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# Highlights of 3Q FY2012 Results

February 14, 2013

**NKSJ Holdings, Inc.**

# Overview of 3Q FY2012 Results – NKSJ Consolidated

- ◆ Domestic P&C and domestic life both posted top-line growth. Ordinary profit and net income moved significantly into the black for the first nine months of fiscal 2012.
- ◆ No change in full FY2012 forecasts announced on November 19, 2012.

(Billions of yen)	Apr-Dec 2011	Apr-Dec 2012	Change	Announced on Nov.19, 2012
				Business forecasts FY2012
Ordinary income (NKSJHD consolidated)	2,114.3	2,093.7	-20.5(-1.0%)	2,810.0
P&C net premium written	1,496.9	1,542.8	+45.8(+3.1%)	
Life insurance premiums	182.5	189.7	+7.2(+4.0%)	
Ordinary profit (NKSJHD consolidated)	-130.6	33.1	+163.8	4.0
Sompo Japan + Nipponkoa	-33.2	62.7	+96.0	
NKSJ Himawari Life*1	-3.3	6.2	+9.5	
Overseas insurance subsidiaries	5.2	7.1	+1.8	
Consolidated adjustment*2/others	-99.3	-42.9	+56.4	
Net Income(NKSJHD consolidated)	-146.9	5.1	+152.1	-28.0
Sompo Japan + Nipponkoa	-78.4	28.3	+106.7	
NKSJ Himawari Life*1	-13.5	3.3	+16.9	
Overseas insurance subsidiaries	4.1	5.8	+1.7	
Consolidated adjustment*2/others	-59.1	-32.4	+26.6	

\*1 Sum of Sompo Japan Himawari Life and Nipponkoa Life from April 2011 to September 2011 and NKSJ Himawari Life after October 2011. This is applied to other pages.

\*2 "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.

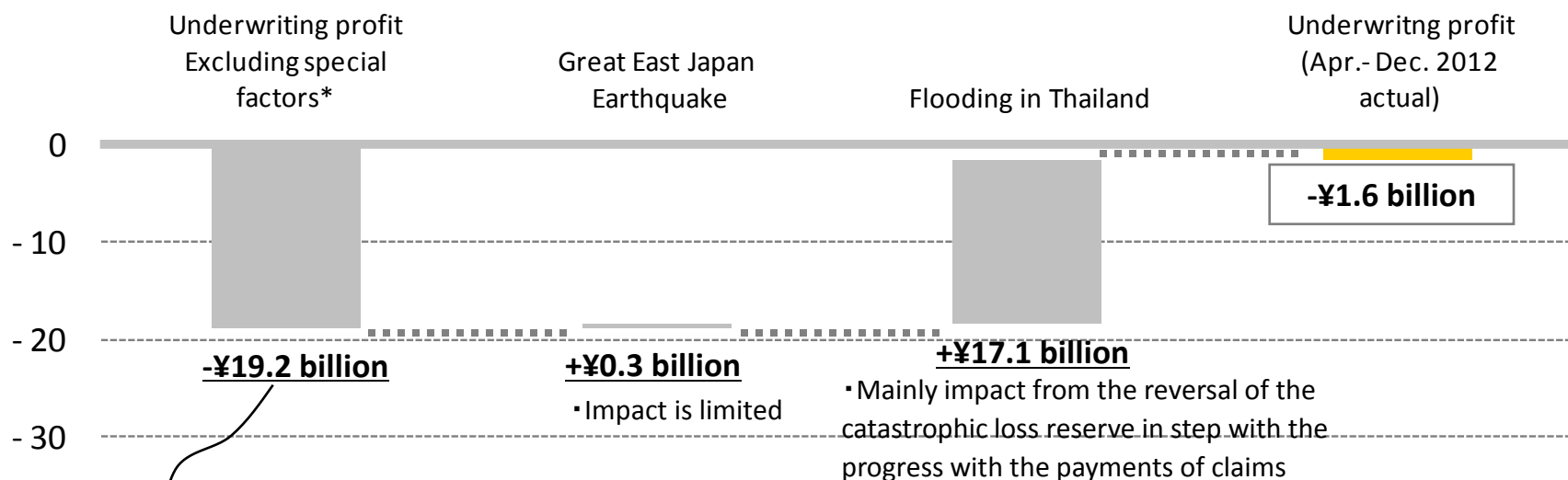
As a result, in calculating NKSJ consolidated profit, adjustments are necessary in Nipponkoa's realized gains on securities, etc. These adjustments are included in "consolidated adjustments" shown in the above table.

## – Underwriting profit

◆ An underwriting loss of ¥1.6 billion was incurred due to the adverse impact of natural disasters including severe storms in Japan, despite the positive contribution of a technical profit related to the flooding in Thailand.

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

(Billions of yen)



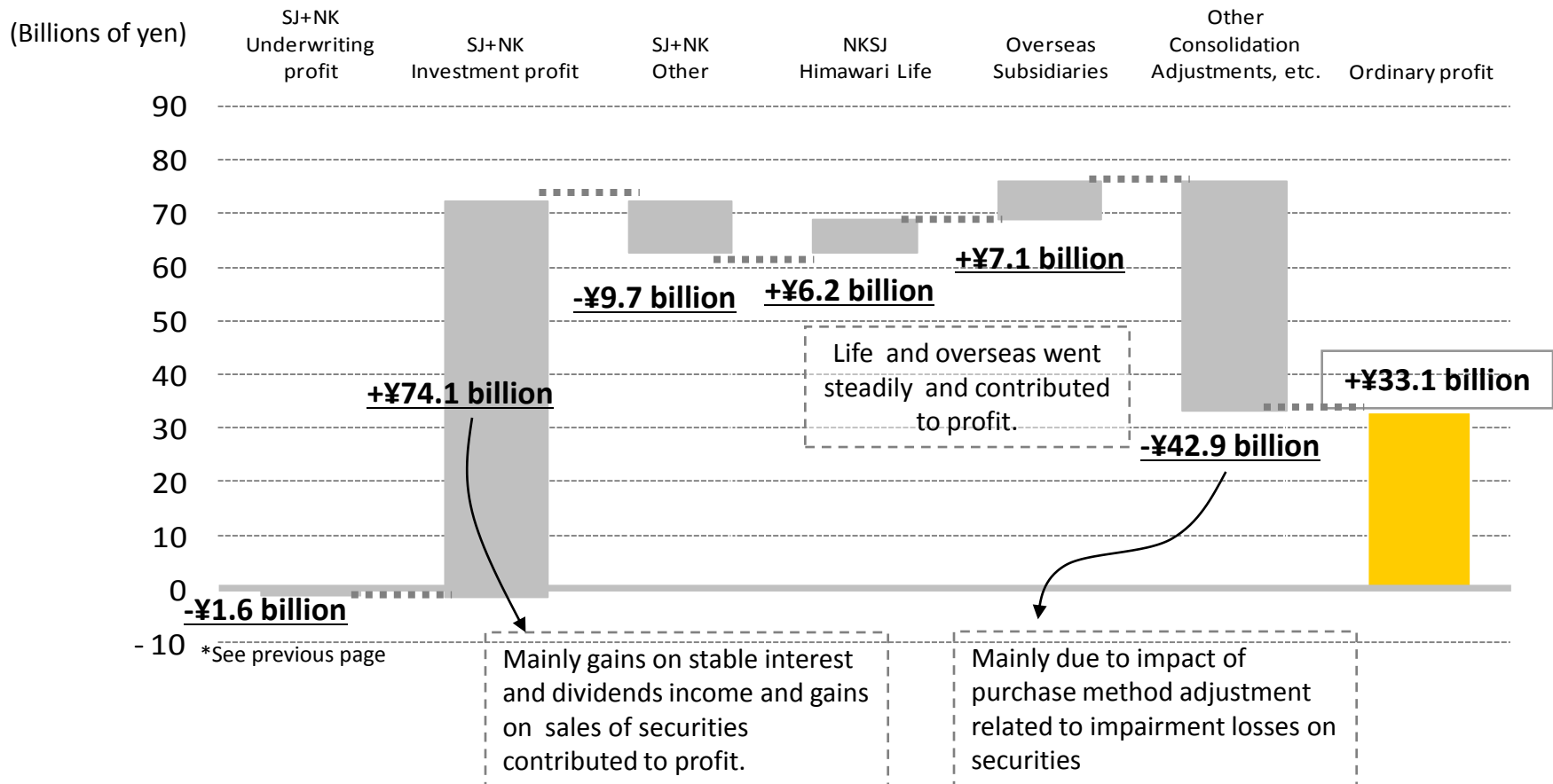
- Occurrence of domestic natural disasters (Net claims paid in this fiscal year is ¥50.9 billion)
- There was a persistently high loss ratio in the mainstay automobile insurance business.

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

## - Ordinary profit

- ◆ Ordinary profit moved into the black and ¥33.1 billion was posted mainly due to increased gains on sales of securities and decreased impairment loss on securities—reflecting a domestic stock market recovery—and contributions from the domestic life insurance and the overseas insurance businesses.

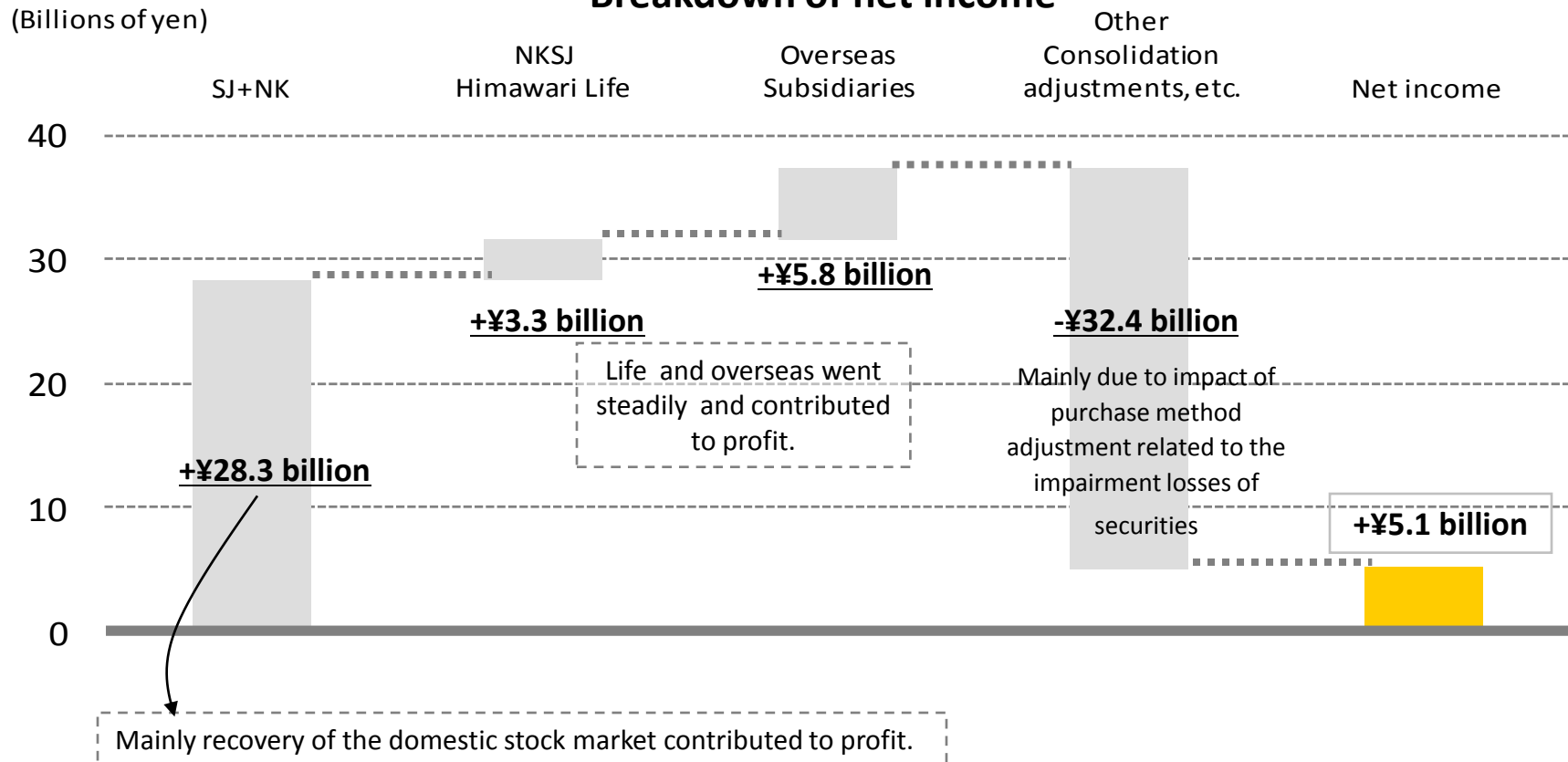
### Breakdown of ordinary profit



## - Net income

◆ Net income went into the black at ¥5.1 billion with each business contributing to profit, despite the negative impact of purchase adjustments (such as impairment losses on securities).

### Breakdown of net income



# Overview of 3Q FY2012 Results of Domestic P&C insurance

- ◆ Underwriting profit improved drastically mainly because the impact of flooding in Thailand has disappeared.
- ◆ In addition, investment profit increased mainly due to the recovery of the stock market which made net income increase substantially.

(Billions of yen)	Sum of two companies			Sompo Japan		Nipponkoa	
	Apr-Dec 2011	Apr-Dec 2012	Change	Apr-Dec 2012	Change	Apr-Dec 2012	Change
Net premiums written	1,440.5	1,474.6	+34.1(+2.4%)	994.3	+30.9(+3.2%)	480.3	+3.1(+0.7%)
Excl. CALI	1,250.1	1,268.8	+18.6(+1.5%)	852.4	+20.5(+2.5%)	416.3	-1.9(-0.5%)
Loss ratio	79.7%	71.7%	-8.1pt	70.4%	-9.3pt	74.3%	-11.8pt
Excl. financial guarantee losses and CALI	79.1%	68.4%	-10.7pt	66.9%	-9.6pt	71.5%	-12.7pt
Expense ratio	33.6%	33.4%	-0.2pt	32.8%	-0.3pt	34.6%	+0.0pt
Excl. CALI	35.0%	35.2%	+0.3pt	34.5%	+0.1pt	36.8%	+0.7pt
Combined ratio	113.3%	105.1%	-8.2pt	103.2%	-9.6pt	108.9%	-11.8pt
Excl. financial guarantee losses and CALI	114.0%	103.6%	-10.4pt	101.4%	-9.5pt	108.3%	-12.0pt
Underwriting profit	-60.0	-1.6	+58.3	-5.5	+21.4	3.8	+36.9
Investment profit	23.5	74.1	+50.6	30.9	+27.9	43.2	+22.6
Ordinary profit	-33.2	62.7	+96.0	17.5	+40.7	45.1	+55.2
Net income	-78.4	28.3	+106.7	5.7	+58.8	22.5	+47.8
<b>【Reference】 Adjusted profit</b>							
Net income	-78.4	28.3	+106.7	5.7	+58.8	22.5	+47.8
+ Provision for catastrophic loss reserve (net of tax)	-29.6	-29.9	-0.2	-10.7	+2.0	-19.2	-2.3
+ Provision for price fluctuation reserve (net of tax)	-7.2	2.1	+9.3	0.8	+9.2	1.2	+0
- Realized gain/losses and impairment loss on securities	-11.5	20.2	+31.8	6.1	+21.1	14.1	+10.7
-Extraordinary items*1 (net of tax)	-46.2	-12.0	+34.2	-7.9	+23.4	-4.0	+10.7
Adjusted profit	-57.4	-7.7	+49.7	-2.2	+25.6	-5.4	+24.0

\*1 Special factors in previous fiscal year were impact of reduction of the corporate income tax rate, one time merger costs, etc.

# Net premiums written – Domestic P&C insurance

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

(Billions of yen)

	Sum of two companies		Sompo Japan		Nipponkoa	
	Amount	Change	Amount	Change	Amount	Change
Fire & allied lines	180.8	+3.5 (+2.0%)	118.0	+8.4 (+7.7%)	62.7	- 4.9(-7.3%)
Marine	29.1	+0.3 (+1.2%)	19.2	+0.6 (+3.4%)	9.9	- 0.2(-2.7%)
Personal Accident	140.3	+ 1.7 (+1.3%)	100.7	+1.1 (+1.1%)	39.5	+0.6(+1.7%)
Voluntary Automobile	735.8	+13.3 (+1.8%)	493.5	+10.6 (+2.2%)	242.2	+ 2.6(+1.1%)
CALI	205.8	+15.5 (+8.2%)	141.9	+10.4 (+7.9%)	63.9	+ 5.0(+8.7%)
Other	182.6	-0.3 (-0.2%)	120.8	-0.3 (-0.3%)	61.8	- 0(-0.1%)
Of which, liability	111.1	-1.3 (-1.2%)	77.8	-1.8 (-2.3%)	33.3	+0.4(+1.5%)
<b>Total</b>	<b>1,474.6</b>	<b>+34.1 (+2.4%)</b>	<b>994.3</b>	<b>+30.9 (+3.2%)</b>	<b>480.3</b>	<b>+3.1 (+0.7%)</b>
Total excl. CALI	1,268.8	+18.6 (+1.5%)	852.4	+20.5 (+2.5%)	416.3	-1.9(-0.5%)

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

- ◆ The loss ratio for fire & allied lines excluding special factors rose due to the increase of domestic natural disasters.
- ◆ The loss ratio for automobile insurance dropped due to the positive impact of premium rate revision.

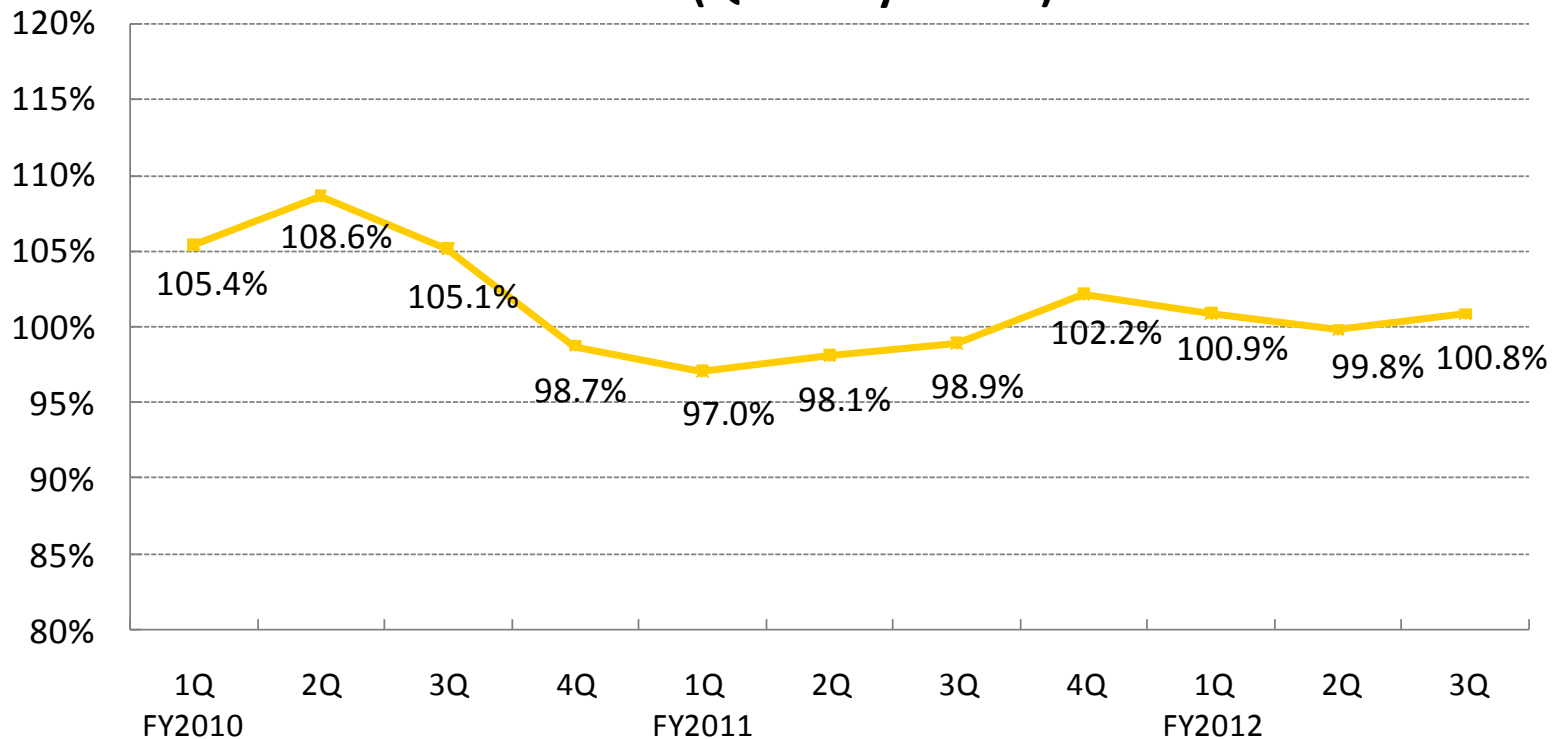
(Billions of yen)

	Sum of two companies				Sompo Japan		Nipponkoa	
	Net claims paid		Loss Ratio		Loss Ratio		Loss Ratio	
		Change		Change		Change		Change
Fire & allied lines	152.2	-116.9	87.2%	-68.3pt	76.7%	-69.4pt	107.0%	-63.9pt
Excl. Great East Japan Earthquake and Thai floods	139.6	+19.1	77.2%	+9.3pt	70.0%	+7.3pt	90.8%	+14.4pt
Marine	15.4	-2.0	56.3%	-8.4pt	63.5%	-10.6pt	42.4%	-5.1pt
Personal Accident	74.3	-0.6	57.9%	-1.1pt	58.9%	+0.6pt	55.4%	-5.4pt
Voluntary Automobile	453.7	+1.9	69.9%	-1.3pt	70.0%	-0.9pt	69.7%	-2.2pt
CALI	174.3	-0.1	91.8%	-6.9pt	91.5%	-6.8pt	92.4%	-7.1pt
Other	90.8	-1.3	54.0%	-0.9pt	52.2%	-1.2pt	57.6%	-0.2pt
Of which, liability	54.3	+1.4	53.1%	+1.9pt	53.5%	+3.6pt	52.3%	-2.1pt
<b>Total</b>	<b>961.1</b>	<b>-119.2</b>	<b>71.7%</b>	<b>-10.2pt</b>	<b>70.4%</b>	<b>-9.3pt</b>	<b>74.3%</b>	<b>-11.8pt</b>
Total (exc. CALI, financial guarantee losses, Great East Japan Earthquake, and Thai Floods)	849.9	+23.7	67.0%	+0.9pt	66.1%	+1.2pt	68.9%	+0.5pt



◆ The number of reported claims in FY2012 has been mostly unchanged from the previous year.

### Year-on-Year comparison of number of reported claims (Quarterly Trends)



\* The Great East Japan Earthquake, Typhoon No. 12 and No. 15 occurred in FY2011, and a severe storm occurred in April 2012 are excluded.

◆ The paid amount of domestic natural disasters occurred in this fiscal year were mostly unchanged from the same period last year.

(Billions of yen)

Net claims paid	Sum of two companies			Sompo Japan		Nipponkoa	
	Apr-Dec 2011	Apr-Dec 2012	Change	Apr-Dec 2012	Change	Apr-Dec 2012	Change
Fire & allied lines	40.6	41.0	+0.3	24.2	+1.8	16.7	-1.4
Marine	0.1	0	-0.1	0	-0.1	0	-0
Personal Accident	0.1	0	-0	0	-0	0	-0
Voluntary Automobile	6.5	8.1	+1.6	5.8	+1.9	2.3	-0.2
Other	1.6	1.6	+0	0.5	-0.2	1.1	+0.3
<b>Total</b>	<b>49.1</b>	<b>50.9</b>	<b>+1.7</b>	<b>30.5</b>	<b>+3.3</b>	<b>20.3</b>	<b>-1.5</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 include.

\*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 2012

(Billions of yen)

	Sum of two companies	Sompo Japan	Nipponkoa
Severe storm (April 2012)	18.9	11.0	7.9
Tornado and hail (May 2012)	5.9	3.7	2.1
Typhoon No. 4 (June 2012)	5.6	3.2	2.3
Typhoon No. 17 (Sep. 2012)	5.3	3.3	2.0

Assumption of business forecasts for FY2012

¥58.0 billion  
(Sum of two companies)

- ◆ Posted ¥21.2 billion profit due to reversal of catastrophic loss reserve. (of which, ¥17.1 billion posted by two domestic P&C insurers)

(Billions of yen)

	FY2011	Apr.-Dec. 2012			
	Group Total	Group Total	Sompo Japan	Nipponkoa	Overseas subsidiaries
Paid Claims	18.6	21.0	5.5	10.8	4.6
Provision of outstanding loss reserve	84.1	-25.9	-7.1	-10.0	-8.7
Net loss occurred	109.8*	-4.8	-1.5	0.7	-4.0
Provision of catastrophic loss reserve	-18.0	-16.4	-5.5	-10.8	-
Impact on ordinary profit	-91.8	21.2	7.1	10.0	4.0

Posted ¥21.2 billion profit due to reversal of catastrophic loss reserve.  
(Sum of profit of two domestic P&C companies were ¥17.1 billion.)

- Paid claims of Sompo Japan and Nipponkoa were ¥16.4 billion. (Assumption of business forecasts for FY2012 is ¥39.7 billion.)
- Paid claims on a cumulative basis from previous year was ¥34.4 billion. The payment completion rate was 44% on a cumulative basis.

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

# 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.

(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	254.4	+7.9	17.3%	+0.1pt	170.3	+5.2	17.1%	-0.0pt	84.0	+2.7	17.5%	+0.5pt
Operating, general and administrative expenses *	237.8	+0.7	16.1%	-0.3pt	155.6	+2.3	15.7%	-0.3pt	82.2	-1.6	17.1%	-0.5pt
<b>Total</b>	<b>492.3</b>	<b>+8.7</b>	<b>33.4%</b>	<b>-0.2pt</b>	<b>326.0</b>	<b>+7.6</b>	<b>32.8%</b>	<b>-0.3pt</b>	<b>166.3</b>	<b>+1.1</b>	<b>34.6%</b>	<b>+0.0pt</b>

\* Only for underwriting

(Billions of yen)

## Company expenses

	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	194.4	-3.2	13.2%	-0.5pt	128.4	-1.9	12.9%	-0.6pt	66.0	-1.2	13.7%	-0.4pt
Non-personnel expenses	135.4	-0.8	9.2%	-0.3pt	90.7	+0.7	9.1%	-0.2pt	44.7	-1.6	9.3%	-0.4pt
Tax and contributions	14.6	-0.4	1.0%	-0.1pt	9.7	-0.2	1.0%	-0.1pt	4.9	-0.1	1.0%	-0.0pt
<b>Total</b>	<b>344.5</b>	<b>-4.4</b>	<b>23.4%</b>	<b>-0.9pt</b>	<b>228.8</b>	<b>-1.4</b>	<b>23.0%</b>	<b>-0.9pt</b>	<b>115.7</b>	<b>-3.0</b>	<b>24.1%</b>	<b>-0.8pt</b>

# 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.

	3Q FY2011	3Q FY2012	Change	(Billions of yen) Change %
Amount of new business	2,248.4	2,126.4	-122.0	-5.4%
Annualized premium	27.4	26.2	-1.2	-4.4%
Income from insurance premium	262.5	268.3	+5.8	+2.2%
(excl. lump-sum payment)	251.6	264.8	+13.2	+5.3%
Ordinary profit	-1.1	9.0	-	- %
Net Income	-13.5	3.3	-	- %

	End of FY2011	End of 3Q FY2012	Change	(Billions of yen) Change %
Amount of business in force	17,659.7	18,627.3	+967.6	+5.5%
Annualized premium	286.2	294.3	+8.0	+2.8%

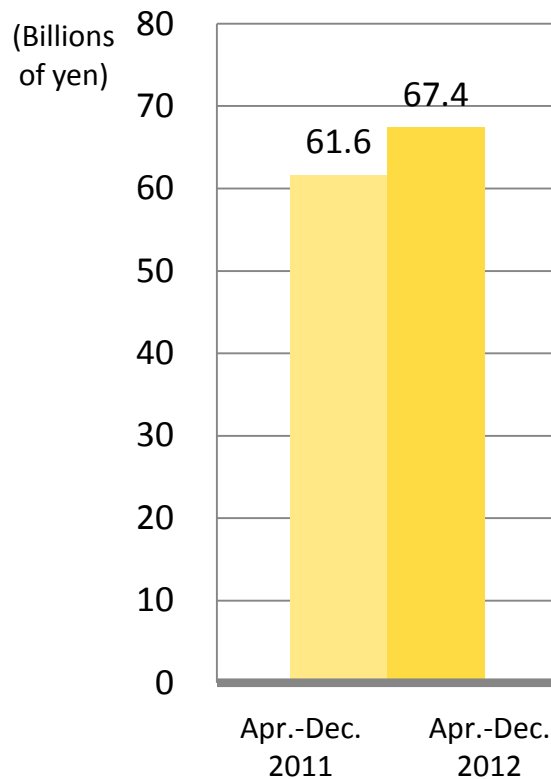
	(Billions of yen) Change
Protection-type	+6.7
Saving-type	+1.6
<b>Total</b>	<b>+8.3</b>

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

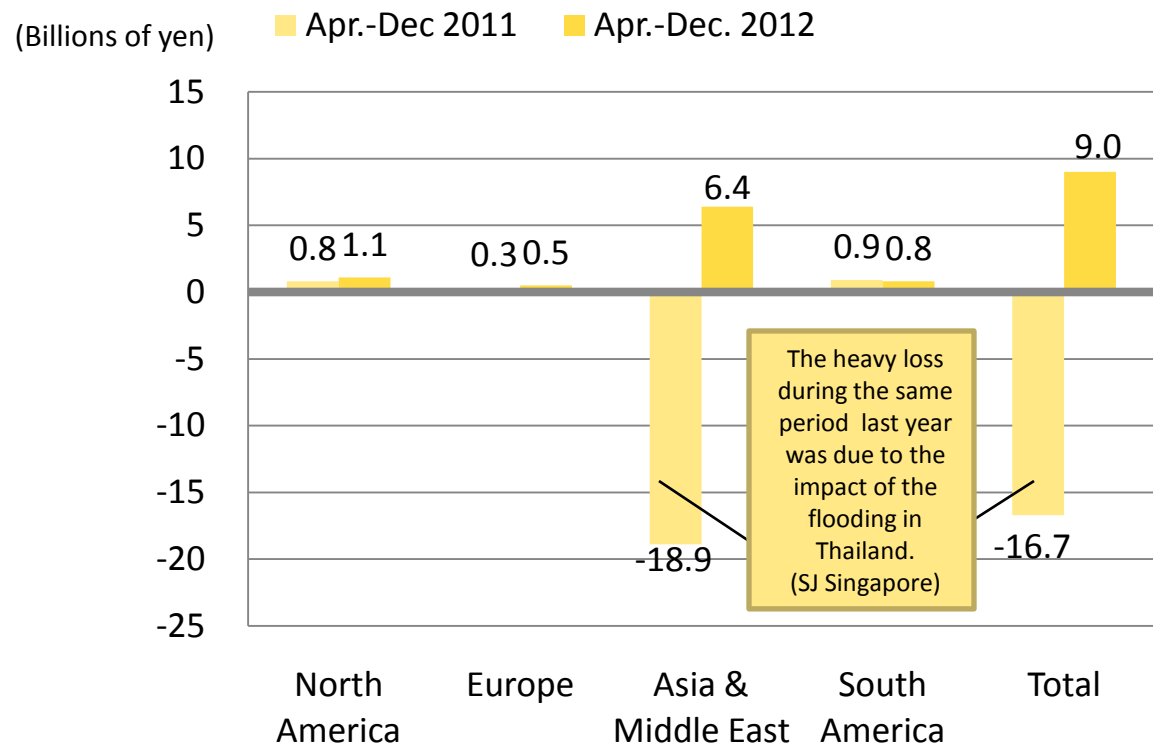
\* As the figures in the table on the right show annualized premium of business in force based on in-house standard, the total figures do not coincide with the figures in the table on the left.

◆ Increased steadily in both 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 Singapore (FY2011 & FY2012) and SJ Europe (FY2012).

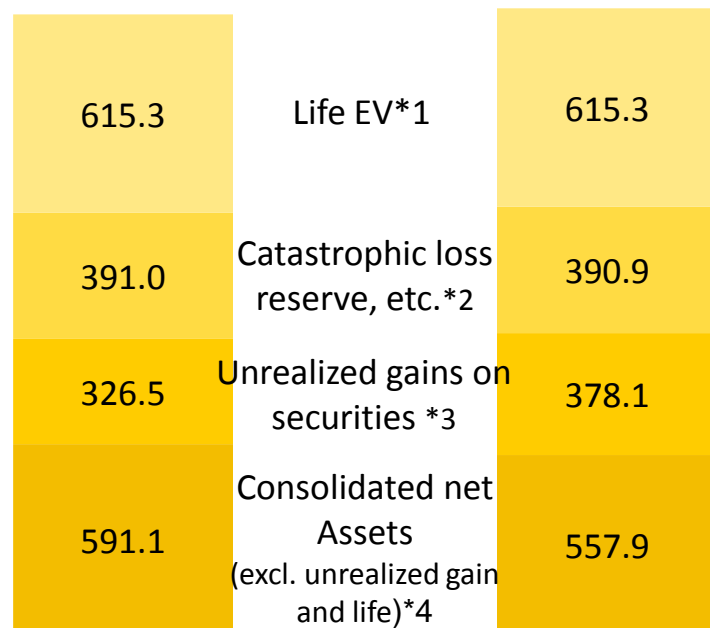
◆ No big change from the end of the previous fiscal year in both total amount and breakdown. Adjusted consolidated net assets per share are over ¥4,600.

## Adjusted consolidated net assets

(Billions of yen)

Total 1,924.1  
(¥4,638 per share)

Total 1,942.4  
(¥4,684 per share)



End of Mar. 2012

End of Dec. 2012

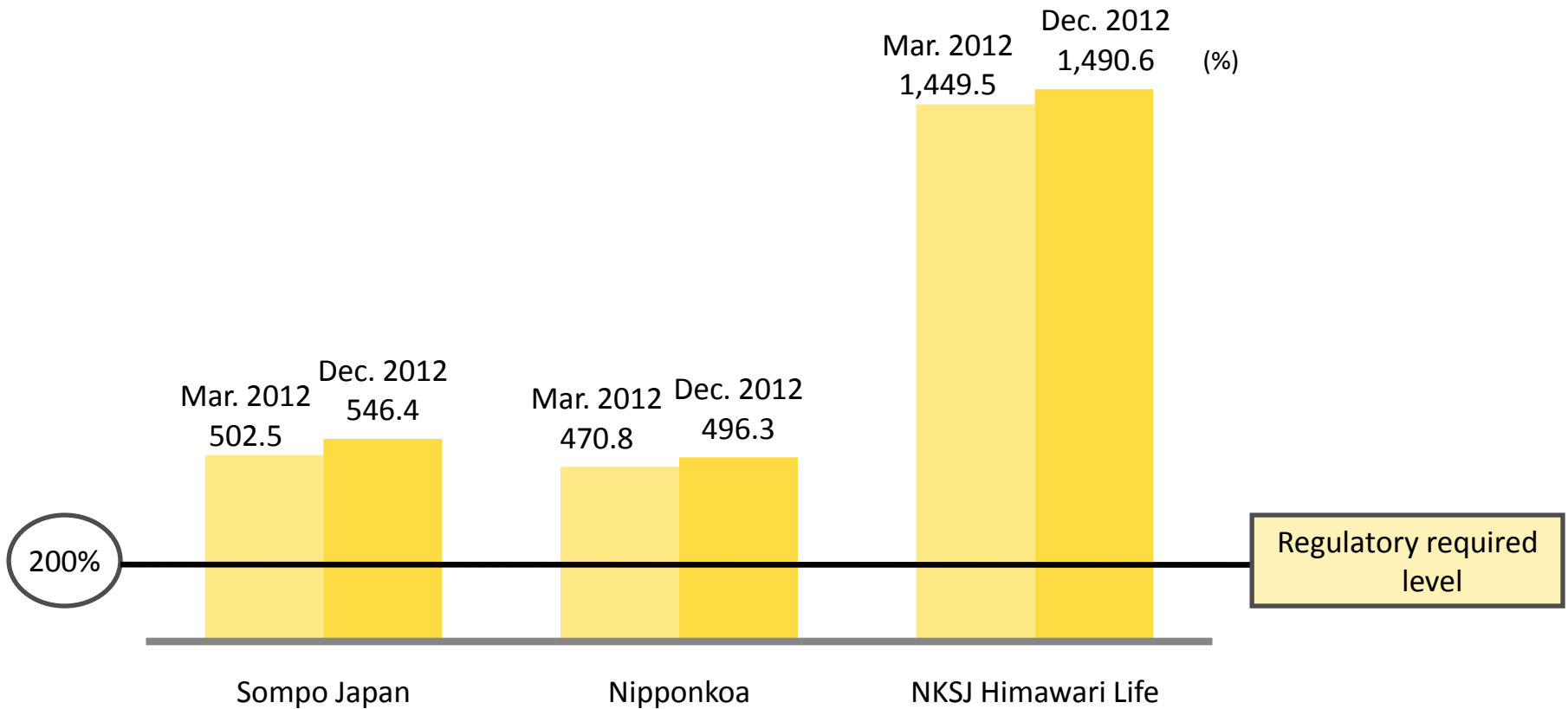
\*1 Life insurance EV is the nominal price before deduction of changes in EV attributable to interest rate movements. However, in the case of adjusted profit, which is the subject of the management plan, the growth in EV is the value after deduction of changes in EV attributable to interest rate movements.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

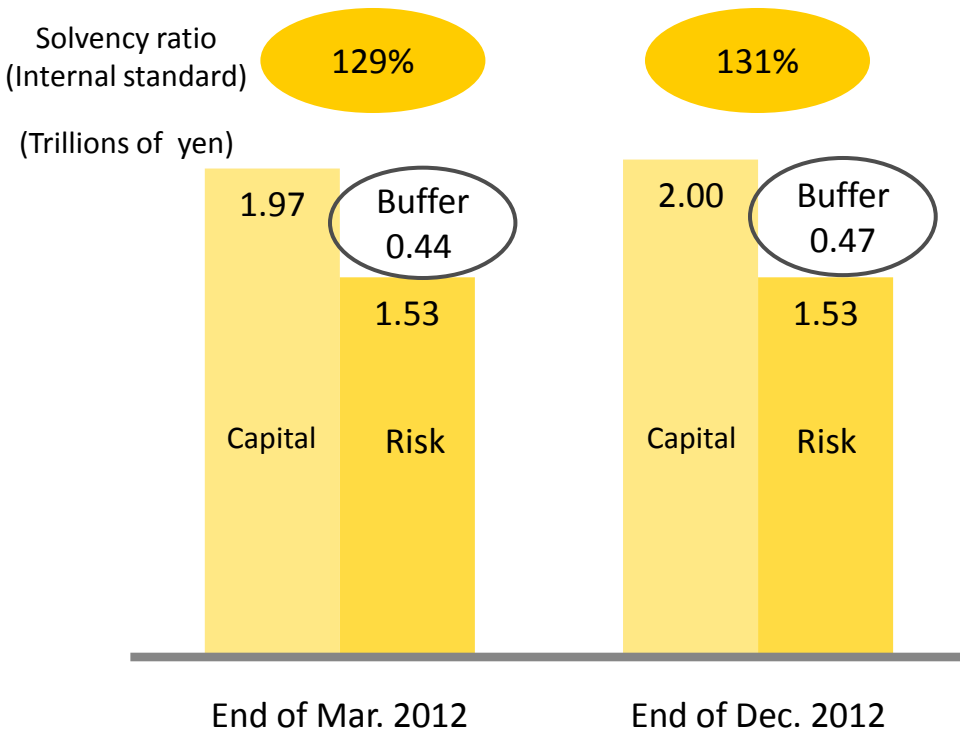
\*4 Consolidated net product excludes Himawari Life Insurance's net assets and the unrealized gains/losses on securities.

◆ Maintain level greatly in excess of what required by regulatory authorities.





◆ Solvency ratio and the buffer recovered to the level of March 2012 due to the rise in stock market.



Financial market fluctuation sensitivity  
(End of December 2012)

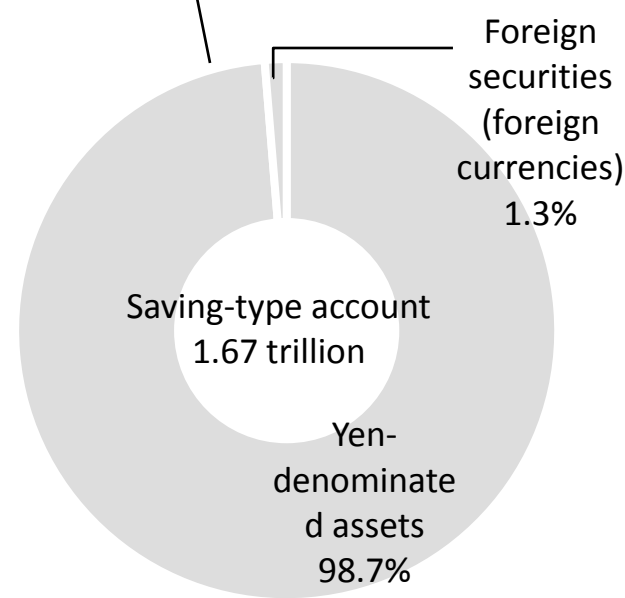
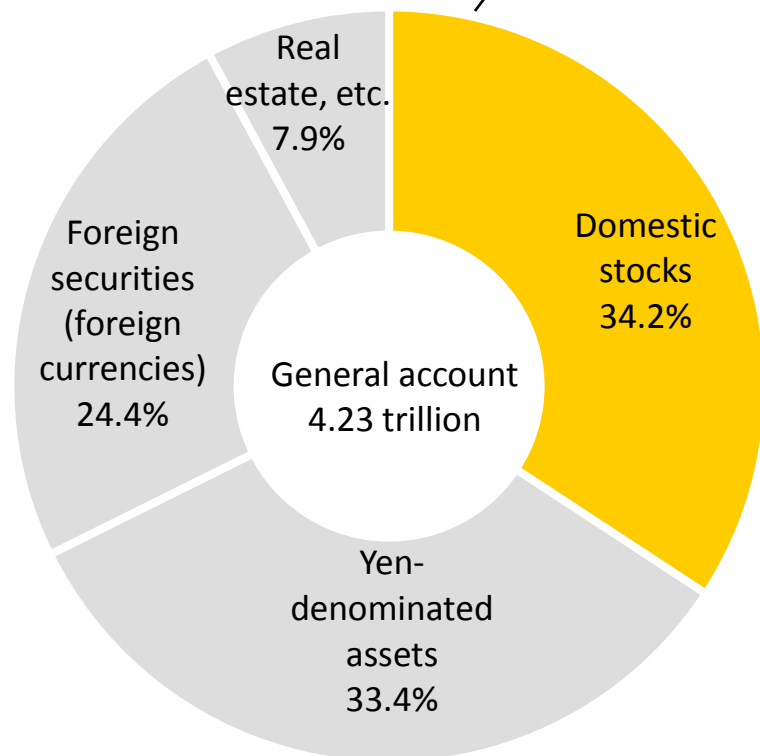
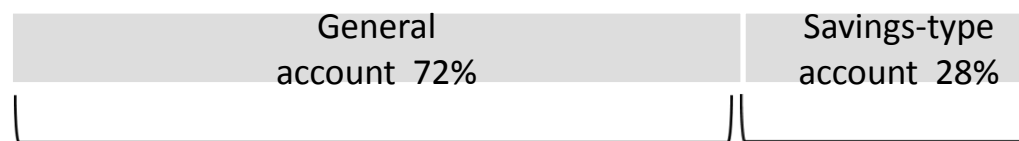
	Capital (Billion of yen)	Solvency ratio
Change in stock price by 30% increase	+248.3	+9.3%
Change in stock price by 30% decrease	-248.3	-12.9%
10% depreciation in yen exchange rate	+53.2	+2.8%
10% appreciation in yen exchange rate	-53.2	-2.7%
100bps increase in interest rates	31.9	+0.8%
100bps decrease in interest rates	-70.8	-5.8%
Stock price decrease by 30% & + 100bps decrease in interest rates	-319.2	-17.4%

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

- ◆ 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) declined 1.5 points to 34.2%.

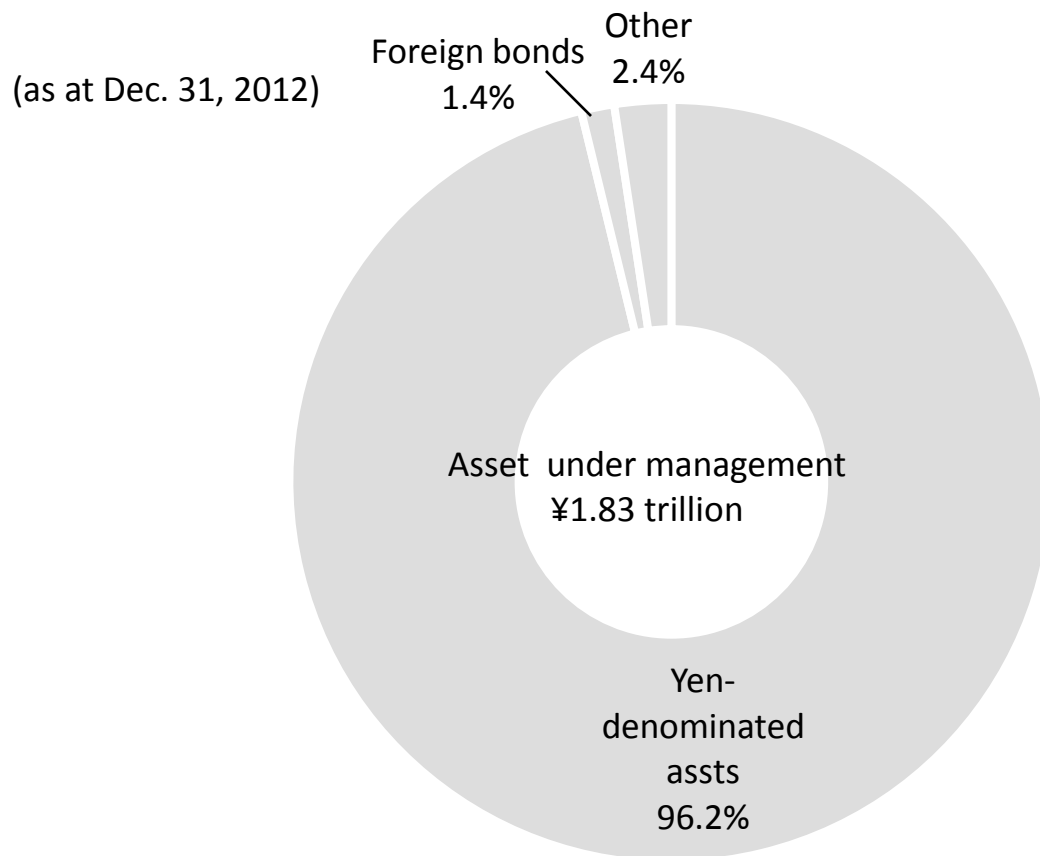
Management assets  
5.91 trillion yen  
(as at Dec. 31, 2012)



Saving-type account Duration (As at Dec. 31, 2012)

Assets	Approx 4 years
Liability	Approx 6 years

- ◆ Maintained an extremely conservative asset portfolio, reflecting the high profitability of life insurance products



## Asset/Liability Duration

As at Dec. 31, 2012

Assets	Approx 12 years
Liability	Approx 13 years

\* Duration of liability shows the asset duration in the case when sensitivity to interest rates (dollar amount of market value fluctuation) of assets and liability becomes equal.

◆ Exposure is limited with only a slight increase due to the impact of the stronger euro.

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

■ End of Mar. 2012      ■ End of Dec. 2012



◆ Investment profit improved greatly

(due to increased gains on sales of securities primarily from stock sales and reduced valuation losses resulting from the stock market recovery).

(Billions of yen)

		Sum of two companies			Sompo Japan		Nipponkoa	
		Apr.-Dec. 2011	Apr.-Dec. 2012	Change	Apr.-Dec. 2012	Change	Apr.-Dec. 2012	Change
Interest and dividend income		93.8	87.5	-6.3	55.9	-4.1	31.5	-2.2
Net interest and dividend income	1	51.4	48.7	-2.6	30.2	-1.6	18.5	-1.0
Realized gain on securities sales	2	31.0	60.5	+29.4	37.2	+15.1	23.2	+14.3
of which, realized gain on domestic stock sales		31.3	42.2	+10.8	28.4	+7.4	13.8	+3.4
Impairment losses on securities	3	-49.2	-30.2	+18.9	-28.1	+17.4	-2.1	+1.5
of which, impairment losses on domestic stock		-45.1	-29.9	+15.2	-28.1	+13.6	-1.7	+1.5
Gain on derivative products	4	4.4	-3.8	-8.3	-7.0	-11.1	3.2	+2.8
Other investment income	5	-14.2	-1.0	+13.2	-1.3	+8.1	0.2	+5.0
Investment profit	1+2+3+4+5	23.5	74.1	+50.6	30.9	+27.9	43.2	+22.6



Assumed level of business forecasts FY2012  
¥95.5 billion (Sum of two companies)

# Impairment losses on securities (consolidated basis)

- ◆ Impairment losses on securities were ¥52.4 billion, an improvement of ¥53.5 billion from the ¥105.9 billion loss for the first six months of the fiscal year.
- ◆ Full-year forecast is a loss of ¥105.9 billion, the same as the first six months. (assuming a Nikkei 225 of ¥8,870)

(Billions of yen)

## <Impairment losses on securities as of the end of Dec. 2012>

	Sompo Japan	Nipponkoa	Others	Consolidated adjustments*	NKSJ consolidated
<b>Impairment losses on securities</b>	-28.1	-2.1	-0.8	-21.3	-52.4
<b>Of which, listed stocks</b>	-28.1	-1.7	-0	-21.3	-51.2

NKSJ recognizes impairment losses basically on all securities when the price falls below a threshold, i.e. 30% below the book value

### <Reference: Trend in Nikkei 225>

End of March 2010	¥11,089
End of March 2011	¥9,755
End of March 2012	¥10,083
End of September 2012	¥8,870 → Assumed level in the business forecasts
End of December 2012	¥10,395
February 13, 2013	¥11,251

### \*Consolidated adjustments

- “Purchase method” accounting was adopted in establishing NKSJ Holdings. “Consolidated adjustments” shown in the table above results from using purchase method.
- In NKSJ consolidated financial statements, assets of Nipponkoa are booked at the market value as of the completion of business integration (end of March 2010).

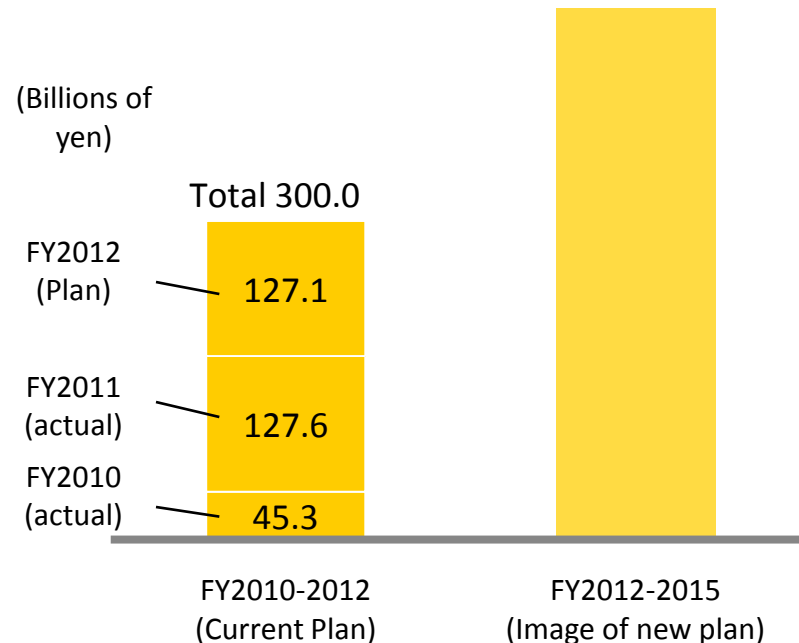
- ◆ The net reduction was ¥123.2 billion including stock futures sold as a hedge. The achievement rate of the fiscal year plan (¥127.1 billion) was 97%.
- ◆ We are continuing the reduction in the fourth quarter, expecting full-year reduction to significantly exceed the initial target.

<Net reduction> (Billions of yen)

	April-December, 2012		Actual
	Stocks	Stock futures	Total
Sompo Japan	48.5	32.6	81.1
Nipponkoa	32.2	9.9	42.1
Sum of two companies	80.7	42.5	123.2

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

Scale image of reducing strategic-holding stocks



## Business Forecasts for FY2012

— Unchanged from the figures announced on November 19, 2012 —



# Summary of Business Forecasts

## – Consolidated basis

Unchanged from the  
figures announced on  
November 19, 2012.

**NKSJ**  
HOLDINGS

- ◆ Net income is projected to be red, assuming stock price levels remain at the level at the end of September 2012.

(Billions of yen)	FY2011(A)	FY2012(E)	Change	
Ordinary income (NKSJHD consolidated)	2,790.5	2,810.0	+19.4	(+0.7%)
P&C net premium written	1,973.7	2,009.0	+35.2	(+1.8%)
Life insurance premiums	250.1	249.0	-1.1	(-0.5%)
Ordinary profit (NKSJHD consolidated)	-51.8	4.0	+55.8	( - )
Sompo Japan + Nipponkoa	-3.7	71.0	+74.7	( - )
NKSJ Himawari Life	1.1	6.4	+5.3	(+472.2%)
Consolidated adjustment*/others	-49.1	-73.4	-24.3	( - )
Net Income(NKSJHD consolidated)	-92.2	-28.0	+64.2	( - )
Sompo Japan + Nipponkoa	-60.1	20.0	+80.1	( - )
NKSJ Himawari Life	-11.1	3.6	+14.7	( - )
Consolidated adjustment*/others	-21.0	-51.6	-30.5	( - )

\*"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

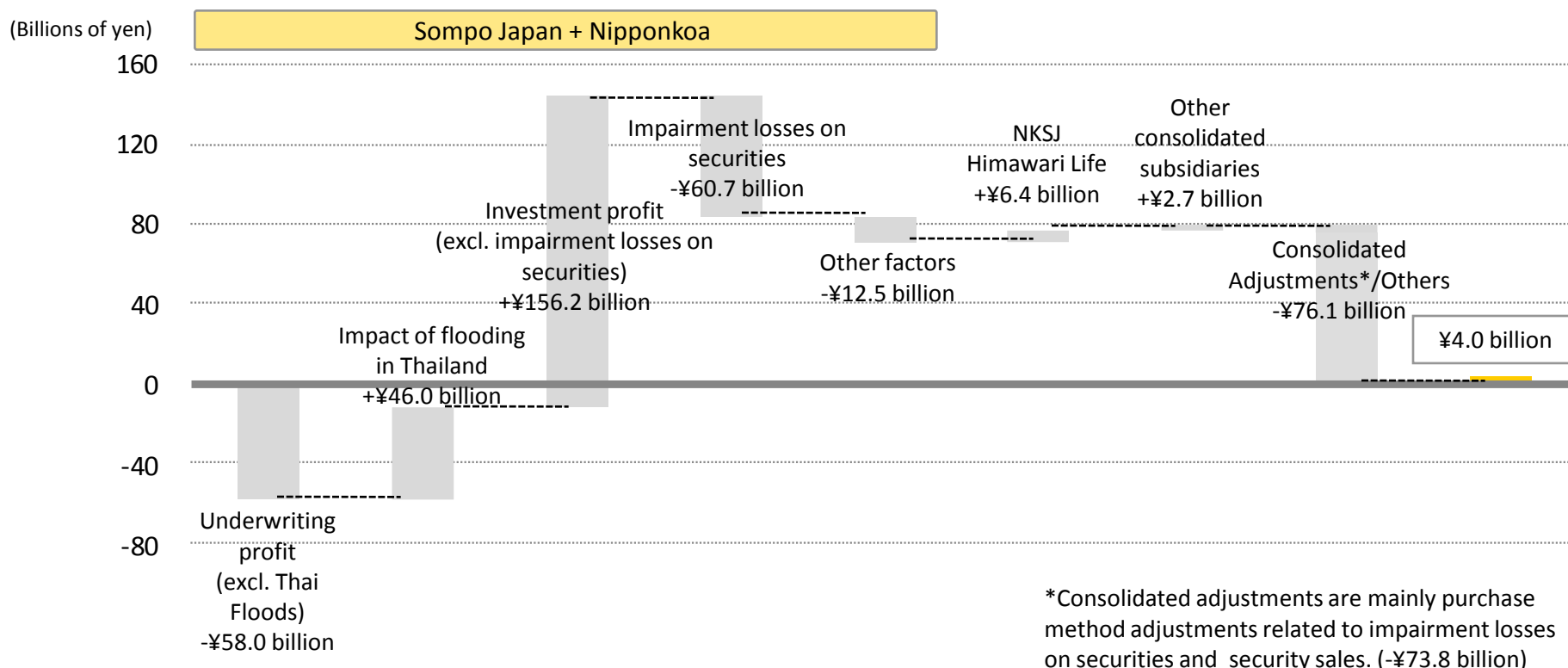
## - Consolidated ordinary profit

Unchanged from the figures announced on November 19, 2012.

**NKSJ**  
HOLDINGS

- ◆ Consolidated ordinary profit is projected to be ¥4.0 billion.
- Underwriting profit: Underwriting loss in automobile insurance is expected to continue, but reversal of the catastrophic loss reserve related to flooding in Thailand should contribute positively.
- Investment profit: Realized gain on securities sales should boost profits, but impairment losses on securities are expected to have a large negative impact

### Main components of consolidated ordinary profit



# Business Forecasts – Domestic Insurance Business

Unchanged from the  
figures announced on  
November 19, 2012.

**NKSJ**  
HOLDINGS

(Billions of yen)	FY2011 (A)	FY2012(E)	Change
Net premiums written	1,911.7	1,919.0	+7.2 (+0.4%)
(Excl. CALI)	1,654.0	1,651.8	-2.2 (-0.1%)
Loss Ratio	81.9%	74.4%	-7.5pt
(Excl. financial guarantee and CALI)	79.2%	71.5%	-7.7pt
(Excl. financial guarantee, CALI, Great East Japan Earthquake and Thai Floods)	67.6%	68.6%	+1.0pt
EI Loss Ratio (excl. CALI and household earthquake insurance)	73.0%	68.6%	-4.3pt
(Excl. financial guarantee, the Great East Japan Earthquake and Thai Floods)	68.0%	69.0%	+1.0pt
Net Expense Ratio	33.7%	33.9%	+0.2pt
(Excl. CALI)	35.4%	35.8%	+0.4pt
Combined Ratio	115.6%	108.3%	-7.3pt
(Excl. financial guarantee and CALI)	114.6%	107.3%	-7.4pt
(Excl. financial guarantee, CALI, Great East Japan Earthquake and Thai Floods)	103.0%	104.4%	+1.4pt
Underwriting profit	-66.1	-12.0	+54.1 ( - )
Investment profit	61.7	95.5	+33.8 (+54.9%)
Ordinary profit	-3.7	71.0	+74.7 ( - )
Net income	-60.1	20.0	+80.1 ( - )

\*Sum of Sampo Japan and Nipponkoa

# Assumption of Business Forecasts

## - Domestic P&C Insurance Business

Unchanged from the  
figures announced on  
November 19, 2012.

**NKSJ**  
HOLDINGS

<b>Losses from domestic natural disasters</b> (occurred in the fiscal year)	58 billion yen
<b>Flooding in Thailand</b>	Net claims paid : ¥39.7 billion *excluding the amount to be paid by overseas subsidiaries (Assuming that remaining amount ¥11.5 billions is paid in FY2013)
<b>Catastrophic loss reserve</b>	Net reversal: ¥58.7 billion *of which, reversal as a result of loss payment of the flooding in Thailand is ¥39.7 billion
<b>(Provision rate of Catastrophic loss reserve)</b>	Provision rate of fire group : Sompo Japan 10% Nipponkoa : 7.4% Provision rate of automobile group : Sompo Japan : 5.5%、Nipponkoa : 6.2%
<b>Market indicators</b>	(Stock) Nikkei 225 : ¥8,870      (Interest yield) 10y JGB:0.78% (Foreign exchange) 1US\$ : ¥77.60/1Euro : ¥100.24
<b>Interest and dividend income</b>	Gross : ¥104.2 billion    Net : ¥53.9 billion
<b>Realized gains on securities</b>	Realized gain on securities : ¥107.9 billion Impairment losses on securities : ¥60.7 billion
<b>Reserve for price fluctuation</b>	Net provision ¥7.9 billion

\*Sum of Sompo Japan and Nipponkoa

# Business Forecasts

## - Domestic Life Insurance Business- EV

- ◆ High level of increase in adjusted EV to be sustained due to favorable sales of protection-type products.

(Billions of yen)

	FY2011 Actual	FY2012 Plan	Change
New business value *1	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 change	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 *2</b>	<b>615.3</b>	<b>700.3</b>	<b>+85.0</b>

With the backdrop of an increased in-force business value due to improved expenses ratio and retention ratio, the current unofficial projection is about ¥100 billion

However, due to interest rate decline and other negative factors, the fiscal year-end EV is unofficially projected to be around ¥680 billion (assuming the interest rate levels as of December 31, 2012)

\*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).

# Summary of Business Forecasts of Domestic Life Insurance – Accounting profit

Unchanged from the  
figures announced on  
November 19, 2012.

**NKSJ**  
HOLDINGS

- ◆ Accelerating increase in basic profit due to the progress in reducing operating expense.
- ◆ Expecting ¥3.6 billion net income in fiscal 2012 because the merger related cost disappears.

(Billions of yen)

	FY2011 Actual	FY2012 Forecast	Change	
Ordinary income	395.2	398.1	+2.8	(+0.7%)
Insurance premiums and other (excl. lump-sum payment)	360.1 345.8	363.0 358.6	+2.8 +12.8	(+0.8%) (+3.7%)
Ordinary profit	4.2	10.0	+5.7	(+136.9%)
Extraordinary gains	*1 -12.2	-0.3	+11.9	( - )
Net income	*2 -11.1	3.6	+14.7	( - )
Basic profit*3	5.8	10.0	+4.1	(+71.5%)
<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.

\*3 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.

# Overseas Insurance Business

Unchanged from the  
figures announced on  
November 19, 2012.

**NKSJ**  
HOLDINGS

Millions of yen

	Companies	Net premium written					Net income				
		3Q FY2011	3Q FY2012	Change	FY2012(E)	Change	3Q FY2011	3Q FY2012	Change	FY2012(E)	Change
US	SJ America	4,770	6,172	+ 1,401	7,686	+ 1,217	856	1,176	+ 319	1,401	+ 305
Europe	SJ Europe	1,373	2,096	+ 723	2,369	+ 13,801	289	650	+ 361	413	+ 3,368
	NK Europe	683	745	+ 62	840	+ 68	170	15	- 155	46	- 83
	Other	- 0	---	+ 0	---	+ 2	- 102	- 116	- 14	---	+ 85
Europe Total		2,056	2,842	+ 785	3,210	+ 13,872	357	549	+ 191	460	+ 3,369
Turkey	SJ Sigorta	7,632	9,545	+ 1,912	11,869	+ 1,840	1,009	1,243	+ 234	1,464	+ 111
Singapore	SJ Singapore	1,323	1,075	- 247	1,337	- 22	- 21,241	3,793	+ 25,035	3,463	+ 24,687
	Tenet	1,857	2,007	+ 150	2,661	+ 318	184	637	+ 453	770	+ 426
Malaysia	Berjaya Sampo	3,434	5,358	+ 1,923	7,309	+ 2,844	337	572	+ 235	1,035	+ 776
China	SJ China	3,104	3,493	+ 388	5,231	+ 825	203	- 110	- 313	- 217	- 297
	NK China	282	394	+ 111	460	+ 108	- 39	37	+ 77	- 71	- 0
Hongkong	SJ Hongkong	1,149	1,649	+ 499	1,989	+ 419	323	215	- 108	211	+ 21
	NK Asia	474	557	<sup>Δ</sup> + 82	682	+ 25	119	162	+ 42	148	+ 8
Other		4,054	1,227	2,827	1,406	- 3,117	191	- 57	- 249	4	+ 56
Asia & Middle East Total		23,314	25,309	+ 1,994	32,948	+ 3,241	- 18,912	6,495	+ 25,408	6,810	+ 25,791
Brazil	Yasuda Seguros	9,318	10,261	+ 942	15,291	+ 2,516	313	313	+ 0	538	+ 63
	Other	22,175	22,891	+ 716	32,158	+ 2,436	608	494	- 113	695	+ 122
South America Total		31,494	33,153	+ 1,658	47,449	+ 4,953	921	808	- 113	1,233	+ 186
Total		61,636	67,478	+ 5,841	91,295	+ 23,285	- 16,776	9,029	+ 25,806	9,905	+ 29,653

\*<sup>1</sup> Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements.

\*<sup>2</sup> Net income reflects holding shares of each subsidiaries and affiliates, and figures are before consolidation adjustments excluding SJ Singapore (FY2011& FY2012) and SJ Europe (FY2012).

\*<sup>3</sup> Affiliates accounted for under the equity method are included in "others".

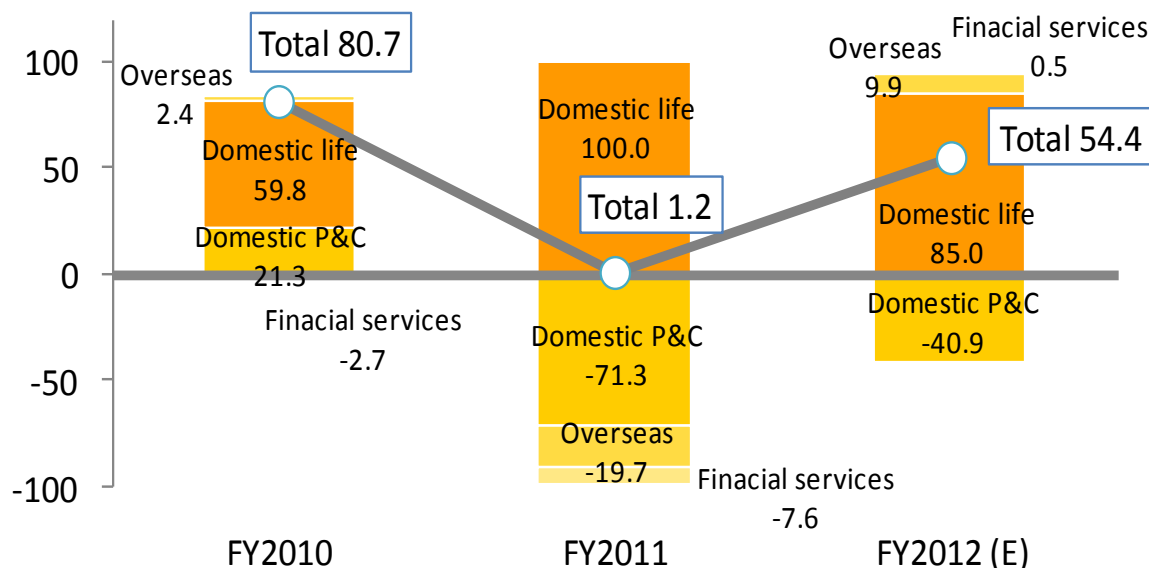
\*<sup>4</sup> 3Q FY2011 figures of Berjaya Sampo before it became a subsidiary (the equity method was applied) are included in the column "Other".

- ◆ Recovery expected in fiscal 2012 on an adjusted consolidated profit\*.
- ◆ The domestic P&C insurance business is still in the red. However, the domestic life insurance business continuously contributes to profit and the overseas insurance business is recovering.

\*One-time costs arising from the merger are excluded as special factors.  
(Approx ¥24 billion in FY2012 and approx ¥5 billion in FY2015)

## Change in Adjusted Consolidated Profit

(Billion of yen)



(Reference)

### NKSJ group Numerical Targets for FY2015

Domestic P&C Insurance	¥70-80 billion
Domestic life Insurance	¥100-110 billion
Overseas Insurance	¥14-20 billion
Financial services, etc.	¥2-3 billion
Total(Adjusted consolidated Profit)	¥180-210 billion
Adjusted ROE	7% or more

See next page for definition of each business , adjusted profit and adjusted ROE.



	Definition of business	Calculation of adjusted profit
<b>Domestic P&amp;C insurance business</b>	Sum of Sompo Japan Insurance Inc. , Nipponkoa Insurance Company, Limited (Sompo Japan Nipponkoa Insurance Inc. in FY2015), Saison Automobile & Fire Insurance Company, Limited and Sonpo 24 Insurance Company Limited. (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
<b>Domestic life insurance business</b>	NKSJ Himawari Life (non-consolidated)	Growth in embedded value (EV) - capital account transactions - changes in EV attributable to interest rate movements
<b>Overseas insurance business</b>	Overseas insurance subsidiaries of Sompo Japan Insurance Inc. and Nipponkoa Insurance Company, Limited (Sompo Japan Nipponkoa Insurance Inc. for FY2015)	Net income as reported in financial statements
<b>Financial services, etc.</b>	Sompo Japan DIY, financial services, healthcare, etc.	Net income as reported in financial statements

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

## (Calculation of adjusted ROE)

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

\*All values in the denominator are the average of the fiscal-year opening and closing balances.

## - Response to the standard assumed interest rate reduction

- ◆ To cushion the impact of an increase in underwriting reserve provisions accompanying a reduction in the standard assumed interest rate\* from 1.5% to 1.0%, the assumed interest rate used to calculate premiums on first-sector insurance products will be reduced (premiums will be increased)
- ◆ The assumed interest rate will be reduced less in magnitude than the standard assumed interest rate, but the negative impact on an accounting basis can be adequately offset in light of the investment yield on super-long bonds for the portfolio management based on ALM.
- ◆ As regards the core products of medical insurance and income protection insurance, the assumed interest rate will be held unchanged and insurance premiums will not be revised

\*Standard assumed interest rate: Assumed interest rate used to calculate underwriting reserves on a legal accounting basis  
Reduction to 1% on policies entered on or after April 1, 2013 (lock-in method)

Reduction of the assumed interest rate in April 2013  
accompanying the reduction of the standard assumed interest rate

Sector	Payment	Insurance category	Dividends classification	Before the revision	After the revision	% point of reduction
First sector	Equal payment	Other than income compensation	Non-dividends	1.85%	1.45%	-0.40%
			Interest dividends	1.65%	1.25%	-0.40%
	Lump-sum payment	Whole life	Non-dividends	1.85% (Unchanged)		±0%
			Non-dividends	1.10%	0.90%	-0.20%
Third sector	Equal payment	Medical, Cancer, Long term accident	Non-dividends	1.85% (Unchanged)		±0%

### **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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