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# Highlights of 1Q FY2012 Results

August 13, 2012

**NKSJ Holdings, Inc.**

# Overview of 1Q FY2012 Results – NKSJ Consolidated

- ◆ Domestic P&C insurance and domestic life insurance both posted top-line growth. However an ordinary loss and a net loss were posted.
- ◆ No change in full FY2012 forecasts.

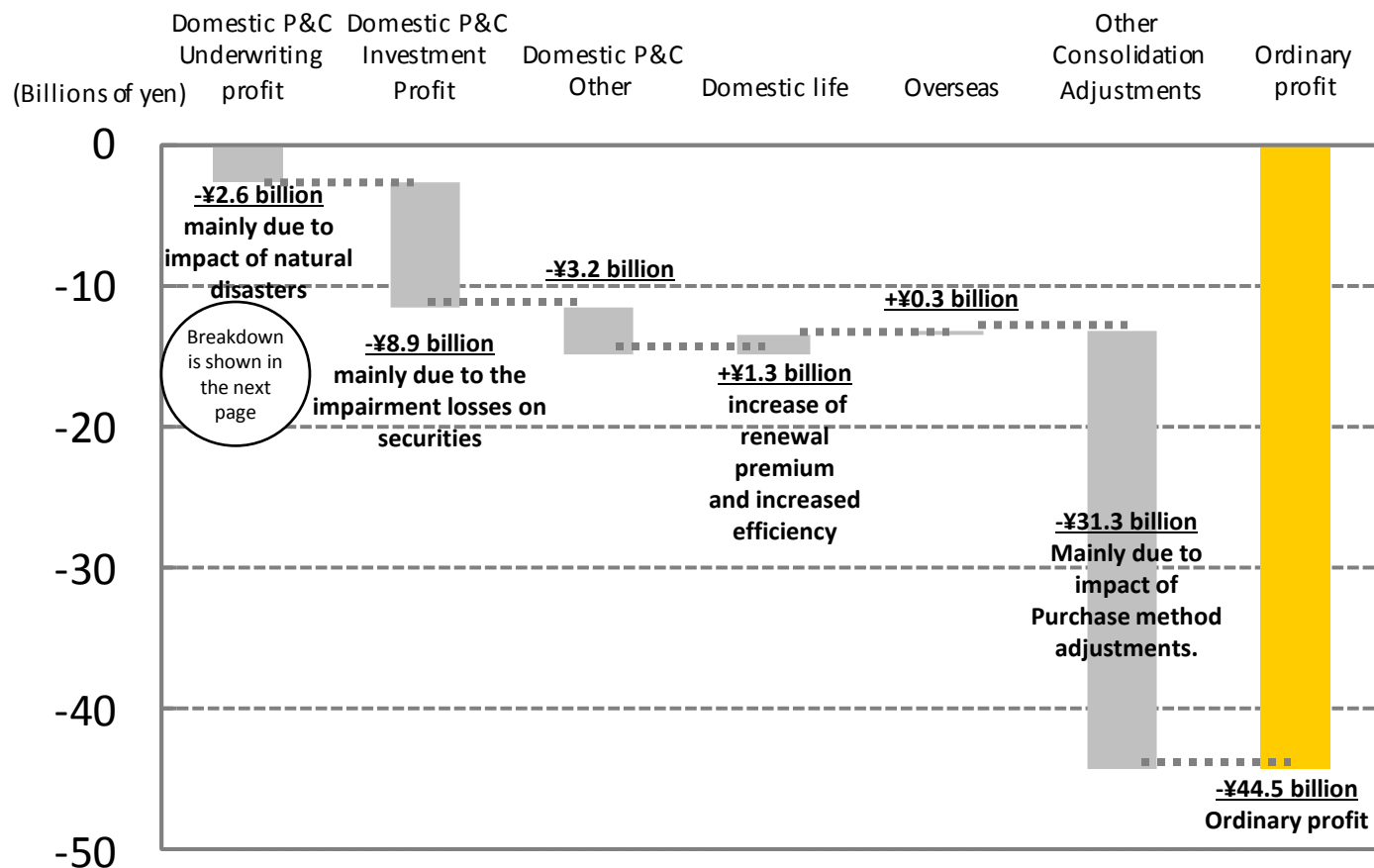
|  | 1QFY2011 | 1QFY2012 | (Billions of yen)<br>Change | (Billions of yen)<br>FY2012 Forecasts |
|--|----------|----------|-----------------------------|---------------------------------------|
| P&C net premium written                        | 508.2    | 525.9    | +17.6(+3.5%)                |                                       |
| Life insurance premium                         | 57.5     | 58.6     | +1.0(+1.9%)                 |                                       |
| Ordinary profit                                | 11.7     | -44.5    | -56.2                       | 64.0                                  |
| Domestic P&C insurance business* <sup>1</sup>  | 15.6     | -14.8    | -30.5                       |                                       |
| Domestic life insurance business* <sup>2</sup> | -1.0     | 1.3      | +2.4                        |                                       |
| Overseas insurance business                    | 1.7      | 0.3      | -1.3                        |                                       |
| Consolidated adjustments* <sup>3</sup> /Others | -4.6     | -31.3    | -26.7                       |                                       |
| Net Income                                     | 12.0     | -34.3    | -46.3                       | 24.0                                  |
| Domestic P&C insurance business* <sup>1</sup>  | 10.1     | -12.0    | -22.2                       |                                       |
| Domestic life insurance business* <sup>2</sup> | -1.3     | 0.7      | +2.0                        |                                       |
| Overseas insurance business                    | 1.3      | -0.2     | -1.6                        |                                       |
| Consolidated adjustments* <sup>3</sup> /Others | 1.8      | -22.7    | -24.6                       |                                       |

← unchanged

\*1 "Domestic P&C insurance business" is the sum of figures of Sompo Japan and Nipponkoa. This is applied to other pages. \*2 "Domestic life insurance business" is the sum of figures of Sompo Japan Himawari Life and Nipponkoa Life on FY2009, FY2010 and 1<sup>st</sup> half of FY2011, and it is the figures of NKSJ Himawari Life on FY2012 2<sup>nd</sup> half. This is applied to other pages. \*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' 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.

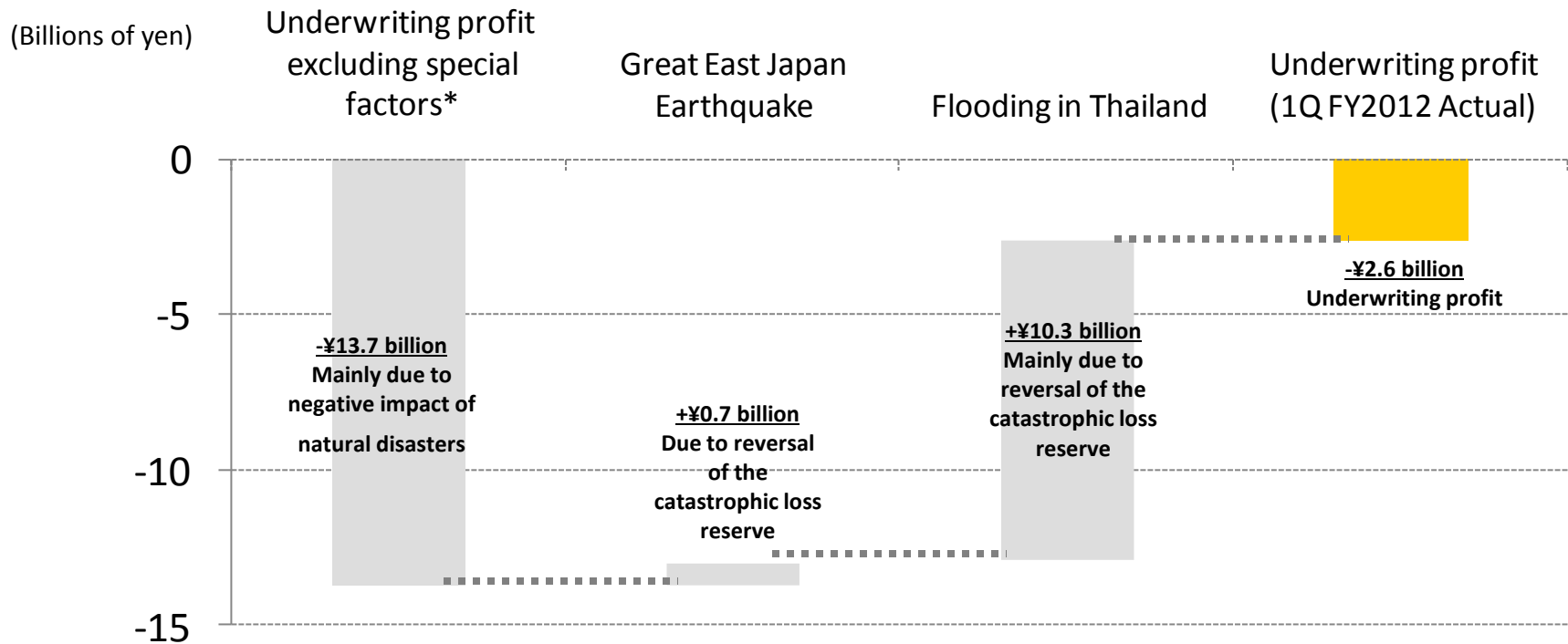
◆ Ordinary loss was mainly due to the impairment losses on securities (including purchase method adjustments) caused from stagnation of domestic stock market.

## Ordinary profit by business domains



- ◆ Underwriting profit was negative mainly due to the payment of domestic natural disasters.
- ◆ Reversal of catastrophic loss reserve of the Great East Japan Earthquake and the flooding in Thailand made a positive contribution.

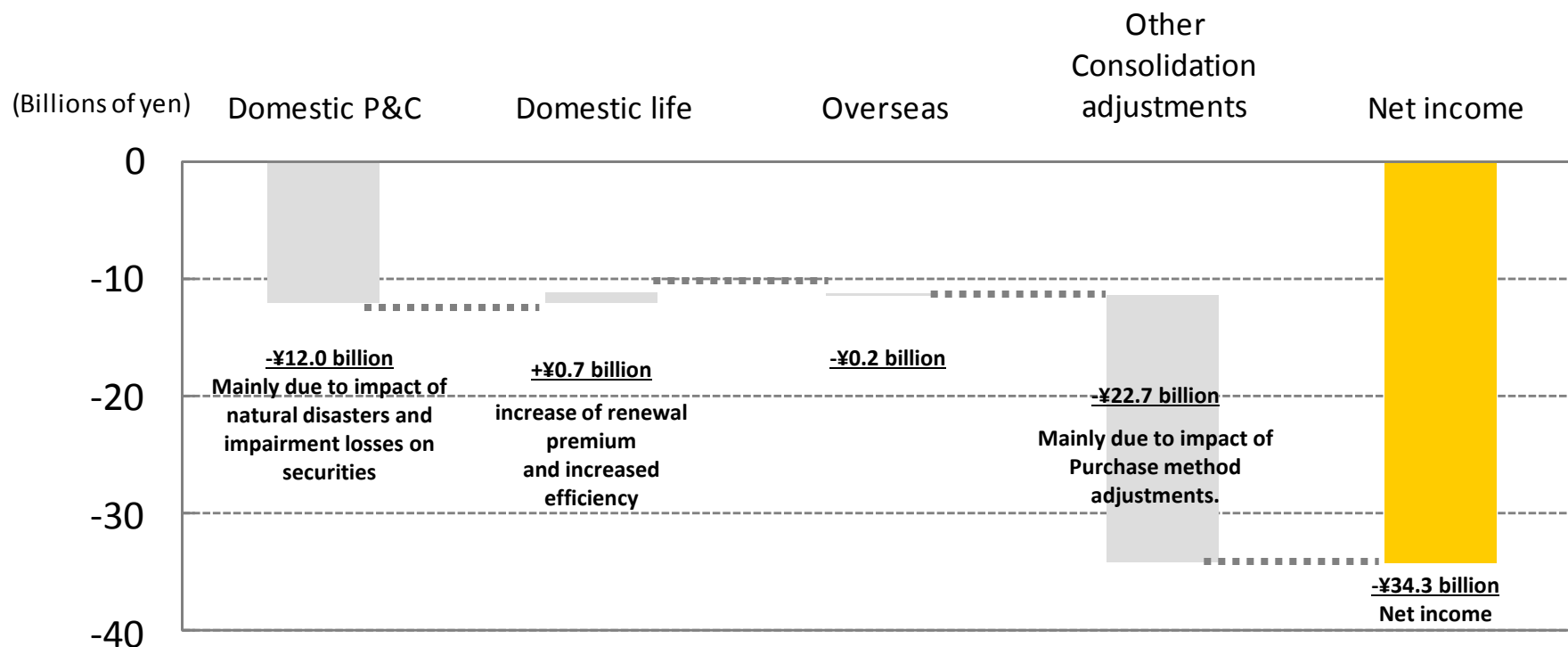
## Underwriting profit – Domestic P&C insurance



Special factors: Great East Japan Earthquake and Flooding in Thailand

- ◆ Large impairment losses on securities (including purchase method adjustments) made a negative impact.

## Net income by business domains



# Overview of 1Q FY2012 Results of Domestic P&C insurance

- ◆ Rose in loss ratio and combined ratio due to the negative impact of natural disasters.
- ◆ Net loss was posted mainly due to the worsened investment profit caused from stagnation of domestic stock market.

| (Billions of yen)   | Sum of two companies |              |              | Sompo Japan  |              | Nipponkoa    |             |
|---|----------------------|--------------|--------------|--------------|--------------|--------------|-------------|
|   | 1Q<br>FY2011         | 1Q<br>FY2012 | Change       | 1Q<br>FY2012 | Change       | 1Q<br>FY2012 | Change      |
| Net premiums written                                      | 488.6                | 501.5        | +12.8(+2.6%) | 339.8        | +12.0(+3.7%) | 161.6        | +0.8(+0.5%) |
| excl. CALI  | 434.5                | 438.3        | +3.7(+0.9%)  | 296.2        | +5.8(+2.0%)  | 142.1        | -2.0(-1.5%) |
| Loss ratio  | 69.8%                | 71.2%        | +1.4pt       | 69.0%        | -0.8pt       | 75.9%        | +0.7pt      |
| excl. financial guarantee losses*1 and CALI               | 66.1%                | 67.1%        | +1.1pt       | 64.6%        | +0.8pt       | 72.4%        | +1.7pt      |
| Expense ratio   | 33.7%                | 33.3%        | -0.4pt       | 32.2%        | -0.9pt       | 35.4%        | +0.7pt      |
| Excl. CALI  | 34.2%                | 34.6%        | +0.4pt       | 33.4%        | -0.2pt       | 37.0%        | +1.7pt      |
| Combined ratio  | 103.5%               | 104.5%       | +1.0pt       | 101.2%       | -1.7pt       | 111.3%       | +1.4pt      |
| excl. financial guarantee losses*1 and CALI               | 100.3%               | 101.7%       | +1.5pt       | 98.0%        | +0.7pt       | 109.5%       | +3.4pt      |
| Underwriting profit                                       | -1.0                 | -2.6         | -1.6         | -5.4         | -2.2         | 2.7          | +0.6        |
| Investment profit   | 20.4                 | -8.9         | -29.3        | -22.5        | -35.7        | 13.6         | +6.3        |
| Ordinary profit   | 15.6                 | -14.8        | -30.5        | -31.0        | -37.9        | 16.1         | +7.4        |
| Net income  | 10.1                 | -12.0        | -22.2        | -22.1        | -25.5        | 10.1         | +3.3        |
| <b>【reference】 Adjusted profit</b>                        |                      |              |              |              |              |              |             |
| Net income  | 10.1                 | -12.0        | -22.2        | -22.1        | -25.5        | 10.1         | +3.3        |
| + Provision for catastrophic loss reserve (net of tax)    | 1.6                  | -12.7        | -14.3        | -3.4         | -7.4         | -9.2         | -6.8        |
| + Provision for price fluctuation reserve (net of tax)    | 0.0                  | -8.3         | -8.4         | -8.7         | -9.7         | 0.4          | +1.3        |
| - Realized gain/losses and Impairment loss on securities. | -0.1                 | -22.2        | -22.0        | -23.3        | -24.5        | 1.1          | +2.4        |
| - Extraordinary items*2 (net of tax)                      | -                    | -            | -            | -            | -            | -            | -           |
| Adjusted profit   | 12.0                 | -10.8        | -22.8        | -11.0        | -18.2        | 0.1          | -4.6        |

\*1 "excl. financial guarantee is only for Sompo Japan.

\*2 Extraordinary items are not included in the first quarter.

# Net Premiums Written – Domestic P&C insurance

- ◆ Top-line growth trend is continuing.
- ◆ Premium growth on both Voluntary Automobile and CALI because of an increase of new car sales and a positive impact from premium rate revision.
- ◆ Nipponkoa's fire & allied lines net premiums decreased due to increase of ceded premiums, however gross premiums increased.

(Billions of yen)

|                      | Sum of two companies |                      | Sompo Japan  |                      | Nipponkoa    |                     |
|----------------------|----------------------|----------------------|--------------|----------------------|--------------|---------------------|
|                      | Amount               | Change               | Amount       | Change               | Amount       | Change              |
| Fire & allied lines  | 54.4                 | -1.1 (-2.1%)         | 36.0         | +1.9 (+5.6%)         | 18.3         | -3.0 (-14.3%)       |
| Marine               | 9.2                  | -0.0 (-0.4%)         | 6.1          | -0.0 (-1.1%)         | 3.1          | +0.0 (+1.1%)        |
| Personal Accident    | 51.9                 | +0.9 (+1.8%)         | 37.2         | +0.6 (+1.9%)         | 14.6         | +0.2 (+1.6%)        |
| Voluntary Automobile | 250.1                | +4.6 (+1.9%)         | 167.6        | +3.5 (+2.2%)         | 82.5         | +1.0 (+1.3%)        |
| CALI                 | 63.2                 | +9.1 (+16.9%)        | 43.6         | +6.2 (+16.6%)        | 19.5         | +2.9 (+17.5%)       |
| Other                | 72.5                 | -0.5 (-0.8%)         | 49.2         | -0.2 (-0.5%)         | 23.3         | -0.3 (-1.5%)        |
| Of which, liability  | 48.0                 | -0.4 (-0.8%)         | 34.6         | -0.5 (-1.6%)         | 13.4         | +0.1 (+1.2%)        |
| <b>Total</b>         | <b>501.5</b>         | <b>+12.8 (+2.6%)</b> | <b>339.8</b> | <b>+12.0 (+3.7%)</b> | <b>161.6</b> | <b>+0.8 (+0.5%)</b> |
| Total excl. CALI     | 438.3                | +3.7 (+0.9%)         | 296.2        | +5.8 (+2.0%)         | 142.1        | -2.0 (-1.5%)        |

# Loss Ratio (written paid basis) – Domestic P&C insurance

- ◆ Claims paid for fire insurance and automobile insurance increased because of impact from domestic natural disasters including severe storms.

(Billions of yen)

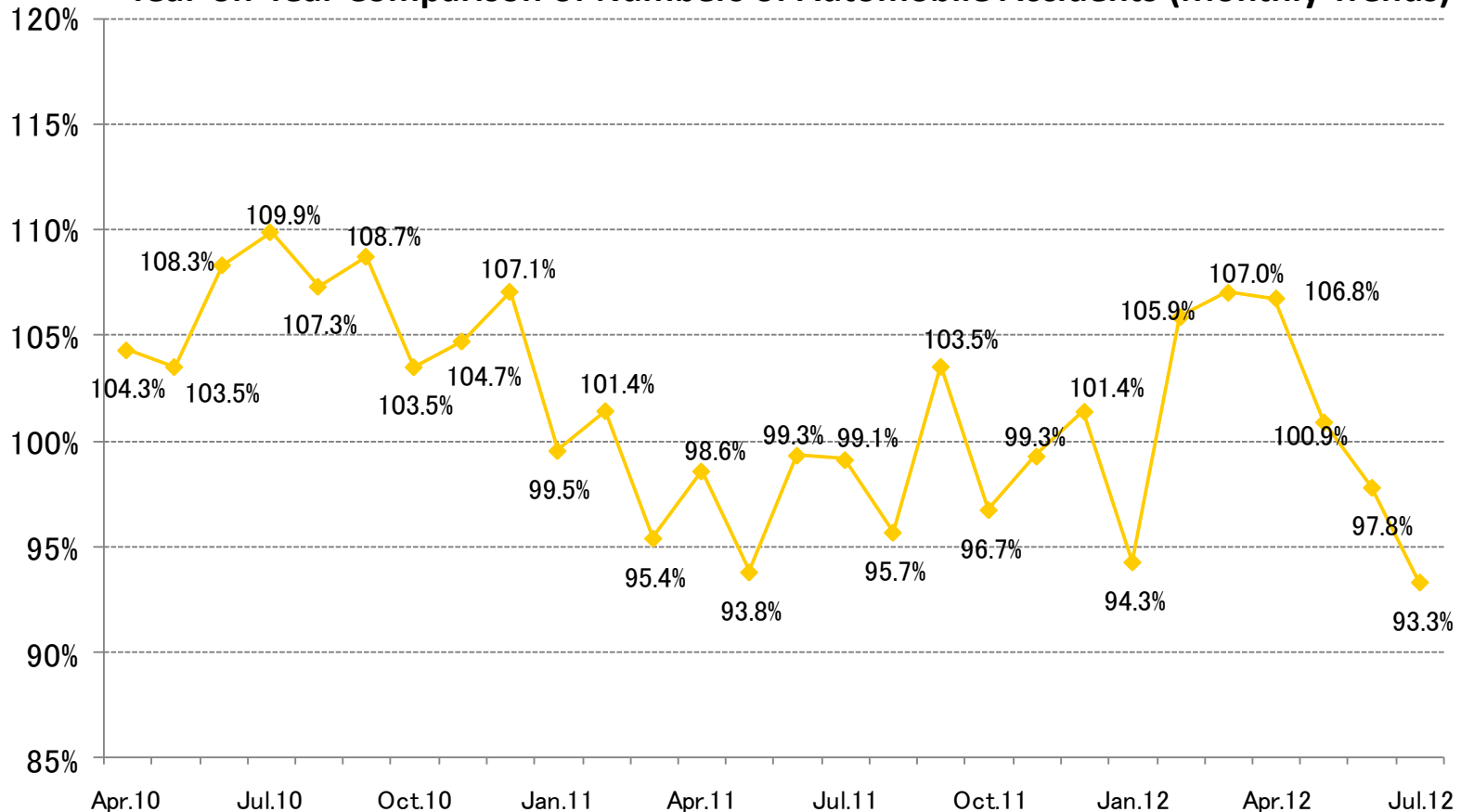
|  | Sum of two companies |              |              |               | Sompo Japan  |               | Nipponkoa    |               |
|--|----------------------|--------------|--------------|---------------|--------------|---------------|--------------|---------------|
|  | Net claims paid      |              | Loss Ratio   |               | Loss Ratio   |               | Loss Ratio   |               |
|  |                      | Change       |              | Change        |              | Change        |              | Change        |
| Fire & allied lines  | 57.9                 | -0.5         | 110.4%       | +2.7pt        | 95.9%        | +4.8pt        | 138.9%       | +4.6pt        |
| Excl. Great East Japan<br>Earthquake and Thai floods   | 53.4                 | +25.4        | 98.2%        | +47.9pt       | 87.4%        | +43.7pt       | 119.5%       | +58.7pt       |
| Marine   | 4.5                  | -1.5         | 53.2%        | -16.4pt       | 54.7%        | -24.4pt       | 50.2%        | -0.2pt        |
| Personal Accident  | 24.0                 | -0.2         | 50.9%        | -1.4pt        | 51.4%        | -0.6pt        | 49.7%        | -3.5pt        |
| Voluntary Automobile   | 151.4                | +9.3         | 68.7%        | +2.1pt        | 68.4%        | +1.4pt        | 69.1%        | +3.6pt        |
| CALI   | 57.6                 | +1.6         | 99.2%        | -12.4pt       | 98.5%        | -12.6pt       | 100.9%       | -12.1pt       |
| Other  | 28.5                 | -1.5         | 42.8%        | -2.1pt        | 39.9%        | -5.1pt        | 49.0%        | +4.2pt        |
| Of which, liability  | 16.8                 | +0.6         | 38.1%        | +1.6pt        | 36.6%        | -0.1pt        | 41.8%        | +6.0pt        |
| <b>Total</b>   | <b>324.3</b>         | <b>+36.6</b> | <b>71.2%</b> | <b>-0.4pt</b> | <b>69.0%</b> | <b>-0.8pt</b> | <b>75.9%</b> | <b>+0.7pt</b> |
| Total (exc. CALI, financial guarantee losses,<br>Great East Japan Earthquake, and Thai Floods) | 287.3                | +36.4        | 65.6%        | +7.8pt        | 63.7%        | +6.5pt        | 69.5%        | +10.6pt       |

※Only Sompo Japan excludes financial guarantee losses.



◆ The number of accidents, which provides a leading indicator for the loss ratio, showed a generally downward trend, however a counter effect to the impact from the Great East Japan Earthquake was observed in this early fiscal year.

**Year-on-Year Comparison of Numbers of Automobile Accidents (Monthly Trends)**



\* Simple sum figures of Sompo Japan and Nipponkoa (excl. the Great East Japan Earthquake)

# Impact of domestic natural disasters

◆ 1Q was ¥17.1 billion and a full-year forecast is ¥50 billion. Big increase comparing to the previous 1Q.

## Net claims paid

(Billions of yen)

|                      | Sum of two companies |             |              | Sompo Japan |             | Nipponkoa  |             |
|----------------------|----------------------|-------------|--------------|-------------|-------------|------------|-------------|
|                      | 1QFY2011             | 1QFY2012    | Change       | 1QFY2012    | Change      | 1Q2012     | Change      |
| Fire & allied lines  | 0.7                  | 14.3        | +13.6        | 8.1         | +7.8        | 6.2        | +5.7        |
| Marine               | -                    | 0.0         | +0.0         | -           | -           | 0.0        | +0.0        |
| Personal Accident    | 0.0                  | 0.0         | +0.0         | 0.0         | +0.0        | 0.0        | +0.0        |
| Voluntary Automobile | 0.1                  | 2.4         | +2.2         | 1.6         | +1.5        | 0.7        | +0.6        |
| Other                | 0.0                  | 0.3         | +0.3         | 0.0         | +0.0        | 0.2        | +0.2        |
| <b>Total</b>         | <b>0.9</b>           | <b>17.1</b> | <b>+16.2</b> | <b>9.8</b>  | <b>+9.5</b> | <b>7.2</b> | <b>+6.6</b> |

\*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 (main disasters)

(Billions of yen)

|                             | Sum of two companies | Sompo Japan | Nipponkoa |
|-----------------------------|----------------------|-------------|-----------|
| Severe storm (April 2012)   | 14.0                 | 8.2         | 5.7       |
| Tornado and hail (May 2012) | 2.2                  | 1.2         | 0.9       |

\* Major natural disasters did not occurred in the 1st quarter of 2011 fiscal year.

\* Paid claims related to the typhoon No. 4 occurred in June 2012 would be minor, and incurred loss of multibillion yen is expected as of this moment.

◆ There were almost no additional losses, and posted profit in this quarter.

(Billions of yen)

|  | FY2011      | 1QFY2012    |             |           |                       |
|--|-------------|-------------|-------------|-----------|-----------------------|
|  | Group Total | Group Total | Sompo Japan | Nipponkoa | Overseas subsidiaries |
| Paid claims                            | 18.6        | 6.2         | 1.9         | 4.1       | 0.1                   |
| Provision of outstanding loss reserve  | 84.1        | -10.3       | -3.3        | -7.0      | 0.0                   |
| Incurred losses                        | 109.8*      | -4.1        | -1.4        | -2.8      | 0.1                   |
| Provision of catastrophic loss reserve | -18.0       | -6.0        | -1.9        | -4.1      | -                     |
| Impact on ordinary profit              | -91.8       | 10.1        | 3.3         | 7.0       | -0.1                  |

\*Incurred losses in FY2011 includes 7 billion yen impairment losses on stocks of a non-consolidated subsidiary.

Posted ¥10.1 billion profit due to decrease of outstanding loss reserve caused from depreciation of Thai Baht and reversal of catastrophic loss reserve.  
(Sum of profit of two domestic P&C companies were ¥10.3 billion.)

# Net Expense Ratio – Domestic P&C insurance

◆ Net expense ratio dropped due to the reduction of company expenses (mainly personnel expenses) and growth of net written premium.

## Net expense ratio

(Billions of yen)

|   | 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               | 87.3                 | +2.8        | 17.4%             | +0.1pt        | 58.4         | +1.9        | 17.2%             | -0.0pt        | 28.8        | +0.9        | 17.8%             | +0.5pt        |
| Operating, general and administrative expenses* | 79.5                 | -0.5        | 15.9%             | -0.5pt        | 51.0         | -0.9        | 15.0%             | -0.9pt        | 28.4        | +0.4        | 17.6%             | +0.2pt        |
| <b>Total</b>                                    | <b>166.8</b>         | <b>+2.3</b> | <b>33.3%</b>      | <b>-0.4pt</b> | <b>109.5</b> | <b>+0.9</b> | <b>32.2%</b>      | <b>-0.9pt</b> | <b>57.2</b> | <b>+1.4</b> | <b>35.4%</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     | 62.2                 | -0.5        | 12.4%            | -0.4pt        | 40.3        | -0.5        | 11.9%            | -0.6pt        | 21.8        | -0.0        | 13.5%            | -0.1pt        |
| Non-personnel expenses | 47.7                 | +0.2        | 9.5%             | -0.2pt        | 31.6        | -0.4        | 9.3%             | -0.5pt        | 16.1        | +0.7        | 10.0%            | +0.4pt        |
| Tax and contributions  | 6.6                  | -0.2        | 1.3%             | -0.1pt        | 4.9         | -0.1        | 1.4%             | -0.1pt        | 1.7         | -0.0        | 1.1%             | -0.0pt        |
| <b>Total</b>           | <b>116.6</b>         | <b>-0.4</b> | <b>23.3%</b>     | <b>-0.7pt</b> | <b>76.9</b> | <b>-1.1</b> | <b>22.6%</b>     | <b>-1.2pt</b> | <b>39.7</b> | <b>+0.6</b> | <b>24.6%</b>     | <b>+0.3pt</b> |

# Investment Profit – Domestic P&C insurance

- ◆ Interest and dividend of foreign securities decreased due to decline of interest rates and appreciation of the yen.
- ◆ Posted substantial amount of impairment losses on securities caused from decline of the stock market.
- ◆ Posted profit in stock futures hedge positions and currency hedge positions (Gains on derivative products).

(Billions of yen)

|   | Sum of two companies |          |        | Sompo Japan |        | Nipponkoa |        |
|---|----------------------|----------|--------|-------------|--------|-----------|--------|
|   | 1QFY2011             | 1QFY2012 | Change | 1QFY2012    | Change | 1QFY2012  | Change |
| Interest and dividend income                    | 38.6                 | 33.7     | -4.8   | 20.7        | -3.0   | 12.9      | -1.8   |
| Net interest and dividend income 1              | 24.0                 | 20.4     | -3.6   | 12.0        | -2.0   | 8.3       | -1.5   |
| Realized gain on securities sales 2             | 3.2                  | 10.7     | +7.5   | 5.7         | +2.5   | 5.0       | +4.9   |
| of which, realized gain on domestic stock sales | 1.7                  | 2.2      | +0.5   | 0.5         | -0.8   | 1.6       | +1.3   |
| Impairment losses on securities 3               | -3.4                 | -44.0    | -40.5  | -40.7       | -39.3  | -3.2      | -1.2   |
| of which, impairment losses on domestic stock   | -3.0                 | -43.9    | -40.9  | -40.7       | -39.3  | -3.2      | -1.5   |
| Gain on derivative products 4                   | 0.5                  | 6.4      | +5.9   | 1.9         | +1.9   | 4.5       | +3.9   |
| Other investment income 5                       | -3.9                 | -2.5     | +1.3   | -1.5        | +1.0   | -1.0      | +0.2   |
| Investment profit 1+2+3+4+5                     | 20.4                 | -8.9     | -29.3  | -22.5       | -35.7  | 13.6      | +6.3   |

# Overview of 1Q FY2012 Results of Domestic life insurance

- ◆ New business decreased year-on-year due to controlling sales of saving-type products.
- ◆ Turned into black.
- ◆ Shift toward protection-type products is continuing.

|                               | (Billions of yen) |           |        |          |
|-------------------------------|-------------------|-----------|--------|----------|
|                               | 1Q FY2011         | 1Q FY2012 | Change | Change % |
| Amount of new business        | 701.3             | 654.2     | -47.0  | -6.7%    |
| Annualized premium            | 8.5               | 7.9       | -0.5   | -6.6%    |
| Income from insurance premium | 84.6              | 85.4      | +0.8   | +1.0%    |
| (excl. lump-sum payment)      | 80.4              | 84.6      | +4.1   | +5.2%    |
| Ordinary profit               | -0.2              | 2.2       | +2.5   | - %      |
| Net income                    | -1.3              | 0.7       | +2.0   | - %      |

|                             | (Billions of yen) |                  |        |          |
|-----------------------------|-------------------|------------------|--------|----------|
|                             | End of FY2011     | End of 1Q FY2012 | Change | Change % |
| Amount of business in force | 17,659.7          | 17,928.5         | +268.8 | +1.5%    |
| Annualized premium          | 286.2             | 287.7            | +1.5   | +0.5%    |

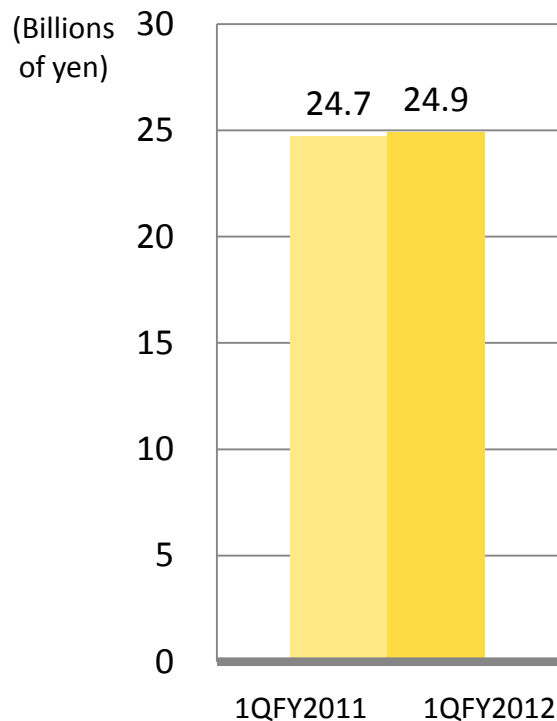
|                 | (Billions of yen) |
|-----------------|-------------------|
|                 | Change            |
| Protection-type | +2.0              |
| Saving-type     | -0.2              |
| <b>Total</b>    | <b>+1.7</b>       |

\*Amount of new business, amount of business in force, and annualize premium are the sum of personal insurance and personal pension insurance.

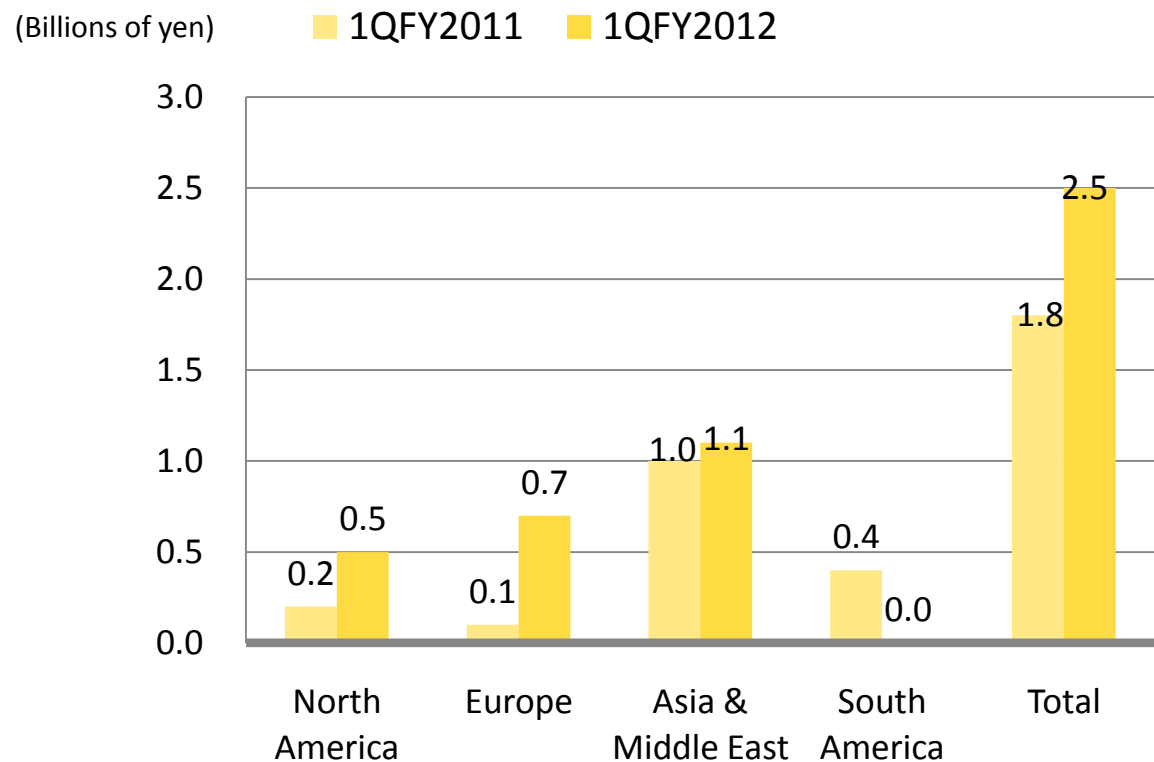
\* As the figures in the table on the right show annualized premium of business in force based on in-house standard, the total figures do not coincide with the figures in the table on the left.

◆ Increased in top-line and profit.

## Net premium 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 SJ Europe and SJ Singapore.

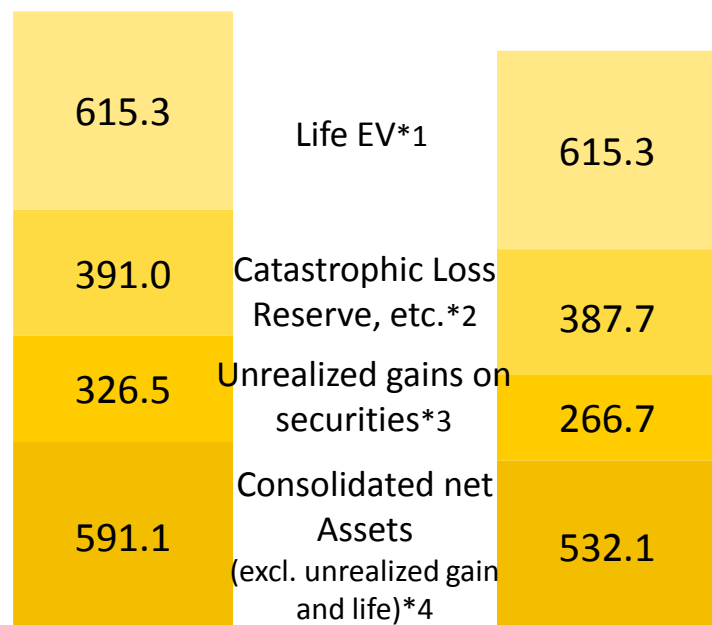
- ◆ A slight decrease from the end of previous fiscal year due to the decrease of unrealized gains on securities caused from decline in the stock market.

## Adjusted consolidated net assets

(Billions of yen)

Total 1,924.1  
(¥4,638 per share)

Total 1,801.9  
(¥4,340 per share)



End of Mar. 2012

End of Jun. 2012

\*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 June 2012 is the same as of the end of March 2012.

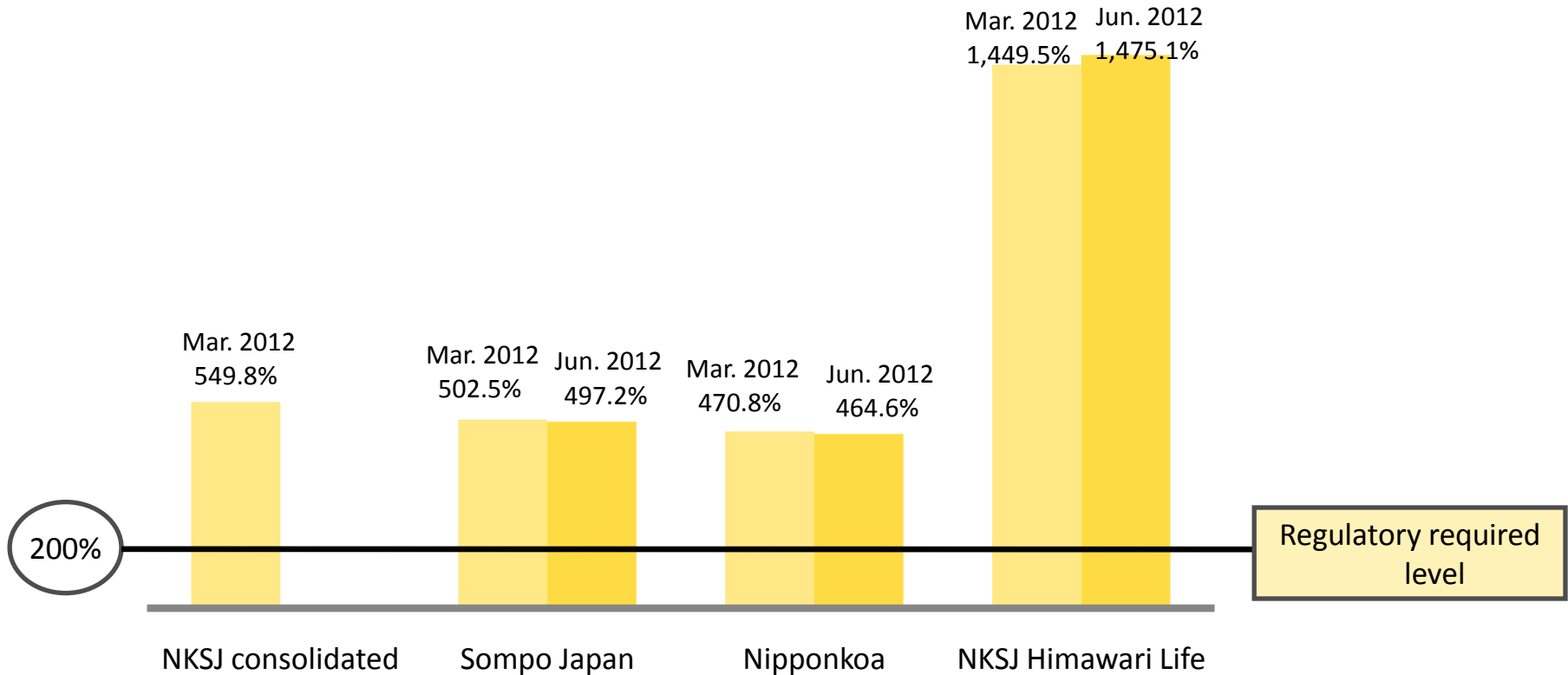
\*2 Catastrophic loss reserve, etc. is the total of catastrophic loss reserve plus price fluctuation reserve, both after tax

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

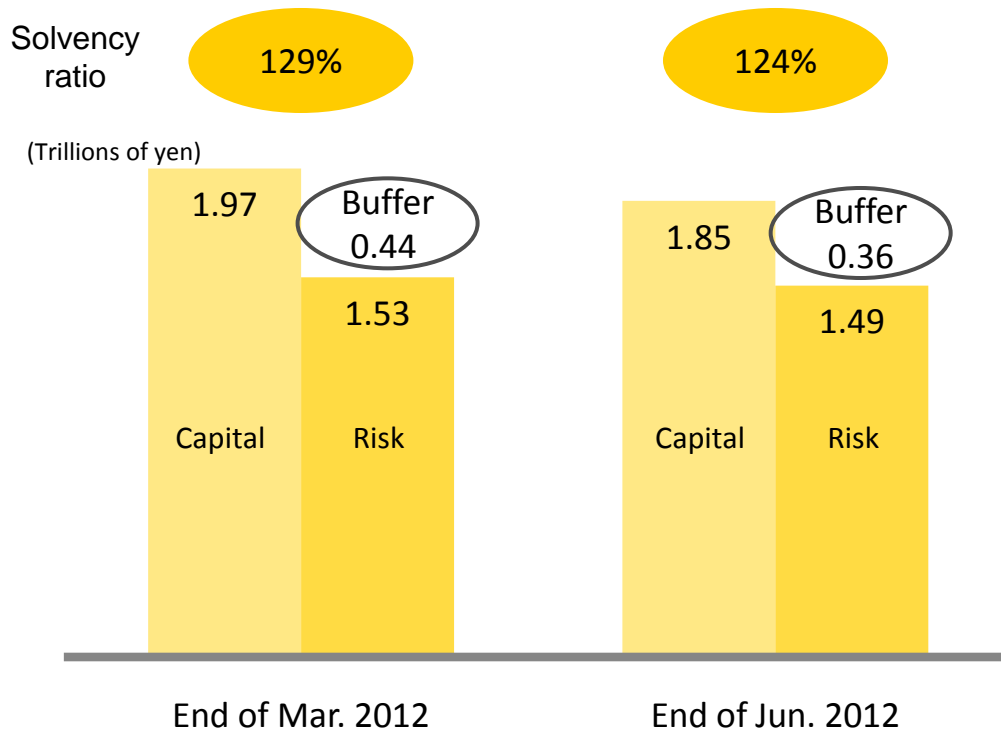
\*4 Consolidated net product excludes Himawari Life Insurance's net assets and the unrealized gains/losses on securities.



◆ Maintain levels greatly in excess of that required by regulation.



- ◆ Maintain appropriate level for AA rating (confidence level of 99.95%)
- ◆ Introduced management on after-tax basis, in keeping with international trends



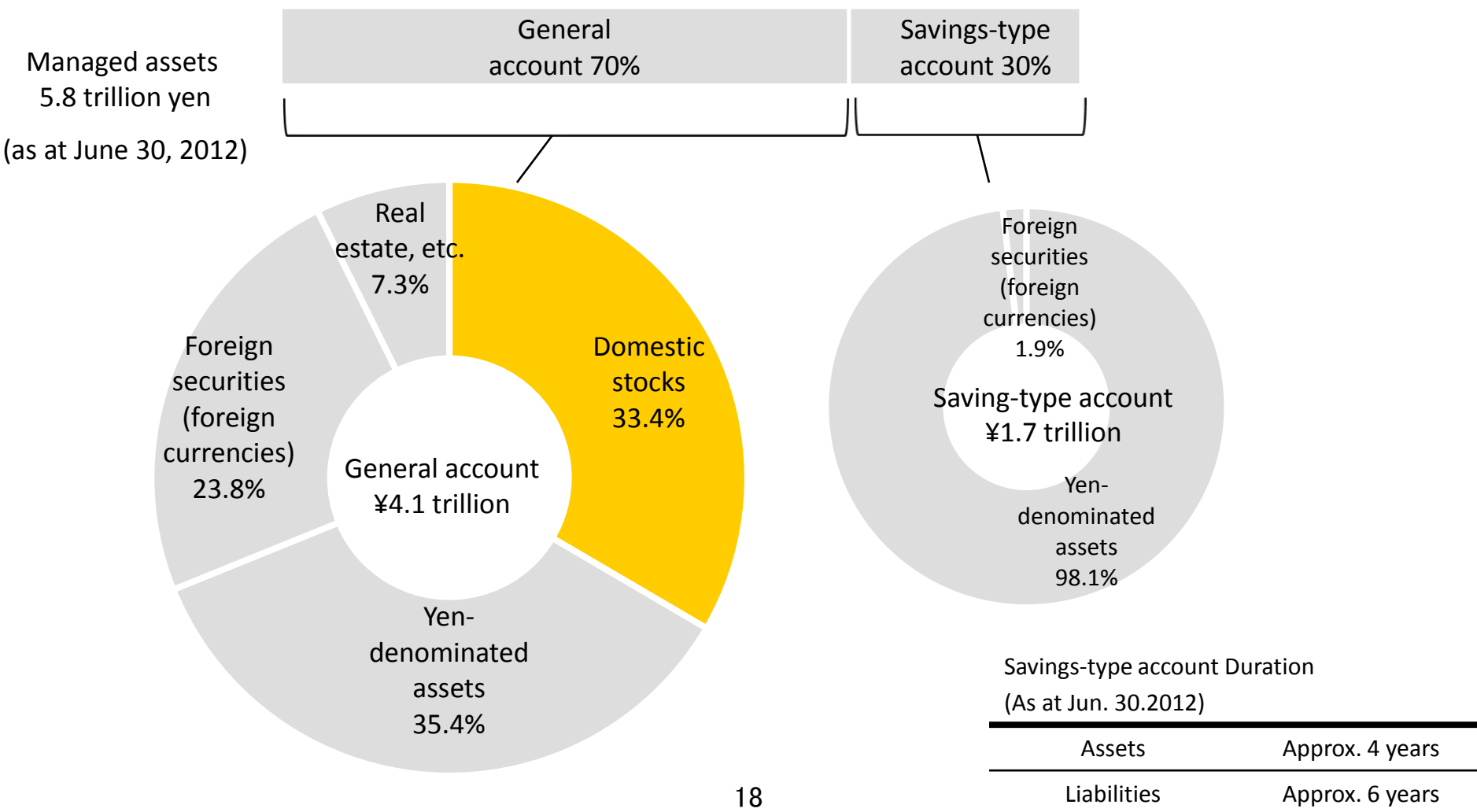
Solvency ratio (internal standard)  
Sensitivity  
(as at March 31, 2012)

|   |        |
|---|--------|
| Change in stock price by 30% increase                           | +11.3% |
| Change in stock price by 30% decrease                           | -17.8% |
| 10% appreciation in yen exchange rate                           | -1.9%  |
| 100bps increase in interest rates                               | +1.1%  |
| 100bps decrease in interest rates                               | -7.9%  |
| Stock price decrease by 30% + 100bps decrease in interest rates | -23.4% |

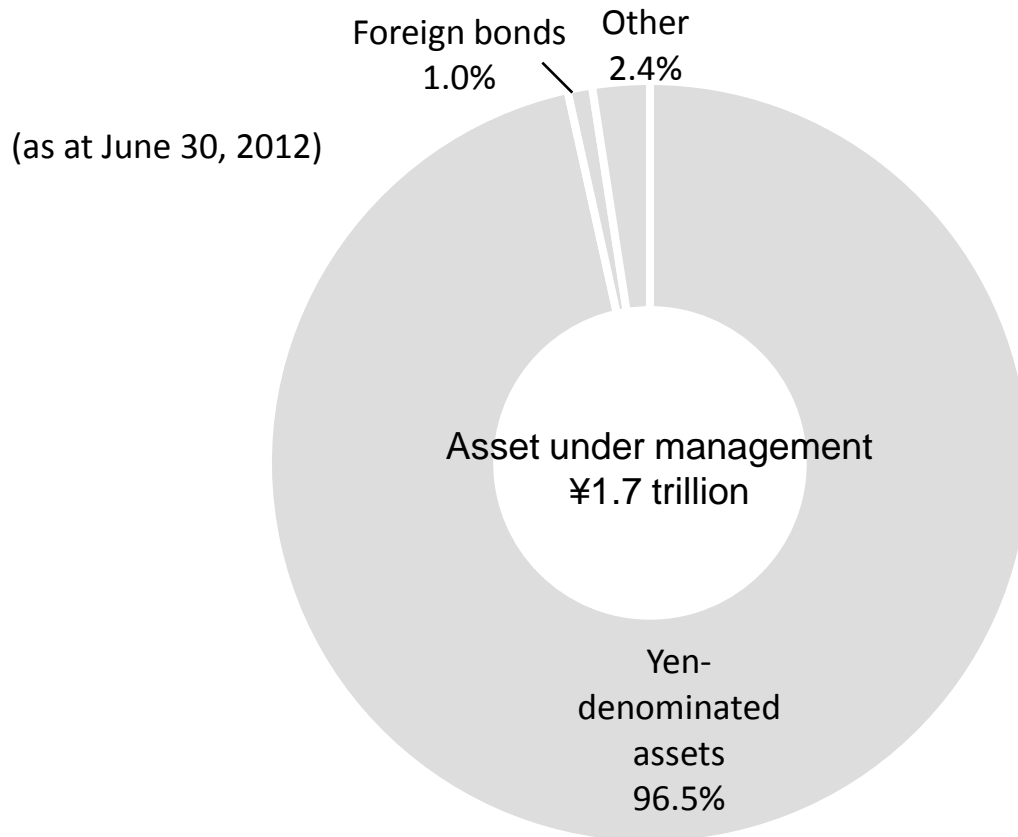
Definition, etc.

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

- ◆ General account is managed with diversified investments, while saving-type account is managed with ALM
- ◆ Reduction of exposure to domestic stocks (= strategic holding stocks) under way.



◆ Reflecting the high profitability of life insurance products, the asset portfolio is extremely conservative



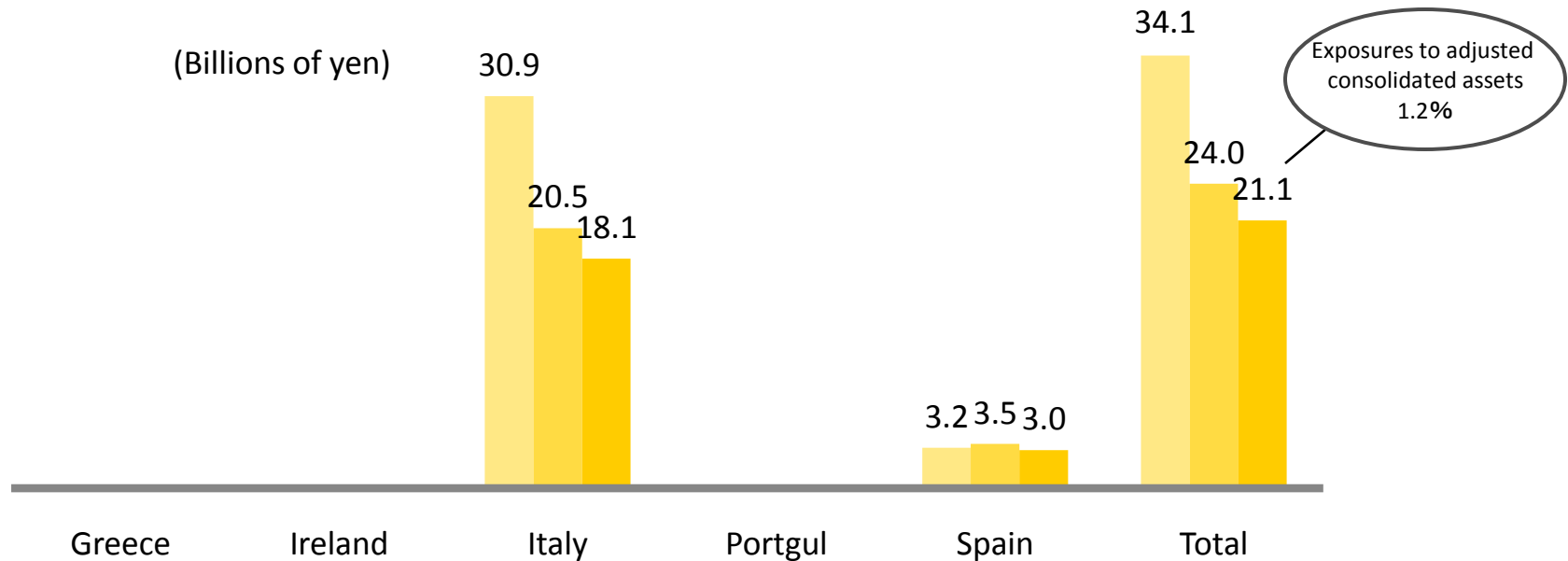
Assets /liabilities Duration  
(As at Jun. 30, 2012)

|             |                  |
|-------------|------------------|
| Assets      | Approx. 12 years |
| Liabilities | Approx. 14 years |

◆ Exposure is limited. Continue to reduce exposures.

## Credit exposure to GIIPS countries' sovereign debt (Group total)

■ End of Sep. 2011   ■ End of Mar. 2012   ■ End of Jun. 2012



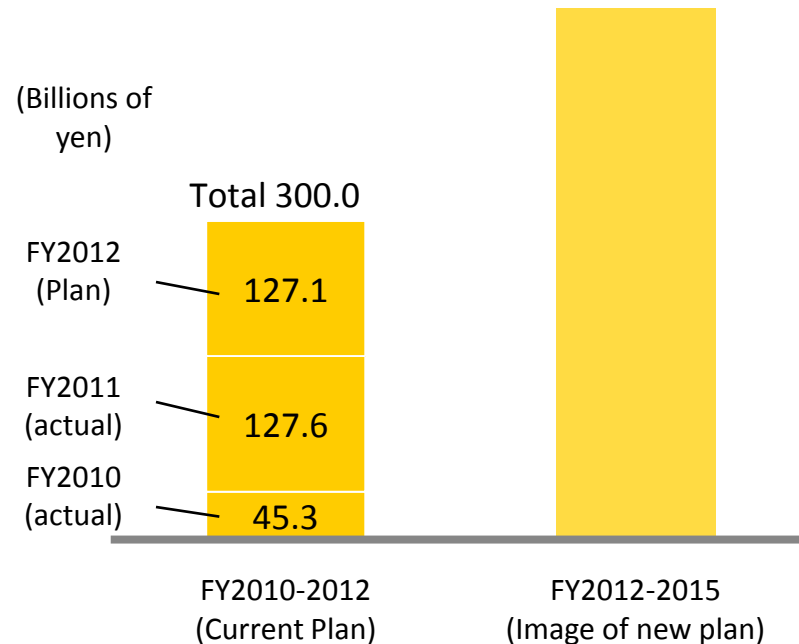
◆ Reduced ¥53.4billion in the first quarter (including stock futures selling).

<Net reduction> (Billions of yen)

|                      | Actual April-June 2012 |               | Total |
|----------------------|------------------------|---------------|-------|
|                      | Stocks                 | Stock futures |       |
| Sompo Japan          | 0.8                    | 12.7          | 13.6  |
| Nipponkoa            | 3.0                    | 36.8          | 39.8  |
| Sum of two companies | 3.8                    | 49.5          | 53.4  |

\*Net reduction = Fair sales value – Fair purchase value

Scale image of reducing strategic-holding stocks



## Full FY2012 Forecasts

— Unchanged from the initial forecasts —

◆ Profit will be improved drastically mainly in P&C insurance business

| (Billions of yen)                    | FY2011(A) | FY2012(E) | Change       |
|--------------------------------------|-----------|-----------|--------------|
| Ordinary income(NKSJHD consolidated) | 2,790.5   | 2,820.0   | +29.4(+1.1%) |
| P&C net premiums written             | 1,973.7   | 2,012.0   | +38.2(+1.9%) |
| Life insurance premium               | 250.1     | 254.0     | +3.8(+1.5%)  |
| Ordinary profit(NKSJHD consolidated) | -51.8     | 64.0      | +115.8       |
| Domestic P&C insurance business      | -3.7      | 106.0     | +109.7       |
| Domestic life insurance business     | 1.1       | 4.3       | +3.2         |
| Overseas insurance business          | -16.5     | 8.4       | +24.9        |
| Consolidated adjustments*/others     | -32.6     | -54.7     | -22.1        |
| Net income(NKSJHD consolidated)      | -92.2     | 24.0      | +116.2       |
| Domestic P&C insurance business      | -60.1     | 53.0      | +113.1       |
| Domestic life insurance business     | -11.1     | 2.2       | +13.3        |
| Overseas insurance business          | -17.2     | 6.1       | +23.3        |
| Consolidated adjustments*/others     | -3.9      | -37.3     | -33.4        |

\*"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.

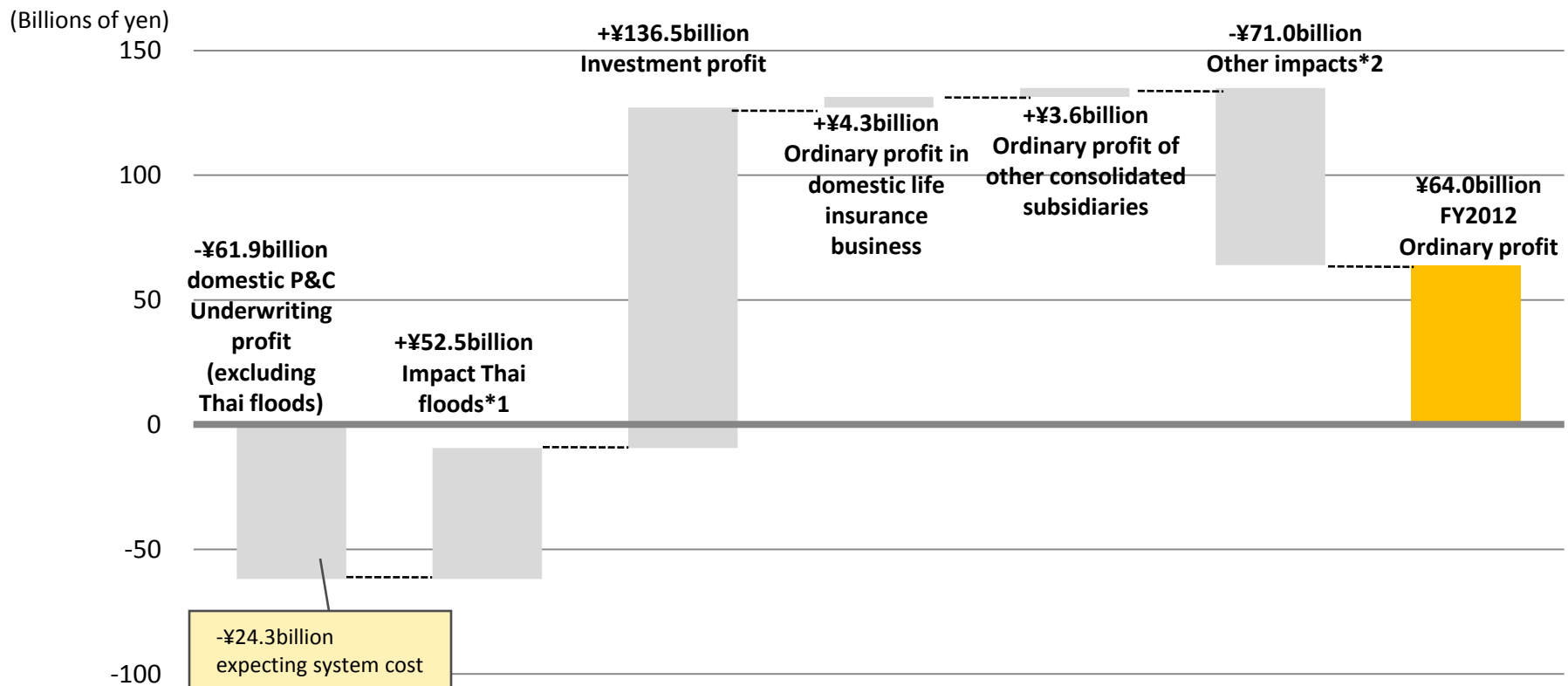


# Main points of Business Forecasts (Consolidated ordinary profit) (1)

Unchanged

- ◆ NKSJ is forecasting consolidated ordinary profit of ¥64.0 billion.
  - Underwriting profit: Underwriting loss in automobile insurance continues, however reversal of catastrophic reserve caused from flooding in Thailand contributes positively.
  - Investment profit : Realized gain on securities sales boosts profit.

## Main factors behind change in consolidated ordinary profit



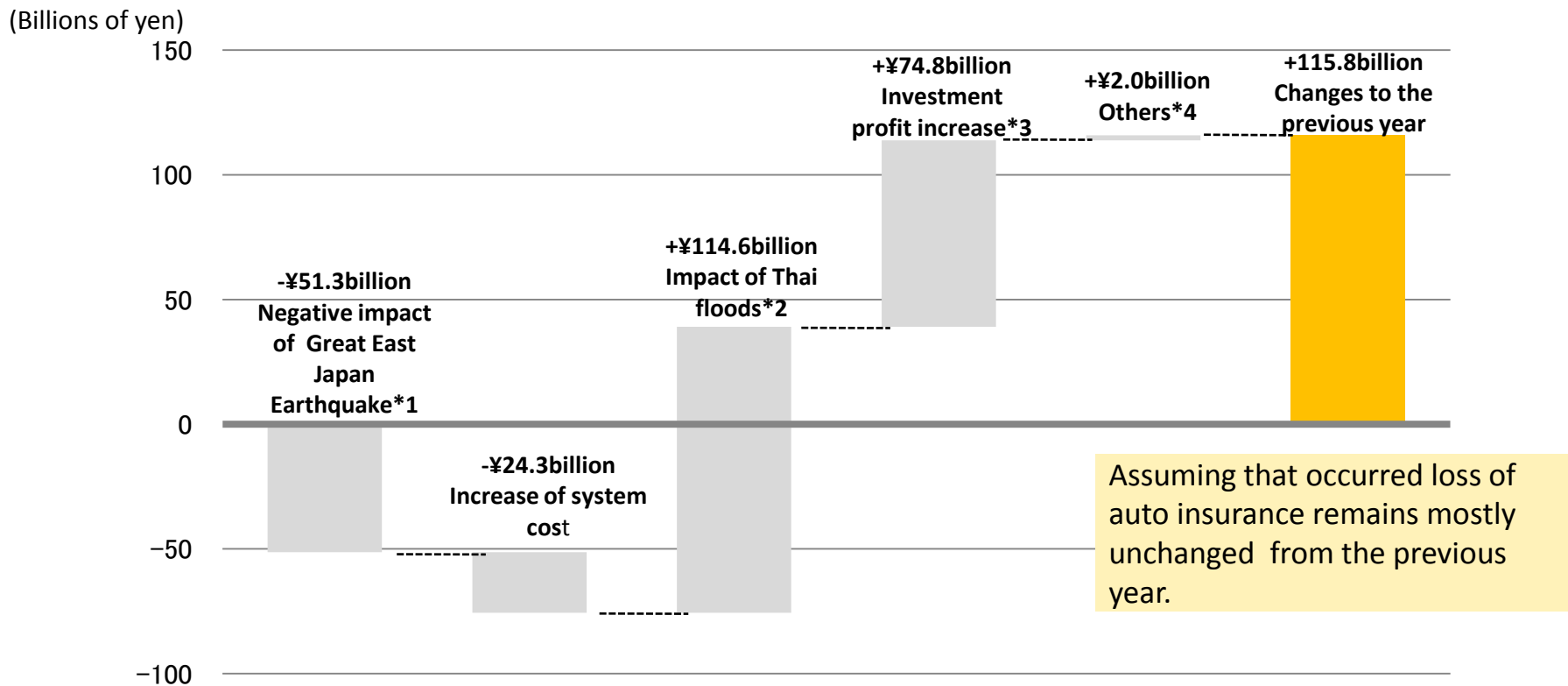
\*1 Impact is from the reversal of the catastrophic loss reserve (¥52.5 billion)

\*2 Other major factors include other ordinary loss in domestic P&C insurance business (-¥21.1 billion), purchase method adjustments (-¥46.8 billion) and amortization of goodwill (-¥3.9 billion).

# Main points of Business Forecasts (Consolidated ordinary profit) (2)

◆ Improves dramatically compared to the previous fiscal year.

## Factors of changes to the previous year



\*1 Impact refers to the decrease in gain on reversal of catastrophic loss reserve.  
 \*2 The main reason for this impact is reduced provision for outstanding loss reserve (¥61.9 billion) and gain on reversal of catastrophic loss reserve (¥52.5 billion) of Sompo Japan and Nipponkoa.  
 \*3 The main reason for this impact is increase in gain on securities sales (¥66.8 billion).  
 \*4 Other main factors are as follows: Decrease in loss of overseas insurance subsidiary due to flooding in Thailand: ¥21.1 billion. Purchase method adjustment: -¥19.1 billion

# Summary of Business Forecasts of Domestic P&C Insurance

Unchanged

**NKSJ**  
HOLDINGS

- ◆ Expecting loss ratio improvement due to the decrease of natural disasters, however incurred losses of automobile insurance are remaining at the same level.
- ◆ Net expense ratio rises due to the system cost, which worsens combined ratio by 0.6 points.

| (Billions of yen)   | FY2011(A) | 2012(E) | Change      |
|---|-----------|---------|-------------|
| Net premiums written  | 1,911.7   | 1,912.0 | +0.2(+0.0%) |
| (Excluding CALI)  | 1,654.0   | 1,645.1 | -8.9(-0.5%) |
| Loss Ratio  | 81.9%     | 73.8%   | -8.1pt      |
| (Excl. financial guarantee and CALI)  | 79.2%     | 70.3%   | -8.8pt      |
| (Excl. Financial guarantee, CALI, the Great East Japan Earthquake and flooding in Thailand) | 67.6%     | 66.8%   | -0.8pt      |
| E/I Loss Ratio(Excl. CALI and household earthquake insurance)                               | 73.0%     | 69.7%   | -3.3pt      |
| (Excl. Financial guarantee, the Great East Japan Earthquake and flooding in Thailand)       | 68.0%     | 66.8%   | -1.2pt      |
| Net Expense Ratio   | 33.7%     | 34.9%   | +1.2pt      |
| (Excl. CALI)  | 35.4%     | 36.8%   | +1.4pt      |
| Combined Ratio  | 115.6%    | 108.7%  | -6.9pt      |
| (Excl. financial guarantee and CALI)  | 114.6%    | 107.1%  | -7.5pt      |
| (Excl. Financial guarantee, CALI, the Great East Japan Earthquake and flooding in Thailand) | 103.0%    | 103.6%  | +0.6pt      |
| Underwriting profit   | -66.1     | -9.4    | +56.7       |
| Investment profit   | 61.7      | 136.5   | +74.7       |
| Ordinary profit   | -3.7      | 106.0   | +109.7      |
| Net income  | -60.1     | 53.0    | +113.1      |
| Adjusted profit   | -71.3     | -33.2   | +38.0       |

\* Sum of Sompo Japan and Nipponkoa

|  |   |
|--|---|
| <b>Losses from domestic natural disasters</b>        | 50 billion yen  |
| <b>Flooding in Thailand</b>                          | Net claims paid: ¥52.5billion<br>*excluding the amount to be paid by overseas subsidiaries<br>(Assuming that remaining amount 7.6 billion yen are paid in FY2013) |
| <b>Catastrophic loss reserve</b>                     | Net reversal: 46.0<br>(of which, reversal as a result of loss payment of the flooding in Thailand is 52.5 billion yen)  |
| <b>(Provision rate of Catastrophic loss reserve)</b> | Provision rate of fire group: Sompo Japan:10%, Nipponkoa : 7.7%<br>Provision rate of automobile group: Sompo Japan:5.5%, Nipponkoa:6.2%                           |
| <b>Market indicators</b>                             | <Stock> Nikkei225:10,083 yen      <Interest yield> 10y JGB:0.99%<br><Foreign exchange> 1US\$=82.19 yen/1Euro:109.80 yen   |
| <b>Interest and dividend income</b>                  | Gross:101.4 billion yen    Net:51.4 billion yen   |
| <b>Realized gains on securities</b>                  | Realized gain on securities: 103.0 billion yen<br>Impairment losses on securities: 12.0 billion yen   |
| <b>Reserve for price fluctuation</b>                 | Net provision: 7.9 billion yen  |
| <b>Financial guarantee insurance</b>                 | Loss of 3.0 billion yen   |

\* Sum of Sompo Japan and Nipponkoa

- ◆ Insurance premiums excluding low margin lump-sum payment increases steadily.
- ◆ Expecting net income to become black in FY2012 due to large increase in basic profit.

(Billions of yen)

|                                      | FY2011<br>Actual | FY2012<br>Forecast | Change         |
|--------------------------------------|------------------|--------------------|----------------|
| Ordinary income                      | 395.2            | 395.2              | -0.0 (-0.0%)   |
| Insurance premiums and other         | 360.1            | 361.5              | +1.4 (+0.4%)   |
| (excl. lump-sum payment)             | 345.8            | 357.0              | +11.2 (+3.2%)  |
| Ordinary profit                      | 4.2              | 7.5                | +3.3 (+79.5%)  |
| Extraordinary gains                  | -12.2            | *1 -0.3            | +11.9 (-97.3%) |
| Net income                           | -11.1            | *2 2.2             | +13.3 (-)      |
| Basic profit                         | 5.8              | 8.7                | +2.9 (+50.5%)  |
| <b>【reference】</b>                   |                  |                    |                |
| Adjusted profit (Adjusted EV growth) | 100.0            | 85.0               | -15.0          |

\*1 ¥11.7 billion merger related cost is included.

\*2 -¥3.6 billion impact from reduction of the corporate income tax rate is included.

- ◆ High level of increase in adjusted EV to be sustained due to favorable sales of protection-type products.
- ◆ Forecasting a fall YOY due to absence of temporary contributor in “Experience variances and assumption changes”.

\*In Fiscal 2012, we expect the expense ratio to worsen.

(Billions of yen)

|   | FY2011       | FY2012       |               |
|---|--------------|--------------|---------------|
|   | Actual       | Planned      | Change        |
| New business value*                         | 46.4         | 60.0         | + 13.6        |
| Expected existing business contribution     | 25.7         | 30.0         | + 4.3         |
| <b>Sub-total</b>                            | <b>72.1</b>  | <b>90.0</b>  | <b>+ 17.9</b> |
| Experience variances and assumption changes | 27.9         | -5.0         | -32.9         |
| <b>Increase in adjusted EV</b>              | <b>100.0</b> | <b>85.0</b>  | <b>-15.0</b>  |
| Other operating/non-operating variances     | 64.0         | -            | -64.0         |
| Economic Variances                          | -15.7        | -            | + 15.7        |
| Change of EV amount                         | 148.3        | 85.0         | -63.3         |
| <b>EV as of the end of the fiscal year</b>  | <b>615.3</b> | <b>700.3</b> | <b>+ 85.0</b> |

\*1 Excluded the impact of the reduction of the corporate income tax rate ¥6.4 billion from ¥52.8 billion presented in disclosure materials of FY2011 results regarding MCEV.

(Excluded ¥6.4 billion is included in other factors ¥64.0 billion.)

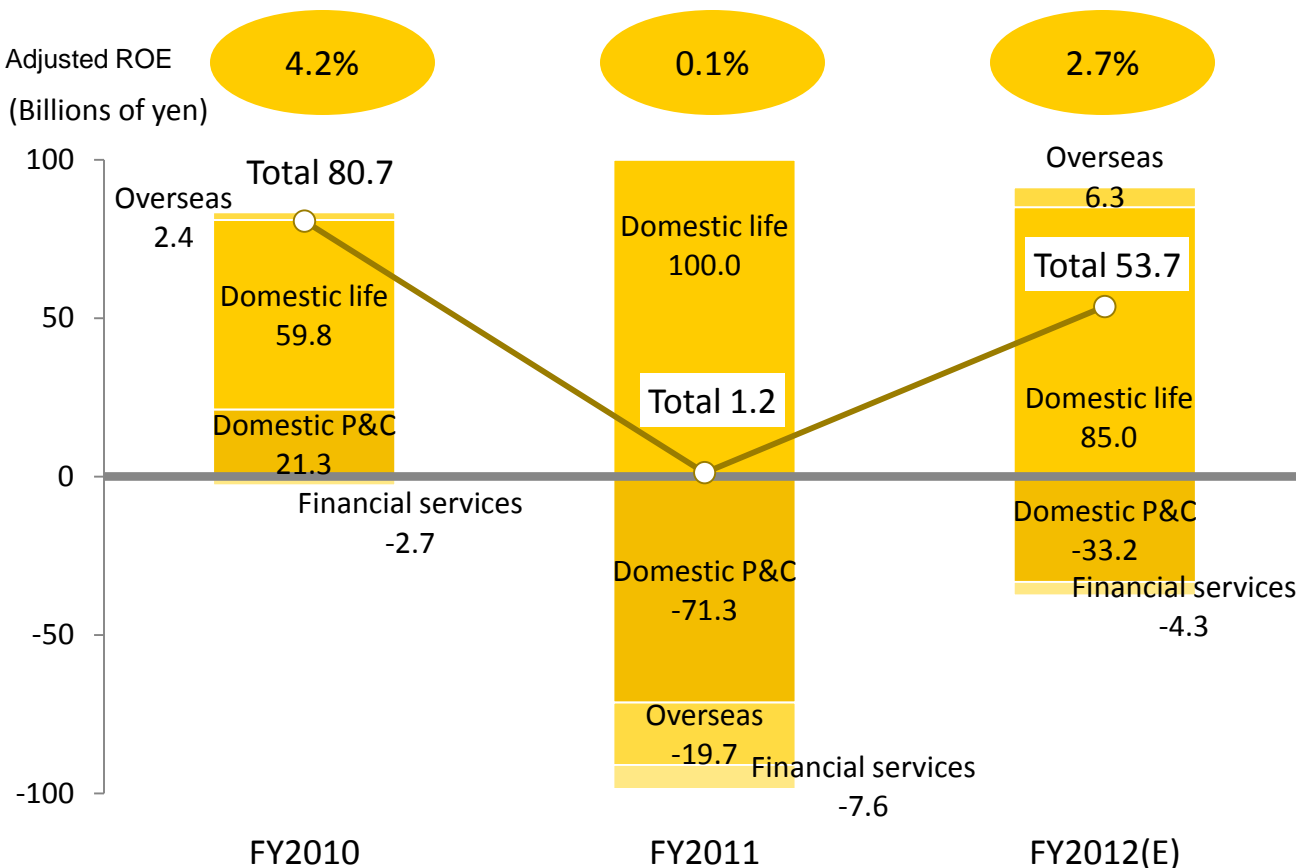
\*2 Assumption of interest rate (used for investment yield and discount rate)

(1) Assumption of FY2011 actual: Interest-swap rate of Japanese yen as of the end of FY2011.

(2) Assumption of FY2012 planning: Interest-swap rate after 1 year assumed as (1).

- ◆ Adjusted consolidated profit is projected to recover substantially in FY2012.
- ◆ Domestic P&C insurance business is still in the red, however domestic life insurance business continuously contributes to make a profit, and overseas insurance business recovers.

### Change in Adjusted consolidated profit



Under review toward fall in 2012

<reference>

Current plan (FY2015)

(revised in Sep. 2011) (Billions of yens)

|  |                   |
|--|-------------------|
| Domestic P&C                               | 81                |
| Domestic life                              | 55                |
| Overseas                                   | 20                |
| Financial services, etc.                   | 4                 |
| <b>Total(Adjusted consolidated profit)</b> | <b>160</b>        |
| <b>Adjusted ROE</b>                        | <b>7% or more</b> |

\*See next page for definition of adjusted profit and adjusted ROE.

|                                  | Definition of business  | Calculation of adjusted profit   |
|----------------------------------|---|--|
| Domestic P&C insurance business  | Sum of Sampo Japan and Nipponkoa (non-consolidated)   | Net income + provisions to catastrophic loss reserve (after tax) + provisions to price fluctuation reserve (after tax) - gains/losses on securities sales and securities impairment losses (after tax) - extraordinary items |
| Domestic life insurance business | NKSJ Himawari Life (non-consolidated)   | Growth in embedded value (EV) net of capital account transactions - changes in EV attributable to interest rate movements  |
| Overseas insurance business      | Overseas insurance subsidiaries   | Net income as reported in financial statements   |
| Financial services, etc.         | Sonpo 24, Saison Automobile and Fire, Sampo Japan DIY, financial services, healthcare, etc. | Net income as reported in financial statements   |

## < Calculation of adjusted ROE >

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



**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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