

## SUMMARY OF FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2016

August 12, 2016

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**  
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange  
 Securities Code Number: 8725  
 URL: <http://www.ms-ad-hd.com>  
 Representative: Yasuyoshi Karasawa, President  
 Contact: Noriyuki Horie, Manager, Consolidated Accounting Section, Accounting Department  
 Telephone: 03-5117-0305

Scheduled date to file the Quarterly Securities Report: August 12, 2016  
 Scheduled date to commence dividend payments: -  
 Explanatory material for business results: Available  
 IR Conference (for institutional investors and analysts): To be held

(Note) Amounts of less than one million yen are truncated.

### 1. Consolidated Financial Highlights for the Three Months Ended June 30, 2016 (April 1, 2016 to June 30, 2016)

#### (1) Consolidated business performance

(Yen in millions)

	Ordinary income		Ordinary profit/(loss)		Net income/(loss) attributable to owners of the parent	
Three months ended June 30, 2016	1,381,872	17.1 %	49,220	(62.5) %	38,060	(60.9) %
Three months ended June 30, 2015	1,179,739	(2.5) %	131,303	42.3 %	97,305	50.3 %

Percent figures represent changes from the corresponding period of the preceding year.

(Note) Comprehensive income/(loss) For the three months ended June 30, 2016: ¥ (190,279) million - %  
 For the three months ended June 30, 2015: ¥ 136,557 million (18.3) %  
 (Yen)

	Net income/(loss) attributable to owners of the parent per share - Basic	Net income/(loss) attributable to owners of the parent per share - Diluted
Three months ended June 30, 2016	63.14	-
Three months ended June 30, 2015	159.28	-

#### (2) Consolidated financial conditions

(Yen in millions)

	Total assets	Net assets	Ratio of net assets less non-controlling interests to total assets
June 30, 2016	19,835,409	2,491,178	12.4 %
March 31, 2016	20,303,649	2,725,274	13.3 %

(Reference) Net assets less non-controlling interests As of June 30, 2016: ¥ 2,463,610 million  
 As of March 31, 2016: ¥ 2,698,168 million

### 2. Dividends

(Yen)

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual total
Year ended March 31, 2016	-	35.00	-	55.00	90.00
Year ending March 31, 2017	-				
Year ending March 31, 2017 (Forecast)		50.00	-	50.00	100.00

(Note) Revision of the latest announced dividends per share forecast: None

### 3. Consolidated Earnings Forecasts for the Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Yen in millions)

	Ordinary profit		Net income/(loss) attributable to owners of the parent		Net income/(loss) attributable to owners of the parent per share (Yen)
Year ending March 31, 2017	285,000	(2.3) %	183,000	0.8 %	304.48

Percent figures represent changes from the preceding year.

(Note) Revision of the latest announced earnings forecasts: None

**\* Notes**

(1) Changes in significant subsidiaries for the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Adoption of special accounting methods allowed to be applied to quarterly consolidated financial statements: Yes  
(Note) For details, please refer to “Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements” on page 2 of the Appendix.

(3) Changes in accounting policies and accounting estimates and restatements

1. Changes in accounting policies due to revisions of accounting standards: None
2. Changes in accounting policies other than above: None
3. Changes in accounting estimates: None
4. Restatements: None

(4) Number of shares of issued stock (common stock)

1. Number of shares of issued stock (including treasury stock)

As of June 30, 2016: 633,291,754 shares

As of March 31, 2016: 633,291,754 shares

2. Number of shares of treasury stock

As of June 30, 2016: 32,861,461 shares

As of March 31, 2016: 29,618,854 shares

3. Average number of shares of outstanding stock

For the three months ended June 30, 2016: 602,728,981 shares

For the three months ended June 30, 2015: 610,873,564 shares

**\* Disclosure regarding the execution of the quarterly review process**

This report is outside the scope of the external auditor's quarterly review process required by “Financial Instruments and Exchange Act” but the review process for the quarterly consolidated financial statements under “Financial Instruments and Exchange Act” has been completed as of the disclosure date of the report.

**\* Notes to the earnings forecasts**

Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. The forecasts of consolidated ordinary income for the current fiscal year and consolidated earnings for the second quarter (cumulative) are not disclosed due to difficulties in calculating reasonable forecast figures stemming from a high susceptibility to natural disasters and market conditions.

## Contents

	Page
<b>1. Qualitative Information on Business Results</b>	
(1) Explanation for Business Performance .....	2
(2) Explanation for Financial Conditions .....	2
(3) Explanation for Future Forecast Information including Consolidated Earnings Forecasts ...	2
<b>2. Notes to Summary of Financial Statements</b>	
Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements .....	2
<b>3. Consolidated Financial Statements</b>	
(1) Consolidated Balance Sheets .....	3
(2) Consolidated Statements of Income and Comprehensive Income .....	4
(3) Notes to Consolidated Financial Statements .....	6
(Notes to Going Concern Assumptions) .....	6
(Notes to Significant Changes in Shareholders' Equity) .....	6
<b>Explanatory Material for Business Results</b>	
<b>1. Summary of Consolidated Business Results .....</b>	<b>7</b>
<b>2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd. ....</b>	<b>10</b>
<b>3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd. ....</b>	<b>14</b>
<b>4. Supplementary Information</b>	
(1) Supplementary Information on Consolidated Business Results .....	18
(2) Summary of Business Results of Main Consolidated Subsidiaries .....	20

## **1. Qualitative Information on Business Results**

### **(1) Explanation for Business Performance**

During the three months ended June 30, 2016, the global economy was on a gradual recovery trend on the whole with a continuing recovery in the US and moderate recovery in Europe while a slowdown was shown in some emerging countries including China.

Japanese economy also moderately recovered with a picking up in capital expenditures while an improvement in corporate earnings paused.

However, the uncertainty for future developments increased with significant fluctuations in the foreign exchange rates and stock prices under the influence of the UK's vote to leave the EU in late June 2016.

In this business environment, the business performance of the Group for the three months ended June 30, 2016 was as follows.

Underwriting income was ¥1,287.9 billion (of which net premiums written were ¥944.2 billion), investment income was ¥89.7 billion and other ordinary income was ¥4.0 billion, resulting in total ordinary income of ¥1,381.8 billion. Ordinary expenses amounted to ¥1,332.6 billion. This breaks down into underwriting expenses of ¥848.5 billion (of which net claims paid were ¥424.2 billion), investment expenses of ¥312.4 billion, operating expenses and general and administrative expenses of ¥167.2 billion and other ordinary expenses of ¥4.4 billion.

As a result, the Company posted an ordinary profit of ¥49.2 billion, marking a decrease of ¥82.0 billion from the same period last year. After factoring in extraordinary income and losses, income taxes and other factors, net income attributable to owners of the parent of ¥38.0 billion was reported with a decrease of ¥59.2 billion year on year.

### **(2) Explanation for Financial Conditions**

As of June 30, 2016, total assets stood at ¥19,835.4 billion with a decrease of ¥468.2 billion from March 31, 2016, and net assets stood at ¥2,491.1 billion with a decrease of ¥234.0 billion from March 31, 2016 primarily due to a decrease in net unrealized gains on investments in securities.

### **(3) Explanation for Future Forecast Information including Consolidated Earnings Forecasts**

The Company keeps the forecasts of ordinary profit of ¥ 285.0 billion and net income attributable to owners of the parent of ¥ 183.0 billion on a consolidated basis for the year ending March 31, 2017 unchanged from the forecasts announced on May 20, 2016.

## **2. Notes to Summary of Financial Statements**

### **Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements**

(Calculation of income tax expenses)

The domestic consolidated companies calculate their income tax expenses primarily by multiplying income before income taxes by the effective income tax rate, after adding or deducting the permanent difference if this amount is significant.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2016	June 30, 2016
<b>Assets</b>		
Cash, deposits and savings	1,083,838	986,831
Call loans	31,175	15,000
Receivables under resale agreements	29,999	14,999
Receivables under securities borrowing transactions	275,350	280,418
Monetary claims bought	125,785	125,644
Money trusts	828,097	754,978
Investments in securities	14,670,914	14,278,932
Loans	883,106	873,955
Tangible fixed assets	477,799	471,088
Intangible fixed assets	522,081	478,740
Other assets	1,251,615	1,409,936
Assets for retirement benefits	32,815	32,440
Deferred tax assets	45,871	68,792
Customers' liabilities under acceptances and guarantees	55,500	52,500
Bad debt reserve	(10,300)	(8,849)
<b>Total assets</b>	<b>20,303,649</b>	<b>19,835,409</b>
<b>Liabilities</b>		
Policy liabilities:	15,283,850	15,271,913
Outstanding claims	1,967,518	1,958,601
Underwriting reserves	13,316,332	13,313,311
Bonds issued	349,841	345,152
Other liabilities	1,299,598	1,161,164
Liabilities for pension and retirement benefits	188,853	187,627
Reserve for retirement benefits for officers	796	723
Accrued bonuses for employees	33,589	7,536
Reserve for Reorganization by Function	-	19,487
Reserves under the special laws:	161,032	140,413
Reserve for price fluctuation	161,032	140,413
Deferred tax liabilities	205,312	157,712
Acceptances and guarantees	55,500	52,500
<b>Total liabilities</b>	<b>17,578,374</b>	<b>17,344,230</b>
<b>Net assets</b>		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	670,646	670,076
Retained earnings	628,562	633,420
Treasury stock	(80,065)	(90,069)
<b>Total shareholders' equity</b>	<b>1,319,143</b>	<b>1,313,427</b>
Accumulated other comprehensive income/(loss):		
Net unrealized gains/(losses) on investments in securities	1,324,886	1,169,372
Net deferred gains/(losses) on hedges	40,113	41,976
Foreign currency translation adjustments	22,369	(53,121)
Accumulated actuarial gains/(losses) on retirement benefits	(8,343)	(8,044)
<b>Total accumulated other comprehensive income/(loss)</b>	<b>1,379,024</b>	<b>1,150,182</b>
Non-controlling interests	27,106	27,568
<b>Total net assets</b>	<b>2,725,274</b>	<b>2,491,178</b>
<b>Total liabilities and net assets</b>	<b>20,303,649</b>	<b>19,835,409</b>

**(2) Consolidated Statements of Income and Comprehensive Income**  
**(Consolidated Statements of Income)**

(Yen in millions)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Ordinary income:	1,179,739	1,381,872
Underwriting income:	1,027,606	1,287,979
Net premiums written	765,748	944,246
Deposit premiums from policyholders	37,995	27,127
Investment income on deposit premiums from policyholders	11,633	12,203
Life insurance premiums	209,948	302,839
Investment income:	149,066	89,795
Interest and dividends income	79,636	76,907
Investment gains on money trusts	6,769	603
Investment gains on trading securities	-	2,223
Gains on sales of securities	19,947	19,081
Investment gains on separate accounts	31,160	-
Transfer of investment income on deposit premiums from policyholders	(11,633)	(12,203)
Other ordinary income	3,066	4,097
Ordinary expenses:	1,048,436	1,332,651
Underwriting expenses:	886,545	848,520
Net claims paid	384,002	424,222
Loss adjustment expenses	39,164	41,286
Commissions and collection expenses	158,385	177,437
Maturity refunds to policyholders	69,751	56,410
Life insurance claims	94,894	79,032
Provision for outstanding claims	691	34,599
Provision for underwriting reserves	137,740	25,876
Investment expenses:	16,638	312,454
Investment losses on money trusts	9,619	59,884
Losses on sales of securities	2,180	3,784
Impairment losses on securities	4,056	6,734
Investment losses on separate accounts	-	87,153
Operating expenses and general and administrative expenses	141,890	167,222
Other ordinary expenses:	3,362	4,453
Interest expense	1,737	2,297
Ordinary profit/(loss)	<u>131,303</u>	<u>49,220</u>
Extraordinary income:	79	21,107
Gains on sales of fixed assets	79	488
Reversal of reserves under the special law:	-	20,618
Reversal of reserve for price fluctuation	-	20,618
Extraordinary losses:	2,325	23,115
Losses on sales of fixed assets	282	265
Impairment losses on fixed assets	364	1,903
Provision for reserves under the special laws:	1,677	-
Provision for reserve for price fluctuation	1,677	-
Other extraordinary losses	-	20,947
Income/(loss) before income taxes	<u>129,057</u>	<u>47,212</u>
Income taxes	<u>30,887</u>	<u>8,582</u>
Net income/(loss)	<u>98,170</u>	<u>38,629</u>
Net income/(loss) attributable to non-controlling interests	<u>864</u>	<u>569</u>
Net income/(loss) attributable to owners of the parent	<u>97,305</u>	<u>38,060</u>

## (Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net income/(loss)	98,170	38,629
Other comprehensive income/(loss):		
Net unrealized gains/(losses) on investments in securities	59,708	(157,117)
Net deferred gains/(losses) on hedges	(2,032)	1,862
Foreign currency translation adjustments	(16,670)	(73,079)
Accumulated actuarial gains/(losses) on retirement benefits	(488)	305
Share of other comprehensive income/(loss) of equity method investments	(2,130)	(879)
Total other comprehensive income/(loss)	<u>38,386</u>	<u>(228,909)</u>
Total comprehensive income/(loss)	<u>136,557</u>	<u>(190,279)</u>
Allocation:		
Comprehensive income/(loss) attributable to owners of the parent	136,964	(190,780)
Comprehensive income/(loss) attributable to non-controlling interests	(407)	500

### **(3) Notes to Consolidated Financial Statements**

#### **(Notes to Going Concern Assumptions)**

Not applicable.

#### **(Notes to Significant Changes in Shareholders' Equity)**

Not applicable.



# Explanatory Material for Business Results

## 1. Summary of Consolidated Business Results

### (1) Consolidated Business Performance

(Yen in 100 millions)

	Items	Three months ended June 30, 2015	Three months ended June 30, 2016	Change	Change ratio
<b>Ordinary income and expenses:</b>					
<b>Underwriting income:</b>	1	<b>10,278</b>	<b>12,880</b>	<b>2,601</b>	<b>25.3 %</b>
Net premiums written	2	7,659	9,442	1,783	23.3
Deposit premiums from policyholders	3	379	271	(108)	(28.6)
Life insurance premiums	4	2,099	3,028	928	44.2
<b>Underwriting expenses:</b>	5	<b>8,867</b>	<b>8,485</b>	<b>(381)</b>	<b>(4.3)</b>
Net claims paid	6	3,840	4,242	402	10.5
Loss adjustment expenses	7	391	412	21	5.4
Commissions and collection expenses	8	1,583	1,774	190	12.0
Maturity refunds to policyholders	9	697	564	(133)	(19.1)
Life insurance claims	10	948	790	(158)	(16.7)
Provision for outstanding claims	11	6	345	339	4,905.5
Provision for underwriting reserves	12	1,379	259	(1,120)	(81.2)
<b>Investment income:</b>	13	<b>1,490</b>	<b>897</b>	<b>(592)</b>	<b>(39.8)</b>
Interest and dividends income	14	796	769	(27)	(3.4)
Investment gains on money trusts	15	67	6	(61)	(91.1)
Gains on sales of securities	16	199	190	(8)	(4.3)
Investment gains on separate accounts	17	311	-	(311)	(100.0)
<b>Investment expenses:</b>	18	<b>166</b>	<b>3,124</b>	<b>2,958</b>	<b>1,777.9</b>
Investment losses on money trusts	19	96	598	502	522.5
Losses on sales of securities	20	21	37	16	73.6
Impairment losses on securities	21	40	67	26	66.0
Investment losses on separate accounts	22	-	871	871	-
<b>Operating expenses and general and administrative expenses</b>	23	<b>1,418</b>	<b>1,672</b>	<b>253</b>	<b>17.9</b>
<b>Other ordinary income and expenses:</b>	24	<b>(2)</b>	<b>(3)</b>	<b>(0)</b>	<b>-</b>
Gains/(losses) on equity method investments	25	1	(4)	(6)	(327.3)
<b>Ordinary profit/(loss)</b>	26	<b>1,313</b>	<b>492</b>	<b>(820)</b>	<b>(62.5)</b>
<b>Extraordinary income and losses:</b>					
<b>Extraordinary income</b>	27	<b>0</b>	<b>211</b>	<b>210</b>	<b>26,489.7</b>
<b>Extraordinary losses</b>	28	<b>23</b>	<b>231</b>	<b>207</b>	<b>894.1</b>
<b>Extraordinary income/(losses)</b>	29	<b>(22)</b>	<b>(20)</b>	<b>2</b>	<b>-</b>
<b>Income/(loss) before income taxes</b>	30	<b>1,290</b>	<b>472</b>	<b>(818)</b>	<b>(63.4)</b>
<b>Income taxes</b>	31	<b>308</b>	<b>85</b>	<b>(223)</b>	<b>(72.2)</b>
<b>Net income/(loss)</b>	32	<b>981</b>	<b>386</b>	<b>(595)</b>	<b>(60.7)</b>
<b>Net income/(loss) attributable to non-controlling interests</b>	33	<b>8</b>	<b>5</b>	<b>(2)</b>	<b>(34.2)</b>
<b>Net income/(loss) attributable to owners of the parent</b>	34	<b>973</b>	<b>380</b>	<b>(592)</b>	<b>(60.9)</b>

(Notes) 1. The figures in the above table are presented exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

2. Extraordinary losses for the three months ended June 30, 2016 include system-related costs that were recognized by the reorganization by function at certain domestic consolidated insurance subsidiaries in the amount of ¥20.9 billion.

**(2) Breakdown of Results by Company (Net Premiums Written, Ordinary Profit and Net Income Attributable to Owners of the Parent)**

(Yen in 100 millions)

	Items	Three months ended June 30, 2015	Three months ended June 30, 2016	Change	Change ratio
Net premiums written <sup>(Note 1)</sup>	1	7,659	9,442	1,783	23.3
Mitsui Sumitomo Insurance <sup>(Note 1)</sup>	2	3,699	3,626	(72)	(2.0)
Aioi Nissay Dowa Insurance	3	2,970	3,004	33	1.1
Mitsui Direct General Insurance	4	91	93	1	1.9
Overseas insurance subsidiaries	5	883	2,703	1,820	206.1
Ordinary profit/(loss)	6	1,313	492	(820)	(62.5)
Mitsui Sumitomo Insurance	7	555	418	(136)	(24.6)
Aioi Nissay Dowa Insurance	8	281	255	(25)	(9.2)
Net income/(loss) attributable to owners of the parent	9	973	380	(592)	(60.9)
Mitsui Sumitomo Insurance	10	441	322	(118)	(26.9)
Aioi Nissay Dowa Insurance	11	197	160	(36)	(18.6)
Mitsui Direct General Insurance	12	5	9	4	86.2
Mitsui Sumitomo Aioi Life Insurance	13	17	17	0	1.1
Mitsui Sumitomo Primary Life Insurance	14	256	55	(201)	(78.2)
Overseas insurance subsidiaries	15	99	75	(24)	(24.6)
Others	16	(0)	(1)	(1)	-
Consolidation adjustments and holding company	17	(44)	(259)	(214)	-

(Notes) 1. The figures in the above table are presented exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

2. Items 10 to 16 represent the net income or loss on a non-consolidated basis after taking into account the Company's ownership interests in its subsidiaries.

**(3) Breakdown of Results of Overseas Insurance Subsidiaries by Region**

(Yen in 100 millions)

	Items	Three months ended June 30, 2015	Three months ended June 30, 2016	Change	Change ratio
Net premiums written	1	883	2,703	1,820	206.1
Asia	2	432	407	(25)	(5.9)
Europe	3	240	284	44	18.5
Americas	4	125	123	(2)	(1.6)
Reinsurance	5	84	83	(1)	(1.2)
MS Amlin	6	-	1,804	1,804	-
Net income/(loss) attributable to owners of the parent	7	99	75	(24)	(24.6)
Asia	8	52	25	(26)	(51.0)
Europe	9	12	(20)	(32)	(267.7)
Americas	10	6	3	(3)	(51.9)
Reinsurance	11	28	27	(0)	(2.8)
MS Amlin	12	-	39	39	-

**(4) Summary of Results of Domestic Life Insurance Business**

(Yen in 100 millions)

	Items	Three months ended June 30, 2015	Three months ended June 30, 2016	Change	Change ratio	Year ended March 31, 2016
Amount of new policies						
Mitsui Sumitomo Aioi Life Insurance	1	5,792	<b>4,957</b>	<b>(835)</b>	<b>(14.4) %</b>	24,233
Mitsui Sumitomo Primary Life Insurance	2	2,606	<b>2,335</b>	<b>(270)</b>	<b>(10.4) %</b>	12,626
Amount of policies in force						
Mitsui Sumitomo Aioi Life Insurance	3	220,420	<b>226,437</b>	<b>677</b>	<b>0.3 %</b>	225,760
Mitsui Sumitomo Primary Life Insurance	4	45,240	<b>47,437</b>	<b>(1,670)</b>	<b>(3.4) %</b>	49,108
Annualized premiums for policies in force						
Mitsui Sumitomo Aioi Life Insurance	5	3,580	<b>3,792</b>	<b>35</b>	<b>1.0 %</b>	3,757
Mitsui Sumitomo Primary Life Insurance	6	4,555	<b>4,703</b>	<b>(136)</b>	<b>(2.8) %</b>	4,840

(Notes) 1. The figures in the above table represent the total sum of individual insurance and individual annuities.

2. "Changes" and "Change ratio" make comparisons with the three months ended June 30, 2015 for items 1 and 2 and the year ended March 31, 2016 for items 3 to 6.

## 2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd.

The figures in the tables below are presented exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

### (1) Business Performance

(Yen in 100 millions)

	Items	Three months ended June 30, 2015	Three months ended June 30, 2016	Change	Change ratio
					%
(+)	Net premiums written	3,699	<b>3,626</b>	<b>(72)</b>	<b>(2.0)</b>
(-)	Net claims paid	1,893	<b>1,844</b>	<b>(49)</b>	<b>(2.6)</b>
(-)	Loss adjustment expenses	213	<b>219</b>	<b>6</b>	<b>2.9</b>
(-)	Commissions and collection expenses	659	<b>637</b>	<b>(22)</b>	<b>(3.4)</b>
(-)	Operating expenses and general and administrative expenses for underwriting	509	<b>529</b>	<b>20</b>	<b>4.0</b>
	Underwriting profit/(loss) before movements in reserves	423	<b>396</b>	<b>(26)</b>	<b>(6.4)</b>
(-)	Movement in outstanding claims	(16)	<b>163</b>	<b>180</b>	-
(-)	Movement in ordinary underwriting reserves	92	<b>(68)</b>	<b>(160)</b>	<b>(174.6)</b>
(-)	Movement in catastrophe reserve	148	<b>127</b>	<b>(20)</b>	<b>(13.7)</b>
(+)	Other	14	<b>(14)</b>	<b>(28)</b>	<b>(199.7)</b>
	Underwriting profit/(loss)	213	<b>159</b>	<b>(54)</b>	<b>(25.5)</b>
(+)	Interest and dividends income	389	<b>347</b>	<b>(41)</b>	<b>(10.7)</b>
(-)	Transfer of investment income on deposit premiums from policyholders	89	<b>93</b>	<b>3</b>	<b>4.2</b>
	Net interest and dividends income (item 12 - item 13)	300	<b>254</b>	<b>(45)</b>	<b>(15.1)</b>
(+)	Gains/(losses) on sales of securities	74	<b>113</b>	<b>38</b>	<b>51.8</b>
(-)	Impairment losses on securities	30	<b>15</b>	<b>(15)</b>	<b>(50.3)</b>
(+)	Other	6	<b>(93)</b>	<b>(100)</b>	<b>(1,480.9)</b>
	Investment profit/(loss)	351	<b>259</b>	<b>(91)</b>	<b>(26.2)</b>
(+)	Other ordinary profit/(loss)	(9)	<b>0</b>	<b>9</b>	-
	Ordinary profit/(loss)	555	<b>418</b>	<b>(136)</b>	<b>(24.6)</b>
(+)	Extraordinary income/(losses):	(7)	<b>(14)</b>	<b>(6)</b>	-
	Gains/(losses) on reserve for price fluctuation	(6)	<b>(8)</b>	<b>(1)</b>	-
	Income/(loss) before income taxes	547	<b>404</b>	<b>(143)</b>	<b>(26.2)</b>
(-)	Income taxes	105	<b>81</b>	<b>(24)</b>	<b>(23.0)</b>
	Net income/(loss)	441	<b>322</b>	<b>(118)</b>	<b>(26.9)</b>
Ratios	Net loss ratio	26	57.0 %	<b>56.9 %</b>	<b>(0.1) %</b>
	Net expense ratio	27	31.6 %	<b>32.2 %</b>	<b>0.6 %</b>
	Combined ratio	28	88.6 %	<b>89.1 %</b>	<b>0.5 %</b>

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100  
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100  
3. Combined ratio = net loss ratio + net expense ratio

### (Reference) Business performance excluding residential earthquake insurance and CALI\*

	Net premiums written	29	3,267	<b>3,209</b>	<b>(57)</b>	<b>(1.8)</b>
Ratios	Net loss ratio	30	53.5 %	<b>52.6 %</b>	<b>(0.9) %</b>	
	Net expense ratio	31	33.4 %	<b>33.9 %</b>	<b>0.5 %</b>	
	Combined ratio	32	86.9 %	<b>86.5 %</b>	<b>(0.4) %</b>	

\* CALI stands for compulsory automobile liability insurance, and the same hereinafter.

**(2) Premiums written**

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Three months ended June 30, 2015		Three months ended June 30, 2016		Three months ended June 30, 2015		Three months ended June 30, 2016	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	479	4.0	366	(23.6)	707	1.6	616	(12.9)
Marine	180	11.7	158	(12.0)	277	22.0	245	(11.6)
Personal accident	380	(3.7)	387	1.9	400	(3.5)	415	3.6
Voluntary automobile	1,652	3.9	1,676	1.5	1,654	4.1	1,682	1.7
CALI	430	5.0	415	(3.6)	445	6.1	433	(2.5)
Other	575	8.1	622	8.1	660	8.4	712	7.9
Total	3,699	4.2	3,626	(2.0)	4,146	4.8	4,105	(1.0)

**(3) Net claims paid**

(Yen in 100 millions)

	Three months ended June 30, 2015			Three months ended June 30, 2016			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	288	(33.8)	62.5	253	(12.1)	72.0	9.5
Marine	79	11.5	47.1	81	2.2	54.4	7.3
Personal accident	184	(6.8)	54.5	175	(5.3)	49.6	(4.9)
Voluntary automobile	779	(3.7)	54.9	744	(4.6)	52.7	(2.2)
CALI	328	(0.6)	83.6	342	4.3	90.3	6.7
Other	233	13.1	43.0	247	6.3	42.1	(0.9)
Total	1,893	(7.7)	57.0	1,844	(2.6)	56.9	(0.1)

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

**(Reference) Incurred losses caused by natural disasters in Japan**

(Yen in 100 millions)

	Three months ended June 30, 2015			Three months ended June 30, 2016		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	0	-	0	119	18	100
Voluntary automobile	-	-	-	2	1	1
Other	-	-	-	3	0	2
Total	0	-	0	124	20	103

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

The above table includes incurred losses related to the Kumamoto earthquakes as follows: Incurred losses ¥9.1 billion, Net claims paid ¥0.2 billion, Outstanding claims ¥8.9 billion.

**(4) Expenses**

&lt;Company expenses&gt;

(Yen in 100 millions)

	Items	Three months ended June 30, 2015			Three months ended June 30, 2016		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	454	(5)	(1.2)	464	9	2.2
Non-personnel expenses	2	261	(20)	(7.3)	278	16	6.4
Taxes and contributions	3	32	0	3.0	32	(0)	(1.2)
Total	4	748	(25)	(3.3)	774	26	3.5

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

&lt;Expenses for underwriting&gt;

(Yen in 100 millions)

	Items	Three months ended June 30, 2015			Three months ended June 30, 2016		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	509	(24)	(4.6)	529	20	4.0
Commissions and collection expenses	6	659	17	2.7	637	(22)	(3.4)
Total	7	1,168	(7)	(0.6)	1,166	(2)	(0.2)
Net expense ratio	8	31.6 %	(1.5) %		32.2 %	0.6 %	

**(5) Catastrophe reserve**

(Yen in 100 millions)

	March 31, 2016		June 30, 2016			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	1,402	58.0	12	33	1,422	97.6
Marine	753	112.6	0	6	760	119.8
Personal accident	631	44.8	-	12	644	41.6
Voluntary automobile	380	5.9	-	53	434	6.5
Other	1,656	73.7	0	34	1,691	68.0
<b>Total</b>	<b>4,825</b>	<b>36.6</b>	<b>12</b>	<b>140</b>	<b>4,953</b>	<b>38.6</b>

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI and Good Result Return premiums of the automobile insurance product "ModoRich") x 100  
Reserve ratio for June 30, 2016 is calculated on an annualized basis using net premiums written multiplied by four as a denominator.

**(6) Investment assets**

(Yen in 100 millions)

	March 31, 2016	June 30, 2016	
			Change
Cash, deposits and savings	5,127	3,609	(1,517)
Investments in securities:	51,737	49,895	(1,841)
Domestic bonds	18,653	18,988	334
Domestic stocks	17,565	15,458	(2,107)
Foreign securities	15,259	15,158	(101)
Other securities	258	291	32
Loans	4,486	4,345	(141)
Land and buildings	2,049	2,032	(17)
<b>Total</b>	<b>63,401</b>	<b>59,883</b>	<b>(3,518)</b>

(Reference)

Long-term investment assets	13,645	13,515	(130)
-----------------------------	--------	--------	-------

**(7) Breakdown of interest and dividends income**

(Yen in 100 millions)

	Three months ended June 30, 2015	Three months ended June 30, 2016	
			Change
Investments in securities:	352	315	(37)
Domestic bonds	53	49	(4)
Domestic stocks	233	224	(8)
Foreign securities	64	40	(24)
Other securities	0	0	(0)
Loans	16	13	(2)
Land and buildings	14	15	0
Other	5	3	(1)
<b>Total</b>	<b>389</b>	<b>347</b>	<b>(41)</b>

**(8) Investments in securities****Unrealized gains and losses on investments in securities**

(Yen in 100 millions)

June 30, 2016	Cost	Fair value	Difference	Change from
				March 31, 2016
Domestic bonds	16,685	18,988	2,302	392
Domestic stocks	6,675	15,080	8,404	(1,998)
Foreign securities	4,125	4,112	(12)	(179)
Other securities	339	380	40	(3)
Total	27,826	38,562	10,736	(1,788)

(Yen in 100 millions)

March 31, 2016	Cost	Fair value	Difference
Domestic bonds	16,743	18,653	1,910
Domestic stocks	6,784	17,187	10,403
Foreign securities	4,008	4,175	166
Other securities	362	406	44
Total	27,898	40,423	12,524

(Notes) 1. The above tables describe available-for-sale securities with practically determinable fair value.

2. "Other securities" includes loan receivable trust beneficiary certificates included in Monetary claims bought on the balance sheets.

**Gains and losses on sales of securities**

(Yen in 100 millions)

	Three months ended June 30, 2015 Gains/(losses)	Three months ended June 30, 2016		
		Gains/(losses)	Gains	Losses
Domestic bonds	1	1	1	0
Domestic stocks	64	112	112	0
Foreign securities	8	(1)	3	4
Other securities	-	-	-	-
Total	74	113	118	4

**Impairment losses on securities**

(Yen in 100 millions)

	Three months ended June 30, 2015	Three months ended June 30, 2016	
			Change
Domestic bonds	-	-	-
Domestic stocks	30	14	(16)
Foreign securities	-	0	0
Other securities	-	-	-
Total	30	15	(15)

### 3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd.

#### (1) Business Performance

(Yen in 100 millions)

	Items	Three months ended June 30, 2015	Three months ended June 30, 2016	Change	Change ratio %
(+)	Net premiums written	2,970	3,004	33	1.1
(-)	Net claims paid	1,512	1,492	(20)	(1.4)
(-)	Loss adjustment expenses	145	145	0	0.2
(-)	Commissions and collection expenses	581	585	3	0.7
(-)	Operating expenses and general and administrative expenses for underwriting	460	440	(19)	(4.3)
	Underwriting profit/(loss) before movements in reserves	270	340	70	26.0
(-)	Movement in outstanding claims	(6)	68	74	-
(-)	Movement in ordinary underwriting reserves	48	15	(33)	(68.2)
(-)	Movement in catastrophe reserve	104	107	2	2.7
(+)	Other	22	(61)	(83)	(379.6)
	Underwriting profit/(loss)	145	87	(58)	(39.8)
(+)	Interest and dividends income	181	178	(3)	(2.0)
(-)	Transfer of investment income on deposit premiums from policyholders	46	47	1	2.3
	Net interest and dividends income (item 12 - item 13)	135	130	(4)	(3.5)
(+)	Gains/(losses) on sales of securities	21	47	25	120.5
(-)	Impairment losses on securities	8	10	1	18.1
(+)	Other	(16)	(23)	(7)	-
	Investment profit/(loss)	131	143	12	9.3
(+)	Other ordinary profit/(loss)	4	23	19	479.3
	Ordinary profit/(loss)	281	255	(25)	(9.2)
(+)	Extraordinary income/(losses):	(13)	(53)	(39)	-
	Gains/(losses) on reserve for price fluctuation	(4)	(4)	0	-
	Income/(loss) before income taxes	268	202	(65)	(24.5)
(-)	Income taxes	70	41	(28)	(41.0)
	Net income/(loss)	197	160	(36)	(18.6)

Ratios	Net loss ratio	26	55.8 %	54.5 %	(1.3) %	
	Net expense ratio	27	35.1 %	34.2 %	(0.9) %	
	Combined ratio	28	90.9 %	88.7 %	(2.2) %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100  
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100  
3. Combined ratio = net loss ratio + net expense ratio

#### (Reference) Business performance excluding residential earthquake insurance and CALI

	Net premiums written	29	2,568	2,621	53	2.1
Ratios	Net loss ratio	30	51.8 %	49.8 %	(2.0) %	
	Net expense ratio	31	36.9 %	35.7 %	(1.2) %	
	Combined ratio	32	88.7 %	85.5 %	(3.2) %	



**(2) Premiums written**

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Three months ended June 30, 2015		Three months ended June 30, 2016		Three months ended June 30, 2015		Three months ended June 30, 2016	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	340	19.3	323	(5.0)	530	9.1	440	(16.9)
Marine	13	(45.3)	12	(7.2)	(0)	(101.3)	(0)	-
Personal accident	177	(4.9)	168	(5.5)	186	(5.3)	179	(4.1)
Voluntary automobile	1,734	1.3	1,770	2.0	1,683	2.4	1,698	0.9
CALI	401	3.0	381	(4.8)	479	6.0	465	(3.0)
Other	302	1.4	348	14.9	351	(0.7)	379	7.8
Total	2,970	2.5	3,004	1.1	3,231	2.5	3,162	(2.1)

**(3) Net claims paid**

(Yen in 100 millions)

	Three months ended June 30, 2015			Three months ended June 30, 2016			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	158	(55.9)	49.3	165	3.8	53.1	3.8
Marine	8	(30.6)	64.0	5	(33.2)	45.5	(18.5)
Personal accident	78	(1.7)	47.8	66	(15.6)	43.5	(4.3)
Voluntary automobile	839	(8.9)	53.8	799	(4.8)	50.6	(3.2)
CALI	298	(2.2)	81.6	305	2.2	87.1	5.5
Other	128	(3.9)	45.2	150	17.1	45.7	0.5
Total	1,512	(16.6)	55.8	1,492	(1.4)	54.5	(1.3)

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

**(Reference) Incurred losses caused by natural disasters in Japan**

(Yen in 100 millions)

	Three months ended June 30, 2015			Three months ended June 30, 2016		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	-	-	-	55	13	42
Voluntary automobile	-	-	-	2	0	1
Other	-	-	-	1	0	1
Total	-	-	-	58	14	44

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

The above table includes incurred losses related to the Kumamoto earthquakes as follows: Incurred losses ¥3.4 billion, Net claims paid ¥0.0 billion, Outstanding claims ¥3.4 billion.

**(4) Expenses**

&lt;Company expenses&gt;

(Yen in 100 millions)

	Items	Three months ended June 30, 2015			Three months ended June 30, 2016		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	321	25	8.7	315	(6)	(1.9)
Non-personnel expenses	2	274	(32)	(10.5)	261	(13)	(4.8)
Taxes and contributions	3	27	(0)	(3.1)	29	1	4.3
Total	4	624	(7)	(1.2)	606	(18)	(2.9)

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

&lt;Expenses for underwriting&gt;

(Yen in 100 millions)

	Items	Three months ended June 30, 2015			Three months ended June 30, 2016		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	460	(21)	(4.5)	440	(19)	(4.3)
Commissions and collection expenses	6	581	23	4.3	585	3	0.7
Total	7	1,042	1	0.2	1,026	(16)	(1.5)
Net expense ratio	8	35.1 %	(0.8) %		34.2 %	(0.9) %	

**(5) Catastrophe reserve**

(Yen in 100 millions)

	March 31, 2016		June 30, 2016			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	1,121	67.1	-	27	1,148	89.1
Marine	138	240.1	-	0	138	268.4
Personal accident	631	99.4	-	5	637	94.8
Voluntary automobile	299	4.5	-	56	355	5.0
Other	591	52.6	0	17	609	43.7
<b>Total</b>	<b>2,782</b>	<b>27.3</b>	<b>0</b>	<b>107</b>	<b>2,889</b>	<b>27.6</b>

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI) x 100  
Reserve ratio for June 30, 2016 is calculated on an annualized basis using net premiums written multiplied by four as a denominator.

**(6) Investment assets**

(Yen in 100 millions)

	March 31, 2016	June 30, 2016	
			Change
Cash, deposits and savings	1,495	1,316	(179)
Investments in securities:	24,975	24,083	(892)
Domestic bonds	9,855	10,053	198
Domestic stocks	7,927	7,197	(729)
Foreign securities	6,757	6,438	(318)
Other securities	435	393	(41)
Loans	2,218	2,193	(25)
Land and buildings	1,709	1,659	(49)
<b>Total</b>	<b>30,398</b>	<b>29,252</b>	<b>(1,146)</b>

(Reference)

Long-term investment assets	4,837	4,774	(63)
-----------------------------	-------	-------	------

**(7) Breakdown of interest and dividends income**

(Yen in 100 millions)

	Three months ended June 30, 2015	Three months ended June 30, 2016	
			Change
Investments in securities:	159	158	(0)
Domestic bonds	24	24	(0)
Domestic stocks	86	91	4
Foreign securities	45	31	(13)
Other securities	2	11	8
Loans	7	7	(0)
Land and buildings	11	11	0
Other	3	0	(2)
<b>Total</b>	<b>181</b>	<b>178</b>	<b>(3)</b>

**(8) Investments in securities****Unrealized gains and losses on investments in securities**

(Yen in 100 millions)

June 30, 2016	Cost	Fair value	Difference	Change from
				March 31, 2016
Domestic bonds	9,048	10,053	1,005	166
Domestic stocks	4,325	6,937	2,612	(635)
Foreign securities	5,073	5,518	445	(152)
Other securities	327	355	28	(23)
Total	18,774	22,865	4,091	(645)

(Yen in 100 millions)

March 31, 2016	Cost	Fair value	Difference
Domestic bonds	9,016	9,855	838
Domestic stocks	4,415	7,663	3,248
Foreign securities	5,244	5,842	597
Other securities	346	398	52
Total	19,022	23,759	4,736

(Notes) 1. The above tables describe available-for-sale securities with practically determinable fair value.

2. "Other securities" includes loan receivable trust beneficiary certificates included in Monetary claims bought on the balance sheets.

**Gains and losses on sales of securities**

(Yen in 100 millions)

	Three months ended June 30, 2015 Gains/(losses)	Three months ended June 30, 2016		
		Gains/(losses)	Gains	Losses
Domestic bonds	0	4	4	-
Domestic stocks	49	59	59	0
Foreign securities	(28)	(16)	1	17
Other securities	-	-	-	-
Total	21	47	65	17

**Impairment losses on securities**

(Yen in 100 millions)

	Three months ended June 30, 2015	Three months ended June 30, 2016	
			Change
Domestic bonds	-	-	-
Domestic stocks	8	10	1
Foreign securities	-	-	-
Other securities	-	-	-
Total	8	10	1

## 4. Supplementary Information

### (1) Supplementary Information on Consolidated Business Results

#### (a) Premiums Written and Net Claims Paid by Line of Insurance

##### Direct Premiums Written by Line of Insurance (including Deposit premiums from policyholders)

(Yen in millions)

Lines of Insurance	Three months ended June 30, 2015			Three months ended June 30, 2016		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	155,536	17.4	3.2	153,285	15.5	(1.4)
Marine	39,004	4.4	11.4	65,492	6.6	67.9
Personal accident	91,352	10.2	(1.2)	91,288	9.3	(0.1)
Voluntary automobile	378,401	42.2	3.8	407,805	41.4	7.8
CALI	92,469	10.3	6.0	89,905	9.1	(2.8)
Other	139,369	15.5	6.4	177,954	18.1	27.7
<b>Total:</b>	<b>896,133</b>	<b>100.0</b>	<b>4.1</b>	<b>985,732</b>	<b>100.0</b>	<b>10.0</b>
Deposit premiums from policyholders	37,995	4.2	(0.5)	27,127	2.8	(28.6)

##### (Reference) Direct Premiums Written excluding Good Result Return premiums of the automobile insurance product "ModoRich"

Voluntary Automobile	378,604		3.8	407,833		7.7
<b>Total</b>	<b>896,337</b>		<b>4.1</b>	<b>985,760</b>		<b>10.0</b>

##### Net Premiums Written by Line of Insurance

(Yen in millions)

Lines of Insurance	Three months ended June 30, 2015			Three months ended June 30, 2016		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	98,036	12.8	9.2	143,144	15.2	46.0
Marine	28,384	3.7	3.8	56,073	5.9	97.5
Personal accident	59,451	7.8	(2.6)	65,999	7.0	11.0
Voluntary automobile	384,378	50.2	4.1	425,078	45.0	10.6
CALI	83,287	10.9	4.0	79,781	8.5	(4.2)
Other	112,210	14.6	5.7	174,168	18.4	55.2
<b>Total</b>	<b>765,748</b>	<b>100.0</b>	<b>4.4</b>	<b>944,246</b>	<b>100.0</b>	<b>23.3</b>

##### (Reference) Net Premiums Written excluding Good Result Return premiums of the automobile insurance product "ModoRich"

Voluntary automobile	384,581		4.1	425,106		10.5
<b>Total</b>	<b>765,952</b>		<b>4.4</b>	<b>944,274</b>		<b>23.3</b>

##### Net Claims Paid by Line of Insurance

(Yen in millions)

Lines of Insurance	Three months ended June 30, 2015			Three months ended June 30, 2016		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	50,105	13.0	(41.6)	62,821	14.8	25.4
Marine	11,345	3.0	(1.7)	22,065	5.2	94.5
Personal accident	27,413	7.1	(4.6)	26,896	6.3	(1.9)
Voluntary automobile	184,720	48.1	(4.4)	186,503	44.0	1.0
CALI	62,810	16.4	(1.3)	64,851	15.3	3.2
Other	47,607	12.4	12.4	61,085	14.4	28.3
<b>Total</b>	<b>384,002</b>	<b>100.0</b>	<b>(9.7)</b>	<b>424,222</b>	<b>100.0</b>	<b>10.5</b>

(Note) The figures in the above tables include elimination of intersegment transactions.

**(b) Available-for-Sale Securities**

(Yen in millions)

Items	March 31, 2016			June 30, 2016		
	Cost	Carrying amount	Difference	Cost	Carrying amount	Difference
Domestic Bonds	3,998,967	4,413,778	414,810	3,984,266	4,475,999	491,732
Domestic Stocks	1,193,600	2,486,048	1,292,448	1,169,448	2,202,532	1,033,083
Foreign Securities	1,908,714	2,030,887	122,173	1,859,201	1,951,122	91,920
Other Securities	175,305	184,283	8,977	182,093	188,598	6,505
Total	7,276,587	9,114,998	1,838,410	7,195,010	8,818,253	1,623,242

March 31, 2016	June 30, 2016
<p>1. Available-for-sale securities without practically determinable fair value are not included in the above table.</p> <p>2. "Other Securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.</p> <p>3. The Company and its consolidated subsidiaries recognized impairment losses of ¥17,440 million on Available-for-sale securities with practically determinable fair value (comprised of ¥16,088 million on Domestic stocks and ¥1,351 million on Foreign securities). In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.</p>	<p>1. Available-for-sale securities without practically determinable fair value are not included in the above table.</p> <p>2. "Other Securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.</p> <p>3. The Company and its consolidated subsidiaries recognized impairment losses of ¥6,676 million on Available-for-sale securities with practically determinable fair value (comprised of ¥5,955 million on Domestic stocks and ¥720 million on Foreign securities). In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.</p>

## (2) Summary of Business Results of Main Consolidated Subsidiaries

### (a) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)

#### Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2016	June 30, 2016
<b>(Assets)</b>		
<b>Cash, deposits and savings</b>	<b>442,553</b>	<b>310,267</b>
<b>Receivables under resale agreements</b>	<b>29,999</b>	<b>14,999</b>
<b>Monetary claims bought</b>	<b>28,785</b>	<b>25,297</b>
<b>Money trusts</b>	<b>11,564</b>	<b>10,504</b>
<b>Investments in securities</b>	<b>5,173,738</b>	<b>4,989,599</b>
<b>Loans</b>	<b>448,667</b>	<b>434,521</b>
<b>Tangible fixed assets</b>	<b>215,984</b>	<b>213,732</b>
<b>Intangible fixed assets</b>	<b>43,039</b>	<b>41,443</b>
<b>Other assets</b>	<b>349,567</b>	<b>370,208</b>
<b>Customers' liabilities under acceptances and guarantees</b>	<b>45,803</b>	<b>42,498</b>
<b>Bad debt reserve</b>	<b>(3,115)</b>	<b>(2,693)</b>
<b>Total assets</b>	<b>6,786,590</b>	<b>6,450,379</b>
<b>(Liabilities)</b>		
<b>Policy liabilities:</b>	<b>3,994,619</b>	<b>4,003,947</b>
Outstanding claims	649,729	666,109
Underwriting reserves	3,344,890	3,337,837
<b>Bonds issued</b>	<b>256,191</b>	<b>256,191</b>
<b>Other liabilities:</b>	<b>610,785</b>	<b>468,256</b>
Income taxes payable	31,780	6,737
Lease obligations	903	758
Asset retirement obligations	3,765	3,784
Other liabilities	574,337	456,975
<b>Reserve for pension and retirement benefits</b>	<b>135,688</b>	<b>136,759</b>
<b>Reserve for retirement benefits for officers</b>	<b>761</b>	<b>690</b>
<b>Accrued bonuses for employees</b>	<b>11,716</b>	<b>121</b>
<b>Reserve for Reorganization by Function</b>	<b>-</b>	<b>245</b>
<b>Reserves under the special laws:</b>	<b>64,133</b>	<b>65,029</b>
Reserve for price fluctuation	64,133	65,029
<b>Deferred tax liabilities</b>	<b>139,408</b>	<b>90,090</b>
<b>Acceptances and guarantees</b>	<b>45,803</b>	<b>42,498</b>
<b>Total liabilities</b>	<b>5,259,108</b>	<b>5,063,830</b>
<b>(Net assets)</b>		
<b>Common stock</b>	<b>139,595</b>	<b>139,595</b>
<b>Capital surplus</b>	<b>93,107</b>	<b>93,107</b>
<b>Retained earnings</b>	<b>352,644</b>	<b>339,094</b>
<b>Total shareholders' equity</b>	<b>585,347</b>	<b>571,797</b>
<b>Net unrealized gains/(losses) on investments in securities</b>	<b>902,019</b>	<b>770,457</b>
<b>Net deferred gains/(losses) on hedges</b>	<b>40,113</b>	<b>44,293</b>
<b>Total valuation and translation adjustments</b>	<b>942,133</b>	<b>814,750</b>
<b>Total net assets</b>	<b>1,527,481</b>	<b>1,386,548</b>
<b>Total liabilities and net assets</b>	<b>6,786,590</b>	<b>6,450,379</b>

**Non-Consolidated Statements of Income**

(Yen in millions)

Items	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>Ordinary income:</b>	<b>451,221</b>	<b>437,886</b>
<b>Underwriting income:</b>	<b>409,697</b>	<b>398,500</b>
Net premiums written	369,764	362,662
Deposit premiums from policyholders	28,970	19,449
Investment income on deposit premiums from policyholders	8,937	9,313
Reversal of outstanding claims	1,669	-
Reversal of underwriting reserves	-	7,052
<b>Investment income:</b>	<b>40,859</b>	<b>38,059</b>
Interest and dividends income	38,943	34,782
Investment gains on money trusts	190	603
Gains on sales of securities	7,975	11,803
Transfer of investment income on deposit premiums from policyholders	(8,937)	(9,313)
<b>Other ordinary income</b>	<b>664</b>	<b>1,327</b>
<b>Ordinary expenses:</b>	<b>395,708</b>	<b>396,012</b>
<b>Underwriting expenses:</b>	<b>337,020</b>	<b>328,544</b>
Net claims paid	189,397	184,402
Loss adjustment expenses	21,370	21,979
Commissions and collection expenses	65,930	63,713
Maturity refunds to policyholders	49,135	39,704
Provision for outstanding claims	-	16,380
Provision for underwriting reserves	10,747	-
<b>Investment expenses:</b>	<b>3,695</b>	<b>10,341</b>
Investment losses on money trusts	-	241
Losses on sales of securities	515	476
Impairment losses on securities	3,036	1,510
<b>Operating expenses and general and administrative expenses</b>	<b>53,496</b>	<b>55,512</b>
<b>Other ordinary expenses:</b>	<b>1,495</b>	<b>1,614</b>
Interest expense	1,461	1,602
<b>Ordinary profit</b>	<b>55,513</b>	<b>41,874</b>
<b>Extraordinary income</b>	<b>54</b>	<b>420</b>
<b>Extraordinary losses</b>	<b>833</b>	<b>1,875</b>
<b>Income before income taxes</b>	<b>54,734</b>	<b>40,419</b>
<b>Income taxes</b>	<b>10,593</b>	<b>8,154</b>
<b>Net income</b>	<b>44,141</b>	<b>32,264</b>

**Non-Consolidated Solvency Margin Ratio**

Insurance companies running their business in Japan calculate the non-consolidated solvency margin ratio pursuant to the provisions of Articles 86 and 87 of the Insurance Business Act Enforcement Regulations and Public Notice No. 50 issued by the Ministry of Finance in 1996.

While insurance companies set aside reserves to provide for payments of insurance claims should an insured event occur, they are also required to maintain sufficient funds to pay out in an event outside the normal range of estimates such as a major catastrophe and a significant drop in the value of their assets.

The non-consolidated solvency margin ratio, or item (C) in each of the tables below, which is calculated in accordance with the Insurance Business Act, is the ratio of “solvency margin of insurance companies calculated based on their capital and other reserves”, or (A) the total amount of solvency margin, to “risks exceeding the normal range of estimates”, or (B) the total amount of risks.

The non-consolidated solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurance companies. A non-consolidated solvency margin ratio of 200% or over indicates adequate ability to satisfy insurance claims and other payment requirements.

(Yen in millions)

	March 31, 2016	June 30, 2016
(A) Total amount of solvency margin	2,612,098	2,500,530
Total net assets	539,532	571,797
Reserve for price fluctuation	64,133	65,029
Contingency reserve	483	533
Catastrophe reserve	495,691	502,764
General bad debt reserve	199	196
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	1,126,342	962,094
Net unrealized gains/(losses) on land	39,762	39,667
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	256,191	256,191
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	14,674	14,670
Others	104,435	116,926
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	891,542	805,879
General insurance risk (R <sub>1</sub> )	120,693	122,017
Insurance risk of third sector insurance contracts (R <sub>2</sub> )	-	-
Assumed interest rate risk (R <sub>3</sub> )	17,579	17,373
Asset management risk (R <sub>4</sub> )	682,112	633,922
Business administration risk (R <sub>5</sub> )	19,645	17,971
Catastrophe risk (R <sub>6</sub> )	161,872	125,280
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	585.9 %	620.5 %

(Note) The non-consolidated solvency margin ratio for June 30, 2016 is calculated by partially applying the simplified method where components such as the catastrophe risk (R<sub>6</sub>) are calculated based on the data used for March 31, 2016.



**(b) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)****Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2016	June 30, 2016
<b>(Assets)</b>		
<b>Cash, deposits and savings</b>	<b>131,947</b>	<b>114,271</b>
<b>Call loans</b>	<b>15,000</b>	<b>15,000</b>
<b>Monetary claims bought</b>	<b>94</b>	<b>42</b>
<b>Money trusts</b>	<b>2,511</b>	<b>2,311</b>
<b>Investments in securities</b>	<b>2,497,578</b>	<b>2,408,363</b>
<b>Loans</b>	<b>221,856</b>	<b>219,337</b>
<b>Tangible fixed assets</b>	<b>181,665</b>	<b>176,613</b>
<b>Intangible fixed assets</b>	<b>23,976</b>	<b>22,130</b>
<b>Other assets</b>	<b>289,975</b>	<b>330,689</b>
<b>Prepaid pension expenses</b>	<b>28,175</b>	<b>27,919</b>
<b>Deferred tax assets</b>	<b>14,544</b>	<b>32,736</b>
<b>Customers' liabilities under acceptances and guarantees</b>	<b>12,500</b>	<b>12,500</b>
<b>Bad debt reserve</b>	<b>(1,309)</b>	<b>(1,377)</b>
<b>Total assets</b>	<b>3,418,516</b>	<b>3,360,538</b>
<b>(Liabilities)</b>		
<b>Policy liabilities:</b>	<b>2,404,819</b>	<b>2,417,690</b>
Outstanding claims	511,559	518,438
Underwriting reserves	1,893,259	1,899,252
<b>Bonds issued</b>	<b>50,000</b>	<b>50,000</b>
<b>Other liabilities:</b>	<b>143,343</b>	<b>128,035</b>
Income taxes payable	3,000	4,058
Lease obligations	109	80
Asset retirement obligations	654	642
Other liabilities	139,578	123,253
<b>Reserve for pension and retirement benefits</b>	<b>20,239</b>	<b>20,934</b>
<b>Accrued bonuses for employees</b>	<b>5,757</b>	<b>252</b>
<b>Reserve for Reorganization by Function</b>	<b>166</b>	<b>391</b>
<b>Reserves under the special laws:</b>	<b>36,525</b>	<b>36,927</b>
Reserve for price fluctuation	36,525	36,927
<b>Acceptances and guarantees</b>	<b>12,500</b>	<b>12,500</b>
<b>Total liabilities</b>	<b>2,673,351</b>	<b>2,666,731</b>
<b>(Net assets)</b>		
<b>Common stock</b>	<b>100,005</b>	<b>100,005</b>
<b>Capital surplus</b>	<b>81,207</b>	<b>81,207</b>
<b>Retained earnings</b>	<b>221,876</b>	<b>217,502</b>
<b>Total shareholders' equity</b>	<b>403,089</b>	<b>398,715</b>
<b>Net unrealized gains/(losses) on investments in securities</b>	<b>342,075</b>	<b>295,090</b>
<b>Total valuation and translation adjustments</b>	<b>342,075</b>	<b>295,090</b>
<b>Total net assets</b>	<b>745,164</b>	<b>693,806</b>
<b>Total liabilities and net assets</b>	<b>3,418,516</b>	<b>3,360,538</b>

**Non-Consolidated Statements of Income**

(Yen in millions)

Items	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>Ordinary income:</b>	<b>333,491</b>	<b>334,322</b>
<b>Underwriting income:</b>	<b>312,581</b>	<b>312,941</b>
Net premiums written	297,099	300,461
Deposit premiums from policyholders	9,025	7,677
Investment income on deposit premiums from policyholders	4,649	4,755
Reversal of outstanding claims	608	-
<b>Investment income:</b>	<b>19,517</b>	<b>19,959</b>
Interest and dividends income	18,183	17,819
Investment gains on money trusts	0	0
Gains on sales of securities	5,476	6,526
Transfer of investment income on deposit premiums from policyholders	(4,649)	(4,755)
<b>Other ordinary income</b>	<b>1,392</b>	<b>1,421</b>
<b>Ordinary expenses:</b>	<b>305,318</b>	<b>308,749</b>
<b>Underwriting expenses:</b>	<b>251,625</b>	<b>257,803</b>
Net claims paid	151,295	149,205
Loss adjustment expenses	14,524	14,556
Commissions and collection expenses	58,199	58,581
Maturity refunds to policyholders	20,616	16,705
Provision for outstanding claims	-	6,878
Provision for underwriting reserves	6,564	5,992
<b>Investment expenses:</b>	<b>5,097</b>	<b>4,260</b>
Losses on sales of securities	3,331	1,796
Impairment losses on securities	862	1,018
<b>Operating expenses and general and administrative expenses</b>	<b>47,894</b>	<b>46,049</b>
<b>Other ordinary expenses:</b>	<b>700</b>	<b>634</b>
Interest expense	188	188
<b>Ordinary profit</b>	<b>28,172</b>	<b>25,573</b>
<b>Extraordinary income</b>	<b>17</b>	<b>23</b>
<b>Extraordinary losses</b>	<b>1,374</b>	<b>5,339</b>
<b>Income before income taxes</b>	<b>26,815</b>	<b>20,257</b>
<b>Income taxes</b>	<b>7,047</b>	<b>4,158</b>
<b>Net income</b>	<b>19,767</b>	<b>16,099</b>

**Non-Consolidated Solvency Margin Ratio**

(Yen in millions)

	March 31, 2016	June 30, 2016
(A) Total amount of solvency margin	1,246,991	1,219,513
Total net assets	382,616	398,715
Reserve for price fluctuation	36,525	36,927
Contingency reserve	747	747
Catastrophe reserve	287,174	293,728
General bad debt reserve	372	379
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	427,061	368,402
Net unrealized gains/(losses) on land	9,267	11,150
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	50,000	50,000
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	9,747	9,742
Others	62,975	69,204
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	300,711	287,063
General insurance risk (R <sub>1</sub> )	100,469	100,872
Insurance risk of third sector insurance contracts (R <sub>2</sub> )	-	-
Assumed interest rate risk (R <sub>3</sub> )	8,919	8,804
Asset management risk (R <sub>4</sub> )	207,334	192,425
Business administration risk (R <sub>5</sub> )	7,431	7,138
Catastrophe risk (R <sub>6</sub> )	54,827	54,828
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	829.3 %	849.6 %

(Note) The non-consolidated solvency margin ratio for June 30, 2016 is calculated by partially applying the simplified method where components such as the catastrophe risk (R<sub>6</sub>) are calculated based on the data used for March 31, 2016.

(c) Mitsui Direct General Insurance Co., Ltd. (Non-consolidated)

**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2016	June 30, 2016
(Assets)		
<b>Cash, deposits and savings</b>	<b>3,918</b>	<b>11,796</b>
<b>Investments in securities</b>	<b>38,973</b>	<b>39,690</b>
<b>Tangible fixed assets</b>	<b>213</b>	<b>212</b>
<b>Intangible fixed assets</b>	<b>2,396</b>	<b>2,363</b>
<b>Other assets</b>	<b>5,586</b>	<b>5,356</b>
<b>Bad debt reserve</b>	<b>(1)</b>	<b>(1)</b>
<b>Total assets</b>	<b>51,086</b>	<b>59,418</b>
(Liabilities)		
<b>Policy liabilities:</b>	<b>43,044</b>	<b>42,434</b>
Outstanding claims	22,978	23,012
Underwriting reserves	20,066	19,422
<b>Other liabilities:</b>	<b>1,217</b>	<b>1,137</b>
Income taxes payable	120	53
Asset retirement obligations	16	17
Other liabilities	1,080	1,066
<b>Reserve for pension and retirement benefits</b>	<b>-</b>	<b>12</b>
<b>Accrued bonuses for employees</b>	<b>215</b>	<b>-</b>
<b>Reserves under the special laws:</b>	<b>49</b>	<b>51</b>
Reserve for price fluctuation	49	51
<b>Deferred tax liabilities</b>	<b>118</b>	<b>135</b>
<b>Total liabilities</b>	<b>44,646</b>	<b>43,771</b>
(Net assets)		
<b>Common stock</b>	<b>35,101</b>	<b>39,106</b>
<b>Capital surplus</b>	<b>5,001</b>	<b>9,006</b>
<b>Retained earnings</b>	<b>(33,816)</b>	<b>(32,640)</b>
<b>Total shareholders' equity</b>	<b>6,285</b>	<b>15,471</b>
<b>Net unrealized gains/(losses) on investments in securities</b>	<b>155</b>	<b>175</b>
<b>Total valuation and translation adjustments</b>	<b>155</b>	<b>175</b>
<b>Total net assets</b>	<b>6,440</b>	<b>15,646</b>
<b>Total liabilities and net assets</b>	<b>51,086</b>	<b>59,418</b>

**Non-Consolidated Statements of Income**

(Yen in millions)

Items	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>Ordinary income:</b>	<b>9,670</b>	<b>10,020</b>
<b>Underwriting income:</b>	<b>9,641</b>	<b>9,998</b>
Net premiums written	9,173	9,348
Investment income on deposit premiums from policyholders	4	5
Reversal of underwriting reserves	463	643
<b>Investment income:</b>	<b>25</b>	<b>20</b>
Interest and dividends income	30	24
Gains on sales of securities	0	0
Transfer of investment income on deposit premiums from policyholders	(4)	(5)
<b>Other ordinary income</b>	<b>3</b>	<b>2</b>
<b>Ordinary expenses:</b>	<b>8,969</b>	<b>8,826</b>
<b>Underwriting expenses:</b>	<b>7,019</b>	<b>6,717</b>
Net claims paid	6,025	5,975
Loss adjustment expenses	623	646
Commissions and collection expenses	57	61
Provision for outstanding claims	312	33
<b>Investment expenses</b>	<b>-</b>	<b>-</b>
<b>Operating expenses and general and administrative expenses</b>	<b>1,931</b>	<b>2,078</b>
<b>Other ordinary expenses</b>	<b>18</b>	<b>29</b>
<b>Ordinary profit</b>	<b>701</b>	<b>1,194</b>
<b>Extraordinary income</b>	<b>-</b>	<b>-</b>
<b>Extraordinary losses</b>	<b>2</b>	<b>4</b>
<b>Income before income taxes</b>	<b>699</b>	<b>1,189</b>
<b>Income taxes</b>	<b>15</b>	<b>13</b>
<b>Net income</b>	<b>683</b>	<b>1,175</b>

**Non-Consolidated Solvency Margin Ratio**

(Yen in millions)

	March 31, 2016	June 30, 2016
(A) Total amount of solvency margin	7,721	16,078
Total net assets	6,285	15,471
Reserve for price fluctuation	49	51
Contingency reserve	0	0
Catastrophe reserve	1,191	336
General bad debt reserve	0	0
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	194	219
Net unrealized gains/(losses) on land	-	-
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	-	-
Others	-	-
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	6,701	6,717
General insurance risk (R <sub>1</sub> )	6,129	6,129
Insurance risk of third sector insurance contracts (R <sub>2</sub> )	-	-
Assumed interest rate risk (R <sub>3</sub> )	0	0
Asset management risk (R <sub>4</sub> )	818	912
Business administration risk (R <sub>5</sub> )	217	220
Catastrophe risk (R <sub>6</sub> )	300	300
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	230.4 %	478.7 %

(Note) The non-consolidated solvency margin ratio for June 30, 2016 is calculated by partially applying the simplified method to components such as the assumed interest rate risk (R<sub>3</sub>).

**(d) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Non-consolidated)****Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2016	June 30, 2016
<b>(Assets)</b>		
<b>Cash, deposits and savings</b>	<b>73,084</b>	<b>149,038</b>
<b>Receivables under securities borrowing transactions</b>	<b>275,350</b>	<b>280,418</b>
<b>Investments in securities</b>	<b>2,765,411</b>	<b>2,798,383</b>
<b>Loans</b>	<b>52,677</b>	<b>53,224</b>
<b>Tangible fixed assets</b>	<b>4,752</b>	<b>5,341</b>
<b>Intangible fixed assets</b>	<b>16,768</b>	<b>18,497</b>
<b>Due from agencies</b>	<b>139</b>	<b>129</b>
<b>Reinsurance accounts receivable</b>	<b>860</b>	<b>16</b>
<b>Other assets</b>	<b>40,062</b>	<b>43,695</b>
<b>Bad debt reserve</b>	<b>(76)</b>	<b>(74)</b>
<b>Total assets</b>	<b>3,229,031</b>	<b>3,348,670</b>
<b>(Liabilities)</b>		
<b>Policy liabilities:</b>	<b>2,696,520</b>	<b>2,750,224</b>
Outstanding claims	24,858	24,927
Underwriting reserves	2,661,796	2,715,502
Reserve for dividends to policyholders	9,865	9,795
<b>Due to agencies</b>	<b>5,013</b>	<b>3,900</b>
<b>Reinsurance accounts payable</b>	<b>262</b>	<b>208</b>
<b>Other liabilities:</b>	<b>289,830</b>	<b>340,242</b>
Payables under securities lending transactions	277,880	330,969
Income taxes payable	1,995	782
Lease obligations	2,695	3,505
Asset retirement obligations	426	427
Other liabilities	6,832	4,557
<b>Reserve for pension and retirement benefits</b>	<b>2,187</b>	<b>2,275</b>
<b>Reserve for retirement benefits for officers</b>	<b>34</b>	<b>33</b>
<b>Reserves under the special laws:</b>	<b>5,230</b>	<b>5,406</b>
Reserve for price fluctuation	5,230	5,406
<b>Deferred tax liabilities</b>	<b>30,221</b>	<b>34,329</b>
<b>Total liabilities</b>	<b>3,029,301</b>	<b>3,136,621</b>
<b>(Net assets)</b>		
<b>Common stock</b>	<b>35,500</b>	<b>35,500</b>
<b>Capital surplus</b>	<b>43,688</b>	<b>43,688</b>
<b>Retained earnings</b>	<b>1,539</b>	<b>3,294</b>
<b>Total shareholders' equity</b>	<b>80,727</b>	<b>82,482</b>
<b>Net unrealized gains/(losses) on investments in securities</b>	<b>119,001</b>	<b>129,567</b>
<b>Total valuation and translation adjustments</b>	<b>119,001</b>	<b>129,567</b>
<b>Total net assets</b>	<b>199,729</b>	<b>212,049</b>
<b>Total liabilities and net assets</b>	<b>3,229,031</b>	<b>3,348,670</b>

**Non-Consolidated Statements of Income**

(Yen in millions)

Items	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>Ordinary income:</b>	<b>124,515</b>	<b>125,186</b>
<b>Insurance premiums and others:</b>	<b>112,069</b>	<b>113,722</b>
Insurance premiums	111,973	113,689
<b>Investment income:</b>	<b>11,944</b>	<b>10,992</b>
Interest and dividends income	10,606	10,823
Gains on sales of securities	1,336	167
<b>Other ordinary income</b>	<b>501</b>	<b>471</b>
<b>Ordinary expenses:</b>	<b>119,909</b>	<b>120,943</b>
<b>Insurance claims and others:</b>	<b>41,469</b>	<b>45,781</b>
Insurance claims	9,942	10,475
Annuity payments	3,268	3,799
Benefits	3,442	3,987
Surrender benefits	23,856	26,274
Other refunds	622	892
<b>Provision for underwriting reserves and others:</b>	<b>57,091</b>	<b>53,774</b>
Provision for outstanding claims	1,644	68
Provision for underwriting reserves	55,447	53,705
Provision for interest portion of reserve for dividends to policyholders	0	0
<b>Investment expenses:</b>	<b>214</b>	<b>394</b>
Interest expense	81	15
Losses on sales of securities	6	-
Losses on derivative transactions	116	364
<b>Operating expenses</b>	<b>18,492</b>	<b>18,168</b>
<b>Other ordinary expenses</b>	<b>2,641</b>	<b>2,825</b>
<b>Ordinary profit</b>	<b>4,606</b>	<b>4,242</b>
<b>Extraordinary income</b>	<b>-</b>	<b>0</b>
<b>Extraordinary losses</b>	<b>180</b>	<b>179</b>
<b>Provision for reserve for dividends to policyholders</b>	<b>2,212</b>	<b>1,531</b>
<b>Income before income taxes</b>	<b>2,212</b>	<b>2,531</b>
<b>Income taxes</b>	<b>477</b>	<b>776</b>
<b>Net income</b>	<b>1,735</b>	<b>1,754</b>



**Business Results****Amount of Policies in Force and New Policies**

## (1) Policies in force

(Yen in 100 millions)

	March 31, 2016		June 30, 2016	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	2,767	218,310	2,802	219,030
Individual annuities	185	7,449	185	7,407
Group insurance	-	65,187	-	66,965
Group annuities	-	3	-	3

(Notes) 1. The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

2. The amounts of group annuities represent the underwriting reserves.

## (2) New policies

(Yen in 100 millions)

	Three months ended June 30, 2015				Three months ended June 30, 2016			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	76	5,734	5,734	-	70	4,892	4,892	-
Individual annuities	1	58	58	-	1	65	65	-
Group insurance	-	403	403	-	-	203	203	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence.

**Annualized Premiums**

## (1) Policies in force

(Yen in 100 millions)

	March 31, 2016	June 30, 2016
Individual insurance	3,327	3,362
Individual annuities	429	430
Total:	3,757	3,792
Medical coverage, living benefits, etc.	787	808

## (2) New policies

(Yen in 100 millions)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Individual insurance	107	95
Individual annuities	3	3
Total:	110	99
Medical coverage, living benefits, etc.	31	34

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.

2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

**Non-Consolidated Business Performance**

(Yen in millions)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Change
Fundamental revenues:	123,178	125,018	1,839
Insurance premiums and others	112,069	113,722	1,652
Fundamental expenses	119,282	120,033	751
Fundamental profit	3,896	4,984	1,088
Capital gains/(losses)	1,213	(200)	(1,414)
Non-recurring gains/(losses)	(503)	(541)	(37)
Ordinary profit	4,606	4,242	(363)
Extraordinary income	-	0	0
Extraordinary losses	180	179	(1)
Provision for reserve for dividends to policyholders	2,212	1,531	(680)
Income taxes	477	776	299
Net income	1,735	1,754	18

**Non-Consolidated Solvency Margin Ratio**

(Yen in millions)

	March 31, 2016	June 30, 2016
(A) Total amount of solvency margin	380,460	399,280
Total capital	80,727	82,482
Reserve for price fluctuation	5,230	5,406
Contingency reserve	29,150	29,691
General bad debt reserve	11	10
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	148,752	161,958
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	142,443	144,678
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	(26,894)	(26,663)
Brought in capital	-	-
Deductions	-	-
Others	1,038	1,716
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	47,604	48,932
Insurance risk (R <sub>1</sub> )	15,906	16,039
Insurance risk of third sector insurance contracts (R <sub>8</sub> )	9,660	10,035
Assumed interest rate risk (R <sub>2</sub> )	3,049	3,057
Minimum guarantee risk (R <sub>7</sub> )	-	-
Asset management risk (R <sub>3</sub> )	35,576	36,782
Business administration risk (R <sub>4</sub> )	1,283	1,318
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	1,598.4 %	1,631.9 %

## (e) Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2016	June 30, 2016
(Assets)		
<b>Cash, deposits and savings</b>	<b>136,349</b>	<b>106,665</b>
<b>Call loans</b>	<b>16,175</b>	<b>-</b>
<b>Monetary claims bought</b>	<b>34,997</b>	<b>38,999</b>
<b>Money trusts</b>	<b>813,920</b>	<b>742,068</b>
<b>Investments in securities</b>	<b>3,906,188</b>	<b>3,842,967</b>
<b>Loans</b>	<b>160,609</b>	<b>167,544</b>
<b>Tangible fixed assets</b>	<b>749</b>	<b>694</b>
<b>Intangible fixed assets</b>	<b>4,748</b>	<b>4,621</b>
<b>Reinsurance accounts receivable</b>	<b>139</b>	<b>160</b>
<b>Other assets</b>	<b>83,598</b>	<b>38,352</b>
<b>Deferred tax assets</b>	<b>33,754</b>	<b>32,763</b>
<b>Total assets</b>	<b>5,191,230</b>	<b>4,974,839</b>
(Liabilities)		
<b>Policy liabilities:</b>	<b>4,888,353</b>	<b>4,749,860</b>
Outstanding claims	9,605	9,864
Underwriting reserves	4,878,748	4,739,996
<b>Due to agencies</b>	<b>9,668</b>	<b>6,032</b>
<b>Reinsurance accounts payable</b>	<b>3,074</b>	<b>3,124</b>
<b>Other liabilities:</b>	<b>110,019</b>	<b>53,758</b>
Income taxes payable	2,110	-
Lease obligations	368	323
Asset retirement obligations	130	130
Other liabilities	107,410	53,304
<b>Reserves under the special laws:</b>	<b>55,093</b>	<b>32,998</b>
Reserve for price fluctuation	55,093	32,998
<b>Total liabilities</b>	<b>5,066,210</b>	<b>4,845,775</b>
(Net assets)		
<b>Common stock</b>	<b>41,060</b>	<b>41,060</b>
<b>Capital surplus</b>	<b>24,735</b>	<b>24,735</b>
<b>Retained earnings</b>	<b>48,686</b>	<b>50,183</b>
<b>Total shareholders' equity</b>	<b>114,481</b>	<b>115,978</b>
<b>Net unrealized gains/(losses) on investments in securities</b>	<b>10,538</b>	<b>13,086</b>
<b>Total valuation and translation adjustments</b>	<b>10,538</b>	<b>13,086</b>
<b>Total net assets</b>	<b>125,019</b>	<b>129,064</b>
<b>Total liabilities and net assets</b>	<b>5,191,230</b>	<b>4,974,839</b>

**Non-Consolidated Statements of Income**

(Yen in millions)

Items	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>Ordinary income:</b>	<b>342,358</b>	<b>397,018</b>
<b>Insurance premiums and others:</b>	<b>272,810</b>	<b>244,315</b>
Insurance premiums	272,638	243,947
<b>Investment income:</b>	<b>68,402</b>	<b>13,139</b>
Interest and dividends income	12,061	12,012
Gains on sales of securities	4,788	1,070
Gains on derivative transactions	-	56
Investment gains on separate accounts	31,160	-
<b>Other ordinary income:</b>	<b>1,145</b>	<b>139,563</b>
Reversal of outstanding claims	390	-
Reversal of underwriting reserves	-	138,752
<b>Ordinary expenses:</b>	<b>305,813</b>	<b>411,418</b>
<b>Insurance claims and others:</b>	<b>230,993</b>	<b>91,526</b>
Insurance claims	13,560	14,631
Annuity payments	15,877	18,006
Benefits	48,974	28,421
Surrender benefits	142,905	20,415
Other refunds	597	878
<b>Provision for underwriting reserves and others:</b>	<b>50,811</b>	<b>259</b>
Provision for outstanding claims	-	259
Provision for underwriting reserves	50,811	-
<b>Investment expenses:</b>	<b>3,075</b>	<b>300,148</b>
Interest expense	0	0
Investment losses on money trusts	3,040	59,642
Losses on sales of securities	0	1,299
Investment losses on separate accounts	-	87,153
<b>Operating expenses</b>	<b>18,423</b>	<b>17,016</b>
<b>Other ordinary expenses</b>	<b>2,509</b>	<b>2,468</b>
<b>Ordinary profit/(loss)</b>	<b>36,544</b>	<b>(14,400)</b>
<b>Extraordinary income</b>	<b>-</b>	<b>22,094</b>
<b>Extraordinary losses</b>	<b>405</b>	<b>-</b>
<b>Income before income taxes</b>	<b>36,139</b>	<b>7,694</b>
<b>Income taxes</b>	<b>10,442</b>	<b>2,101</b>
<b>Net income</b>	<b>25,696</b>	<b>5,593</b>

**Business Results****Amount of Policies in Force and New Policies**

## (1) Policies in force

(Yen in 100 millions)

	March 31, 2016		June 30, 2016	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	449	24,467	487	24,187
Individual annuities	325	24,640	325	23,249
Group insurance	-	-	-	-
Group annuities	-	-	-	-

(Note) The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence (the premium reserves in the case of individual variable annuities) for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

## (2) New policies

(Yen in 100 millions)

	Three months ended June 30, 2015				Three months ended June 30, 2016			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	37	2,129	2,129	-	40	2,014	2,014	-
Individual annuities	8	477	477	-	5	320	320	-
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence (the premium reserves at the time of enrollment in the case of individual variable annuities).

**Annualized Premiums**

## (1) Policies in force

(Yen in 100 millions)

	March 31, 2016	June 30, 2016
Individual insurance	1,598	1,624
Individual annuities	3,242	3,079
Total:	4,840	4,703
Medical coverage, living benefits, etc.	0	0

## (2) New policies

(Yen in 100 millions)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Individual insurance	147	136
Individual annuities	344	208
Total:	491	345
Medical coverage, living benefits, etc.	-	-

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.

2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

**Non-Consolidated Business Performance**

(Yen in millions)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Change
Fundamental revenues:	346,648	394,803	48,154
Insurance premiums and others	272,810	244,315	(28,494)
Fundamental expenses	304,443	424,628	120,184
Fundamental profit/(loss)	42,205	(29,824)	(72,030)
Capital gains/(losses)	(7,331)	10,547	17,879
Non-recurring gains/(losses)	1,671	4,876	3,205
Ordinary profit/(loss)	36,544	(14,400)	(50,944)
Extraordinary income	-	22,094	22,094
Extraordinary losses	405	-	(405)
Provision for reserve for dividends to policyholders	-	-	-
Income taxes	10,442	2,101	(8,340)
Net income	25,696	5,593	(20,103)

**Non-Consolidated Solvency Margin Ratio**

(Yen in millions)

	March 31, 2016	June 30, 2016
(A) Total amount of solvency margin	438,444	394,220
Total capital	110,384	115,978
Reserve for price fluctuation	55,093	32,998
Contingency reserve	73,159	68,282
General bad debt reserve	-	-
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	13,173	16,357
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	169,946	141,739
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	16,687	18,862
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	88,978	87,712
Insurance risk (R <sub>1</sub> )	55	46
Insurance risk of third sector insurance contracts (R <sub>8</sub> )	7	6
Assumed interest rate risk (R <sub>2</sub> )	36,504	34,788
Minimum guarantee risk (R <sub>7</sub> )	4,218	4,377
Asset management risk (R <sub>3</sub> )	46,509	46,826
Business administration risk (R <sub>4</sub> )	1,745	1,720
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	985.5 %	898.8 %