

# Highlights of 3Q FY2013 Results

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February 14, 2014

**NKSJ Holdings, Inc.**

- Consolidated ordinary profit (¥97.6 billion) and consolidated net income (¥47.3 billion) both increased significantly. The achievement rate against the full-year forecast was around 70%. (Note: A large realized gain on stock sales is projected in the fourth quarter. )
- In domestic property and casualty (P&C) insurance, core underwriting profit improved ¥53.4 billion year on year, supported by a continuing improvement in profitability.
- The combined ratio in automobile insurance improved 5.8 points year on year in the third quarter. There continued to be a noticeable fall in the number of claims paid.
- In domestic life insurance, an increase in business in force contributed to the trend of premium growth and increased net income. There was also a continuing shift to protection-type products.
- In overseas insurance, we made steady progress with the top line and bottom line in line with plans.
- The capital buffer increased. The impact on the buffer due to the purchase of Canopus Group Limited (expected to be completed by the end of April) could be adequately absorbed.
- The reduction in the exposure of strategic-holding stocks has progressed around 80% against the fiscal year plan. The achievement of the plan is in sight.

# Overview of 3Q FY2013 Results – NKSJ Consolidated

- ◆ The top line has continued to grow steadily.
- ◆ Ordinary profit and net income in consolidated basis increased significantly.

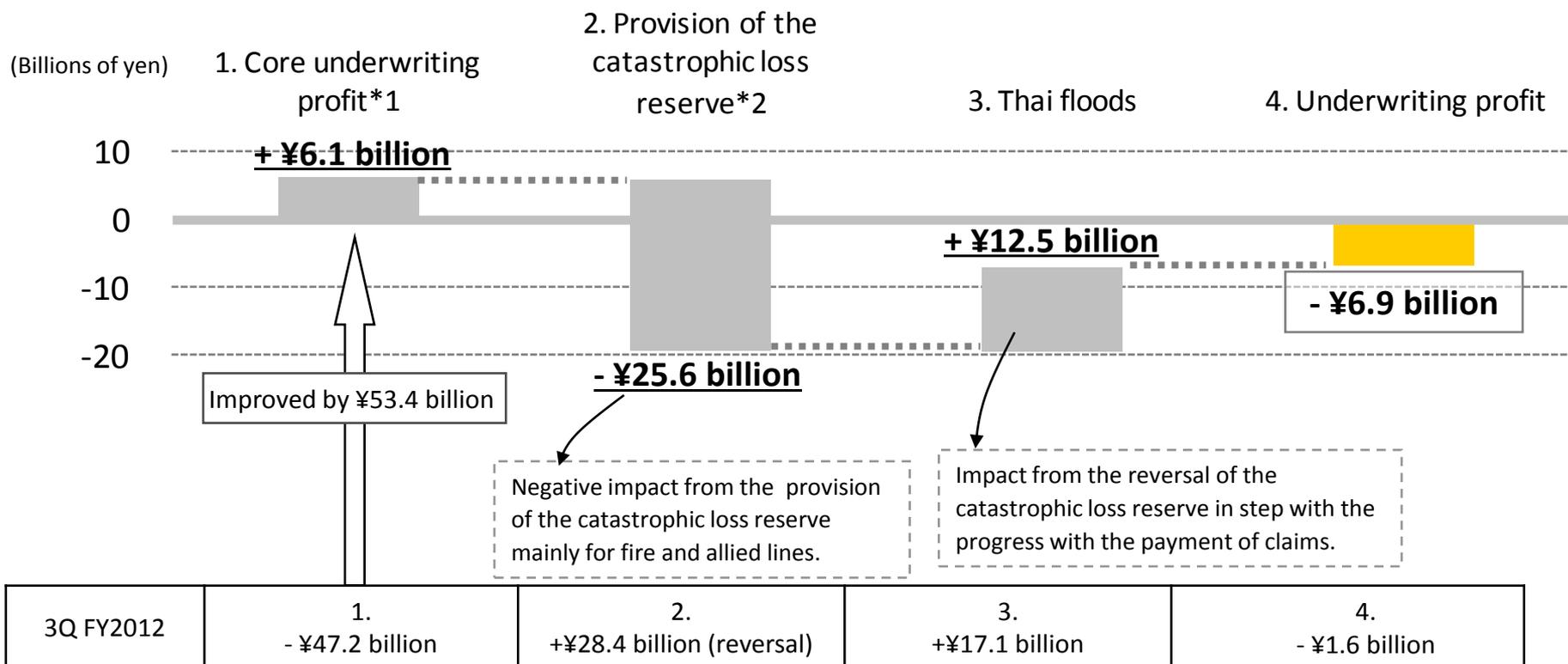
(Billions of yen)	3Q FY2012	3Q FY2013	Change	Forecast FY2013
Ordinary income (NKSJHD consolidated)	2,093.7	2,213.8	+120.1 (+5.7%)	2,910.0
Net premiums written (P&C)	1,542.8	1,683.7	+140.8 (+9.1%)	
Life insurance premiums	189.7	200.8	+11.1 (+5.9%)	
Ordinary profit (NKSJHD consolidated)	33.1	97.6	+64.4	138.0
Sompo Japan + Nipponkoa	62.7	87.2	+24.4	
NKSJ Himawari Life	6.2	9.5	+3.3	
Overseas insurance subsidiaries	7.1	9.3	+2.2	
Consolidated adjustment*1/Others	-42.9	-8.5	+34.4	
Net income (NKSJHD consolidated)	5.1	47.3	+42.1	72.0
Sompo Japan + Nipponkoa	28.3	40.4	+12.1	
NKSJ Himawari Life	3.3	5.8	+2.4	
Overseas insurance subsidiaries	5.8	7.3	+1.4	
Consolidated adjustment*1/Others	-32.4	-6.3	+26.1	

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

## - Underwriting profit

◆ Core underwriting profit\*1 improved dramatically due to premium growth and a decline in claims paid.

### Breakdown of underwriting profit (Sompo Japan + Nipponkoa)



\*1 Core underwriting profit is underwriting profit less provision of catastrophic loss reserve and the impact related to the Thai floods.

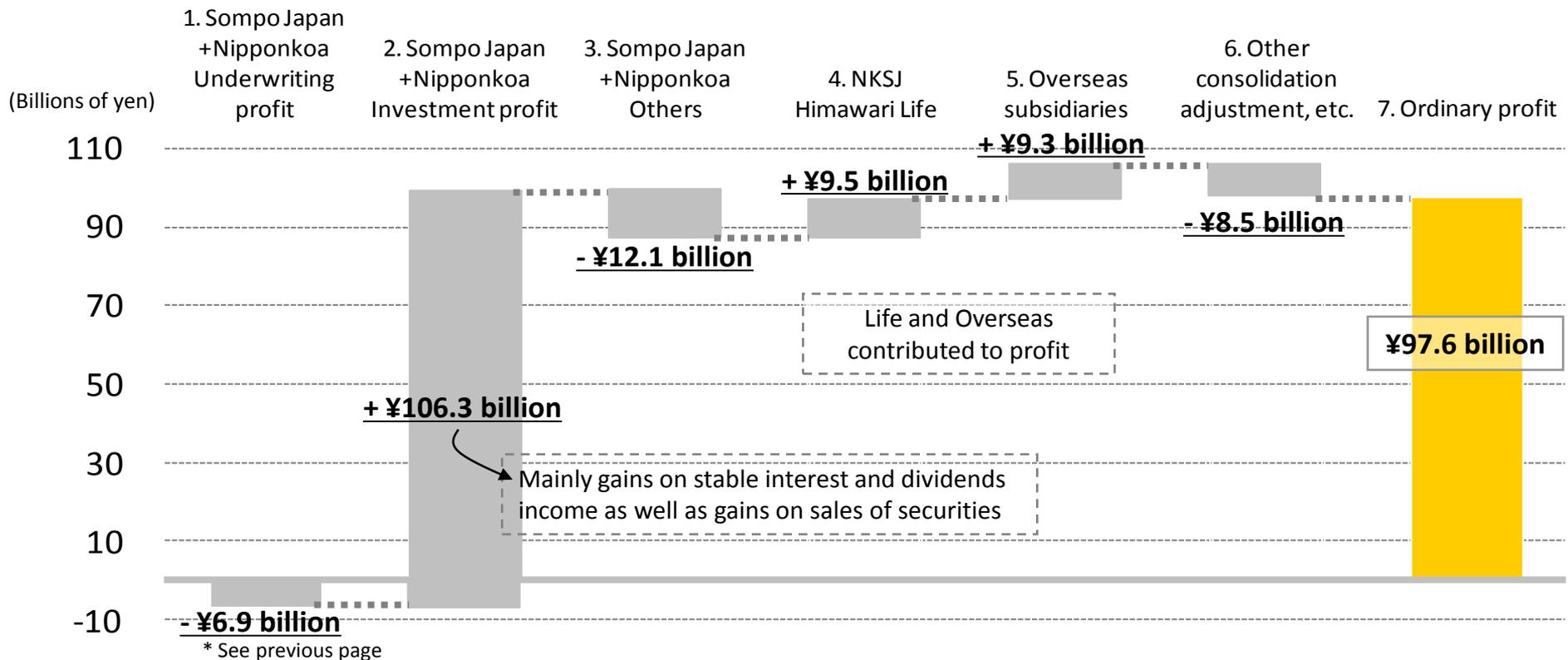
\*2 Provision of the catastrophic loss reserve does not include the reserve related to the flooding in Thailand.

# Main points of Consolidated Results for the 3Q FY2013

## - Ordinary profit

- ◆ Consolidated ordinary profit was ¥97.6 billion.
- ◆ Investment profit of domestic P&C insurance as well as life and overseas contributed to profit.

### Breakdown of ordinary profit

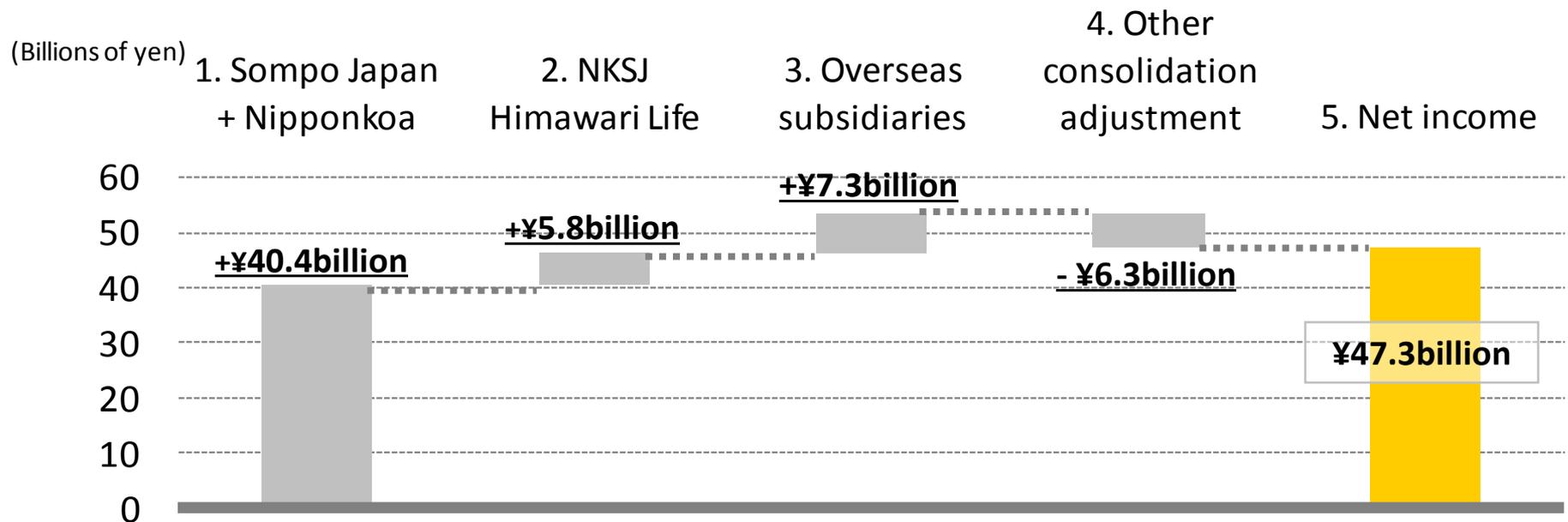


	1.	2.	3.	4.	5.	6.	7.
3Q FY2012	- ¥1.6 billion	+ ¥ 74.1billion	- ¥9.7 billion	+ ¥6.2billion	+ ¥7.1 billion	- ¥42.9 billion	¥33.1 billion

## - Net income

◆ Net income increased significantly to ¥47.3 billion with all businesses contributing to profit.

### Breakdown of net income



	1.	2.	3.	4.	5.
3Q FY2012	+ ¥28.3 billion	+ ¥3.3 billion	+ ¥5.8 billion	- ¥32.4 billion	¥5.1 billion

# Summary of Business Forecasts

## - Consolidated basis

Unchanged from the  
figures announced on  
November 19, 2013.

**NKSJ**  
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- ◆ We expect net income to expand mainly due to an increase in profit of the domestic P&C Insurance business.

(Billions of yen)	FY2012 Actual	FY2013 Forecast	Change	
<b>Ordinary income (NKSJHD consolidated)</b>	2,843.2	2,910.0	+66.7	(+2.3%)
P&C net premiums written	2,062.6	2,230.0	+167.3	(+8.1%)
Life insurance premiums	264.7	279.5	+14.7	(+5.6%)
<b>Ordinary profit (NKSJHD consolidated)</b>	104.7	138.0	+33.2	(+31.7%)
Sompo Japan + Nipponkoa	129.6	149.4	+19.8	(+15.3%)
NKSJ Himawari Life	8.0	10.3	+2.3	(+29.5%)
Consolidated adjustment*/others	-32.8	-21.8	+11.0	—
<b>Net Income (NKSJHD consolidated)</b>	43.6	72.0	+28.3	(+65.1%)
Sompo Japan + Nipponkoa	62.4	80.6	+18.1	(+29.1%)
NKSJ Himawari Life	4.4	6.2	+1.8	(+41.5%)
Consolidated adjustment*/others	-23.2	-14.8	+8.3	—

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

# Main points of Business Forecasts

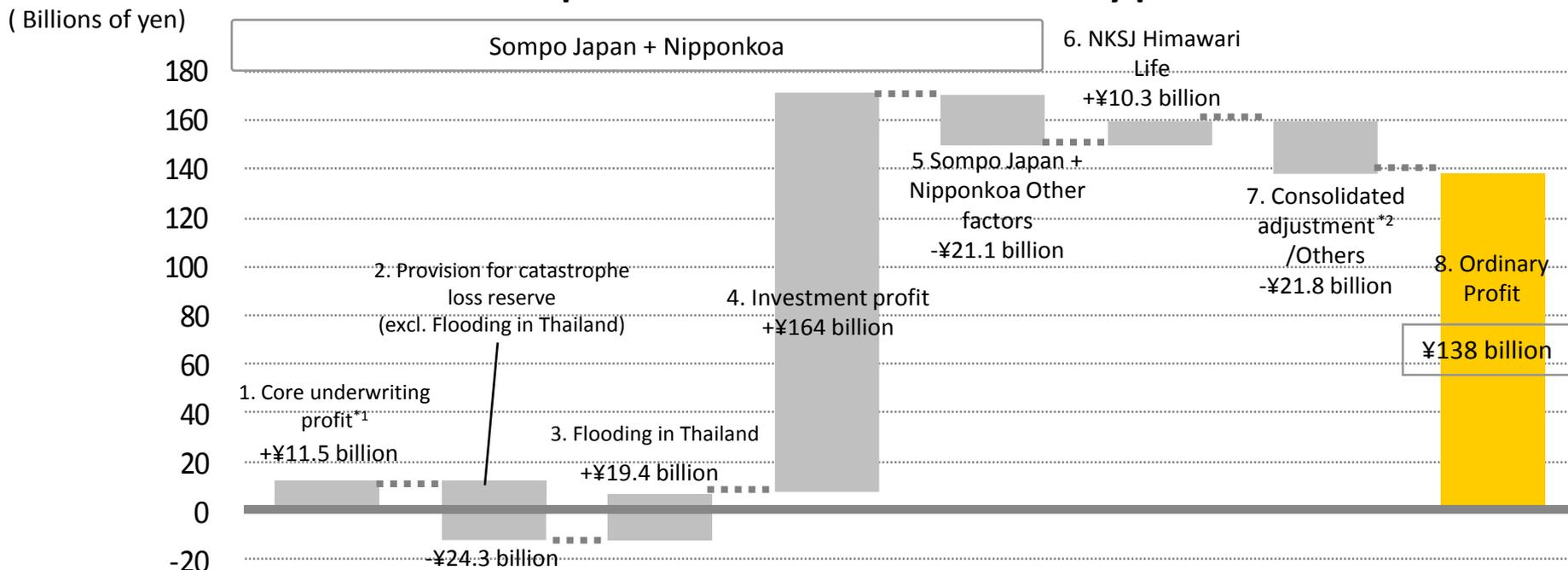
## - Ordinary profit (NKSJ consolidated)

Unchanged from the figures announced on November 19, 2013.

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- ◆ Consolidated ordinary profit is projected to be ¥138 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 contribute.
  - Himawari Life: ¥10.3 billion profit contribution

### Main components of consolidated ordinary profit



FY 2012 (Actual)	1. -¥62.1 bn.	2. +¥11.2 bn.	3. +¥33.9 bn.	4. +¥159.9 bn.	5. -¥13.3 bn.	6. +¥8.0 bn.	7. -¥32.8 bn.	8. ¥104.7 bn.
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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.

\*2 Major component of consolidated adjustment is purchase method adjustment of -¥27.6 billion

# Domestic P&C insurance (1)

## - Overview of 3Q FY2013 Results

- ◆ Underwriting profit decreased due to a technical factor (increase in provision of the catastrophic loss reserve due to the decrease of natural disasters) though combined ratio improved drastically.
- ◆ Investment profit increased mainly due to the recovery of the stock market, boosting ordinary profit and net income substantially.

(Billions of yen)	Sum of two companies			Sompo Japan		Nipponkoa	
	Apr-Dec 2012	Apr-Dec 2013	Change	Apr-Dec 2013	Change	Apr-Dec 2013	Change
Net premiums written	1,474.6	1,552.2	+77.6 (+5.3%)	1,051.7	+57.4 (+5.8%)	500.5	+20.1 (+4.2%)
excl. CALI	1,268.8	1,330.6	+61.8 (+4.9%)	898.8	+46.4 (+5.4%)	431.7	+15.3 (+3.7%)
Loss Ratio	71.7%	65.2%	-6.5pt	64.2%	-6.2pt	67.3%	-7.0pt
excl. CALI	68.4%	61.9%	-6.5pt	60.7%	-6.2pt	64.4%	-7.1pt
Expense Ratio	33.4%	32.2%	-1.2pt	31.4%	-1.3pt	33.9%	-0.7pt
excl. CALI	35.2%	34.2%	-1.0pt	33.3%	-1.2pt	36.3%	-0.5pt
Combined Ratio	105.1%	97.4%	-7.6pt	95.7%	-7.5pt	101.2%	-7.7pt
excl. financial guarantee losses and CALI	103.6%	96.1%	-7.5pt	93.9%	-7.4pt	100.6%	-7.7pt
Underwriting profit	-1.6	-6.9	-5.3	1.1	+6.6	-8.1	-12.0
Investment profit	74.1	106.3	+32.2	60.9	+30.0	45.4	+2.1
Ordinary profit	62.7	87.2	+24.4	50.8	+33.2	36.4	-8.7
Net income	28.3	40.4	+12.1	24.1	+18.4	16.2	-6.3
<b>【reference】 Adjusted profit</b>							
Net income	28.3	40.4	+12.1	24.1	+18.4	16.2	-6.3
+Provisions for catastrophic loss reserve (after tax)	-29.9	11.5	+41.5	14.2	+24.9	-2.6	+16.6
+Provisions for reserve for price fluctuation (after tax)	2.1	3.9	+1.8	2.6	+1.8	1.2	-0.0
-Gains/losses on sales of securities and impairment losses on securities (after tax)	20.2	38.1	+17.8	19.5	+13.4	18.5	+4.4
-Special factors (after tax)*1	-12.0	-19.6	-7.5	-10.3	-2.3	-9.2	-5.1
Adjusted profit	-7.7	37.5	+45.2	31.8	+34.1	5.6	+11.0

\*1 Special factors are one-time merger costs, etc.

# Domestic P&C insurance (2)

## - Net premiums written

- ◆ Top line has continued to grow.
- ◆ The main reasons are the top line growth in fire insurance due to the reinsurance business expansion and the top-line growth in automobile insurance due to premium rate revision.

(Billions of yen)

	Sum of two companies		Sompo Japan		Nipponkoa	
	Amount	Change	Amount	Change	Amount	Change
Fire & Allied lines	199.7	+18.8 (+10.4%)	129.5	+11.4 (+9.7%)	70.1	+7.3 (+11.8%)
Marine	34.3	+5.2 (+17.9%)	22.6	+3.4 (+17.9%)	11.6	+1.7 (+17.9%)
Personal Accident	142.0	+1.6 (+1.2%)	102.2	+1.5 (+1.5%)	39.7	+0.1 (+0.4%)
Voluntary Automobile	757.7	+21.8 (+3.0%)	513.4	+19.9 (+4.0%)	244.2	+1.9 (+0.8%)
CALI	221.6	+15.8 (+7.7%)	152.8	+10.9 (+7.7%)	68.7	+4.8 (+7.5%)
Other	196.8	+14.1 (+7.8%)	130.9	+10.0 (+8.3%)	65.9	+4.1 (+6.6%)
of which, liability	119.1	+7.9 (+7.1%)	84.3	+6.4 (+8.3%)	34.7	+1.4 (+4.3%)
<b>Total</b>	<b>1,552.2</b>	<b>+77.6 (+5.3%)</b>	<b>1,051.7</b>	<b>+57.4 (+5.8%)</b>	<b>500.5</b>	<b>+20.1 (+4.2%)</b>
Total (excl. CALI)	1,330.6	+61.8 (+4.9%)	898.8	+46.4 (+5.4%)	431.7	+15.3 (+3.7%)

# Domestic P&C insurance (3)

## - Loss Ratio (Written paid basis)

- ◆ The loss ratio for fire & allied lines dropped due to the decrease in domestic natural disasters.
- ◆ The loss ratio for voluntary automobile dropped due to the positive impact of premium rate revision, etc.

(Billions of yen)

	Sum of two companies				Sompo Japan		Nipponkoa	
	Net claims paid		Loss Ratio		Loss Ratio		Loss Ratio	
		Change		Change		Change		Change
Fire & Allied lines	121.2	-31.0	63.1%	-24.1pt	56.7%	-20.0pt	74.9%	-32.1pt
excl. the Great East Japan Earthquake and Thai floods	113.6	-26.0	56.9%	-20.3pt	52.0%	-18.0pt	65.9%	-24.9pt
Marine	21.9	+6.4	66.6%	+10.2pt	73.4%	+9.9pt	53.3%	+10.9pt
Personal Accident	76.2	+1.8	58.7%	+0.8pt	59.7%	+0.8pt	56.2%	+0.7pt
Voluntary Automobile	430.4	-23.2	65.0%	-4.9pt	64.6%	-5.4pt	65.7%	-3.9pt
CALI	172.9	-1.4	85.2%	-6.6pt	85.1%	-6.5pt	85.5%	-6.9pt
Other	91.0	+0.2	50.3%	-3.7pt	47.9%	-4.2pt	54.9%	-2.7pt
of which, Liability	53.4	-0.8	48.9%	-4.2pt	48.5%	-5.0pt	50.0%	-2.3pt
<b>Total</b>	<b>913.9</b>	<b>-47.2</b>	<b>65.2%</b>	<b>-6.5pt</b>	<b>64.2%</b>	<b>-6.2pt</b>	<b>67.3%</b>	<b>-7.0pt</b>
<b>Total (excl. CALI, the Great East Japan Earthquake, and Thai floods)</b>	<b>740.9</b>	<b>-39.6</b>	<b>60.9%</b>	<b>-6.1pt</b>	<b>60.0%</b>	<b>-6.1pt</b>	<b>62.8%</b>	<b>-6.1pt</b>

# Domestic P&C insurance (4)

## - Net Expense Ratio

◆ Net expense ratio dropped due to the reduction of company expenses and growth of net written premiums.

(Billions of yen)

### Net expense ratio

	Sum of two companies				Sompo Japan				Nipponkoa			
	Amount		Net expense ratio		Amount		Net expense ratio		Amount		Net expense ratio	
		Change		Change		Change		Change		Change		Change
Net commissions and brokerage fee	270.1	+15.6	17.4%	+0.1pt	180.7	+10.3	17.2%	+0.1pt	89.3	+5.2	17.9%	+0.4pt
Operating, general and administrative expenses*	230.2	-7.6	14.8%	-1.3pt	149.9	-5.6	14.3%	-1.4pt	80.2	-2.0	16.0%	-1.1pt
<b>Total</b>	<b>500.3</b>	<b>+8.0</b>	<b>32.2%</b>	<b>-1.2pt</b>	<b>330.7</b>	<b>+4.7</b>	<b>31.4%</b>	<b>-1.3pt</b>	<b>169.5</b>	<b>+3.2</b>	<b>33.9%</b>	<b>-0.7pt</b>

\* Only for underwriting

### Company expenses

(Billions of yen)

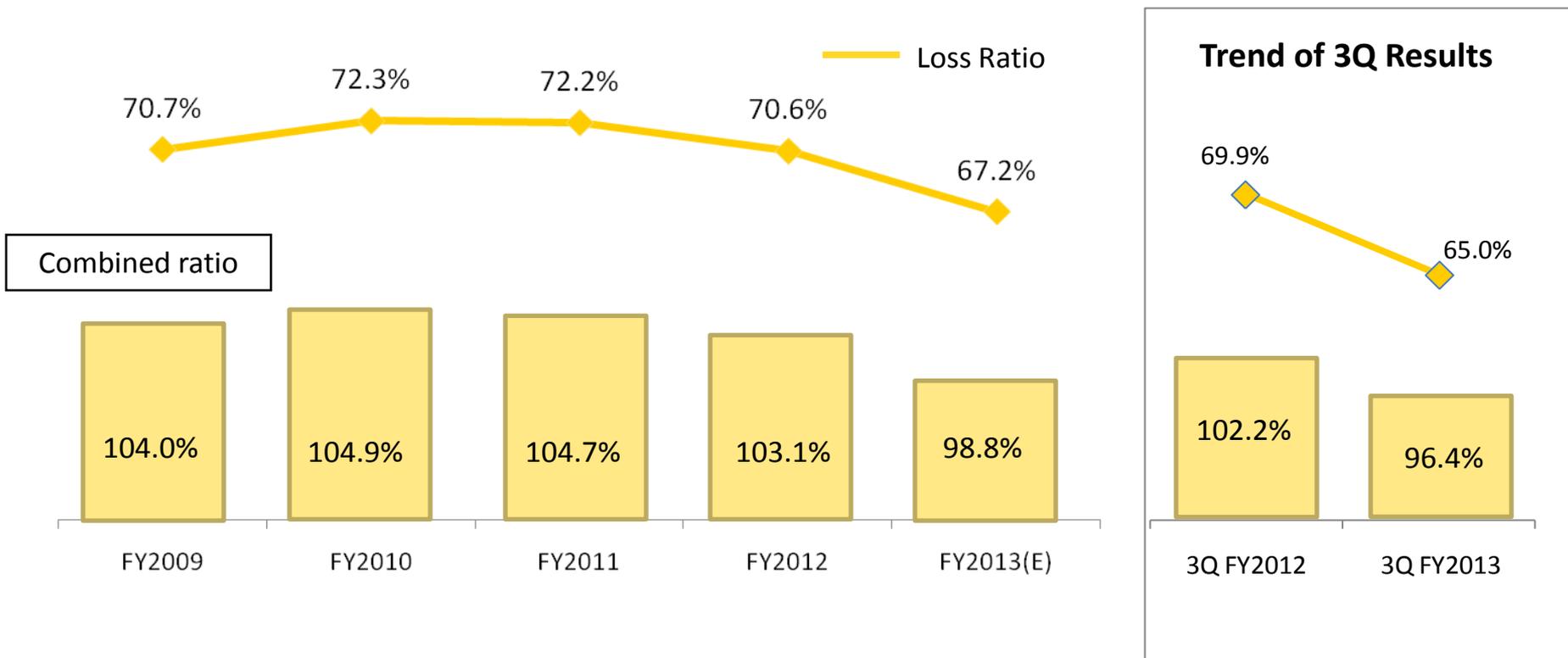
	Sum of two companies				Sompo Japan				Nipponkoa			
	Amount		% of net premium		Amount		% of net premium		Amount		% of net premium	
		Change		Change		Change		Change		Change		Change
Personnel expenses	187.4	-7.0	12.1%	-1.1pt	124.1	-4.3	11.8%	-1.1pt	63.3	-2.6	12.7%	-1.1pt
Non-Personnel expenses	134.9	-0.4	8.7%	-0.5pt	90.3	-0.4	8.6%	-0.5pt	44.6	-0	8.9%	-0.4pt
Tax and contributions	15.2	+0.5	1.0%	-0.0pt	10.1	+0.4	1.0%	-0.0pt	5.0	+0.1	1.0%	-0.0pt
<b>Total</b>	<b>337.6</b>	<b>-6.9</b>	<b>21.8%</b>	<b>-1.6pt</b>	<b>224.5</b>	<b>-4.3</b>	<b>21.4%</b>	<b>-1.7pt</b>	<b>113.0</b>	<b>-2.6</b>	<b>22.6%</b>	<b>-1.5pt</b>

# Domestic P&C insurance (5)

## - Profitability of Voluntary Automobile Insurance

◆ Loss ratio is on a downward trend.

- Positive impact of product and rate revisions has appeared.
- Decreasing trend of the number of reported claims is on going. (See next page)
- On the other hand, increasing trend of unit repair costs continues.



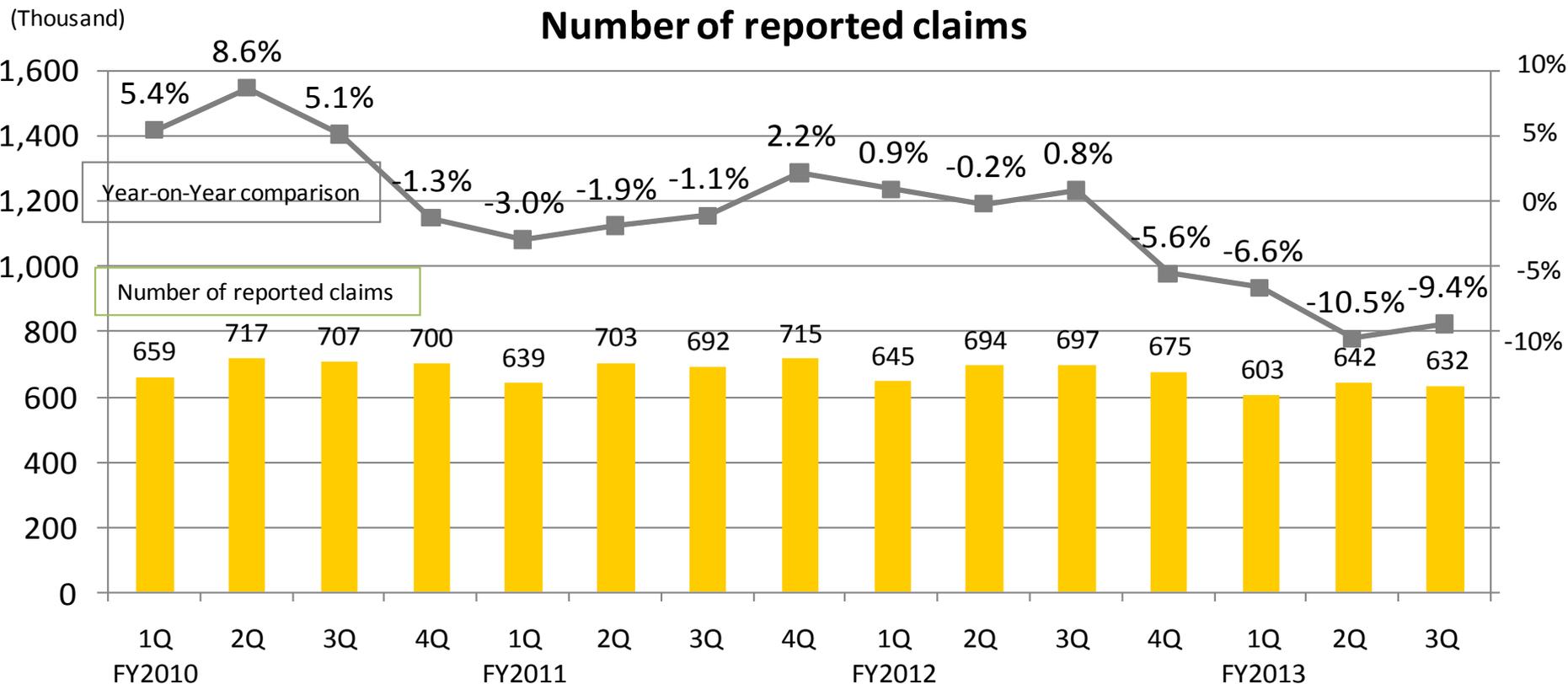
\* Sum of Sampo Japan and Nipponkoa

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

# Domestic P&C insurance (6)

## - Number of reported claims of Voluntary Automobile Insurance

◆ 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 fiscal 2011, and the severe storm in April 2012) are excluded.

# Domestic P&C insurance (7)

## - Business Forecasts

Unchanged from the  
figures announced on  
November 19, 2013.

**NKSJ**  
HOLDINGS

(Billions of yen)	FY2012 Actual	FY2013 Forecast	Change
Net premiums written	1,966.2	2,048.1	+81.9 (+4.2%)
(Excl. CALI)	1,691.7	1,751.0	+59.3 (+3.5%)
Loss Ratio	72.0%	67.2%	-4.7pt
(Excl. financial guarantee and CALI)	68.8%	64.4%	-4.5pt
(Excl. financial guarantee, CALI, Special factors)	67.2%	63.1%	-4.1pt
El Loss Ratio (Excl. CALI and household earthquake insurance)	67.8%	64.1%	-3.7pt
(Excl. financial guarantee, Special factors)	68.2%	64.3%	-3.9pt
Net Expense Ratio	33.4%	32.6%	-0.8pt
(Excl. CALI)	35.2%	34.6%	-0.6pt
Combined Ratio	105.4%	99.8%	-5.6pt
(Excl. financial guarantee and CALI)	104.1%	99.0%	-5.1pt
(Excl. financial guarantee, CALI, Special factors)	102.5%	97.7%	-4.8pt
Underwriting profit	-16.9	6.5	+ 23.5 (—)
Investment profit	159.9	164.0	+ 4.0 (+2.6%)
Ordinary profit	129.6	149.4	+19.8 (+15.3%)
Net income	62.4	80.6	+18.1 (+29.1%)

\*Sum of Sompo Japan and Nipponkoa

\*Special factors: The Great East Japan Earthquake and Flooding in Thailand

# Domestic P&C insurance (8)

## - Assumption of Business Forecasts

Unchanged from the  
figures announced on  
November 19, 2013.

**NKSJ**  
HOLDINGS

<b>Losses from domestic natural disasters</b> (occurring in the fiscal year)	¥46.5billion
<b>Flooding in Thailand</b>	Net claims paid : ¥18.5billion *excluding the amount to be paid by overseas subsidiaries (Assuming that remaining amount ¥4.9 billion is paid in FY2014)
<b>Catastrophic loss reserve</b>	Net provision : ¥9.4 billion
<b>Provision rate of Catastrophic loss reserve</b>	Provision rate of fire group : Sompo Japan : 10.0%, Nipponkoa : 8.9% Provision rate of automobile group : Sompo Japan : 5.5% Nipponkoa : 6.2%
<b>Market indicators</b>	(Stock) Nikkei 225 : ¥14,455 (Interest yield) 10y JGB : 0.69% (Foreign exchange) 1US\$ : ¥97.75, 1Euro : ¥131.87
<b>Interest and dividend income</b>	Gross : ¥107.8 billion Net : ¥61.5 billion
<b>Realized gains on securities</b>	Realized gain on securities : ¥119.7 billion Impairment losses on securities : ¥14.0 billion
<b>Reserve for price fluctuation</b>	Net provision : ¥8.0billion

\*Sum of Sompo Japan and Nipponkoa

# Domestic P&C insurance (9)

## - Domestic Natural Disasters

◆ Net claims paid decreased greatly from the previous year because there were no major natural disasters.

(Billions of yen)

Net claims paid	Sum of two companies			Sompo Japan		Nipponkoa	
	Apr-Dec 2012	Apr-Dec 2013	Change	Apr-Dec 2013	Change	Apr-Dec 2013	Change
Fire & Allied lines	41.0	21.4	-19.5	11.6	-12.5	9.7	-7.0
Marine	0	0	-0	-	-0	0	-0
Personal Accident	0	0	-0	0	-0	0	-0
Voluntary Automobile	8.1	3.8	-4.3	2.5	-3.2	1.3	-1.0
Other	1.6	11	-0.5	4	-0.1	7	-0.4
<b>Total</b>	<b>50.9</b>	<b>26.4</b>	<b>-24.5</b>	<b>14.6</b>	<b>-15.9</b>	<b>11.7</b>	<b>-8.5</b>

Of which ¥18.9 billion of the severe storm in April 2012.

\* Net claims paid for full fiscal year 2012 arising from the severe storm above is ¥19.3 billion.

Assumption of full year forecasts  
¥46.5 billion  
(Sum of two companies)

\* Above figures are net claims paid caused from domestic natural disasters incurred in the fiscal year. Net claims paid incurred in the previous year are not included.

\* Since outstanding loss reserve is worked out by compendium method in the quarterly results, incurred losses related to natural disasters were not aggregated.

(Reference) Net claims paid - major natural disasters in fiscal 2013 (Billions of yen)

	Sum of two companies	Sompo Japan	Nipponkoa
Typhoon No. 18 (Sep.2013)	7.6	4.4	3.2
Typhoon No. 26 (Oct. 2013)	8.3	4.5	3.7

◆ Posted ¥15.7 billion profit (Group total) due to reversal of catastrophic loss reserve etc.

(Billions of yen)

	Cumulative Total by FY2012	April – December 2013				Cumulative Total (End of December 2013)
	Group Total	Group Total	Sompo Japan	Nipponkoa	Overseas subsidiaries	Group Total
Paid claims	51.2	18.7	4.0	6.8	7.9	70.0
Provision of outstanding loss reserve	36.0	-26.2	-3.9	-11.1	-11.1	9.8
<b>Net loss occurred*</b>	<b>87.3</b>	<b>-7.4</b>	<b>0</b>	<b>-4.3</b>	<b>-3.2</b>	<b>79.8</b>
Provision of catastrophic loss reserve	-42.8	-8.3	-1.4	-6.8	-	-51.1
<b>Impact on ordinary profit*</b>	<b>-44.4</b>	<b>15.7</b>	<b>1.3</b>	<b>11.1</b>	<b>3.2</b>	<b>-28.6</b>

\* Impairment losses on stocks of a non-consolidated subsidiary of ¥7 billion in fiscal year 2011 is not included.

Sum of two domestic P&C insurance companies were ¥12.5 billion.

# Domestic P&C insurance (10)

## - Investment Profit

- ◆ Net interest and dividend income remained steady.
- ◆ Investment profit increased significantly mainly due to the increase in the realized gain and the decrease in the valuation losses resulting from the stock market recovery.

(Billions of yen)

		Sum of two companies			Sompo Japan		Nipponkoa	
		Apr-Dec 2012	Apr-Dec 2013	Change	Apr-Dec 2013	Change	Apr-Dec 2013	Change
Interest and dividend income		87.5	88.2	+0.7	56.2	+0.3	31.9	+0.4
Net interest and dividend income	1	48.7	51.6	+2.9	32.1	+1.8	19.5	+1.0
Realized gain on securities	2	60.5	67.9	+7.3	40.0	+2.7	27.9	+4.6
Of which, realized gain on domestic stock sales		42.2	54.1	+11.9	33.2	+4.8	20.8	+7.0
Impairment losses on securities	3	-30.2	-10.8	+19.3	-10.7	+17.3	-0.1	+1.9
of which, impairment losses on domestic stocks		-29.9	-10.1	+19.7	-10.0	+18.0	-0.0	+1.7
Gain on derivative products	4	-3.8	-12.8	-9.0	-8.9	-1.9	-3.8	-7.1
Other investment income	5	-1.0	10.4	+11.5	8.5	+9.9	1.9	+1.6
Investment profit	1+2+3+4+5	74.1	106.3	+32.2	60.9	+30.0	45.4	+2.1

Assumption of full FY forecasts  
¥164.0 billion (Sum of two companies)

# Domestic Life Insurance Business (1)

## - Annualized new premium and Annualized premium in force

- ◆ Increase in business in force contributes to the trend of premium growth and increase in net income.
- ◆ Shift toward protection-type products is continuing.

(Billions of yen)	3Q FY2012	3Q FY2013	Change	FY2012	FY2013(E)
Amount of new business	2,126.4	1,945.2	-181.1 (-8.5%)	3,043.3	—
Annualized new premium	26.2	22.2	-3.9 (-15.1%)	38.5	—
Premium and other income	268.3	272.7	+4.4 (+1.6%)	370.7	382.8
(excl. lump-sum payment)	264.8	269.8	+4.9 (+1.9%)	365.3	377.7
Ordinary profit	9.0	12.4	+3.3 (+37.7%)	11.4	13.8
Net income	3.3	5.8	+2.4 (+73.1%)	4.4	6.2

(Billions of yen)	End of FY2012	End of 3Q FY2013	Change	(Billions of yen)
Amount of business in force	19,164.7	19,929.2	+764.4 (+4.0%)	Change
Annualized premium in force	300.5	306.0	+5.5 (+1.8%)	Protection-type +5.2
				Saving-type +0.2
				Total +5.5

Breakdown

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

\*The figures of this page are based on “statutory accounting for life insurance company\*1”. On the other hand, the figures about NKSJ Himawari Life in page 2 through 7 are based on “statutory accounting for non-life insurance company\*2”. The differences are as follows;

- Life insurance premiums (\*2) = Insurance premiums (\*1) - cancellation refunds etc.
- Ordinary profit (\*2) = Ordinary profit (\*1) - Provision for reserve for dividends to policyholders

# Domestic Life Insurance Business (2)

## - Accounting profit (J-GAAP)

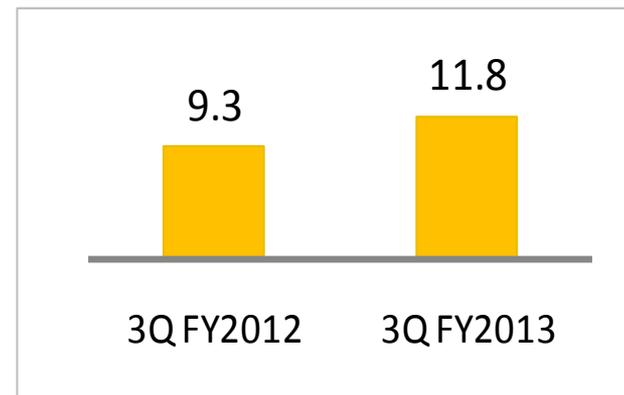
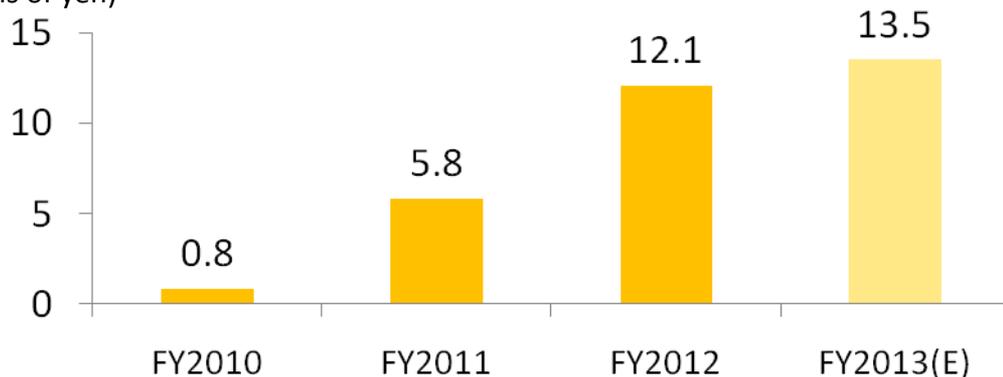
Unchanged from the figures announced on November 19, 2013.



- ◆ Basic profit is expected to continue increasing due to the accumulation of business in force.
- ◆ Net income is expected to remain in the black and increase.

### Basic Profit\*

(Billions of yen)

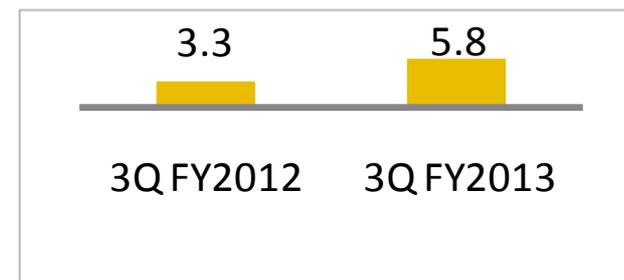
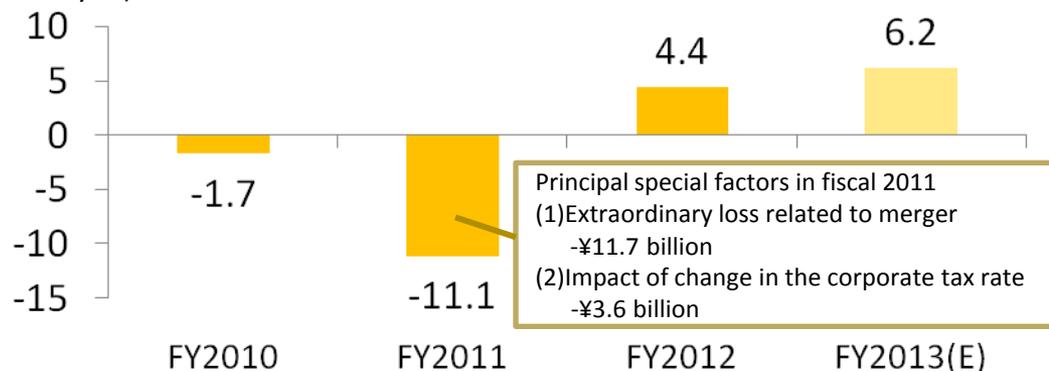


\*Basic Profit

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)



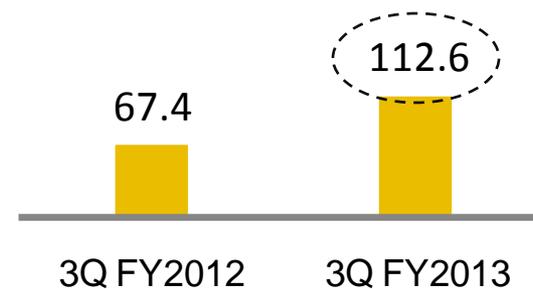
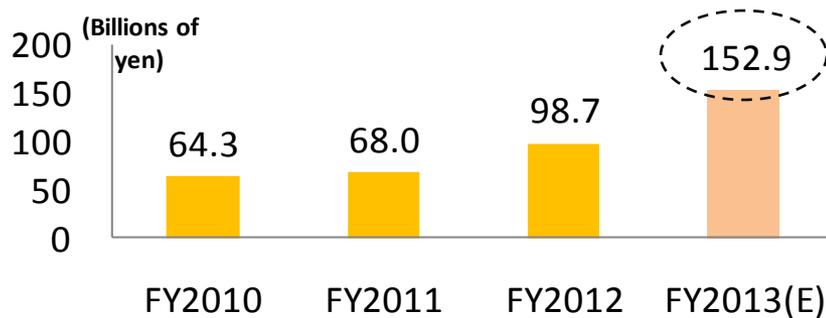
# Overseas insurance (1)

## - Trend of overseas insurance business

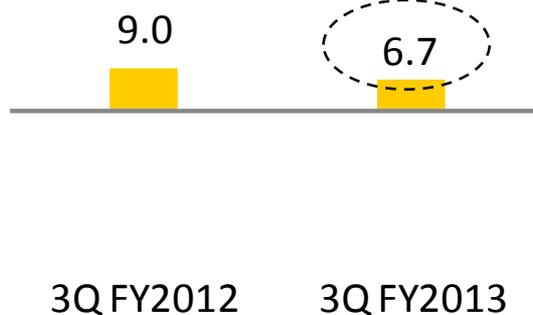
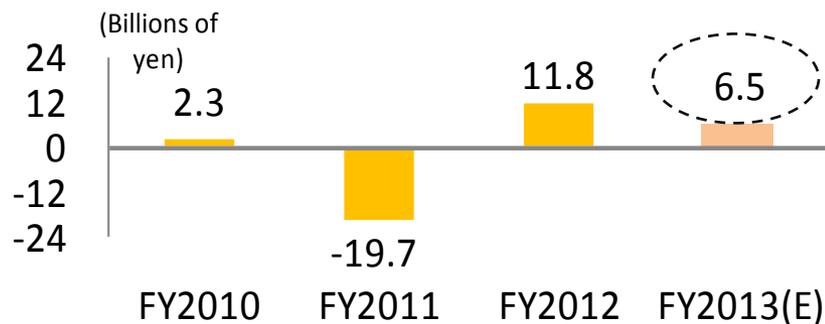
Unchanged from the figures announced on November 19, 2013.

◆ Progressed against the projection steadily in both top-line and bottom-line.

**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.

\*Net income reflects holding shares of each subsidiary and affiliate, and figures are before consolidation adjustments excluding Tenet Sompo (former SJ Singapore), SJNK Europe (former SJ Europe) and SJ Asia Holdings for FY2012

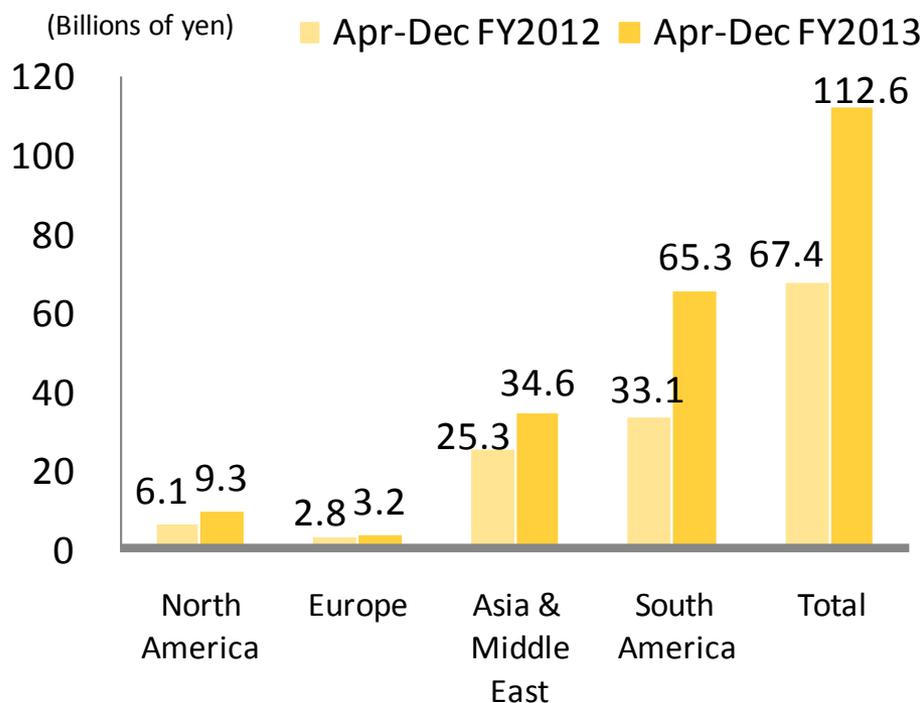
\* SJ Singapore merged with Tenet in January 2013 and became Tenet Sompo.

# Overseas insurance (2)

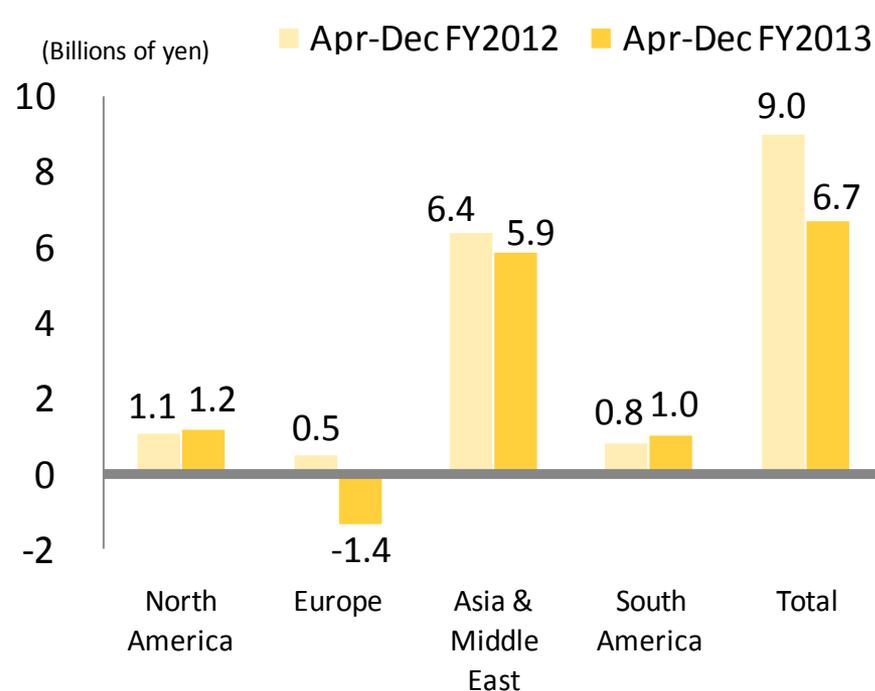
## - Overview of business results by area

◆ Net premiums written Increased mainly in Brazil and Turkey.

### 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.

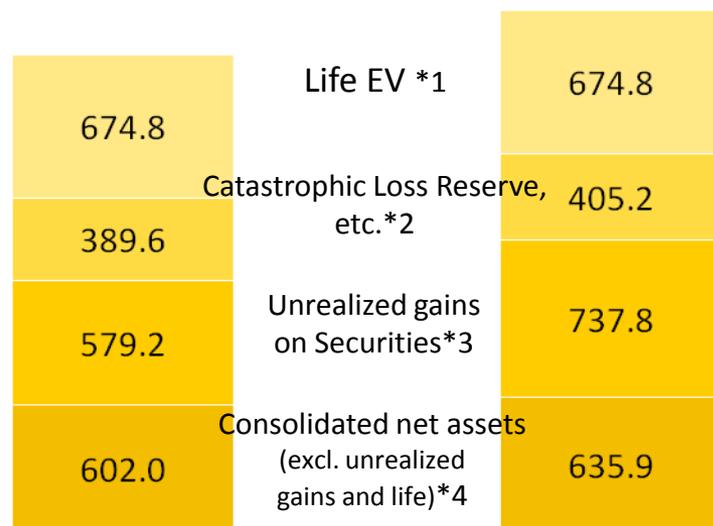
\*Net income reflects holding shares of each subsidiary and affiliate, and figures are before consolidation adjustments excluding Tenet Sampo (former SJ Singapore) and SJNK Europe (former SJ Europe) for FY2012 .

- ◆ Adjusted consolidated net assets increased mainly due to the increase in unrealized gains on securities.
- ◆ Adjusted consolidated net asset per share is ¥5,961.

## Adjusted consolidated net assets (Billions of yen)

Total 2,245.8  
(¥5,415 per share)

Total 2,453.8  
(¥5,961 per share)



\*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. As EV is calculated annually, the figure as of the end of December 2013 is the same as of the end of March 2013.

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

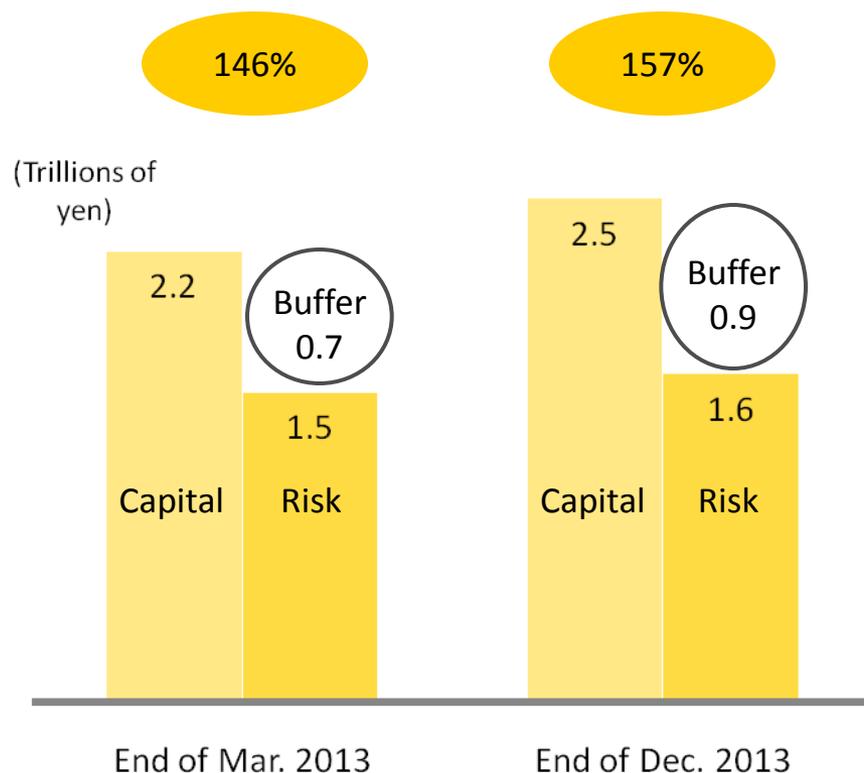
\*3 Unrealized gains/losses on securities is after tax.

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

End of Mar. 2013

End of Dec. 2013

- ◆ Buffer have been increasing mainly due to rising prices of stocks.
- ◆ The impact on buffer, resulting from the acquisition of Canopus to be completed by the end of April, could be adequately absorbed.



## Financial market fluctuation sensitivity (End of December 2013)

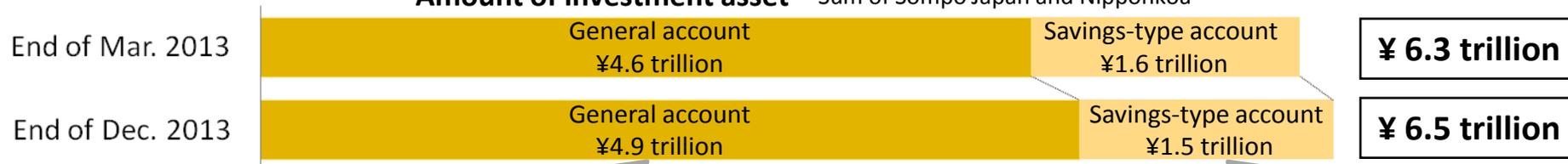
	Capital (Billions of yen)	Solvency ratio
Change in stock price by 30% increase	+338.8	+7.0pt
Change in stock price by 30% decrease	-338.8	-10.8pt
10% depreciation in yen exchange rate	+67.7	+2.7pt
10% appreciation in yen exchange rate	-67.7	-3.1pt
50bps increase in interest rates	+34.2	+1.6pt
50bps decrease in interest rates	-50.2	-5.3pt

### Definition, etc.

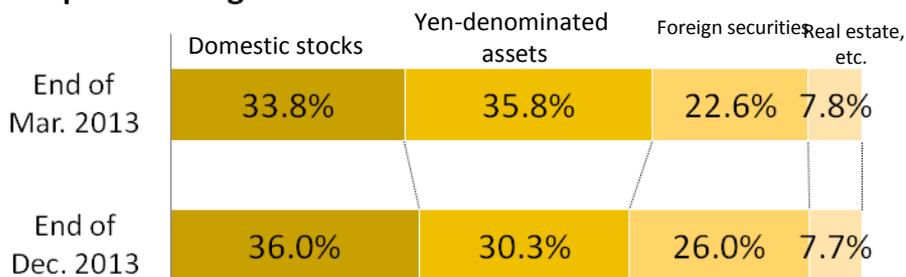
- Risk: 1 year holding period, 99.95% VaR (AA equivalent confidence level)
- Capital: Sum of net assets on the balance sheet, subordinated debt, catastrophic loss reserve, reserve for price fluctuations, etc.
- After-tax basis (calculated according to European Solvency II)
- Solvency ratio: Ratio of capital / risk

- ◆ 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) increased 2.2pt to 36% due to rising prices of stocks.

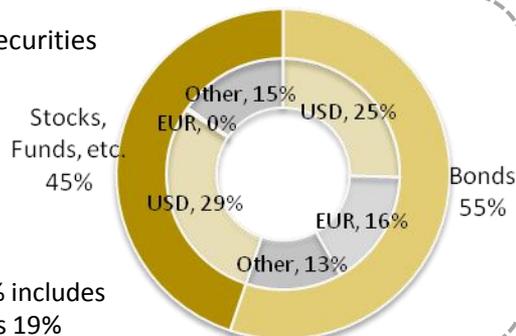
**Amount of investment asset** \* Sum of Sompo Japan and Nipponkoa



## Proportion of general account

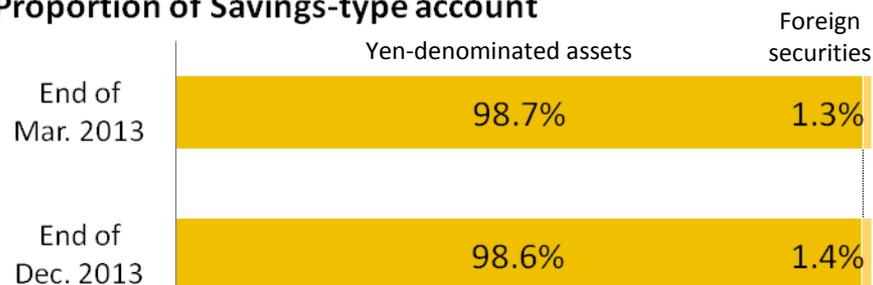


### Breakdown of foreign securities (foreign currencies) (End of Dec. 2013)



\* Stocks/Funds, etc. 45% includes stocks of subsidiaries 19%

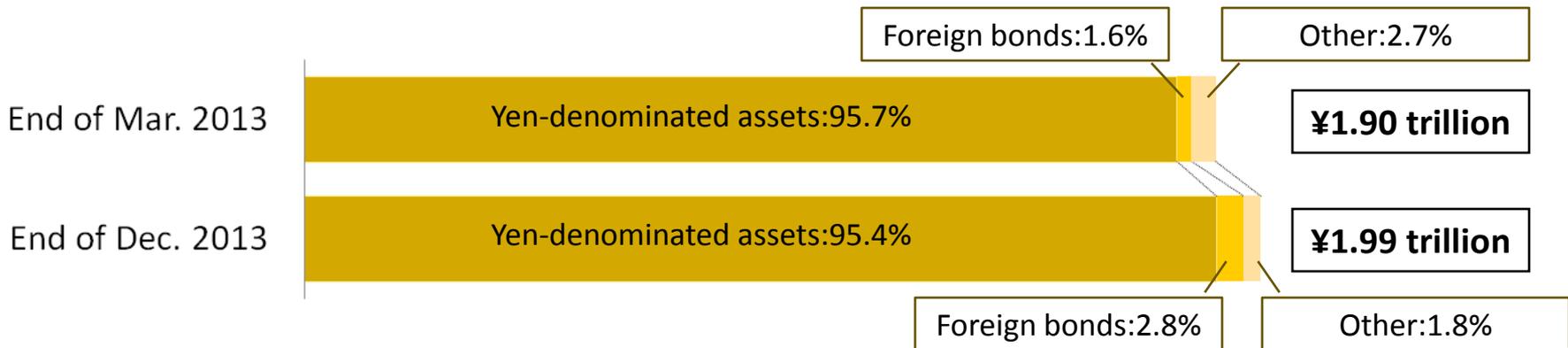
## Proportion of Savings-type account



Savings-type Duration	End of Mar.2013	End of Dec.2013
Asset	Approx 5y	Approx 5y
Liability	Approx 6y	Approx 6y

- ◆ Maintained a conservative asset portfolio, based on the high profitability of life insurance products
- ◆ Continuing to extend asset duration gradually, aiming to reduce the duration gap between assets and liabilities. Meanwhile, liability duration reduced due to slight rise of interest.

## Amount of investment assets \* NKSJ Himawari Life



### Asset/Liability Duration

	End of Mar. 2013	End of Dec. 2013
Asset	Approx 12 years	Approx 12 years
Liability	Approx 16 years	Approx 15 years

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

- ◆ Net reduction from April to December was ¥153.6 billion including stock future short position, which is completion of 80% against FY 2013 plan.
- ◆ We are continuing to reduce after December as well, and will likely achieve both of net reduction and realized gain targets.

## Net reduction \*1

(Billions of yen)

April – December 2013 Actual

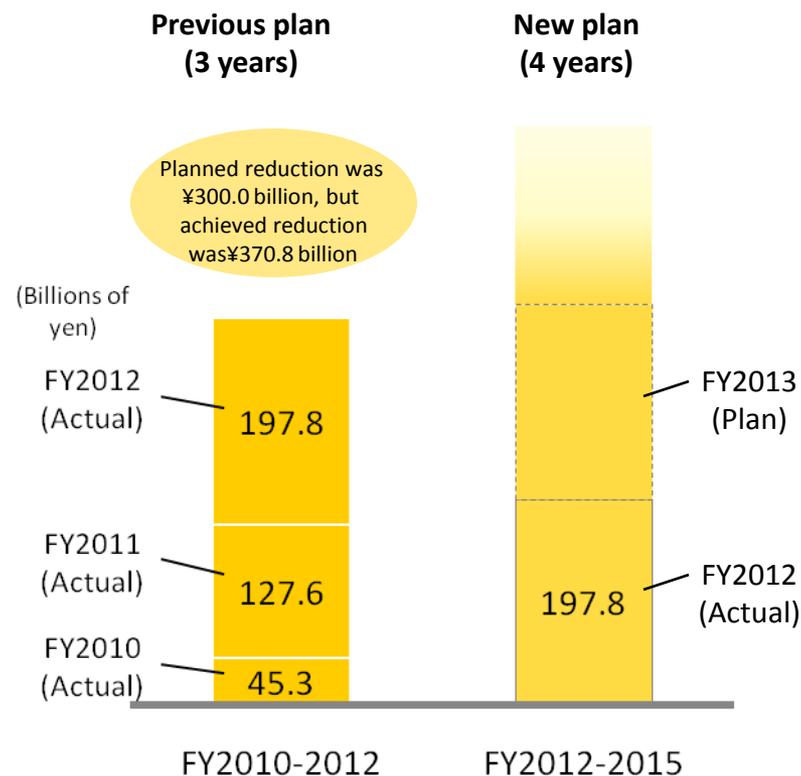
	Actual	Stock future *2	Total
Sompo Japan	58.1	35.1	93.3
Nipponkoa	34.1	26.1	60.3
Sum of two companies	92.2	61.3	153.6

\*1 Net reduction = Market value of sales – Market value of purchase

\*2 Short position of Nikkei 225 Futures.

Average price of the positions exceeded the level of Nikkei225 as of the end of the previous fiscal year.

## Strategic holding stocks reducing plan

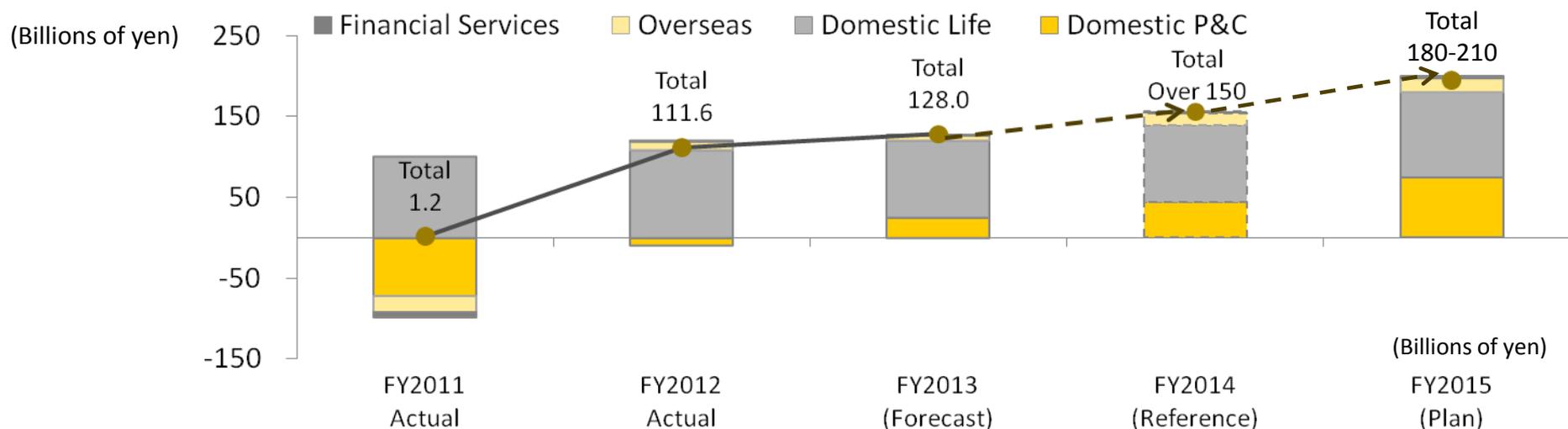


# Adjusted Consolidated Profit

Unchanged from the figures announced on November 19, 2013.

**NKSJ**  
HOLDINGS

- ◆ The improvement in business performance is progressing with the pace exceeding management plan.
- ◆ Steady growth on an adjusted profit basis even in FY2014, when large one-time merger costs are expected.



	FY2011 Actual	FY2012 Actual	FY2013 (Forecast)	FY2014 (Reference)	FY2015 (Plan)
Domestic P&C	-71.3	-8.9	25.3	-	70-80
Domestic Life	100.0	107.8	95.0	-	100-110
Overseas	-19.7	11.8	6.5	-	14-20
Financial Services	-7.6	0.7	1.1	-	2-3
<b>Total (Adjusted consolidated profit)</b>	<b>1.2</b>	<b>111.6</b>	<b>128.0</b>	<b>-</b>	<b>180 -210</b>
<b>Adjusted ROE</b>	<b>0.1%</b>	<b>5.4%</b>	<b>5.4%</b>	<b>-</b>	<b>Over 7%</b>

\* One-time costs arising from the merger are excluded as special factors to compute adjusted profit. The amount are ¥26.4 billion (merger cost of ¥24.8 billion and other cost of ¥1.5 billion) in FY2012, ¥16.4 billion in FY2013, approx ¥75 billion in FY 2014 and approx ¥5 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 29. **28**

Definition of Business		Calculation Method for Adjusted Profit
<b>Domestic P&amp;C Insurance</b>	Total of Sompo Japan, Nipponkoa (Sompo 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
<b>Domestic Life Insurance</b>	NKSJ Himawari Life	Growth in Embedded Value (EV) - Capital transactions such as equity issuance - Changes in EV attributable to fluctuation of interest rates, etc.
<b>Overseas Insurance</b>	Overseas insurance subsidiaries	Net income for the period as reported in financial statements
<b>Financial and Other Services</b>	Sompo Japan DIY, Financial services, Healthcare business, etc.	Net income for the period as reported in financial statements

\* 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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