

May 20, 2014

## NKSJ Holdings, Inc.

### Summary of Consolidated Financial Results for the fiscal year ended March 31, 2014 [Under Japanese GAAP]

Company Name: NKSJ Holdings, Inc.  
Listed on: Tokyo Stock Exchange  
Securities code: 8630  
URL: <http://www.nksj-hd.com/>  
Representative: Kengo Sakurada, President  
Scheduled date to hold general meeting of stockholders: June 23, 2014  
Scheduled date to file Securities Report: June 26, 2014  
Scheduled date to start payment of dividends: June 24, 2014  
Supplementary information for financial statements: Yes  
Schedule for investor meeting: Yes (intended for institutional investors and analysts)

(Note) Amounts less than one million yen are rounded down.

#### 1. Consolidated Financial Results for the fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

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

(Note) Percentages are changes from previous fiscal year.

	Ordinary income		Ordinary profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%
Fiscal year ended March 31, 2014	3,008,339	5.8	112,391	7.3	44,169	1.3
Fiscal year ended March 31, 2013	2,843,226	1.9	104,783	—	43,618	—
Reference) Comprehensive income:	Fiscal year ended March 31, 2014		149,965 million yen		(53.0) %	
	Fiscal year ended March 31, 2013		319,047 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, 2014	106.98	106.77	3.3	1.2	3.7
Fiscal year ended March 31, 2013	105.10	104.87	3.8	1.2	3.7

Reference) Investment gains and losses on the equity method: Fiscal year ended March 31, 2014 (159) million yen  
Fiscal year ended March 31, 2013 713 million yen

##### (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, 2014	9,499,799	1,390,153	14.5	3,360.70
As of March 31, 2013	9,178,198	1,283,488	13.9	3,077.37

Reference) Equity capital: As of March 31, 2014 1,382,205 million yen  
As of March 31, 2013 1,276,269 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, 2014	123,685	(74,704)	(50,473)	632,160
Fiscal year ended March 31, 2013	(32,599)	133,848	96,573	624,349

## 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, 2013	—	—	—	60.00	60.00	24,883	57.1	2.2
Fiscal year ended March 31, 2014	—	30.00	—	30.00	60.00	24,686	56.1	1.9
Fiscal year ending March 31, 2015 (Forecast)	—	30.00	—	30.00	60.00		74.8	

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

Note) Percentages are changes from previous fiscal year.

	Ordinary profit		Net income		Net income per share
	millions of yen	%	millions of yen	%	yen
Full year	152,000	35.2	33,000	(25.3)	80.23

### (Notes)

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2014 (changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes

Increase: 1 (Company Name: Maritima Seguros S.A.)

Decrease: — (Company Name: —)

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

① Changes in accounting policies due to revisions to accounting standards, etc.: Yes

② Changes in accounting policies due to reasons other than the above: None

③ Changes in accounting estimations: None

④ Retrospective restatements: None

Note) Please refer to "Changes in accounting policies, changes in accounting estimations, and retrospective restatements" on page 16 for details.

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

① Total shares outstanding including treasury stock:

As of March 31, 2014 415,352,294 shares

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

② Treasury stock:

As of March 31, 2014 4,068,086 shares

As of March 31, 2013 626,137 shares

③ Average number of shares outstanding:

For the fiscal year ended March 31, 2014 412,854,649 shares

For the fiscal year ended March 31, 2013 414,978,709 shares

### (Expression of implementation status of audit procedures)

This summary is outside the scope of the audit procedures which are required by the Financial Instruments and Exchange Act, and the audit procedures of the consolidated financial statements have 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, etc. may differ materially from those projected herein depending on various factors.

For assumptions underlying the forecasts of financial results and notes for using the forecasts of financial results, please refer to "Outlook for the fiscal year ending March 31, 2015" on page 2.

## Contents – Appendices

<b>1. Results of Operations</b> .....	2
(1) Analysis of Results of Operations .....	2
(2) Analysis of Financial Condition .....	3
(3) Basic Profit Distribution Policy and Dividends for the Fiscal Year Ended March 31, 2014 and the Fiscal Year Ending March 31, 2015 .....	3
<b>2. Management Policies</b> .....	4
(1) Basic Management Policies .....	4
(2) The Group's Financial Targets .....	5
(3) Medium- and Long-term Corporate Management Strategies and Pressing Issues Ahead .....	6
<b>3. Consolidated Financial Statements</b> .....	7
(1) Consolidated Balance Sheet .....	7
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	9
(3) Consolidated Statement of Changes in Net Assets .....	12
(4) Consolidated Statement of Cash Flows .....	14
(5) Notes on Going-Concern Assumption .....	16
(6) Changes in Accounting Policies, Changes in Accounting Estimations, and Retrospective Restatements .....	16
(7) Notes to the Consolidated Financial Statements .....	17
Segment information .....	17
Securities .....	24
Derivative transactions .....	26
Per share information .....	29
Significant subsequent events .....	30
<b>4. Other</b> .....	31
(1) Summary of Results of Operations (Consolidated) .....	31
(2) Premiums Written and Claims Paid by Business Lines (Consolidated) .....	32
(3) Life Insurance Business (Consolidated) .....	33
(4) Risk-monitored Loans (Consolidated) .....	34

## 1. Results of Operations

### (1) Analysis of Results of Operations

#### (Results of Operations)

During the fiscal year ended March 31, 2014, the Japanese economy saw improved corporate earnings and firm public works and consumer spending, mainly due to economic policies and monetary easing. As a result of these and other factors, the Japanese economy continued to gradually recover. The property and casualty (P&C) insurance industry showed signs of improvement in the current business environment, mainly due to a business rebound and product and premium rate revisions, despite the impact of snow damage and other natural disasters in Japan.

Under these circumstances, the NKSJ Group's consolidated financial results for the fiscal year ended March 31, 2014 were as follows:

Ordinary income for the fiscal year ended March 31, 2014 was 3,008.3 billion yen, an increase of 165.1 billion yen compared with the same period last year. This reflected underwriting income of 2,744.6 billion yen, investment income of 248.9 billion yen and other ordinary income of 14.7 billion yen. Meanwhile, ordinary expenses for the period were 2,895.9 billion yen, an increase of 157.5 billion yen from the same period last year. This reflected underwriting expenses of 2,420.2 billion yen, investment expenses of 20.6 billion yen, operating, general and administrative expenses of 439.3 billion yen and 15.6 billion yen of other ordinary expenses.

As a result of the foregoing, NKSJ Holdings, Inc. (the "Company") reported an ordinary profit, calculated as ordinary income minus ordinary expenses, of 112.3 billion yen, an increase of 7.6 billion yen year on year. The Company posted net income after extraordinary items, net of total income taxes and net income attributable to non-controlling interests, of 44.1 billion yen, an increase of 0.5 billion yen from 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 2,268.9 billion yen, an increase of 206.3 billion yen year on year. The P&C insurance business posted net income of 37.8 billion yen, a decrease of 2.9 billion yen from the previous fiscal year.

#### (b) Life insurance business

In the life insurance business, life insurance premiums written amounted to 277.2 billion yen, an increase of 12.4 billion yen year on year. The life insurance business posted net income of 5.0 billion yen, an increase of 2.5 billion yen compared with the previous fiscal year.

#### (Outlook for the fiscal year ending March 31, 2015)

For the fiscal year ending March 31, 2015, the Company is forecasting consolidated ordinary profit of 152.0 billion yen and net income of 33.0 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.
- The Company is forecasting 38.0 billion yen for net claims paid due to natural disasters that occur in the fiscal year ending March 31, 2015, 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, 2014.
- Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. plan to merge on September 1, 2014. As a result, the Company is forecasting extraordinary losses of approximately 100.0 billion yen, including merger-related costs.

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

**(2) Analysis of Financial Condition**

Total assets as of March 31, 2014 amounted to 9,499.7 billion yen on a consolidated basis, an increase of 321.6 billion yen from March 31, 2013, due mainly to an increase in unrealized gains and losses on securities available for sale.

Cash flows for the fiscal year ended March 31, 2014 were as follows:

Cash flows from operating activities resulted in a net inflow of 123.6 billion yen, an increase of 156.2 billion yen from the previous fiscal year. This mainly reflected an increase in net premiums written.

Cash flows from investing activities resulted in a net outflow of 74.7 billion yen, a decrease of 208.5 billion yen from the previous fiscal year, due mainly to purchase of securities, etc., by using funds obtained from issuance of corporate bonds in the previous fiscal year.

Cash flows from financing activities resulted in a net outflow of 50.4 billion yen, a decrease of 147.0 billion yen from the previous fiscal year. This mainly reflected proceeds from issuance of corporate bonds in the previous fiscal year.

As a result, cash and cash equivalents at the end of the period were 632.1 billion yen, an increase of 7.8 billion yen from the fiscal year ended March 31, 2013.

Equity and fair-value equity ratios were as follows:

	As of March 31, 2013	As of March 31, 2014
Equity ratio	13.9%	14.5%
Fair-value equity ratio	8.9%	11.5%

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, 2014 and the Fiscal Year Ending March 31, 2015**

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 a 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 30 yen to shareholders for the fiscal year ended March 31, 2014. As a result, annual dividends per share will be 60 yen with the combination of interim cash dividends per share.

In line with its basic policy on returning profits to shareholders, the Company plans to pay interim cash dividends per share of 30 yen and year-end cash dividends per share of 30 yen for the fiscal year ending March 31, 2015. As a result, annual dividends per share will be 60 yen.

\* Note: Total payout ratio = (total dividends + 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 Sampo Japan Nipponkoa 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, health and peace of mind to its customers, always carefully considering the customer's perspective in our business actions.

(Note) Subject to rename the name of the group into Sampo Japan Nipponkoa on September 1, 2014.

#### (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 Sampo Japan Nipponkoa 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)

We aim to build a globally competitive organization, powered by a stable 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 180.0 through 210.0 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 numerical target. The entire Group will make a concerted effort to achieve these financial targets.

For the fiscal year ended March 31, 2014, adjusted consolidated profit amounted to 101.5 billion yen. The following is a breakdown.

(Billions of yen)

	Fiscal year ended March 31, 2014 (Actual)	Fiscal year ending March 31, 2015 (Forecast)	Fiscal year ending March 31, 2016 (Plan)
Domestic P&C Insurance Business	6.5	47.7	70.0 – 80.0
Domestic Life Insurance Business	85.7	84.0	100.0 – 110.0
Overseas Insurance Business	7.8	13.0	14.0 – 20.0
Financial and Other Services Business	1.5	1.3	2.0 – 3.0
<b>Total</b>	<b>101.5</b>	<b>146.0</b>	<b>180.0 – 210.0</b>

## (Notes)

1. The calculation method for adjusted profit is 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 Sompo Japan Insurance Inc., NIPPONKOA Insurance Co., Ltd. , Saison Automobile and Fire Insurance Company, Limited and Sonpo 24 Insurance Company Limited (on a non-consolidated basis)	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) - 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
Financial and Other Services Business	Sompo Japan DIY Life Insurance Co., Ltd. , financial services businesses, healthcare businesses and other services	Net income

2. The calculation method for 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.

Sompo Japan and Nipponkoa steadily prepare for the merger. Both companies are working to ensure a smooth transition to the new company, thereby aiming to realize business synergies 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 Sheet

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Assets:</b>		
Cash and deposits	513,739	471,481
Call loans	66,700	75,000
Receivables under resale agreements	80,483	126,984
Monetary receivables bought	21,969	16,951
Money trusts	69,179	97,850
Securities	6,596,246	6,896,907
Loans	635,239	606,541
Tangible fixed assets:	355,792	349,968
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	66,904
Software	6,855	8,483
Goodwill	49,311	54,431
Other intangible fixed assets	729	3,988
Other assets	643,596	720,934
Net defined benefit asset	—	240
Deferred tax assets	107,938	63,095
Customers' liabilities for acceptances and guarantees	35,200	12,299
Allowance for possible credit losses	(4,783)	(5,360)
<b>Total assets</b>	<b>9,178,198</b>	<b>9,499,799</b>
<b>Liabilities:</b>		
Underwriting funds:	7,081,082	7,301,760
Reserve for outstanding losses and claims	1,001,993	1,100,613
Underwriting reserves	6,079,088	6,201,146
Corporate bonds	261,560	261,560
Other liabilities	352,898	371,054
Reserve for retirement benefits	103,244	—
Net defined benefit liability	—	95,814
Reserve for retirement benefits to directors	53	58
Reserve for bonus payments	23,088	22,195
Reserve for bonus payments to directors	290	185
Reserves under the special laws:	35,519	43,790
Reserve for price fluctuation	35,519	43,790
Deferred tax liabilities	1,772	926
Acceptances and guarantees	35,200	12,299
<b>Total liabilities</b>	<b>7,894,710</b>	<b>8,109,646</b>

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	438,567	438,536
Retained earnings	181,149	188,087
Treasury stock	(1,122)	(9,825)
Total shareholders' equity	718,640	716,845
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	579,284	659,375
Deferred gains and losses on hedges	7,653	7,205
Foreign currency translation adjustments	(29,309)	(4,341)
Remeasurements of defined benefit plans	—	3,120
Total accumulated other comprehensive income	557,628	665,360
Stock acquisition rights	2,027	1,851
Non-controlling interests	5,191	6,096
Total net assets	1,283,488	1,390,153
Total liabilities and net assets	9,178,198	9,499,799

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
 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)
Ordinary income:	2,843,226	3,008,339
Underwriting income:	2,605,798	2,744,636
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	248,906
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	14,796
Investment gains on the equity method	713	—
Other ordinary income	13,004	14,796
Ordinary expenses:	2,738,443	2,895,947
Underwriting expenses:	2,241,571	2,420,220
Net claims paid	1,336,201	1,339,253
Loss adjustment expenses	138,019	136,112
Net commissions and brokerage fees	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	20,665
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	426,216	439,382
Other ordinary expenses:	12,385	15,678
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	112,391

(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)
Extraordinary gains:	3,058	4,284
Gains on disposal of fixed assets	2,774	3,926
Gains on negative goodwill	184	—
Other extraordinary gains	99	358
Extraordinary losses:	37,662	47,518
Losses on disposal of fixed assets	760	3,240
Impairment losses	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	25,076	31,985
Net income before income taxes and non-controlling interests	70,179	69,157
Income taxes	7,118	9,319
Deferred income taxes	19,145	14,921
Total income taxes	26,263	24,240
Net income before non-controlling interests	43,916	44,916
Income attributable to non-controlling interests	298	746
Net income	43,618	44,169

## Consolidated Statement of 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)
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	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

(3) Consolidated Statement of Changes in Net Assets  
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

## 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

## (4) Consolidated Statement of Cash Flows

(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 flows from operating activities:		
Net income before income taxes and non-controlling interests	70,179	69,157
Depreciation	20,177	20,633
Impairment losses	3,962	4,021
Amortization of goodwill	4,050	4,473
Gains on negative goodwill	(184)	—
Increase (decrease) in reserve for outstanding losses and claims	(30,908)	68,039
Increase (decrease) in underwriting reserves	(46,047)	96,668
Increase (decrease) in allowance for possible credit losses	(900)	80
Increase (decrease) in allowance for possible investment losses	(3)	—
Increase (decrease) in reserve for retirement benefits	(4,872)	—
Increase (decrease) in net defined benefit liability	—	(3,080)
Increase (decrease) in reserve for retirement benefits to directors	(14)	5
Increase (decrease) in reserve for bonus payments	144	(903)
Increase (decrease) in reserve for bonus payments to directors	146	(105)
Increase (decrease) in reserve for price fluctuation	7,861	8,270
Interest and dividend income	(154,789)	(161,257)
Losses (gains) on investment in securities	(65,942)	(107,999)
Interest expenses	7,563	11,692
Foreign exchange losses (gains)	3,007	(6,958)
Losses (gains) related to tangible fixed assets	(1,998)	(684)
Losses (gains) related to loans	0	105
Investment losses (gains) on the equity method	(713)	159
Decrease (increase) in other assets (other than investing and financing activities)	4,029	(44,513)
Increase (decrease) in other liabilities (other than investing and financing activities)	(1,115)	19,717
Others	3,557	3,224
Subtotal	<u>(182,808)</u>	<u>(19,252)</u>
Interest and dividend received	160,334	163,169
Interest paid	(7,156)	(11,356)
Income taxes paid	(2,968)	(8,874)
Cash flows from operating activities	<u>(32,599)</u>	<u>123,685</u>



(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 flows from investing activities:		
Net decrease (increase) in deposits	101	14,084
Proceeds from sales and redemption of monetary receivables bought	7,341	4,838
Increase in money trusts	(45,186)	(36,464)
Decrease in money trusts	13,070	14,395
Purchase of securities	(1,231,982)	(1,208,457)
Proceeds from sales and redemption of securities	1,449,598	1,192,755
Loans made	(171,551)	(160,420)
Collection of loans	178,933	179,636
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions	(30,070)	(10,040)
Others	(19,787)	(44,164)
Total of investment transactions	<u>150,467</u>	<u>(53,836)</u>
Total of operating activities and investment transactions as above	<u>117,868</u>	<u>69,848</u>
Acquisition of tangible fixed assets	(17,703)	(22,387)
Proceeds from sales of tangible fixed assets	3,974	13,901
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation	—	(9,492)
Others	(2,889)	(2,888)
Cash flows from investing activities	<u>133,848</u>	<u>(74,704)</u>
Cash flows from financing activities:		
Proceeds from issuance of corporate bonds	133,560	—
Proceeds from sales of treasury stock	2	3
Acquisition of treasury stock	(877)	(9,242)
Dividends paid	(33,152)	(37,183)
Dividends paid to non-controlling shareholders	(4)	(6)
Others	(2,954)	(4,044)
Cash flows from financing activities	<u>96,573</u>	<u>(50,473)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>10,599</u>	<u>9,302</u>
Increase (decrease) in cash and cash equivalents	<u>208,422</u>	<u>7,810</u>
Cash and cash equivalents at the beginning of the period	415,489	624,349
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)	—
Cash and cash equivalents at the end of the period	<u>624,349</u>	<u>632,160</u>

(5) Notes on Going-Concern Assumption

None.

(6) Changes in Accounting Policies, Changes in Accounting Estimations, and Retrospective Restatements

(Changes in accounting policies)

Effective from the end of this fiscal year, NKSJ Holdings, Inc. (“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. And the amount of “accumulated other comprehensive income” increased by 3,120 million yen.

## (7) 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 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 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. 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 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 statement 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:	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 statement 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:	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:	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 statement 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.

## (Securities)

## 1. Trading Securities

(Millions of yen)

	As of March 31, 2013		As of March 31, 2014	
	Carrying amount	Unrealized gains and losses recognized in statement of income	Carrying amount	Unrealized gains and losses recognized in statement of income
Trading securities	19,859	1,643	48,095	1,175

Notes)

As of March 31, 2013	As of March 31, 2014
—	Certificate of deposit classified as cash and deposits in the consolidated balance sheet is included in the above table.

## 2. Bonds held to maturity

(Millions of yen)

		As of March 31, 2013			As of March 31, 2014		
		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	1,213,783	1,354,093	140,310	1,206,086	1,323,913	117,826
	Foreign securities	10,505	10,715	209	9,652	9,785	132
	Subtotal	1,224,289	1,364,808	140,519	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	4,357	4,319	(37)	2,308	2,279	(28)
	Subtotal	4,357	4,319	(37)	47,267	47,070	(197)
Total		1,228,646	1,369,128	140,482	1,263,007	1,380,769	117,762

## 3. Securities available for sale

(Millions of yen)

		As of March 31, 2013			As of March 31, 2014		
		Carrying amount	Cost	Unrealized gains and losses	Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,465,919	2,335,246	130,673	2,344,132	2,233,901	110,230
	Domestic stocks	1,278,449	661,719	616,730	1,384,548	669,238	715,309
	Foreign securities	910,155	810,619	99,535	1,187,117	1,065,445	121,671
	Others	58,087	48,488	9,598	45,291	39,316	5,974
	Subtotal	4,712,611	3,856,074	856,537	4,961,088	4,007,903	953,185
Securities whose carrying amount does not exceed their cost	Domestic bonds	54,401	55,074	(672)	88,664	89,167	(502)
	Domestic stocks	167,690	180,774	(13,084)	75,780	82,827	(7,046)
	Foreign securities	240,399	255,984	(15,584)	348,569	359,678	(11,109)
	Others	45,167	45,673	(506)	28,050	28,303	(252)
	Subtotal	507,658	537,506	(29,848)	541,064	559,976	(18,912)
Total		5,220,270	4,393,581	826,689	5,502,153	4,567,879	934,273

Notes)

As of March 31, 2013	As of March 31, 2014
1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.	1. Same as on the left
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.	2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

## 4. Securities available for sale sold

(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)		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	454,965	10,757	668	332,120	8,935	460
Domestic stocks	199,856	87,911	4,124	209,659	88,088	1,356
Foreign securities	255,679	11,736	2,578	128,162	9,157	3,746
Others	1,487	1,033	21	17,815	5,545	12
Total	911,989	111,439	7,393	687,757	111,726	5,575

Notes)

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

## 5. Securities for which impairment losses are recognized

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

## (Derivative transactions)

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

## (1) Currency derivatives

(Millions of yen)

	As of March 31, 2013				As of March 31, 2014			
	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	17,159	—	(467)	(467)	—	—	—	—
EUR	4,514	—	155	155	—	—	—	—
Long:								
TRY	3,521	—	(39)	(39)	3,294	—	211	211
EUR	4,671	—	(20)	(20)	—	—	—	—
Total	—	—	(372)	(372)	—	—	211	211

Notes)

As of March 31, 2013	As of March 31, 2014
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.	Calculation methods for the fair value The fair value of forward foreign exchanges is calculated by using forward exchange rate.

## (2) Equity derivatives

(Millions of yen)

	As of March 31, 2013				As of March 31, 2014			
	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	—	—	—	—	5,088	—	(102)	(102)
Total	—	—	—	—	—	—	(102)	(102)

Notes)

As of March 31, 2013	As of March 31, 2014
—	Calculation methods for the fair value The fair value is based on the closing price at major exchanges.

## (3) Others

(Millions of yen)

	As of March 31, 2013				As of March 31, 2014			
	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	6,000	—	3	3	—	—	—	—
Weather derivatives:								
Short	2,499	726			3,312	617		
	68*	24*	(52)	16	99*	21*	(66)	32
Earthquake derivatives:								
Short	10,440	60			8,723	10		
	421*	1*	(13)	407	299*	0*	(24)	275
Long	8,676	7,128			6,885	6,426		
	1,007*	866*	644	(363)	644*	637*	481	(162)
Total	—	—	582	64	—	—	390	145

Notes)

As of March 31, 2013	As of March 31, 2014
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.	1. Calculation methods for the fair value  (1) Weather derivatives Same as on the left  (2) Earthquake derivatives Same as on the left  2. Same as on the left

## 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, 2013			As of March 31, 2014		
			Notional amount	Due after 1 year	Fair value	Notional amount	Due after 1 year	Fair value
Deferred hedge	Forward foreign exchanges: Long: GBP	Foreign currency forecast transaction	—	—	—	79,516	—	569
Fair value hedge	Forward foreign exchanges: Short: USD	Securities available for sale	132,581	—	(7,330)	224,976	—	(2,772)
	EUR		95,428	—	(8,755)	153,094	—	(3,847)
	GBP		17,085	—	(284)	42,788	—	(3,343)
	AUD		10,272	—	(77)	18,229	—	(812)
	CAD		5,882	—	(16)	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	133,560	133,560	Note 2
Total			—	—	(16,464)	—	—	(10,036)

Notes)

As of March 31, 2013	As of March 31, 2014
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.	1. Calculation methods for the fair value Same as on the left 2. Same as on the left

## (2) Interest rate derivatives

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	As of March 31, 2013			As of March 31, 2014		
			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	11,146	83,000	83,000	9,827
Total			—	—	11,146	—	—	9,827

Notes)

As of March 31, 2013	As of March 31, 2014
Calculation methods for the fair value The fair value is calculated by discounting estimated future cash flow to the present value.	Calculation methods for the fair value Same as on the left

## (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.

(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)
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

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

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
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

## (Significant subsequent events)

## 1. Business combination through acquisitions

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

## (1) Summary of business combination

## (a) The name of acquiree and its type of business

Canopius Group Limited : Property and casualty insurance business

## (b) Primary reason for business combination

The NKSJ Group acquired the shares of Canopius 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 Canopius, the NKSJ Group intends to further increase its group-wide competitiveness in the overseas insurance business through transfer of Canopius' 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

Canopius Group Limited

## (f) Percentage of voting rights acquired

100.0%

## (g) Primary reason for determination of the acquirer

Sampo Japan was determined as the acquirer because Sampo Japan acquired shares of Canopius Group Limited by cash.

## (2) Acquisition cost of the acquiree

Purchase price: GBP 557 million

Presented here is the payment for acquisition of shares, as the final purchase price will be adjusted based on the net tangible assets of Canopius Group Limited as of December 31, 2013. 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. Details of the resolution are as follows.

## (1) 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 will conduct stock buybacks as a part of the shareholder return.

## (2) Details of stock buybacks

(a) Class of shares	Common stock of NKSJ
(b) Potential total number	5,000,000 shares (upper limit)
(c) Total price	10,000,000,000 yen (upper limit)
(d) Period	May 21, 2014 — September 22, 2014



## 4. Other

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

	(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
Ordinary income and expenses:				%
Underwriting income:	2,605,798	2,744,636	138,837	5.3
Net premiums written	2,062,606	2,268,967	206,360	10.0
Deposits of premiums by policyholders	146,309	140,943	(5,366)	(3.7)
Life insurance premiums written	264,732	277,230	12,498	4.7
Underwriting expenses:	2,241,571	2,420,220	178,648	8.0
Net claims paid	1,336,201	1,339,253	3,051	0.2
Loss adjustment expenses	138,019	136,112	(1,907)	(1.4)
Net commissions and brokerage fees	376,994	412,344	35,350	9.4
Maturity refunds to policyholders	322,292	285,504	(36,787)	(11.4)
Life insurance claims paid and other payments	63,521	73,730	10,209	16.1
Investment income:	223,709	248,906	25,196	11.3
Interest and dividend income	154,789	161,257	6,468	4.2
Gains on sales of securities	112,139	112,625	486	0.4
Investment expenses:	58,269	20,665	(37,603)	(64.5)
Losses on sales of securities	7,395	5,597	(1,797)	(24.3)
Impairment losses on securities	37,755	1,169	(36,586)	(96.9)
Operating, general and administrative expenses	426,216	439,382	13,165	3.1
Other ordinary income and expenses:	1,332	(881)	(2,214)	(166.2)
Investment gains on the equity method	713	(159)	(873)	(122.4)
Ordinary profit	104,783	112,391	7,608	7.3
Extraordinary gains and losses:				
Extraordinary gains	3,058	4,284	1,225	40.1
Extraordinary losses	37,662	47,518	9,856	26.2
Extraordinary gains and losses	(34,603)	(43,234)	(8,630)	—
Net income before income taxes and non-controlling interests	70,179	69,157	(1,022)	(1.5)
Income taxes	7,118	9,319	2,201	30.9
Deferred income taxes	19,145	14,921	(4,223)	(22.1)
Total income taxes	26,263	24,240	(2,022)	(7.7)
Net income before non-controlling interests	43,916	44,916	1,000	2.3
Income attributable to non-controlling interests	298	746	448	150.6
Net income	43,618	44,169	551	1.3

## (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, 2013 (April 1, 2012 to March 31, 2013)			Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	400,168	16.8	6.0	434,606	16.8	8.6
Marine insurance	60,523	2.5	4.4	72,430	2.8	19.7
Personal accident insurance	286,272	12.0	(6.0)	287,808	11.1	0.5
Voluntary automobile insurance	1,033,831	43.4	3.3	1,108,405	42.9	7.2
Compulsory automobile liability insurance	294,651	12.4	3.9	325,990	12.6	10.6
Others	306,431	12.9	8.2	357,113	13.8	16.5
Total	2,381,878	100.0	3.2	2,586,354	100.0	8.6
Deposits of premiums by policyholders	146,309	6.1	(11.1)	140,943	5.4	(3.7)

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

Net premiums written

(Millions of yen)

Business line	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	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	264,626	12.8	5.5	311,417	13.7	17.7
Marine insurance	49,661	2.4	4.5	58,553	2.6	17.9
Personal accident insurance	186,894	9.1	2.4	190,743	8.4	2.1
Voluntary automobile insurance	1,033,584	50.1	3.2	1,108,121	48.8	7.2
Compulsory automobile liability insurance	275,086	13.3	6.5	298,911	13.2	8.7
Others	252,753	12.3	8.7	301,222	13.3	19.2
Total	2,062,606	100.0	4.5	2,268,967	100.0	10.0

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

Net claims paid

(Millions of yen)

Business line	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	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	209,497	15.7	(38.2)	184,644	13.8	(11.9)
Marine insurance	25,113	1.9	(11.7)	31,407	2.3	25.1
Personal accident insurance	101,877	7.6	(0.4)	104,802	7.8	2.9
Voluntary automobile insurance	638,797	47.8	0.2	626,750	46.8	(1.9)
Compulsory automobile liability insurance	230,998	17.3	0.9	228,843	17.1	(0.9)
Others	129,919	9.7	(4.9)	162,805	12.2	25.3
Total	1,336,201	100.0	(9.3)	1,339,253	100.0	0.2

Note) 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, 2013 (April 1, 2012 to March 31, 2013)		Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	
	Amount	Rate of change	Amount	Rate of change
Life insurance premiums	264,732	5.8 %	277,230	4.7 %

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, 2013		As of March 31, 2014	
	Amount	Rate of change	Amount	Rate of change
Individual insurance	19,604,914	8.2 %	20,705,737	5.6 %
Individual annuities	285,051	0.2	281,249	(1.3)
Group insurance	3,191,152	1.3	4,414,358	38.3
Group annuities	—	—	—	—

Notes)

- The above figures represent amounts before offsetting internal transactions among segments.
- Amounts of "Individual annuities" represent the sums 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, 2013 (April 1, 2012 to March 31, 2013)			Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		
	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	3,073,354	3,073,354	—	2,667,416	2,667,416	—
Individual annuities	10,645	10,645	—	7,488	7,488	—
Group insurance	64,788	64,788	—	904,972	904,972	—
Group annuities	—	—	—	—	—	—

Notes)

- The above figures represent amounts before offsetting internal transactions among segments.
- Amounts of "New policies + net increase by conversion" for "Individual annuities" represent amounts 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, 2013 (April 1, 2012 to March 31, 2013)		Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	
	Amount	Rate of change	Amount	Rate of change
Annualized premiums of new policies	38,692	4.8 %	30,709	(20.6) %

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

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

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Change
Loans to borrowers in bankruptcy	235	76	(159)
Overdue loans	1,394	748	(646)
Loans overdue for three months or more	—	—	—
Restructured loans	440	74	(365)
Total	2,071	900	(1,171)
Percent of total loans	0.3%	0.1%	(0.2)%

## (Reference)

Total loans	635,239	606,541	(28,697)
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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.