
FY2013 Results and Business Strategy

May 27, 2014

NKSJ Holdings, Inc.

Today's key points

Progress of management plan

- In FY2013, the fiscal year ended March 31, 2014, adjusted consolidated profit decreased year on year mainly due to the impact of snow damage in February.
- However, steady progress in improved profitability in the domestic property and casualty (P&C) insurance business should increase the likelihood of achieving our targets for FY2015.

Domestic P&C

- We, NKSJ, has already achieved the FY2015 target for the adjusted combined ratio.
- We are committed to achieving this FY2015 target, taking into consideration such negative factors as the consumption tax rate hike and the rebound of the effects of the revision of driver rating system.

Domestic Life

- Annualized new premium did not continue to expand in FY2013, because this was a transitional period in product revisions.
- New medical insurance products were launched in FY2014, thereby again making the brand "Himawari Life" as a pioneer of medical insurance.

Overseas

- Profits in the overseas insurance business are to expand dramatically, due to the profit contribution of the Canopius.
- With Canopius acting as the platform of our overseas business, we will conduct further global development.

ERM Capital Policy

- Advance strategic risk management (ERM), and use ERM in management decision-making.
- The internal solvency margin ratio was maintained within the target level.
- Although the reduction of strategic-holding stocks in FY2014 is forecast to decrease, there is no change in the medium- and long-term reduction policy.
- In addition to maintaining a stable dividend, we conduct share buybacks totaling ¥10.0 billion.

History of NKSJ Holdings

- ◆ Integrated each business steadily and conducted strategic investments, following the establishment of NKSJ Holdings.
- ◆ The group's brand name will be changed into Sampo Japan Nipponkoa Group, and corporate name of NKSJ Holdings will be changed into Sampo Japan Nipponkoa Holdings Inc. on September 1, 2014.

Apr. 2010

NKSJ Holdings Inc., joint holding company, was established

Domestic P&C

Domestic Life

Overseas

Financial & Services

2010

May. 2010
Completed the acquisition of Tenet (Singapore)

Oct. 2010
Affiliated two asset management companies merged into Sampo Japan Nipponkoa Asset Management

2011

Nov. 2010
Completed the acquisition of Fiba Sigorta (Turkey)

Oct. 2011
Affiliated two life insurance companies merged into NKSJ Himawari Life.

Jun. 2011
Acquired additional shares of Berjaya (Malaysia) and made it subsidiary

Apr. 2012
Established Prime Assistance to enter the assistance services business.

2012

Mar. 2012
The merger of Sampo Japan and Nipponkoa was announced

Sep. 2012
Acquired shares of Cedar to enter the nursing care service business

2013

Jun. 2013
Acquired additional shares of Maritima (Brazil) and made it subsidiary

2014

Sep. 2014 (Plan)
Newly merged company, Sampo Japan Nipponkoa Insurance will be formed

Sep. 2014 (Plan)
To be renamed as Sampo Japan Nipponkoa Himawari Life

May 1, 2014
Completed the acquisition of Canopus (UK)

1. Trend of business results

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4. Overseas insurance

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5. ERM & Capital Policy

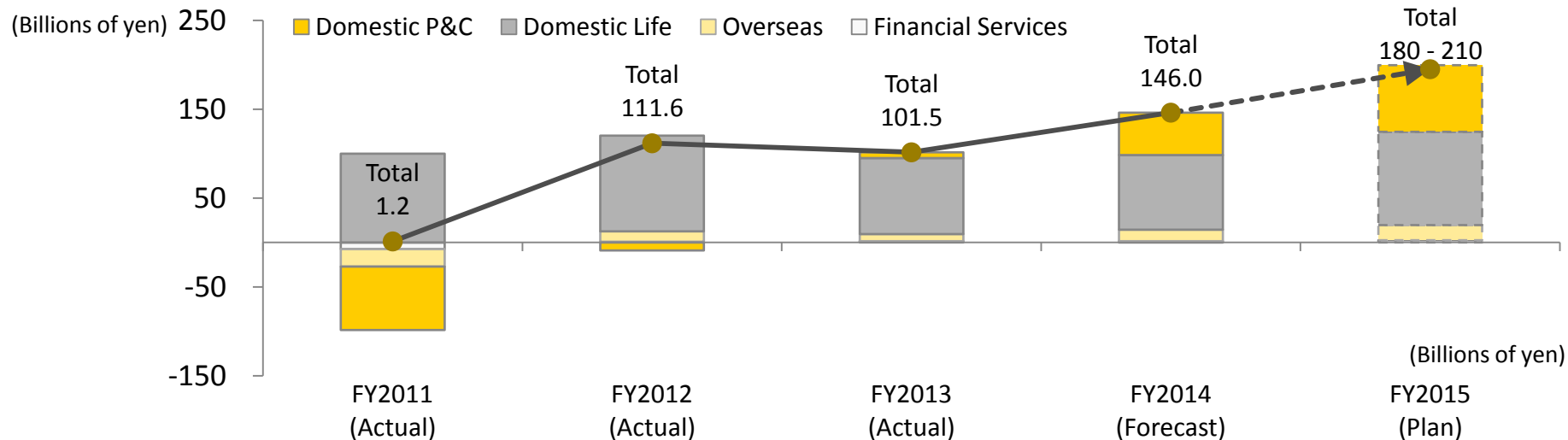
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Update on Progress of Management Plan

- ◆ Generated adjusted consolidated profit of more than ¥100 billion in FY2013, although profit decreased year on year mainly due to snow damage in February (incurred losses of ¥73.0 billion).
- ◆ Expect to see clear signs of an improvement in earnings in FY2014. This should increase the likelihood of achieving our targets for FY 2015.



	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Forecast)	FY2015 (Plan)
Domestic P&C	-71.3	-8.9	6.5	47.7	70 – 80
Domestic Life	100.0	107.8	85.7	84.0	100 – 110
Overseas	-19.7	11.8	7.8	13.0	14 – 20
Financial Services	-7.6	0.7	1.5	1.3	2 – 3
Total (Adjusted consolidated profit)	1.2	111.6	101.5	146.0	180 – 210
Adjusted ROE	0.1%	5.4%	4.3%	5.9%	Over 7%

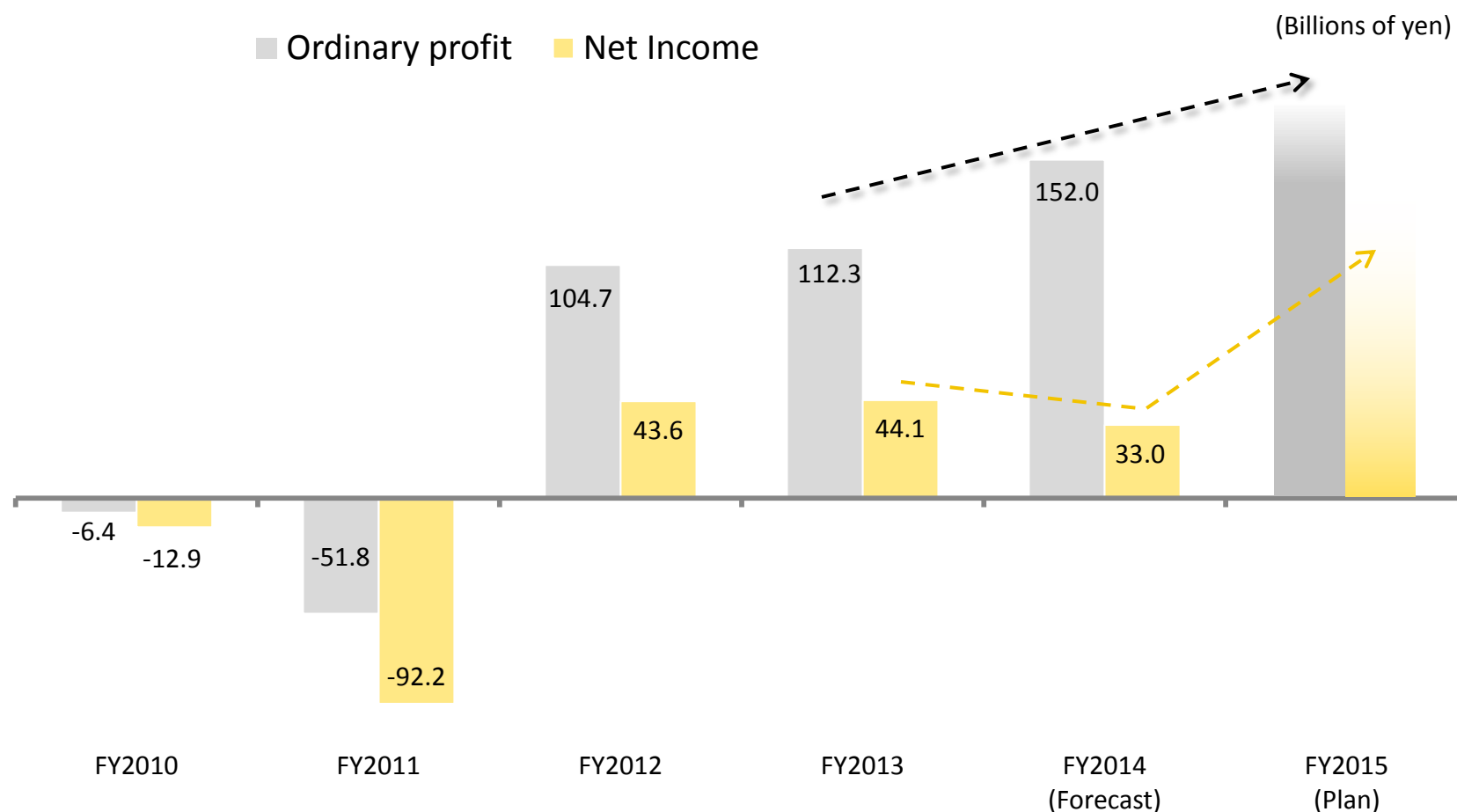
*One-time costs arising from the merger are excluded as special factors to calculate adjusted profit. The amount after tax are ¥17.6 billion in FY2012, ¥26.7 billion in FY2013, approx ¥60 billion in FY 2014 and approx ¥3.4 billion in FY2015.

*Saison Automobile & Fire and Sonpo 24 were reclassified from financial and other services to the domestic P&C insurance business from FY2012.

*Definition of each business, adjusted profit and adjusted ROE are shown on page 64.

Consolidated Performance (J-GAAP base)

- ◆ Ordinary profit maintains increasing trend mainly due to the improvement of profitability in domestic P&C business and the contribution of overseas business.
- ◆ Significant recovery of net income in FY 2015 is expected, while net income in FY 2014 drops due to the merger one-time cost.



Overview of FY2013 Results – NKSJ Consolidated

- ◆ The top line has continued to grow steadily.
- ◆ Ordinary profit was increased and almost the same level of net income as in the previous year was secured on the consolidated basis.

(Billions of yen)	FY2012	FY2013	Change
Ordinary income (NKSJ consolidated)	2,843.2	3,008.3	+165.1 (+5.8%)
P&C net premiums written	2,062.6	2,268.9	+206.3(+10.0%)
Life insurance premiums	264.7	277.2	+12.4(+4.7%)
Ordinary profit (NKSJ consolidated)	104.7	112.3	+7.6(+7.3%)
Sompo Japan + Nipponkoa	129.6	117.7	-11.8
NKSJ Himawari Life	8.0	13.7	+5.7
Overseas subsidiaries	10.4	10.9	+0.5
Consolidated adjustment*1/others	-43.3	-30.1	+13.2
Net Income (NKSJ consolidated)	43.6	44.1	+0.5(+1.3%)
Sompo Japan + Nipponkoa	62.4	49.5	-12.9
NKSJ Himawari Life	4.4	8.0	+3.6
Overseas subsidiaries	13.1	11.5	-1.5
Consolidated adjustment*1/others	-36.4	-25.0	+11.4

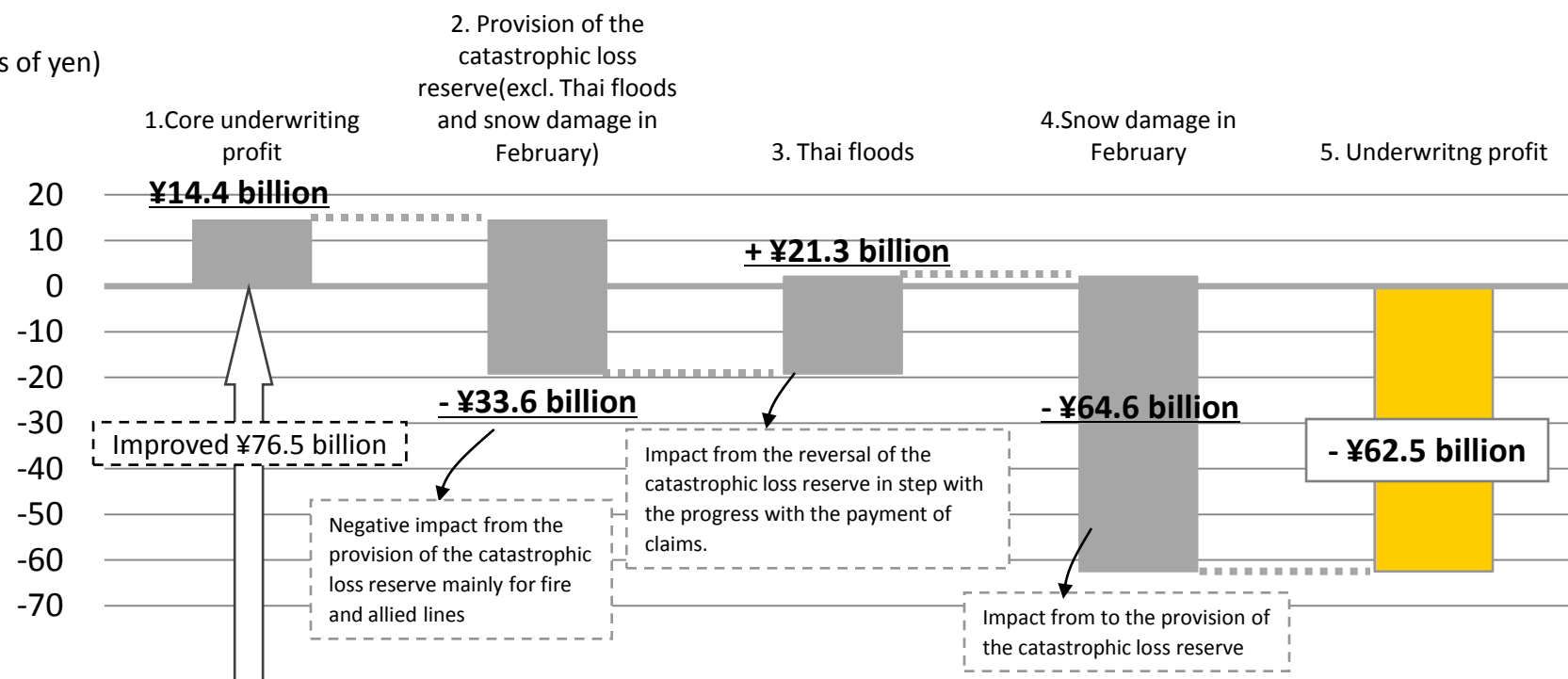
*1 "Purchase method" accountings was adopted in establishing NKSJ Holdings. In NKSJ consolidated financial statements, assets and liabilities of Nipponkoa and some NKSJ group companies are booked at the market value as of the completion of business integration. Therefore, book value used in Nipponkoa and some NKSJ group companies's statements and that used in NKSJ consolidated statements are different. As a result, in calculating NKSJ consolidated profit, adjustments are necessary in Nipponkoa and some NKSJ group companies's realized gains on securities, etc. These adjustments are included in "consolidated adjustments" shown in the above table.

Main points of Consolidated Results for FY2013 – Underwriting profit

- ◆ Core underwriting profit* improved significantly due to premium growth and a decline in claims paid.

Breakdown of underwriting profit (Sompo Japan + Nipponkoa)

(Billions of yen)



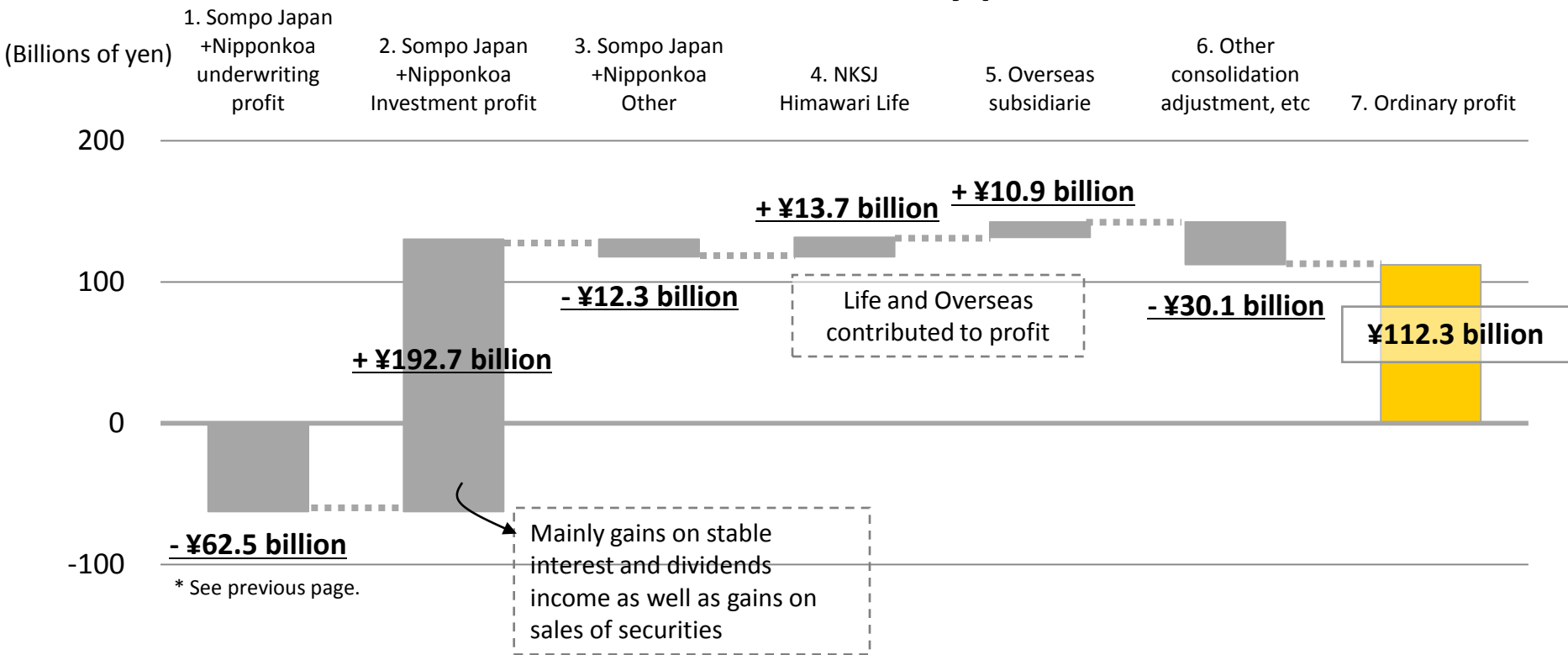
FY2012 Actual	1. - ¥62.1 billion	2. + ¥11.2 billion (reversal)	3. + ¥33.9 billion	4. Nil	5. - ¥16.9 billion
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* Core underwriting profit is underwriting profit less provision of catastrophic loss reserve and the impact related to the Thai floods and snow damage in February.

Main points of Consolidated Results for FY2013 - Ordinary profit

- ◆ Consolidated ordinary profit was ¥112.3 billion.
- ◆ Investment profit of domestic P&C insurance as well as life and overseas contributed to profit.

Breakdown of ordinary profit

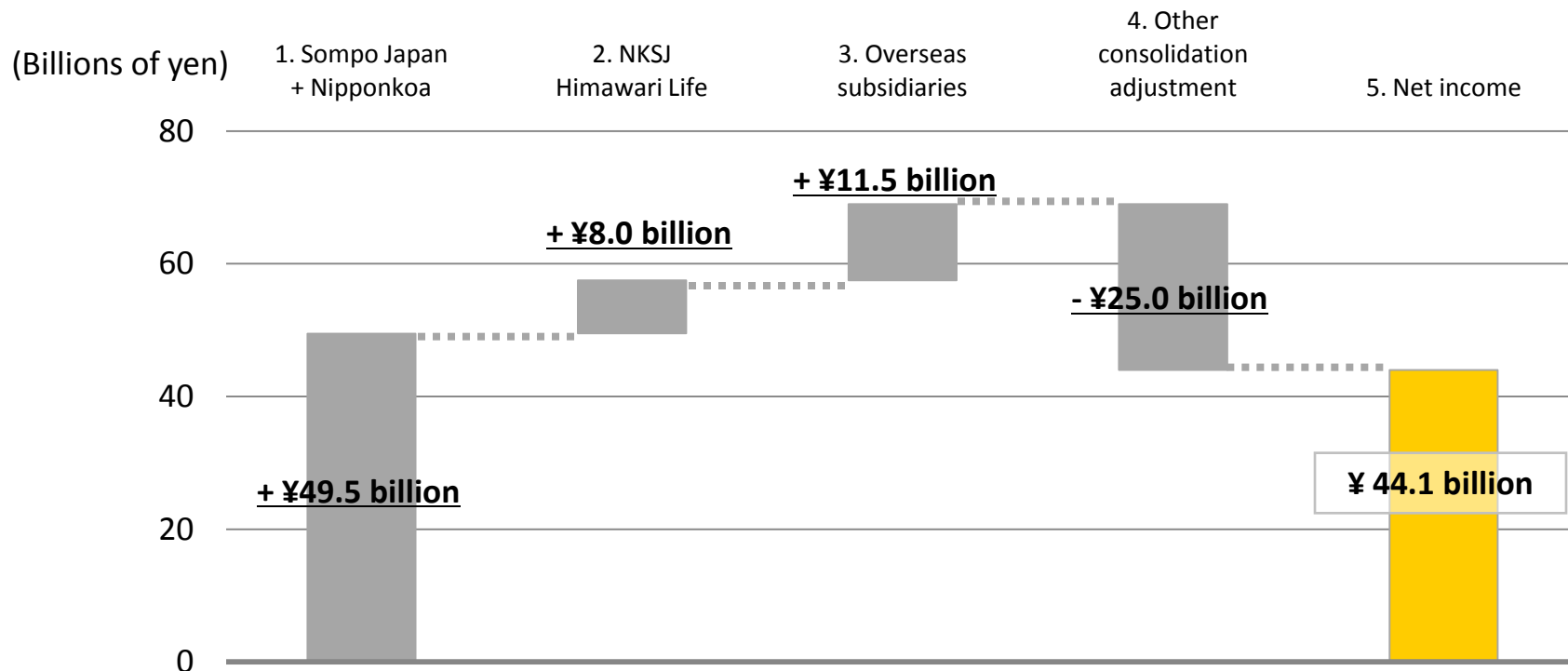


	1.	2.	3.	4.	5.	6.	7.
FY 2012 Actual	- ¥16.9 billion	+ ¥159.9 billion	- ¥13.3 billion	+ ¥8.0 billion	+ ¥10.4 billion	- ¥43.3 billion	+ ¥104.7 billion

Main points of Consolidated Results for FY2013 - Net income

◆ Net income was ¥44.1 billion with all businesses contributing to profit.

Breakdown of net income



	1.	2.	3.	4.	5.
FY 2012 Actual	+¥62.4 billion	+¥4.4 billion	+¥13.1 billion	- ¥36.4 billion	+¥43.6 billion

Summary of Business Forecasts – Consolidated basis

- ◆ Top line growth is expected to continue.
- ◆ Ordinary profit is projected to increase. Meanwhile, net income is projected to decline slightly, mainly due to the burden of one-time merger costs.

(Billions of yen)	FY2013 Actual	FY2014 Forecasts	Change
P&C net premiums written	2,268.9	2,508.0	+239.0(+10.5%)
Life insurance premiums	277.2	279.5	+2.2 (+0.8%)
Ordinary profit (NKSJ consolidated)	112.3	152.0	+39.6(+35.2%)
Sompo Japan Nipponkoa*1	117.7	144.0	+26.3
NKSJ Himawari Life	13.7	12.7	-1.0
Overseas subsidiaries	10.9	18.4	+7.4
Consolidated adjustment *2/others	-30.1	-23.2	+6.8
Net Income (NKSJ consolidated)	44.1	33.0	-11.1(-25.3%)
Sompo Japan Nipponkoa*1	49.5	33.7	-15.7
NKSJ Himawari Life	8.0	7.5	-0.5
Overseas subsidiaries	11.5	13.5	+1.9
Consolidated adjustment*2/others	-25.0	-21.8	+3.1

*1 The actual figures prior to FY 2014 are the sum of Sompo Japan and Nipponkoa. Meanwhile, the forecasted figures in FY 2014 represent Sompo Japan Nipponkoa which will be formed on September 1. The same in the following pages.

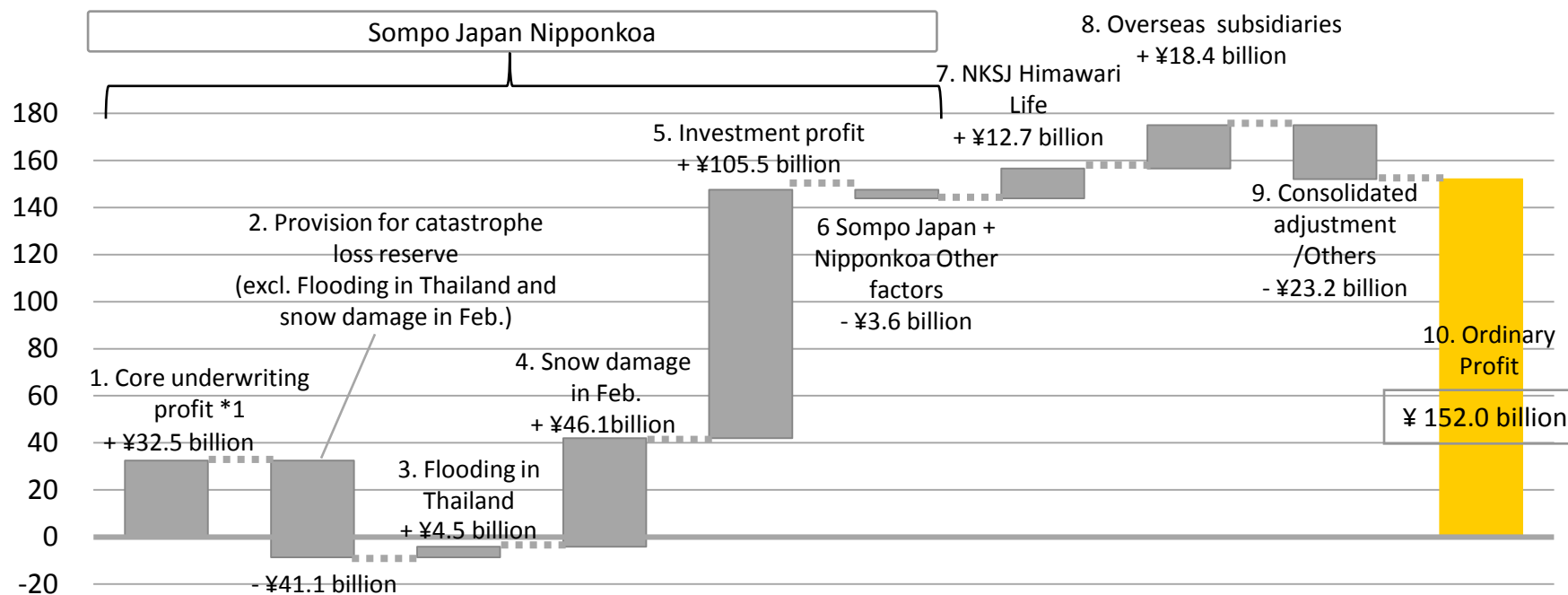
*2“Purchase method” accountings was adopted in establishing NKSJ Holdings. In NKSJ consolidated financial statements, assets and liabilities of Nipponkoa and some NKSJ group companies are booked at the market value as of the completion of business integration. Therefore, book value used in Nipponkoa and some NKSJ group companies’s statements and that used in NKSJ’ consolidated statements are different. As a result, in calculating NKSJ consolidated profit, adjustments are necessary in Nipponkoa and some NKSJ group companies’s realized gains on securities, etc. These adjustments are included in “consolidated adjustments” shown in the above table.

Main points of Business Forecasts - Ordinary profit (NKSJ consolidated)

- ◆ Consolidated ordinary profit is projected to be ¥152 billion.
 - Underwriting profit : Steady improvement in profitability is expected due to products and premium rate revisions, etc. for automobile insurance
 - Investment profit : Stable interest and dividends income and gains on sales of securities of ¥105.5 billion contribute.
 - Himawari Life : ¥12.7 billion profit contribution

Main components of consolidated ordinary profit

(Billions of yen)

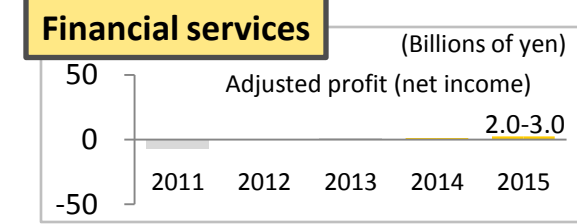
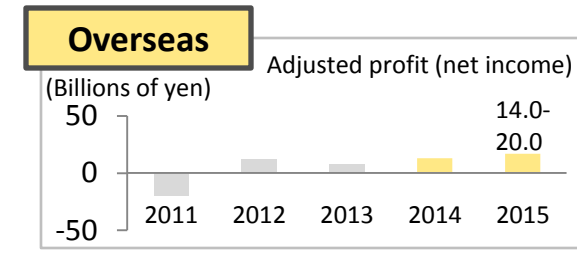
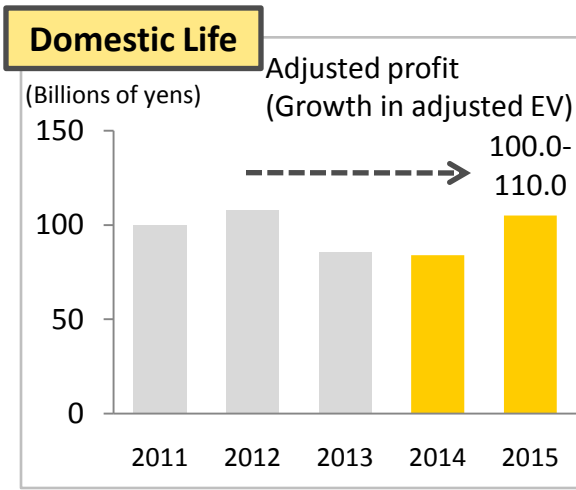
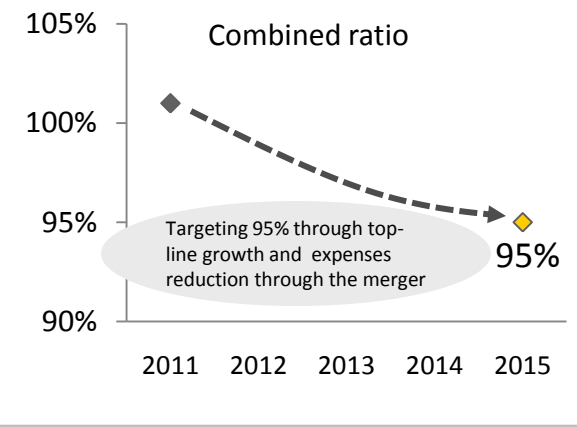
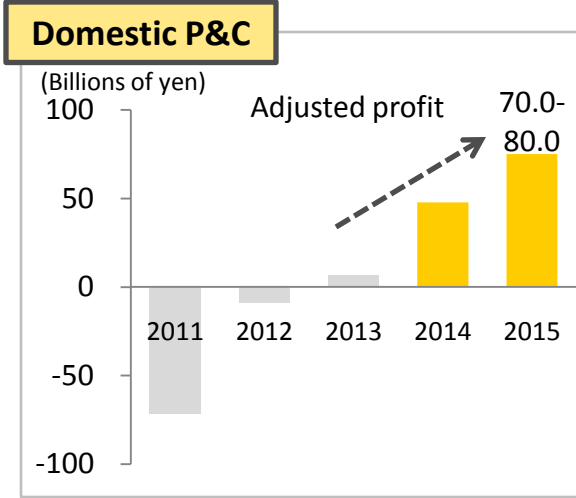
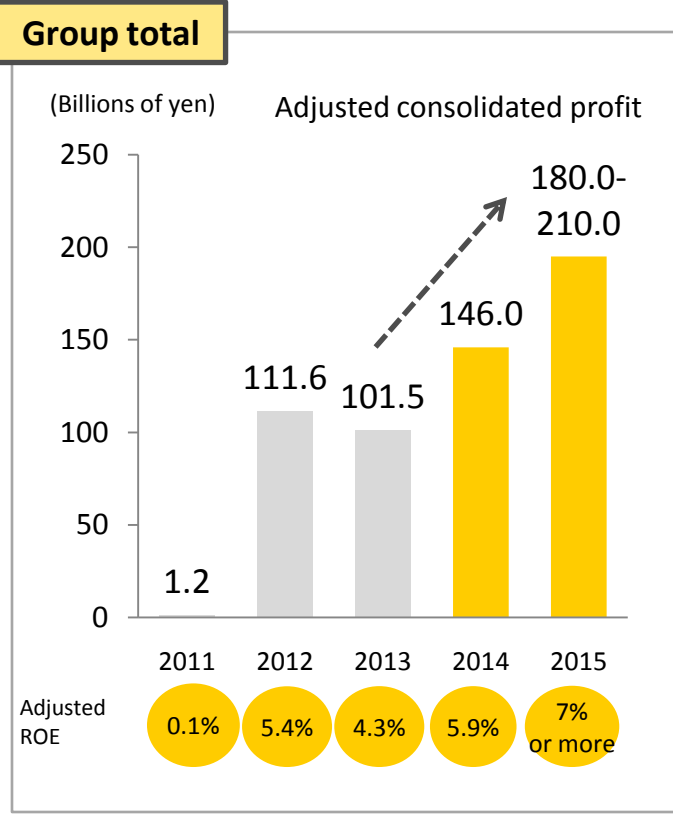


FY2013 Actual	1. + ¥14.4 billion	2. - ¥33.6 billion	3. + ¥21.3 billion	4. - ¥64.6 billion	5. + 192.7 billion	6. - ¥12.3 billion	7. + ¥13.7 billion	8. + ¥10.9 billion	9. - ¥30.1 billion	10. ¥112.3 billion
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*1 Core underwriting profit is underwriting profit less provision of catastrophic loss reserve and the impact related to the Thai floods and snow damage in Feb.

(Reference) Numerical management targets of the group

- ◆ Remain the same in the numerical target.
- ◆ Aiming adjusted consolidated profit of ¥180 - ¥210 billion and Adjusted ROE of 7% or more in FY2015.



*1 Definition of each business, adjusted profit and adjusted ROE are shown on page 64.
 *2 Combined ratio for domestic P&C insurance excludes CALI.

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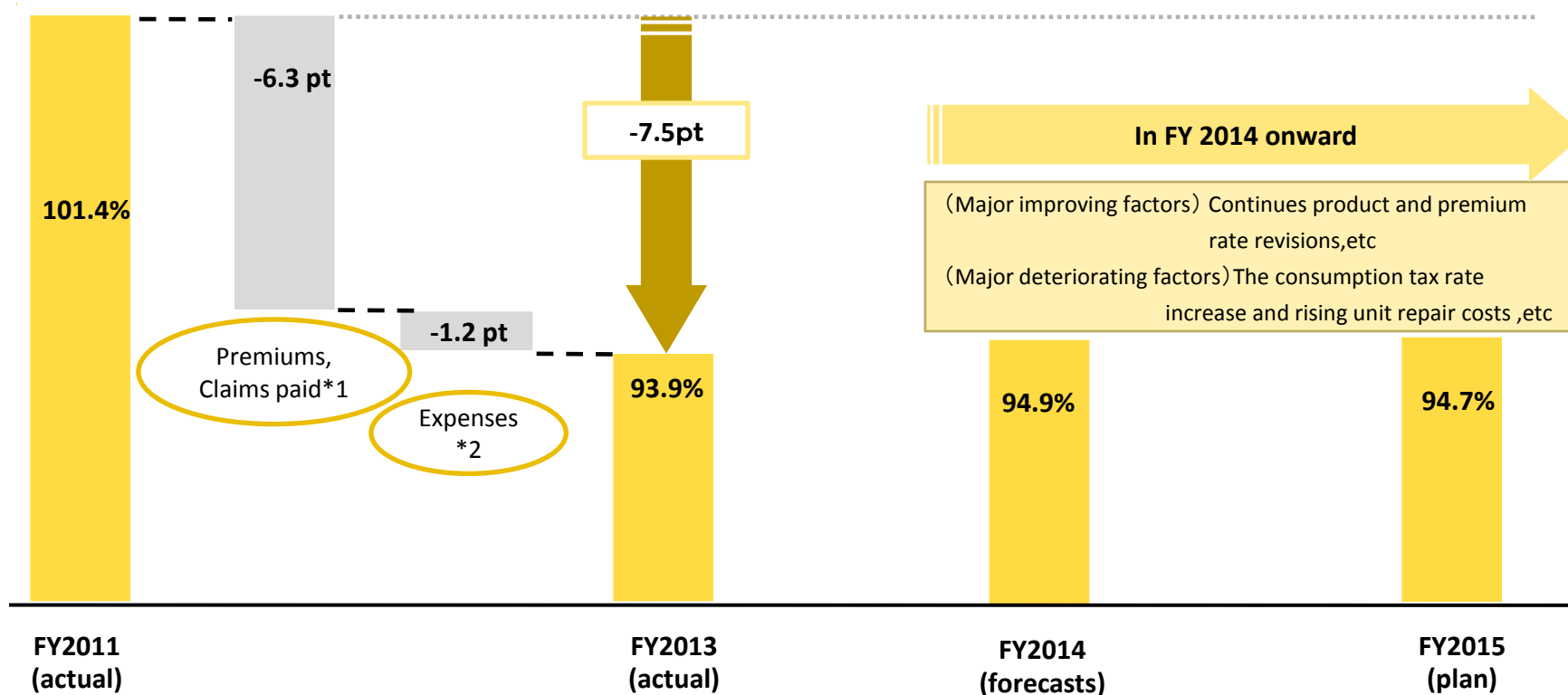
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Topics of Domestic P&C insurance business

- ◆ The adjusted combined ratio improved by 7.5 points from FY2011 through FY2013, reaching the plan ahead of schedule.
- ◆ In FY 2014 onward, we are committed to achieving the FY2015 target at the very least by steadily addressing rising unit repair costs, the impact of the consumption tax rate increase and other issues.

Trends of Adjusted Combined Ratio (Sompo Japan Nipponkoa)



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

*2 Expenses; Business cost reduction benefits by capturing synergies, etc.

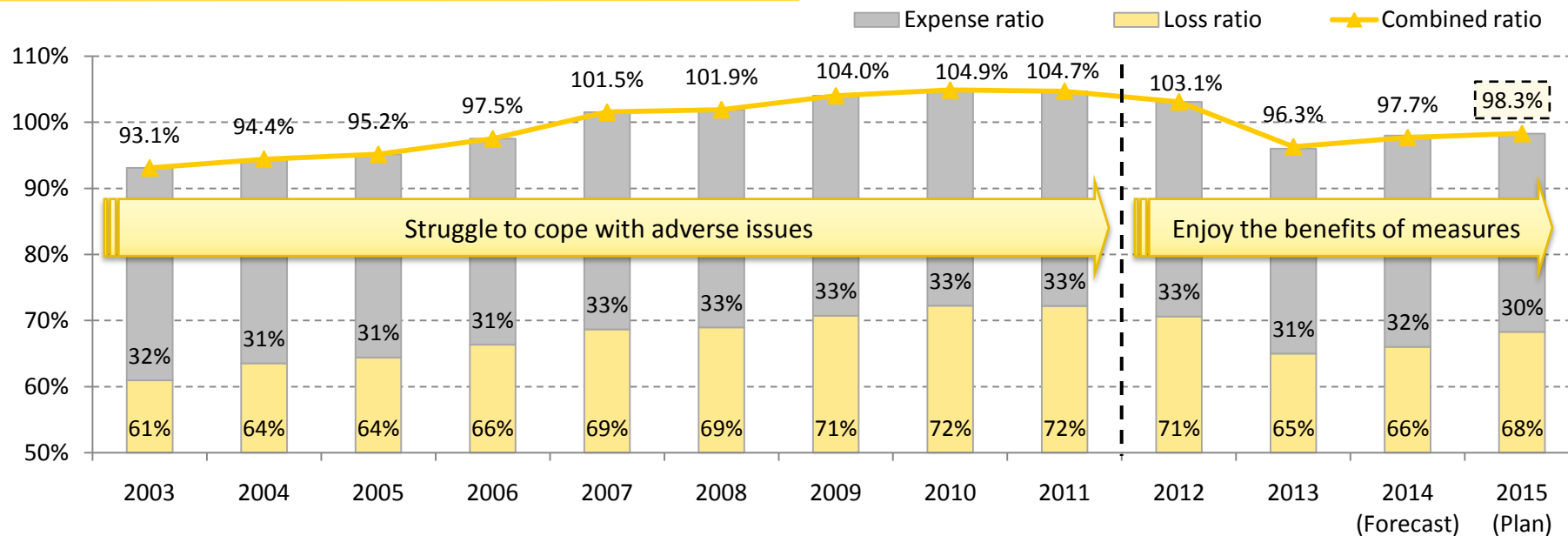
(Note) Calculation standard of adjusted combined ratio shown here are as follows;

- One-time merger costs are excluded.
- Assumed impact of natural disasters is ¥38 billion in every year.
- CALI is excluded.

Topics of Automobile Insurance

◆ Continuing to improve enhanced profitability by product and premium rate revisions.

Combined Ratio of Automobile Insurance (Sompo Japan Nipponkoa)



Adverse issues;

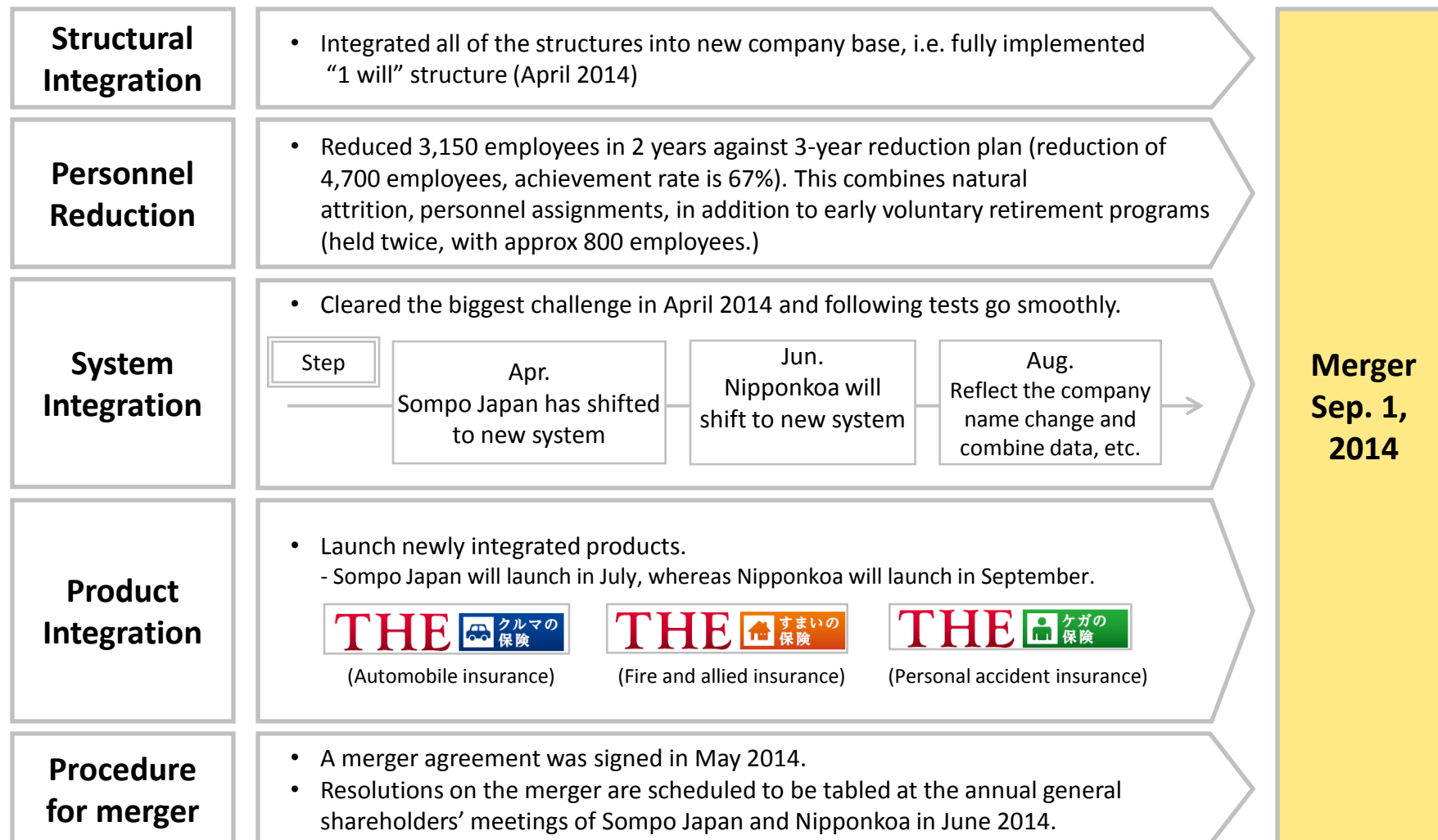
- Population of elderly drivers who tend to have frequent accidents is growing
- Increase in number of adjusters and system cost to solve "non-payment problem"
- Rising repair cost as car parts are getting more sophisticated
- The previous Driver Rating System was not rational

Our measures;

- Rate revision for elderly drivers (Started in April 2011)
- Series of base rate revision (See Page 61)
- Revision of Driver Rating System (See Page 61 & 62)

Sompo Japan NipponKoa - Progress to Merger

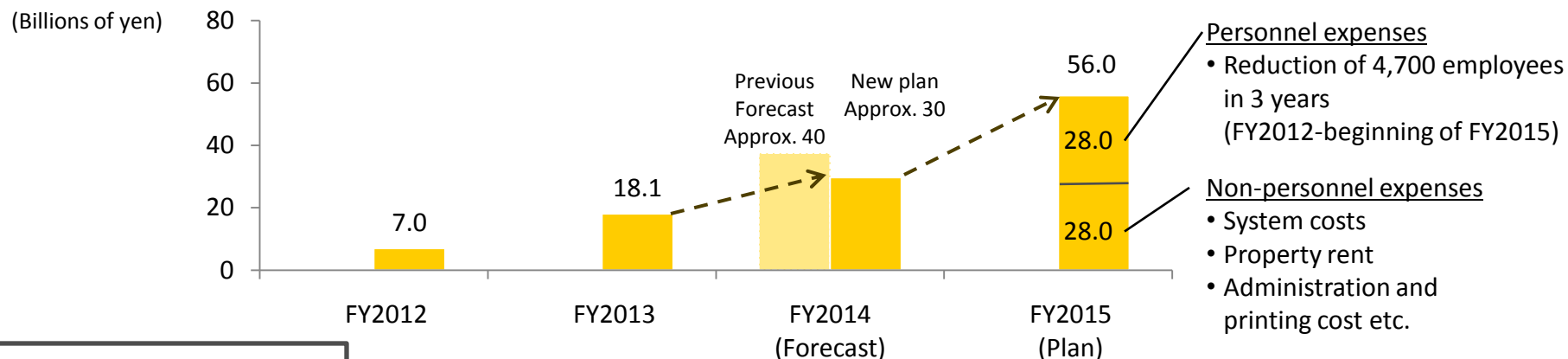
- ◆ Arrangements for merger of Sompo Japan and Nipponkoa, scheduled on September 1, 2014, are going smoothly.



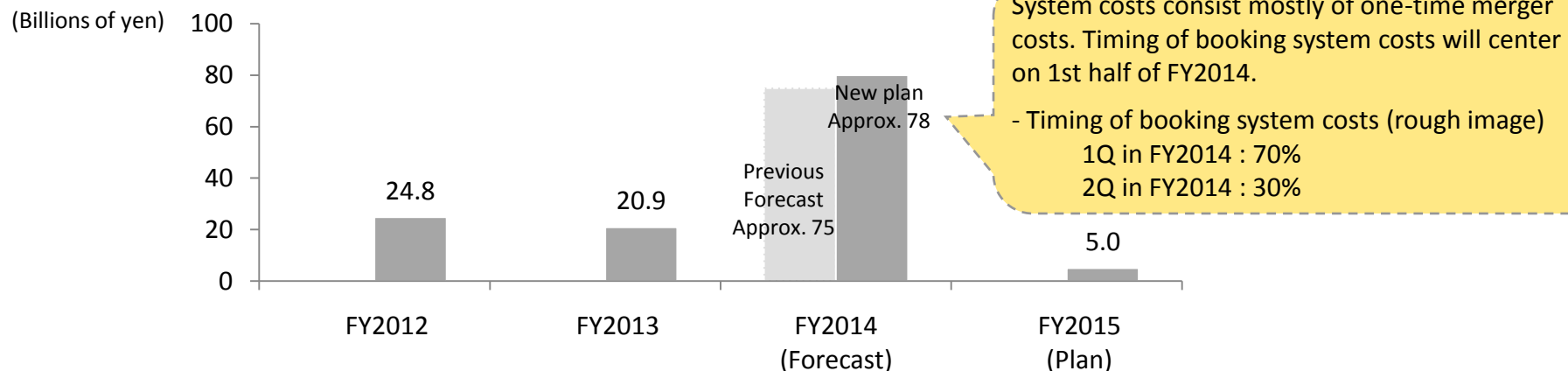
Merger synergies and one-time merger costs

◆ Merger synergies and one time costs are in line with plan.

Merger synergies



One-time merger costs

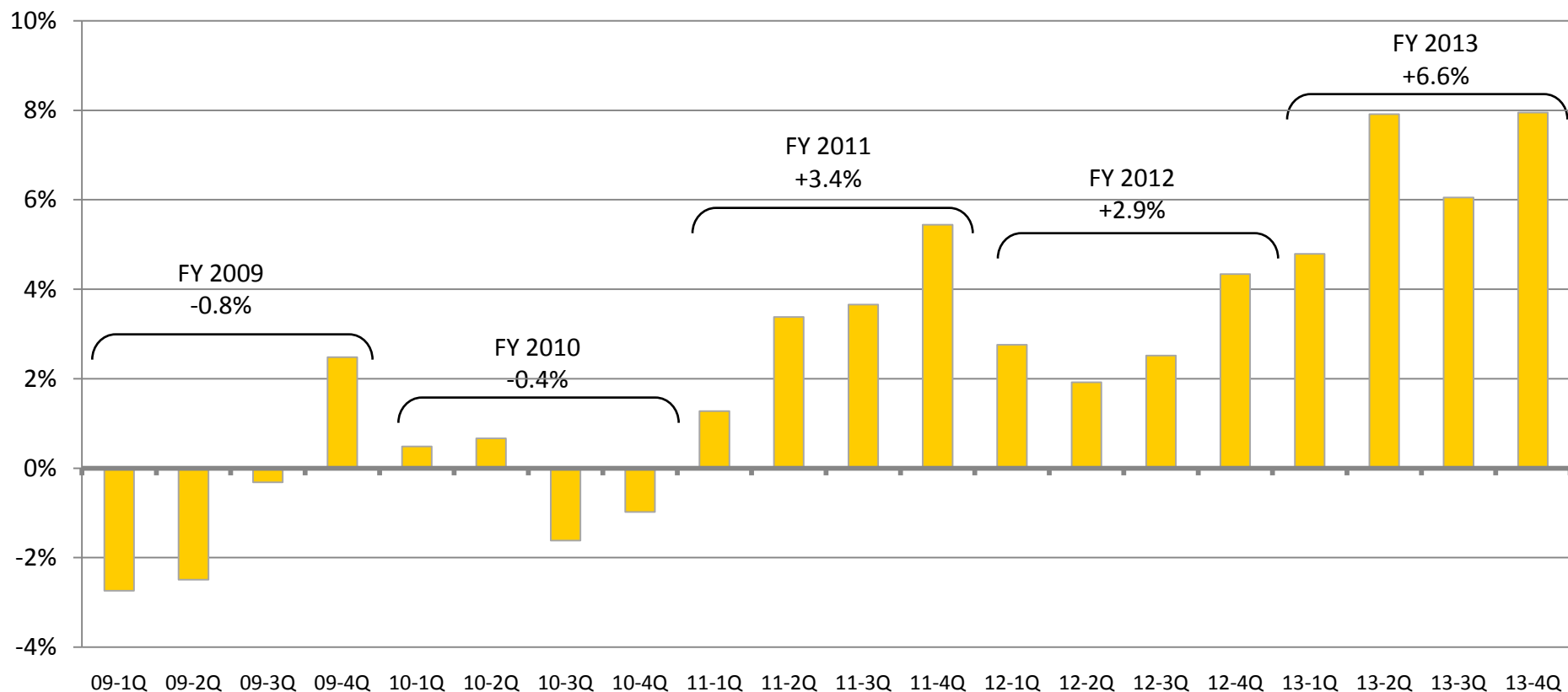


* One-time merger costs correspond to special factors, therefore merger costs are excluded from the calculation process of adjusted profit.

Premiums

◆ The top line has continued to grow since FY2011.

Quarterly trends of premium increase (General lines total, Year-on-Year comparison)



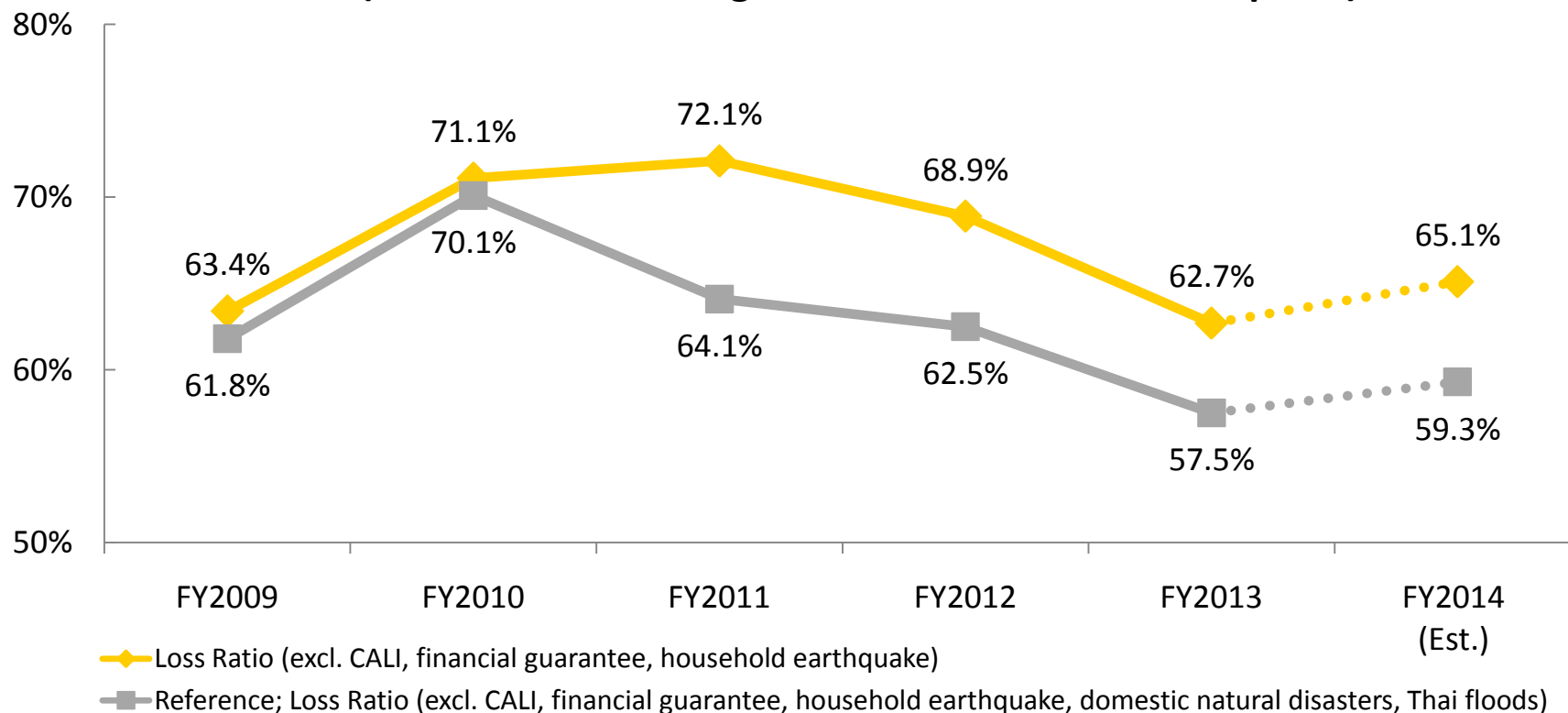
*Sum of Sompo Japan and Nipponkoa

*Premium is performance evaluation basis

Loss Ratio (W/P)

- ◆ In FY2013, a large drop from FY2012 due to improvements in automobile insurance profitability, etc.
- ◆ In FY2014, projected to increase mainly due to the completion of claims payments for snow damage in February.

Trends of Loss Ratio (excl. CALI, financial guarantee, household earthquake)



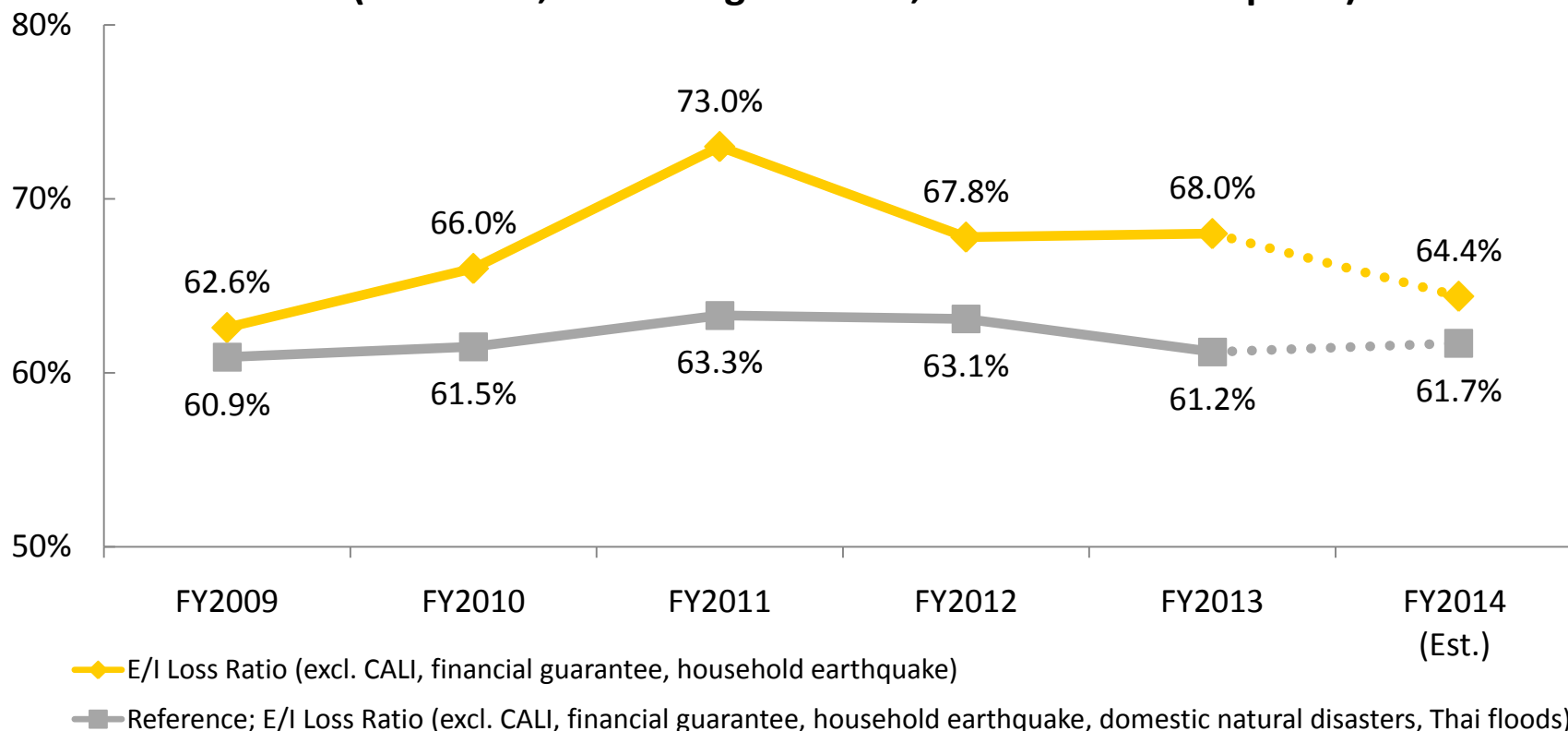
* The actual figures prior to FY 2014 are the sum of Sompo Japan and Nipponkoa. Meanwhile, the forecasted figures in FY 2014 represent Sompo Japan Nipponkoa which will be formed on September 1

* Loss Ratio is on a written paid basis (including loss adjustment expense)

Loss Ratio (E/I)

- ◆ In FY2013, Loss ratio (E/I) was mostly flat as improved profitability in the automobile insurance business was offset by the impact of incurred losses due to snow damage in February.
- ◆ In FY2014, it is expected to improve dramatically in the absence of the impact of the snow damage.

Trends of E/I Loss Ratio (excl. CALI, financial guarantee, household earthquake)

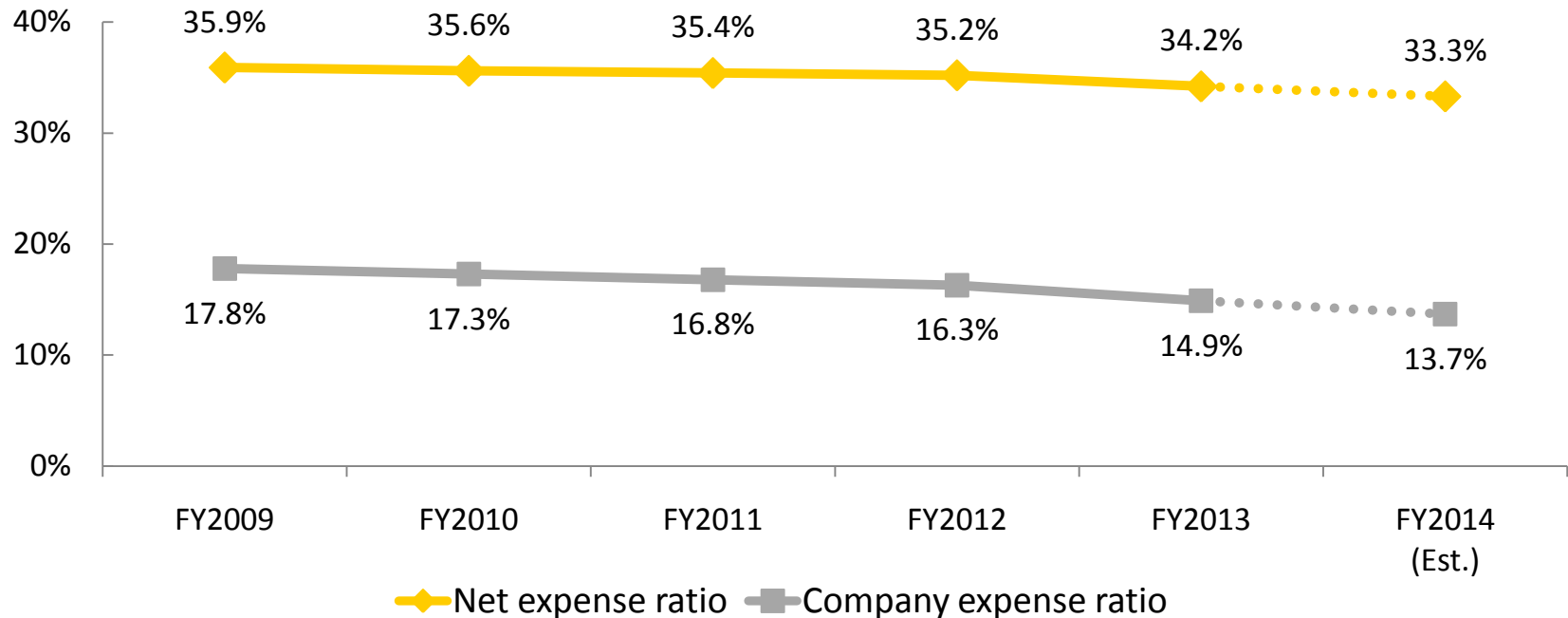


* The actual figures prior to FY 2014 are the sum of Sompo Japan and Nipponkoa. Meanwhile, the forecasted figures in FY 2014 represent Sompo Japan Nipponkoa which will be formed on September 1

Net Expense Ratio

◆ The net expense ratio and the company expense ratio both steadily declined.

Trends of Net expense ratio (excl. CALI, financial guarantee, household earthquake)



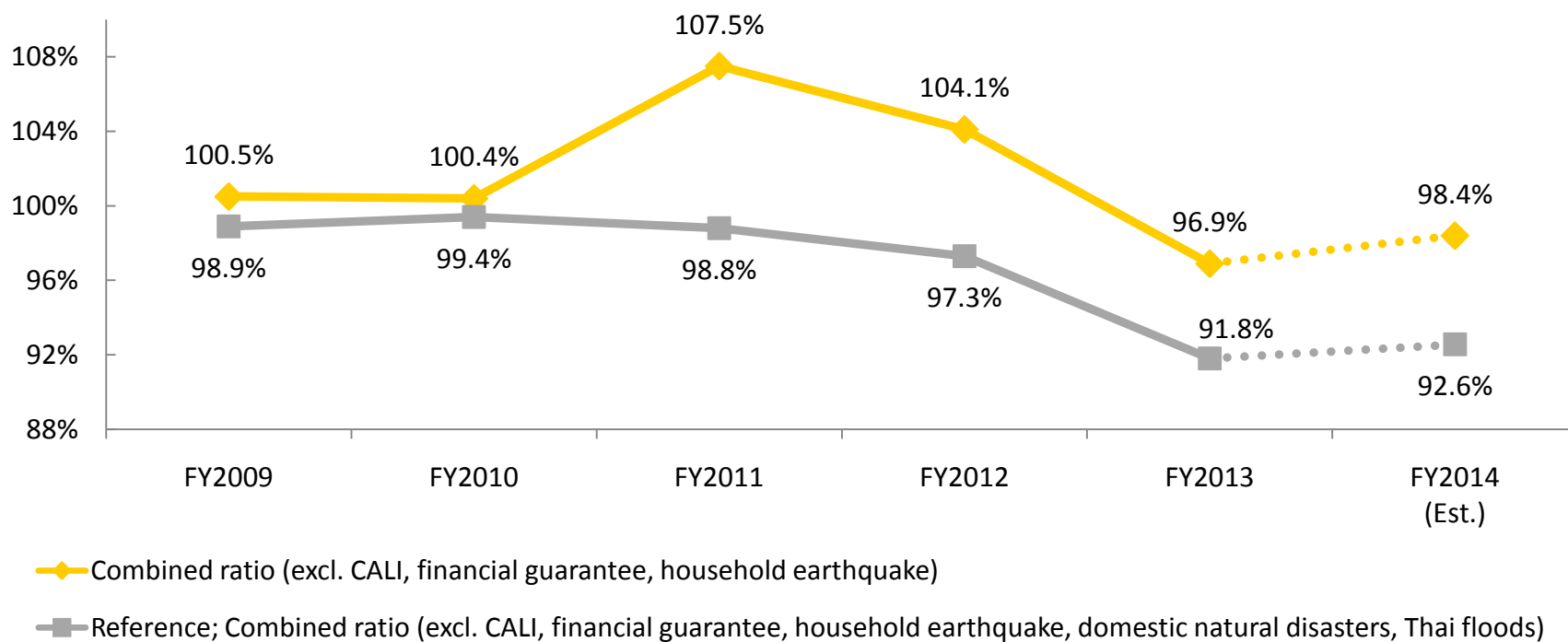
* The actual figures prior to FY 2014 are the sum of Sompo Japan and Nipponkoa. Meanwhile, the forecasted figures in FY 2014 represent Sompo Japan Nipponkoa which will be formed on September 1

* Company expense ratio is the ratio of operating, general administrative expenses for underwriting against net premiums written.

Combined Ratio

◆ The combined ratio improved to less than 100% in FY2013.

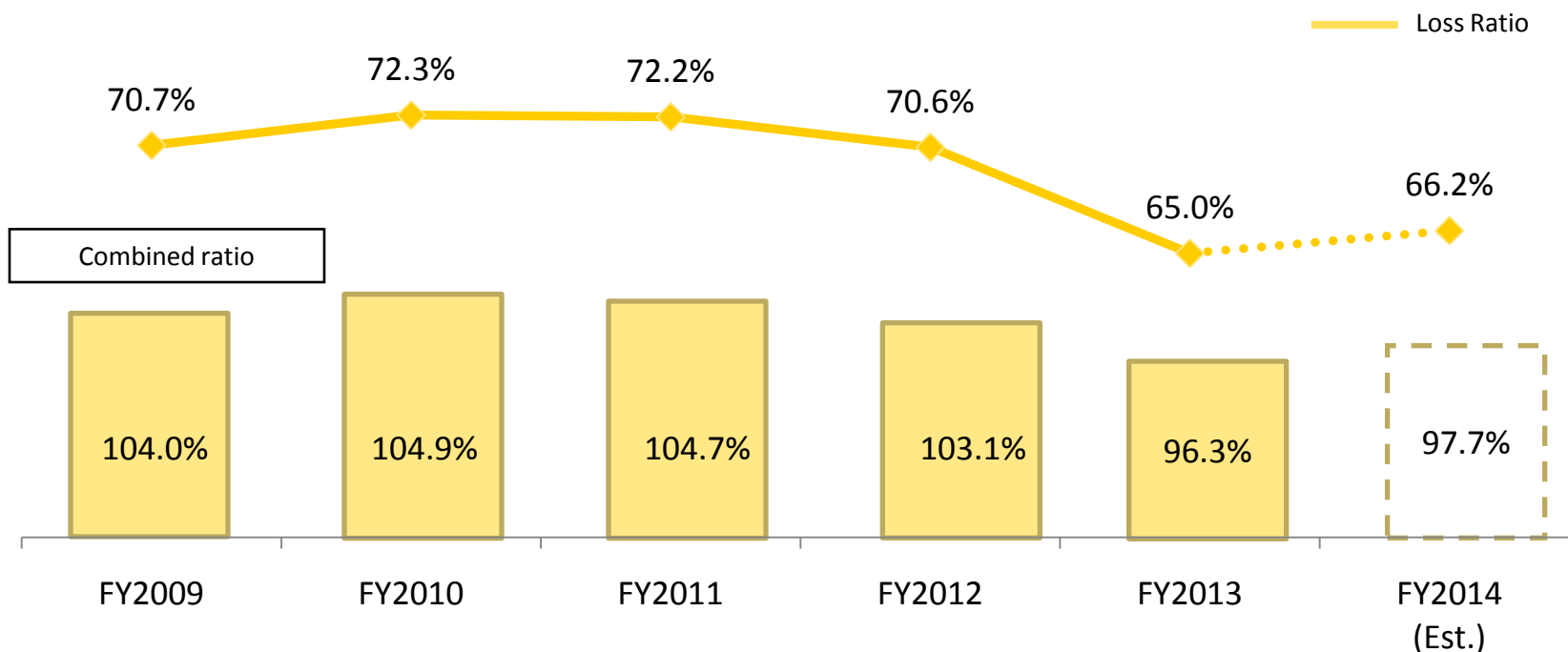
Trends of Combined ratio (excl. CALI, financial guarantee, household earthquake)



* The actual figures prior to FY 2014 are the sum of Sompo Japan and Nipponkoa. Meanwhile, the forecasted figures in FY 2014 represent Sompo Japan Nipponkoa which will be formed on September 1

Voluntary Automobile Insurance - Combined Ratio

- ◆ Loss ratio is on a downward trend.
 - Positive impact of product and rate revision has appeared.
 - Decreasing trend of the number of reported claims is ongoing (See next page).
 - On the other hand, increasing trend of unit repair costs continues.

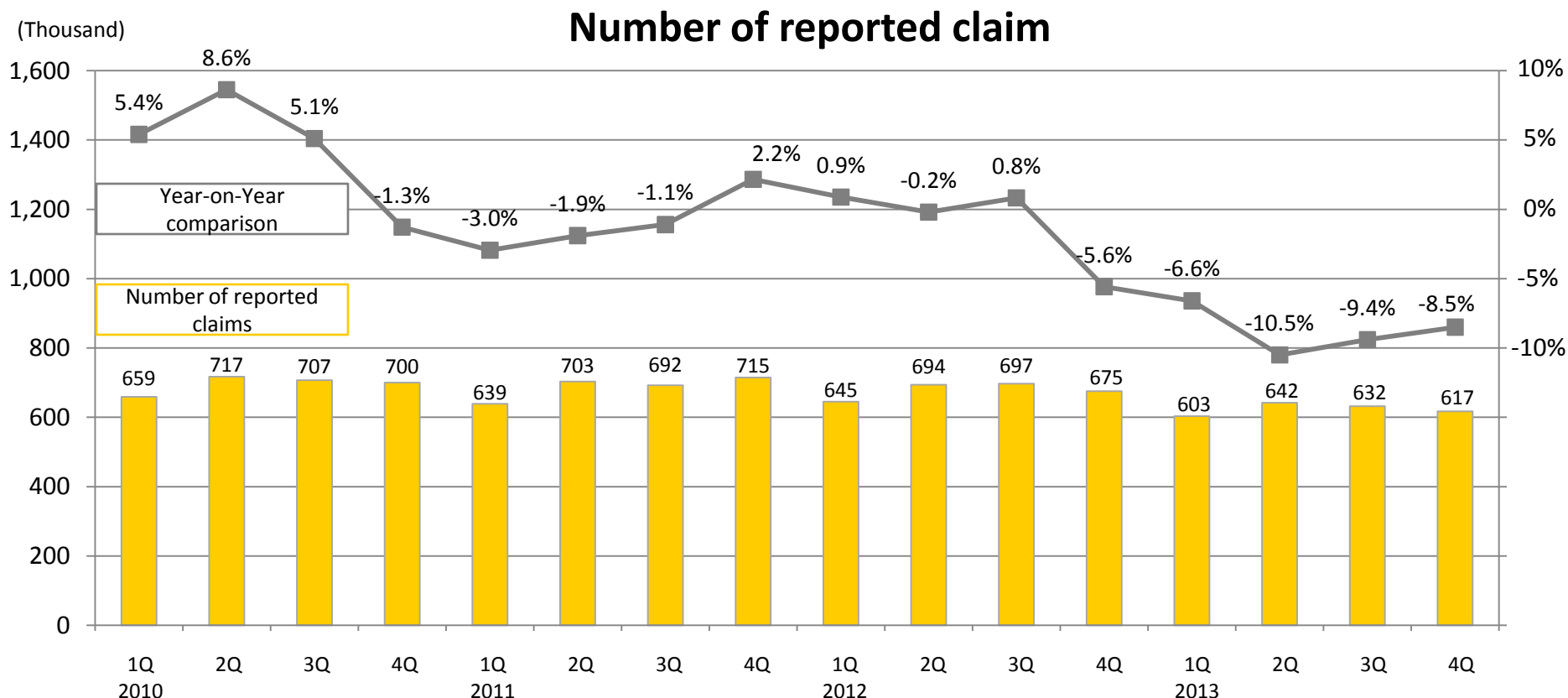


* The actual figures prior to FY 2014 are the sum of Sompo Japan and Nipponkoa. Meanwhile, the forecasted figures in FY 2014 represent Sompo Japan Nipponkoa which will be formed on September 1

* Loss Ratio is on a written paid basis (including loss adjustment expense)

Voluntary Automobile Insurance - Number of reported claims

◆ Decreasing trend is obvious since 4Q FY2012.



*Sum of Sompo Japan and Nipponkoa

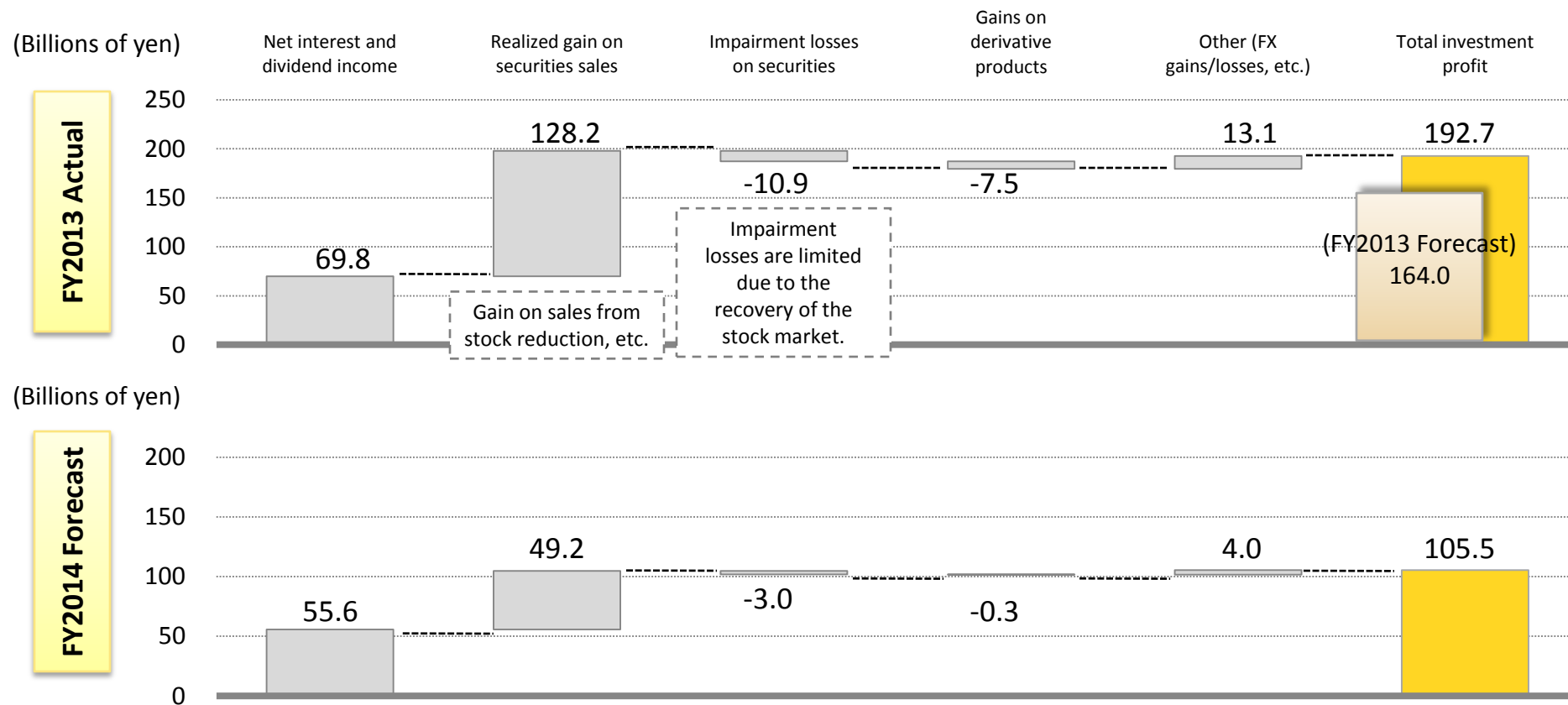
*Year on Year comparison is adjusted based on calendar.

*Special factors in each fiscal year (The Great East Japan Earthquake, typhoon No.12 and 15 in FY2011, the severe storm in April 2012, and snow damage in February 2014) are excluded.

Investment profit

- ◆ Investment profit in FY2013 rose to nearly ¥200 billion as a result of timely purchases and sales and favorable market condition.
- ◆ Investment profit in FY2014 is expected to be ¥105.5 billion.

Breakdown of investment profit (Sompo Japan and Nipponkoa)



Business Forecasts - Domestic P&C Insurance Business

(Billions of yen)	FY2013 Actual	FY2014 Forecasts	Change
Net premiums written	2,082.1	2,174.1	+91.9 (+4.4%)
(Excl. CALI)	1,783.9	1,869.1	+85.1 (+4.8%)
Loss Ratio	65.7%	67.8%	+2.2pt
(Excl. financial guarantee and CALI)	62.7%	65.0%	+2.4pt
(Excl. financial guarantee, CALI, Great East Japan Earthquake and Thai Floods)	61.7%	64.8%	+3.1pt
EI Loss Ratio (excl. CALI and household earthquake insurance)	68.1%	64.6%	-3.5pt
(Excl. financial guarantee, the Great East Japan Earthquake and Thai Floods)	68.3%	64.4%	-3.9pt
Net Expense Ratio	32.2%	31.5%	-0.8pt
(Excl. CALI)	34.2%	33.3%	-0.9pt
Combined Ratio	97.9%	99.3%	+1.4pt
(Excl. financial guarantee and CALI)	96.9%	98.3%	+1.5pt
(Excl. financial guarantee, CALI, Great East Japan Earthquake and Thai Floods)	96.0%	98.1%	+2.1pt
Underwriting profit	-62.5	42.2	+104.7 (-)
Investment profit	192.7	105.5	-87.2 (-45.3%)
Ordinary profit	117.7	144.0	+26.3 (+22.3%)
Net income	49.5	33.7	-15.7 (-31.8%)

* The actual figures prior to FY 2014 are the sum of Sompo Japan and Nipponkoa. Meanwhile, the forecasted figures in FY 2014 year represent Sompo Japan Nipponkoa which will be formed on September 1

Assumption of Business Forecasts - Domestic P&C Insurance Business

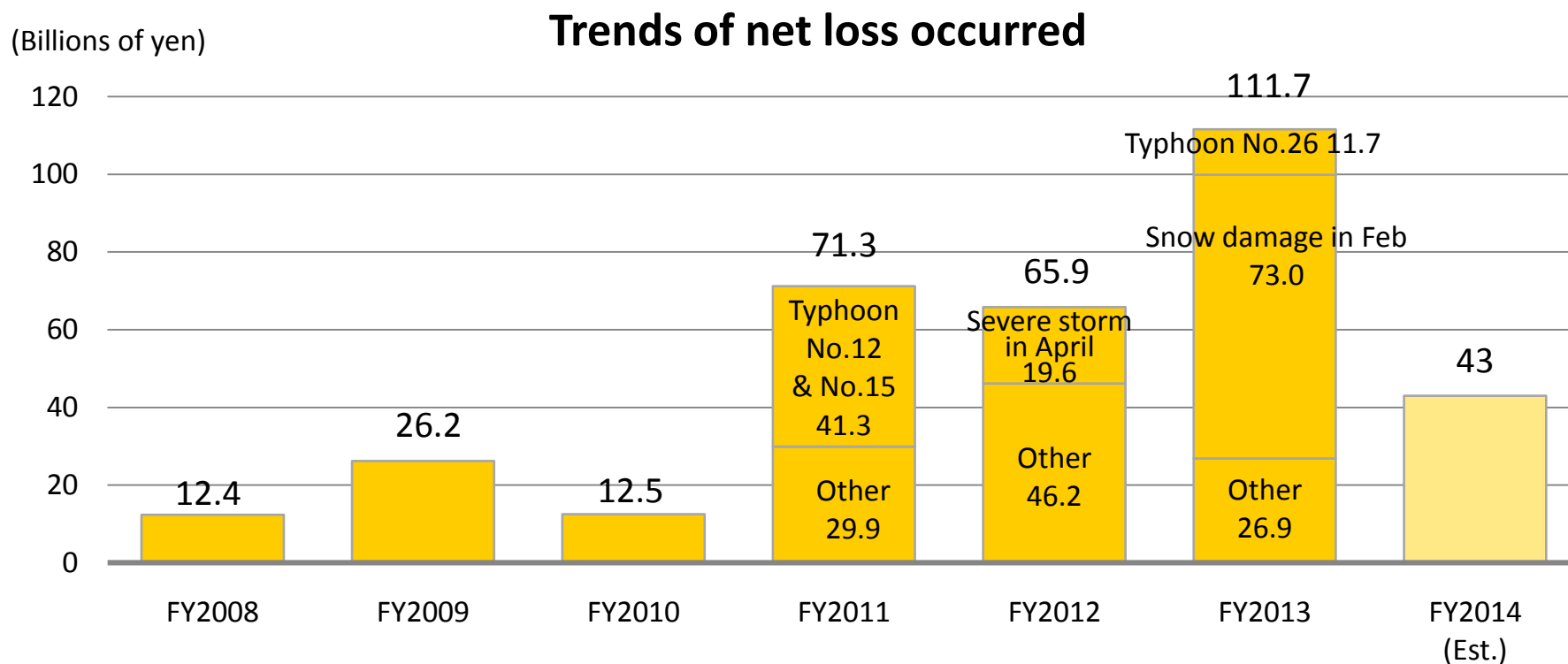
Losses from domestic natural disasters (occurring in the fiscal year)	¥43.0 billion
Flooding in Thailand	Net claims paid : ¥4.6billion
Snow Damage in FY2013 (February 2014)	Net claims paid : ¥59.1billion
Catastrophic loss reserve	Net reversal : ¥16.5billion
Provision rate of Catastrophic loss reserve	Provision rate of fire group : 10.0% Provision rate of automobile group :5.5%
Market indicators	(Stock) Nikkei 225 : ¥14,827 (Interest yield) 10y JGB : 0.64% (Foreign exchange) 1US\$: ¥102.92, 1Euro : ¥141.65
Interest and dividend income	Gross : ¥100.7billion Net : ¥55.6 billion
Realized gains on securities	Realized gain on securities : ¥49.2 billion Impairment losses on securities : ¥3.0 billion
Reserve for price fluctuation	Net provision ¥8.9billion

*Assumption of Business Forecasts of Sompo Japan Nipponkoa which will be formed on September 1

(Reference) Domestic Natural Disasters

- ◆ In FY2013, incurred losses totaled ¥111.7 billion. Excluding snow damage in February, incurred losses were ¥38.6 billion.
- ◆ In FY2014, increased incurred losses are forecast to be ¥43.0 billion.

Impact of domestic natural disasters (only events that occurred in the fiscal year)



* The actual figures prior to FY2014 are the sum of Sompo Japan and Nipponkoa. Meanwhile, the forecasted figures in FY2014 represent Sompo Japan Nipponkoa which will be formed on September 1

*Excl. Great East Japan Earthquake

(Reference) Snow Damage in February 2014

◆ In FY2013, the impact on underwriting profit was -¥64.6 billion.

(Billions of yen)

	Impact of snow damage (Feb. 8, 2014 - Feb.19, 2014)		
	Total	Fire and allied insurance	Automobile insurance
Paid claims	20.8	16.8	3.9
Provision of outstanding loss reserve	52.1	46.1	3.7
Net loss occurred	73.0	62.9	7.6
Provision of catastrophic loss reserve	8.4	8.4	-
Impact on underwriting profit	-64.6	-54.5	-7.6

*Sum of Sompo Japan and Nipponkoa

(Reference) Flooding in Thailand

- ◆ Recorded Group-wide profit ¥25.0 billion, mainly due to the reversal of catastrophic loss reserve in step with progress with the payment of claims.

(Billions of yen)

	Cumulative Total by FY2012	FY2013			Cumulative Total by FY2013	
	Group Total	Group Total	Sompo Japan	Nipponkoa	Overseas subsidiaries	Group Total
Paid claims	51.2	23.0	5.3	7.9	9.7	74.3
Provision of outstanding loss reserve	36.0	-34.8	-8.1	-13.1	-13.5	1.2
Net loss occurred*	87.3	-11.7	-2.7	-5.2	-3.7	75.5
Provision of catastrophic loss reserve	-42.8	-13.2	-5.3	-7.9	-	-56.1
Impact on ordinary profit*	-44.4	25.0	8.1	13.1	3.7	-19.4

* Impairment losses on stocks of a non-consolidated subsidiary of ¥7 billion in FY2011 is not included.

Sum of two domestic P&C insurance companies were ¥21.3 billion.

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Appendix

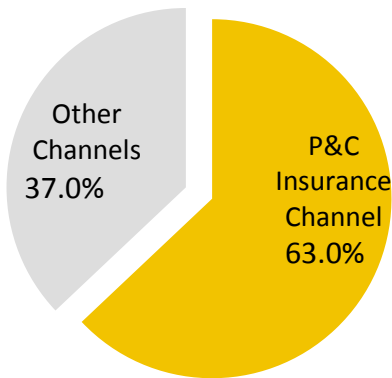
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Domestic Life Insurance Business - Growth with High Margin

◆ We will achieve sustained growth with a high profit margin by focusing on the superiority of our sales channels (making use of our network of P&C insurance agencies) and on high-margin protection-type products.

Sales Channel Strategy

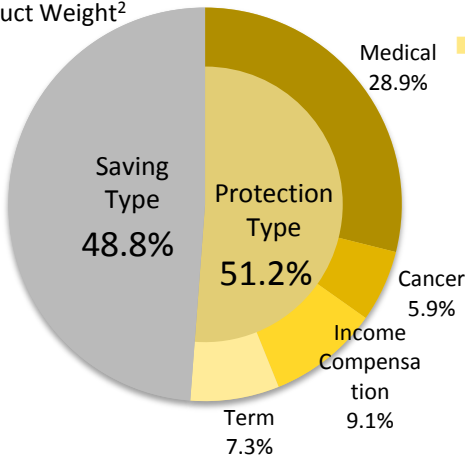
Channel Weight¹



- Utilizing P&C agency network, i.e. no need to develop new infrastructure for sales from scratch.
- There is room to broaden cross-selling to the P&C customer base of 20 million customers through P&C agency network.

Product Portfolio Strategy

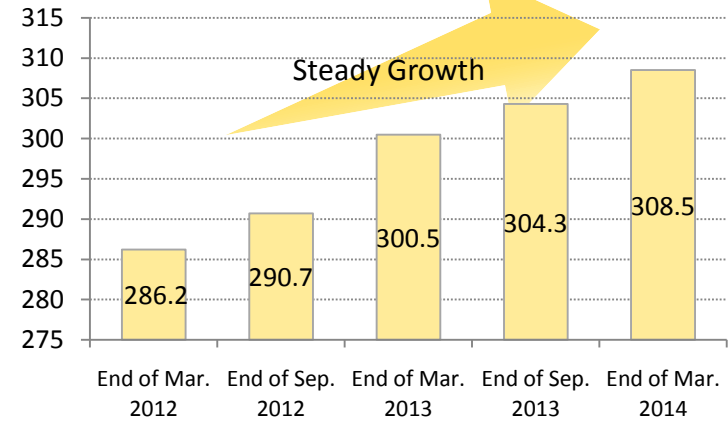
Product Weight²



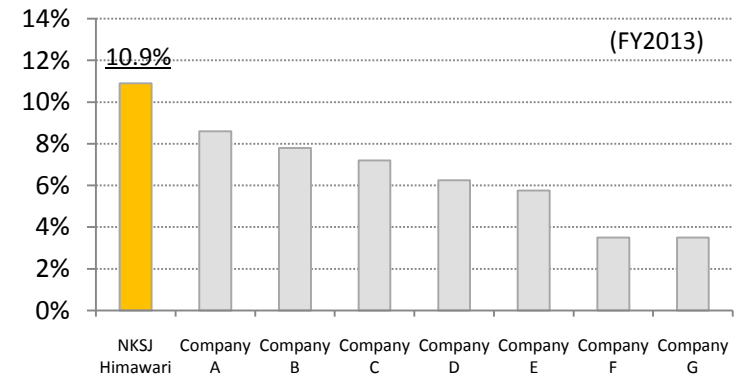
- Focusing on highly profitable protection-type products.

Growth with High Margin

Trends of annualized premium in force (Billions of yen)



New business Margin Comparison (MCEV, EEV)



(Note) NKSJ Himawari, Company F and G adopt MCEV. Company A, B, C, D and E adopt EEV.

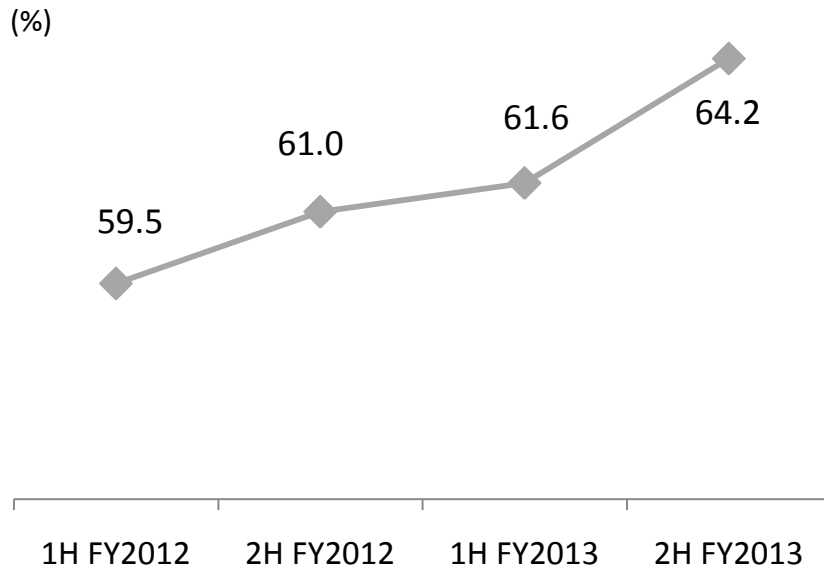
Source: Company disclosures (B, C, E, F, G FY2012)

1. Annualized new premium in FY2013
2. Annualized premium in force as of March 31, 2014

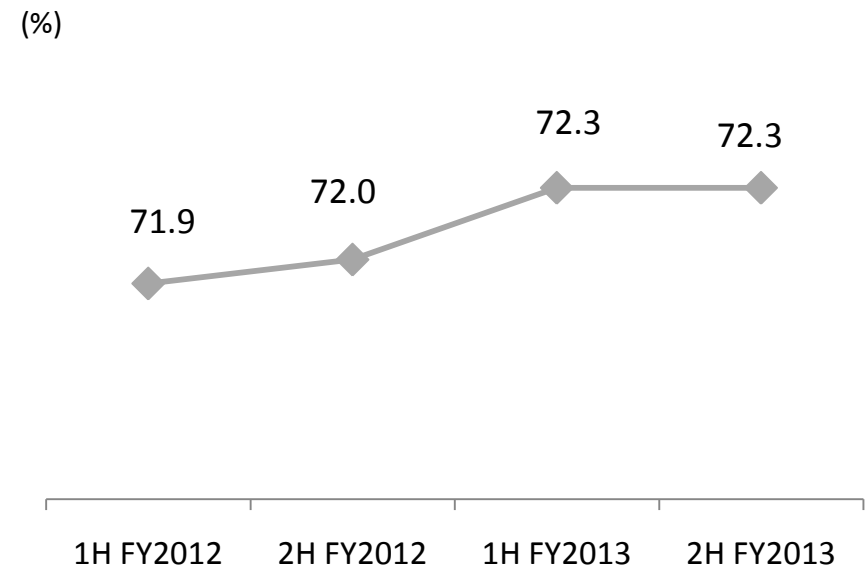
Weight of P&C insurance channel and protection type products

- ◆ P&C channel weight has increased as the activities of sales representatives at P&C agencies expanded.

**Weight of P&C insurance channel
(Annualized new premium)**



**Weight of protection type products
(The number of policies in force)**



New Medical Insurance Products

- ◆ Medical insurance reformed for the first time in six years since August 2008 (launched in May 2014).
 - ⇒ The points of amendment are “fullness of protection” and “price competitiveness”
- ◆ Aimed at bringing back the Brand “Himawari-Life ” as a pioneer of medical insurance by launching new medical insurance.
 - ⇒ Expand sales by making P&C insurance channel more active and promoting sales through Independent agency channel (Life Professionals, Bancassurance etc).

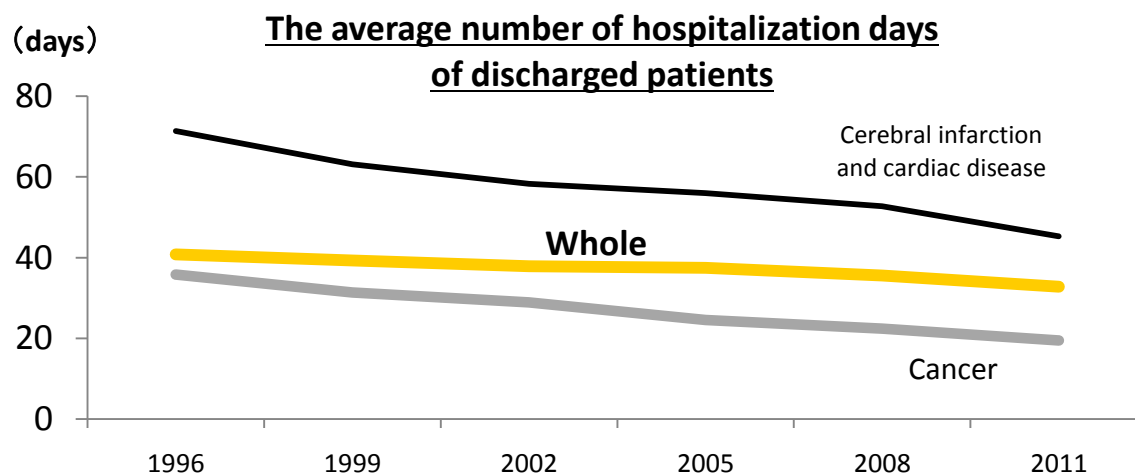
Fullness of Protection

- Establishment of special provisions that the payable days per one hospitalization associated with three major diseases are unrestricted.
- Operations covered by the insurance are linked with those of the public-health-insurance system.
- Expansion of maximum limit of total payment associated with highly advanced medical treatments, etc.

Price competitiveness

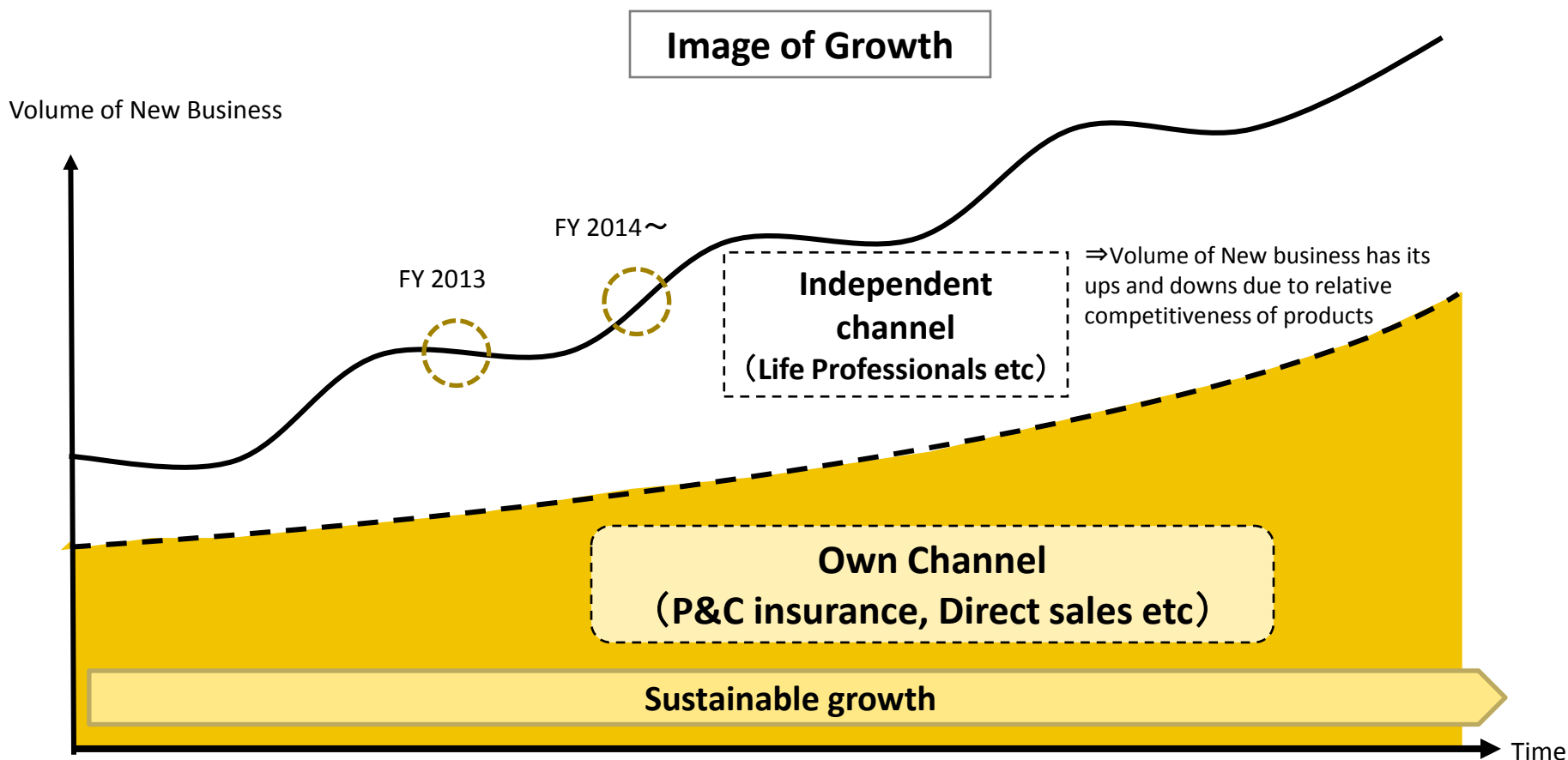
- Premium is reduced based on the shortening trends of hospitalization (especially for the young).
- While aiming at enhancing protection, add a reduced protection type product to the lineups, for the customers who prefer a low price.

(Reference)
Shortening of hospitalization



(Image) Direction of the business strategies

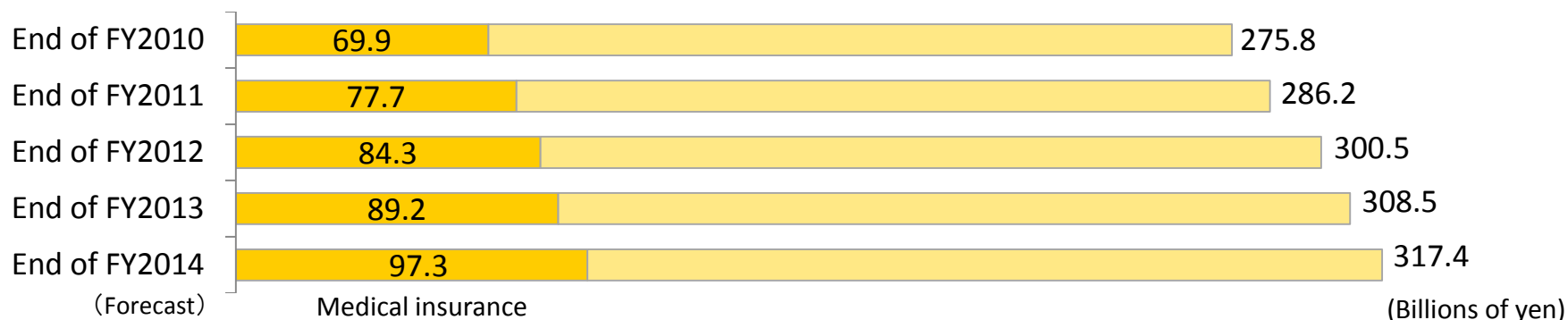
- ◆ Prompt sustainable growth of own channel by cooperation of Himawari-Life and Sampo Japan Nipponkoa.
- ◆ In addition, accelerate growth by topping up with independent channels in which product competitiveness matters.



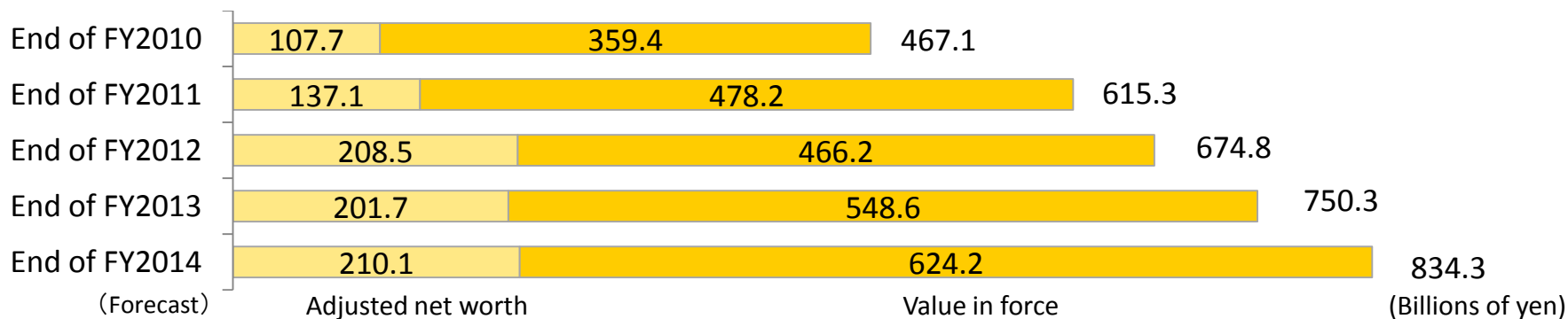
Annualized premium in force and MCEV

- ◆ MCEV is expanding due to growth in highly profitable protection-type products (medical insurance etc).

Trends of annualized premium in force



Trends of MCEV



Annualized new premium and Annualized premium in force

- ◆ Increase in business in force contributes to the trend of premium growth, especially in protection-type products.
- ◆ Annualized new premium in FY2014 is expected to increase sharply by sales of new medical products.

(Billions of yen)	FY2011	FY2012	FY2013	FY2014(E)	Change
Amount of new business	2,968.3	3,043.3	2,635.0	—	—
Annualized new premium	36.7	38.5	30.4	41.0	+10.6 (+34.9%)
Premium and other income	360.1	370.7	372.8	383.7	+10.8 (+2.9%)
(excl. lump-sum payment)	345.8	365.3	369.0	379.4	+ 10.3 (+2.8%)
Ordinary profit	4.2	11.4	17.2	16.2	-1.0 (-6.1%)
Net income	-11.1	4.4	8.0	7.5	-0.5 (-6.9%)

(Billions of yen)	End of FY2012	End of FY2013	Change	(Billions of yen)	Change
Amount of business in force	19,164.7	20,245.5	+1,080.7(+5.6%)	Protection-type	+6.9
Annualized premium in force	300.5	308.5	+ 8.0 (+2.7%)	Saving-type	+1.0
				Total	+8.0

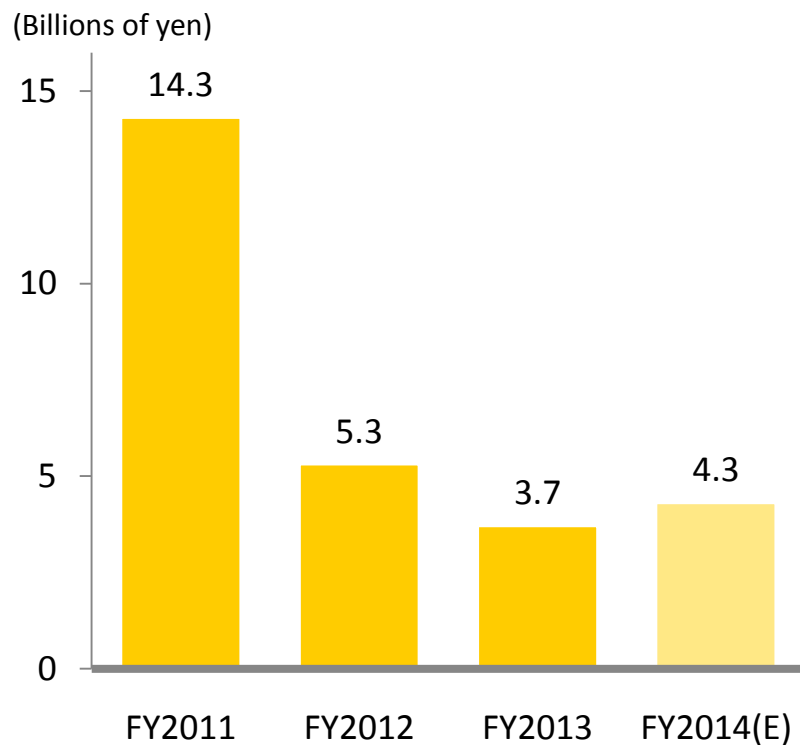
Breakdown

*Amount of business and annualize premium are the sum of individual insurance and individual annuities.

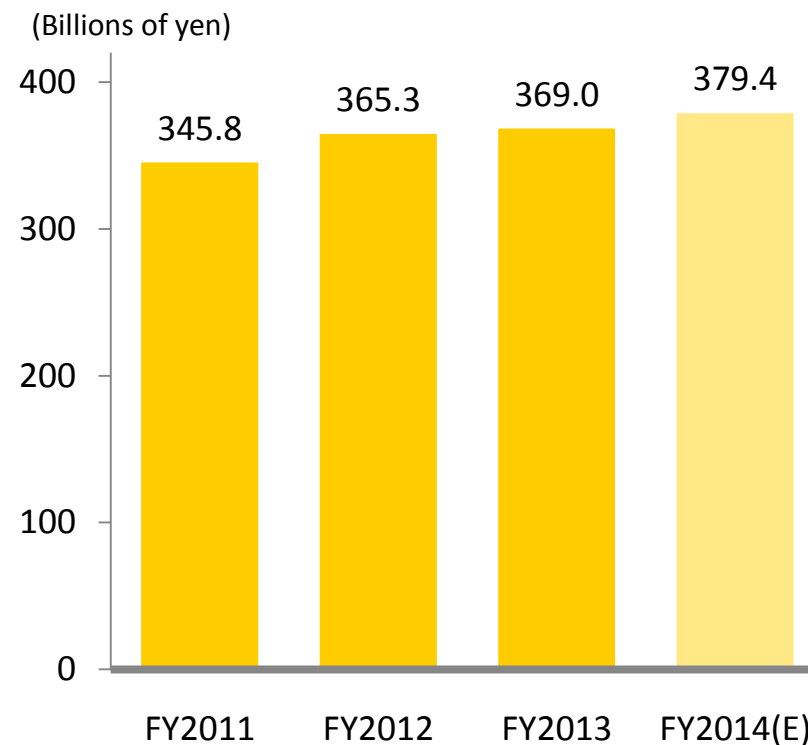
Premium and other income

◆ Insurance premiums excluding low-margin lump-sum payment products steadily increased.

**Income from insurance premiums
(lump-sum payment)**



**Income from insurance premiums
(excluding lump-sum payment)**

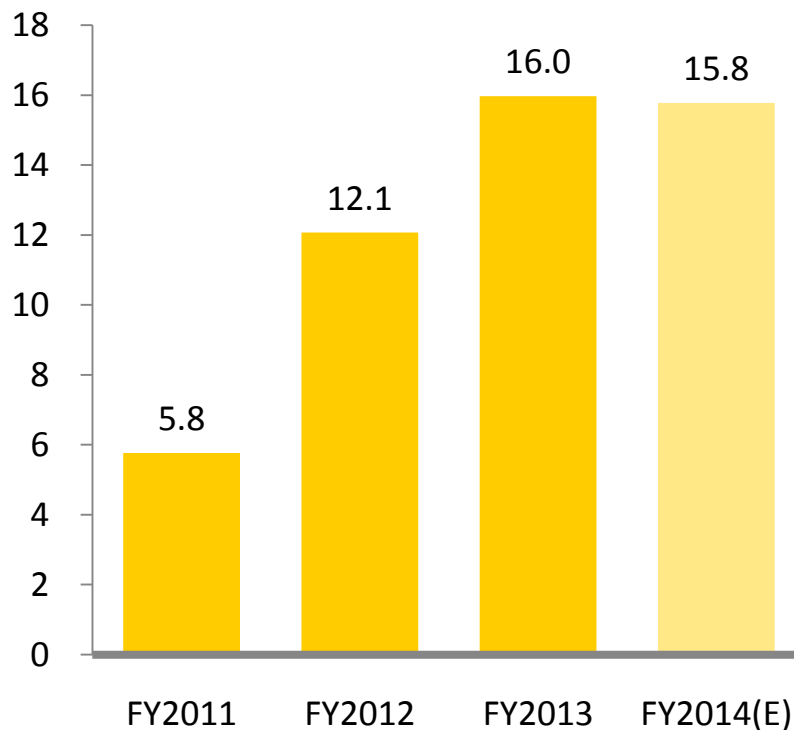


Profit (J-GAAP)

- ◆ Basic profit and Net income in FY2014 are expected to keep the same level due to the accumulation of business in force.

Basic Profit*

(Billions of yen)

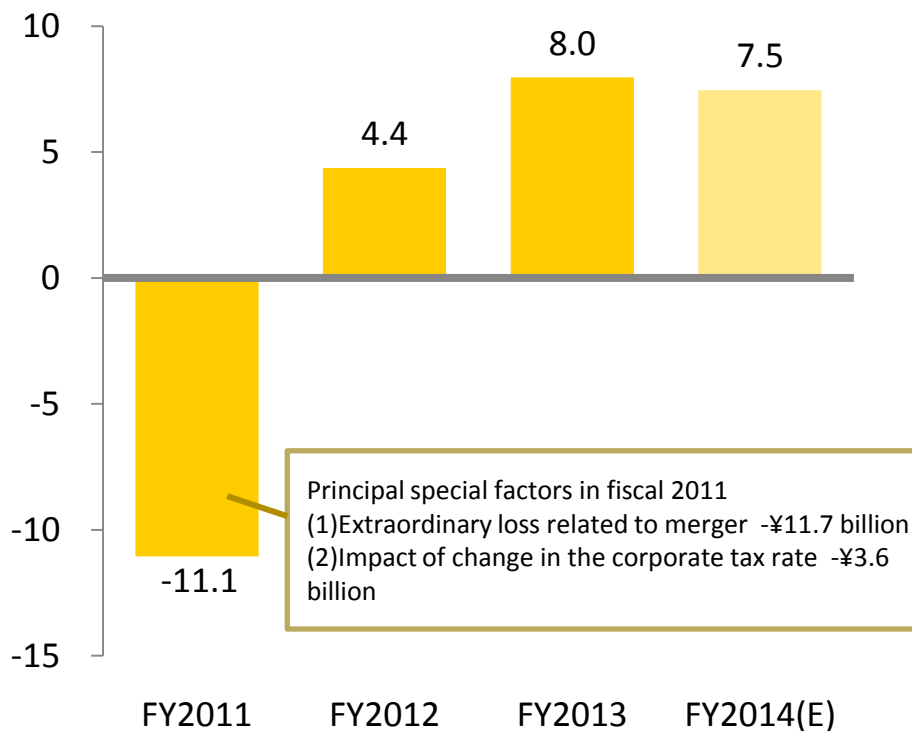


* Basic Profit

Akin to a general business corporation's operating profit or a bank's business profit, basic profit is after deduction of capital gain or loss, such as gain or loss on the sale of securities from recurring profit, and one-time gains or losses such as provision for contingency reserve.

Net income

(Billions of yen)



Embedded value (EV)

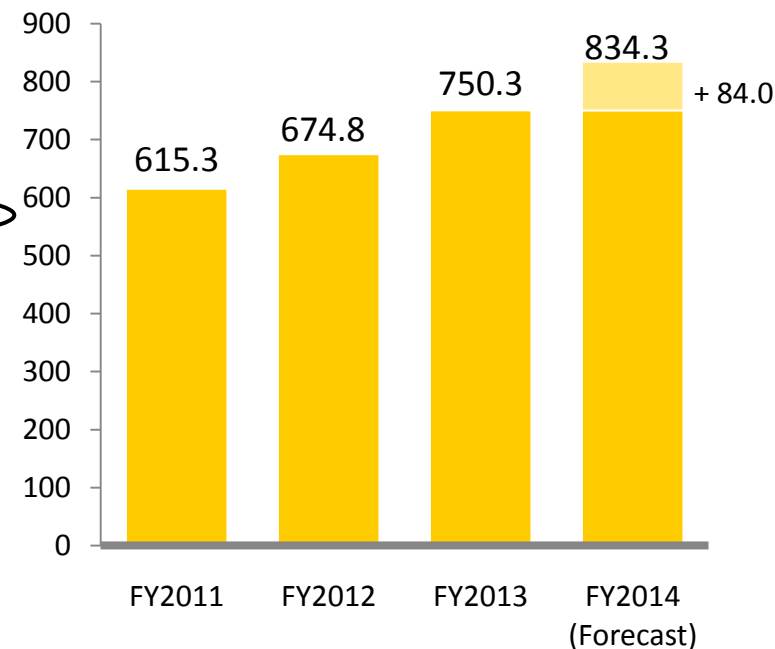
- ◆ A high level of growth in adjusted EV is expected to be sustained due to favorable sales of protection-type products.

(Billions of yen)

	FY2012	FY2013	FY2014	
	Actual	Actual	Forecast	Change
New Business Value	47.1	46.3	48.0	+ 1.7
Expected existing business contribution	33.8	38.7	41.0	+ 2.3
Sub-total	80.9	85.0	89.0	+ 4.0
Experience variances and assumption change	26.9	0.7	-5.0	-5.7
Growth in adjusted EV	107.8	85.7	84.0	-1.7
Other operating/non-operating variances *1	-20.4	-2.7	-	+ 2.7
Economic variances	-28.0	-7.5	-	+ 7.5
Change of EV amount	59.4	75.5	84.0	+ 8.5
EV as of the end of fisca year	674.8	750.3	834.3	+ 84.0

(Billions of yen)

Change of MCEV



• Change of MCEV does not agree with growth in adjusted EV because there are economic variances and other operating/non-operating variances.

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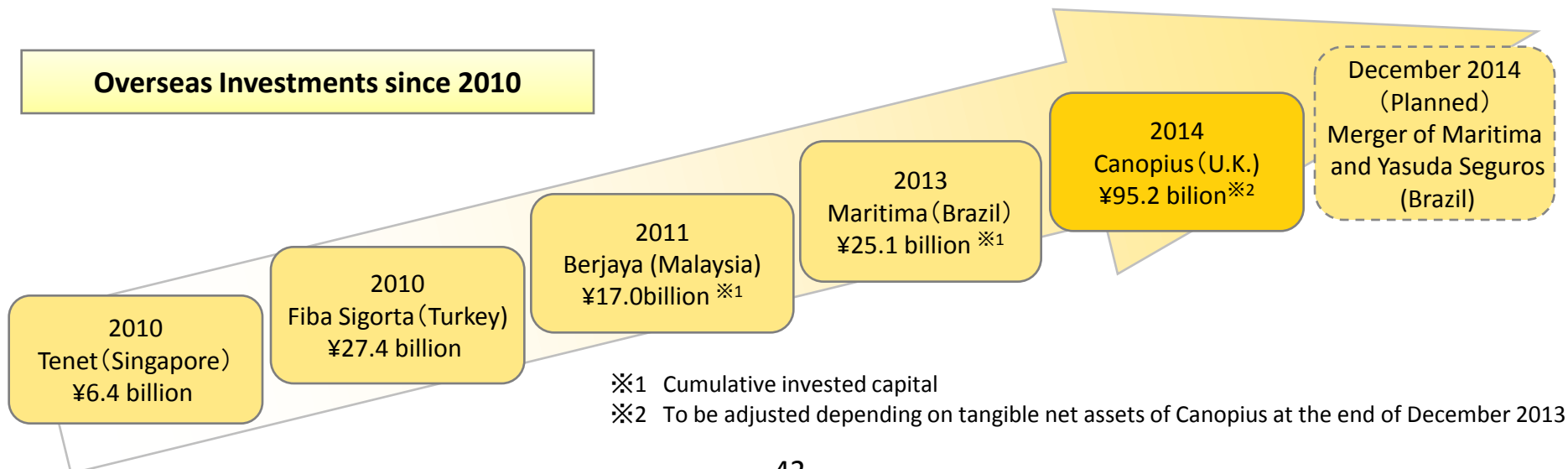
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Overseas Investment Strategy

- ◆ No changes in the strategy for overseas insurance business. The company will execute selective and disciplined investment mainly in targeted investment markets, achieving both sustained growth and shareholder value enhancement.

Business Area	Direction	Target Countries		
		Key regions	Brazil, Turkey, Malaysia	Already ranked around 10 th in the market, aiming to be major player
Retail (mainly emerging countries)	Bring in future growth	Business platform development regions	Thailand, Indonesia, India, China	Anticipating future growth
		Specialty insurance in the U.S. and European markets		
Commercial (mainly developed countries)	Contribution to stable earnings	Specialty insurance in the U.S. and European markets		

Overseas Investments since 2010



Acquisition of Canopus

- ◆ Completed the acquisition of all the shares of Canopus on May 1, 2014.
- ◆ Make a full entry in the U.S. and European specialty market and benefit from complementary business and geographical coverage.

Region Business	U.S.	Europe/ U.K.	Middle East/ Africa	Turkey	South America	Asia	Japan
Retail		U.K. Specialty					
Commercial (Japanese)		SJNK Europe		SJ Sigorta	Yasuda Seguros, Maritima	Tenet, Berjaya, Others	Sompo Japan, Nippon koa
Commercial (Non-Japanese)	SJ America	MGA France, Netherlands					
Specialty	Canopus business area including Lloyd's & U.S. E&S						

■ Business area of Canopus
 ■ Business area of NKSJ Group

<Reference>

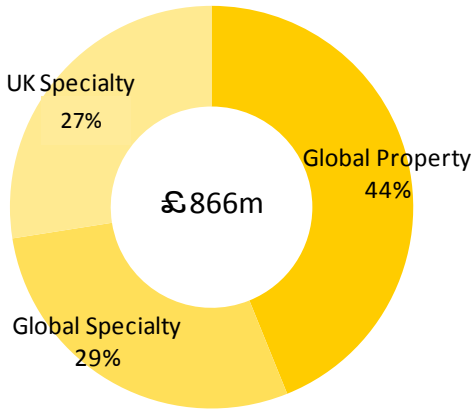
- Purchase Price Around 557 million pounds (¥95.2 billion)※
- Multiples The purchase price is approximately equivalent to 1.5x the tangible net assets at 1H2013.

※Amount paid on May1, 2014. The total purchase price will be finalized after adjusting for Canopus' tangible net assets as of December 31, 2013.

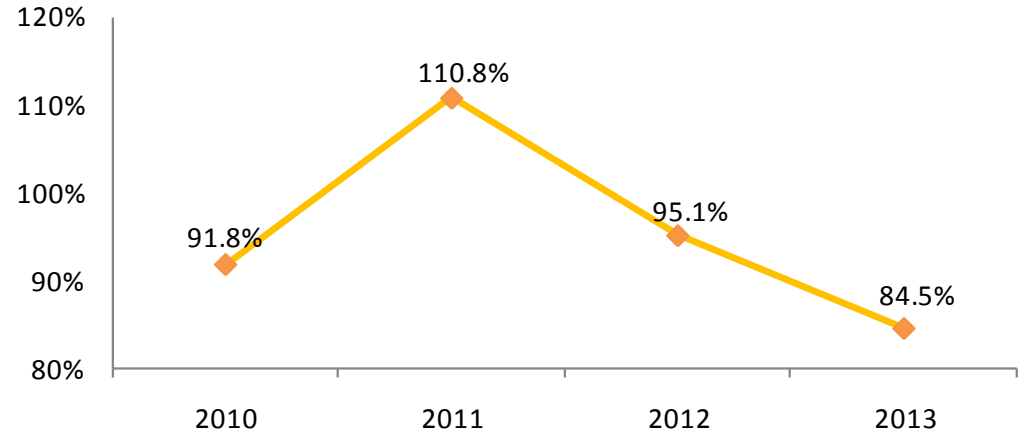
Performance of Canopus

◆ Canopus has maintained its diversified portfolio and achieved good results for 2013.

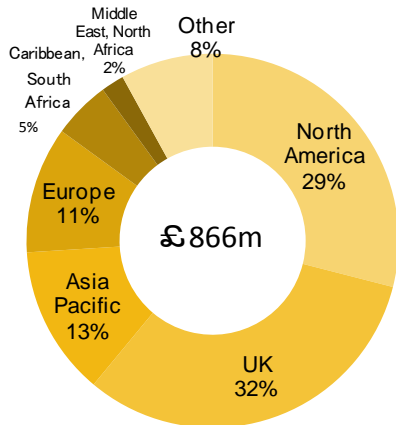
Gross premiums written by Business Unit for 2013



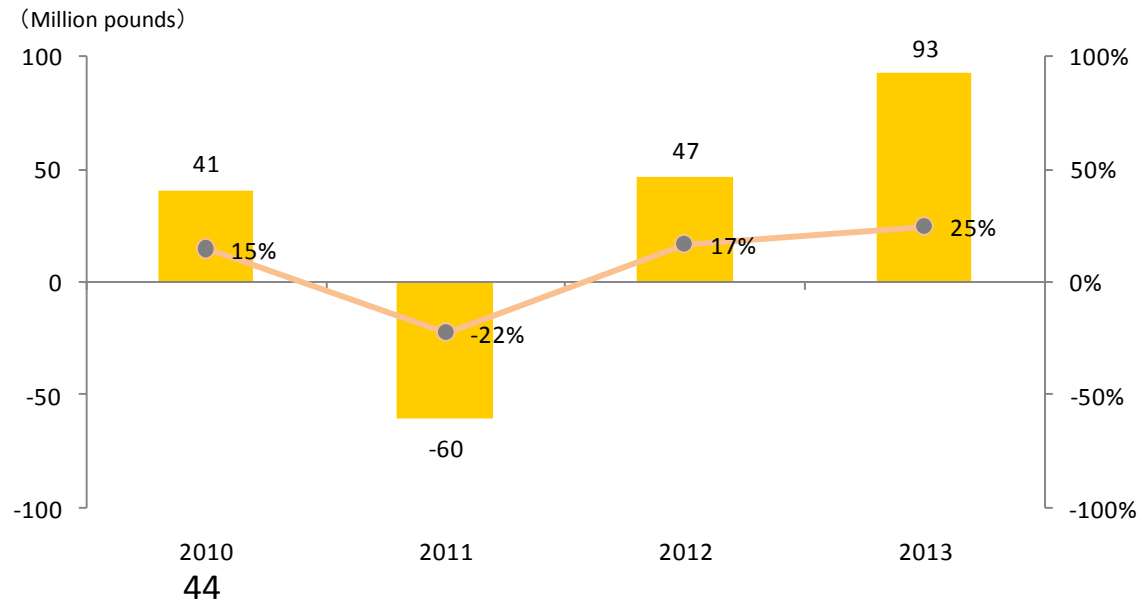
Combined Ratio



Gross Premiums Written by Region for 2013



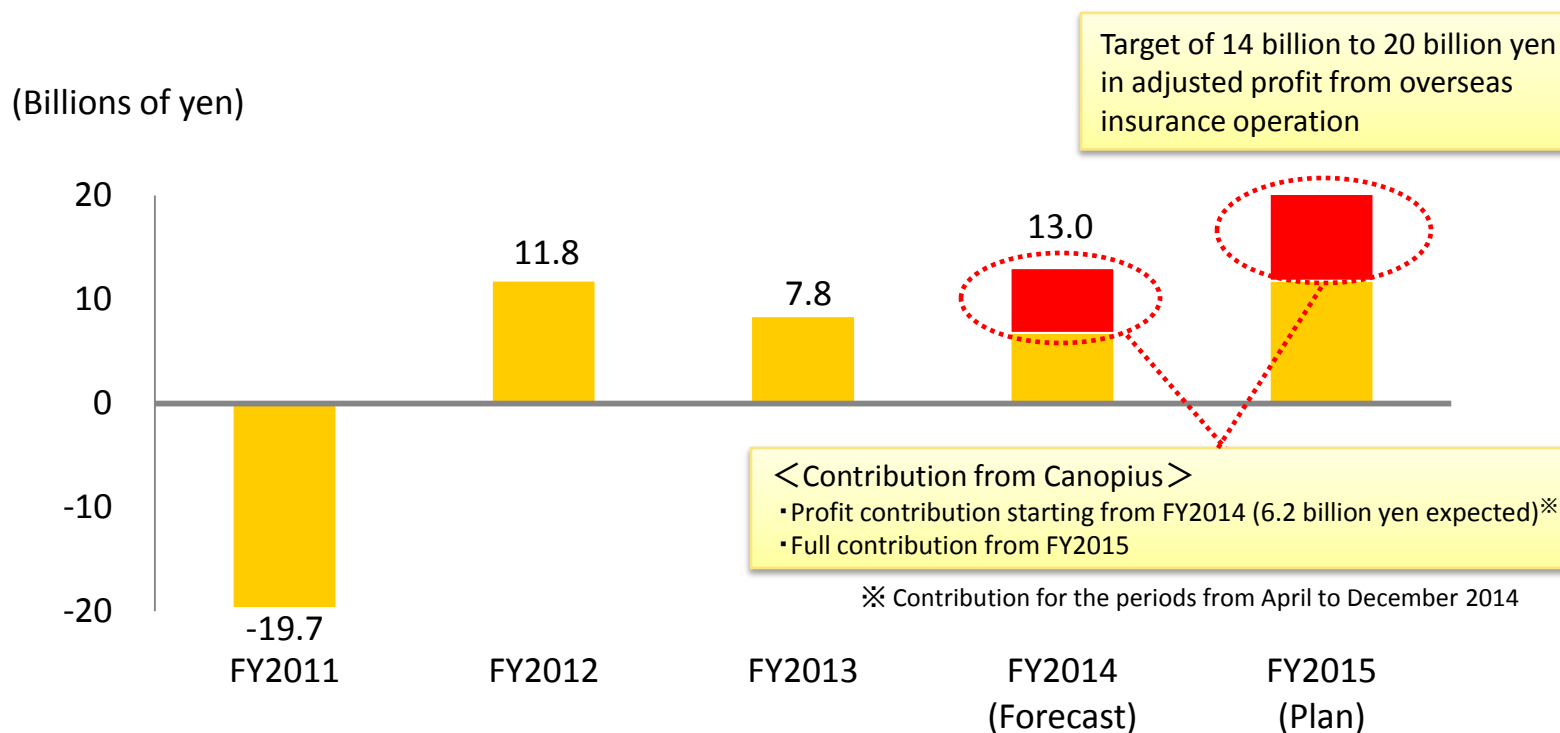
Net Profit and ROE



Profit Plan for Overseas Insurance Business

- ◆ The company has a higher chance of achieving the profit target of overseas insurance operations for FY2015, thanks mainly to profit contribution from Canopus.

Profit Plan for Overseas Insurance Business



Overseas assumed reinsurance business

- ◆ Develop the overseas reinsurance business from the viewpoint of ERM including diversifying effect, accumulation risk management and profitability.
- ◆ Started to study how to optimize the group strategy for assumed reinsurance business, as a result of the merger of Canopus.

Sompo Japan and Nipponkoa

Business category (Prioritized point)

General risk in Asia

- Markets with high growth potential
- In Hong Kong, etc. over 20 years track record

General risk in western countries

- Huge markets centered on developed countries
- Highly stable earnings

Risk of overseas natural disasters

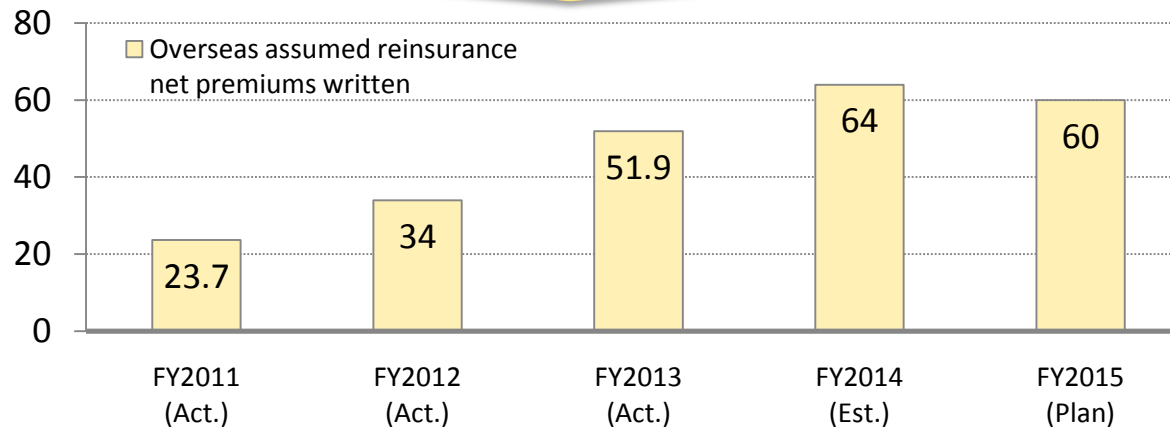
- Risk of natural disasters mainly in Europe and the U.S.
- Conduct quantitative assessments and analysis using the latest technology

Future possibilities with the merger of Canopus

Optimize the group strategy for assumed reinsurance business

Utilize resources in Canopus for further development

(Billions of yen)

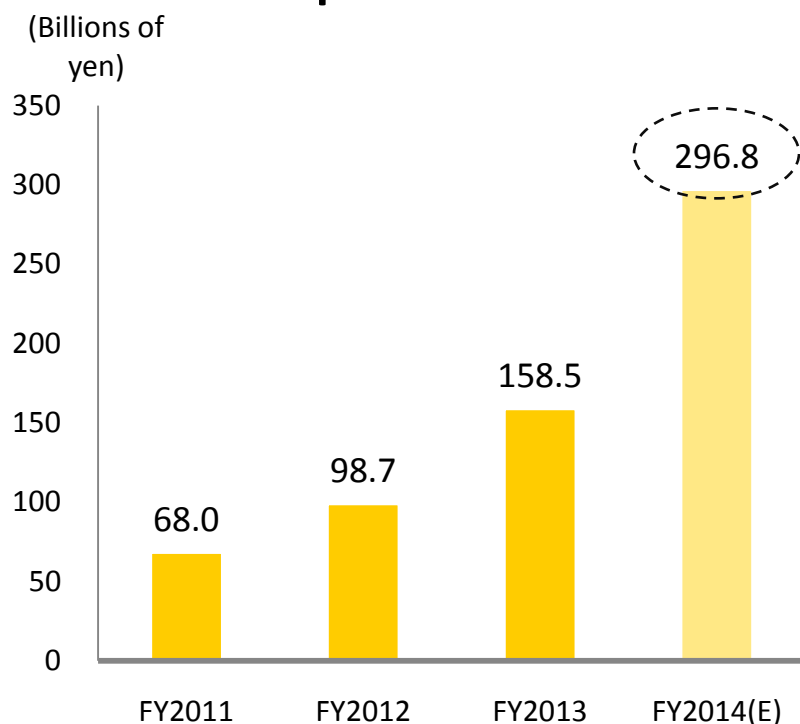


* Overseas assumed reinsurance net premium written is included in the domestic P&C insurance business for the management numerical targets.

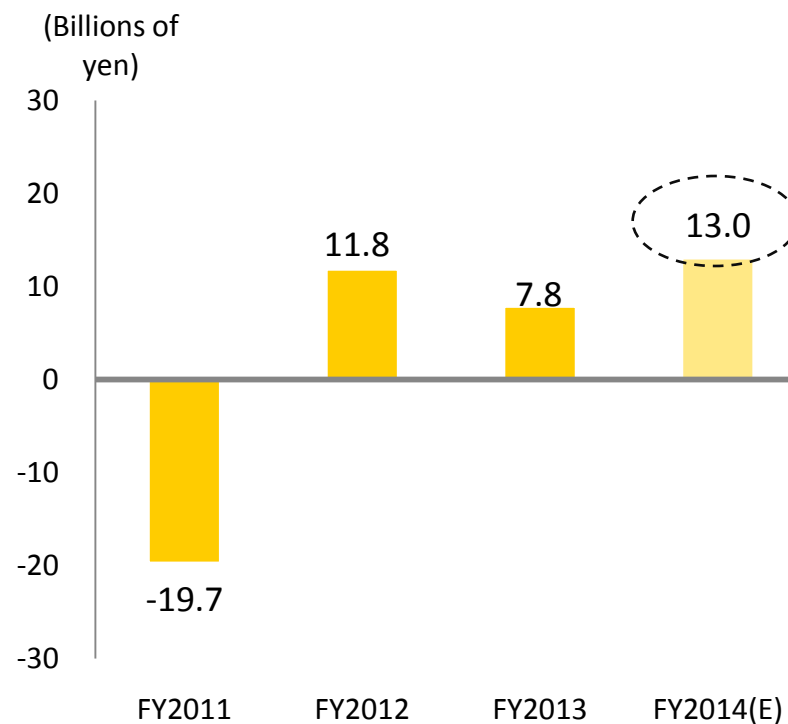
Trend of overseas insurance business

- ◆ Owing to contribution of Canopus, we estimate to increase steadily in both of top-line and bottom-line for FY2014.

Net premiums written



Net income



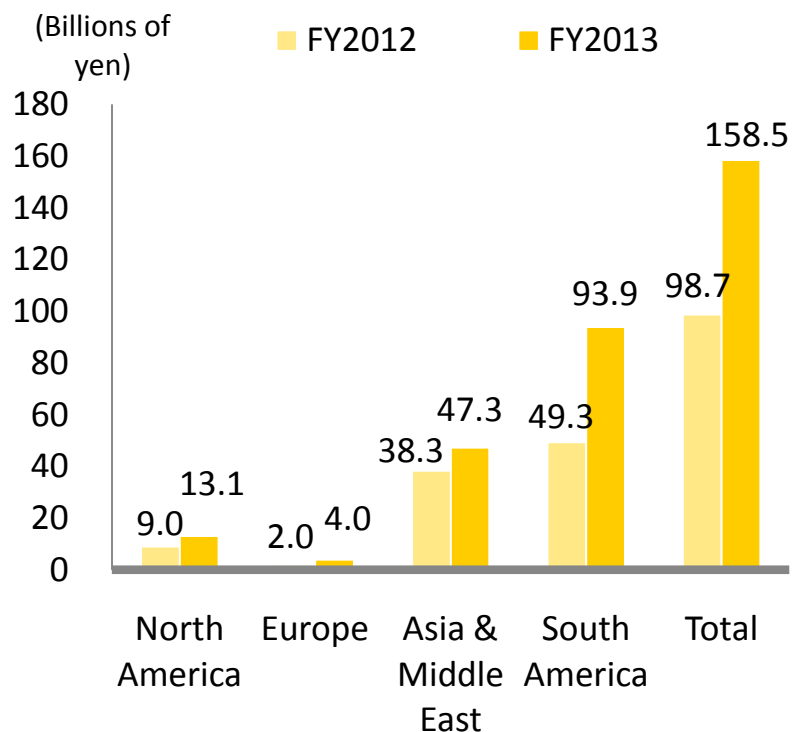
*Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements.

*The net income figure has been adjusted to reflect shareholdings and other factors, and is stated on a different basis than that of the consolidated financial statements.

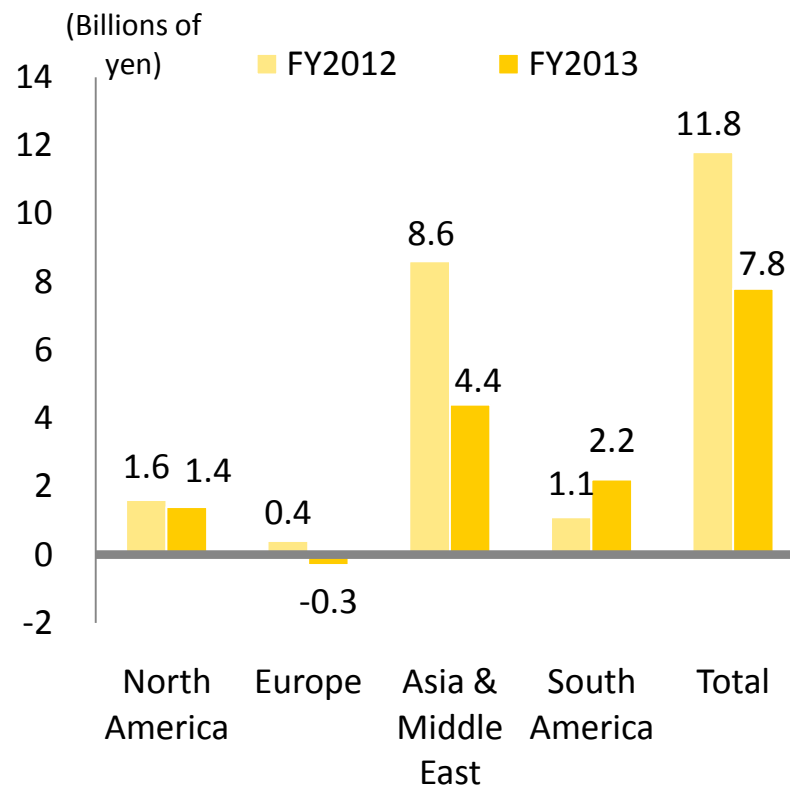
Overview of business results by area

◆ Net premiums written Increased in each region, particularly in Brazil.

Net premiums written



Net income



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

*The net income figure has been adjusted to reflect shareholdings and other factors, and is stated on a different basis than that of the consolidated financial statements.

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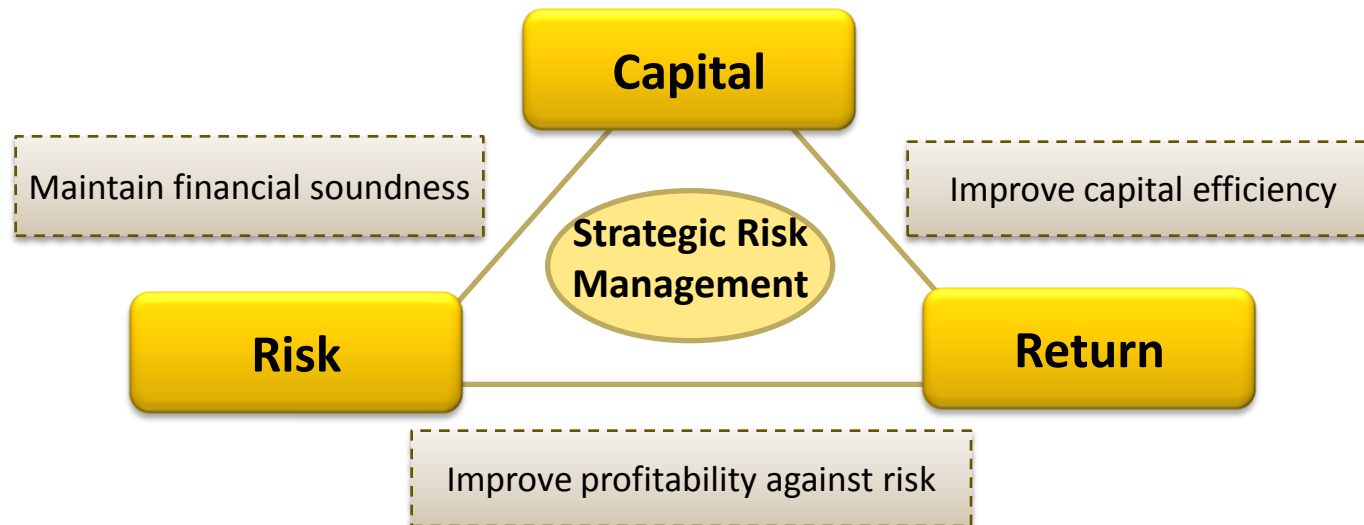
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Appendix

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Strategic Risk Management (ERM)

- ◆ Develop Strategic Risk Management (ERM) which is mixture of business strategy and risk management.
- ◆ Aim to maximize the corporate value based on Risk Appetite Principles by controlling the balance among capital, return and risk appropriately.



Risk Appetite Principles

The NKSJ Group aims to:

- (1) Become a globally competitive group, maximize corporate value by controlling the balance among capital, return and risk appropriately and improving capital efficiency.
- (2) Gain greater profit by taking risks via financial and other services in addition to insurance underwriting and investment.
- (3) Retain competitiveness among global insurers by maintaining financial soundness with a target credit rating of AA.
- (4) Maintain the stable return ensuring group's sustainable growth. Targeted adjusted ROE for FY 2015 is over 7 % on consolidated basis.

Strategic Risk Management (ERM)

- ◆ Allocate capital based on potential and profitability of each business to establish efficient portfolio.
- ◆ Aim to maximize the corporate value with appropriate management of risk and return.

Practical example

Investment on growth business such as overseas M&A

Increase profit while taking risk appropriately, by evaluating hurdle rates consistent with the Group's adjusted consolidated ROE target, the risk diversification effect through investment and profitability against risk.

Underwriting and ceding policy for natural disasters

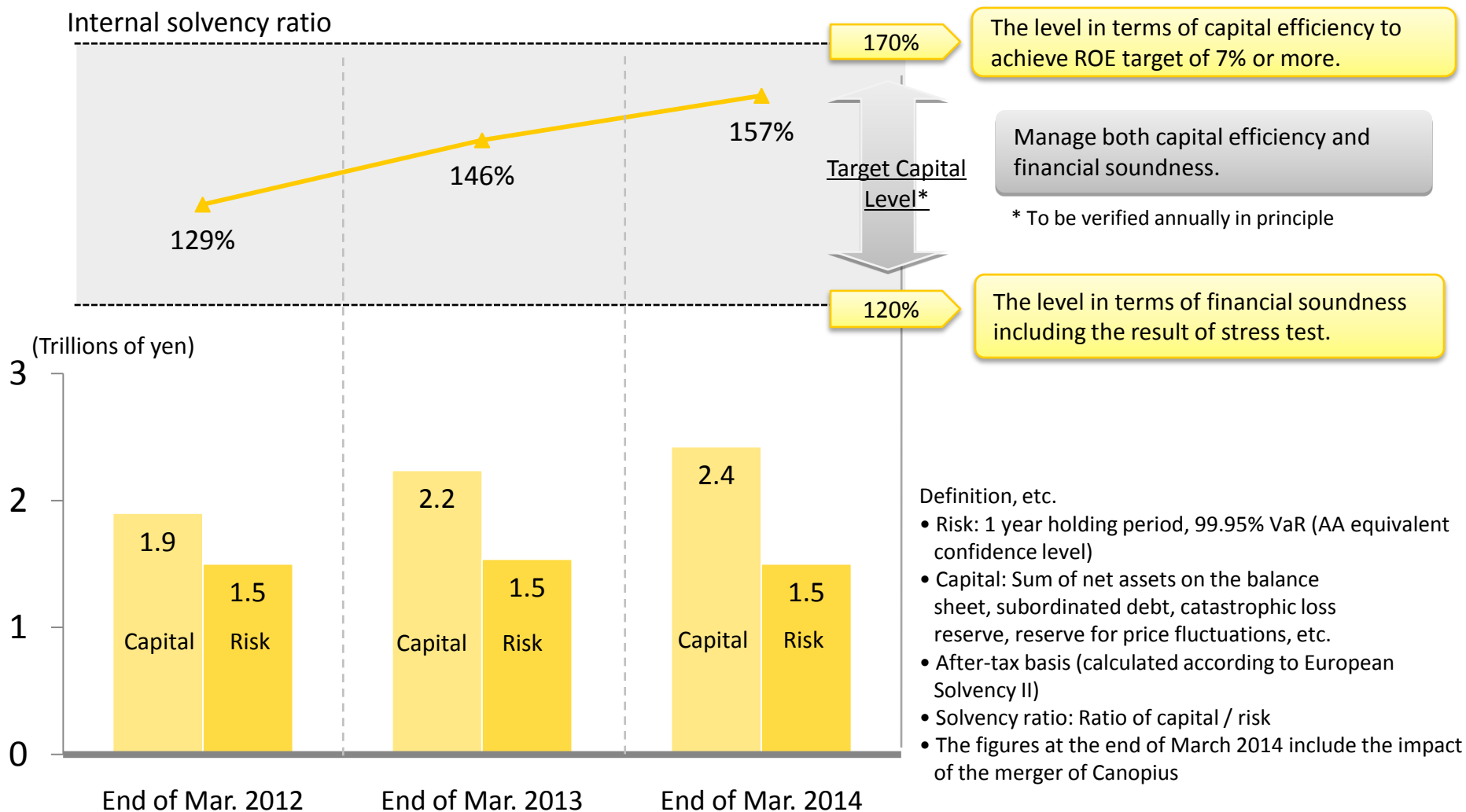
Control risk appropriately by evaluating geographic diversification and profitability against risk.

Reduction of strategic-holding stocks

Formulate a strategic-holding stocks reduce plan from the standpoint of profitability against risk and risk controlling to strike a balance between enhancing earnings and reducing risk.

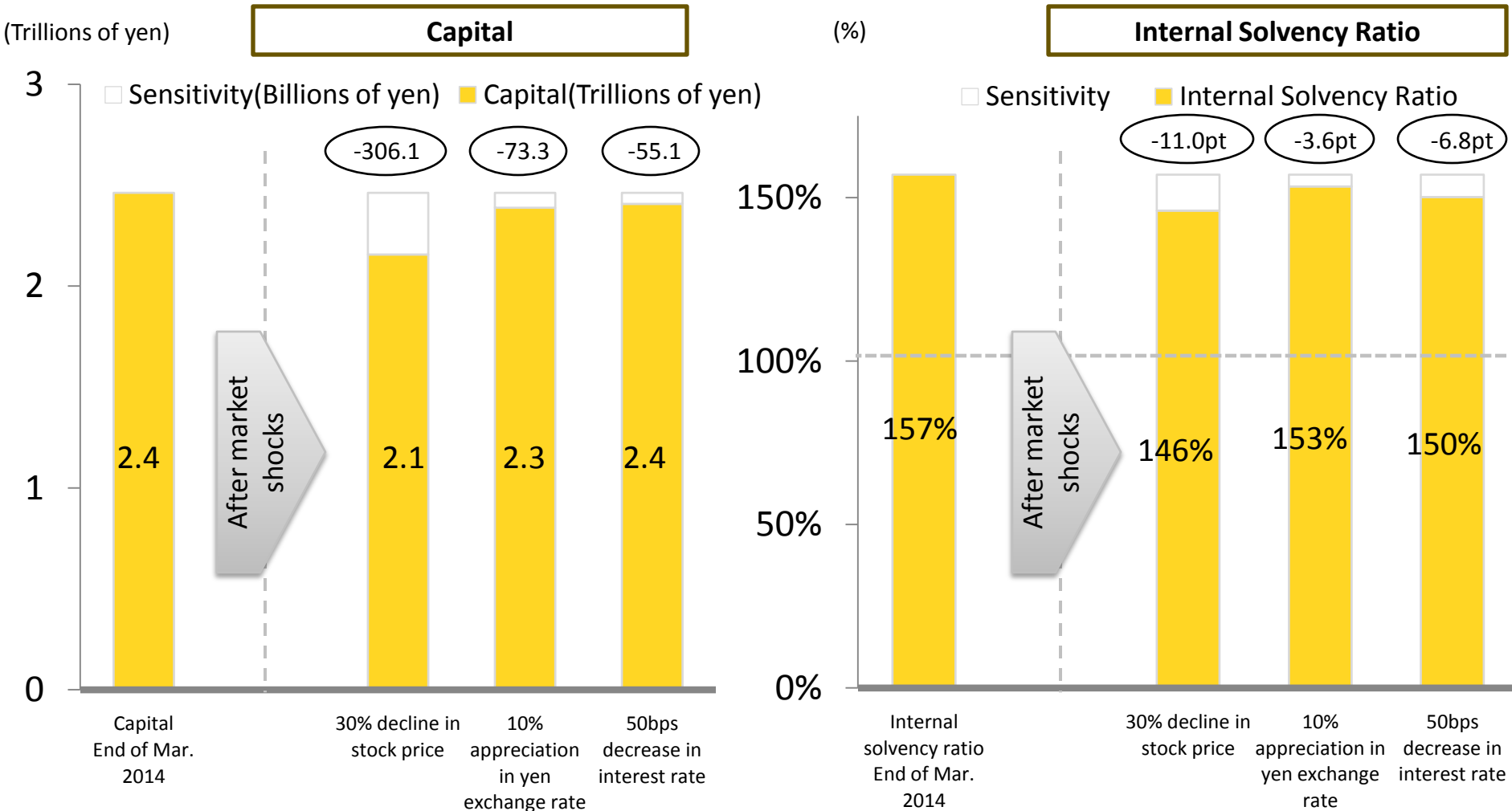
Financial soundness – Internal standard

◆ Internal solvency ratio keeps within target capital level (120% - 170%).



Market sensitivity

◆ Continue to reduce strategic-holding stocks to decrease the sensitivity.

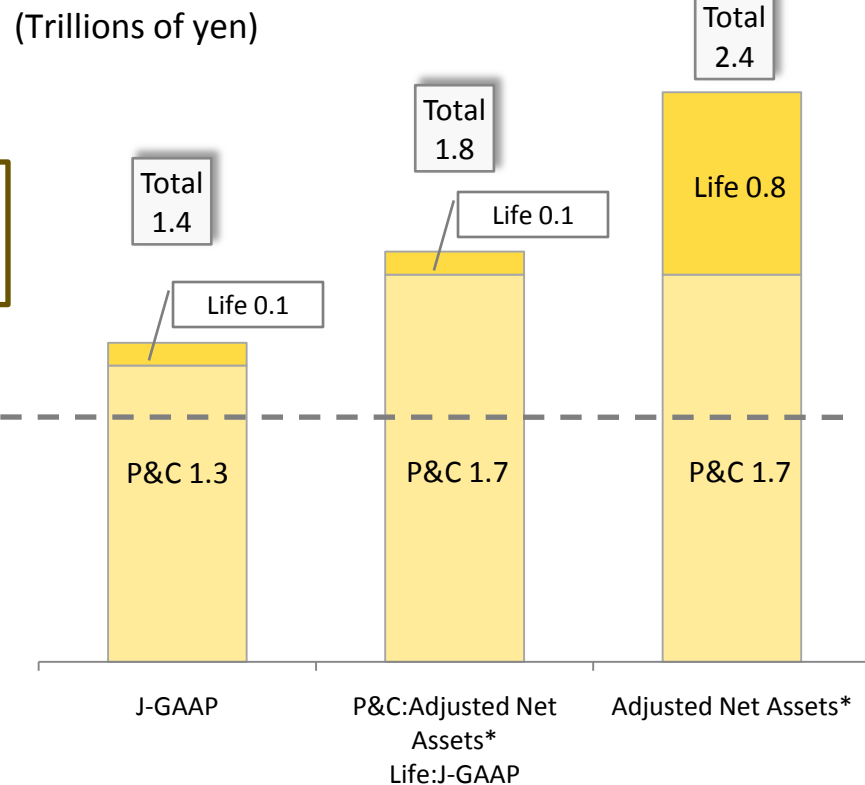
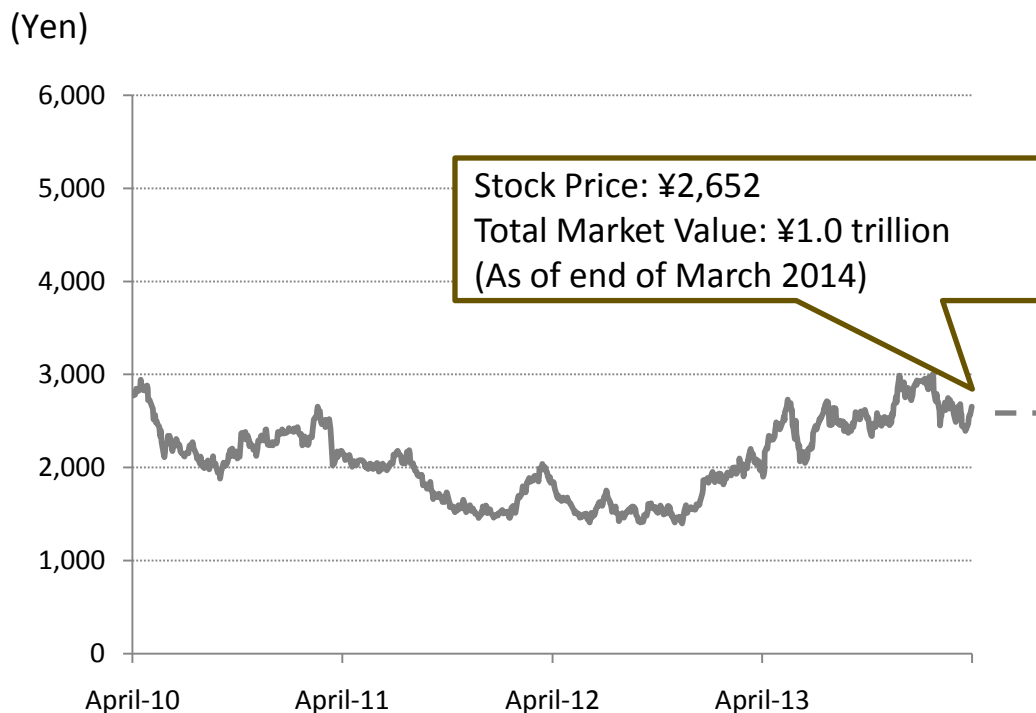


(Reference) Stock Price and Net Asset

◆ Although stock price remains under net assets per share, we aim to improve our valuation by achieving target profit and ROE.

Trend of stock price and total market value

Consolidated Net Assets (As of End of March 2014)



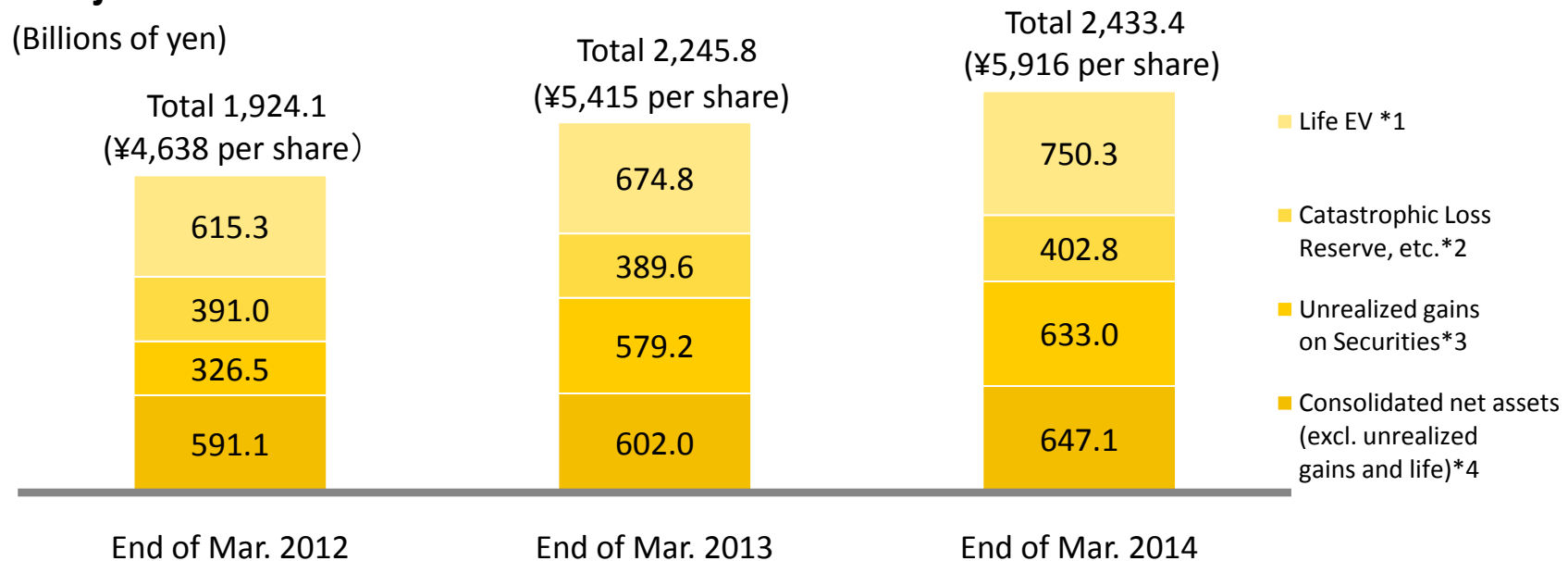
* Adjusted consolidated net assets = P&C adjusted net assets + Life adjusted net assets
 • P&C adjusted net assets = Consolidated net asset (excl. unrealized gain and life) + Unrealized gains on Securities + Catastrophic Loss Reserve, etc.
 • Life adjusted net assets = Life EV
 See Page 55 in detail about each item above.

(Reference) Adjusted consolidated net assets

◆ Adjusted consolidated net asset per share increased to ¥5,916.

Adjusted consolidated net assets

(Billions of yen)



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

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

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

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

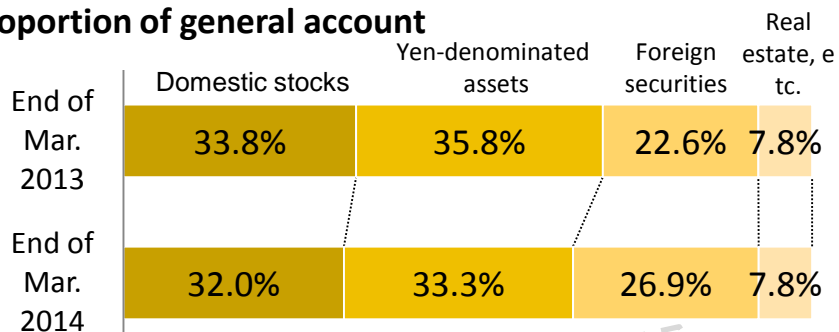
Asset Portfolio – Domestic P&C Insurance

- ◆ The general account is managed with diversified investments, while the savings-type account utilizes portfolio management based on ALM.
- ◆ The proportion of domestic stocks (=strategic holding stocks) decreased to 32.0%

Amount of investment assets * Sum of Sompo Japan and Nipponkoa



Proportion of general account

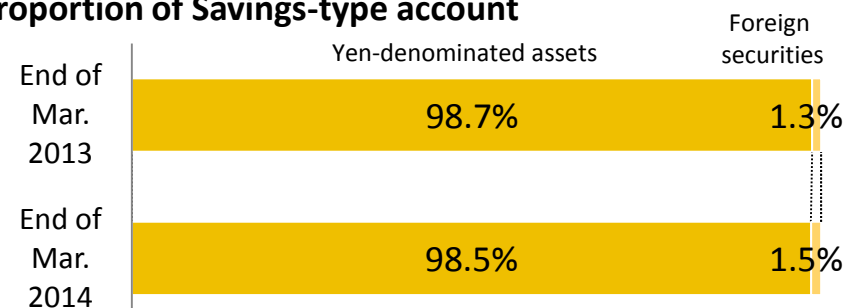


Breakdown of foreign securities (foreign currencies) (End of Mar. 2014)

	USD	EUR	Others	Total
Bonds	27%	16%	14%	57%
Stocks/Funds, etc.	28%	0%	15%	43%
Total	55%	17%	29%	100%

* Stocks/Funds, etc. of 43% includes stocks of subsidiaries of 18%.

Proportion of Savings-type account



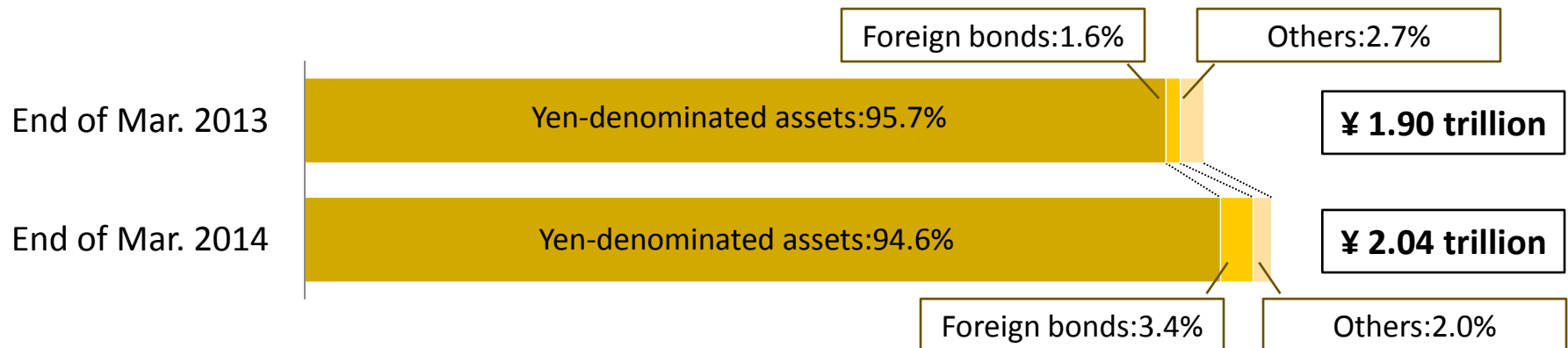
Asset/Liability Duration (Savings-type)

	End of Mar. 2013	End of Mar. 2014
Asset	Approx. 5y	Approx. 5y
Liability	Approx. 6y	Approx. 6y

Investment Portfolio – Domestic Life Insurance

- ◆ Maintained a conservative asset portfolio, based on the high profitability of life insurance products.
- ◆ Continue to reduce the duration gap between assets and liabilities gradually.

Amount of investment assets * NKSJ Himawari Life



Asset/Liability Duration

	End of Mar. 2013	End of Mar. 2014
Asset	Approx. 12y	Approx. 13y
Liability	Approx. 16y	Approx. 16y

*The liabilities duration assumes the same interest rate sensitivity (changes in fair value) for assets and liabilities.

Reducing strategic holding stocks

- ◆ Achieved the reduction of ¥206.1 billion in FY2013.
- ◆ Continue to reduce in FY2014 in line with the existing plan. The reduction in FY2014 is expected to be a little less than half of the reduction in FY2013.

(Billions of yen)

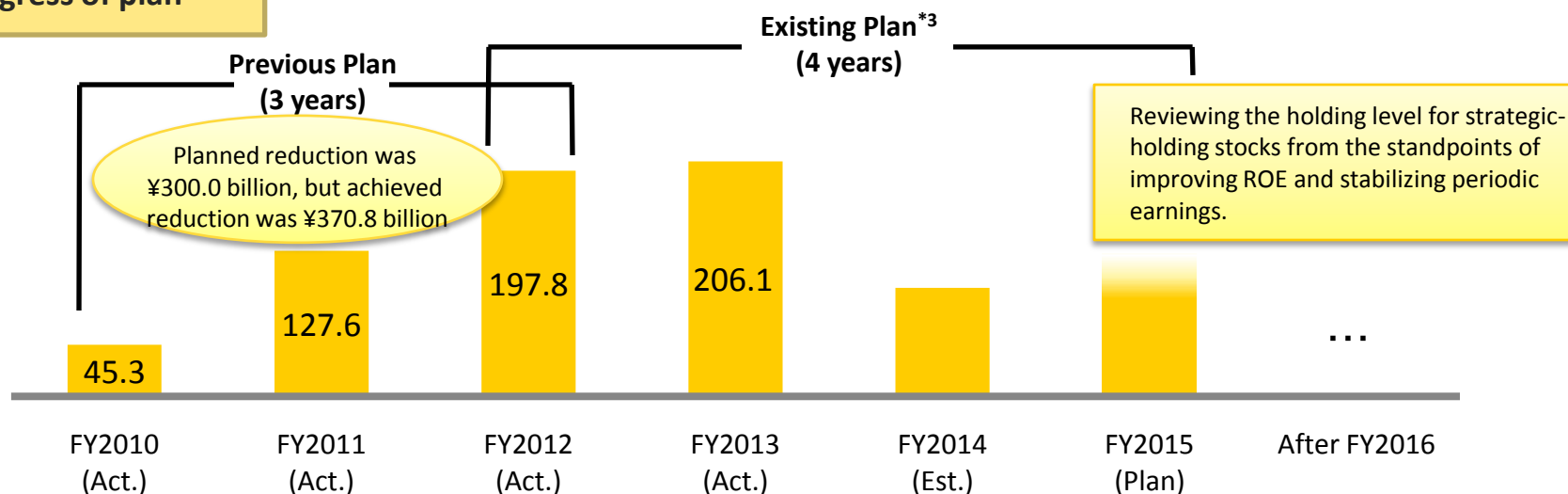
Net reduction in FY2013 *1

	Actual	Stock Future	Total
Sompo Japan	131.9*2	0	131.9
Nipponkoa	74.2	0	74.2
Total	206.1	0	206.1

*1 Net reduction means market value of sales - market value of purchase

*2 Including the share of Dai-ichi frontier life of ¥18.5 billion

Progress of plan



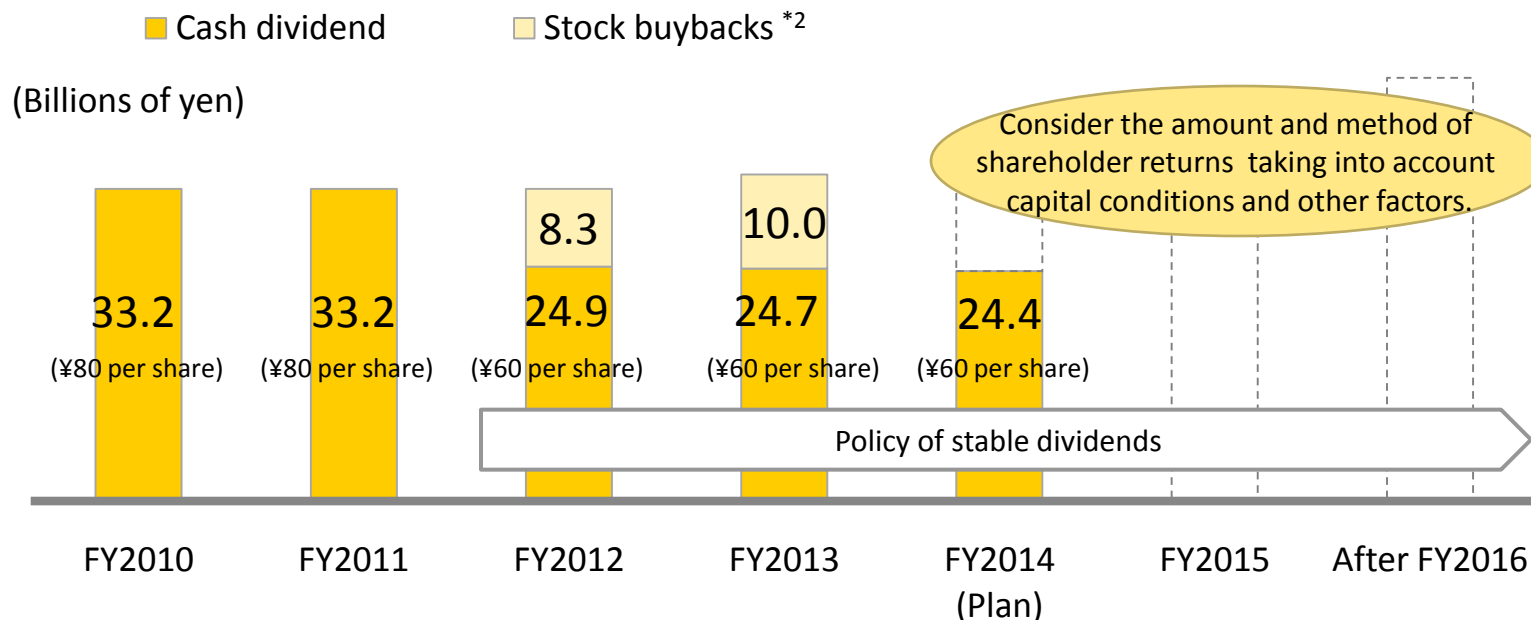
*3 The assumption of Nikkei 225 is ¥10,500

Shareholder returns

- ◆ We returned profits to shareholders based on our performance in FY2013 by conducting stock buybacks totaling ¥10.0 billion yen, in addition to paying out a dividend of ¥60 per share.
 - Took into account the level of adjusted profit, our financial soundness and other factors.
 - ◆ While maintaining our policy of paying a stable dividend in FY2014, we will consider flexible stock buybacks according to capital conditions and other factors.
- We will continue to target a total shareholder return ratio of 50%*¹ over the medium term.

Trend of total shareholder returns

*1 The profit subject to shareholder returns is adjusted consolidated profit (excluding the domestic life insurance business).



*2 Stock buybacks for fiscal year 2012 was conducted in fiscal year 2013. Also, Stock buybacks for fiscal year 2013 is conducted in fiscal year 2014.

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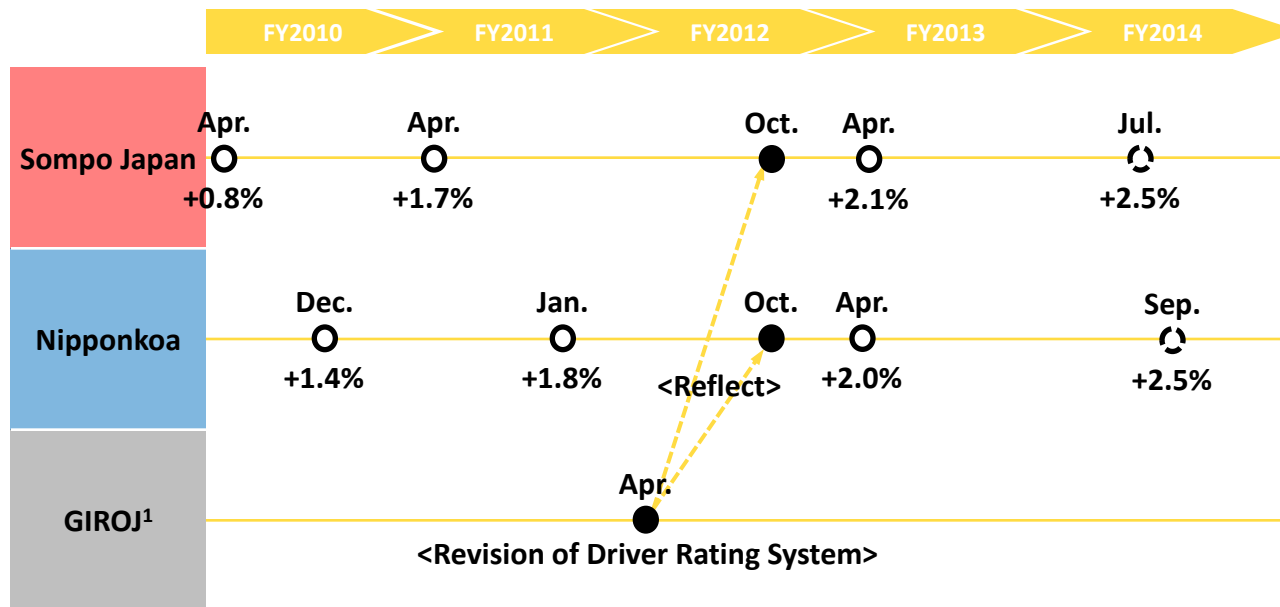
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Automobile Insurance - Measures to Improve Profitability

Profitability of our automobile insurance business is expected to improve as a result of revisions of premium rates and the Driver Rating System.

- Historical Premium Rates Revisions & Driver Rating System Revision



- Measures to Improve Profitability

- SJ and NK have raised premiums for automobile insurance 3 times since FY 2010 and plan to do again in FY2014
 - The effects will continue to materialize gradually.
- The Driver Rating System was revised in April 2012 and the revision has been reflected in our automobile insurance policies written after October 2012
 - Expected to improve profitability in the mid-and-long term

1. General Insurance Rating Organization of Japan

Automobile Insurance - Revision of Driver Rating System (Applicable from October 2012)

Under the old Driver Rating System, accident-free policyholders had to pay a part of the premiums that primarily policyholders involved in accidents would have had to pay. After the revision, rating levels are determined reflecting risks of each policyholder more accurately.

Old Driver Rating System

Overview

- Risk is classified into rating levels from 1 to 20 to ensure that premiums reflect the degree of risk according to a policyholders' prior accident record
- A rating coefficient (discount rate) is established for each rating level
- A driver with no accidents during a given year will be promoted to the next higher rating level in the following year. A driver involved in an accident will be demoted by three rating levels
 - Ratings shall be maintained at the same level if a driver suffers certain types of incidents such as vehicle theft, as well as damage due to flying debris or vandalism such as graffiti (hereinafter, "waived incident")

Problems

- Policyholders involved in accidents have a higher actual risk than justified by the premiums they pay
- Accident-free policyholders have a lower actual risk than justified by the premiums they pay

Revised Driver Rating System

Overview

- For policies in force, rating levels 7 to 20 were subdivided into an "accident-free coefficient" and an "accident coefficient"
- Ratings coefficients for all rating levels shall be revised to reflect the most recent actual risk
- The practice of recognizing waived incidents was abolished and replaced with demotion by one rating level
- The period¹ for applying the "accident coefficient" shall be three years for every accident resulting in a demotion by three rating levels (one year for an accident resulting in a demotion of one rating level)

<Example> When customers with rating level 18 received an insurance payment after being involved in an accident

Old	Old coefficient	Old coefficient			Old coefficient
	Level 18 -59%	Level 15 -52%	Level 16 -55%	Level 17 -57%	Level 18 -59%
		<One year later>	<Two years later>	<Three years later>	<Four years later>
Revised	Accident-free	Accident coefficient			Accident-free
	Level 18 -54%	Level 15 -33%	Level 16 -36%	Level 17 -38%	Level 18 -54%
		<One year later>	<Two years later>	<Three years later>	<Four years later>

Rate of premium increase from the old system² => 39.6% 42.2% 44.2%

1. Up to six years

2. Rate of premium increase = Accident coefficient (after application of discount rate) / Old coefficient (after application of discount rate)

Numerical management targets

(Billions of yen)

		FY2012(A)	FY2013(A)	FY2014(E)	FY2015(Target)
Domestic P&C insurance business	Adjusted profit	-8.9	6.5	47.7	70.0 - 80.0
Numerical targets of two P&C insurance companies	Net premium written	1,966.2	2,082.1	2,174.1	2,040.0
	(Exc. CALI)	1,691.7	1,783.9	1,869.1	1,740.0
	Loss ratio	72.0%	65.7%	67.8%	65.6%
	(Exc. CALI/Fin. Guarantee)	68.8%	62.7%	65.0%	62.8%
	Expense ratio	33.4%	32.2%	31.5%	30.6%
	(Exc. CALI)	35.2%	34.2%	33.3%	32.6%
Combined ratio		105.4%	97.9%	99.3%	96.2%
	(Exc. CALI/Fin. Guarantee)	104.1%	96.9%	98.3%	95.3%
Domestic life insurance business	Growth in embedded value (EV)	107.8	85.7	84.0	100.0 - 110.0
Overseas insurance business	Net income as reported in financial statements	11.8	7.8	13.0	14.0 - 20.0
Financial services, etc.	Net income as reported in financial statements	0.7	1.5	1.3	2.0 - 3.0
Group total	Adjusted consolidated profit	111.6	101.5	146.0	180.0 - 210.0

Adjusted ROE	5.4%	4.3%	5.9%	7% or more
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Definition of Adjusted Profit

Definition of Business		Calculation Method for Adjusted Profit
Domestic P&C Insurance	Total of Sampo Japan, Nipponkoa (Sampo Japan Nipponkoa Insurance Inc. for FY2014 & FY2015), Sonpo 24 and Saison Automobile & Fire (non-consolidated)	Net income for the period + Provisions for catastrophic loss reserve (after tax) + Provisions for reserve for price fluctuation (after tax) - gains/losses on sales of securities and impairment losses on securities (after tax) - Special factors
Domestic Life Insurance	NKSJ Himawari Life	Growth in Embedded Value (EV) - Capital transactions such as equity issuance - Changes in EV attributable to fluctuation of interest rates, etc.
Overseas Insurance	Overseas insurance subsidiaries	Net income
Financial and Other Services	Financial services, Healthcare business, etc.	Net income

* Sonpo 24 and Saison Automobile & Fire were reclassified from the financial and other services to the domestic P&C insurance in line with the revision of the management plan implemented in November 2012.

(Calculation Method for Adjusted Consolidated ROE)

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

*The denominator is the average balance at the end/start of each fiscal year.

Note Regarding Forward-looking Statements

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

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