

Selected Unofficial Translation of Summary of Consolidated Financial Results for the six months ended September 30, 2014

Note) This document is an unofficial English translation of the Japanese original. Additional translation will be posted around November 26, 2014.

November 19, 2014

Sompo Japan Nipponkoa Holdings, Inc.

Summary of Consolidated Financial Results for the six months ended September 30, 2014
[Under Japanese GAAP]

Company Name: Sompo Japan Nipponkoa Holdings, Inc.
Listed on: Tokyo Stock Exchange
Securities Code: 8630
URL: <http://www.sompo-hd.com/>
Representative: Kengo Sakurada, President
Scheduled date to file Quarterly Securities Report: November 27, 2014
Scheduled date to start payment of dividends: December 10, 2014
Supplementary information for quarterly financial statements: Yes
Schedule for quarterly 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 six months ended September 30, 2014 (April 1 to September 30, 2014)

(1) Consolidated Results of Operations

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

	Ordinary income		Ordinary profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%
Six months ended September 30, 2014	1,606,294	10.0	103,946	93.6	15,434	(47.1)
Six months ended September 30, 2013	1,459,650	6.9	53,702	—	29,167	—

Note) Comprehensive income: Six months ended September 30, 2014 163,603 million yen 22.3 %
Six months ended September 30, 2013 133,791 million yen — %

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2014	37.72	37.66
Six months ended September 30, 2013	70.42	70.29

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of September 30, 2014	9,789,195	1,536,416	15.6
As of March 31, 2014	9,499,799	1,390,153	14.5

Reference) Equity capital: As of September 30, 2014 1,528,813 million yen
As of March 31, 2014 1,382,205 million yen

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2014	—	30.00	—	30.00	60.00
Fiscal year ending March 31, 2015	—	30.00			
Fiscal year ending March 31, 2015 (Forecast)			—	30.00	60.00

Note) Revisions to the latest announced dividends forecasts: None

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

Note) Percentages are changes from previous fiscal year.

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

Note) Revisions to the latest announced forecasts of financial results: Yes

(Notes)

- (1) Changes in significant subsidiaries during the six months ended September 30, 2014 (changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes

Increase: 1 (Company Name: Canopus Group Limited)

Decrease: 2 (Company Names: NIPPONKOA Insurance Company, Limited and Sompo Japan DIY Life Insurance CO., LTD.)

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

① Changes in accounting policies due to revisions to accounting standards: Yes

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

③ Changes in accounting estimations: None

④ Retrospective restatements: None

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

- ① Total shares outstanding including treasury stock:

As of September 30, 2014 415,352,294 shares

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

- ② Treasury stock:

As of September 30, 2014 7,344,320 shares

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

- ③ Average number of shares outstanding:

For the six months ended September 30, 2014 409,083,802 shares

For the six months ended September 30, 2013 414,181,269 shares

(Expression of implementation status of interim audit procedures)

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

(Notes for using forecasts of financial results, etc.)

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

Sompo Japan Nipponkoa Holdings, Inc. prepares the interim consolidated financial statements for the six months ended September 30, 2014, since it conducts business defined in the provision of Article 17-15, Paragraph (2) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2014	As of September 30, 2014
Assets:		
Cash and deposits	471,481	532,769
Call loans	75,000	39,000
Receivables under resale agreements	126,984	49,994
Monetary receivables bought	16,951	15,366
Money trusts	97,850	92,608
Securities	6,896,907	7,250,621
Loans	606,541	597,792
Tangible fixed assets	349,968	347,561
Intangible fixed assets	66,904	98,187
Other assets	720,934	746,450
Net defined benefit asset	240	246
Deferred tax assets	63,095	16,586
Customers' liabilities for acceptances and guarantees	12,299	8,112
Allowance for possible credit losses	(5,360)	(6,102)
Total assets	9,499,799	9,789,195
Liabilities:		
Underwriting funds:		
Reserve for outstanding losses and claims	7,301,760	7,526,461
Underwriting reserves	1,100,613	1,220,350
Corporate bonds	6,201,146	6,306,110
Other liabilities	261,560	141,151
Net defined benefit liability	371,054	391,707
Reserve for retirement benefits to directors	95,814	89,677
Reserve for bonus payments	58	59
Reserve for bonus payments to directors	22,195	26,576
Reserves under the special laws:	185	—
Reserve for price fluctuation	43,790	49,040
Deferred tax liabilities	43,790	49,040
Acceptances and guarantees	926	19,991
Total liabilities	12,299	8,112
Net assets:	8,109,646	8,252,778
Shareholders' equity:		
Common stock		
Capital surplus	100,045	100,045
Retained earnings	438,536	438,336
Treasury stock	188,087	196,064
Total shareholders' equity	(9,825)	(19,139)
Accumulated other comprehensive income:	716,845	715,306
Unrealized gains and losses on securities available for sale		
Deferred gains and losses on hedges	659,375	809,626
Foreign currency translation adjustments	7,205	7,539
Remeasurements of defined benefit plans	(4,341)	(7,855)
Total accumulated other comprehensive income	3,120	4,195
Stock acquisition rights	665,360	813,506
Non-controlling interests	1,851	1,623
Total net assets	6,096	5,979
Total liabilities and net assets	1,390,153	1,536,416
	9,499,799	9,789,195

(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income
Interim Consolidated Statement of Income

	(Millions of yen)	
	Six months ended September 30, 2013 (April 1 to September 30, 2013)	Six months ended September 30, 2014 (April 1 to September 30, 2014)
Ordinary income:	1,459,650	1,606,294
Underwriting income:	1,355,040	1,494,847
Net premiums written	1,118,951	1,244,489
Deposits of premiums by policyholders	70,123	63,859
Interest and dividend income on deposits of premiums, etc.	24,558	22,859
Life insurance premiums written	133,951	134,364
Reversal of reserve for outstanding losses and claims	3,546	22,063
Investment income:	98,126	97,804
Interest and dividend income	79,780	81,975
Investment gains on money trusts	1,758	2,939
Investment gains on trading securities	—	2,749
Gains on sales of securities	35,123	24,725
Transfer of interest and dividend income on deposits of premiums, etc.	(24,558)	(22,859)
Other ordinary income	6,483	13,642
Ordinary expenses:	1,405,947	1,502,347
Underwriting expenses:	1,167,088	1,266,979
Net claims paid	640,555	730,414
Loss adjustment expenses	68,136	67,828
Net commissions and brokerage fees	201,464	232,351
Maturity refunds to policyholders	126,531	134,229
Life insurance claims paid and other payments	32,424	36,191
Provision for underwriting reserves	95,448	64,020
Investment expenses:	12,313	3,259
Investment losses on money trusts	457	168
Investment losses on trading securities	181	—
Losses on sales of securities	1,400	851
Impairment losses on securities	2,524	116
Operating, general and administrative expenses	218,116	226,453
Other ordinary expenses:	8,430	5,655
Interest paid	5,872	3,503
Ordinary profit	53,702	103,946

	(Millions of yen)	
	Six months ended September 30, 2013 (April 1 to September 30, 2013)	Six months ended September 30, 2014 (April 1 to September 30, 2014)
Extraordinary gains:	641	613
Gains on disposal of fixed assets	299	471
Gains on negative goodwill	—	0
Other extraordinary gains	342	140
Extraordinary losses:	14,967	86,435
Losses on disposal of fixed assets	985	1,016
Impairment losses	3,215	4
Provision for reserves under the special laws:	4,162	5,269
Provision for reserve for price fluctuation	4,162	5,269
Other extraordinary losses	6,603	80,144
Net income before income taxes and non-controlling interests	39,376	18,124
Income taxes	4,169	6,785
Deferred income taxes	5,802	(4,315)
Total income taxes	9,971	2,469
Net income before non-controlling interests	29,404	15,655
Income attributable to non-controlling interests	237	220
Net income	29,167	15,434

Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2013 (April 1 to September 30, 2013)	Six months ended September 30, 2014 (April 1 to September 30, 2014)
Net Income before non-controlling interests	29,404	15,655
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	90,182	149,672
Deferred gains and losses on hedges	(1,053)	334
Foreign currency translation adjustments	14,563	(3,189)
Remeasurements of defined benefit plans	—	1,075
Share of other comprehensive income of affiliates accounted for under the equity method	693	55
Total other comprehensive income	104,386	147,948
Comprehensive income	133,791	163,603
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	133,253	163,450
Comprehensive income attributable to non-controlling interests	537	153

(3) Consolidated Statement of Changes in Net Assets
Six months ended September 30, 2013 (April 1 to September 30, 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	438,567	181,149	(1,122)	718,640
Cumulative effects of changes in accounting policies					—
Restated balance	100,045	438,567	181,149	(1,122)	718,640
Changes during the period:					
Dividends			(24,883)		(24,883)
Net income			29,167		29,167
Acquisition of treasury stock				(8,318)	(8,318)
Disposal of treasury stock		(16)		474	457
Changes in the scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during the period	—	(16)	4,283	(7,844)	(3,577)
Balance at the end of the period	100,045	438,550	185,433	(8,966)	715,063

	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
Cumulative effects of changes in accounting policies								—
Restated balance	579,284	7,653	(29,309)	—	557,628	2,027	5,191	1,283,488
Changes during the period:								
Dividends								(24,883)
Net income								29,167
Acquisition of treasury stock								(8,318)
Disposal of treasury stock								457
Changes in the scope of consolidation								—
Net changes in items other than shareholders' equity	89,998	(1,053)	15,140	—	104,086	(111)	2,705	106,680
Total changes during the period	89,998	(1,053)	15,140	—	104,086	(111)	2,705	103,103
Balance at the end of the period	669,282	6,600	(14,168)	—	661,714	1,916	7,896	1,386,591

Six months ended September 30, 2014 (April 1 to September 30, 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	438,536	188,087	(9,825)	716,845
Cumulative effects of changes in accounting policies			4,665		4,665
Restated balance	100,045	438,536	192,753	(9,825)	721,511
Changes during the period:					
Dividends			(12,338)		(12,338)
Net income			15,434		15,434
Acquisition of treasury stock				(10,018)	(10,018)
Disposal of treasury stock		(200)		704	503
Changes in the scope of consolidation			214		214
Net changes in items other than shareholders' equity					
Total changes during the period	—	(200)	3,310	(9,314)	(6,204)
Balance at the end of the period	100,045	438,336	196,064	(19,139)	715,306

	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	659,375	7,205	(4,341)	3,120	665,360	1,851	6,096	1,390,153
Cumulative effects of changes in accounting policies								4,665
Restated balance	659,375	7,205	(4,341)	3,120	665,360	1,851	6,096	1,394,819
Changes during the period:								
Dividends								(12,338)
Net income								15,434
Acquisition of treasury stock								(10,018)
Disposal of treasury stock								503
Changes in the scope of consolidation								214
Net changes in items other than shareholders' equity	150,250	334	(3,514)	1,075	148,146	(227)	(117)	147,801
Total changes during the period	150,250	334	(3,514)	1,075	148,146	(227)	(117)	141,597
Balance at the end of the period	809,626	7,539	(7,855)	4,195	813,506	1,623	5,979	1,536,416

Supplementary Information

(1) Summary of Results of Operations (Consolidated)

(Millions of yen)

	Six months ended September 30, 2013 (April 1 to September 30, 2013)	Six months ended September 30, 2014 (April 1 to September 30, 2014)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	1,355,040	1,494,847	139,807	10.3
Net premiums written	1,118,951	1,244,489	125,538	11.2
Deposits of premiums by policyholders	70,123	63,859	(6,264)	(8.9)
Life insurance premiums written	133,951	134,364	413	0.3
Underwriting expenses:	1,167,088	1,266,979	99,890	8.6
Net claims paid	640,555	730,414	89,858	14.0
Loss adjustment expenses	68,136	67,828	(308)	(0.5)
Net commissions and brokerage fees	201,464	232,351	30,886	15.3
Maturity refunds to policyholders	126,531	134,229	7,697	6.1
Life insurance claims paid and other payments	32,424	36,191	3,767	11.6
Investment income:	98,126	97,804	(322)	(0.3)
Interest and dividend income	79,780	81,975	2,195	2.8
Gains on sales of securities	35,123	24,725	(10,398)	(29.6)
Investment expenses:	12,313	3,259	(9,054)	(73.5)
Losses on sales of securities	1,400	851	(548)	(39.2)
Impairment losses on securities	2,524	116	(2,407)	(95.4)
Operating, general and administrative expenses	218,116	226,453	8,337	3.8
Other ordinary income and expenses	(1,946)	7,986	9,933	—
Ordinary profit	53,702	103,946	50,244	93.6
Extraordinary gains and losses:				
Extraordinary gains	641	613	(28)	(4.5)
Extraordinary losses	14,967	86,435	71,467	477.5
Extraordinary gains and losses	(14,326)	(85,822)	(71,496)	—
Net income before income taxes and non-controlling interests	39,376	18,124	(21,252)	(54.0)
Income taxes	4,169	6,785	2,615	62.7
Deferred income taxes	5,802	(4,315)	(10,117)	(174.4)
Total income taxes	9,971	2,469	(7,502)	(75.2)
Net income before non-controlling interests	29,404	15,655	(13,749)	(46.8)
Income attributable to non-controlling interests	237	220	(17)	(7.2)
Net income	29,167	15,434	(13,732)	(47.1)

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

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Six months ended September 30, 2013 (April 1 to September 30, 2013)			Six months ended September 30, 2014 (April 1 to September 30, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	202,073	15.7%	8.4%	232,815	16.9%	15.2%
Marine insurance	38,400	3.0	22.2	38,954	2.8	1.4
Personal accident insurance	151,118	11.7	(0.3)	149,487	10.8	(1.1)
Voluntary automobile insurance	544,468	42.3	6.0	579,247	42.0	6.4
Compulsory automobile liability insurance	161,925	12.6	10.5	159,779	11.6	(1.3)
Others	188,313	14.6	14.2	217,712	15.8	15.6
Total	1,286,300	100.0	7.7	1,377,997	100.0	7.1
Deposits of premiums by policyholders	70,123	5.5	(3.1)	63,859	4.6	(8.9)

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

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2013 (April 1 to September 30, 2013)			Six months ended September 30, 2014 (April 1 to September 30, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	141,063	12.6%	17.4%	184,391	14.8%	30.7%
Marine insurance	28,897	2.6	17.7	35,480	2.9	22.8
Personal accident insurance	102,205	9.1	1.6	104,197	8.4	1.9
Voluntary automobile insurance	544,253	48.6	6.0	580,326	46.6	6.6
Compulsory automobile liability insurance	145,941	13.0	4.8	154,589	12.4	5.9
Others	156,589	14.0	11.5	185,504	14.9	18.5
Total	1,118,951	100.0	7.7	1,244,489	100.0	11.2

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

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2013 (April 1 to September 30, 2013)			Six months ended September 30, 2014 (April 1 to September 30, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	86,630	13.5%	(23.3)%	142,400	19.5%	64.4%
Marine insurance	15,624	2.4	34.2	15,821	2.2	1.3
Personal accident insurance	51,970	8.1	3.5	51,779	7.1	(0.4)
Voluntary automobile insurance	303,023	47.3	(3.7)	319,204	43.7	5.3
Compulsory automobile liability insurance	114,148	17.8	(2.0)	113,993	15.6	(0.1)
Others	69,158	10.8	14.0	87,216	11.9	26.1
Total	640,555	100.0	(3.9)	730,414	100.0	14.0

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

(3) Securities (Consolidated)

1. Bonds held to maturity

(Millions of yen)

		As of March 31, 2014			As of September 30, 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	1,206,086	1,323,913	117,826	1,237,901	1,380,566	142,665
	Foreign securities	9,652	9,785	132	9,030	9,121	91
	Subtotal	1,215,739	1,333,698	117,959	1,246,931	1,389,688	142,757
Securities whose fair value does not exceed their carrying amount	Domestic bonds	44,959	44,790	(168)	—	—	—
	Foreign securities	2,308	2,279	(28)	2,251	2,205	(46)
	Subtotal	47,267	47,070	(197)	2,251	2,205	(46)
Total		1,263,007	1,380,769	117,762	1,249,182	1,391,893	142,710

2. Policy reserve matching bonds

(Millions of yen)

		As of March 31, 2014			As of September 30, 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	—	—	—	25,420	25,861	440
Securities whose fair value does not exceed their carrying amount	Domestic bonds	—	—	—	—	—	—
Total		—	—	—	25,420	25,861	440

3. Securities available for sale

(Millions of yen)

		As of March 31, 2014			As of September 30, 2014		
		Carrying amount	Cost	Unrealized gains and losses	Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,344,132	2,233,901	110,230	2,390,369	2,262,079	128,290
	Domestic stocks	1,384,548	669,238	715,309	1,548,128	695,873	852,255
	Foreign securities	1,187,117	1,065,445	121,671	1,450,217	1,282,491	167,726
	Others	45,291	39,316	5,974	34,348	29,570	4,778
	Subtotal	4,961,088	4,007,903	953,185	5,423,064	4,270,014	1,153,050
Securities whose carrying amount does not exceed their cost	Domestic bonds	88,664	89,167	(502)	22,655	22,683	(27)
	Domestic stocks	75,780	82,827	(7,046)	32,910	36,806	(3,896)
	Foreign securities	348,569	359,678	(11,109)	170,357	174,221	(3,864)
	Others	28,050	28,303	(252)	26,047	26,323	(275)
	Subtotal	541,064	559,976	(18,912)	251,971	260,035	(8,064)
Total		5,502,153	4,567,879	934,273	5,675,036	4,530,049	1,144,986

Notes)

As of March 31, 2014	As of September 30, 2014
1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.	1. Same as on the left
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.	2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the interim consolidated balance sheet are included in "Others" above.

4. Securities for which impairment losses are recognized

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Six months ended September 30, 2014 (April 1 to September 30, 2014)
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, Sompo Japan Nipponkoa Holdings, Inc. and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value at the end of the fiscal year declines by 30% or more from their cost.	For the six months ended September 30, 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 98 million yen (foreign securities only), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 18 million yen (domestic stocks only). Basically, Sompo Japan Nipponkoa Holdings, Inc. and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value at the end of the second quarter declines by 30% or more from their cost.