

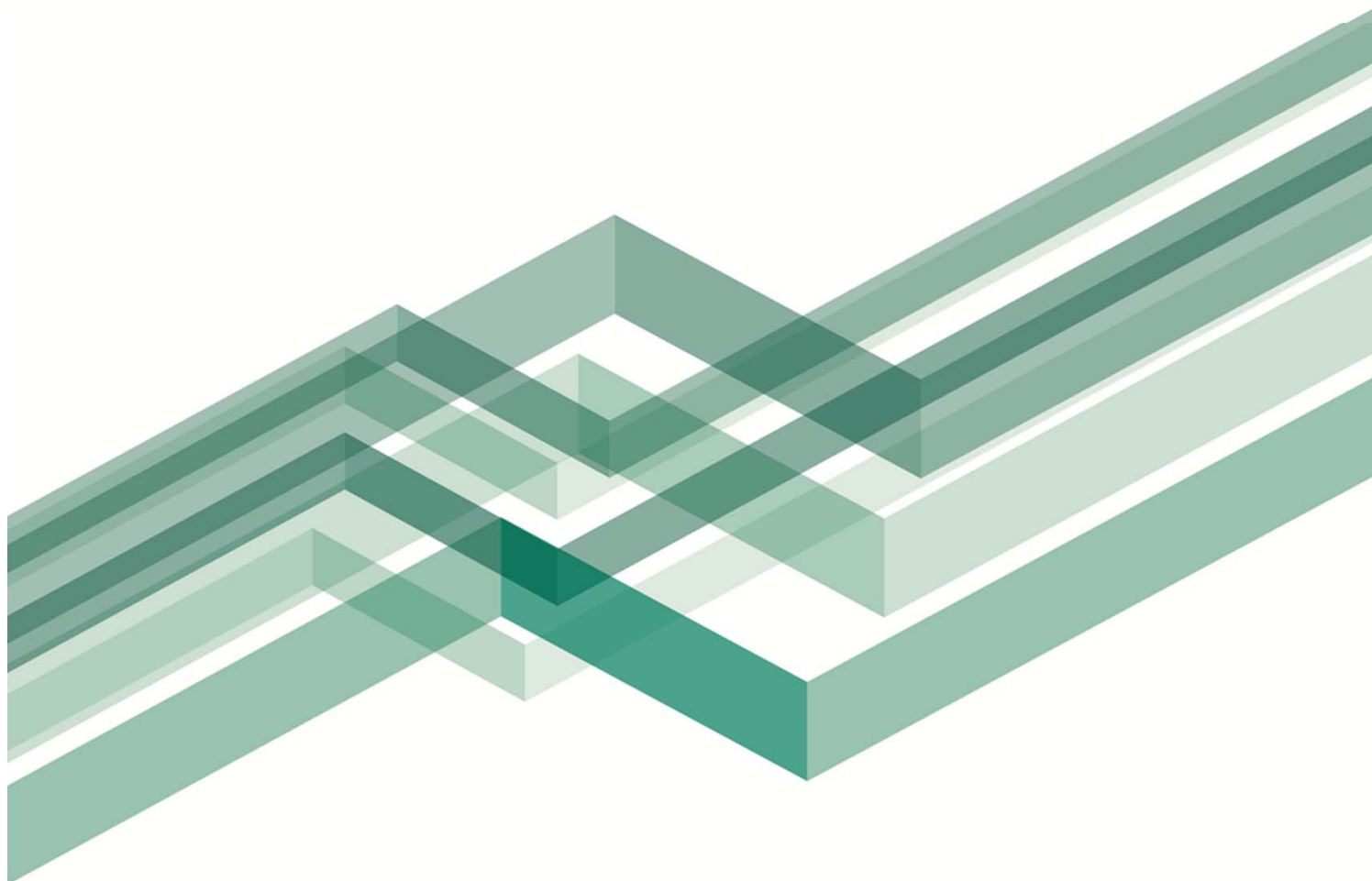
Advancing with you

MS&AD

INSURANCE GROUP

Fiscal 2017 Second Information Meeting

November 28, 2017



MS&AD Insurance Group Holdings, Inc.

Contents

Main Points of Today's Presentation	1
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I FY2017 Interim Results and Full-Year Forecast

Progress Towards Numerical Management Targets	2
Status of Each Business Segment	3
Impact of Domestic and Overseas Natural Catastrophes	4

II Achievements and Issues of Current Mid-Term Management Plan

Progress Towards Goals to be Achieved	5
Results of "Next Challenge 2017"	6-7
Recognition of Issues	8-12

III Goals to be Achieved and Strategies of Next Mid-Term Management Plan

Assumed Long-Term Scenario and Recognition of Issues	13
Framework of the Next Medium-Term Management Plan	14
Goals to be Achieved	15
Sophistication of ERM	16
Shareholder Return Policy	17

IV FY2017 Shareholder Returns

FY2017 Shareholder Returns	18
Shareholder Return Policy: Past Shareholder Returns	19

【Basic Information】

V Overall Situation of the Group

Progress Towards Numerical Management Targets	20
EPS and Total Shareholder Return Per Share	21
Trends of Premium Income	22
Trends of Bottom Line and ROE (on a Financial Accounting Basis)	23

VI Situation by Business Segment

Domestic Non-Life Insurance Business: Trends of Group Core Profit and Underwriting Profit	24
Domestic Non-Life Insurance Business: Trends of Net Premiums Written and Combined Ratio	25
Domestic Non-Life Insurance Business: Net Premiums Written by Class of Business	26
Domestic Non-Life Insurance Business: Initiatives for Market Creation	27
Domestic Non-Life Insurance Business: Development of Telematics Insurance in Japan	28
Domestic Non-Life Insurance Business: Mitsui Direct General	29
Trends in Combined Ratio (W/P) in the Domestic Non-Life Insurance Industry	30
Domestic Life Insurance Business: Trend of Group Core Profit	31
Domestic Life Insurance Business: MSI Aioi Life	32-34
Domestic Life Insurance Business: MSI Primary Life	35-36
Domestic Life Insurance Business: Trends of Embedded Value (EEV)	37
International Business: Net Premiums Written	38
International Business: Group Core Profit	39
International Business: International Non-Life Insurance Business	40-45
International Business: Asian Life Insurance Business	46
International Business: Summary	47
Asset Management: Net Investment Income	48-50
Asset Management: Consolidated Total Assets and Asset Allocation (MS&AD Insurance Group)	51
Asset Management: Total Assets and Asset Allocation	52-53

VII Strengthening Systems for Enterprise Value Creation

Promotion of ERM: ERM and Risk Culture	54
Promotion of ERM: Strategic Equity Holdings Policy and Verification of Economic Rationale	55
Promotion of ERM: Status of Sales of Strategic Equity Holdings	56
Promotion of ERM: Improvement in Financial Soundness	57-58
Promotion of ERM: Capital Policy	59
Response to Future Environmental Changes: ICT Strategy	60

VIII Calculation Methods of "Group Core Profit," "Group ROE" and "Shareholder Return Ratio"

Calculation Methods of "Group Core Profit," "Group ROE" and "Shareholder Return Ratio"	61
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MS&AD Group Overview

Holding company

MS&AD MS&AD Insurance Group Holdings, Inc.

Domestic Non-Life

MS&AD Mitsui Sumitomo Insurance 

MS&AD Aioi Nissay Dowa Insurance 


MS&AD Mitsui Direct General Insurance 

International

Overseas subsidiaries

Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance 

MS&AD Mitsui Sumitomo Primary Life Insurance 

Financial Services

Risk-Related Services

MS&AD Insurance Group Holdings, Inc.

Abbreviations of company names used in this presentation.

- MS&AD Holdings, Holding Company : MS&AD Insurance Group Holdings, Inc.
- MS&AD : MS&AD Insurance Group
- MSIG : Mitsui Sumitomo Insurance Group Holdings, Inc.
- MSI : Mitsui Sumitomo Insurance Co., Ltd.
- Aioi : Aioi Insurance Co., Ltd.
- NDI : Nissay Dowa General Insurance Co., Ltd.
- ADI : Aioi Nissay Dowa Insurance Co., Ltd.
- Mitsui Direct General : Mitsui Direct General Insurance Co., Ltd.
- MSI Kirameki Life : Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.
- Aioi Life : Aioi Life Insurance Co., Ltd.
- MSI Aioi Life : Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
- MSI Primary Life : Mitsui Sumitomo Primary Life Insurance Co., Ltd.
- MS Amlin : MS Amlin plc
- First Capital, FC : First Capital Insurance Limited
- Challenger : Challenger Limited
- ReAssure : ReAssure Jersey One Limited

Caution About Forward-Looking Statements

This presentation contains statements about future plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings and MS&AD Group companies that constitute forward-looking statements. These statements are based on information currently available to the MS&AD Group. Investors are advised that actual results may differ substantially from those expressed or implied by forward-looking statements for various reasons. Actual performance could be adversely affected by (1) economic trends surrounding our business, (2) fierce competition in the insurance sector, (3) exchange-rate fluctuations, (4) changes in tax and other regulatory systems, etc.

MS&AD Insurance Group Holdings, Inc.

Main Points of Today's Presentation

FY2017 Interim Results and Full-Year Forecast	(1) FY2017 interim results and full-year forecast Earnings forecasts are revised downward due to the impact of the hurricanes in North America, typhoons, etc.
Achievements and Issues of Current Mid-Term Management Plan	<p>(1) Goals and progress toward achievement</p> <ul style="list-style-type: none"> ○ Through the completion of reorganization by function and the achievement of the reduction of operating expenses of ¥60 billion, among others, the profitability of the domestic non-life insurance business is secured. ○ The sale of strategic equity holdings has been accelerated and is expected to be above the plan. △ The initial target ROE of 7% was achieved in FY2016. However, it is not achieved for FY2017 due to a large number of natural catastrophes. × The ratio of the profit from the international business does not reach the target. <p>(2) Recognition of issues after "Next Challenge 2017"</p> <ul style="list-style-type: none"> (i) Maintenance and increase of earnings from the domestic non-life insurance business (enhancement of the earning power of business other than automobile insurance and improvement of productivity) (ii) Increase in earning power of businesses other than domestic non-life insurance business and securing revenue stability (iii) Sustainable growth by business portfolio diversification (iv) Improvement of capital efficiency
Goals to be Achieved and Strategies of Next Mid-Term Management Plan	<p>(1) Assumed long-term scenario for the next medium-term management plan and recognition of issues Recognition of risks and opportunities looking ahead to the possibility of social changes due to the advancement of digital technologies and the situations of Japanese and global economies whose growth remains low</p> <p>(2) Outline of the medium-term management plan Positioned as the period for the achievement of the management vision and the establishment of the system for response to environmental changes</p> <p>(3) Goals to be achieved A record high profit on a net income basis is in view. Achieve the target business portfolio in the medium term and reduce the risk of strategic equity holdings to the target level</p> <p>(4) Sophistication of ERM Positioned as the stage to work on further improvement of capital efficiency</p> <p>(5) Shareholder return policy The policy of stable dividends and return by flexible share buybacks shall be continued.</p>
FY2017 Shareholder Returns	Interim dividend of ¥65 (up ¥15 year on year) has been resolved; annual dividend is forecast at ¥130 (up ¥10 from the previous fiscal year).

I . FY2017 Interim Results and Full-Year Forecast

Progress Towards Numerical Management Targets

- Group Core Profit forecast for FY2017 has been revised downward by ¥115.0 billion mainly due to the impact of domestic and overseas natural catastrophes (-¥76.0 billion after tax) and absence of expected gains on the change of shares in the Indian life insurance business.

Interim Results and Full-Year Forecast

(¥bn)

	FY2017 1H		FY2017		
	Result	YoY	Revised Forecast	YoY	Change from Initial Forecast
Domestic Non-Life Insurance Business	95.1	22.1	149.0	-4.3	4.0
Domestic Life Insurance Business	21.8	5.9	25.0	-0.1	8.0
International Business	-61.1	-82.5	-63.0	-97.6	-127.0
Financial Services Business / Risk-Related Services Business	2.2	1.1	4.0	3.4	-
Group Core Profit	58.1	-53.2	115.0	-98.7	-115.0
Group ROE			4.0%	-3.9pt	-4.4pt
Increase in EV at MSI Aioi Life	36.3	57.5	50.0	-148.4	-
Consolidated Net Premiums Written	1,864.1	24.7	3,450.0	43.0	-
Combined Ratio (Domestic Non-Life)*	85.0%	-3.2pt	92.6%	-	-0.3pt

* Calculated based on the sum of MSI, ADI and Mitsui Direct General

Status of Each Business Segment

- Mainly due to the impact of natural catastrophes, profit from the domestic non-life insurance business and international business are expected to decrease by ¥4.3 billion and ¥97.6 billion year on year, respectively, for FY2017.
- The domestic life insurance business is expected to achieve the initial forecast of Group Core Profit and increase in EEV.

Status of the interim period

Full-year forecasts

Domestic non-life insurance business	Top line* (Net premiums written)	+3.3% (year on year) Increase mainly from fire insurance and CALI	+1.7% (from the previous FY) The trend of revenue increase is maintained as the initial forecast.
	Bottom line (Core profit)	+¥22.1 billion (year on year) Fire insurance: decrease in domestic natural catastrophes Increase in investment profit	-¥4.3 billion (from the previous FY) The forecast was revised upward by ¥4.0 billion from the initial forecast due to an increase in investment profit.
	Investment profit	+¥33.8 billion (year on year) Sales of strategic equity holdings : ¥80.5 billion	+¥15.5 billion (from the previous FY) The forecast was revised upward from the initial forecast due to an increase in gains on sale of securities.
Domestic life insurance business	MSI Aioi Life	Amount of new policies: +29.8% (year on year) EEV: +¥36.3 billion (change from the beginning of the FY)	The trend of an increase in amount of new policies is maintained. The initial forecast of an increase in EEV of ¥50.0 billion (change from the beginning of the FY) is maintained.
	MSI Primary Life	Although gross premiums income decreased, profit increased by ¥5.9 billion due to the improvement of the market environment.	The forecast of gross premiums income was revised upward although it was expected to decrease at the initial forecast. The estimate is a profit increase of ¥1.2 billion.
International business	Top line (Net premiums written)	+1.5% (year on year) Overseas subsidiaries' revenue increased on a local currency basis.	+5.4% (from the previous FY) The trend of an increase of overseas revenue is maintained.
	Bottom line (Core profit)	-¥82.5 billion (year on year) Significant profit decrease due to the impact of overseas natural catastrophes among other factors	-¥97.6 billion (from the previous FY) The revised forecast was decreased significantly by reflecting the impact of overseas natural catastrophes.

*Simple sum of non-consolidated figures for MSI and ADI

Impact of Domestic and Overseas Natural Catastrophes

• Although the impact of overseas natural catastrophes on consolidated ordinary profit forecast was 23%, the impact on ESR was minimal (3 pt). (¥bn)

	Incurred losses			Initial forecast for large losses (Reference)
	Amount recorded in 1H	Expected amount to be recorded in 2H	Total	
<Domestic>				
Domestic natural catastrophes: Total	24.8	42.2	67.0	50.0
<Overseas>				
Hurricane Harvey	21.2		21.2	
Hurricane Irma	38.9		38.9	
Hurricane Maria	22.5		22.5	
Mexico earthquakes	4.7		4.7	
California wildfire		17.7	17.7	
5 major overseas natural catastrophes*: Total	87.4	17.7	105.0	25.5
Total	112.2	59.9	172.0	75.5
<Reference> MS Amlin losses				
5 major overseas natural catastrophes (above-mentioned)	57.2	16.6	73.8	
Other natural catastrophes (e.g. cyclones in Australia)			5.0	
Total			78.8	22.5
			(After-tax	71.0)

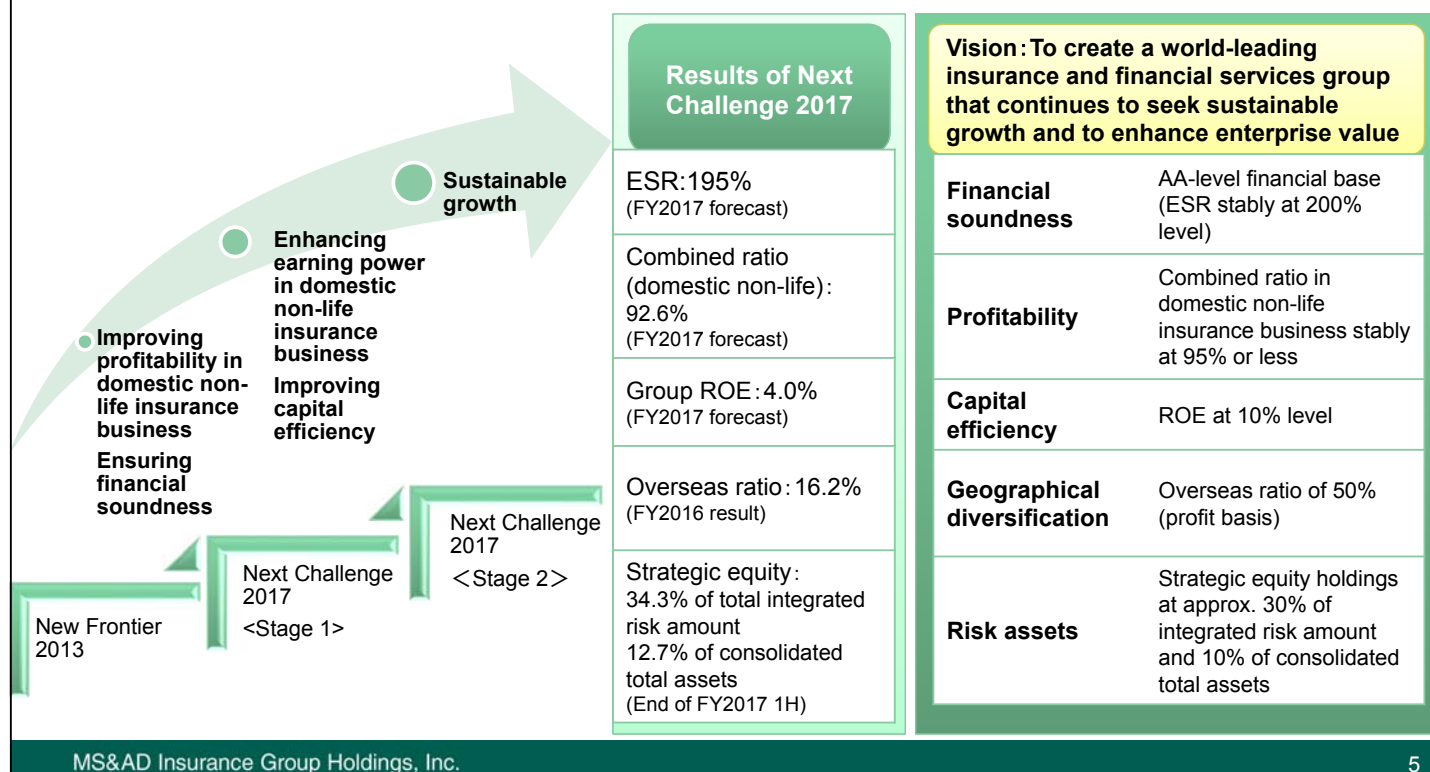
(After-tax 71.0)

* "5 major overseas natural catastrophes" refers to hurricanes Harvey, Irma and Maria, Mexico earthquakes ("EQ") and California wildfire. Incurred loss of California wildfire is not recorded in 1H but included in 2H, same hereafter.

II. Achievements and Issues of Current Mid-Term Management Plan

Progress Towards Goals to be Achieved

- To achieve the goals in the medium to long term, actions are steadily implemented.
- The financial soundness and profitability of the domestic non-life insurance business reach the target level.



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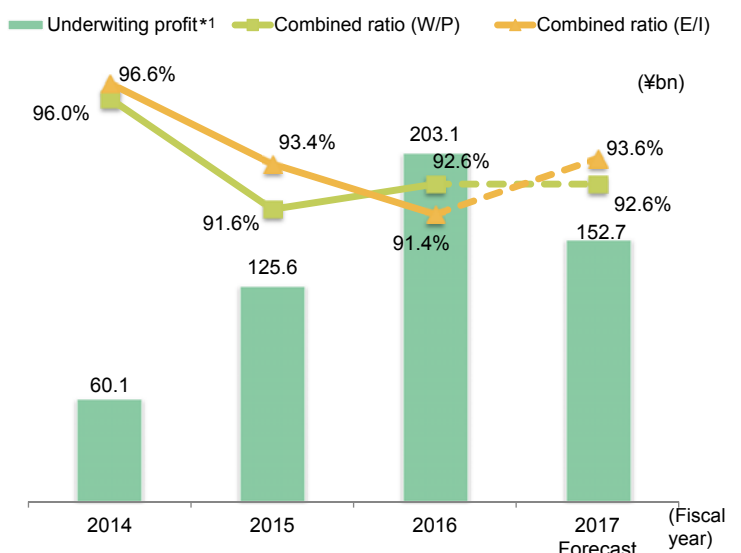
Results of "Next Challenge 2017" (1) Earning Power and Sustainable Growth

- Combined ratio for domestic non-life insurance business improved significantly, profitability is No.1 in the industry.
- Upon international business investment, net premiums written and life insurance premiums increased steadily and ordinary income rose to over ¥5 trillion.

Result 1

Enhancing earning power in domestic non-life insurance business

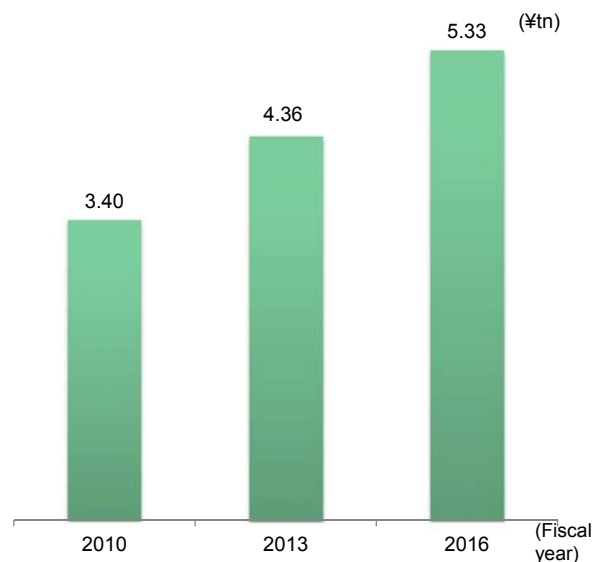
Trends of Underwriting Profit and Combined Ratio



Result 2

Sustainable growth

Trend of ordinary income



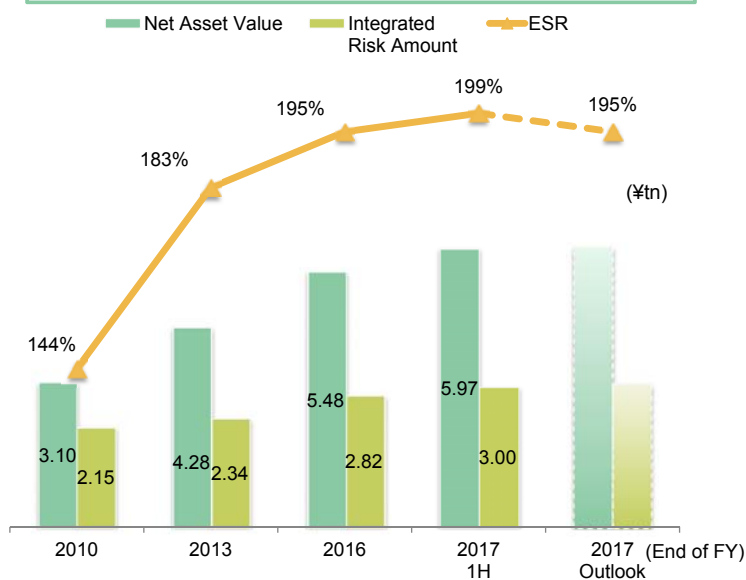
Results of "Next Challenge 2017" (2) Financial Soundness and Capital Efficiency

- Financial soundness increased steadily.
- By increasing the Group Core Profit and accelerating the reduction of strategic equity holdings, among other factors, ROE of over 7.5% was achieved at the end of FY2016.

Result
3

Ensuring financial soundness

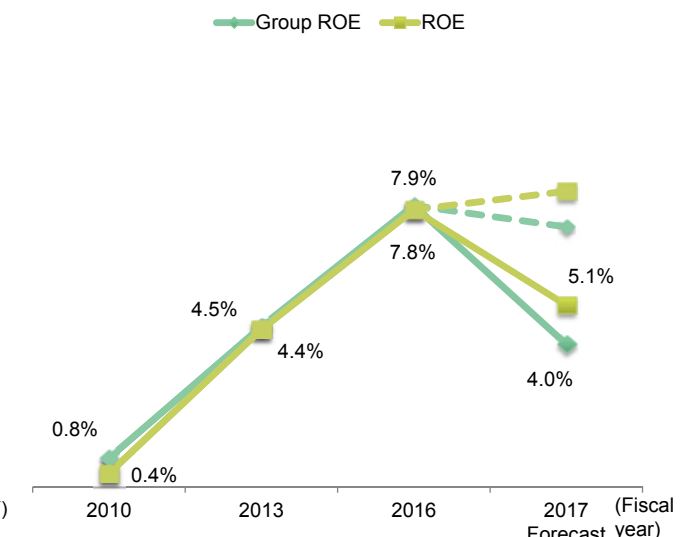
Trend of ESR



Result
4

Improving capital efficiency

Trend of ROE



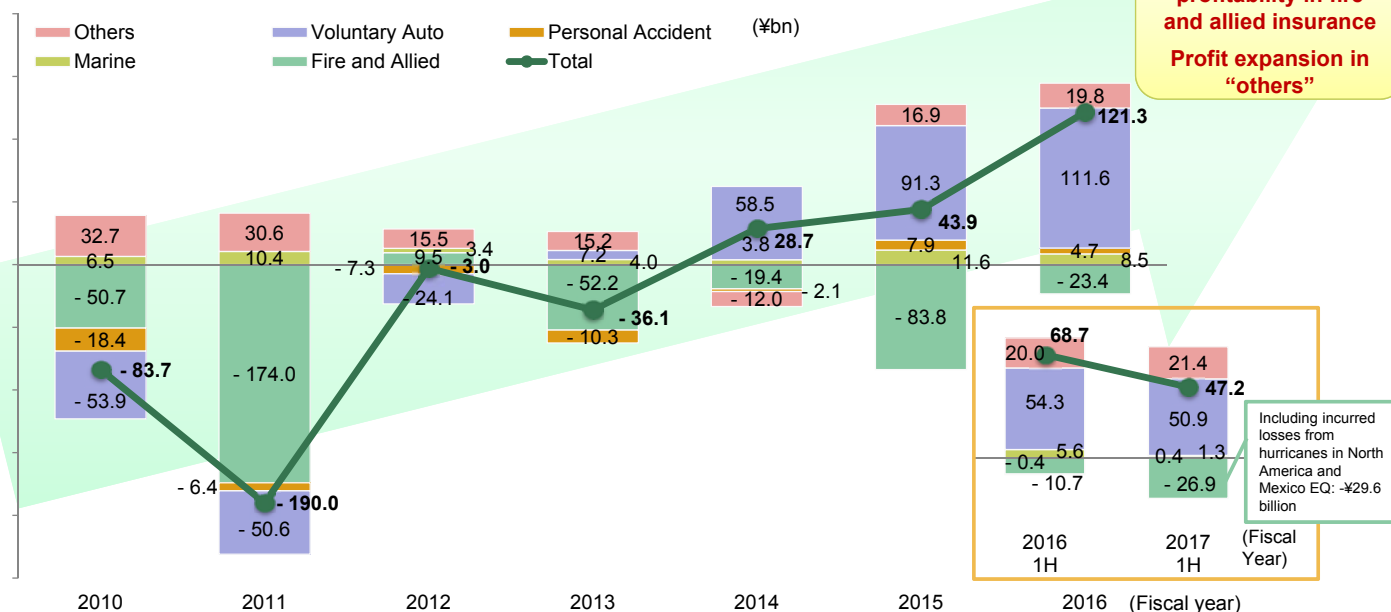
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7

Recognition of Issues: (1) Maintenance and increase of earnings in domestic non-life insurance business (enhancement of the earning power of businesses other than automobile insurance)

- Earnings structure has been established based on the measures to enhance productivity and improved underwriting profit in voluntary auto insurance.
- Together with the efforts to ensure the stable maintenance of earnings from voluntary auto insurance, earnings shall be maintained and increased by improving profitability in fire and allied and revenue growth in "others".

Underwriting Profit/Loss by Class of Business



* Simple sums of non-consolidated figures for MSI and ADI. Results for FY2010 are simple sums of non-consolidated figures for MSI, Aioi, and NDI.

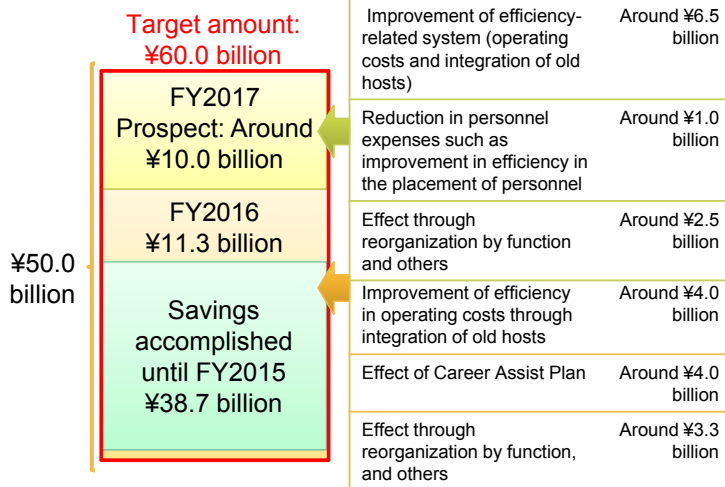
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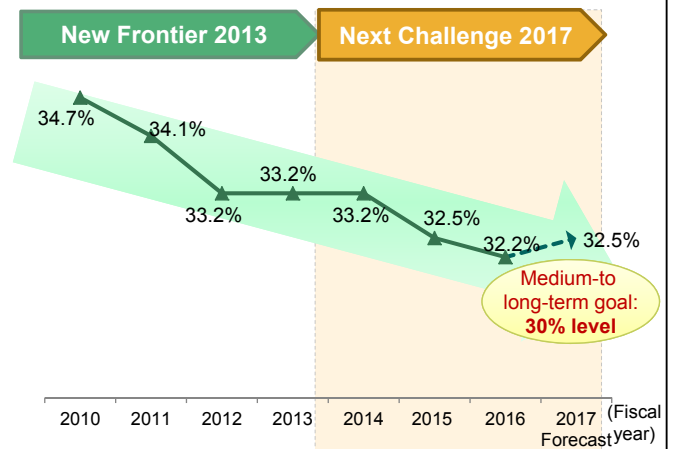
Recognition of Issues: (1) Maintenance and increase of earnings in domestic non-life insurance business (improvement of productivity)

- Upon the completion of reorganization by function, a cost reduction of total ¥60.0 billion from FY2011 is expected to be achieved.
- By further improving quality and increasing productivity through the promotion of the digital strategy, revenues from domestic non-life insurance business shall be maintained and increased in the future.

Cost Reductions from FY2011



Trend of Expense Ratio^{*1}



^{*1} Expense ratio is calculated based on the sum of the business expenses of MSI and ADI

Consolidation of back office functions

- Integration of basic system (launched in 2013)
- Consolidation of risk management, compliance, internal audit and others functions to the holding company
- Standardization of products & operating procedures between MSI and ADI

Promotion of operating efficiency through digital strategy

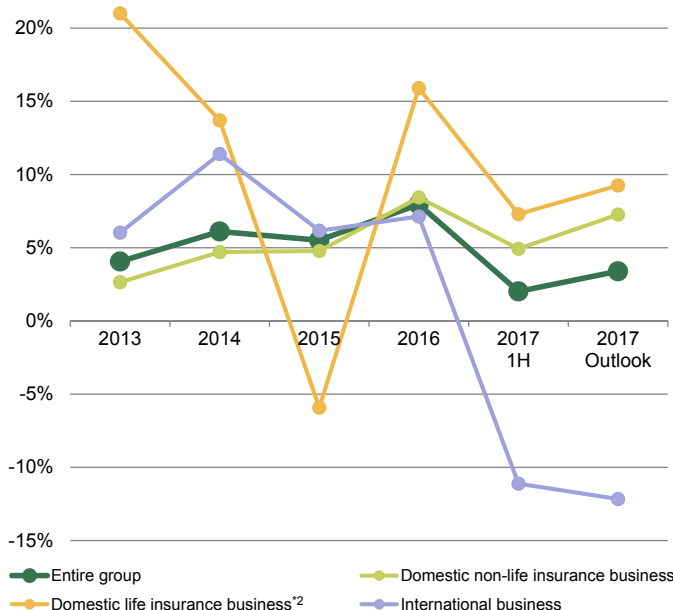
- Integration of claims systems
- Renewal of online system
- Introduction of AI/robotics

Further improvement of quality and productivity in sales and claims services

Recognition of Issues: (2) Increase in earning power of businesses other than domestic non-life insurance business and securing revenue stability

- The profitability of the domestic non-life insurance business has increased steadily.
- The issue is to enhance the earning power and stability of domestic life insurance business and international business, and to make both businesses the drivers of the future profit growth of the entire group.

Trend of ROR^{*1} by business domain



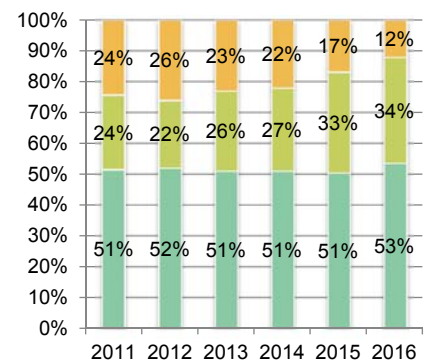
^{*1} ROR = Group Core Profit / integrated risk amount

^{*2} For MSI Aioi Life in Domestic Life Insurance business, an increase in EEV is calculated as return. In the calculation of the entire Group's ROR, it is calculated based on Group Core Profit of MSI Aioi Life.

Actions for revenue stability of International business

(Change in portfolio composition of MS Amlin)

- Control of natural catastrophe risks under cycle management
- Shift from natural catastrophe risks to casualty and other lines risks
- The weight of natural catastrophe risks lowered from 26% for 2012 to 12% for 2016.



Actions to increase the profitability of domestic life insurance business

MSI Aioi Life

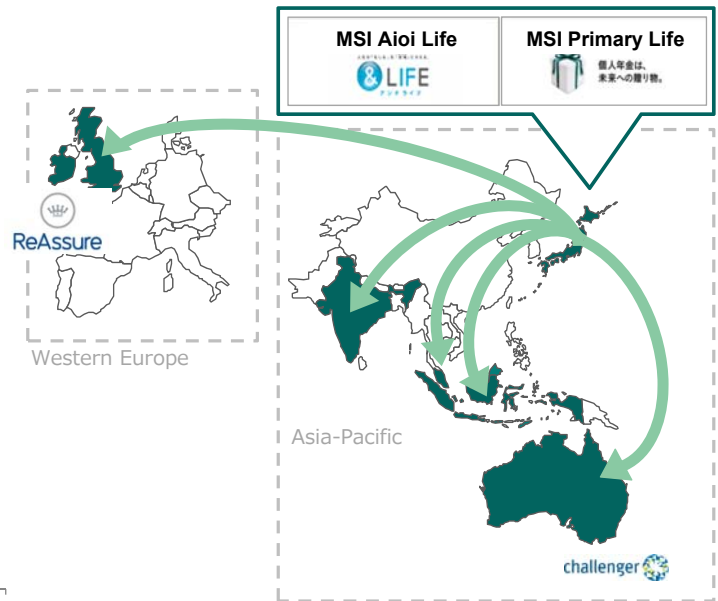
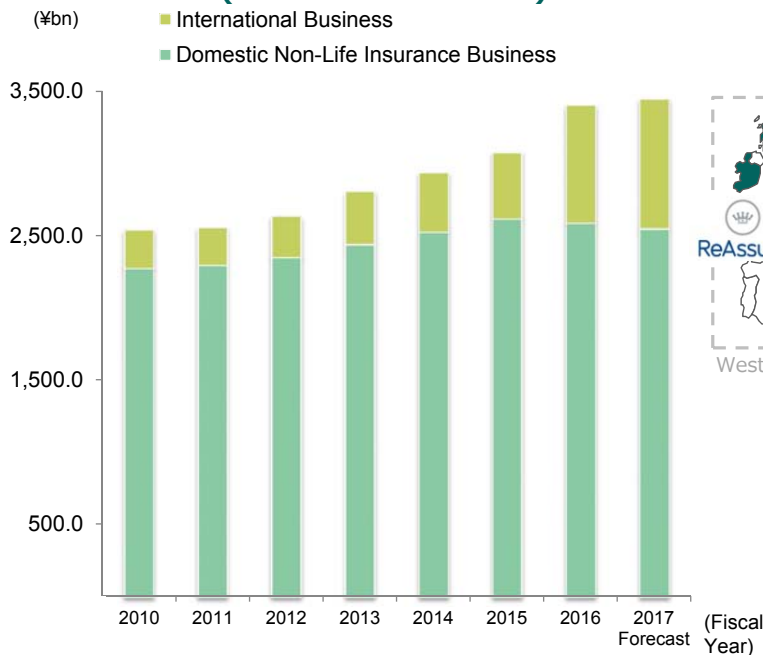
Conduct of analysis of risk/return by product
=> Clarification of products to be actively sold and products whose sales are to be selectively sold

Recognition of Issues: (3) Sustainable growth by business portfolio diversification

- Steady growth of net premiums written is realized due to expansion of the international business.
- Both non-life insurance business and life insurance business shall realize sustainable growth and further geographical diversification during the period of the next medium-term management plan.

Trend of Net Premiums Written (Non-Life Insurance)

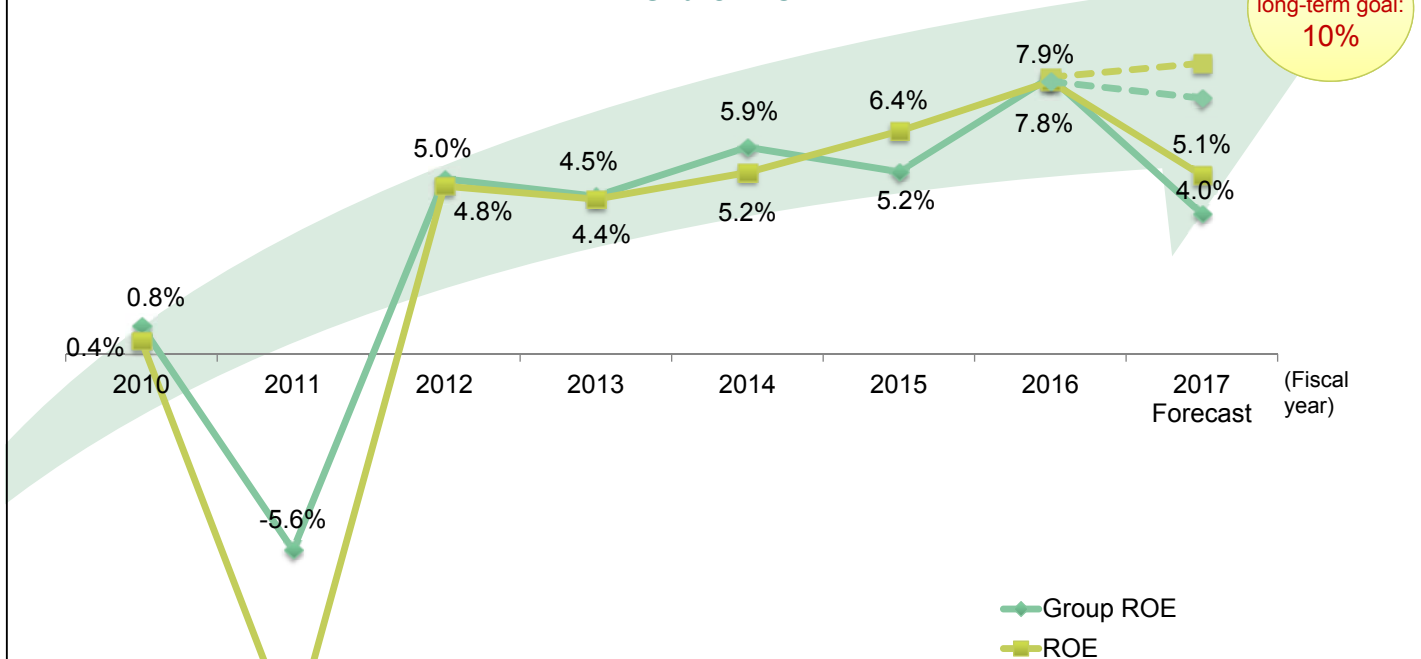
Geographical Diversification of Life Insurance Business



Recognition of Issues (4) Improvement of capital efficiency

- The initial target group ROE of 7% was achieved in FY2016, although it is not achieved in FY2017 because of a large number of natural catastrophes.
- To achieve the target group ROE of 10%, we recognize further improvement in capital efficiency as an issue.

Trend of ROE



* The dotted lines show the ROE level excluding the 5 major overseas natural catastrophes.

III. Goals to be Achieved and Strategies of Next Mid-Term Management Plan

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Assumed Long-Term Scenario and Recognition of Issues

- Considering the slow growth of Japan's and global economies, and looking ahead to the possibility of destructive innovation arising from the advancement of digital technologies, risks and opportunities shall be recognized.

Recognition of business environment, risks and opportunities

Recognition of business environment	Recognition of major risks		Measures (growth opportunities)
Slow growth of the global economy that continues for the medium term and the global monetary easing that also continues	<ul style="list-style-type: none"> Decrease in profits from asset management and decrease in the margin of life-insurance products due to the continued low-interest environment Increase in uncertainty due to movements of the financial policies of each country and the policy of introversion 	<div>Domestic non-life insurance business</div> <div>Domestic life insurance business</div>	<ul style="list-style-type: none"> Improvement of return against risk with the advancement of asset management (MSA life insurance) The first field provides the products with income guarantee and the third field provides medical insurance as the core product. In asset management, the earning power shall be increased by the prolongation of bonds, the expansion of the management of risky assets to a certain limit, etc.
Progress of the aging population with fewer children in Japan, decrease in the working population and increase in social security expenses, resulting in Japan's economy having the lowest growth rate among those of the advanced nations	<ul style="list-style-type: none"> Maturity of the domestic insurance market (slowdown in growth) Reduction of the automobile insurance premium rate, possibility of worsening of loss ratio due to increase in consumption taxes, revision of the Civil Code, etc. Increase in dependence on private insurance for medical care 	<div>Domestic non-life insurance business</div> <div>Domestic life insurance business</div> <div>International business</div>	<ul style="list-style-type: none"> Cultivation of new markets due to the increase in domestic demand due to the Tokyo Olympic and Paralympic Games and regional revitalization and expansion of the sharing economy, among others Implementation of product/service strategies that grasp changes in customer needs such as risk of longevity and the reform of the social security system and the advancement of medical care technologies By taking advantage of the network in the Asian region, maintain growth together with the high growth potential of Asia
Escalation of the problems of the global environment and climate change	<ul style="list-style-type: none"> Powerful natural catastrophes such as hurricanes and typhoons Depletion of resources 	<div>Domestic non-life insurance business/International business</div>	<ul style="list-style-type: none"> Realization of growth through the provision of new products and services Strengthening of advancement of response to risk of natural catastrophes Provision of products/services that support initiatives for the realization of alternative resources and the sustainable society and the advancement of asset management with the introduction of ESG evaluation
Rapid innovation advancement that substantially affects the economy and consumption behavior	<ul style="list-style-type: none"> Emergence of new risks Emergence of new business models 	<div>Common</div>	<ul style="list-style-type: none"> Development of products/services that respond to and meet changes in the social environment and new needs Increase in productivity through the utilization of new technologies Maintaining growth with the introduction of new business models
New establishment, amendment and abolition of laws, regulations and systems in Japan and abroad (tightening of capital regulations, change to IFRS, etc.)	<ul style="list-style-type: none"> More stringent evaluation of soundness of financial institutions Worsening of profits of affiliated companies due to tightened regulations 	<div>Common</div> <div>Domestic non-life insurance business</div> <div>International business</div>	<ul style="list-style-type: none"> Steady response to tightened regulations with ERM Increase of needs for product recall insurance, etc. and increase in the necessity of new insurance products Consideration of business investment in countries/regions where industry reorganization is conducted upon the tightening of capital regulations
Expansion of the gap among regions/generations	<ul style="list-style-type: none"> Division between those who have and those who do not Rapid spread of social changes such as the revolutionary evolution of digital payments 	<div>Domestic life insurance business</div> <div>Common</div>	<ul style="list-style-type: none"> Provision of the products of the asset-formation type, grasping the needs for the transfer of assets between generations By taking advantage of diversity and the comprehensive capabilities of the group, offering of products and services that are attractive to each region/generation and the maintenance and increase of support from customers

MS&AD Insurance Group Holdings, Inc.

13

Framework of the Next Medium-Term Management Plan

- Positioned as a period to achieve the management vision: “To create a world-leading insurance and financial services group”, and construct a system to be prepared for changes in business environment

Target period

Four years from FY2018 to FY2021

Name

MS&AD Vision 2021

Concept

- Period for looking ahead to the achievement of the management vision: “To create a world-leading insurance and financial services group”
- To put a system for speedy and flexible responses to environmental changes in place

Achievement of the management vision

- Achievement of the target capital efficiency and soundness
- Business scale ranked in the top 10 non-life insurance companies/groups in the world

Goals to be Achieved

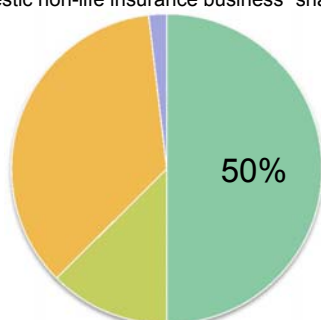
- The medium-term target of the business portfolio according to which “50% of the profit is made from domestic non-life insurance business and 50% is made from other than domestic non-life insurance business” shall be achieved. The strategic equity holdings risk shall be reduced to the target level.
- Although the definition of Group Core Profit is being reviewed, the profit shall be a record high level on a net income basis.

Group Core Profit and Group ROE

- The calculation method of Group Core Profit and Group ROE will be reviewed, including profit and loss of reserves and capital gain and loss of strategic equity holdings.

Target business portfolio

- The medium-term target that “50% of the profit is made from the domestic non-life insurance business and 50% is made from other than the domestic non-life insurance business” shall be achieved.



■ Domestic non-life insurance business
 ■ Domestic life insurance business
 ■ International business
 ■ Financial services business/Risk-related services business

Target of reduction of strategic equity holdings

- The medium-term target of “10% weight to the consolidated net assets and 30% risk weight” shall be achieved.

Ratio of strategic equity holdings to consolidated net assets and risk amount

	End of September 2017	FY2021 Target
Weight of strategic equity holdings to consolidated net assets	12.7%	Less than 10%
Risk weight of strategic equity holdings	34.3%	Less than 30%

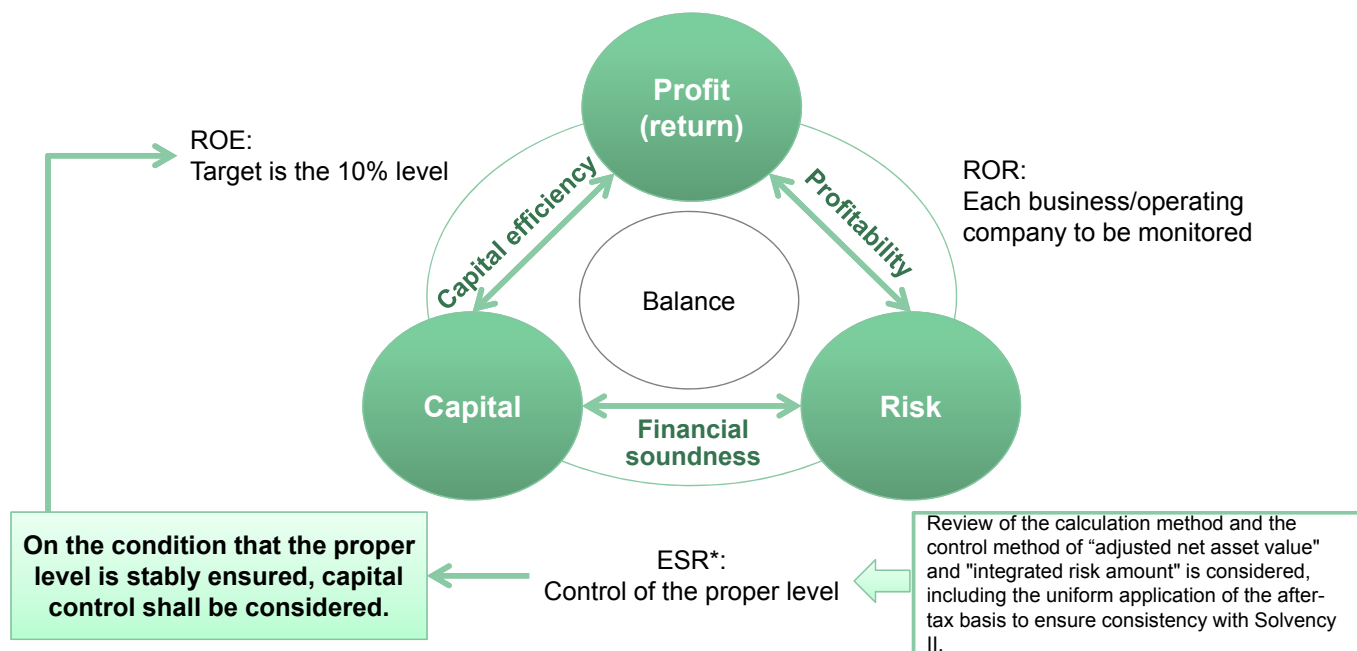
**Scheduled reduction for FY2017* to FY2021:
¥500.0 billion**

* The amount of reduction necessary for the achievement of the targets of weight to consolidated total assets and risk weight is calculated as of the end of March 2017 and set as the necessary amount from that time.

Sophistication of ERM

- The financial soundness and increase in profitability that were steadily achieved during the period of “Next Challenge 2017” shall be continued and capital efficiency shall be improved.

Relationships between return, risk and capital in ERM



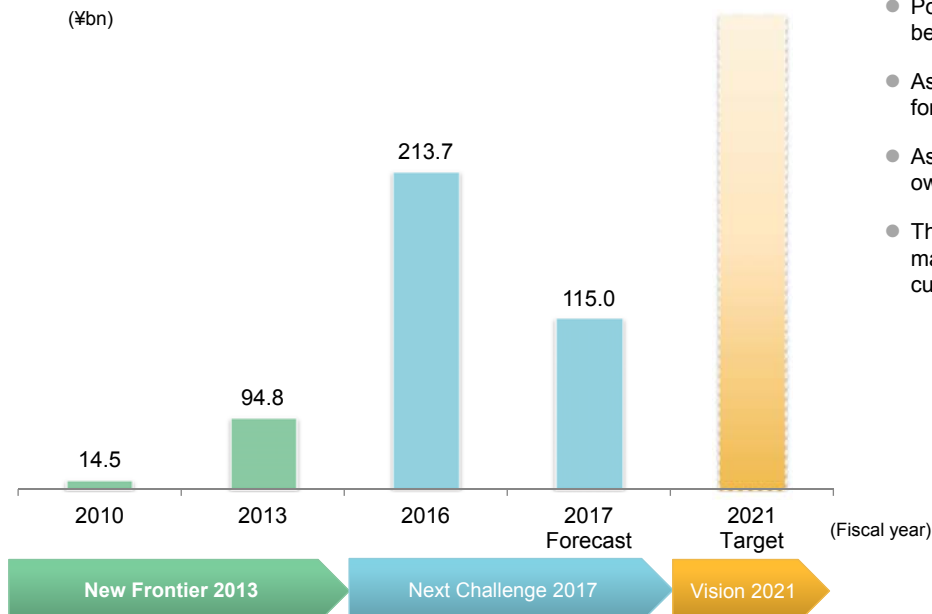
* ESR: Economic Solvency Ratio (Economic Value-Based Solvency Ratio) = Adjusted net asset value / Integrated risk amount

Shareholder Return Policy

- The policy of stable dividends and return by flexible share buybacks will be continued.

Group Core Profit (Funds for return)

(¥bn)



Shareholder Return Policy

- Policy of dividends and share buybacks will be continued.
- As to dividends, we preserve stability and aim for an increase.
- As to share buybacks, we will repurchase our own shares flexibly.
- The level of return is being considered to maintain the same level as that under the current medium-term management plan.

IV. FY2017 Shareholder Returns

MS&AD Insurance Group Holdings, Inc.

FY2017 Shareholder Returns

- The dividend is scheduled to be the same as the initial forecast despite a downward revision to the Group Core Profit due to a large number of natural catastrophes

Shareholder Return Policy

- We will return approximately 50% of Group Core Profit* to shareholders in the medium run.

<Dividends>

The basic policy is to maintain stability. We aim to increase our earnings power and dividends in the medium run.

<Share buybacks>

We will repurchase our own shares flexibly, and as opportunities arise, with due consideration to market conditions and the state of our capital.

Shareholder Returns and Shareholder Return Plan

<Dividends>

FY2017: The annual dividend is expected to rise ¥10 from the previous year to ¥130.

(payment of interim dividend of ¥65 resolved at the meeting of the BOD on November 17)

FY2016: The annual dividend rose by ¥30 from the previous year to ¥120.

<Share buybacks>

FY2016: Share buybacks totaling about ¥30 billion have been implemented in FY2016

* Please refer to the Basic Information (p.61) for the method of calculating Group Core Profit and the shareholder return ratio.

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18

Shareholder Return Policy: Past Shareholder Returns

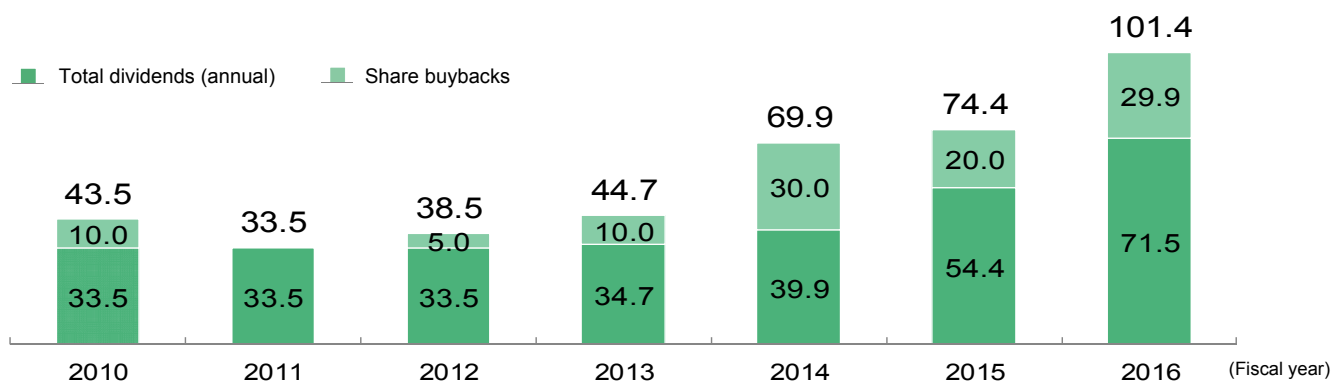
● Trends in total shareholder returns (as of November 17, 2017)

(¥bn)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Group Core Profit	14.5	-87.5	87.4	94.8	155.7	147.5	213.7	626.1
Total returns	43.5	33.5	38.5	44.7	69.9	74.4	101.4	406.2
Shareholder return ratio	300%	—	44%	47%	45%	50%	47%	65%
Returns per share (yen)	69.8	54.0	62.0	72.0	113.5	122.5	169.1	—

(¥bn)

■ Total dividends (annual) ■ Share buybacks



* Please refer to the Basic Information (p.61) for the method of calculating Group Core Profit and the single-year shareholder return ratio.

Advancing with you



Basic Information

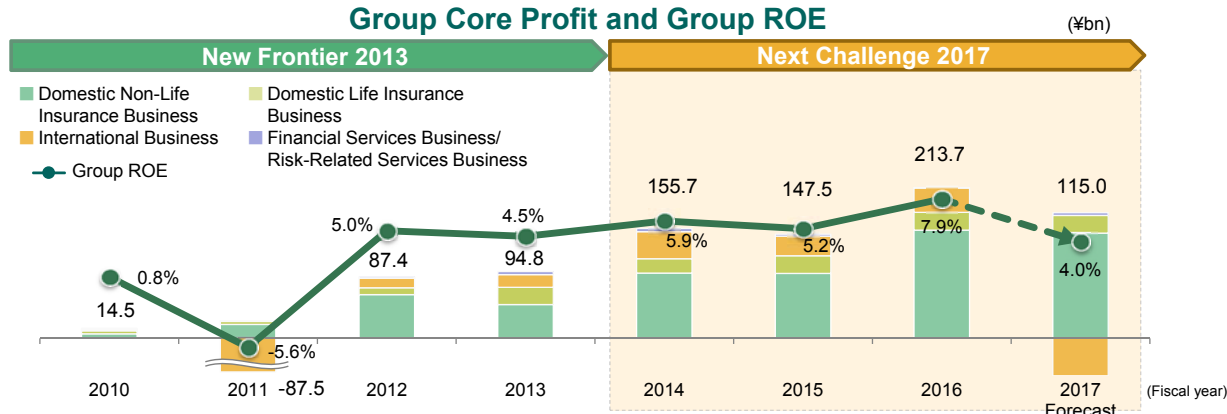
V. Overall Situation of the Group

MS&AD Insurance Group Holdings, Inc.

Progress Towards Numerical Management Targets

- Group Core Profit in the 1st half of FY2017 decreased ¥53.2 billion year on year to ¥ 58.1 billion.
- Revised forecast for FY2017 Group Core Profit is ¥115.0 billion, a decrease of ¥98.7 billion year on year. (Group ROE at 4.0%)

Group Core Profit and Group ROE



	FY2017 1H		FY2017		
		YoY	Revised Forecast	YoY	Change from Initial Forecast
Domestic Non-Life Insurance Business	95.1	22.1	149.0	- 4.3	4.0
Domestic Life Insurance Business	21.8	5.9	25.0	- 0.1	8.0
International Business	- 61.1	- 82.5	- 63.0	- 97.6	- 127.0
Financial Services Business / Risk-Related Services Business	2.2	1.1	4.0	3.4	-
Group Core Profit	58.1	- 53.2	115.0	- 98.7	- 115.0
Group ROE	n/a	n/a	4.0%	- 3.9pt	- 4.4pt
Increase in EV at MSIAoi Life	36.3	57.5	50.0	- 148.4	-
Consolidated Net Premiums Written	1,864.1	24.7	3,450.0	43.0	-
Combined Ratio (Domestic Non-Life)	85.0%	- 3.2pt	92.6%	-	- 0.3pt

(¥bn)

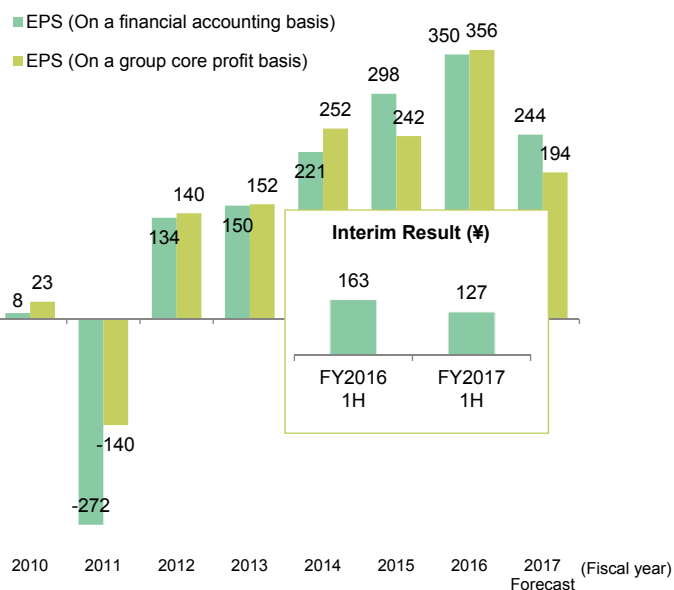
MS&AD Insurance Group Holdings, Inc.

EPS and Total Shareholder Return Per Share

- Dividends have been increasing since FY2012 backed up by the stable growth of EPS.

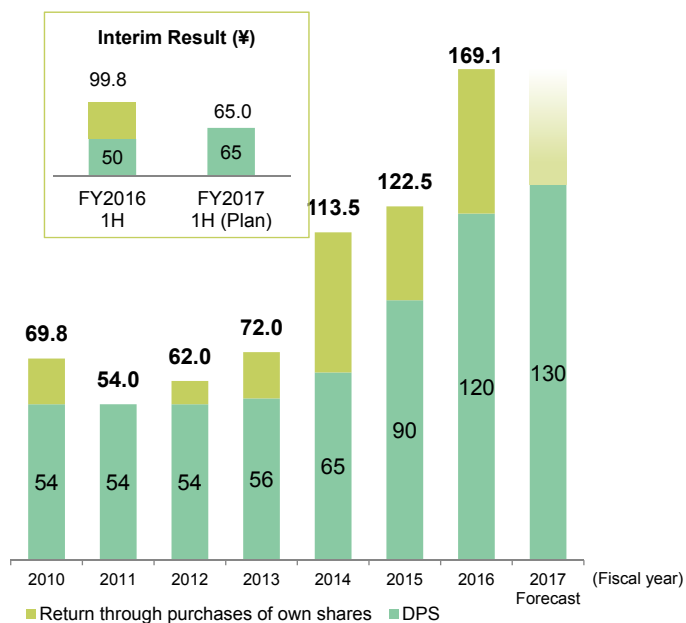
Trend in EPS (Earnings Per Share)

(¥)



Trend in Total Shareholder Return Per Share

(¥)

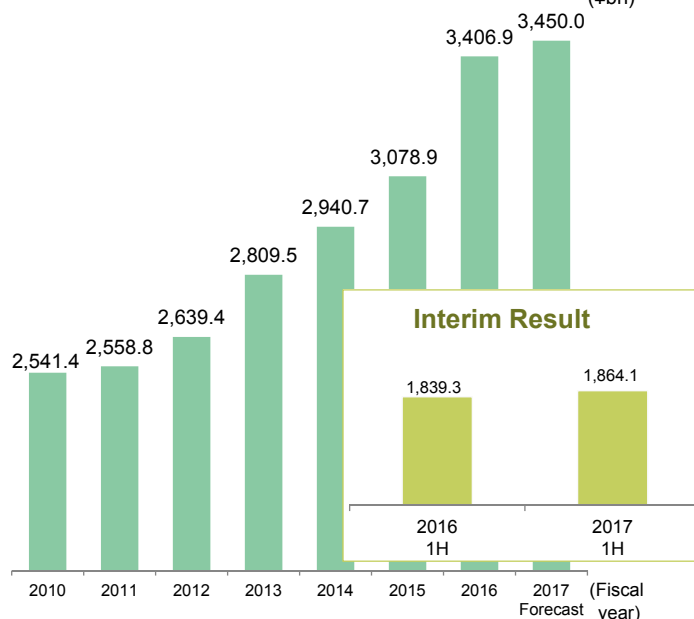


Trends of Premium Income

- Consolidated net premiums written (non-life insurance) are expected to amount to ¥3,450 billion in FY2017, unchanged from the forecast at the beginning of the year.
- Based on the brisk sales in the first half, life insurance premiums are expected to total ¥1,000.0 billion, ¥51.0 billion higher than the forecast at the beginning of the year.

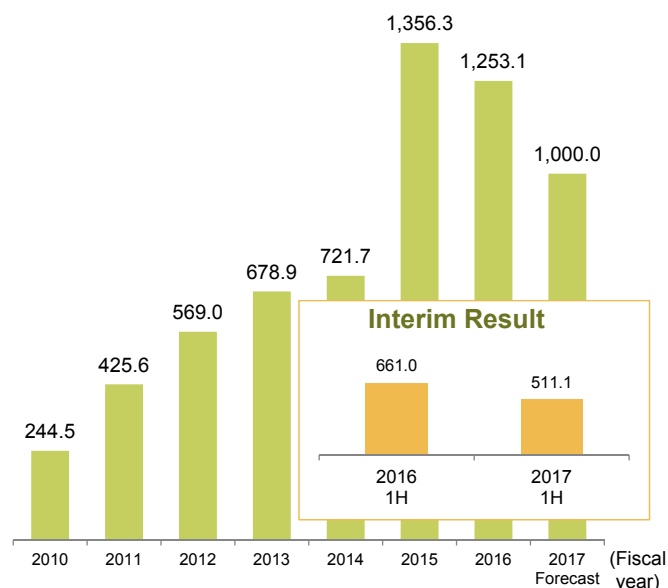
Non-Life Insurance: Consolidated Net Premiums Written*1

(¥bn)



Life Insurance: Consolidated Life Insurance Premiums

(¥bn)

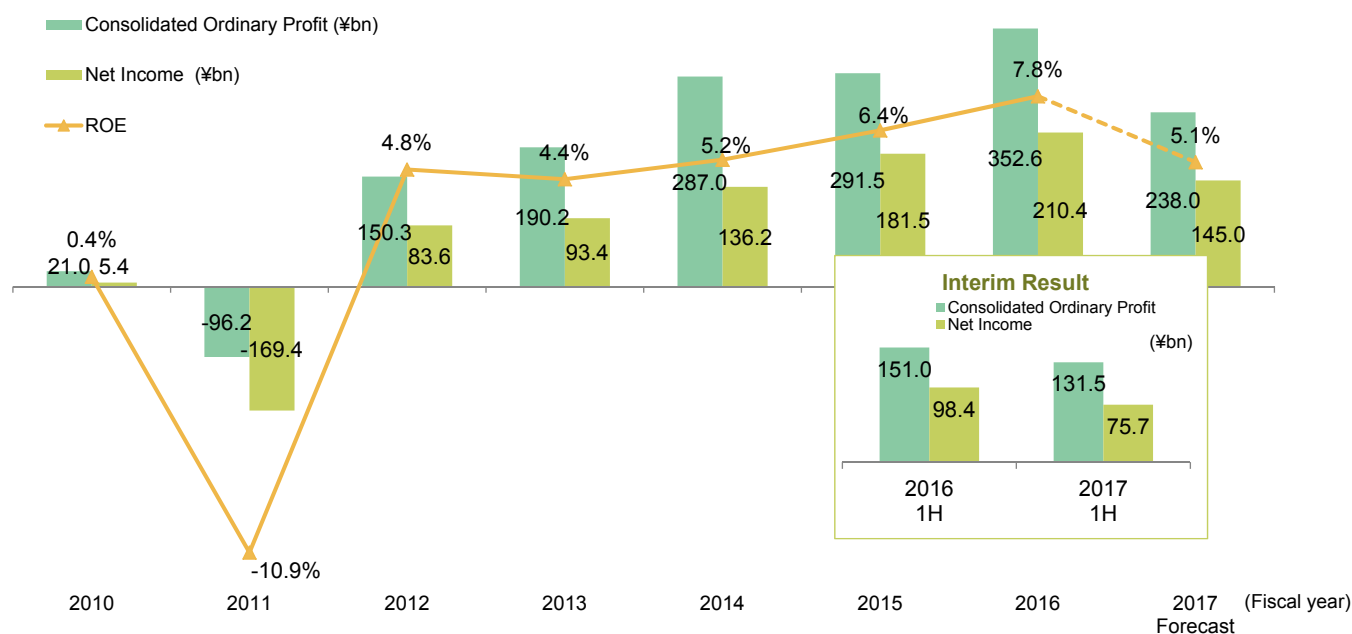


*1 Net premiums written exclude the good results return premiums of the "ModoRich" auto insurance product.

Trends of Bottom Line and ROE (on a Financial Accounting Basis)

- Despite expected decrease in FY2017 due to the impact of natural catastrophes, underwriting profit of domestic non-life insurance business that has expanded will underpin revenue.

Trends of Consolidated Ordinary Profit, Net Income and ROE



VI. Situation by Business Segment

1. Domestic Non-Life Insurance Business

2. Domestic Life Insurance Business

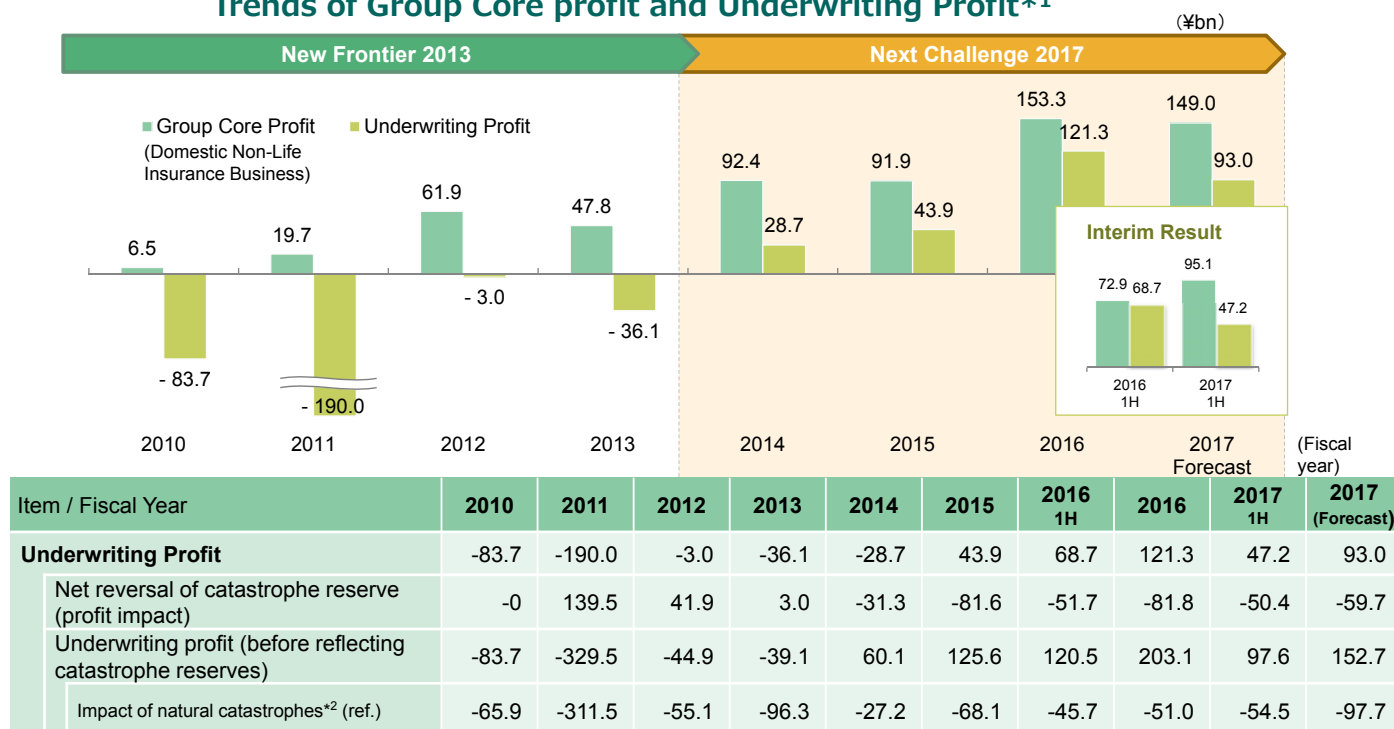
3. International Business

4. Asset Management

Domestic Non-Life Insurance Business: Trends of Group Core Profit and Underwriting Profit

- Underwriting profit decreased by ¥21.5 billion to ¥47.2 billion mainly due to the impact of hurricanes in North America and Mexico EQ, despite a decrease in domestic natural catastrophes.

Trends of Group Core profit and Underwriting Profit*1



*1 Simple sums of non-consolidated figures for MSI and ADI. Results for FY2010 are simple sums of non-consolidated figures for MSI, Aioi and NDI.

*2 The impact of natural catastrophes include the Great East Japan Earthquake, Thai flooding in 2011, heavy snowfall in 2014 and other natural catastrophes.

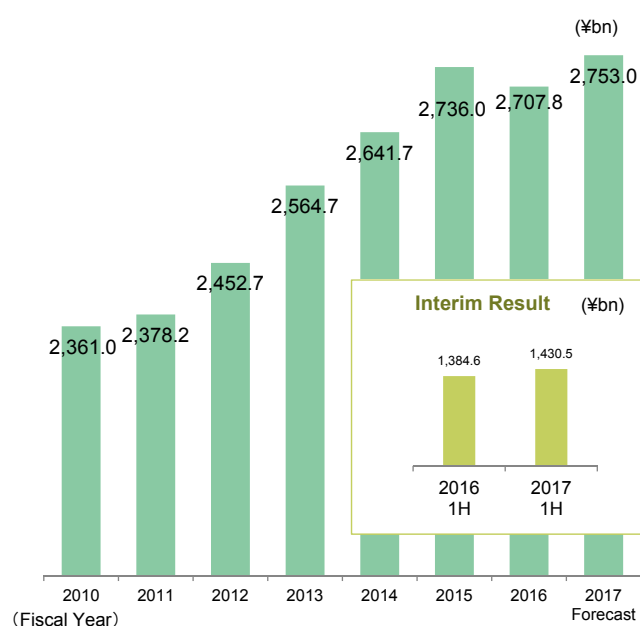
MS&AD Insurance Group Holdings, Inc.

24

Domestic Non-life Insurance Business: Trends of Net Premiums Written and Combined Ratio

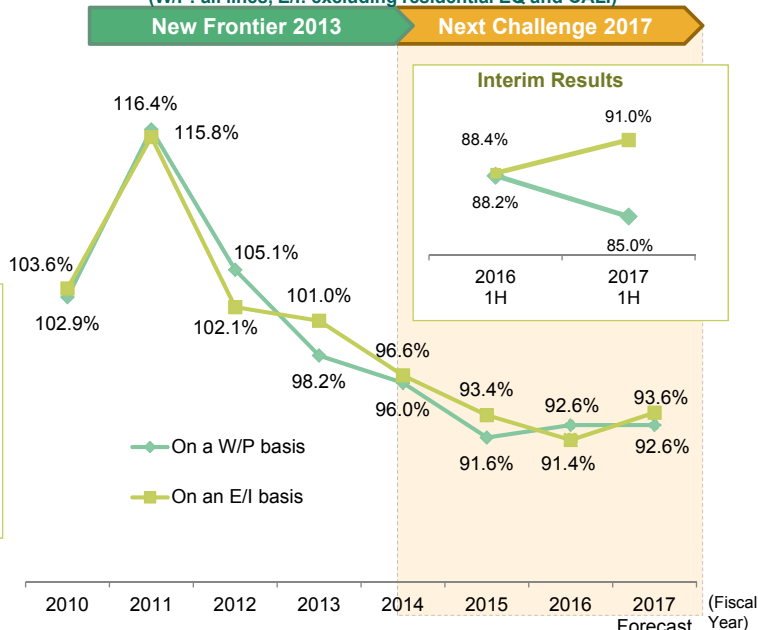
- Net premiums written increased ¥45.8 billion to ¥1,430.5 billion (an increase of ¥20.5 billion on earned premium basis) mainly due to a increase in fire insurance and CALI.
- Combined ratio on E/I basis was 91.0% due to an increase in incurred losses.

Trends of Net Premiums Written for Domestic Non-life Insurance Business*



Trends of Combined Ratio of Domestic Non-life Insurance Business*

(W/P: all lines, E/I: excluding residential EQ and CALI)



* Simple sums of non-consolidated figures for MSI, ADI and Mitsui Direct General. Results for FY2010 are simple sums of non-consolidated figures for MSI, Aioi, NDI and Mitsui Direct General.

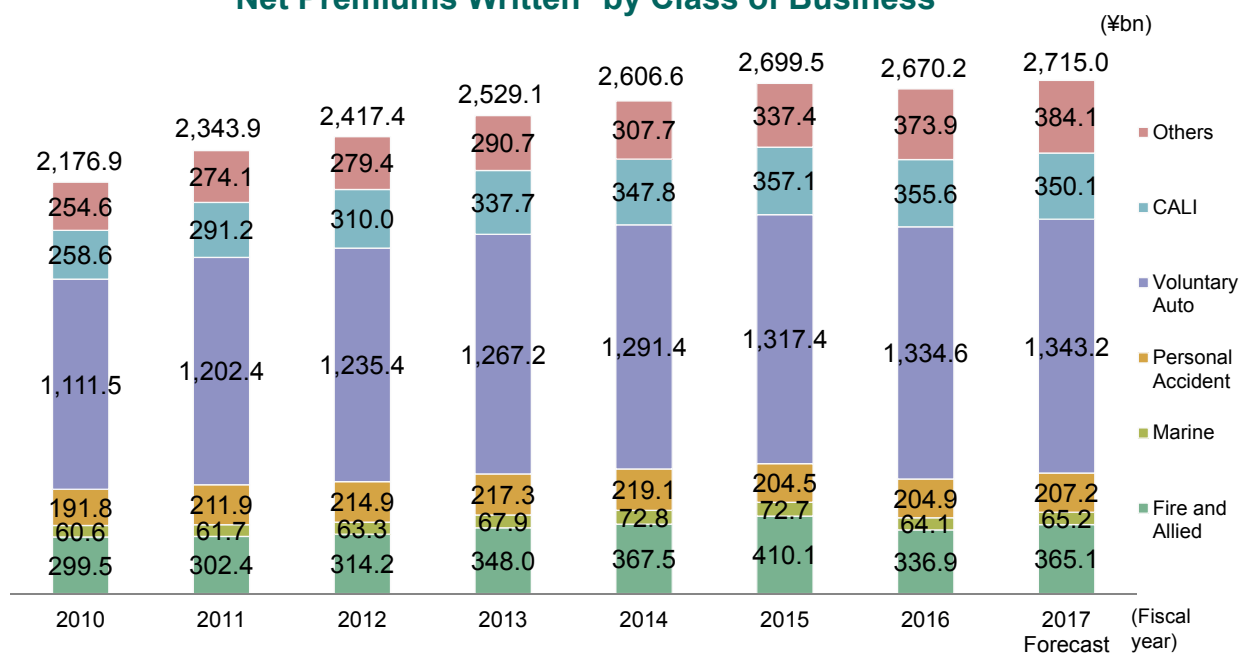
MS&AD Insurance Group Holdings, Inc.

25

Domestic Non-Life Insurance Business: Net Premiums Written by Class of Business

- On a net premiums written basis, Fire and Allied is expected to increase steadily due to rate revision, also Voluntary auto is forecasted to increase slightly despite of rate reduction.

Net Premiums Written* by Class of Business

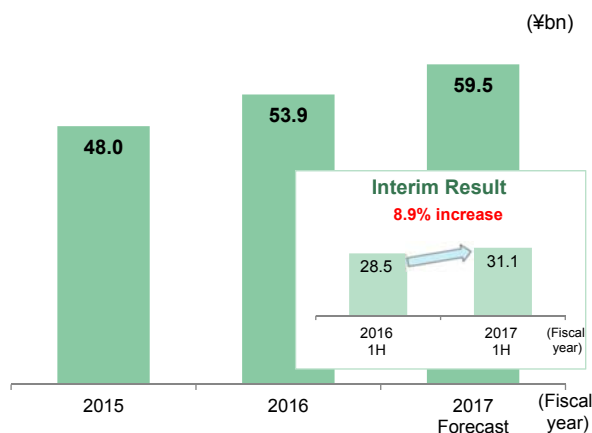


* Simple sums of non-consolidated figures for MSI and ADI. Results for FY2010 are simple sums of non-consolidated figures for MSI, Aioi, and NDI.

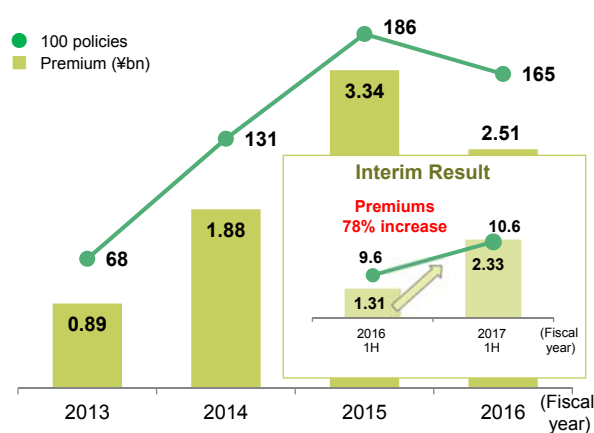
Domestic Non-Life Insurance Business: Initiatives for Market Creation

- Steadily increasing revenue by offering packaged products focusing on the SME market, where there is much room for development, and also by strengthening products development and supply for new business and new risks.

Trend of Premiums of Packaged Products for SMEs



Trend of Sales Results of Products Compatible with New Risks and New Markets (New sales results of comprehensive compensation plan)

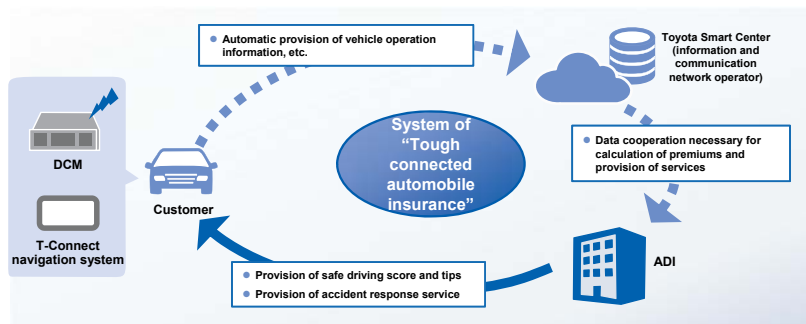


* Packaged products: Packaged products with new risks, including comprehensive compensation (coverage) plan

Domestic Non-Life Insurance Business: Development of Telematics Insurance in Japan

- ADI developed Japan's first driving behavior-based telematics automobile insurance ("Tough connected automobile insurance") in collaboration with Toyota Motor. The new products are due to go on sale in April 2018.
- "Safeguards automobile insurance" jointly developed by MSI and ADI to provide security to elderly drivers and their families will be launched in January 2018.
- The Group is also providing various services utilizing telematics technology and contributing to the "realization of safe and secure automobile society" free of accidents.

System of "Tough Connected Automobile Insurance"

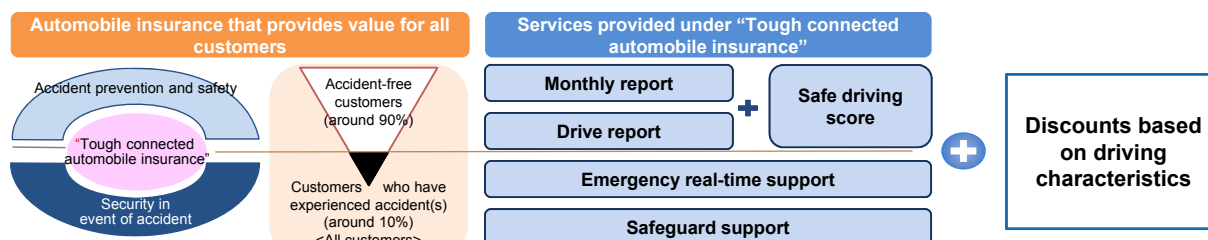


Telematics: Derived from the words "telecommunications" and "informatics," "telematics" refers to systems that provide various types of information and services using vehicle onboard devices, such as navigation systems and GPS, and mobile communications systems.

DCM: Data Communication Module. An automotive communication device that enables voice calls, high-speed data transmission, etc.

T-Connect: T-Connect navigation is a Toyota's connected service that provides safe, secure and comfortable services by connecting to communication services.

Services using telematics technology



Domestic Non-Life Insurance Business: Mitsui Direct General

- Mitsui Direct General is expected to return to profitability in FY2017 as effects of efforts to improve profitability as a priority for three years since FY2014 become apparent.

Trends of Business Results of Mitsui Direct General

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017 Interim	FY2017 Forecast
Net premiums written*	33.9	34.8	35.0	34.5	36.1	37.1	18.4	37.5
Combined ratio(E/I)*	99.0%	98.9%	99.6%	112.7%	114.9%	102.3%	96.6%	98% level
Net income (per our equity share)	0.3	0.3	0.1	-3.1	-4.3	-0.9	1.0	0.2

*Excluding CALI

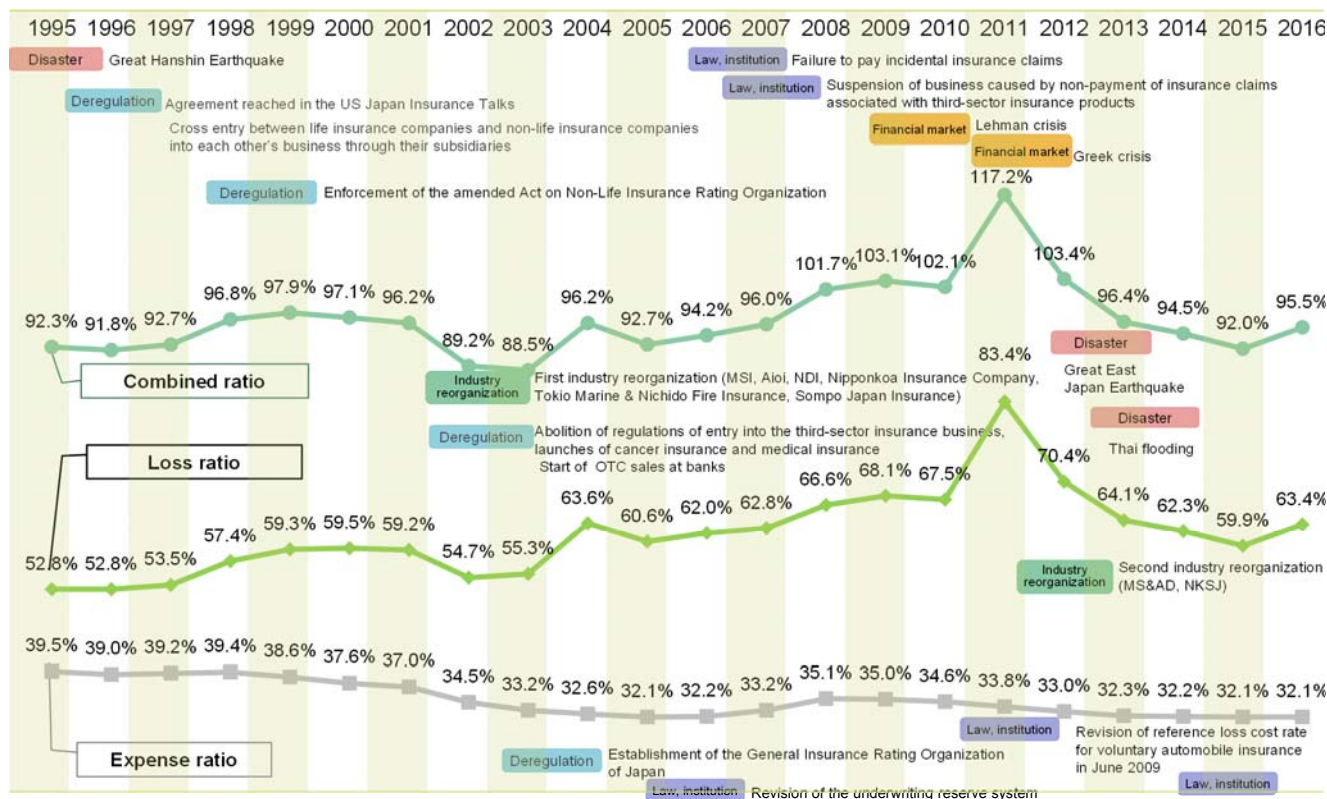
Main initiatives in FY2017(Factors for improvement in earnings)

- Measures on renewal contracts, enhancement of recognition through the new TV commercial and revision of premium rate levels aiming at steady premiums growth
- Reduction in the number of accidents and quicker claims settlement by strengthening the claims service system

Towards securing future profits

- Achievement of an appropriate level of premiums rate and portfolio that produces higher profit
Improvement of portfolio by flexible revision in premiums rates and adjustment of disparity of risks subdivision items
- Further enhancement of the claims services system
Strengthening claims management, quicker settlement of claims by promotion of collaboration within the Group, etc.

Domestic Non-Life Insurance business: Trends in Combined Ratio (W/P) in the Domestic Non-Life Insurance Industry



※ Source of Loss ratio and Expense ratio : The General Insurance Association of Japan

Revision of the non-fleet discount/loading rate system in automobile insurance

Advancing with you

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INSURANCE GROUP

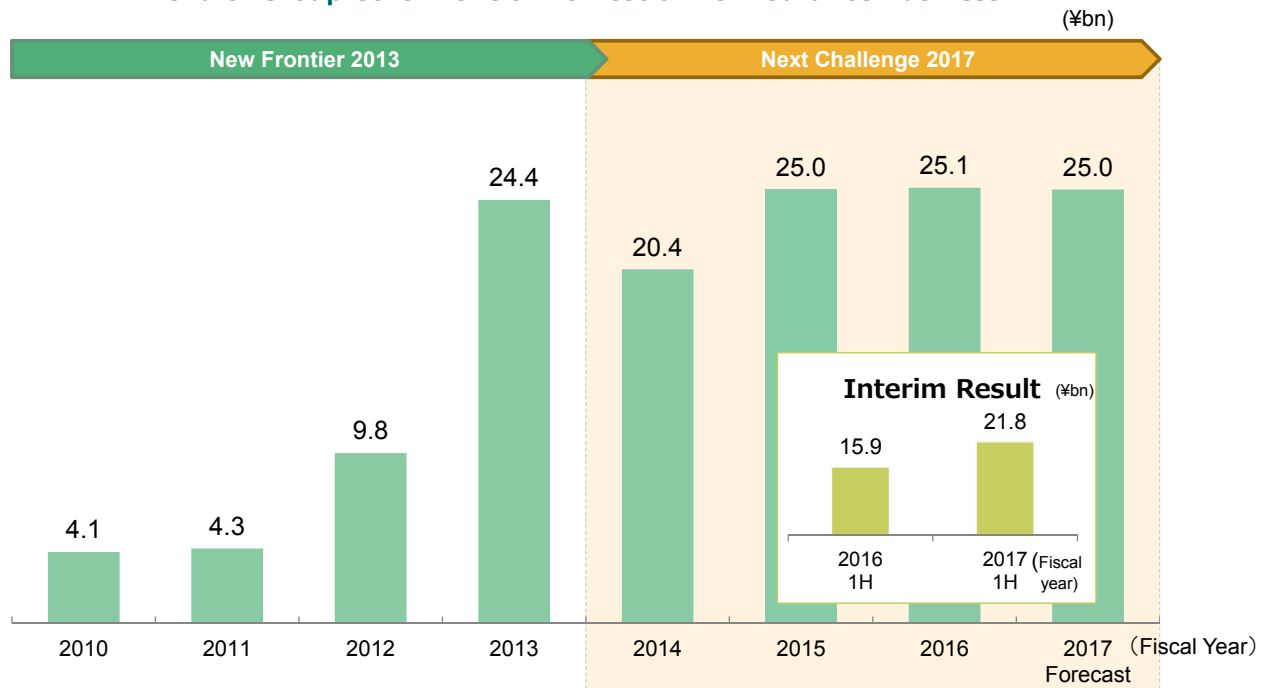
VI. Situation by Business Segment

1. Domestic Non-Life Insurance Business
- 2. Domestic Life Insurance Business**
3. International Business
4. Asset Management

Domestic Life Insurance Business: Trend of Group Core Profit

- The domestic life insurance business has made a profit contribution of more than ¥20.0 billion every year for the last four years and has grown into a core business with a stable profit base.

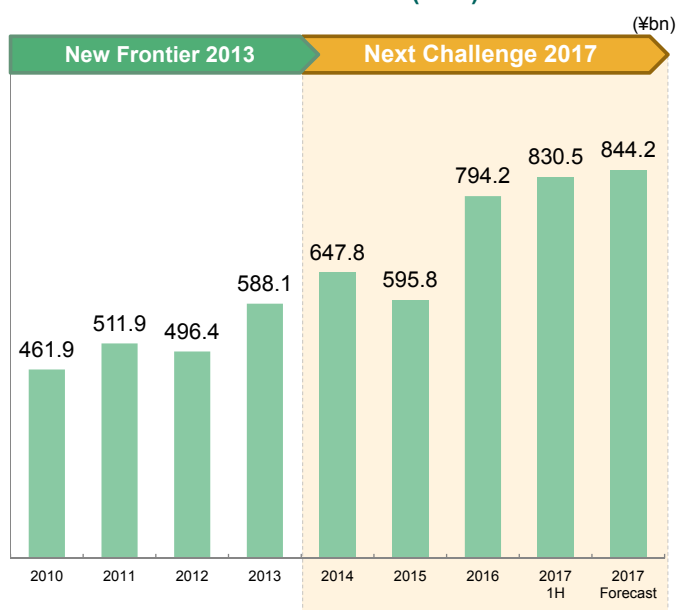
Trend of Group Core Profit of Domestic Life Insurance Business



Domestic Life Insurance Business: MSI Aioi Life (EEV)

- The embedded value (EEV) at the end of September 2017 was ¥830.5 billion, an increase of ¥36.3 billion from the end of the previous fiscal year, reflecting the value of new business acquired in the current fiscal year and the impact of rising interest rates.

Embedded Value (EEV)



About Embedded Value (EEV)

- An increase of ¥50.0 billion in embedded value is expected in FY2017
- The value of new business is rising steadily due to the sale of main protection-type insurance products such as "New Comprehensive Income Guarantee Insurance" and "New Medical Insurance A Plus."
- UFR (Ultimate Forward Rate) is not applied as interest rate assumption in the calculation of EEV.

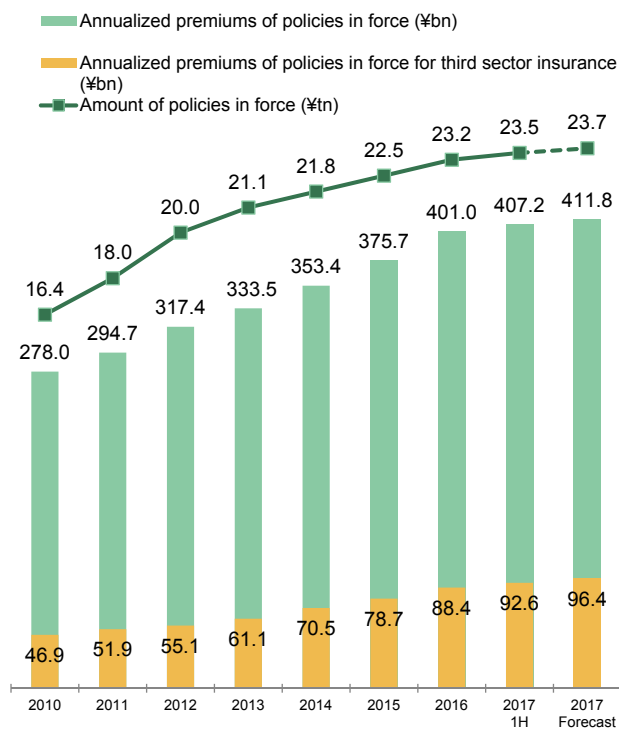
Further Strengthening of the Financial Base Through Capital Increase

- Implemented a capital increase of ¥100 billion in March 2017
- Built a stable financial foundation to withstand changes in the external environment

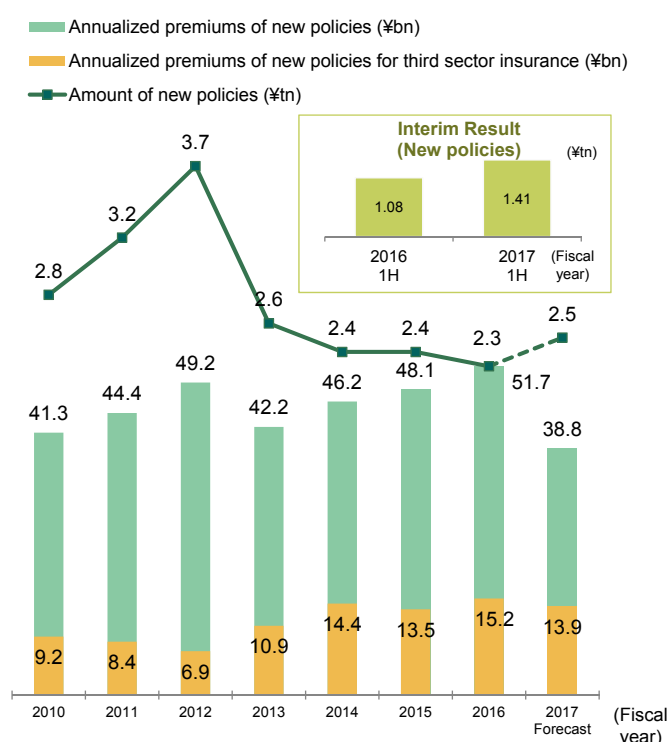
* FY2010 figure is a reference value found by calculating the total embedded value of MSI Kiremeiki Life and Aioi Life on an EEV basis.

Domestic Life Insurance Business: MSI Aioi Life (Amount of Policies and Annualized Premiums)

Amount of Policies in Force and Annualized Premiums of Policies in Force



Amount of New Policies and Annualized Premiums of New Policies



Domestic Life Insurance Business: MSI Aioi Life (Products and Sales Strategies in Low Interest Rate Environment)

- Leverage cross-selling channels to aggressively expand sales, focusing on protection-type products that capture customer needs.

Strong sales of new products such as “New Comprehensive Income Guarantee Insurance” launched this fiscal year

Focus on New Comprehensive Income Guarantee Insurance and New Income Guarantee Insurance



- Launched in April 2017
- Enhanced coverage for conditions of disability / requiring long-term care, plus additional new coverage against risk of incapacity to work
- Highly appreciated by customers and agents

Sales channels built on sales and customer base of the group that is Japan's No.1 non-life insurance group ranked by premium income

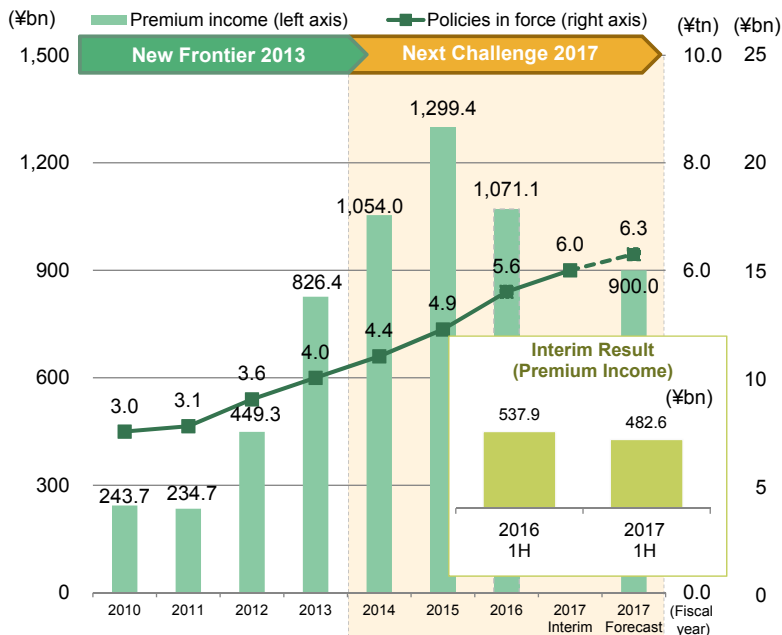
Utilize strength of sales channels

- Provide diverse solutions by selling life insurance products together with non-life insurance products through cross-selling channels mainly professional non-life agents
- Expand sales base in new markets, including insurance shops and over-the-counter sales at banks, and make proposals to a wide range of customers

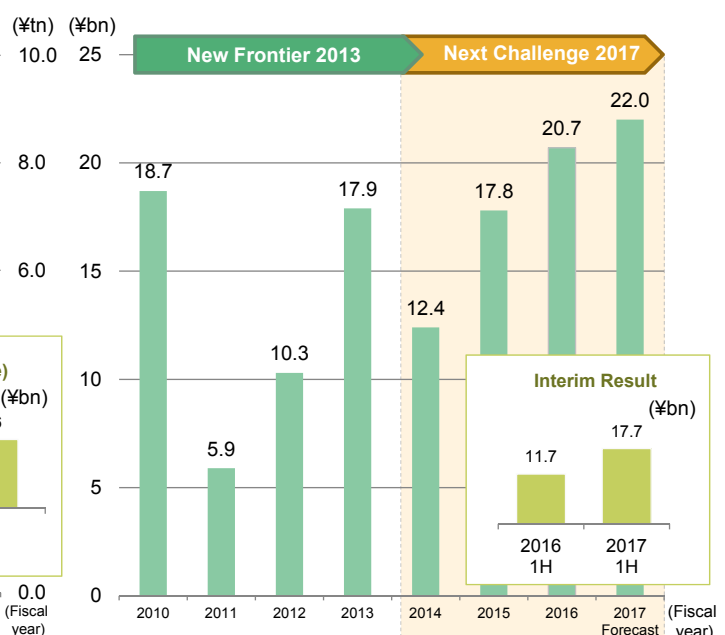
Domestic Life Insurance Business: MSI Primary Life (Premium Income, Amount of Policies in Force, and Net Income)

- 1st half-year sales were strong, mainly due to hit product “Yasashisa, Tsunagu” (currency option-type fixed special whole life insurance).
- Net income is expected to increase by ¥1.2 billion, to ¥22.0 billion, mainly due to higher interest margins as a result of growth in policies in force.

Amount of Policies in Force and Premium Income



Net Income



Domestic Life Insurance Business: MSI Primary Life (Product Strategies)

- MSI Primary Life has established its position as a market leader with product development capabilities and a strong sales base under the customer-first policy in business operation.

Capability to develop products that meet customer needs

- Extensive product line-up including fixed/variable, whole life insurance/annuity insurance, etc.
- Creation of a new market as a market leader, including developing “Yasashisa, Tsunagu,” an innovative currency option-type fixed special whole life insurance* that incorporates customers’ gift and succession needs.

Strong sales base

- A sustainable and strong sales base through wide and diverse sales channels consisting of 139 financial institutions (megabanks, regional banks, securities firms, Japan Post, etc.)

Two Main Products

しあわせ、ずっと

Foreign currency-denominated fixed whole life insurance



- Launched in February 2012.
- Product receives wide support from customers as compound-interest whole life insurance in foreign currencies with a function to automatically secure yen-denominated investment assets at the time when the assets achieve their investment target amounts
- Around 120 financial institutions agents are selling it, and it has grown into one of the long-selling products.
- Total sales topped ¥3.0 trillion in November 2017.
- * Including other foreign currency-denominated fixed whole life products under different names

やさしさ、つなぐ

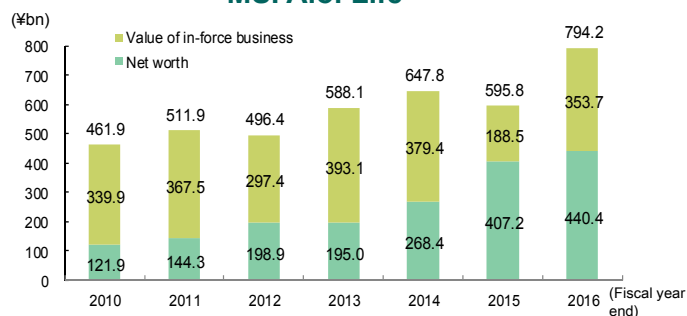
Currency option-type special whole life insurance



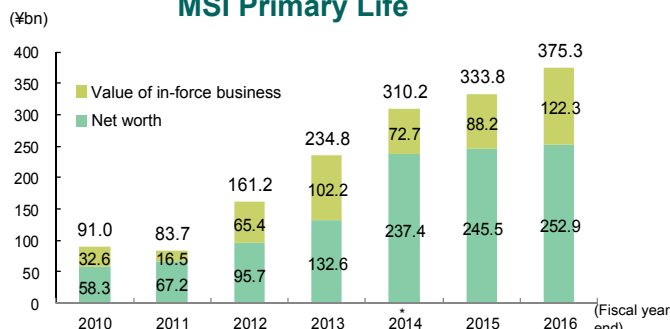
- Launched in August 2016
- Currency option-type fixed whole life insurance whereby living benefits can be received immediately after execution of contract. Product is highly rated for meeting succession and gift needs and is creating a new market.
- Sold by around 80 financial institutions and it has grown into one of our main products.
- Total sales in the period from the product launch to July 2017 (which is less than one year) topped ¥300.0 billion.
- * Including other currency option-type special whole life products under different names

Domestic Life Insurance Business: Trends of Embedded Value (EEV) from the End of FY2010 to the End of FY2016

MSI Aioi Life



MSI Primary Life



*The EEV at the end of FY2013 is the value following a reassessment reflecting the illiquidity premium

Changes in FY2016 (¥bn)

Factor	Change
New business in reporting year	47.3
Expected existing business contribution at the risk free rate	6.1
Expected existing business contribution above risk free rate	1.1
Operating experience variances	-2.6
Changes in operating assumptions	-11.5
Economic variances and changes to economic assumptions	53.3
Other operating movements	3.9
Other non-operating movements	0.7
Closing adjustments	99.7
Total	198.4

※Figures prior to FY2011 are the simple sum of those for MSI Kiremeki Life and Aioi Life

EEV Sensitivity (at March 31, 2017, ¥bn)

Assumptions	Change
Risk-free yield curve Up 50bp	72.5
Risk-free yield curve Down 50bp	-97.4
Equity and real estate values Down 10%	-0.6
Maintenance expenses Down 10%	21.4
Surrender and lapse rate Down 10%	-9.4
Mortality and morbidity rate for life insurance Down 5%	34.6
Mortality and morbidity rate for annuity Down 5%	-0.1
Equity and property implied volatility Up 25%	0.0
Swaption implied volatility Up 25%	-25.1
Required capital set at statutory minimum level	5.1

Changes in FY2016 (¥bn)

Factor	Change
Opening adjustments	-4.5
New business in reporting year	19.1
Expected existing business contribution at the reference rate	1.3
Expected existing business contribution above reference rate	3.7
Operating experience variances	0.2
Change in operating assumptions	0.1
Economic variances and changes to economic assumptions	21.3
Other operating movements	0.0
Other non-operating movements	0.1
Total	41.4

EEV Sensitivity (at March 31, 2017, ¥bn)

Assumptions	Change
Reference yield curve Up 50bp	-4.9
Reference yield curve Down 50bp	1.6
Equity and real estate values Down 10%	-5.5
Maintenance expenses Down 10%	8.9
Surrender and lapse rate Down 10%	-0.8
Mortality and morbidity rates for life insurance Down 5%	0.6
Mortality and morbidity rates for annuity Down 5%	0.0
Equity and property implied volatility Up 25%	-2.7
Swaption implied volatility Up 25%	-4.0
Required capital set at statutory minimum level	4.9
Nil illiquidity premium	-12.7

VI. Situation by Business Segment

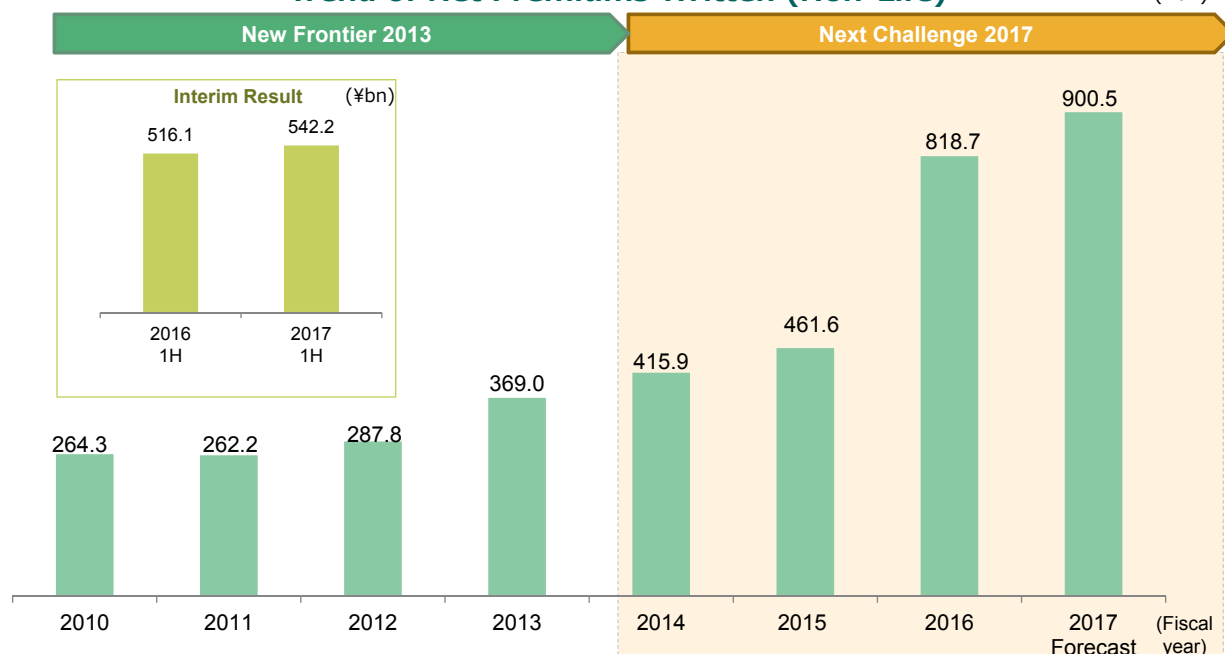
1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
- 3. International Business**
4. Asset Management

International Business: Net Premiums Written

- Net premiums written in the 1st half of FY2017 increased by ¥26.1 billion compared with the same period of the previous year to ¥542.2 billion.
- Net premiums written for FY2017 are expected to amount to ¥900.5 billion, an increase of ¥81.7 billion.

Trend of Net Premiums Written (Non-Life)

(¥bn)



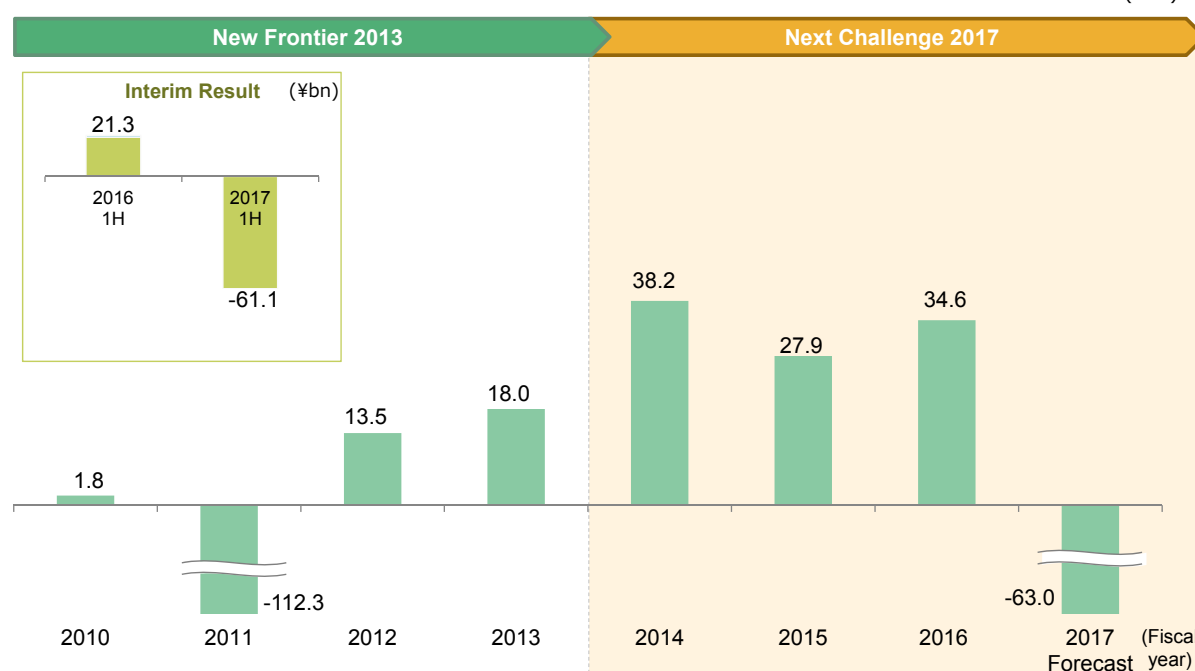
※ International Business: The figures are aggregates of the results for overseas consolidated subsidiaries, non-life insurance companies' overseas branches and overseas non-consolidated affiliates, and overseas inward reinsurance business underwritten by domestic non-life insurance companies, same hereafter.
 ※ Figures for FY2017 include Head Office Reinsurance Business.

International Business: Group Core Profit

- Group Core Profit in the 1st half of FY2017 decreased by ¥82.5 billion to -¥61.1 billion compared with the same period of the previous year, mainly due to losses from hurricanes in North America and earthquakes in Mexico.
- Group Core Profit for FY2017 is expected to decrease by ¥97.6 billion to -¥63.0 billion.

Trend of Group Core Profit

(¥bn)

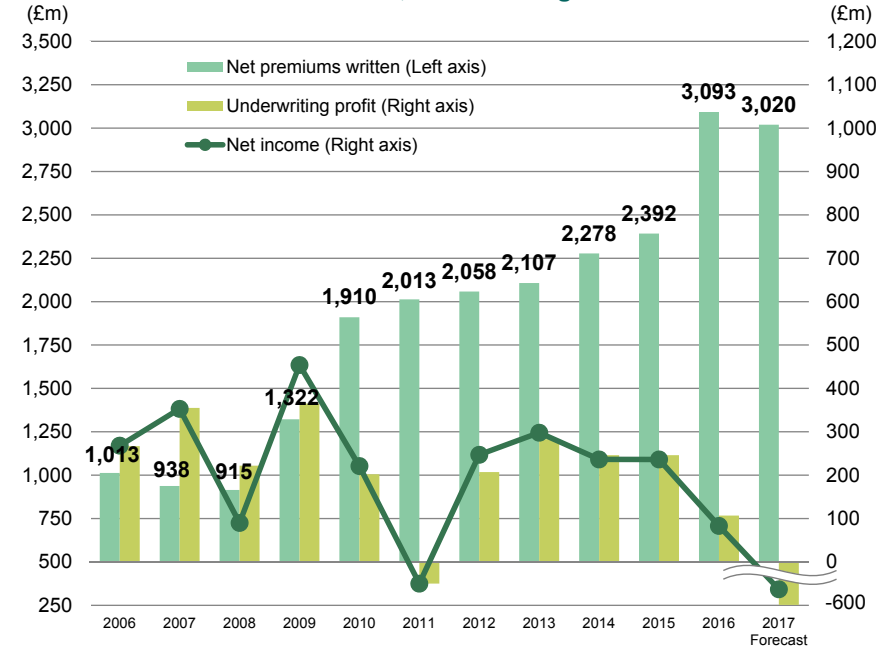


※ Including the Takaful business
 ※ Figures for FY2017 include Head Office Reinsurance Business

International Business: International Non-Life Insurance Business (MS Amlin Business: Summary of Interim Results)

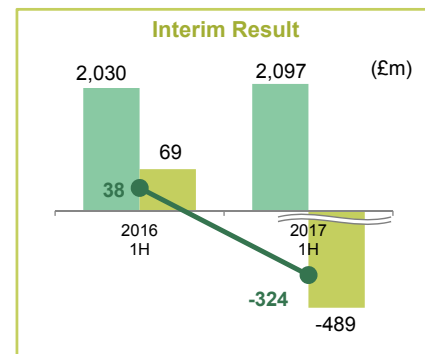
- Net premiums written in the interim of FY2017 amounted to £2,097 million, an increase of £66 million year on year.
- Although profit from asset management was much higher than last year, net income fell substantially due to incurred losses in relation to the hurricanes in North America and earthquakes in Mexico, and an increase in losses other than natural catastrophes in several lines of business. The factors behind such worsening have been determined, and improvement measures are being carried out.

Trends of Net Premiums Written, Underwriting Profit and Net Income



Outline of 2017 Interim Results

- Underwriting profit fell £559 million year on year, resulting in a loss of £489 million, mainly due to the recording of incurred losses (£398 million) in relation to hurricanes in North America and earthquakes in Mexico and an increase in losses other than natural catastrophes in several lines of business.
- Investment profit rose £104 million year on year, to £148 million, mainly due to the bullish stock market.

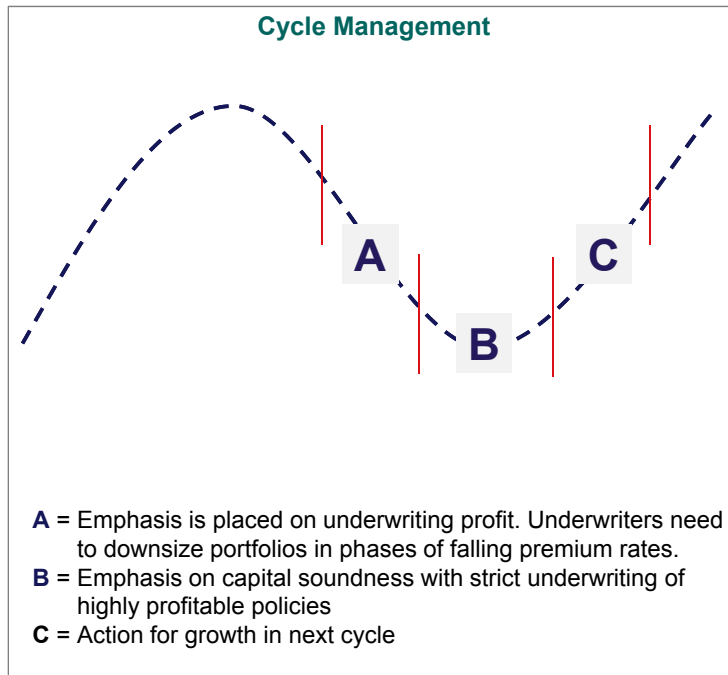


MSI's Lloyd's and reinsurance businesses were integrated into MS Amlin at the end of 2016. FY2016 business results therefore include the business results of the subsidiaries that were integrated into MS Amlin.

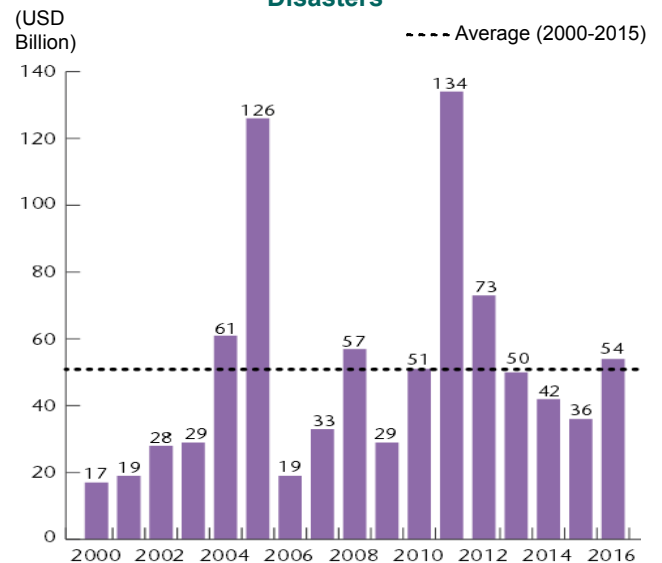
International Business: International Non-Life Insurance Business (MS Amlin Business: Cycle Management)

- Global insured losses from natural catastrophes that started in August 2017, such as the hurricanes in North America, are expected by various (re)insurance companies to reach USD hundreds of millions to several billions.
- MS Amlin's business model aims for high profitability in the medium to long term through cycle management while tolerating to a certain extent volatility entailed in underwriting natural catastrophe risks by utilizing ERM.
- We will continue to monitor market trends to grasp opportunities for expansion of revenues in cases where premium rates enter their rising phase following a series of natural catastrophes.

Cycle Management



<Reference> Global Insured Losses: All Natural Disasters



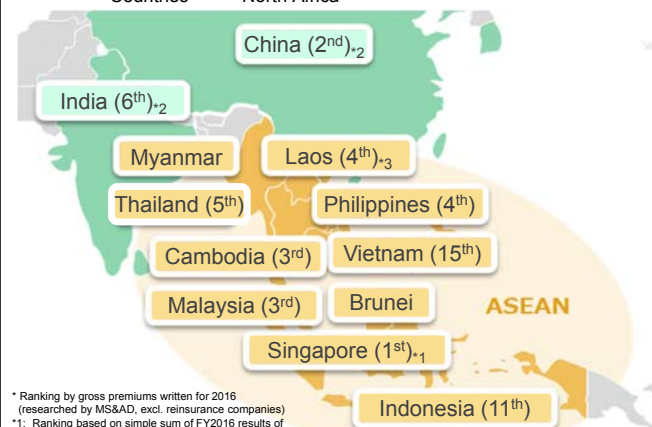
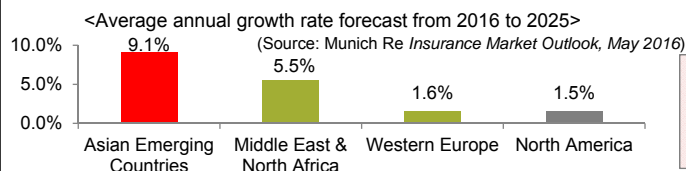
Source: Aon Benfield: 2016 Annual Global Climate and Catastrophe Report

International Business: International Non-Life Insurance Business (Excluding MS Amlin, Toyota Retail and Head Office Reinsurance Businesses)

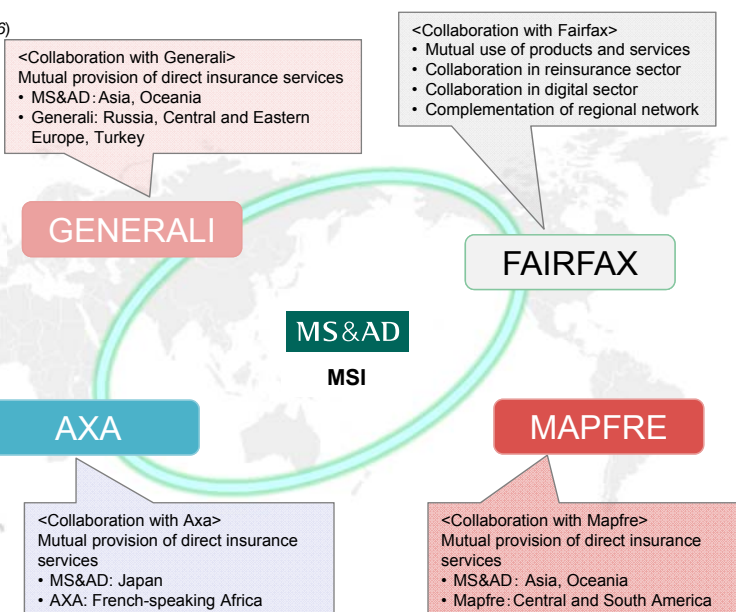
- Asia business will drive growth in the international business through capturing of market growth opportunities and the strengthening of alliances with local partners.
- The Group will further enhance its presence as the number one non-life insurance group in the ASEAN region through its acquisition of First Capital, and will continue/strengthen initiatives to expand its business territory by strengthening alliances with leading global insurers.

- MS&AD is the only non-life insurance group in the world to have bases in all 10 ASEAN countries, and is top in the region ranked by gross premiums written.
- The Group is also steadily expanding business in the fast-growing Indian and Chinese markets.

- The Group will utilize alliances with global non-life insurance companies to strengthen organization in markets where it is difficult to capture business alone.
- In August 2017, the Group reached a basic agreement on a global partnership with leading Canada-based company Fairfax and will strengthen its alliance with Fairfax in various areas.



* Ranking by gross premiums written for 2016 (researched by MS&AD, excl. reinsurance companies)
*1: Ranking based on simple sum of FY2016 results of MS&AD and First Capital
*2: Ranking of foreign insurance companies
*3: Ranking for Laos is FY2015 data as data of FY2016 has not been published.



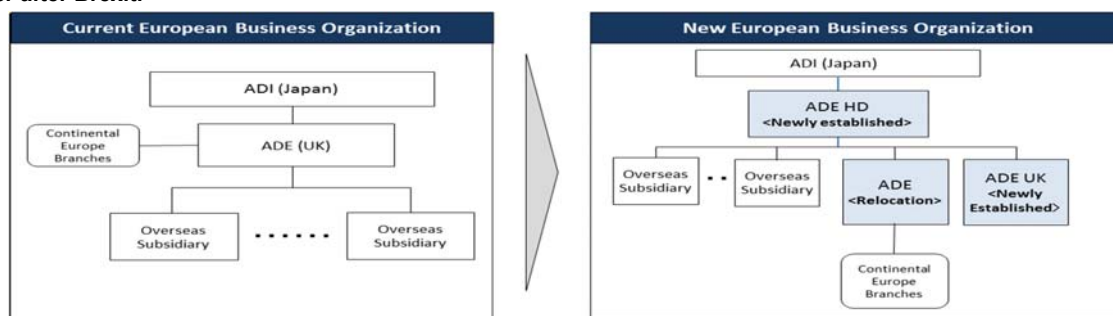
MS&AD Insurance Group Holdings, Inc.

42

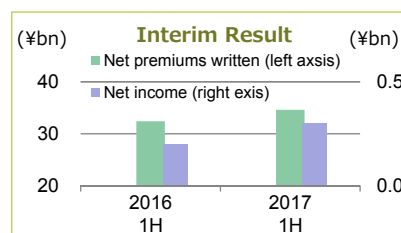
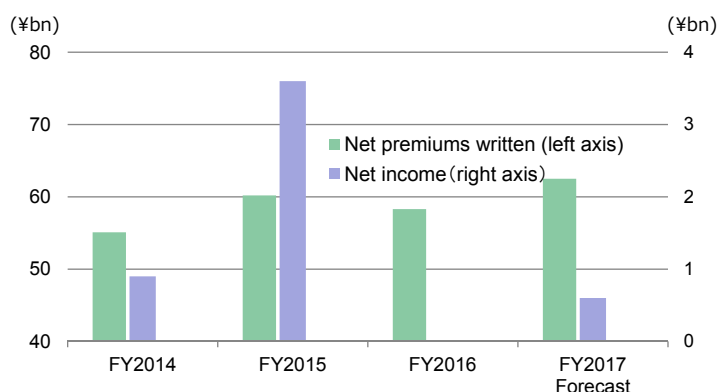
International Business : International Non-Life Insurance Business (Toyota Retail)

Reorganization of ADI's European business

- ADI will reorganize its EU operation by setting up intermediate holding company in UK, transferring ADE to Luxembourg from UK and setting up a new insurance company in UK, in order to provide insurance products and services in a stable manner after Brexit.



Net Premiums Written and Net Income for Toyota Retail business

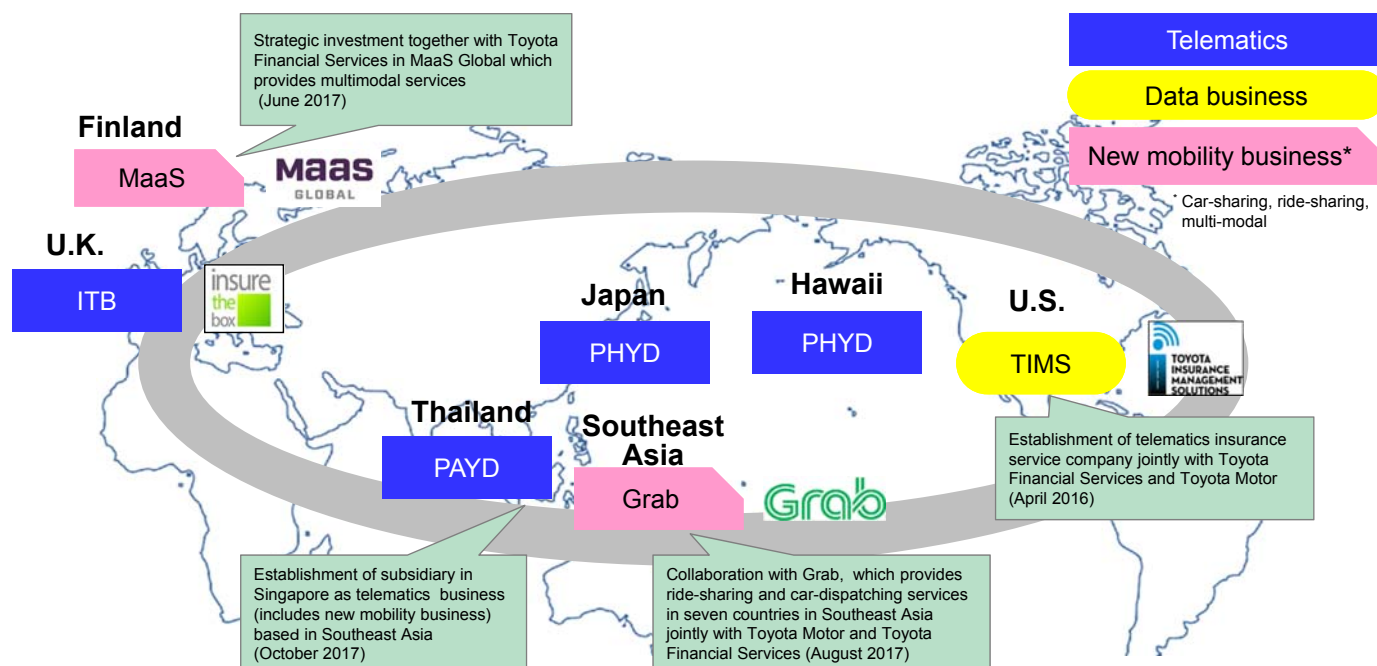


MS&AD Insurance Group Holdings, Inc.

43

International Business: International Non-Life Insurance Business (Overseas Development of Telematics Business)

- Through action linked to Toyota Motor's Connected Strategy to address the advanced technology innovation of vehicles, the Group will expand the telematics business and contribute to the "realization of a safe and secure automobile society" around the world.



International Business: International Non-Life Insurance Business (Head Office Reinsurance Business)

- Although net premiums written in the interim of FY2017 increased by ¥13.7 billion year on year, to ¥31.8 billion due to the expansion of business, Head Office Reinsurance business showed a net loss of ¥21.9 billion, mainly due to the impact of hurricanes in North America and earthquakes in Mexico. The business is also expected to post a net loss of ¥19.6 billion on a full-year basis but to return to profitability in FY2018.

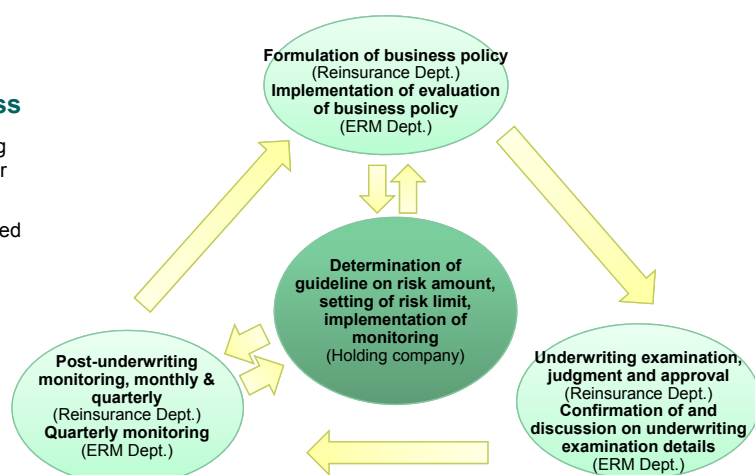
Net Premiums Written and Net Income

	FY2016 1H	FY2017 1H	FY2017 (Revised Forecast)	FY2017 (Initial Forecast)
Net premiums written	18.1	31.8	59.4	58.9
Net income	0.4	-21.9	-19.6	-1.0

(¥bn)

Risk Management and Governance Cycle

- Reinsurance Dept., which executes business, and Enterprise Risk Management (ERM) Dept., which is a business unit that manages risk, establish governance systems and perform management.
- Holding company determines guidelines for U.S. windstorm and flood risk for each company, sets risk limit and implements monitoring, and performs assessment of the risk amount on a group basis and management of risk accumulation.



Features of the Head Office Reinsurance Business

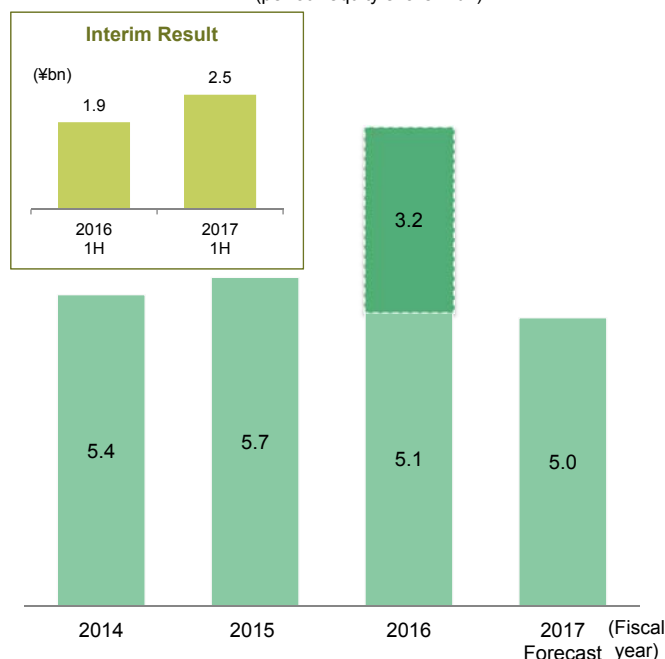
- Partnership in inwards reinsurance on the premise of maintaining business relationships both inward and outward reinsurance over the medium to long terms
- Mainly inward comprehensive quota share treaties business ceded by leading reinsurers and/or Lloyds syndicates underwritten on strict standards and guidelines
- Utilization of products development and knowhow of business partners in domestic direct insurance business

International Business: Asian Life Insurance Business

- The Asian life insurance business (excluding special factors) aims for stable growth while securing earnings of approximately ¥5.0 billion to ¥6.0 billion annually.

Trend of Group Core Profit

(per our equity share: ¥bn)



Call-off of the merger of Max Life Insurance Company

Background of the call-off

- India's Max Life Insurance Company, in which MSI has a 25% interest, was planning a merger with Max Financial Services and HDFC Standard Life. However, at the end of July 2017, Max Life announced that the merger was called off in view of the time needed for adjustment of the scheme and approval by the Indian insurance authorities.

- As a result, the gain on the exchange of shares that was factored into this fiscal year's initial forecast (around ¥21.0 billion in Group Core Profit) is no longer expected.

Current status and future direction

- The announcement of the decision to call off the merger had no major impact on Max Life's business results or business in general.
- The Group will continue to pursue business for enhancement of Max Life's corporate value.

* Group Core Profit for FY2016 includes a gain on the sale of China's Sinatay Life Insurance Co., Ltd.'s shares of ¥3.2 billion.

International Business: Summary

Net Premiums Written (Non-Life Insurance)

(¥bn)

	FY2016 1H	FY2017 1H		FY2017 Full Year (Forecast)		
			YoY Change		YoY Change	Change from initial
International Business Total ^{*1}	516.1	542.2	26.1	900.5	81.7	-4.0
Asia	124.3	136.4	12.1	263.1	22.4	2.2
Europe	346.9	339.4	-7.5	509.7	10.0	-7.7
(of which, MS Amlin)	283.2	298.9	15.6	440.3	49.2	-9.4
Americas	34.4	35.9	1.5	71.3	4.8	0.3
Reinsurance ^{*3}	13.0	-	-13.0	-	-16.8	-
Head Office Reinsurance ^{*4}	-	31.8	31.8	59.4	59.4	0.6

Net Income^{*2}

(¥bn)

	FY2016 1H	FY2017 1H		FY2017 Full Year (Forecast)		
			YoY Change		YoY Change	Change from initial
International Business Total ^{*1}	21.3	-61.1	-82.5	-63.0	-97.6	-127.0
Asia	11.8	8.7	-3.1	12.6	-4.1	0.2
Europe	2.6	-49.7	-52.4	-58.6	-60.8	-87.8
(of which, MS Amlin)	4.6	-46.5	-51.2	-55.3	-61.4	-85.3
Americas	3.8	0.1	-3.7	1.1	0.1	-1.3
Reinsurance ^{*3}	6.2	-	-6.2	-	-12.4	-
Head Office Reinsurance ^{*4}	-	-21.9	-21.9	-19.6	-19.6	-18.6
Asian Life Insurance Business ^{*5}	1.9	2.5	0.5	5.0	-3.4	-21.0

^{*1} Figures in the "total" rows include head office adjustments and other factors and are not equal to the sum of figures for each segment and each region. Net income in FY2017 Full Year (Forecast) includes dividends from Challenger of approx. ¥0.6 billion. ^{*2} Group Core Profit basis ^{*3} Reinsurance business was integrated into MS Amlin from FY2017.

^{*4} Overseas inward reinsurance business underwritten by ADI Head Office (excluding Toyota retail and BIG business) was reclassified as "International Business" from FY2017. ^{*5} Including Takaful business

VI. Situation by Business Segment

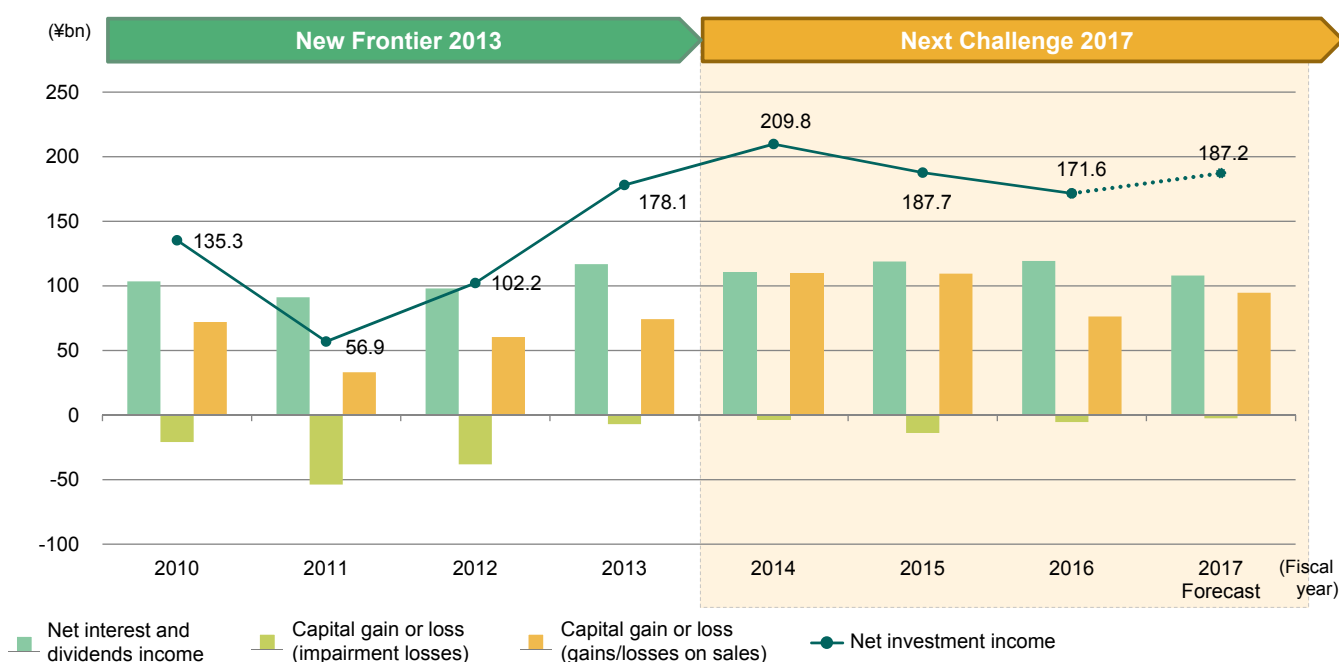
1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
3. International Business
- 4. Asset Management**

MS&AD Insurance Group Holdings, Inc.

Asset Management: Net Investment Income (Domestic Non-Life Insurance Business)

- In FY2017, the Group expects to record net investment income of ¥187.2 billion due to the increase in gains on sale of securities.

Trend of Net Investment Income of Domestic Non-Life Insurance Business



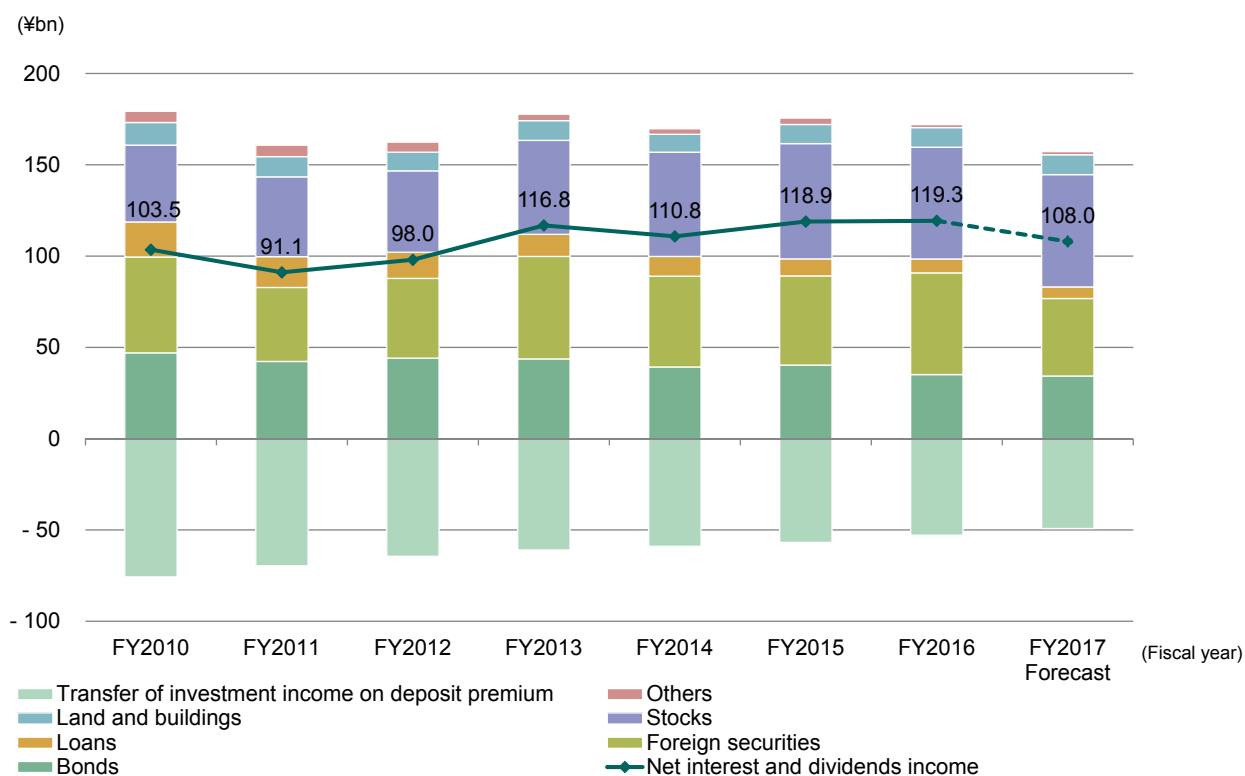
* Simple sum of MSI (non-consolidated) and ADI (non-consolidated)

* In FY2014, capital gain or loss (gains/losses on sales of securities) includes ¥63.0 bn of gains for additional provision for reserve for price fluctuation.

MS&AD Insurance Group Holdings, Inc.

Asset Management:

Net Investment Income (Breakdown of Interest and Dividends Income, MSI & ADI)

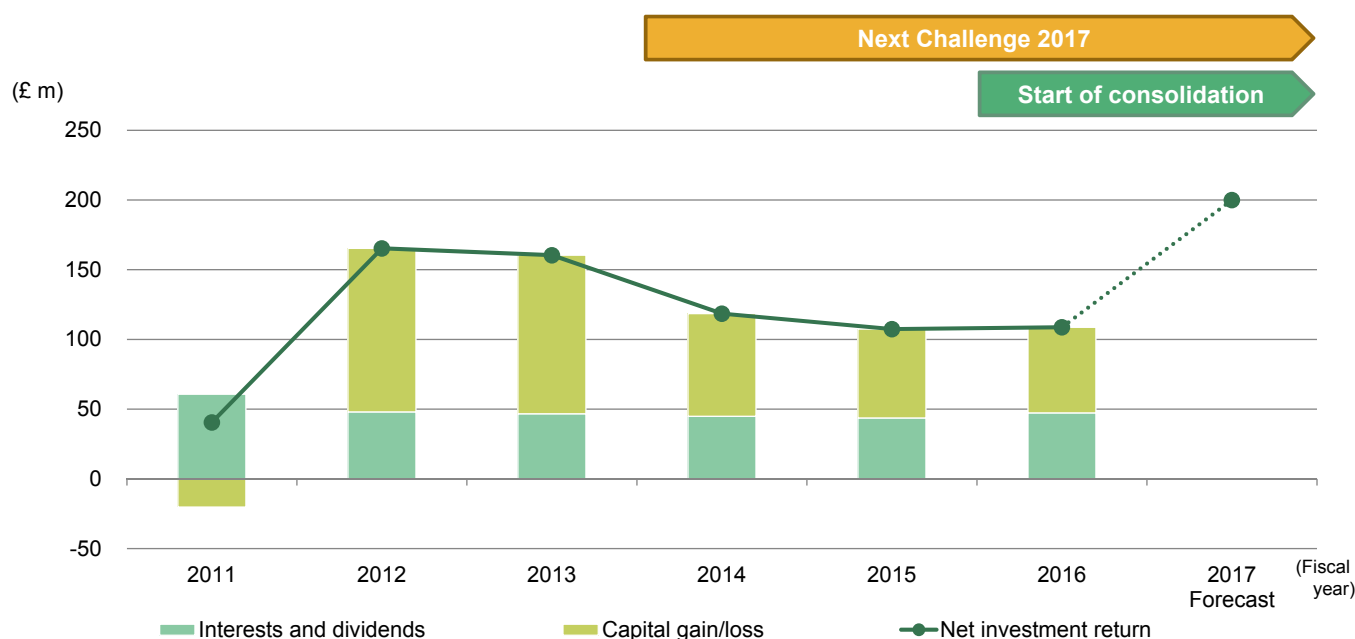


Asset Management:

Net Investment Return[※] (MS Amlin Business on a Local Reporting Basis)

- MS Amlin's net investment return in FY2017 is expected to record £200 million due to the recovery in the stock market among other factors.

Trend of Net Investment Return of MS Amlin Business

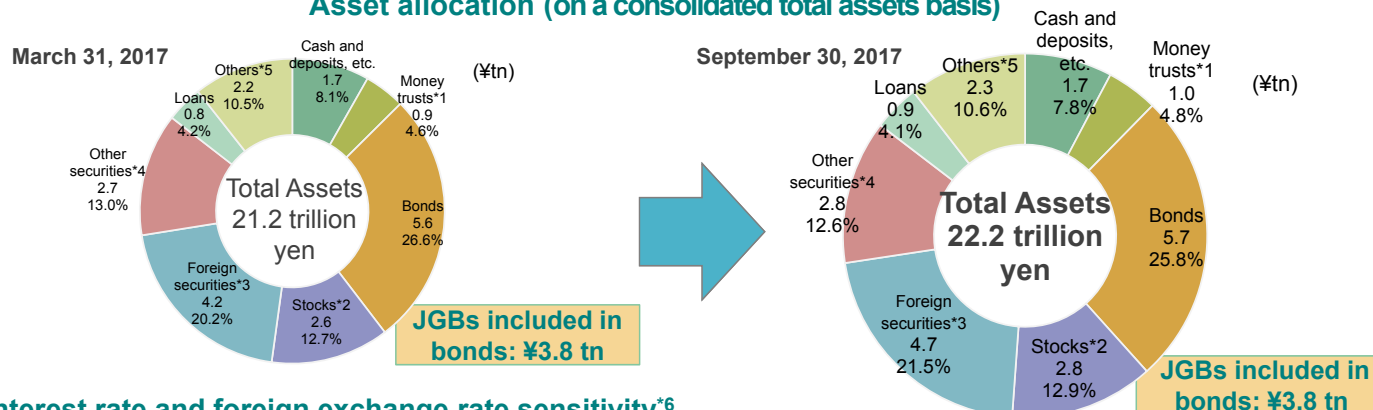


※ In accordance with the classification in MS Amlin's released documents

Asset Management: Consolidated Total Assets and Asset Allocation (MS&AD Insurance Group)

- The Group aims to improve return on risk on the assumption of a portfolio that takes the characteristics of liabilities into consideration.

Asset allocation (on a consolidated total assets basis)



Interest rate and foreign exchange rate sensitivity*6 (as of September 30, 2017)

	Total for MS&AD Group	Total for Non-Life Insurers ⁷	Total for Domestic Life Insurers
100 bps rise in yen interest rates	+257.7	+65.7	+191.9
100 bps rise in US dollar interest rates	-96.9	-77.8	-19.0
10% rise in the yen against all currencies	-206.1	-154.8	-45.6
10% rise in the yen against the US dollar	-113.5	-88.5	-25.0
10% rise in the yen against the Euro	-19.8	-19.4	-0.3
10% rise in the yen against the British Pound	-3.2	-3.2	—

Countermeasure investment for negative interest rate*8 (2017 1H)

Total for MSI, ADI, MSA Life	Foreign bonds (no currency hedge)	Foreign stocks	Alternative assets
+52.7	+27.8	+11.9	+13.0

- *1 Mainly assets corresponding to liabilities of domestic life insurance companies
- *2 Strategic equity holdings and shares held purely for investment purpose. See P.56 for details of the ratio of strategic equity holdings.
- *3 Foreign securities held by domestic insurance companies and securities held by foreign insurance subsidiaries
- *4 Mainly special account assets of domestic life insurance companies
- *5 Mainly tangible fixed assets, intangible fixed assets and goodwill
- *6 Impact on difference between assets and liabilities (surplus)
- *7 Including foreign subsidiaries
- *8 Net Investment amount (purchase – sales/redemption) for assets having higher expected return, Total for MSI, ADI and MSI Aioi Life

Asset Management: Total Assets and Asset Allocation (MSI / ADI)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	As of Mar. 2017		As of Sep. 2017		As of Mar. 2017		As of Sep. 2017	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	6,327.7	100.0%	6,568.9	100.0%	3,141.2	100.0%	3,247.0	100.0%
Deposits, etc.	419.8	6.6%	547.2	8.3%	189.8	6.0%	191.9	5.9%
Bonds	1,847.9	29.2%	1,810.8	27.6%	970.7	30.9%	972.4	29.9%
of which, JGB	1,263.3	19.9%	1,209.9	18.4%	670.5	21.3%	663.0	20.4%
Foreign securities	1,604.8	25.3%	1,658.8	25.3%	707.0	22.5%	738.6	22.7%
Foreign bonds	296.8	4.7%	326.7	5.0%	486.3	15.5%	504.0	15.5%
Foreign securities	1,111.5	17.6%	1,112.7	16.9%	99.4	3.2%	104.3	3.2%
Foreign investment trusts, etc.	196.4	3.1%	219.3	3.3%	121.3	3.9%	130.2	4.0%
Stocks	1,806.8	28.5%	1,922.7	29.3%	843.3	26.8%	912.7	28.1%
Other securities	34.9	0.6%	36.1	0.6%	55.8	1.8%	68.3	2.1%
Loans	418.1	6.6%	395.7	6.0%	210.9	6.7%	204.2	6.3%
Land & buildings	200.0	3.2%	197.3	3.0%	163.4	5.2%	158.7	4.9%

* Based on financial statement categorization

Asset Management: Total Assets and Asset Allocation (MSI Aioi Life / MSI Primary Life)

(¥bn)

	MSI Aioi Life				MSI Primary Life (General account)			
	As of Mar. 2017		As of Sep. 2017		As of Mar. 2017		As of Sep. 2017	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	3,551.0	100.0%	3,667.2	100.0%	3,209.4	100.0%	3,702.1	100.0%
Deposits etc.	575.4	16.2%	492.3	13.4%	180.3	5.6%	205.6	5.6%
Bonds	2,667.1	75.1%	2,852.1	77.8%	131.3	4.1%	141.4	3.8%
of which, JGB	1,804.6	50.8%	1,884.1	51.4%	68.7	2.1%	67.6	1.8%
Foreign Securities	244.1	6.9%	241.3	6.6%	2,608.8	83.5%	*1 3,003.9	81.1%
Stocks	1.3	0.0%	1.3	0.0%	-	-	-	-
Other securities	7.1	0.2%	24.3	0.7%	8.0	0.2%	8.0	0.2%
Loans	55.1	1.6%	55.1	1.5%	208.6	6.5%	248.5	6.7%
Land & buildings	0.6	0.0%	0.6	0.0%	0.2	0.0%	0.2	0.0%

* Based on financial statement categorization

*1 Foreign securities of ¥3,003.9 billion includes money trusts of ¥1,053.2 billion.

VII. Strengthening Systems for Enterprise Value Creation

Promotion of ERM: ERM and Risk Culture

- Strengthen the structure of natural catastrophe risk management, and build structure for controlling risk retention and reinsurance on a Group basis
- Actively use ERM in various policies at each Group company to permeate ERM

Strengthen management of Group's risk retention and reinsurance in relation to natural disaster risks

Target risks	Windstorm/flood/snow damage risk in Japan Windstorm/ flood damage risk in the US
Organizational response	<ul style="list-style-type: none"> • Appointment of officer in charge of reinsurance • Establishment of "Meeting of Officers Related to Group Reinsurance"
Strengthening of management	<p>a) Strengthening of control of risk amount of Group as a whole</p> <ul style="list-style-type: none"> • Presentation of "net risk retention level" to each company by holding company • Formulation of inwards policy and retention/outwards policy by each company based on "net retention level." <p>b) Initiatives for stabilization of period profit/loss</p> <p>Monitoring of risk amount during recurrence interval period of 10 years and utilization in examination of overseas inwards policy and outwards policy</p>

Utilization in products/sales, investment and retention and reinsurance policy

Product/sales measures

- Strengthening of risk-return management by segment (Initiatives to improve profitability based on business line-specific risk-return indicators, etc.)

Domestic non-life insurance business
Domestic life insurance business

Asset management strategy

- Diversification of investment instruments based on risk evaluation

Domestic non-life insurance business
Domestic life insurance business

Risk retention/reinsurance policy

- Design of reinsurance scheme taking ROR^{*1} and VA^{*2} into consideration
- Arrangement of reinsurance based on evaluation of cyber risk
- Formulation of overseas inward reinsurance policy

Domestic non-life insurance business

Domestic non-life insurance business

International business

*1 ROR = Group Core Profit / Integrated risk amount

*2 VA = Group Core Profit – Integrated risk amount × Capital cost ratio

Promotion of ERM: Strategic Equity Holdings Policy and Verification of Economic Rationale

- Perform individual verification of economic rationale with respect to major strategic equity holdings
- Group has adopted a policy of reducing the aggregate amount of strategic equity holdings and is promoting the sale of specific stocks, taking the results of verification into consideration.
- The Group has conducted stewardship activities, including constructive dialogue with investee companies on major management issues or on shareholder return policy.

Approach to Strategic Equity Holdings

Strategic Equity

Strategic equity holdings are shares held under the assumption of long-term holding for the purpose of long-term increase of asset value and maintaining and strengthening comprehensive business relationships with issuers, etc.

Basic Policy for Strategic Equity Holdings

Holding policy	Reduce the aggregate amount of strategic equity holdings, aiming to build a solid financial base less affected by fluctuations in stock prices and to improve the capital efficiency
Specific stock policy	Verification of economic rationale
	Medium- to long-term perspective, including strengthening business relationships, etc.
	Examination of sale Implementation of sale upon obtaining understanding of issuers

Verification of Economic Rationale

Positioning

Every year (since FY2015), the Group verifies the economic rationale of major strategic equity holdings and reports to the Board of Directors.

FY2017 verification method and verification

Target stocks	Stocks with total market value exceeding ¥1.0 billion at the end of FY2016
Content of verification	<p>Calculation of return, risk amount, ROR and VA for target stocks, and verification of economic rationale</p> <p>Return: Dividend income (FY2016 actual amount) + underwriting balance (past fiscal year average)</p> <p>Risk amount (99.5% VAR): Price fluctuation risk + underwriting risk</p>

Dialogue with investee companies (July 2016 ~ June 2017)

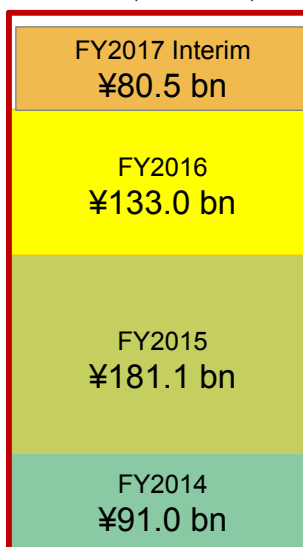
	Implementation status of individual dialogue	Dialogue about exercise of voting rights
Number of companies	415	99

Promotion of ERM: Status of Sales of Strategic Equity Holdings

- The Group sold ¥80.5 billion worth of strategic equity holdings during 1st half of FY2017, its progress ratio is 97.2% against its sales target of ¥500 billion during the term of Next Challenge 2017.
- The Group will reduce the risk in the 2nd half of the current fiscal year and achieve the target.

Sales in Next Challenge 2017

Sales target in Next Challenge
2017: ¥500 bn (← ¥300 bn^{*1})



Total ¥485.8 bn
(Progress: 97.2%)

Next Challenge 2017

^{*1} Sales target was revised from ¥300 bn to ¥500 bn in Nov. 2015.

Actual Sales

(¥bn)

Actual sales before business integration (FY2003 ^{*2} ~FY2009)		800.7	
M S & A D	New Frontier 2013	FY2010	57.4
		FY2011	88.7
		FY2012	114.1
		FY2013	173.5
	Next Challenge 2017	FY2014	91.0
		FY2015	181.1
		FY2016	133.0
		FY2017 Interim	80.5
		Total	1,720.3

^{*2} The figures for FY2003 to FY2009 are the simple sum of results for MSI, Aioi, and NDI. (Sales before FY2002 are not disclosed, since it is difficult to collect data in the same criteria from the entities before merger.)

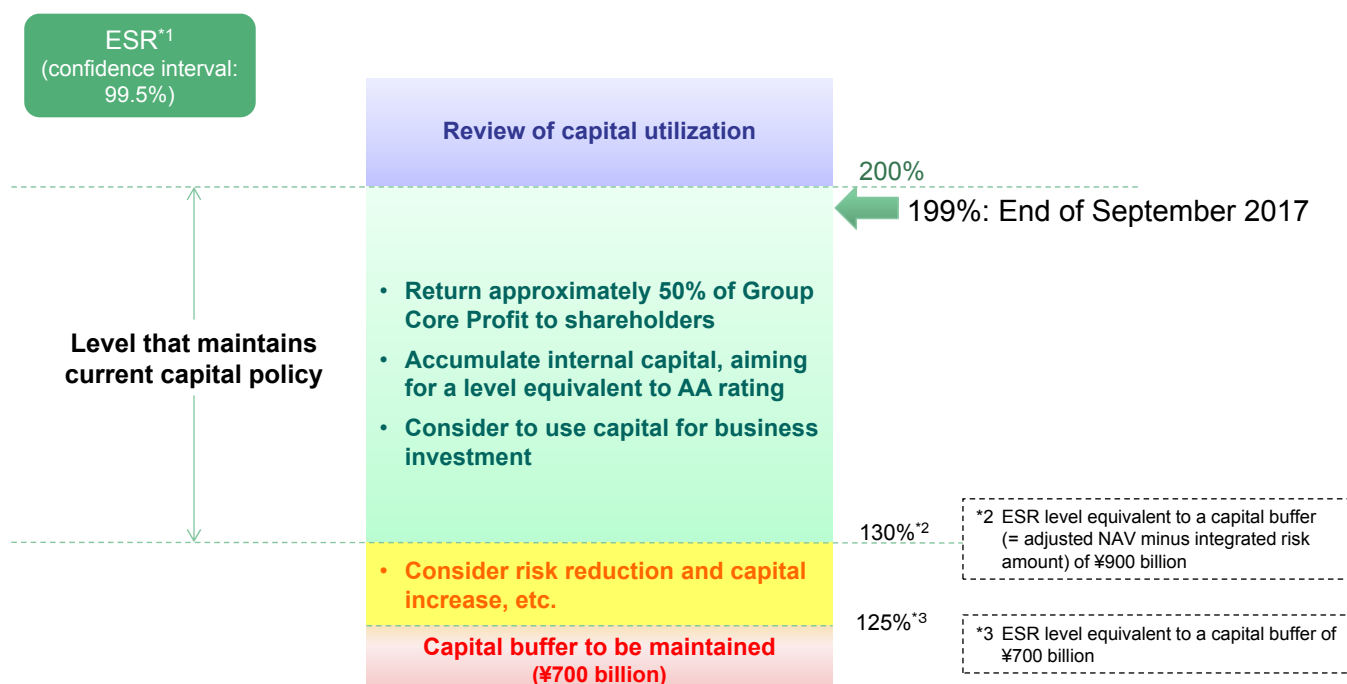
Ratio of Strategic Equity Holdings in Consolidated Total Assets and Integrated Risk Amount

	March 31, 2017	September 30, 2017	Medium-to long - term target
Fair value weight ^{*3} of strategic equity holdings in consolidated total assets	12.5%	12.7%	Approx. 10%
Risk weight ^{*3} of strategic equity holdings in integrated risk amount	34.4%	34.3%	Approx. 30%

^{*3} Weight of all strategic equity holdings including unlisted stocks

Promotion of ERM: Improvement in Financial Soundness (Concept of ESR)

- The ESR level at the end of September 2017 is maintained at an appropriate level in order to continue the current capital policy with 199%.



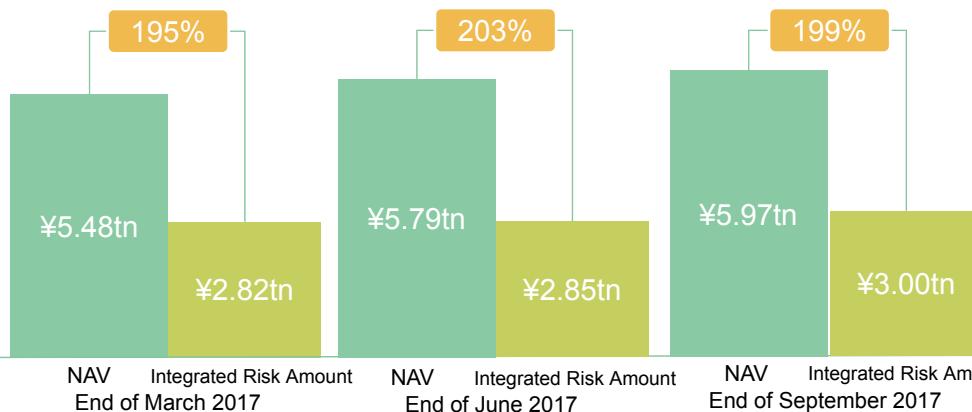
^{*1} ESR: Economic Solvency Ratio (Economic Value-Based Solvency Ratio)

Promotion of ERM: Improvement in Financial Soundness (Status of ESR)

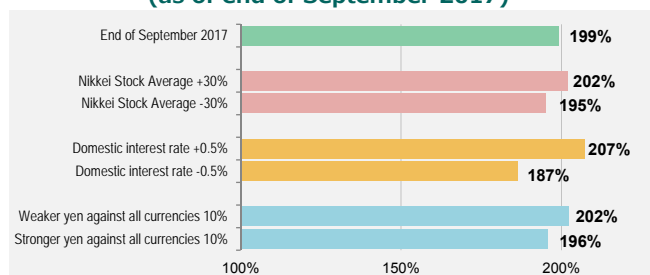
ESR*
(Confidence interval:
99.5%)

<Main Factors of ESR Changes> (comparison with end of March 2017)

- ↗ Decrease in the economic value of insurance liabilities (increase in NAV) as a result of a decline in domestic interest rates, as well as a decrease in life insurance underwriting risks and interest rate risks
- ↗ Increase in the fair value of assets as a result of a strong stock price (increase in NAV)
- ↘ Increase in stock risk as a result of a strong stock price
- ↘ Impact of new investments (Capital participation in Challenger)
- ↗ Increase in NAV as a result of accumulating profits (after the impact of natural catastrophes)
- ↗ Decrease in stock risk as a result of selling strategic equity holdings



Impact of market price fluctuation on ESR (as of end of September 2017)



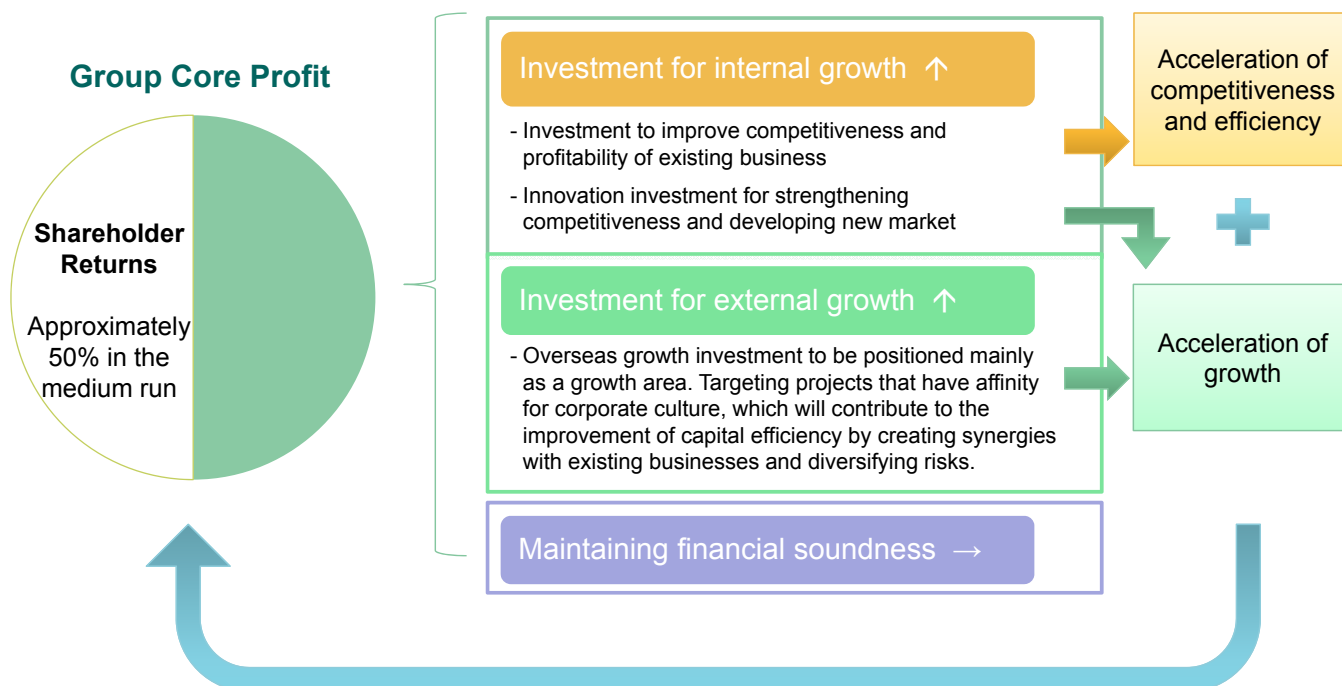
* ESR: Economic Solvency Ratio (Economic Value-Based Solvency Ratio)

<Market environment assumptions>

	End of March 2017	End of June 2017	End of September 2017	Vs End of March 2017
Nikkei Stock Average	¥18,909	¥20,033	¥20,356	+¥1,447
USD/JPY	¥112	¥112	¥113	+ ¥1
30-year JGB rate	0.85%	0.85%	0.88%	+0.03pt

Promotion of ERM: Capital Policy

• Internal reserves will be invested for internal growth that seeks to improve the competitiveness and efficiency of existing businesses and for research development aimed at future environmental changes, and will be used to invest in external growth that will contribute to strengthening true competitiveness under strict selection criteria.



Response to Future Environmental Changes: ICT Strategy

- We will resolve our response to the digital society by combining initiatives at each operating company with open innovation.

(1) Response to the digital society

Responding to new needs such as the sharing economy, automated driving, virtual currencies, and cyber security, and new technologies such as blockchains and smart contracts

(2) Digitization of insurance products and services

- Provision of “Tsunagaru (Connected) Auto Insurance” (Japan)
- Provision of Telematics Auto Insurance (overseas)
- Safety driving support services using telematics technology
- Health promotion services and insurance products that utilize data collected by wearable devices and smartphones

(3) Quality enhancement and improvement of business efficiency

- Determination of liability, acknowledgement of amount of damage and automatic inspection of insurance claims forms by means of AI
- Use of IBM Watson at customer centers
- Active use of robotic process automation (RPA)

Research and implementation (domestic and overseas) at each operating company and each office that has contact with customers



Collabo-
ration

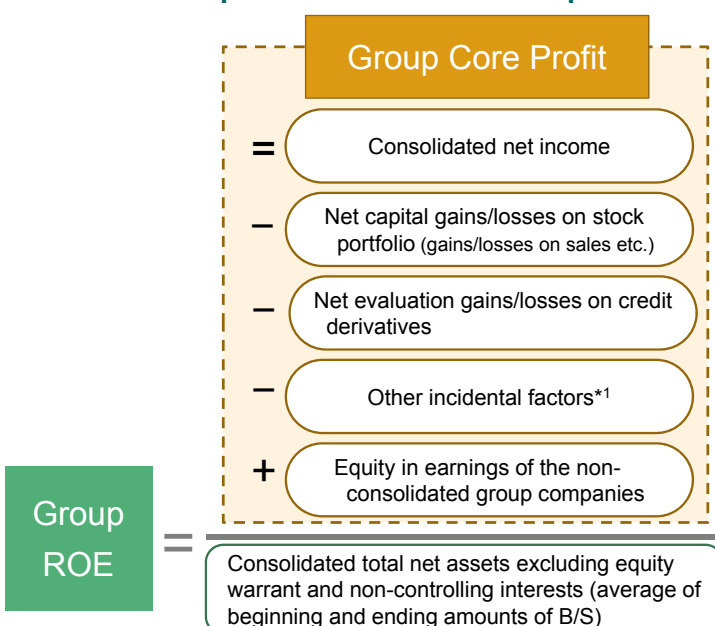
Open innovation (across the Group)

Collection and use of venture information in Silicon Valley, where solutions to diverse needs exist

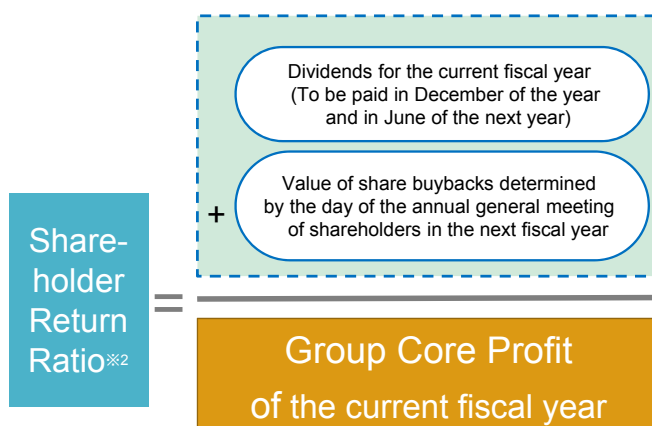
VIII. Calculation Methods of “Group Core Profit”, “Group ROE” and “Shareholder Return Ratio”

Calculation Methods of “Group Core Profit”, “Group ROE” and “Shareholder Return Ratio”

“Group Core Profit” and “Group ROE”



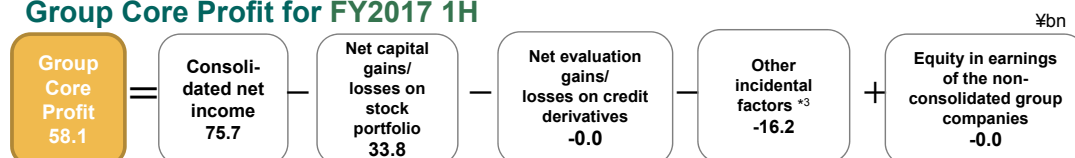
“Single-Year Shareholder Return Ratio”



*1 Extraordinary income/loss after-tax (excluding provision for/reversal of reserve for price fluctuation), amortization of goodwill and other

*2 We will return approximately 50% of Group Core Profit to shareholders in the medium run.

Group Core Profit for FY2017 1H



*3 Amortization of goodwill and others: -13.9 billion yen, extraordinary income/losses excluding reserves for price fluctuation: -2.3 billion yen

裏表紙（ノート）