
Highlights of 3Q FY2011 Results

February 14, 2012

NKSJ Holdings, Inc.

■ Overview of NKSJ Consolidated Results	2
■ Difference Between 3Q Results and Forecasts for FY2011	3
■ Overview of Non-Consolidated Results of Two Major P&C Insurers	4
■ Net Premiums Written	5
■ Net Loss Ratio	6
■ Impact of the Great East Japan Earthquake	7
■ (Ref) Reported Claims – Voluntary Automobile Insurance	8
■ Net Expense Ratio	9
■ Investment Profits	10
■ Investment Assets	11
■ Impairment Losses on Securities	12
■ Strategic Holding Stocks / Exposures to GIIPS Countries	13
■ Domestic Life Insurance Business	14
■ Overseas Insurance Business	15
■ Net Assets	16
■ Forecasts for FY2011 – Overview (NKSJ Consolidated)	17
■ Forecasts for FY2011 – Overview (Two Major P&C Insurers, Non-Consolidated)	18
■ Forecasts for FY2011 – Assumptions (Two Major P&C Insurers, Non-Consolidated)	19
■ Forecasts for FY2011 – Impact of Flooding in Thailand	20
■ Forecasts for FY2011 – Impact of Reduction of the Corporate Income Tax Rate	21
■ Forecasts for FY2011 – Net Premiums Written (Two Major P&C Insurers, Non-Consolidated)	22
■ Forecasts for FY2011 – W/P Loss Ratio (Two Major P&C Insurers, Non-Consolidated)	23
■ Forecasts for FY2011 – Adjusted Consolidated Profit	24

Overview of NKSJ Consolidated Results

- ◆ Posted a significant loss as of the end of 3Q FY2011. Major factors were: (1) flooding in Thailand, (2) impairment losses on securities, and (3) reduction of the corporate income tax rate.
- ◆ No change in full FY2011 forecasts announced on January 27, 2012.

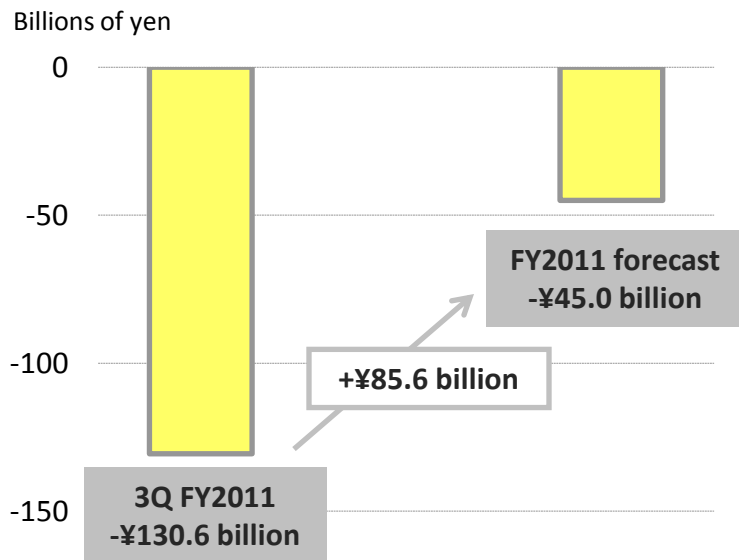
	Billions of yen			Billions of yen	
	3Q FY2010	3Q FY2011	Changes	FY2011 (E)	
Ordinary income	2,002.0	2,114.3	+112.2 (+5.6%)	2,808.0	
P&C net premiums written	1,465.4	1,496.9	+31.5 (+2.1%)		
Life insurance premiums	171.4	182.5	+11.1 (+6.5%)		
Ordinary profit*	45.9	-130.6	-176.6	-45.0	Unchanged (announced on Jan. 27)
Domestic P&C insurance business	48.6	-108.1	-156.7		
Domestic life insurance business	-3.2	-5.9	-2.7		
Overseas insurance business	1.7	-17.0	-18.7		
Others	-1.1	0.5	+1.6		
Net income*	24.8	-146.9	-171.7	-100.0	
Domestic P&C insurance business	28.1	-118.7	-146.9		
Domestic life insurance business	-3.3	-16.5	-13.2		
Overseas insurance business	1.0	-12.0	-13.1		
Others	-1.0	0.4	+1.5		

* Ordinary profit and net income represent amounts after consolidation adjustments.

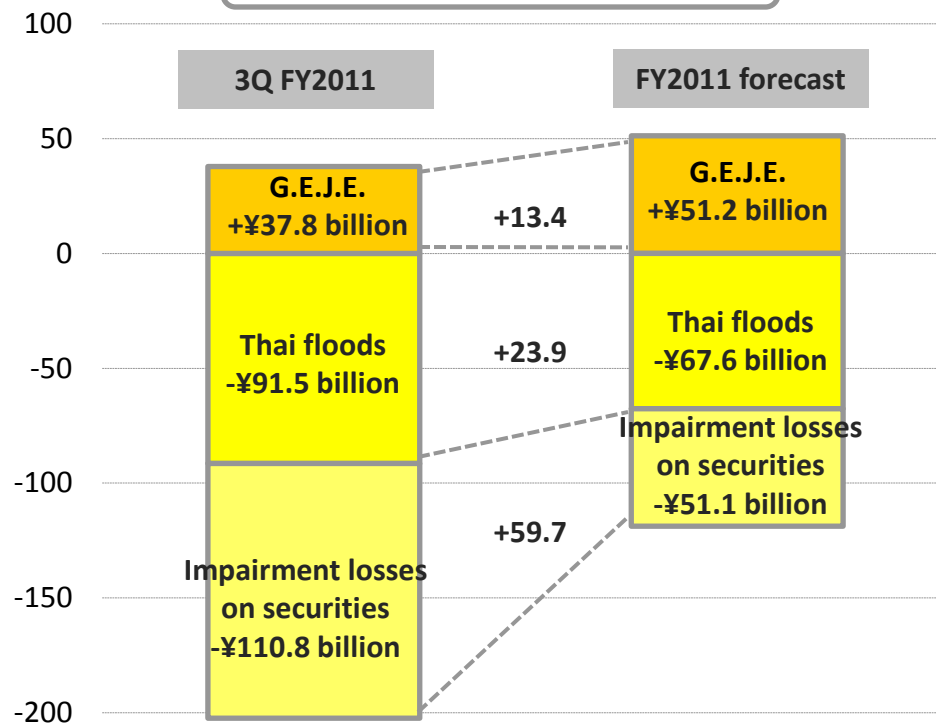
Forecast less ordinary loss for full FY2011 than the 3Q results.

- (1) Progress of claim payments of the Great East Japan Earthquake (G.E.J.E.) and the flooding in Thailand => increase in reversal of catastrophic loss reserves
- (2) Difference of assumptions about impairment losses on securities (Nikkei 225: 8,455 for 3Q FY2011, 8,988 for full FY2011)

Consolidated ordinary profit



Major factors of difference



Note) No significant differences on the impact of the reduction of corporate income tax rate.

Overview of Non-Consolidated Results of Two Major P&C Insurers

Billions of yen

	Sompo Japan		
	3Q FY2010	3Q FY2011	Change
Net premiums written	953.3	963.3	+10.0(+1.1%)
(excl. CALI)	827.4	831.9	+4.4(+0.5%)
Loss ratio	71.2%	79.7%	+8.6pt
(excl. financial guarantee *1 / CALI)	62.9%	76.5%	+13.6pt
Expense ratio	33.5%	33.1%	-0.5pt
(excl. CALI)	34.6%	34.4%	-0.2pt
Combined ratio	104.7%	112.8%	+8.1pt
(excl. financial guarantee*1 / CALI)	97.5%	110.9%	+13.4pt
Underwriting profit	22.4	-26.9	-49.4
Investment profit	24.9	2.9	-21.9
Ordinary profit	39.7	-23.1	-62.8
Net income	24.9	-53.1	-78.0

	Nipponkoa		
	3Q FY2010	3Q FY2011	Change
Net premiums written	471.7	477.1	+5.4(+1.1%)
(excl. CALI)	415.3	418.2	+2.9(+0.7%)
Loss ratio	68.3%	86.1%	+17.7pt
(excl. financial guarantee *1 / CALI)	63.8%	84.2%	+20.4pt
Expense ratio	35.4%	34.6%	-0.8pt
(excl. CALI)	36.7%	36.1%	-0.6pt
Combined ratio	103.8%	120.7%	+16.9pt
(excl. financial guarantee*1 / CALI)	100.5%	120.3%	+19.8pt
Underwriting profit	-0.1	-33.0	-32.9
Investment profit	20.1	20.5	+0.4
Ordinary profit	16.6	-10.0	-26.7
Net income	9.8	-25.2	-35.1

<Reference> Adjusted profit

Net income	24.9	-53.1	-78.0
+) Provision for catastrophe loss reserve (net of tax)	7.5	-12.7	-20.2
+) Provision for price fluctuation reserve (net of tax)	1.5	-8.4	-9.9
-) Realized gains/losses and impairment losses on securities (net of tax)	-2.2	-15.0	-12.8
-) Extraordinary items*2	-	-31.4	-31.4
Adjusted profit	36.1	-27.9	-64.0

Net income	9.8	-25.2	-35.1
+) Provision for catastrophe loss reserve (net of tax)	-0.3	-16.9	-16.5
+) Provision for price fluctuation reserve (net of tax)	1.4	1.2	-0.1
-) Realized gains/losses and impairment losses on securities (net of tax)	1.9	3.4	+1.4
-) Extraordinary items*2	-	-14.8	-14.8
Adjusted profit	8.9	-29.5	-38.4

*1 "Excl. financial guarantee" is applicable only for Sompo Japan. *2 "Extraordinary items" for FY2011 is the impact of the reduction of the corporate income tax rate.

Net Premiums Written (Two Major P&C Insurers, Non-consolidated basis)

- YOY premium growth of two companies (excl. CALI) was 0.6%. Premium growth turned positive as of the end of 1H FY2011, and the positive trend is continuing .

- Voluntary auto insurance premium increased by 0.6% due to the revision of premium rates.

<Fire & allied lines> Sampo Japan : Increased due to the favorable sales of retail products.

Nipponkoa : Increased by long-term policies and large scale policies.

<Personal accident> Sampo Japan : Increased mainly in products for groups and corporations.

<Voluntary auto> Both companies : Increased due to premium rate hikes.

<CALI> Both companies : Increased due to premium rate hikes.

<Other> Sampo Japan : Decreased in liability insurance of large scale policies.

	Sampo Japan			Nipponkoa			Sum of two companies
	Premiums	Change	%Change	Premiums	Change	%Change	%Change
Fire & allied lines	109.6	+3.1	+3.0%	67.6	+0.8	+1.3%	+2.3%
Marine	18.5	-0.5	-2.7%	10.1	-0.2	-2.7%	-2.7%
Personal accident	99.6	+2.1	+2.2%	38.9	-0.0	-0.0%	+1.6%
Voluntary automobile	482.8	+1.7	+0.4%	239.6	+2.3	+1.0%	+0.6%
CALI*	131.4	+5.5	+4.4%	58.8	+2.4	+4.4%	+4.4%
Other	121.1	-2.1	-1.7%	61.8	-0.0	-0.0%	-1.2%
of which, liability	79.7	-0.4	-0.6%	32.8	+0.5	+1.6%	+0.0%
All lines	963.3	+10.0	+1.1%	477.1	+5.4	+1.1%	+1.1%
All lines excl. CALI	831.9	+4.4	+0.5%	418.2	+2.9	+0.7%	+0.6%

Billions of yen

* Compulsory Automobile Liability Insurance.

Net Loss Ratio - Written / Paid Basis (Two Major P&C Insurers, Non-consolidated basis)

- ◆ Paid claims of fire insurance increased due to natural disasters such as the Great East Japan Earthquake, Typhoon No.12 and No.15. However, the reversal of outstanding loss reserves and catastrophic loss reserve on the Great East Japan Earthquake positively resulted on underwriting profit in total.
 - ◆ Net loss ratio of fire insurance excluding losses from the Great East Japan Earthquake still increased due to natural disasters incurred in this fiscal year.
- <Voluntary auto> In Nipponkoa, part of claims paid has been shifted to loss adjustment expenses due to the absorption of loss adjustment subsidiary.

Billions of yen

W/P Net Loss Ratio

	Sompo Japan			
	Net claims paid		Net Loss ratio	
		Change		Change
Fire & allied lines	156.2	+114.6	146.1%	+105.3pt
excl. G.E.J. Earthquake	67.2	+25.6	64.9%	+24.1pt
Marine	12.9	+2.0	74.1%	+13.3pt
Personal accident	53.2	+1.7	58.4%	-0.1pt
Voluntary automobile	298.4	+5.1	70.9%	+0.2pt
CALI	119.5	+1.5	98.3%	-2.9pt
Others	59.6	-34.0	53.4%	-27.2pt
of which, liability	36.5	-2.1	49.9%	-2.6pt
All lines	700.1	+91.0	79.7%	+8.6pt
All lines excl. CALI, financial guarantee losses*, and G.E.J. Earthquake	483.8	+23.4	65.2%	+2.3pt

	Nipponkoa			
	Net claims paid		Net Loss ratio	
		Change		Change
Fire & allied lines	112.9	+84.4	170.9%	+124.6pt
excl. G.E.J. Earthquake	49.2	+20.7	76.7%	+30.4pt
Marine	4.6	+0.3	47.6%	+4.7pt
Personal accident	21.7	-0.9	60.9%	-2.7pt
Voluntary automobile	153.3	-2.7	71.9%	-0.3pt
CALI	54.9	+0.6	99.5%	-2.3pt
Others	32.5	+2.2	57.9%	+3.7pt
of which, liability	16.3	+1.7	54.4%	+4.4pt
All lines	380.3	+84.0	86.1%	+17.8pt
All lines excl. CALI, financial guarantee losses*, and G.E.J. Earthquake	259.5	+17.6	68.5%	+4.7pt

* "Financial guarantee loss is applicable only for Sompo Japan.

As claim payments proceeded, reversal of catastrophic loss reserve became a profit.

Household earthquake insurance

Billions of yen

	Sampo Japan		Nipponkoa		Sum total	
	FY2010	3Q FY2011	FY2010	3Q FY2011	FY2010	3Q FY2011
Paid claims	—	-71.2	—	-48.9	—	-120.2
Provision/reversal of outstanding loss reserve	-8.9	+8.9	-6.1	+6.1	-15.0	+15.0
Incurred losses	-8.9	-62.3	-6.1	-42.8	-15.0	-105.1
Reversal of underwriting reserve of earthquake insurance	+8.9	+62.3	+6.1	+42.8	+15.0	+105.1
Underwriting profit	—	—	—	—	—	—

No loss will accrue because losses are offset by the reversal of the underwriting reserve of earthquake insurance. (“no loss, no profit”)

Other than household earthquake

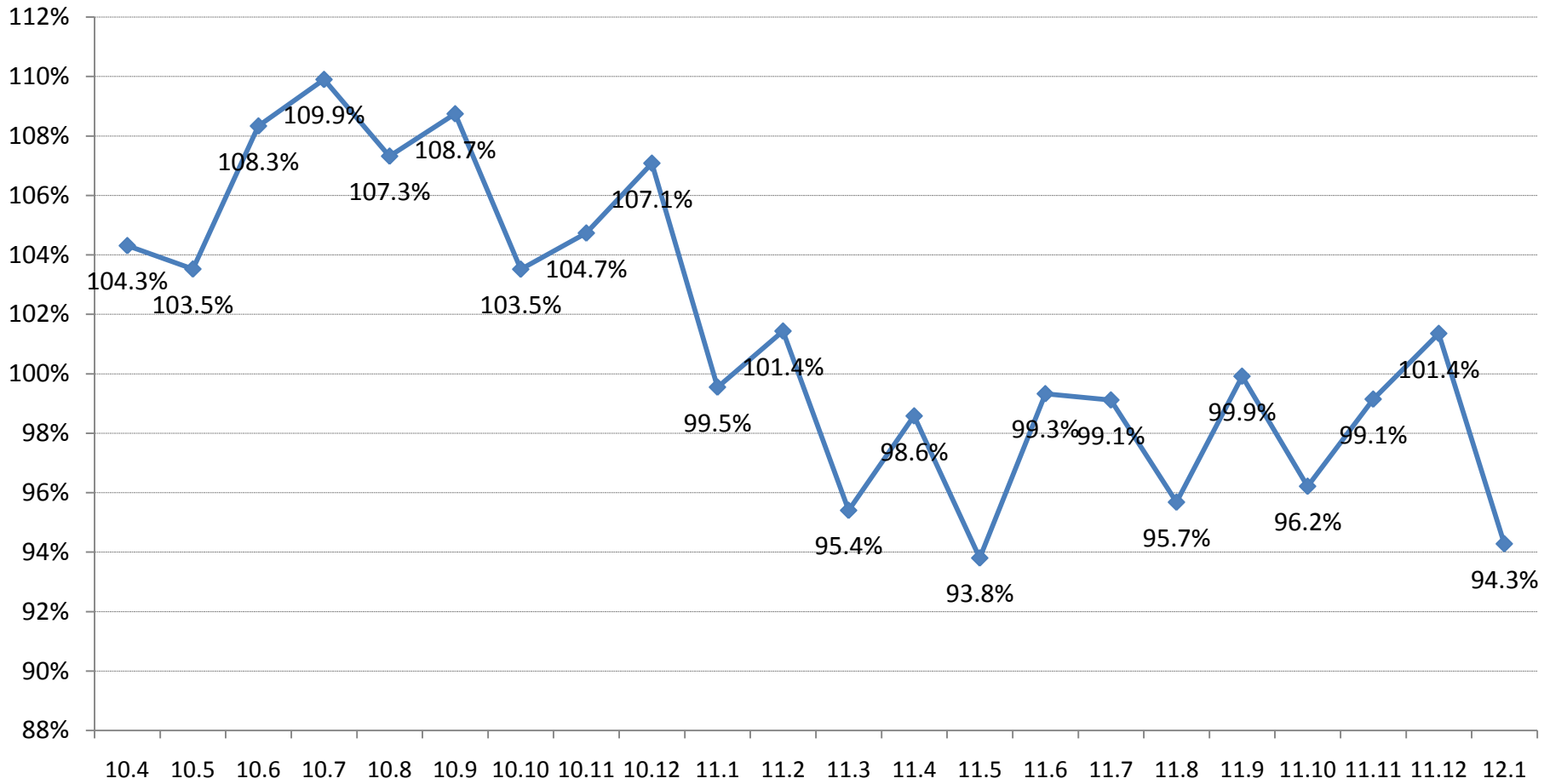
Billions of yen

	Sampo Japan		Nipponkoa		Sum total	
	FY2010	3Q FY2011	FY2010	3Q FY2011	FY2010	3Q FY2011
Paid claims	-0.0	-23.1	-0.0	-16.8	-0.0	-39.9
Provision/reversal of outstanding loss reserve	-38.5	+21.9	-19.3	+16.9	-57.9	+38.8
Incurred losses	-38.5	-1.1	-19.4	0.0	-57.9	-1.0
Reversal of catastrophic loss reserve	+0.0	+22.2	—	+16.6	+0.0	+38.8
Underwriting profit	-38.5	+21.0	-19.4	+16.7	-57.9	+37.8

Incurred losses for this period was limited by the reversal of o/s loss reserve almost as much as paid claims.

Reversal of catastrophic loss reserve after claim payment became a profit.

Trend in YOY changes in monthly reported claims



* Simple sum of Sompo Japan and Nipponkoa. Excluding the Great East Japan Earthquake and Typhoon No.12 / No. 15.

Net Expense Ratio (Two Major P&C Insurers, Non-consolidated basis)

- ◆ Net expense ratio declined as reduction in underwriting expenses has advanced.
- ◆ In Nipponkoa, part of claims paid has been shifted to loss adjustment expenses (mainly personnel expenses) due to the absorption of loss adjustment subsidiary.

Billions of yen

Underwriting expenses

	Sampo Japan			
	Amount		Net expense ratio	
		Change		Change
Net commissions and brokerage fees	165.1	+3.9	17.1%	+0.2pt
Operating and administrative expenses on underwriting	153.2	-5.1	15.9%	-0.7pt
Total	318.3	-1.1	33.1%	-0.5pt

	Nipponkoa			
	Amount		Net expense ratio	
		Change		Change
Net commissions and brokerage fees	81.3	+2.0	17.0%	+0.2pt
Operating and administrative expenses on underwriting	83.8	-3.9	17.6%	-1.0pt
Total	165.1	-1.8	34.6%	-0.8pt

Billions of yen

Company expenses

	Sampo Japan			
	Amount		% of net premiums	
		Change		Change
Personnel expenses	130.4	-4.3	13.5%	-0.6pt
Non-personnel expenses	89.9	-0.7	9.3%	-0.2pt
Taxes, etc.	9.9	-0.7	1.0%	-0.1pt
Total	230.3	-5.7	23.9%	-0.9pt

	Nipponkoa			
	Amount		% of net premiums	
		Change		Change
Personnel expenses	67.2	+0.8	14.1%	+0.0pt
Non-personnel expenses	46.3	-0.1	9.7%	-0.2pt
Taxes, etc.	5.1	-0.3	1.1%	-0.1pt
Total	118.7	+0.2	24.9%	-0.2pt

Investment Profits

(Two Major P&C Insurers, Non-consolidated basis)

Total investment profit dropped because increase in impairment losses on securities exceeded that of realized gains on securities.

	Sompo Japan			Nipponkoa			Billions of yen
	3Q FY2010	3Q FY2011	Change	3Q FY2010	3Q FY2011	Change	Sum of two companies Change
Interest and dividend income	62.7	60.0	-2.6	33.7	33.8	+0.0	-2.5
Assumed interest for policyholders, etc	-29.3	-28.2	+1.0	-15.4	-14.2	+1.2	+2.3
Net interest and dividend income	33.4	31.8	-1.6	18.2	19.5	+1.3	-0.2
Realized gains on securities	2.6	22.1	+19.4	5.3	8.9	+3.6	+23.0
Realized gains on domestic stocks	2.1	20.9	+18.8	4.1	10.3	+6.2	+25.1
Impairment losses on securities	-6.1	-45.5	-39.4	-2.3	-3.6	-1.3	-40.7
Impairment losses on domestic stocks	-2.8	-41.7	-38.9	-1.9	-3.3	-1.4	-40.4
Gains/losses on derivatives	8.5	4.1	-4.4	1.5	0.3	-1.1	-5.6
Other	-13.6	-9.4	+4.1	-2.6	-4.7	-2.1	+2.0
Total investment profit	24.9	2.9	-21.9	20.1	20.5	+0.4	-21.5

Investment Asset Portfolio

(Two Major P&C Insurers, Non-consolidated basis)

Billions of yen		Sompo Japan			Nipponkoa		
		FY2010	3Q FY2011	Change	FY2010	3Q FY2011	Change
Savings-type account	Yen-denominated bonds, loans, etc.	1,171.8(27.8%)	1,148.2(30.0%)	-23.6(+2.2pt)	692.8(31.5%)	658.0(32.7%)	-34.8(+1.2pt)
General account	Yen-denominated bonds	576.2(13.6%)	501.1(13.1%)	-75.0(-0.5pt)	221.1(10.0%)	252.7(12.6%)	+31.6(+2.6pt)
	Foreign currency denominated bonds	197.5(4.7%)	239.6(6.3%)	+42.1(+1.6pt)	226.8(10.3%)	176.4(8.8%)	-50.4(-1.5pt)
	(of which, FX hedged bonds)	137.2(3.2%)	211.2(5.5%)	+74.0(+2.3pt)	157.3 (7.1%)	105.3(5.2%)	-51.9(-1.9pt)
	Alternatives, foreign stocks, etc.	372.3(8.8%)	327.3(8.5%)	-45.0(-0.3pt)	84.7 (3.8%)	76.4(3.8%)	-8.2(-0.0pt)
	Loans	228.1(5.4%)	206.6(5.4%)	-21.5(+0.0pt)	64.6 (2.9%)	64.7(3.2%)	+0.1(+0.3pt)
	Domestic stocks	1,050.6(24.9%)	844.1(22.0%)	-206.4(-2.9pt)	567.7(25.8%)	481.8(23.9%)	-85.9(-1.9pt)
	Subsidiary stocks	283.5(6.7%)	236.2(6.2%)	-47.2(-0.5pt)	48.7 (2.2%)	24.2(1.2%)	-24.4(-1.0pt)
	Others	341.4(8.1%)	329.0(8.6%)	-12.3(+0.5pt)	295.2(13.4%)	279.0(13.9%)	-16.2(+0.5pt)
	Subtotal	3,049.8(72.2%)	2,684.2(70.0%)	-365.6(-2.2pt)	1,509.1(68.5%)	1,355.5(67.3%)	-153.6(-1.2pt)
Total asset portfolio		4,221.7(100.0%)	3,832.5(100.0%)	-389.2	2,202.0(100.0%)	2,013.6(100.0%)	-188.4

Unrealized gains on securities available for sale (before tax)	455.3	305.2	-150.0	208.8	150.0	-58.7
of which, domestic stocks	463.5	324.2	-139.3	207.4	137.1	-70.3

Sensitivity	Conditions	Sompo Japan	Nipponkoa
Interest yield	Asset value change by 50bp increase in interest yield	- 47.0 billion yen	- 30.7 billion yen
	Net asset value change by 50bp increase in interest yield	+ 28.9 billion yen	+ 6.2 billion yen
Foreign currency	Value change in foreign currency denominated assets by 10% depreciation of US dollars and Euros against Japanese yen	(US\$) - 27.7 billion yen (Euro) - 2.1 billion yen	(US\$) - 4.9 billion yen (Euro) - 0.9 billion yen
Stock price	Change in domestic stock value by 10% decrease in TOPIX	- 87.7 billion yen	- 41.7 billion yen

The main factor was falling domestic stock prices.
Consolidation adjustments also had a large impact.

<Impairment losses on securities as of the end of 3Q FY2011>

Billions of yen

	Sompo Japan	Nipponkoa	Others	Consolidated adjustments*	NKSJ Consolidated
Impairment losses on securities	45.5	3.6	1.3	60.1	110.8
of which, listed stocks	41.5	3.2	0.0	60.1	105.0

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

* 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).

<Reference: Trend in Nikkei 225>

End of March 2010	11,089
End of March 2011	9,755
End of September 2011	8,700
End of October 2011	8,988 => Assumed level in the business forecasts
End of December 2011	8,455
February 13, 2012	8,999

Strategic-holding stocks

Target: Reduce strategically-held stocks by ¥300 billion (MTM basis) for three years ending FY2012

- ◆ Reduced ¥70.6 billion of strategic-holding stocks as of the end of December 2011. Net exposures decreased almost ¥80 billion taking into account of derivative hedges of stocks to be sold.
- ◆ Reduction is constant as ¥83.7 billion has been reduced as of the end of January 2012 (¥87.2 billion taking into account of derivative hedges).

Exposures to GIIPS countries

- ◆ Exposures to GIIPS countries are limited.
- ◆ Further reduced exposures by selling out Italian government bonds. Going forward, aim to reduce exposures considering market movements.

<Net reduction>

	Billions of yen		
	<u>FY2010</u> (Actual)	<u>FY2011</u> (Plan)	<u>3Q FY2011</u> (Actual)
Sompo Japan	24.0	90	46.6
Nipponkoa	21.3	40	24.0
Total	45.3	130	70.6

* Net reduction = Fair sales value - fair purchase value

<Credit exposures to GIIPS countries' sovereign debt as of December 31, 2011>

(Sum of Sompo Japan, Nipponkoa, and NKSJ Himawari Life)

	Billions of yen
<u>Country</u>	<u>Balance</u>
Greece	-
Ireland	-
Italy	23.1
Portugal	-
Spain	3.1

- ◆ Annualized premium of third sector products, such as medical insurance and cancer insurance, increased both from new business and from business in force.
- ◆ Net loss expanded by merger expenses (¥11.5 billion extraordinary loss mainly due to system expenses).

Billions of yen

	NKSJ Himawari Life			
	3Q FY2010	3Q FY2011	Change	% Change
Amount of new business	2,294.3	2,248.4	-45.8	-2.0%
Annualized premium from new business	27.8	27.4	-0.3	-1.4%
of which, 3 rd sector premiums	10.8	11.3	+0.5	+5.2%
Insurance premiums and other	257.6	262.5	+4.8	+1.9%
Ordinary profit	0.5	-1.1	-1.6	- %
Net income	-1.7	-13.5	-11.8	- %

	FY2010	3Q FY2011	Change	% Change
Amount of business in force	16,201.3	17,321.8	+1,120.4	+6.9%
Annualized premium from business in force	275.8	283.7	+7.8	+2.9%
of which, 3 rd sector premiums	93.8	100.0	+6.2	+6.6%

Note) Sum of personal insurance and personal pension is shown in figures of “amount of business” and “annualized premium”.

Third sector products includes medical insurance, cancer insurance, etc.

Figures of FY2010 and the first half of FY2011 are sum of Sompo Japan Himawari Life and Nipponkoa Life.

Premium income has increased, but posted net loss due to the flooding in Thailand.

Billions of yen

Companies	Net premiums written*1			Net income*2			
	3Q FY2010	3Q FY2011	Change	3Q FY2010	3Q FY2011	Change	
Sompo Japan	SJ America	3.7	4.7	+0.9	0.6	0.8	+0.2
	SJ Europe	1.3	1.3	+0.0	-0.1	0.2	+0.3
	SJ Sigortra (Turkey)		7.6	+7.6		1.0	+1.0
	SJ Singapore	1.3	1.3	-0.0	0.4	-21.2	-21.6
	Tenet (Singapore)	0.7	1.8	+1.0	0.1	0.1	+0.0
	Berjaya (Malaysia)		3.4	+3.4		0.3	+0.3
	SJ China	2.4	3.1	+0.6	-0.1	0.2	+0.3
	SJ Hongkong	0.8	1.1	+0.3	-0.0	0.3	+0.3
	Yasuda Seguros (Brazil)	9.4	9.3	-0.1	0.2	0.3	+0.0
	Others (Malaysia, etc) *3	26.0	26.2	+0.2	0.2	0.8	+0.5
	Subtotal	46.0	60.1	+14.1(+30.8%)	1.4	-16.9	-18.3
Nipponkoa	NK Europe	0.6	0.6	+0.0	0.0	0.1	+0.1
	NK Asia	0.4	0.4	-0.0	-0.0	0.1	+0.1
	NK China	0.1	0.2	+0.0	-0.0	-0.0	+0.0
	Others*3	-0.0	-0.0	+0.0	-0.1	-0.1	+0.0
	Subtotal	1.3	1.4	+0.0(+6.7%)	-0.1	0.1	+0.3
Total	47.3	61.6	+14.2(+30.1%)	1.2	-16.7	-18.0	

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

*2 Net income reflects holding shares of each subsidiaries and affiliates, and figures are before consolidation adjustments (except for SJ Singapore).

*3 Affiliates accounted for under the equity method are included in "others".

*4 Figures of Berjaya (Malaysia) indicates results of 6 months after becoming a subsidiary. Results before then (while applied the equity method) are included in "others".

**Adjusted consolidated net assets decreased by the decline of stock price and net loss for the period.
Adjusted consolidated net asset per share is ¥3,840.**

Reference: Adjusted consolidated net assets (provisional)

Billions of yen

	NKSJ Consolidated				
	As of the end of FY2010		As of the end of 3Q FY2011		Change
	Amount (billions of yen)	Amount per share (yen)* ⁴	Amount (billions of yen)	Amount per share (yen)	Amount (billions of yen)
(a) Consolidated net assets*¹	1,074.3	2,588.02	817.2	1,969.26	-257.0
(of which, unrealized gains on securities available for sale)	268.9	647.97	205.4	495.03	-63.5
(b) Consolidated net assets (excl. life insurance subsidiaries' net assets)	994.8	2,396.71	744.8	1,794.66	-250.0
(c) Catastrophe loss reserve (net of tax) *²	422.2	1,017.16	392.5	945.93	-29.6
(d) Reserve for price fluctuation (net of tax) *²	16.5	39.89	9.3	22.55	-7.2
(e) Life insurance subsidiaries' EV *³	447.0	1,076.89	447.0	1,077.10	-
(f) Total (Adjusted consolidated net assets) (b+c+d+e)	1,880.7	4,530.67	1,593.7	3,840.26	-286.9

*1 Stock acquisition rights and non-controlling interests are deducted.

*2 "Net of tax" figure is the amount of each reserve minus tax effect. Tax rate used is non-consolidated effective basis for each of Sampo Japan and Nipponkoa.

*3 Life insurance subsidiaries' EV is as of the end of March 2011 because it is disclosed once a year.

*4 Per share amounts reflect reverse split of shares (4 into 1) as of October 1, 2011.

Forecasts for FY2011 (Full Fiscal Year) Overview (NKSJ Consolidated)

Revised as of January 27, 2012

NKSJ
HOLDINGS

Forecast net loss for full FY2011 due to the impact of the flooding in Thailand, impairment losses on securities, and the reduction of the corporate income tax rate. Maintained dividend forecast at ¥80 per share.

Billions of yen	FY2010(A)	FY2011(E)	YOY Change
Ordinary income	2,621.6	2,808.0	+186.3
Net premiums written	1,933.2	1,985.0	+51.7
Life insurance premiums	238.1	239.0	+0.8
Ordinary profit	-6.4	-45.0	-38.5
Sompo Japan (consolidated)	19.8	-12.0	-31.8
Nipponkoa (consolidated)	-0.6	4.5	+5.1
NKSJ Himawari (2H only)		2.2	+2.2
Consolidated adjustments*1 /others	-25.6	-39.7	-14.0
Net income	-12.9	-100.0	-87.0
Sompo Japan (consolidated)	9.9	-63.0	-72.9
Nipponkoa (consolidated)	-7.1	-18.0	-10.8
NKSJ Himawari (2H only)		-7.2	-7.2
Consolidated adjustments*1 /others	-15.7	-11.8	+3.9
Dividend per share	20 yen*2	80 yen	

*1 "Purchase method" accounting was adopted in establishing NKSJ Holdings. "Consolidated adjustments" shown in the table above mainly results from using purchase method. 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.

*2 Dividend per share for FY2010 does not reflect reverse split of shares (4 into 1) as of October 1, 2011.

Overview (Two Major P&C Insurers, Non-consolidated basis)

Billions of yen

Net income will be impacted negatively by the flooding in Thailand and the reduction of the corporate income tax rate.

	Sompo Japan		
	FY2010(A)	FY2011(E)	Change
Net premiums written	1,256.6	1,281.0	+24.3(+1.9%)
(excl. CALI)	1,090.1	1,105.9	+15.7(+1.4%)
Net Loss ratio	72.5%	79.3%	+6.8pt
(excl. financial guarantee * / CALI)	64.3%	76.0%	+11.7pt
Net Expense ratio	33.7%	33.1%	-0.6pt
(excl. CALI)	34.8%	34.7%	-0.1pt
Combined ratio	106.2%	112.4%	+6.3pt
(excl. financial guarantee* / CALI)	99.0%	110.7%	+11.7pt
Underwriting profit	-9.7	-13.7	-3.9
Investment profit	40.4	32.9	-7.5
Ordinary profit	20.5	15.0	-5.5
Net income	12.1	-37.9	-50.0

	Nipponkoa		
	FY2010(A)	FY2011(E)	Change
Net premiums written	620.6	624.0	+3.3(+0.5%)
(excl. CALI)	546.1	545.1	-1.0(-0.2%)
Net Loss ratio	69.6%	85.6%	+16.0pt
(excl. financial guarantee * / CALI)	65.0%	84.0%	+19.0pt
Net Expense ratio	35.8%	35.7%	-0.0pt
(excl. CALI)	37.2%	37.5%	+0.3pt
Combined ratio	105.3%	121.3%	+16.0pt
(excl. financial guarantee* / CALI)	102.2%	121.5%	+19.3pt
Underwriting profit	-24.9	-23.0	+1.9
Investment profit	28.4	28.7	+0.2
Ordinary profit	-0.3	6.0	+6.3
Net income	-6.4	-16.5	-10.0

<Reference> Adjusted profit

Net income	12.1	-37.9	-50.0
+) Provision for catastrophic loss reserve (net of tax)	16.6	-19.1	-35.7
+) Provision for price fluctuation reserve (net of tax)	3.7	2.3	-1.3
-) Realized gains/losses and impairment losses on securities (net of tax)	4.4	0.6	-3.7
-) Extraordinary items	-	-31.4	-31.4
Adjusted profit	28.0	-23.9	-51.9

Net income	-6.4	-16.5	-10.0
+) Provision for catastrophic loss reserve (net of tax)	3.4	-25.9	-29.4
+) Provision for price fluctuation reserve (net of tax)	1.8	1.9	+0.0
-) Realized gains/losses and impairment losses on securities (net of tax)	5.7	7.2	+1.5
-) Extraordinary items	-	-15.0	-15.0
Adjusted profit	-6.7	-32.7	-25.9

* "Excl. financial guarantee" is applicable only for Sompo Japan.

Assumptions (Two Major P&C Insurers, Non-consolidated basis)

Revised assumptions reflecting recent situations.

Billions of yen

	Sampo Japan	Nipponkoa
Losses from domestic natural disasters	35.0 No additional losses from the Great East Japan Earthquake are expected.	27.5
Impact of losses from the flooding in Thailand (on an ordinary profit basis) (About half of net incurred losses is assumed to be paid in FY2011.)	-¥67.6 billion on a consolidated ordinary profit (Expected net incurred losses: ¥101.3 billion)	
	-¥20.6 billion on a non-consolidated profit (Expected net incurred losses: ¥36.1 billion)	-¥18.3 billion on a non-consolidated profit (Expected net incurred losses: ¥36.5 billion)
Catastrophic loss reserve	Net reversal: 30.0 (of which, reversal as a result of loss payment of the earthquake is 31.8)	Net reversal: 40.5 (of which, reversal as a result of loss payment of the earthquake is 17.0)
Market indicators	Interest yield and foreign exchange remain at their levels as of the end of December 2011, while stock price remains at or near level as of the end of October 2011. <Stock> Nikkei225: 8,988 <Interest yield> 10y JGB: 0.99% <Foreign exchange> 1US\$ = 77 yen / 1 Euro = 100 yen	
Interest and dividend income	Gross: 75.5 Net: 41.1	Gross: 40.3 Net: 21.5
Realized gains/losses on securities	35.8	13.3
Impairment losses on securities	34.8	2.0
Reserve for price fluctuation	Net provision: 3.7	Net provision: 3.0
Impact of the reduction of corporate tax rate	-¥31.4 billion on net income	-¥15.0 billion on net income
Losses from financial guarantee insurance	3.0	

- ◆ Estimated net incurred loss is approximately ¥100 billion.
- ◆ Impact on ordinary profit will be partially offset by the reversal of the catastrophic loss reserve.

- The estimated incurred loss was calculated by aggregating individual estimated incurred losses based on on-site surveys, and incorporating a certain safety margin based on an assessment by actuaries.
- Around half of the estimated net incurred loss of domestic P&C companies is expected to be paid during FY2011.

Billions of yen

	Estimated net incurred loss* ²	Of which, portion to be paid in FY2011	Impact on ordinary profit for FY2011* ³
Sompo Japan	36.1	15.5	20.6
Nipponkoa	36.5	18.2	18.3
Overseas subsidiaries, etc* ¹	28.7		28.7
Total	101.3	33.7	67.6

*1 Including SJ Singapore and SJ Thailand.

*2 Net amount after collection of reinsurance payments. The revised gross incurred loss estimation is approximately ¥260 billion.

*3 The portion paid by the two P&C insurance companies during FY2011 will be funded by a reversal of the catastrophic loss reserve. Accordingly, the impact on ordinary profit will be offset by that amount.

Impact of Reduction of the Corporate Income Tax Rate

Negative impact of ¥38.0 billion on net income for FY2011.

- The corporate income tax rate will be reduced in two stages as a result of tax code amendments taking effect in FY2012.
- Consequently, NKSJ must reduce the stated value of deferred tax assets, which are taxes expected to be recovered in the future. This will have a negative impact on net income in FY2011.
- On the other hand, the stated value of deferred tax liabilities will be reduced, and the value of in-force business for life insurance will be increased. As a result, a net positive impact on adjusted consolidated net assets is expected.

<Impact on the Effective Tax Rate of the Two P&C Insurance Companies>

	Current	2012/4 -	2015/4 -
Effective tax rate	36.1%	33.2%	30.7%
Reduction		-2.9%	-5.4%

<Impact on Full-year Business Results for FY2011>

Billions of yen

	Ordinary profit	Net income
Sompo Japan	+10.2	-31.4
Nipponkoa	+5.0	-15.0
NKSJ Himawari Life	—	-3.9
Purchase adjustments	—	+12.3
NKSJ consolidated	+15.2	-38.0

◆Purchase adjustments

Deferred tax liabilities were recorded when including the unrealized gains on stocks, etc. of Nipponkoa in shareholders' equity at the time of business integration. The reduction in these deferred tax liabilities will have a commensurate positive impact on net income in FY2011.

◆Treatment Related to Compulsory Automobile Liability Insurance and Earthquake Insurance

In regard to deferred tax assets associated with taxable underwriting reserves and certain other items for compulsory automobile liability insurance and earthquake insurance, ordinary profit will increase because the reduction in these deferred tax assets will be accompanied by the reversal of the same amount of underwriting reserves, based on the principle of "no loss, no profit." (No impact on net income.)

Forecasts for FY2011 (Full Fiscal Year)

Net Premiums Written (Two Major P&C Insurers, Non-consolidated basis)

Top line will turn positive for full FY2011.

Net premiums written

Billions of yen

	Sampo Japan				Nipponkoa			
	FY2010(A)	FY2011(E)	Change	%Change	FY2010(A)	FY2011(E)	Change	%Change
Fire & allied lines	141.2	147.1	+5.8	+4.2%	89.5	88.4	-1.1	-1.3%
Marine	25.3	24.1	-1.2	-4.9%	14.0	13.8	-0.2	-1.5%
Personal accident	127.1	131.9	+4.7	+3.7%	49.6	48.8	-0.8	-1.7%
Voluntary automobile	639.9	647.6	+7.6	+1.2%	314.8	315.7	+0.8	+0.3%
CALI (Compulsory automobile liability)	166.5	175.1	+8.5	+5.1%	74.4	78.9	+4.4	+5.9%
Other	156.3	155.2	-1.1	-0.7%	78.0	78.4	+0.3	+0.5%
of which, liability	99.4	97.6	-1.7	-1.7%	39.9	40.8	+0.8	+2.2%
All lines	1,256.6	1,281.0	+24.3	+1.9%	620.6	624.0	+3.3	+0.5%
All lines excl. CALI	1,090.1	1,105.9	+15.7	+1.4%	546.1	545.1	-1.0	-0.2%

W/P Loss Ratio (Two Major P&C Insurers, Non-consolidated basis)

Reflected the worsening of loss ratio mainly in fire insurance due to the impact of natural disasters.

W/P loss ratio

Billions of yen

	Sompo Japan					
	Net claims paid			Loss ratio		
	FY2010 (A)	FY2011 (E)	Change	FY2010 (A)	FY2011 (E)	Change
Fire & allied lines	56.0	190.5	+134.4	41.6%	131.8%	+90.3pt
Marine	13.7	17.0	+3.2	58.1%	74.7%	+16.6pt
Personal accident	68.8	69.7	+0.8	59.4%	57.8%	-1.5pt
Voluntary automobile	398.1	400.5	+2.3	72.0%	71.4%	-0.6pt
CALI	155.1	155.8	+0.6	100.8%	96.0%	-4.8pt
Other	126.0	89.7	-36.3	85.5%	62.7%	-22.8pt
of which, liability	51.6	49.8	-1.8	56.5%	55.5%	-0.9pt
All lines	817.9	923.2	+105.2	72.5%	79.3%	+6.8pt
All lines excl. CALI	662.8	767.4	+104.5	68.2%	76.7%	+8.5pt
All lines excl. CALI / financial guarantee	620.2	759.7	+139.4	64.3%	76.0%	+11.7pt

	Nipponkoa					
	Net claims paid			Loss ratio		
	FY2010 (A)	FY2011 (E)	Change	FY2010 (A)	FY2011 (E)	Change
Fire & allied lines	39.2	134.4	+95.2	47.5%	156.3%	+108.9pt
Marine	5.7	7.9	+2.2	42.4%	59.5%	+17.2pt
Personal accident	29.7	28.4	-1.3	65.0%	63.9%	-1.1pt
Voluntary automobile	210.1	204.6	-5.5	72.9%	73.0%	+0.2pt
CALI	71.4	70.9	-0.4	103.2%	96.8%	-6.4pt
Other	41.2	45.8	+4.6	57.4%	63.4%	+6.0pt
of which, liability	19.9	21.5	+1.6	53.5%	56.5%	+3.0pt
All lines	397.4	492.2	+94.8	69.6%	85.6%	+16.0pt
All lines excl. CALI	326.0	421.3	+95.2	65.0%	84.0%	+19.0pt

Forecasts for FY2011 (Full Fiscal Year) Adjusted Consolidated Profit

Revised as of January 27, 2012

NKSJ
HOLDINGS

Both the domestic P&C insurance business and overseas insurance business were impacted by the flooding in Thailand.

		Billions of yen	
		FY2010(A)	FY2011(E)
Domestic P&C insurance (Sampo Japan (non-consolidated) + Nipponkoa (non-consolidated))	Net income	5.6	-54.4
	+ Assumption of cat loss reserve (net of tax)	20.1	-45.0
	+ Assumption of price fluctuation reserve (net of tax)	5.6	4.2
	- Realized gains on securities (net of tax)	16.7	31.3
	- Impairment losses on securities (net of tax)	-6.6	-23.5
	- Extraordinary items	-	-46.4
	Adjusted profit	21.2	-56.6
Domestic life insurance	Increase in adjusted EV	59.8	30.0
Overseas insurance	Net income as reported in financial statements	2.4	-20.0
Financial service business, etc	Net income as reported in financial statements	-2.7	-5.2
Adjusted consolidated profit		80.7	-51.8
Adjusted consolidated ROE		4.2%	-

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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