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May 20, 2013

## NKSJ Holdings, Inc.

### Summary of Consolidated Financial Results for the fiscal year ended March 31, 2013 [under Japanese GAAP]

Company Name: **NKSJ Holdings, Inc.**  
 Listed on: Tokyo and Osaka Stock Exchange  
 Stock Code Number: 8630  
 URL: <http://www.nksj-hd.com/>  
 Representative: Kengo Sakurada, President  
 Scheduled date to hold general meeting of stockholders: June 24, 2013  
 Scheduled date to file Securities Report: June 26, 2013  
 Scheduled date to start payment of dividends: June 25, 2013  
 Supplementary information for financial statements: Yes  
 Schedule for investor meeting (intended for institutional investors and analysts): Yes

(Note) Any amounts less than one million yen are rounded down, unless otherwise noted.

#### 1. Consolidated Financial Results for the fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

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

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

	Ordinary income		Ordinary profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%
Fiscal year ended March 31, 2013	2,843,226	1.9	104,783	—	43,618	—
Fiscal year ended March 31, 2012	2,790,555	6.4	(51,815)	—	(92,262)	—

Note) Comprehensive income: Fiscal year ended March 31, 2013 319,047 million yen — %  
 Fiscal year ended March 31, 2012 (48,098) million yen — %

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Ordinary profit to ordinary income
	yen	yen	%	%	%
Fiscal year ended March 31, 2013	105.10	104.87	3.8	1.2	3.7
Fiscal year ended March 31, 2012	(222.30)	—	(8.9)	(0.6)	(1.9)

Reference) Investment gains on the equity method: Fiscal year ended March 31, 2013 713 million yen  
 Fiscal year ended March 31, 2012 111 million yen

(NKSJ Holdings, Inc. carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Net income per share is calculated based on the assumption that the reverse split of stocks was executed at the beginning of the fiscal year ended March 31, 2012.)

##### (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
As of March 31, 2013	9,178,198	1,283,488	13.9	3,077.37
As of March 31, 2012	8,893,378	1,000,577	11.2	2,395.08

Reference) Equity capital: As of March 31, 2013 1,276,269 million yen  
 As of March 31, 2012 993,543 million yen

##### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	millions of yen	millions of yen	millions of yen	millions of yen
Fiscal year ended March 31, 2013	(32,599)	133,848	96,573	624,349
Fiscal year ended March 31, 2012	(144,555)	198,896	(36,860)	415,489

## 2. Dividends

	Dividends per share					Total annual dividends	Dividend payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
	yen	yen	yen	yen	yen	millions of yen	%	%
Fiscal year ended March 31, 2012	—	—	—	80.00	80.00	33,186	—	3.2
Fiscal year ended March 31, 2013	—	—	—	60.00	60.00	24,883	57.1	2.2
Fiscal year ending March 31, 2014 (Forecast)	—	30.00	—	30.00	60.00		73.2	

## 3. Consolidated Forecasts for the fiscal year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

Note) The percentages are changes from corresponding period of previous fiscal year.

	Ordinary income		Ordinary profit		Net income		Net income per share
	millions of yen	%	millions of yen	%	millions of yen	%	yen
Fiscal year ending March 31, 2014 (April 1, 2013 to March 31, 2014)	2,860,000	0.6	81,000	(22.7)	34,000	(22.1)	81.93

### (Notes)

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2013 (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimations, and retrospective restatements

- ① Changes in accounting policies due to revisions to accounting standards: None
- ② Changes in accounting policies due to reasons other than the above: None
- ③ Changes in accounting estimations: None
- ④ Retrospective restatements: None

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

① Total shares outstanding including treasury stock:

As of March 31, 2013	415,352,294 shares
As of March 31, 2012	415,352,294 shares

② Treasury stock:

As of March 31, 2013	626,137 shares
As of March 31, 2012	527,089 shares

③ Average number of shares outstanding:

For the fiscal year ended March 31, 2013	414,978,709 shares
For the fiscal year ended March 31, 2012	415,026,077 shares

(NKSJ Holdings, Inc. carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Average number of shares outstanding is calculated based on the assumption that the reverse split of stocks was executed at the beginning of the fiscal year ended March 31, 2012.)

(Disclosure regarding the execution of the audit process)

This summary is outside the scope of the audit procedure which is required by Financial Instruments and Exchange Act, and the audit procedure of the consolidated financial statements has not been completed as of the date of the disclosure of this summary.

(Notes for using forecasted information, etc.)

The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Accordingly, the actual results may differ materially from those projected herein depending on various factors.

For assumptions underlying the forecasts and notes for using forecasted information, please refer to "Outlook for the fiscal year ending March 31, 2014" on page 3.

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## 1. Results of Operations

### (1) Analysis of Results of Operations

(Results of Operations)

During the fiscal year ended March 31, 2013, the Japanese economy saw generally firm personal consumption mainly on the back of improved consumer sentiment, along with robust public works spending underpinned by post-quake reconstruction-related demand. However, there was a downturn in exports since the summer, due mainly to the impact of slowing overseas economies, although production stopped declining around the end of 2012. Furthermore, the Nikkei Stock Average has rebounded significantly since November 2012, as the markets focus on a shift in policy by the Bank of Japan and other developments. These and other factors have supported an ongoing recovery in economic conditions as a whole.

The property and casualty (P&C) insurance industry continued to face a difficult business environment, despite growth in net premiums written. This was mainly a reflection of a high loss ratio in mainstay automobile insurance, as well as the impact of typhoons and other natural disasters in Japan.

Under these circumstances, the NKSJ Group's consolidated financial results for the fiscal year ended March 31, 2013 were as follows:

Ordinary income for the fiscal year ended March 31, 2013 was 2,843.2 billion yen, an increase of 52.6 billion yen year on year. This reflects underwriting income of 2,605.7 billion yen, investment income of 223.7 billion yen and other ordinary income of 13.7 billion yen. Meanwhile, ordinary expenses for the period were 2,738.4 billion yen, a decrease of 103.9 billion yen year on year. This reflected underwriting expenses of 2,241.5 billion yen, investment expenses of 58.2 billion yen, operating, general and administrative expenses of 426.2 billion yen and other ordinary expenses of 12.3 billion yen.

As a result of the foregoing, NKSJ Holdings, Inc. (the "Company") reported an ordinary profit, calculated as ordinary income minus ordinary expenses, of 104.7 billion yen, an increase of 156.5 billion yen compared with the ordinary loss for the previous fiscal year. The Company posted net income after extraordinary items, net of total income taxes and net income attributable to non-controlling interests, of 43.6 billion yen, an increase of 135.8 billion yen from the net loss for the previous fiscal year.

Business results for each of the NKSJ Group's reporting segments were as follows:

#### (a) P&C insurance business

In the P&C insurance business, net premiums written amounted to 2,062.6 billion yen, an increase of 88.8 billion yen year on year. The P&C insurance business posted net income of 40.7 billion yen, an increase of 118.9 billion yen from the net loss for the previous fiscal year.

#### (b) Life insurance business

In the life insurance business, life insurance premiums written amounted to 264.7 billion yen, an increase of 14.5 billion yen year on year. The life insurance business posted net income of 2.4 billion yen, an increase of 17.1 billion yen compared with the net loss for the previous fiscal year.

(Outlook for the fiscal year ending March 31, 2014)

For the fiscal year ending March 31, 2014, the Company is forecasting consolidated ordinary income of 2,860.0 billion yen, ordinary profit of 81.0 billion yen and net income of 34.0 billion yen, based on the following assumptions.

- Assumptions for net premiums written are based on the Company's own projections based on extrapolation from past trends and other factors.
- Projections for net claims paid due to natural disasters, are approximately 25.0 billion yen at Sompo Japan Insurance Inc. and approximately 13.0 billion yen at NIPPONKOA Insurance Co., Ltd., taking into account past trends and other factors.
- The Company assumes no major change in market interest rates, exchange rates and stock prices from their levels at March 31, 2013.

The above forecasts were prepared based on information available as of the date of this report. Accordingly, actual results may differ materially from projections depending on various factors.

## (2) Analysis of Financial Condition

Total assets as of March 31, 2013 amounted to 9,178.1 billion yen on a consolidated basis, an increase of 284.8 billion yen from March 31, 2012, mainly due to an increase in unrealized gains and losses on securities available for sale.

Cash flows for the fiscal year ended March 31, 2013 were as follows:

Net cash paid in operating activities was 32.5 billion yen, a decrease of 111.9 billion yen from the previous fiscal year. This mainly reflected a decline in net claims paid.

Net cash received by investing activities was 133.8 billion yen, a decrease of 65.0 billion yen from the previous fiscal year, mainly due to an increase in purchase of securities.

Net cash received by financing activities was 96.5 billion yen, an increase of 133.4 billion yen from net cash paid in the previous fiscal year. This mainly reflected an increase in proceeds from issuance of a corporate bond.

As a result, cash and cash equivalents at the end of the period were 624.3 billion yen, an increase of 208.8 billion yen from the fiscal year ended March 31, 2012.

Equity and fair-value equity ratios were as follows:

	As of March 31, 2012	As of March 31, 2013
Equity ratio	11.2%	13.9%
Fair-value equity ratio	8.6%	8.9%

Notes:

1. Equity ratio: equity capital / total assets x 100

2. Fair-value equity ratio: market capitalization / total assets x 100

3. The NKSJ Group does not publish its “ratio of cash flow to interest-bearing debt” or “interest coverage ratio,” based on the belief that these indicators are not appropriate measures of the NKSJ Group’s actual financial position because its core business is insurance operations.

(3) Basic Profit Distribution Policy and Dividends for the Fiscal Year Ended March 31, 2013 and the Fiscal Year Ending March 31, 2014

The Company’s basic profit distribution policy is to return profits to shareholders primarily by paying a stable dividend, supplemented by the option of stock buybacks where warranted by the Company’s capital conditions. At the same time, it strives to enhance capital efficiency through investments in growing business fields while ensuring financial soundness. Moreover, the Company has set a medium-term target for the total payout ratio\* of 50% of adjusted consolidated profit (excluding the domestic life insurance business).

The Company plans to pay year-end cash dividends per share of 60 yen to shareholders for the fiscal year ended March 31, 2013.

In line with its basic policy on returning profits to shareholders, the Company plans to pay annual dividends per share of 60 yen to shareholders for the fiscal year ending March 31, 2014. In regard to the frequency of dividend payments, the Company plans to pay dividends twice a year, comprising interim and year-end cash dividends, from the fiscal year ending March 31, 2014.

\* Note: Total payout ratio = (total dividend + total stock buybacks) / adjusted consolidated profit (excluding the domestic life insurance business)

## 2. Management Policies

### (1) Basic Management Policies

The NKSJ Group is committed to the following Group Management Philosophy, Group Action Guidelines, Group Vision and Group Basic Management Policies.

#### (Group Management Philosophy)

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

#### (Group Action Guidelines)

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

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

#### (Group Vision)

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

#### (Group Basic Management Policies)

##### 1. Pursuit of Service Quality

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

##### 2. Enhancement of Corporate Value through Sustained Growth

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

##### 3. Pursuit of Business Efficiency

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

#### 4. Highly Transparent Governance Systems

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

#### 5. Fulfillment of Our Social Responsibilities

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

#### 6. Creation of a Vibrant Workplace

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

### (2) The Group's Financial Targets

The NKSJ Group is targeting adjusted consolidated profit in the range of 180 through 210 billion yen (Note 1) for the fiscal year ending March 31, 2016 and adjusted consolidated ROE of 7% or more (Note 2) as the Group's management indicators. The entire Group will make a concerted effort to achieve these financial targets. For the fiscal year ended March 31, 2013, adjusted consolidated profit amounted to 111.6 billion yen, while adjusted consolidated ROE stood at 5.4%. The following is a breakdown.

(Billions of yen)

	Fiscal year ended March 31, 2013 (Actual)	Fiscal year ending March 31, 2016 (Plan)
Domestic P&C Insurance Business	(8.9)	70.0 — 80.0
Domestic Life Insurance Business	107.8	100.0 — 110.0
Overseas Insurance Business	11.8	14.0 — 20.0
Financial and Other Services Business	0.7	2.0 — 3.0
Total	111.6	180.0 — 210.0

#### (Notes)

1. Adjusted consolidated profit is the total of adjusted profit of each business. The calculation method for adjusted profit and definition of business are as follows.

Business Types	Definition of Business in the Calculation of Adjusted Profit	Calculation Method for Adjusted Profit
Domestic P&C Insurance Business	Total of Sampo Japan Insurance Inc., NIPPONKOA Insurance Co., Ltd., Saison Automobile and Fire Insurance	Net income for the period + Provisions for catastrophic loss reserve (after tax)



	Company, Limited and Sonpo 24 Insurance Company Limited (on a non-consolidated basis)	+ Provisions for reserve for price fluctuation (after tax) – Gains/losses on sales of securities and impairment losses on securities (after tax) – Extraordinary factors
Domestic Life Insurance Business	NKSJ Himawari Life Insurance, Inc.	Amount of increase in Embedded Value (EV) during the period – Capital transactions such as equity issuance – Changes in EV attributable to fluctuation of interest rates, etc.
Overseas Insurance Business	Overseas insurance subsidiaries	Net income for the period for financial accounting purposes
Financial and Other Services Business	Sompo Japan DIY Life Insurance Co., Ltd. Financial services businesses, Healthcare businesses and other services	Net income for the period for financial accounting purposes

In conjunction with the revision of the management plan in November 2012, Saison Automobile and Fire Insurance Company, Limited and Sonpo 24 Insurance Company Limited were reclassified from financial and other services business to the domestic P&C insurance business.

2. The calculation method for the adjusted consolidated ROE is as follows.

<Adjusted consolidated ROE calculation method>

Adjusted consolidated profit / [consolidated net assets (excluding life insurance subsidiaries' net assets) + catastrophic loss reserve (after tax) + reserve for price fluctuation (after tax) + life insurance subsidiaries' EV]

\* All values in the denominator are the average of the fiscal-year beginning and ending balances.

### (3) Medium- and Long-term Corporate Management Strategies and Pressing Issues Ahead

In view of the basic agreement to integrate Sompo Japan Insurance Inc. (hereinafter "Sompo Japan") and NIPPONKOA Insurance Co., Ltd. (hereinafter, "Nipponkoa") and changes in the operating environment surrounding the Company, in November 2012 the Company announced a review of the NKSJ Group management plan running through fiscal 2015.

The NKSJ Group's policy is to leverage improved profit-earning capacity in the domestic P&C insurance business and to aggressively shift resources to growth fields such as the domestic life insurance business and the overseas insurance business. In this way, the Group aims to create a sustainable growth cycle.

In the domestic P&C insurance business, the Company has started to take integration steps in anticipation of the merger of Sompo Japan and Nipponkoa. Effective April 2013, directors and employees of Sompo Japan and Nipponkoa have begun serving concurrent roles in order to co-locate business operations and so start integrating operations of the two companies ahead of the merger. Both companies are working to realize business synergies and efficiencies as soon as possible.

The NKSJ Group continues to be committed to providing its customers with security and services of the highest quality

through the domestic P&C insurance business, the domestic life insurance business, the overseas insurance business and financial and other services businesses, thereby increasing our corporate value.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2012	As of March 31, 2013
Assets:		
Cash and deposits	332,416	513,739
Call loans	76,300	66,700
Receivables under resale agreements	60,486	80,483
Monetary receivables bought	28,952	21,969
Money trusts	37,091	69,179
Securities	6,317,507	6,596,246
Loans	654,039	635,239
Tangible fixed assets:	358,530	355,792
Land	194,742	192,387
Buildings	127,422	129,178
Leased assets	6,337	6,146
Construction in progress	4,993	2,562
Other tangible fixed assets	25,034	25,519
Intangible fixed assets:	55,311	56,896
Software	6,502	6,855
Goodwill	47,740	49,311
Other intangible fixed assets	1,067	729
Other assets	716,711	643,596
Deferred tax assets	232,285	107,938
Customers' liabilities for acceptances and guarantees	29,370	35,200
Allowance for possible credit losses	(5,619)	(4,783)
Allowance for possible investment losses	(3)	—
Total assets	8,893,378	9,178,198
Liabilities:		
Underwriting funds:	7,144,799	7,081,082
Reserve for outstanding losses and claims	1,022,435	1,001,993
Underwriting reserves	6,122,363	6,079,088
Corporate bonds	128,000	261,560
Other liabilities	430,895	352,898
Reserve for retirement benefits	107,983	103,244
Reserve for retirement benefits to directors	67	53
Reserve for bonus payments	22,839	23,088
Reserve for bonus payments to directors	143	290
Reserves under the special laws:	27,658	35,519
Reserve for price fluctuation	27,658	35,519
Deferred tax liabilities	1,043	1,772
Acceptances and guarantees	29,370	35,200
Total liabilities	7,892,801	7,894,710

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
<b>Net assets:</b>		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	438,562	438,567
Retained earnings	172,868	181,149
Treasury stock	(1,044)	(1,122)
Total shareholders' equity	710,431	718,640
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	326,591	579,284
Deferred gains and losses on hedges	5,660	7,653
Foreign currency translation adjustments	(49,141)	(29,309)
Total accumulated other comprehensive income	283,111	557,628
Stock acquisition rights	2,409	2,027
Non-controlling interests	4,624	5,191
Total net assets	1,000,577	1,283,488
Total liabilities and net assets	8,893,378	9,178,198

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
 Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Ordinary income:	2,790,555	2,843,226
Underwriting income:	2,628,200	2,605,798
Net premiums written	1,973,777	2,062,606
Deposits of premiums by policyholders	164,628	146,309
Interest and dividend income on deposits of premiums, etc.	55,932	51,359
Life insurance premiums written	250,193	264,732
Reversal of reserve for outstanding losses and claims	—	30,978
Reversal of underwriting reserves	180,372	42,689
Other underwriting income	3,294	7,122
Investment income:	151,083	223,709
Interest and dividend income	152,090	154,789
Investment gains on money trusts	333	1,700
Investment gains on trading securities	—	334
Gains on sales of securities	52,522	112,139
Gains on redemption of securities	1,011	88
Gains on derivatives	508	—
Investment gains on special account	353	2,019
Other investment income	196	3,998
Transfer of interest and dividend income on deposits of premiums, etc.	(55,932)	(51,359)
Other ordinary income:	11,271	13,717
Investment gains on the equity method	111	713
Other ordinary income	11,160	13,004
Ordinary expenses:	2,842,370	2,738,443
Underwriting expenses:	2,340,706	2,241,571
Net claims paid	1,472,664	1,336,201
Loss adjustment expenses	136,324	138,019
Net commissions and brokerage fees	366,545	376,994
Maturity refunds to policyholders	291,534	322,292
Dividends to policyholders	52	60
Life insurance claims paid and other payments	60,357	63,521
Provision for reserve for outstanding losses and claims	8,473	—
Other underwriting expenses	4,754	4,481
Investment expenses:	72,525	58,269
Investment losses on money trusts	364	54
Investment losses on trading securities	37	—
Losses on sales of securities	34,813	7,395
Impairment losses on securities	17,980	37,755
Losses on redemption of securities	2,289	1,133
Losses on derivatives	—	8,315
Other investment expenses	17,040	3,614
Operating, general and administrative expenses	418,273	426,216
Other ordinary expenses:	10,864	12,385
Interest paid	7,566	7,563
Provision for allowance for possible credit losses	31	—
Losses on bad debt	8	9
Provision for allowance for possible investment losses	3	—
Other ordinary expenses	3,253	4,812
Ordinary profit (loss)	(51,815)	104,783

(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Extraordinary gains:	9,144	3,058
Gains on disposal of fixed assets	1,874	2,774
Gains on negative goodwill	—	184
Gains on step acquisitions	6,298	—
Other extraordinary gains	970	99
Extraordinary losses:	14,965	37,662
Losses on disposal of fixed assets	2,068	760
Impairment losses	992	3,962
Provision for reserves under the special laws:	137	7,861
Provision for reserve for price fluctuation	137	7,861
Other extraordinary losses	11,766	25,076
Net income (loss) before income taxes and non-controlling interests	(57,636)	70,179
Income taxes	2,544	7,118
Deferred income taxes	32,630	19,145
Total income taxes	35,174	26,263
Net income (loss) before non-controlling interests	(92,810)	43,916
Income (loss) attributable to non-controlling interests	(548)	298
Net income (loss)	(92,262)	43,618

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Net income (loss) before non-controlling interests	(92,810)	43,916
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	57,739	252,794
Deferred gains and losses on hedges	2,117	1,993
Foreign currency translation adjustments	(13,944)	20,104
Share of other comprehensive income of affiliates accounted for under the equity method	(1,200)	239
Total other comprehensive income	44,712	275,131
Comprehensive income	(48,098)	319,047
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	(47,125)	318,126
Comprehensive income attributable to non-controlling interests	(973)	921

## (3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Shareholders' equity:		
Common stock:		
Balance at the beginning of the period	100,045	100,045
Balance at the end of the period	100,045	100,045
Capital surplus:		
Balance at the beginning of the period	438,555	438,562
Changes during the period:		
Disposal of treasury stock	6	5
Total changes during the period	6	5
Balance at the end of the period	438,562	438,567
Retained earnings:		
Balance at the beginning of the period	298,339	172,868
Changes during the period:		
Dividends	(33,208)	(33,186)
Net income (loss)	(92,262)	43,618
Changes in the scope of consolidation	—	(1,175)
Changes in the scope of application of the equity method	—	(976)
Total changes during the period	(125,470)	8,281
Balance at the end of the period	172,868	181,149
Treasury stock:		
Balance at the beginning of the period	(572)	(1,044)
Changes during the period:		
Acquisition of treasury stock	(924)	(877)
Disposal of treasury stock	452	799
Total changes during the period	(471)	(77)
Balance at the end of the period	(1,044)	(1,122)
Total shareholders' equity:		
Balance at the beginning of the period	836,367	710,431
Changes during the period:		
Dividends	(33,208)	(33,186)
Net income (loss)	(92,262)	43,618
Acquisition of treasury stock	(924)	(877)
Disposal of treasury stock	459	804
Changes in the scope of consolidation	—	(1,175)
Changes in the scope of application of the equity method	—	(976)
Total changes during the period	(125,935)	8,208
Balance at the end of the period	710,431	718,640



(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale:		
Balance at the beginning of the period	268,976	326,591
Changes during the period:		
Net changes in items other than shareholders' equity	57,615	252,692
Total changes during the period	57,615	252,692
Balance at the end of the period	326,591	579,284
Deferred gains and losses on hedges:		
Balance at the beginning of the period	3,543	5,660
Changes during the period:		
Net changes in items other than shareholders' equity	2,117	1,993
Total changes during the period	2,117	1,993
Balance at the end of the period	5,660	7,653
Foreign currency translation adjustments:		
Balance at the beginning of the period	(34,583)	(49,141)
Changes during the period:		
Net changes in items other than shareholders' equity	(14,557)	19,832
Total changes during the period	(14,557)	19,832
Balance at the end of the period	(49,141)	(29,309)
Total accumulated other comprehensive income:		
Balance at the beginning of the period	237,936	283,111
Changes during the period:		
Net changes in items other than shareholders' equity	45,174	274,517
Total changes during the period	45,174	274,517
Balance at the end of the period	283,111	557,628
Stock acquisition rights:		
Balance at the beginning of the period	2,349	2,409
Changes during the period:		
Net changes in items other than shareholders' equity	60	(382)
Total changes during the period	60	(382)
Balance at the end of the period	2,409	2,027
Non-controlling interests:		
Balance at the beginning of the period	2,793	4,624
Changes during the period:		
Net changes in items other than shareholders' equity	1,831	566
Total changes during the period	1,831	566
Balance at the end of the period	4,624	5,191

(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Total net assets:		
Balance at the beginning of the period	1,079,446	1,000,577
Changes during the period:		
Dividends	(33,208)	(33,186)
Net income (loss)	(92,262)	43,618
Acquisition of treasury stock	(924)	(877)
Disposal of treasury stock	459	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	47,066	274,701
Total changes during the period	(78,868)	282,910
Balance at the end of the period	1,000,577	1,283,488

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Cash flows from operating activities:		
Net income (loss) before income taxes and non-controlling interests	(57,636)	70,179
Depreciation	21,040	20,177
Impairment losses	992	3,962
Amortization of goodwill	3,662	4,050
Gains on negative goodwill	—	(184)
Increase (decrease) in reserve for outstanding losses and claims	8,282	(30,908)
Increase (decrease) in underwriting reserves	(183,286)	(46,047)
Increase (decrease) in allowance for possible credit losses	(354)	(900)
Increase (decrease) in allowance for possible investment losses	3	(3)
Increase (decrease) in reserve for retirement benefits	1,145	(4,872)
Increase (decrease) in reserve for retirement benefits to directors	(74)	(14)
Increase (decrease) in reserve for bonus payments	(142)	144
Increase (decrease) in reserve for bonus payments to directors	143	146
Increase (decrease) in reserve for price fluctuation	137	7,861
Interest and dividend income	(152,090)	(154,789)
Losses (gains) on investment in securities	1,550	(65,942)
Interest expenses	7,566	7,563
Foreign exchange losses (gains)	12,575	3,007
Losses (gains) related to tangible fixed assets	(1,002)	(1,998)
Losses (gains) related to loans	131	0
Investment losses (gains) on the equity method	(111)	(713)
Decrease (increase) in other assets	(25,263)	4,029
Increase (decrease) in other liabilities	47,823	(1,115)
Others	15,616	3,557
Subtotal	<u>(299,288)</u>	<u>(182,808)</u>
Interest and dividend received	159,264	160,334
Interest paid	(7,168)	(7,156)
Income taxes refund (paid)	2,637	(2,968)
Cash flows from operating activities	<u>(144,555)</u>	<u>(32,599)</u>

(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Cash flows from investing activities:		
Net decrease (increase) in deposits	(11,219)	101
Proceeds from sales and redemption of monetary receivables bought	3,723	7,341
Increase in money trusts	(807)	(45,186)
Decrease in money trusts	31,154	13,070
Purchase of securities	(1,027,133)	(1,231,982)
Proceeds from sales and redemption of securities	1,142,006	1,449,598
Loans made	(183,549)	(171,551)
Collection of loans	211,363	178,933
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions	39,510	(30,070)
Others	13,165	(19,787)
Total of investment transactions	218,214	150,467
Total of operating activities and investment transactions as above	73,659	117,868
Acquisition of tangible fixed assets	(14,359)	(17,703)
Proceeds from sales of tangible fixed assets	2,874	3,974
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation	(5,191)	—
Others	(2,641)	(2,889)
Cash flows from investing activities	198,896	133,848
Cash flows from financing activities:		
Proceeds from issuance of corporate bonds	—	133,560
Proceeds from sales of treasury stock	13	2
Acquisition of treasury stock	(924)	(877)
Dividends paid	(33,246)	(33,152)
Dividends paid to non-controlling shareholders	(3)	(4)
Others	(2,698)	(2,954)
Cash flows from financing activities	(36,860)	96,573
Effect of exchange rate changes on cash and cash equivalents	(3,033)	10,599
Increase (decrease) in cash and cash equivalents	14,447	208,422
Cash and cash equivalents at the beginning of the period	398,912	415,489
Increase in cash and cash equivalents due to newly consolidated subsidiaries	—	1,269
Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries	—	(831)
Increase in cash and cash equivalents due to merger	2,129	—
Cash and cash equivalents at the end of the period	415,489	624,349

(5) Notes on Going-Concern Assumption

None.

## (6) Notes to the Consolidated Financial Statements

## (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 regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance.

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

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

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

	Major companies
Reportable segments	
Property and casualty insurance business	Sompo Japan Insurance Inc. NIPPONKOA Insurance Co., Ltd. Sonpo 24 Insurance Company Limited Saison Automobile and Fire Insurance Company, Limited Sompo Japan Insurance Company of America Sompo Japan Sigorta Anonim Sirketi Yasuda Seguros S.A.
Life insurance business	NKSJ Himawari Life Insurance, Inc. Sompo Japan DIY Life Insurance Co., Ltd.
Others	NKSJ Holdings, Inc. Sompo Japan DC Securities Co., Ltd. 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 used in 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.

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

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

(Millions of yen)

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

Notes)

1. Sales amounts represent the following.

Property and casualty insurance business:	Net premiums written
Life insurance business:	Life insurance premiums written
“Others” and amount on the consolidated financial statements:	Ordinary income

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

3. Adjustments of sales are as follows.

Ordinary income related to property and casualty insurance business and life insurance business excluding net premiums written and life insurance premiums written:	560,718	million yen
Elimination of internal transactions among segments:	(3,977)	million yen

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

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

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

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:	Net premiums written
Life insurance business:	Life insurance premiums written
"Others" and amount on the consolidated financial statements:	Ordinary income

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

## 3. Adjustments of sales are as follows.

Ordinary income related to property and casualty insurance business and life insurance business excluding net premiums written and life insurance premiums written:	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 premium, etc. due to voluntary retirement program.



[Related information]

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

## 1. Information by products and services

## (1) Property and casualty insurance business

(Millions of yen)

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

Note) Sales represent amounts of net premiums written.

## (2) Life insurance business

(Millions of yen)

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

Note) Sales represent amounts of life insurance premiums written.

## 2. Information by geographic area

## (1) Sales

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

## (2) Tangible fixed assets

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

## 3. Information by major customers

None.

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 statements of income.

(2) Tangible fixed assets

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

3. Information by major customers

None.

[Information related to impairment losses on fixed assets by reportable segments]

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

(Millions of yen)

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

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

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

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

(Millions of yen)

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

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

[Information related to gains on negative goodwill by reportable segments]

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

None.

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

## (Securities)

## 1. Trading Securities

(Millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying amount	Unrealized gains and losses recognized in statements of income	Carrying amount	Unrealized gains and losses recognized in statements of income
Trading securities	14,557	318	19,859	1,643

## 2. Bonds held to maturity

(Millions of yen)

		As of March 31, 2012			As of March 31, 2013		
		Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,142,287	1,210,414	68,127	1,213,783	1,354,093	140,310
	Foreign securities	24,878	25,548	670	10,505	10,715	209
	Subtotal	1,167,165	1,235,962	68,797	1,224,289	1,364,808	140,519
Securities whose fair value doesn't exceed their carrying amount	Domestic bonds	4,369	4,367	(2)	—	—	—
	Foreign securities	6,110	5,825	(284)	4,357	4,319	(37)
	Subtotal	10,480	10,193	(287)	4,357	4,319	(37)
Total		1,177,645	1,246,155	68,510	1,228,646	1,369,128	140,482

## 3. Securities available for sale

(Millions of yen)

		As of March 31, 2012			As of March 31, 2013		
		Carrying amount	Cost	Unrealized gains and losses	Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,412,530	2,335,317	77,213	2,465,919	2,335,246	130,673
	Domestic stocks	992,640	514,384	478,256	1,278,449	661,719	616,730
	Foreign securities	591,536	551,010	40,525	910,155	810,619	99,535
	Others	47,662	44,281	3,381	58,087	48,488	9,598
	Subtotal	4,044,370	3,444,993	599,377	4,712,611	3,856,074	856,537
Securities whose carrying amount doesn't exceed their cost	Domestic bonds	126,342	129,135	(2,792)	54,401	55,074	(672)
	Domestic stocks	402,536	474,666	(72,130)	167,690	180,774	(13,084)
	Foreign securities	393,555	443,134	(49,578)	240,399	255,984	(15,584)
	Others	32,914	33,589	(674)	45,167	45,673	(506)
	Subtotal	955,348	1,080,525	(125,176)	507,658	537,506	(29,848)
Total		4,999,719	4,525,518	474,200	5,220,270	4,393,581	826,689

Notes)

As of March 31, 2012	As of March 31, 2013
1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.	1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheets are included in "Others" above.	2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheets are included in "Others" above.

## 4. Securities available for sale sold

(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)			Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	344,871	7,333	763	454,965	10,757	668
Domestic stocks	131,812	37,322	13,668	199,856	87,911	4,124
Foreign securities	325,639	7,627	20,185	255,679	11,736	2,578
Others	228	73	58	1,487	1,033	21
Total	802,552	52,355	34,675	911,989	111,439	7,393

Note)

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
—	Beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheets are included in "Others" above.

## 5. Securities for which holding purposes are changed

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
<p>For the fiscal year ended March 31, 2012, the holding purpose of securities which were previously classified as held to maturity (carrying amount: 86,371 million yen) changed to available for sale. This change is due to changes in classification policy of securities held to maturity, arising from the merger of domestic consolidated life insurance subsidiaries.</p> <p>As a result, compared to the amounts based on the previous classification, amount of securities increased by 1,029 million yen, deferred tax assets decreased by 317 million yen and unrealized gains and losses on securities available for sale increased by 712 million yen.</p>	—

## 6. Securities for which impairment losses are recognized

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
<p>For the fiscal year ended March 31, 2012, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 10,676 million yen (domestic bonds: 222 million yen, domestic stocks: 9,384 million yen, foreign securities: 891 million yen, others: 177 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 368 million yen (domestic stocks: 348 million yen, others: 20 million yen). Of this amount, impairment losses on beneficial interests in the loan trusts, which are classified as other investment expenses in the consolidated statements of income, amount to 177 million yen.</p> <p>Basically, NKSJ Holdings, Inc. and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value declines by 30% or more from their cost at the end of the fiscal year.</p>	<p>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).</p> <p>Basically, NKSJ Holdings, Inc. and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value declines by 30% or more from their cost at the end of the fiscal year.</p>

## (Derivative Transactions)

## 1. Derivative transactions to which hedge accounting is not applied

## (1) Currency derivatives

(Millions of yen)

	As of March 31, 2012				As of March 31, 2013			
	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:								
Forward foreign exchanges:								
Short:								
USD	17,253	—	(265)	(265)	17,159	—	(467)	(467)
EUR	37,229	—	(1,043)	(1,043)	4,514	—	155	155
GBP	243	—	0	0	—	—	—	—
Long:								
EUR	9,307	—	29	29	4,671	—	(20)	(20)
TRY	2,691	—	(5)	(5)	3,521	—	(39)	(39)
USD	2,368	—	(2)	(2)	—	—	—	—
Total	—	—	(1,286)	(1,286)	—	—	(372)	(372)

Notes)

As of March 31, 2012	As of March 31, 2013
Calculation methods for the fair value The fair value of forward foreign exchanges is calculated using forward exchange rate. As for forward foreign exchanges between foreign currency and the other foreign currency, the fair value is calculated using forward exchange rate between the other foreign currency and yen on the transaction date of forward foreign exchanges.	Calculation methods for the fair value The fair value of forward foreign exchanges is calculated using forward exchange rate. As for forward foreign exchanges between foreign currency and the other foreign currency, the fair value is calculated using forward exchange rate between the other foreign currency and yen on the transaction date of forward foreign exchanges.

## (2) Equity derivatives

(Millions of yen)

	As of March 31, 2012				As of March 31, 2013			
	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:								
Equity index futures:								
Short	39,379	—	137	137	—	—	—	—
Total	—	—	137	137	—	—	—	—

Notes)

As of March 31, 2012	As of March 31, 2013
Calculation methods for the fair value The fair value is based on the closing price at major exchanges.	—

## (3) Bond derivatives

(Millions of yen)

	As of March 31, 2012				As of March 31, 2013			
	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:								
Bond futures:								
Short	2,947	—	33	33	—	—	—	—
Long	315	—	(10)	(10)	—	—	—	—
Total	—	—	23	23	—	—	—	—

Notes)

As of March 31, 2012	As of March 31, 2013
Calculation methods for the fair value The fair value is based on the closing price at major exchanges.	—

## (4) Others

(Millions of yen)

	As of March 31, 2012				As of March 31, 2013			
	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:								
Credit derivatives:								
Short	9,000	8,000	2	2	6,000	—	3	3
Weather derivatives:								
Short	1,191	788			2,499	726		
	42*	27*	(72)	(29)	68*	24*	(52)	16
Earthquake derivatives:								
Short	4,370	10			10,440	60		
	133*	0*	(0)	133	421*	1*	(13)	407
Long	3,933	2,124			8,676	7,128		
	392*	265*	156	(235)	1,007*	866*	644	(363)
Total	—	—	86	(129)	—	—	582	64

Notes)

As of March 31, 2012	As of March 31, 2013
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.	1. Calculation methods for the fair value (1) Credit derivatives The fair value is based on the price quoted by counterparties. (2) Weather derivatives The fair value is calculated based on the contract term and other elements of the contract. (3) Earthquake derivatives The fair value is calculated based on the contract term and other elements of the contract.
2. Amounts with an asterisk (*) represent the amount of the option premiums.	2. Amounts with an asterisk (*) represent the amount of the option premiums.



## 2. Derivative transactions to which hedge accounting is applied

## (1) Currency derivatives

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	As of March 31, 2012			As of March 31, 2013		
			Notional amount	Due after 1 year	Fair value	Notional amount	Due after 1 year	Fair value
Fair value hedge	Forward foreign exchanges:							
	Short:							
	USD	Securities available for sale	190,753	—	(7,808)	132,581	—	(7,330)
	EUR		110,178	—	(5,752)	95,428	—	(8,755)
	GBP		12,315	—	(628)	17,085	—	(284)
	AUD		6,588	—	(31)	10,272	—	(77)
	CAD		9,050	—	(343)	5,882	—	(16)
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency corporate bonds (liabilities)	—	—	—	133,560	133,560	Note 2
Total			—	—	(14,564)	—	—	(16,464)

Notes)

As of March 31, 2012	As of March 31, 2013
Calculation methods for the fair value The fair value of forward foreign exchanges is calculated using forward exchange rate.	1. Calculation methods for the fair value The fair value of forward foreign exchanges is calculated 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 corporate bonds (liabilities) as they are accounted for as one together with.

## (2) Interest rate derivatives

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	As of March 31, 2012			As of March 31, 2013		
			Notional amount	Due after 1 year	Fair value	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	8,319	83,000	83,000	11,146
Exceptional treatment for interest rate swaps	Interest rate swaps: Payment fix / Receipt float	Borrowings	20	—	(0)	—	—	—
Total			—	—	8,319	—	—	11,146

Notes)

As of March 31, 2012	As of March 31, 2013
Calculation methods for the fair value The fair value is based on the price quoted by counterparties or the fair value calculated by discounting estimated future cash flow to the present value.	Calculation methods for the fair value The fair value is calculated by discounting estimated future cash flow to the present value.

## (Per share information)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Net assets per share	2,395.08 yen	3,077.37 yen
Net income (loss) per share	(222.30) yen	105.10 yen
Diluted net income per share	—	104.87 yen

## Notes)

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

2. Calculation of net income (loss) per share and diluted net income per share is based on the following figures.

(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Net income (loss) per share		
Net income (loss)	(92,262)	43,618
Amount not attributable to common stockholders	—	—
Net income (loss) attributable to common stocks	(92,262)	43,618
Average number of common stocks outstanding	thousand shares 415,026	thousand shares 414,978
Diluted net income per share		
Adjustment of net income	—	—
Increase of common stocks:	thousand shares —	thousand shares 922
Stock acquisition rights	thousand shares —	thousand shares 922

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

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Total net assets	1,000,577	1,283,488
Amount to be deducted from total net assets:	7,034	7,218
Stock acquisition rights	2,409	2,027
Non-controlling interests	4,624	5,191
Net assets attributable to common stocks	993,543	1,276,269
Number of common stocks used for calculation of net assets per share	thousand shares 414,825	thousand shares 414,726

4. NKSJ Holdings, Inc. carried out a reverse split of stocks on October 1, 2011. Net assets per share, net income (loss) per share and diluted 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, 2012.

## (Significant subsequent events)

None.

## 4. Other

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

	(Millions of yen)			
	Fiscal year ended March 31, 2012  (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013  (April 1, 2012 to March 31, 2013)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	2,628,200	2,605,798	(22,401)	(0.9)
Net premiums written	1,973,777	2,062,606	88,829	4.5
Deposits of premiums by policyholders	164,628	146,309	(18,319)	(11.1)
Life insurance premiums written	250,193	264,732	14,538	5.8
Underwriting expenses:	2,340,706	2,241,571	(99,134)	(4.2)
Net claims paid	1,472,664	1,336,201	(136,462)	(9.3)
Loss adjustment expenses	136,324	138,019	1,695	1.2
Net commissions and brokerage fees	366,545	376,994	10,449	2.9
Maturity refunds to policyholders	291,534	322,292	30,757	10.6
Life insurance claims paid and other payments	60,357	63,521	3,164	5.2
Investment income:	151,083	223,709	72,625	48.1
Interest and dividend income	152,090	154,789	2,699	1.8
Gains on sales of securities	52,522	112,139	59,617	113.5
Investment expenses:	72,525	58,269	(14,255)	(19.7)
Losses on sales of securities	34,813	7,395	(27,418)	(78.8)
Impairment losses on securities	17,980	37,755	19,774	110.0
Operating, general and administrative expenses	418,273	426,216	7,942	1.9
Other ordinary income and expenses:	407	1,332	925	227.3
Investment gains on the equity method	111	713	602	540.3
Ordinary profit (loss)	(51,815)	104,783	156,598	—
Extraordinary gains and losses:				
Extraordinary gains	9,144	3,058	(6,085)	(66.6)
Extraordinary losses	14,965	37,662	22,696	151.7
Extraordinary gains and losses	(5,820)	(34,603)	(28,782)	—
Net income (loss) before income taxes and non-controlling interests	(57,636)	70,179	127,815	—
Income taxes	2,544	7,118	4,573	179.8
Deferred income taxes	32,630	19,145	(13,485)	(41.3)
Total income taxes	35,174	26,263	(8,911)	(25.3)
Net income (loss) before non-controlling interests	(92,810)	43,916	136,727	—
Income (loss) attributable to non-controlling interests	(548)	298	846	—
Net income (loss)	(92,262)	43,618	135,880	—

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

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)			Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	377,387	16.4	5.5	400,168	16.8	6.0
Marine insurance	57,965	2.5	1.9	60,523	2.5	4.4
Personal accident insurance	304,454	13.2	6.3	286,272	12.0	(6.0)
Voluntary automobile insurance	1,000,998	43.4	1.9	1,033,831	43.4	3.3
Compulsory automobile liability insurance	283,606	12.3	11.4	294,651	12.4	3.9
Others	283,314	12.3	4.2	306,431	12.9	8.2
Total	2,307,726	100.0	4.4	2,381,878	100.0	3.2
Deposits of premiums by policyholders	164,628	7.1	7.1	146,309	6.1	(11.1)

Net premiums written

(Millions of yen)

Business line	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)			Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	250,769	12.7	4.7	264,626	12.8	5.5
Marine insurance	47,525	2.4	(0.2)	49,661	2.4	4.5
Personal accident insurance	182,581	9.3	1.3	186,894	9.1	2.4
Voluntary automobile insurance	1,002,015	50.8	2.0	1,033,584	50.1	3.2
Compulsory automobile liability insurance	258,353	13.1	6.9	275,086	13.3	6.5
Others	232,532	11.8	(4.0)	252,753	12.3	8.7
Total	1,973,777	100.0	2.1	2,062,606	100.0	4.5

Net claims paid

(Millions of yen)

Business line	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)			Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	339,209	23.0	248.2	209,497	15.7	(38.2)
Marine insurance	28,445	1.9	24.5	25,113	1.9	(11.7)
Personal accident insurance	102,236	6.9	1.7	101,877	7.6	(0.4)
Voluntary automobile insurance	637,274	43.3	1.9	638,797	47.8	0.2
Compulsory automobile liability insurance	228,864	15.5	0.8	230,998	17.3	0.9
Others	136,634	9.3	(20.1)	129,919	9.7	(4.9)
Total	1,472,664	100.0	18.3	1,336,201	100.0	(9.3)

Note to the above three tables:

The above figures represent amounts before offsetting internal transactions among segments.

## (3) Life Insurance Business (Consolidated)

## Life insurance premiums

(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	
	Amount	Rate of change	Amount	Rate of change
Life insurance premiums	250,193	5.0 %	264,732	5.8 %

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

## Total amount of policies in force

(Millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Amount	Rate of change	Amount	Rate of change
Individual insurance	18,126,477	8.5 %	19,604,914	8.2 %
Individual annuities	284,382	1.9	285,051	0.2
Group insurance	3,150,504	2.8	3,191,152	1.3
Group annuities	—	—	—	—

Notes)

- The above figures represent amounts before offsetting internal transactions among segments.
- Amount of "Individual annuities" represents the sum of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and policy reserves for the contracts after the beginning of annuity payment.

## Total amount of new policies

(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)			Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)		
	New policies + net increase by conversion	New policies	Net increase by conversion	New policies + net increase by conversion	New policies	Net increase by conversion
Individual insurance	2,989,989	2,989,989	—	3,073,354	3,073,354	—
Individual annuities	14,102	14,102	—	10,645	10,645	—
Group insurance	48,370	48,370	—	64,788	64,788	—
Group annuities	—	—	—	—	—	—

Notes)

- The above figures represent amounts before offsetting internal transactions among segments.
- Amount of "New policies + net increase by conversion" for "Individual annuities" represents the amount of annuity fund at the beginning of annuity payment.

## Annualized premiums of new policies (individual insurance and individual annuities)

(Millions of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	
	Amount	Rate of change	Amount	Rate of change
Annualized premiums of new policies	36,923	(3.8) %	38,692	4.8 %

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

## (4) Risk-monitored Loans (Consolidated)

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013	Change
Loans to borrowers in bankruptcy	323	235	(87)
Overdue loans	2,076	1,394	(681)
Loans overdue for three months or more	—	—	—
Restructured loans	538	440	(97)
Total	2,937	2,071	(866)
Percent of risk-monitored loans to total loans	0.4%	0.3%	(0.1%)

## (Reference)

Total loans	654,039	635,239	(18,799)
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Note) The definitions of each loan are as follows.

## (1) Loans to borrowers in bankruptcy

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

## (2) Overdue loans

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.

## (3) Loans overdue for three months or more

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.

## (4) Restructured loans

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.