen	Investment advisory service and fund trust management service	100.0	—
Healthcare Frontier Japan Inc.	Chiyoda-ku, Tokyo	April 12, 1991	1,286 million yen	Consulting service regarding health and care such as prevention of disease	96.6	—
Sampo Japan Nipponkoa Holdings (Americas) Inc.	Delaware, (U.S.A.)	January 2, 2013	1,000 thousand U.S. dollars	P&C insurance	—	100.0
Sampo Japan Insurance Company of America	New York, (U.S.A.)	August 9, 1962	12,057 thousand U.S. dollars	P&C insurance	—	100.0
Sampo Japan Nipponkoa Insurance Company of Europe Limited*6	London, (U.K.)	December 9, 1993	173,700 thousand British pounds	P&C insurance	—	100.0
NIPPONKOA Insurance Company (Europe) Limited	London, (U.K.)	March 31, 1977	29,600 thousand British pounds	P&C insurance	—	100.0
NIPPONKOA Management Services (Europe) Limited	London, (U.K.)	July 4, 2002	10 thousand British pounds	P&C insurance	—	100.0
Sampo Japan Sigorta Anonim Sirketi	Istanbul, (Turkey)	March 30, 2001	45,498 thousand Turkish lira	P&C insurance	—	90.0
Sampo Japan Asia Holdings Pte. Ltd.*7	Singapore (Singapore)	August 1, 2008	768,075 thousand Singapore dollars	P&C insurance	—	100.0
Tenet Sampo Insurance Pte. Ltd.*8	Singapore (Singapore)	December 14, 1989	418,327 thousand Singapore dollars	P&C insurance	—	100.0
Berjaya Sampo Insurance Berhad	Kuala Lumpur (Malaysia)	September 22, 1980	118,000 thousand ringgits	P&C insurance	—	70.0
Sampo Japan Insurance (China) Co., Ltd.*9	Dalian, (China)	June 1, 2005	500,000 thousand Chinese Yuan	P&C insurance	—	100.0
NIPPONKOA Insurance Company (China) Limited	Shenzhen (China)	June 19, 2009	300,000 thousand Chinese Yuan	P&C insurance	—	100.0

Company name	Head office	Establishment	Capital	Main business	Proportion of voting rights*12 held by the holding company (%)	Proportion of voting rights*12 held by subsidiaries or affiliates of the holding company (%)
NIPPONKOA Insurance Company (Asia) Limited*10	Hong Kong (China)	February 20, 1991	50,000 thousand Hong Kong dollars	P&C insurance	—	100.0
Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited	Hong Kong (China)	March 25, 1977	210,001 thousand Hong Kong dollars	P&C insurance	—	97.8
Yasuda Seguros S.A.*11	Sao Paulo (Brazil)	September 22, 1958	850,571 thousand reais	P&C insurance	—	99.96
Marítima Seguros S.A.*11	Sao Paulo (Brazil)	October 8, 1943	495,499 thousand reais	P&C insurance	—	99.7
Marítima Saude Seguros S.A.	Sao Paulo (Brazil)	June 12, 2001	74,607 thousand reais	P&C insurance	—	99.9996

Equity-method affiliates

Company name	Head office	Establishment	Capital	Main business	Proportion of voting rights*12 held by the holding company (%)	Proportion of voting rights*12 held by subsidiaries or affiliates of the holding company (%)
Hitachi Capital Insurance Corporation	Chiyoda-ku, Tokyo	June 21, 1994	6,200 million yen	P&C insurance	—	20.6
Universal Sompo General Insurance Company Limited	Mumbai (India)	January 5, 2007	3,500,000 thousand rupees	P&C insurance	—	26.0

Notes: "Subsidiaries and affiliates" include subsidiaries and affiliates as specified in the Insurance Business Law and the Enforcement Order for the Insurance Business Law.

*1 Sompo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited were merged into Sompo Japan Nipponkoa Insurance Inc. on September 1, 2014.

*2 Formerly Sompo Japan Insurance Services Inc. The company name was changed to the current name on September 1, 2013.

*3 The company name was changed to Sompo Japan Nipponkoa Himawari Life Insurance Inc. on September 1, 2014

*4 Sompo Japan Insurance Inc. transferred all of its shares in Sompo Japan DIY Life Insurance Co., Ltd. to the Dai-ichi Life Insurance Company, Limited. on August 1, 2014.

*5 The company name was changed to Sompo Japan Nipponkoa DC Securities Inc. on September 1, 2014

*6 Formerly Sompo Japan Insurance Company of Europe Limited. The company name was changed to the current name on May 31, 2013.

*7 The company name was changed to Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd. on September 1, 2014

*8 Tenet Sompo Insurance Pte. Ltd continues operation as the surviving company following the merger with Tenet Capital Ltd. on July 31, 2013. Tenet Capital Ltd. was formerly Tenet Insurance Company Limited and changed its company name on May 22, 2013.

*9 The company name was changed to Sompo Japan Nipponkoa Insurance (China) Co., Ltd. on April 1, 2014.

*10 NIPPONKOA Insurance Company (Asia) Limited has been excluded from the scope of consolidation as of the end of the first quarter of fiscal 2014.

*11 Yasuda Seguros S.A. and Marítima Seguros S.A. signed a merger agreement in June 2014. The official merger is scheduled for December 2014, subject to regulatory approval.

*12 Figures in proportion of voting rights are rounded to the indicated decimal place.

*13 On May 1, 2014, Sompo Japan Insurance Inc. acquired 100.0% of outstanding shares of Canopus Group Limited, an insurer incorporated in Guernsey, a British crown dependency.

Rating Information for the Sompo Japan Nipponkoa Group Companies

Listed below are credit ratings for the Sompo Japan Nipponkoa Group companies as of July 1, 2014.*

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.

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