

Materials for FY2016 2Q Results Briefing – Conference Call

Nov. 18, 2016 (Fri.)



MS&AD Insurance Group Holdings, Inc.

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I am Nampei Yanagawa of MS&AD Holdings.

Thank you for finding the time in your busy schedules to participate in our conference call today.

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Abbreviations of Company Names Used in this Presentation

• MS&AD Holdings	MS&AD Insurance Group Holdings, Inc.
• Mitsui Sumitomo Insurance, MSI	Mitsui Sumitomo Insurance Co., Ltd.
• Aioi Nissay Dowa Insurance, ADI	Aioi Nissay Dowa Insurance Co., Ltd.
• Mitsui Direct General Insurance	Mitsui Direct General Insurance Co., Ltd.
• MSI Aioi Life	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
• MSI Primary Life	Mitsui Sumitomo Primary Life Insurance Co., Ltd.

Summary of FY 2016 2Q Results

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1. Consolidated Earnings for FY 2016 2Q (1) - Overview (i)

- Net premiums written increased 13.5% year-on-year to 1,839.3 billion yen due to the new consolidation of MS Amlin, despite a drop in revenue at both MSI and ADI due mainly to the impact of revisions to fire insurance products in the previous fiscal year.
- Life insurance premiums rose 8.6% year-on-year to 661.0 billion yen mainly due to a drop in surrender benefit at MSI Primary Life.

(¥bn)

	FY2015 2Q	FY2016 2Q	YoY Change	Growth
	Results	Results		
Direct premiums written* (excluding deposit premiums from policyholders)	1,771.5	1,844.7	73.2	4.1%
Net premiums written*	1,620.0	1,839.3	219.3	13.5%
Mitsui Sumitomo Insurance	801.5	756.6	- 44.9	- 5.6%
Aioi Nissay Dowa Insurance	613.5	609.4	- 4.0	- 0.7%
Mitsui Direct General Insurance	18.1	18.6	0.4	2.4%
Overseas subsidiaries	183.3	451.4	268.0	146.2%
Life insurance premiums	608.5	661.0	52.5	8.6%

*Direct premiums written and net premiums written exclude Good Result Return Premiums of the "ModoRich" auto insurance product, which contains a special clause related to premium adjustment and refund at maturity, same hereafter.

<Reference: Gross life insurance premiums>

(¥bn)

	FY2015 2Q	FY2016 2Q	YoY Change	Growth
	Results	Results		
MSI Aioi Life	227.1	235.7	8.5	3.8%
MSI Primary Life	650.5	537.9	- 112.5	- 17.3%

Please look at Slide 1 of the "Materials for FY2016 2Q Results Briefing - Conference Call."

I will begin by explaining the Group's top line.

Net premiums written in domestic non-life insurance were down 5.6% year-on-year at MSI and down 0.7% at ADI, mainly due to the impact of a recoil from fire insurance rate revisions implemented last year and associated with rush demand, but there was a significant increase in net premiums written by overseas subsidiaries due to the new consolidation of MS Amlin. As a result, on a consolidated basis net premiums written increased by 13.5% to ¥1,839.3 billion.

Life insurance premiums also saw an increase of 8.6%, to ¥661.0 billion, primarily due to a drop in surrender benefit at MSI Primary Life.

2. Consolidated Earnings for FY 2016 2Q (1) - Overview (ii)

- Ordinary profit increased by 28.5 billion yen year-on-year to 151.0 billion yen, driven by increased profits in the domestic non-life insurance business.
- Interim net income rose by 12.3 billion yen year-on-year to 98.4 billion yen.

(¥bn)

	FY2015 2Q Results	FY2016 2Q Results	YoY Change	
			YoY Change	Change Ratio
Ordinary profit	122.4	151.0	28.5	23.3%
Mitsui Sumitomo Insurance	57.2	93.3	36.1	63.2%
Aioi Nissay Dowa Insurance	21.4	49.5	28.1	131.2%
Mitsui Direct General Insurance	- 1.4	0.1	1.6	-
MSI Aioi Life	10.2	8.7	- 1.5	- 15.0%
MSI Primary Life	30.4	1.4	- 28.9	- 95.1%
Overseas subsidiaries	19.1	21.9	2.7	14.2%
Consolidation adjustments, etc.	- 14.5	- 24.1	- 9.6	-
Net income* ¹	86.0	98.4	12.3	14.4%
Mitsui Sumitomo Insurance	44.8	69.3	24.4	54.6%
Aioi Nissay Dowa Insurance	14.4	33.5	19.0	132.5%
Mitsui Direct General Insurance	- 1.2	0.0	1.3	-
MSI Aioi Life	5.1	4.2	- 0.8	- 16.1%
MSI Primary Life	21.1	11.7	- 9.3	- 44.3%
Overseas subsidiaries	14.3	13.0	- 1.2	- 8.7%
Consolidation adjustments, etc.	- 12.5	- 33.6	- 21.0	-

*¹ Consolidated net income represents net income attributable to owners of the parent. Net income of subsidiaries are on equity stake basis, same hereafter.

Next, please look at Slide 2. I will explain the Group's bottom line.

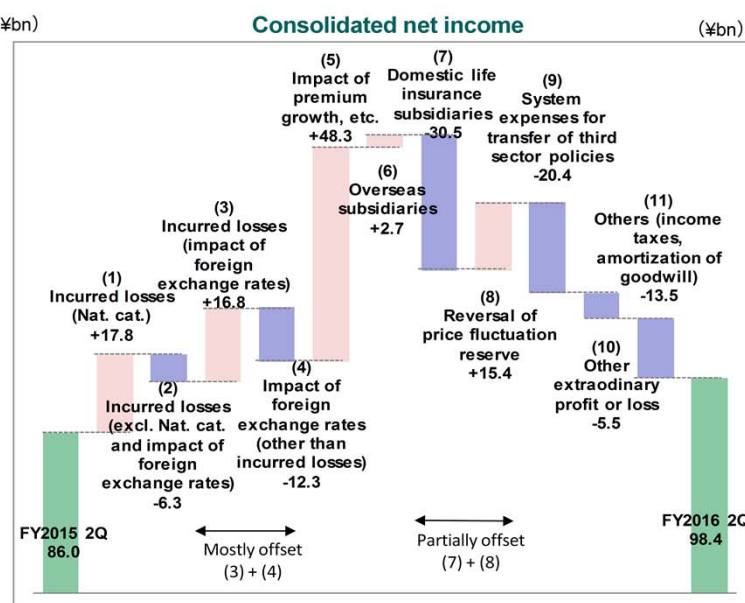
As shown in the first row of this table, ordinary profit rose by ¥28.5 billion to ¥151.0 billion. Interim net income, shown below that, also rose by ¥12.3 billion, to ¥98.4 billion, which is in line with our initial plan. I will explain in detail later.

3. Consolidated Earnings for FY2016 2Q (2) – YoY Results Comparison

- Major positive factors were (1) decline of Nat. Cat. Impact and (5) an increase in earned premiums due to steady premium growth in the past (see the table below). The impact of foreign exchange rates was limited, because (3) and (4) were mostly offset.
- Major negative factors were (7) absence of positive impact of a hike in Australian dollar interest rate on domestic life insurance in the same period last year (note that the negative impact of interest rate move during the current period was partially offset by (8)) and (9) system expenses for transfer of the third sector policies in force.

Factors in YoY changes in consolidated net income (¥bn)

	FY2015 2Q	FY2016 2Q	Difference
Consolidated net income	86.0	98.4	12.3
Domestic non-life insurance ^{※1} (ordinary profit)	78.6	142.8	64.2
Incurring losses incl. loss adjustment expenses, excl. residential earthquake and CALI ^{※2}	-672.6	-644.3	28.2
(1) Natural catastrophes ^{※3}	-63.5	-45.7	17.8
(2) Excl. natural cat., and impact of foreign exchange rates	-610.8	-617.2	-6.3
(3) Impact of foreign exchange rates	1.8	18.6	16.8
(4) Impact of foreign exchange rates (other than incurred losses)	-7.6	-19.9	-12.3
(5) Impact of premium growth etc.	758.9	807.2	48.3
Underwriting profit (other than incurred losses and impact of foreign exchange rates)	674.0	721.9	47.9
Investment profit (excl. foreign exchange) and others	84.9	85.2	0.3
(6) Overseas subsidiaries (ordinary profit)	19.1	21.9	2.7
(7) Domestic life insurance subsidiaries (ordinary profit)	40.7	10.2	-30.5
(8) Reversal of price fluctuation reserve	-3.6	11.7	15.4
(9) System expenses for transfer third sector policies in force	-	-20.4	-20.4
(10) Other extraordinary gains or losses	-1.7	-7.3	-5.5
(11) Others (income taxes, amortization of goodwill, etc.)	-47.1	-60.6	-13.5



※1 Figures for domestic non-life insurance are the simple sum of MSI and ADI.
 ※2 CALI stands for Compulsory Automobile Liability Insurance, same hereafter.
 ※3 "Natural catastrophes" represents total of the incurred losses resulting from domestic natural catastrophes occurring in Japan during the period including Kumamoto earthquake and heavy snowfalls in Feb. 2014. However, the figures for FY 2016 do not include the impact of heavy snowfalls since it was limited.

Next, please look at Slide 3. I will explain factors behind year-on-year changes in consolidated net income for FY2016 2Q using the graph at right.

The main positive factors were the ¥17.8 billion decrease in incurred loss caused by natural catastrophes in domestic non-life insurance as shown in (1) and the impact of others shown in (5) increasing by ¥48.3 billion due to an increase in earned premiums resulting from the past steady premium growth.

Meanwhile, the main negative factors were the negative ¥30.5 billion in domestic life insurance shown in (7), and the system expenses for transfer of third sector policies in force totaling ¥20.4 billion shown in (9), which were recorded under extraordinary loss in the first quarter. The negative figure in domestic life insurance shown in (7) reflects the absence of the positive impact of a decrease in the burden of policy reserves at MSI Primary Life with a hike in Australian dollar interest rates in the previous period, and the fact that there was a negative impact from the decrease in Australian dollar interest rates and appreciation of the yen in the current period. However, the negative impact that occurred during the current period was offset by the gains on reversal of price fluctuation reserves shown in (8), and on a net income basis, the drop in income was solely due to the absence of the positive impact of the previous period.

The yen appreciated during the period, but the impact of foreign exchange on non-life insurance business was limited when netting (3) and (4).

Let me explain this. As for (3), decrease in foreign currency outstanding reserves converted into yen was a positive factor on a net income basis, as for (4), on the other hand, the impact mainly from the asset side such as foreign currency deposits was a negative factor. As a result, these positive and negative impacts almost balanced out. Furthermore, the impact of foreign exchange on overseas subsidiaries was a negative ¥1.0 billion on a net income basis.

4. Consolidated Earnings for FY 2016 2Q (3) – Group Core Profit

- Group core profit rose by 40.3 billion yen year-on-year to 111.4 billion yen.
- The combined ratio for domestic non-life insurance rose 2.7 points year-on-year to 88.2% due primarily to a drop in net premiums written.

(¥bn)

	FY2015 2Q	FY2016 2Q	
	Results	Results	YoY Change
Group Core Profit ^{*1}	71.1	111.4	40.3
Domestic non-life insurance business	30.6	72.9	42.3
Domestic life insurance business	26.1	15.9	- 10.1
International business	16.4	21.3	4.9
Financial services business and risk related services business	- 2.0	1.1	3.1
Other financial targets			
Combined ratio ^{*2} (Domestic non-life insurance business)	85.5%	88.2%	2.7pt
Increase in EV of MSI Aioi Life	63.4	-21.1	-84.6
Group ROE ^{*3}			

* 1 For the definition of Group Core Profit, please refer to the last page.

* 2 Combined ratio (Domestic non-life insurance business) is indicated based on the sum of MSI, ADI and Mitsui Direct General

* 3 Group ROE will be disclosed at the end of every fiscal year.

Group Core Profit 111.4	=	Consolidated Net Income 98.4	-	Net Capital Gains / Losses on Stock Portfolio 22.0	-	Net Evaluation Gains / Losses on Credit Derivatives -0	-	Other Incidental Factors ^{*4} -35.0	+	Equity in earnings of the Non-consolidated Group Companies -0
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*4 Extraordinary income and losses excluding reserve for price fluctuation (system expenses for the transfer of third sector policies in force : -14.3 billion and costs for integration of Lloyd's and Reinsurance business with MS Amlin: -3.5 billion yen) and amortization of goodwill: 14.6 billion yen .

Next, please look at Slide 4.

Group core profit increased significantly by ¥40.3 billion year-on-year, to ¥111.4 billion. Key adjustments from interim net income are described at the bottom of the slide.

5. Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY 2016 2Q (i)

- Net premiums written for the two companies combined fell by 49.0 billion yen to 1,366.0 billion yen, mainly due to a decrease caused by revisions to fire insurance products in the previous fiscal year, in spite of an increase in voluntary automobile and other insurance.
- Underwriting profit prior to reflecting catastrophe reserves rose by 63.8 billion yen for the two companies to 120.5 billion yen, due to a drop in natural catastrophe losses and an increase in earned premiums.
- Underwriting profit for the two companies combined increased by 69.0 billion yen to 68.7 billion yen.

(¥bn)

	MSI (Non-Consolidated)		ADI (Non-Consolidated)		<Reference> Simple Sum	
		YoY Change		YoY Change		YoY Change
Net premiums written	756.6	- 44.9	609.4	- 4.0	1,366.0	- 49.0
Growth rate of net premiums written	-5.6%	- 15.5pt	-0.7%	- 5.8pt	-3.5%	- 11.3pt
Net claims paid (-)	386.3	6.1	315.6	6.6	702.0	12.7
Incurred losses< including loss adjustment expenses> (-)	445.3	- 6.8	346.8	- 14.0	792.1	- 20.8
Commissions and collection expenses (-)	128.6	- 12.6	113.6	- 0.8	242.2	- 13.4
Operating expenses and general and administrative expense (underwriting) (-)	98.1	0.6	87.1	- 5.1	185.3	- 4.4
Underwriting profit prior to reflecting catastrophe reserve	72.0	39.6	48.4	24.2	120.5	63.8
Reversal of catastrophe reserve	- 30.1	4.8	- 21.6	0.3	- 51.7	5.1
Underwriting profit	41.9	44.4	26.8	24.5	68.7	69.0
Ratios						
Net loss ratio ^{*1}	56.8%	4.1pt	56.7%	1.4pt	56.7%	2.9pt
Net expenses ratio	30.0%	0.2pt	33.0%	-0.7pt	31.3%	-0.2pt
Combined ratio	86.8%	4.3pt	89.7%	0.7pt	88.0%	2.7pt
<Reference: Business performance excluding residential EQ ^{*2} insurance and CAL>						
Net loss ratio	52.5%	3.1pt	52.3%	0.5pt	52.4%	2.0pt
Net expenses ratio	31.8%	0.2pt	34.6%	-1.2pt	33.0%	-0.4pt
Combined ratio	84.3%	3.3pt	86.9%	-0.7pt	85.4%	1.6pt

^{*1} Net loss ratio is on a "written-to-paid" basis, same hereafter.

^{*2} EQ stands for earthquake, same hereafter

Next I will explain the status of our domestic non-life insurance business in terms of the simple sum of the two core companies. Please look at the combined totals shown on the right on Slide 5.

Net premiums written saw a 3.5% decline year-on-year, to ¥1,366.0 billion, primarily due to a drop in fire insurance premiums.

Underwriting profit increased by ¥69.0 billion to ¥68.7 billion due to an increase in earned premiums, decrease in incurred losses caused by natural catastrophes and improvement in the loss ratio of voluntary automobile insurance.

6. Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY 2016 2Q (ii)

- Investment profit and other ordinary profit fell by 4.7 billion yen year on year to 74.1 billion yen.
- Interim net income rose by 43.5 billion yen year-on-year to 102.8 billion yen.
- Sales of strategic equity holdings for the two companies combined amounted to 70.5 billion yen.

	MSI (Non-Consolidated)		ADI (Non-Consolidated)		<Reference> Simple Sum	
		YoY Change		YoY Change		YoY Change
Underwriting profit	41.9	44.4	26.8	24.5	68.7	69.0
Net interest and dividends income	35.0	- 0.4	17.5	- 3.2	52.6	- 3.6
Gains on sales of securities	29.6	- 5.6	7.4	5.6	37.0	0.0
Impairment losses on securities (-)	0.1	- 3.2	0.7	- 0.2	0.8	- 3.5
Investment profit and other ordinary profit	51.4	- 8.3	22.7	3.5	74.1	- 4.7
Ordinary profit	93.3	36.1	49.5	28.1	142.8	64.2
Extraordinary income/loss	- 2.6	- 0.8	- 6.2	- 2.9	- 8.9	- 3.7
Income before taxes	90.6	35.3	43.2	25.1	133.9	60.5
Net income	69.3	24.4	33.5	19.0	102.8	43.5

	MSI + ADI	
		YoY Change
<Reference> Sales of strategic equity holdings	70.5	4.2

Next, please look at Slide 6.

“Investment profit and other ordinary profit” decreased by ¥4.7 billion to ¥74.1 billion.

As a result of the above, ordinary profit for the two core domestic non-life insurance companies totaled ¥142.8 billion, a year-on-year increase of ¥64.2 billion, and net income increased by ¥ 43.5 billion to ¥102.8 billion.

The amount of strategic equity holdings sold during the first half-year totaled ¥70.5 billion for the two companies combined.

7. Domestic Non-Life Insurance Companies FY 2016 2Q (2) - Impact of Natural Catastrophes

- Incurred losses related to natural catastrophes fell by 17.8 billion yen year-on-year for the two companies combined, to 45.7 billion yen, primarily due to a drop in typhoon and other losses.
- Net claims paid for natural catastrophes were 11.8 billion yen, at the same level as in the corresponding period of the previous fiscal year.

Impact of natural catastrophes

(¥bn)

	Incurred Losses		Net Claims Paid		Provision for O/S ^{*1}	
		YoY Change		YoY Change		YoY Change
Nat. Cat. In Japan ^{*2}	45.7	- 17.6	11.8	1.0	33.9	- 18.6
Mitsui Sumitomo Insurance	30.0	- 5.1	6.9	1.2	23.0	- 6.3
Aioi Nissay Dowa Insurance	15.7	- 12.4	4.8	- 0.1	10.9	- 12.3
(of which, Kumamoto Earthquake ^{*2})	13.3	13.3	2.2	2.2	11.1	11.1
Mitsui Sumitomo Insurance	9.6	9.6	1.7	1.7	7.9	7.9
Aioi Nissay Dowa Insurance	3.6	3.6	0.5	0.5	3.1	3.1
(Excluding Kumamoto Earthquake)	32.4	- 30.9	9.6	- 1.1	22.8	- 29.7
Mitsui Sumitomo Insurance	20.3	- 14.8	5.2	- 0.5	15.0	- 14.3
Aioi Nissay Dowa Insurance	12.1	- 16.0	4.3	- 0.6	7.7	- 15.4
Heavy Snowfalls in Japan ^{*3} (occurred in Feb. 2014)	-	- 0.1	-	- 1.0	-	0.8
Total	45.7	- 17.8	11.8	0.0	33.9	- 17.8

*1 "O/S stands for outstanding claims, same hereafter.

*2 Excluding residential EQ insurance

*3 The figures for FY 2016 exclude the impact of heavy snowfalls occurred in Japan in Feb. 2014 since it was limited.

Next, I will talk about the impact of natural catastrophes. Please look at Slide 7.

On the very last line, the impact of natural catastrophes for the two companies combined decreased by ¥17.8 billion year-on-year to ¥45.7 billion. Of that amount, ¥13.3 billion represents losses from the Kumamoto Earthquake, while other losses, ¥32.4 billion are due to typhoons and so on.

8. Domestic Non-Life Insurance Companies FY 2016 2Q (3) - Catastrophe Reserves

- The net change in the catastrophe reserves declined by 5.1 billion yen year-on-year, to 51.7 billion yen for the two companies combined.
- Reversals for the two companies were limited same as in the previous fiscal year. Provisions fell to 51.9 billion yen for both companies combined, from 57.1 billion yen in the same period of the previous year, due to the impact of a drop in fire insurance premiums.

Catastrophe reserves

(¥bn)

		Reversal	Provision	Change		Balance as of Sep. 30, 2016
					YoY	
Mistui Sumitomo Insurance	Fire and allied	-	8.5	8.5	- 5.3	148.7
	Marine	-	1.4	1.4	- 0.1	76.8
	Personal accident	-	2.3	2.3	0.0	65.5
	Voluntary auto	-	10.6	10.6	0.1	48.6
	Other	0.1	7.3	7.1	0.5	172.8
	Total	0.1	30.2	30.1	- 4.8	512.6
Aioi Nissay Dowa Insurance	Fire and allied	-	6.1	6.1	- 1.0	118.2
	Marine	-	0.0	0.0	- 0.0	13.8
	Personal accident	-	1.0	1.0	- 0.0	64.2
	Voluntary auto	-	11.0	11.0	0.1	40.9
	Other	0.0	3.3	3.3	0.6	62.5
	Total	0.0	21.6	21.6	- 0.3	299.8
Simple Sum of MSI and ADI	Fire and allied	-	14.6	14.6	- 6.4	267.0
	Marine	-	1.4	1.4	- 0.1	90.6
	Personal accident	-	3.4	3.4	- 0.0	129.7
	Voluntary auto	-	21.6	21.6	0.3	89.6
	Other	0.1	10.7	10.5	1.1	235.4
	Total	0.1	51.9	51.7	- 5.1	812.5

Next, please look at Slide 8.

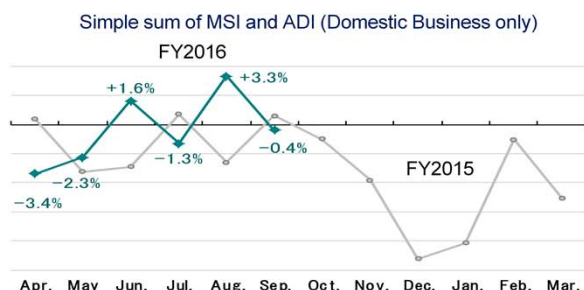
Reversals of catastrophe reserves for the two companies were very limited.

9. Domestic Non-Life Insurance Companies FY 2016 2Q (4) – Voluntary Auto Insurance

- Insurance premiums rose with the effects of premium rate revisions implemented in the past and various efforts to increase unit prices, incurred losses fell as a result of efforts to improve loss ratios, and the E/I loss ratio dropped by 1.8 points year-on-year to 56.3%.
- The number of accidents dropped by 0.8pt year on year. The average payout per claim for vehicle damage continued to rise with an increase in the cost of repairs, etc.

Trend in the number of accidents

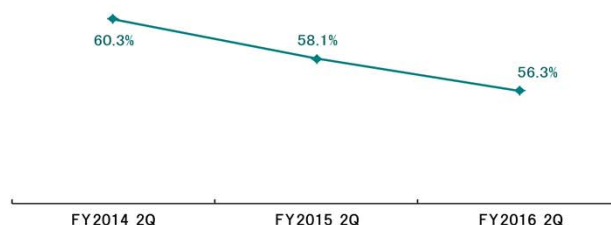
(per day, %YOY, excl. the number of accidents caused by natural disasters)



E/I loss ratio

(incl. loss adjustment expenses)

Simple sum of MSI and ADI



Mitsui Sumitomo Insurance

< Domestic Sales Basis >	No. of Contracts	Insurance Premium Unit Price	Insurance Premium
Factors increasing/decreasing insurance premium	+0.7%	+0.8%	+1.6%
< Domestic >	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+0.6%	+1.8%	

Aioi Nissay Dowa Insurance

< Domestic Sales Basis >	No. of Contracts	Insurance Premium Unit Price	Insurance Premium
Factors increasing/decreasing insurance premium	-0.9%	+1.5%	+0.6%
< Domestic >	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	-0.3%	+1.0%	

* All figures for factors of increase/decrease in insurance premiums are based on sales results (Apr.- Sep.) year on year.

* Changes in average payout per claim means changes in average payout per claim over one-year period ended Sep. 30, 2016 compared with average payout per claim in one-year period ended Mar. 31, 2016.

* E/I loss ratio is calculated based on the figures during April and September for each year.

Next, please look at Slide 9. I will now talk about the situation concerning voluntary automobile insurance.

The E/I loss ratio for the two companies combined in FY2016 2Q decreased by 1.8 points year-on-year to 56.3%, as shown in the graph on the upper right.

As for insurance premiums, please refer to the factors increasing / decreasing insurance premiums on the lower part of the page.

Insurance premium unit prices continued to rise at both companies, up 0.8% at MSI and 1.5% at ADI, due primarily to product revisions, including premium rate revisions implemented in past fiscal years. However, we still recognize the number of vehicles insured as issues to be solved, although signs of recovery were seen with a 0.7% increase in MSI and a 0.9% decrease in ADI.

With regard to the number of accidents, please look at the change in the number of accidents under voluntary automobile insurance shown as the simple sum for both companies on the line graph at the top left.

The number of accidents for the 1st half fell slightly by 0.8% year on year, while the number for August increased by 3.3%. The figures are not constantly in a declining trend.

At the same time, as for the average payout per claim shown at the bottom of the slide, although property damage liability payout per claim has flattened out, payout per claim for vehicle damages continued to rise for both companies due to factors such as an increase in repair costs.

10. Domestic Life Insurance / MSI Aioi Life - Results for FY 2016 2Q

- The amount of new policies, a leading indicator in the first sector insurance, fell by 11.8% year-on-year to 1,089.4 billion yen, due to a decrease in sales of income guarantee insurance and other factors.
- Annualized premiums of new policies for the third sector insurance increased by 13.9% to 7.7 billion yen due to strong sales of "New Medical Insurance A (Ace) Plus".
- Interim net income fell by 0.8 billion yen year-on-year to 4.2 billion yen.
- Increase in EEV decreased by 21.1 billion yen from the beginning of the fiscal year to 574.6 billion yen, reflecting the strong impact of falling interest rates.

MSI Aioi Life

(¥bn)

		FY 2015 2Q Results	FY 2016 2Q Results	YoY Change	Change Ratio
Amount of new policies ^{*1}		1,235.4	1,089.4	- 145.9	-11.8%
Annualized premiums of new policies		24.5	23.1	- 1.4	-5.8%
of which, third sector insurance		6.7	7.7	0.9	13.9%
Amount of policies in force ^{*1}	(At the beginning of the FY)	22,576.0	22,807.3	(Change from the beginning of the FY) 231.3	1.0%
Annualized premiums of policies in force	(At the beginning of the FY)	375.7	385.7	(Change from the beginning of the FY) 9.9	2.7%
of which, third sector insurance	(At the beginning of the FY)	78.7	83.7	(Change from the beginning of the FY) 4.9	6.3%
Gross premiums income		227.1	235.7	8.5	3.8%
Ordinary profit		10.2	8.7	- 1.5	-15.0%
Extraordinary income/loss		- 0.3	- 0.3	- 0.0	—
Net Income		5.1	4.2	- 0.8	-16.1%
Core profit		9.3	10.1	0.7	8.2%
EEV ^{*2}	(At the beginning of the FY)	595.8	574.6	(Change from the beginning of the FY) - 21.1	

^{*1} Total sum of personal insurance and personal annuity insurance

^{*2} 2Q EEV is a pro forma figure based in part on a simple calculation. The figure has not been verified by an independent third party.

Next, I will explain the situation at MSI Aioi Life. Please look at Slide 10.

The amount of new policies decreased 11.8% year-on-year, to ¥1,089.4 billion, due to decreased sales of income guarantee insurance and increasing term life insurance.

At the same time, annualized premiums of new policies for third sector insurance increased 13.9%, due to strong sales of the New Medical Insurance A (Ace) Plus launched in May.

The amount of policies in force increased by 1.0% from the beginning of the fiscal year, while annualized premiums of policies in force also rose by 2.7%, continuing to grow steadily.

Interim net income decreased by ¥0.8 billion year-on-year to ¥4.2 billion, primarily due to a decrease in gains on sales of securities.

EEV at the end of September fell by ¥21.1 billion from the beginning of the fiscal year to ¥574.6 billion due to the impact of declining interest rates.

11. Domestic Life Insurance / MSI Primary Life - Results for FY 2016 2Q

- Gross premium income fell by 17.3% to 537.9 billion yen compared to the same period last year, when performance was strong.
- Interim net income fell by 9.3 billion yen year-on-year to 11.7 billion yen, primarily due to an absence of the positive impact of the rise in Australian dollar interest rates in the period last year.

Note that extraordinary income/losses includes 15.7 billion yen in gains on reversal of price fluctuation reserves against losses due to fluctuation of interest rates and foreign exchange rates in the current period (see page 22 for details).

MSI Primary Life

(¥bn)

	FY 2015 2Q Results	FY 2016 2Q Results	YoY Change	Change Ratio
Amount of new policies*	624.9	520.8	- 104.0	- 16.7%
Amount of policies in force*	(At the beginning of the FY) 4,910.8	4,968.6	(Change from the beginning of the FY) 57.8	1.2%
Gross premiums income	650.5	537.9	- 112.5	- 17.3%
Ordinary profit	30.4	1.4	- 28.9	- 95.1%
Extraordinary income/loss	- 0.8	14.7	15.5	—
Net Income	21.1	11.7	- 9.3	- 44.3%
Core profit	28.2	- 20.0	- 48.2	- 170.8%

* Total sum of personal insurance and personal annuity insurance

Continuing on, I will explain the performance of MSI Primary Life. Please look at Slide 11.

Gross premiums income fell by 17.3% to ¥537.9 billion, primarily due to a slowdown in sales of new variable life products introduced in the previous period, in spite of consecutive healthy sales of the mainstay foreign currency-denominated fixed whole life insurance.

Interim net income decreased by ¥9.3 billion to ¥11.7 billion compared to the previous period that saw a positive impact from the decrease in the burden of policy reserves in fixed whole life insurance that followed the increase in Australian dollar interest rates.

As mentioned earlier, the negative impact from interest rates and foreign exchange was offset by a ¥15.7 billion reversal of price fluctuation reserve.

The reversal of price fluctuation reserve at MSI Primary Life is described on page 22, so please check it later.

12. Overseas Subsidiaries - Results for FY 2016 2Q

- Net premiums written rose to 451.4 billion yen due to the effect of the new consolidation of MS Amlin. Net premiums written for existing overseas subsidiaries increased by 4.0% in local currency, despite of 15.2 billion yen decrease due to the negative impact of foreign exchange rates, 22.4 billion yen.
- Interim net income fell 1.2 billion yen to 13.0 billion yen due to negative impact of integration cost of Lloyd's and Reinsurance business into MS Amlin. (the impact of foreign exchange rates was a negative 1.1 billion yen)

Overseas Subsidiaries

(¥bn)

	FY 2015 2Q	FY 2016 2Q	YoY Change	Change ratio
	Results	Results		
Net premiums written	183.3	451.4	268.0	146.2%
Asia	89.0	81.2	- 7.8	- 8.8%
Europe	55.2	50.0	- 5.2	- 9.4%
Americas	24.7	23.8	- 0.8	- 3.5%
Reinsurance	14.3	13.0	- 1.2	- 9.0%
MS Amlin	—	283.2	283.2	—
Net income	14.3	13.0	- 1.2	-8.7%
Asia	9.5	8.3	- 1.1	-12.5%
Europe	- 2.3	- 5.0	- 2.6	—
Americas	1.3	1.0	- 0.3	- 26.4%
Reinsurance	5.7	5.7	0.0	0.7%
MS Amlin	—	2.9	2.9	—

Next, I will explain the status of overseas subsidiaries. Please look at Slide 12.

Net premiums written increased significantly by ¥268.0 billion due to the effect of the new consolidation of MS Amlin. Premiums for overseas subsidiaries excluding MS Amlin decreased by a total of ¥15.2 billion, mainly due to the negative impact of foreign exchange totaling ¥22.4 billion resulting from the appreciation of the yen, while there was an increase in premiums by 4.0% on a local currency basis.

Although the newly consolidated MS Amlin posted a profit of ¥2.9 billion, overall performance saw a decrease in net income of ¥1.2 billion to ¥13.0 billion as we posted ¥4.2 billion of costs for integration of Lloyd's and Reinsurance business with MS Amlin as extraordinary loss.

By region, net income was down by ¥2.6 billion in Europe due to the impact of large losses and the integration costs associated with MS Amlin of ¥1.5 billion.

FY 2016 2Q Results Data

Mitsui Sumitomo Insurance (Non-Consolidated)	Page 13-15
Aioi Nissay Dowa Insurance (Non-Consolidated)	Page 16-18
Simple Sum of MSI and ADI (Non-Consolidated)	Page 19-20
<Reference> MS Amlin's Results for FY 2016 2Q	Page 21
<Reference> MSI Primary Life (Supplementary Explanation)	Page 22

13. Non-Consolidated Results for FY 2016 2Q - MSI (i)

			(¥bn)
	FY 2015 2Q Results	FY 2016 2Q Results	YoY Change
Net premiums written	801.5	756.6	- 44.9
Growth rate of net premiums written	9.9%	-5.6%	-15.5pt
Net loss ratio	52.7%	56.8%	4.1pt
Net expense ratio	29.8%	30.0%	0.2pt
Combined ratio	82.5%	86.8%	4.3pt
Incurred losses (Incl. loss adjustment expenses)	452.1	445.3	- 6.8
Underwriting profit/loss	- 2.5	41.9	44.4
Net interest and dividends income	35.5	35.0	- 0.4
Gains on sales of securities	35.3	29.6	- 5.6
Impairment losses on securities	- 3.4	- 0.1	3.2
Investment profit	61.9	52.8	- 9.1
Ordinary profit	57.2	93.3	36.1
Extraordinary income/loss	- 1.8	- 2.6	- 0.8
Net income	44.8	69.3	24.4
<Excluding residential EQ insurance and CALI>			
Growth rate of net premiums written	10.6%	-6.0%	-16.6pt
Net loss ratio	49.4%	52.5%	3.1pt
Net expense ratio	31.6%	31.8%	0.2pt
Combined ratio	81.0%	84.3%	3.3pt
Incurred losses (Incl. loss adjustment expenses)	378.1	365.9	- 12.2

On the following pages, Slides 13 through 20 contain non-consolidated results for MSI and ADI and the simple aggregate for the two companies' non-consolidated results.

Also, as references, Slide 21 provides the 2Q results for MS Amlin and Slide 22 provides a supplementary explanation of the reversal of price fluctuation reserve at MSI Primary Life.

The status of ESR as of the end of September will be disclosed at the Information Meeting on the 25th of November.

14. Non-Consolidated Results for FY 2016 2Q - MSI (ii)

Net Premiums Written

(¥bn)

	FY 2015 2Q Results	FY 2016 2Q	
		Results	Growth
Fire and allied	151.8	94.2	-37.9%
Marine	35.4	31.2	-11.9%
Personal accident	74.2	75.2	1.4%
Voluntary automobile	325.6	330.9	1.6%
CALI	95.6	92.6	-3.2%
Other	118.7	132.2	11.4%
Total	801.5	756.6	-5.6%
Excluding residential EQ insurance and CALI	705.5	663.5	-6.0%

Net Loss Ratio

	FY 2015 2Q Results	FY 2016 2Q	
		Results	YoY Change
Fire and allied	39.7%	67.1%	27.4pt
Marine	49.6%	54.6%	5.0pt
Personal accident	54.5%	51.6%	-2.9pt
Voluntary automobile	56.1%	54.8%	-1.3pt
CALI	77.6%	81.3%	3.7pt
Other	40.0%	40.9%	0.9pt
Total	52.7%	56.8%	4.1pt
Excluding residential EQ insurance and CALI	49.4%	52.5%	3.1pt

15. Non-Consolidated Results for FY 2016 2Q - MSI (iii)

Incurred losses*¹ and EI loss ratio (including loss adjustment expenses)

(¥bn)

	FY 2015 2Q					FY 2016 2Q					
	Incurred Losses* ¹ (a)	EI Loss Ratio* ²	Nat Cat Impact* ³ (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses* ¹ (c)	EI Loss Ratio* ²	Nat Cat Impact* ³ (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential EQ insurance)	69.7	66.3%	31.4	38.3	36.4%	71.3	66.2%	27.2	44.0	40.9%	4.5pt
Marine	23.6	69.2%	0.1	23.5	68.9%	16.6	53.5%	0.1	16.4	52.9%	-16.0pt
Personal accident	38.9	55.5%	0.0	38.9	55.5%	37.2	54.9%	0.0	37.2	54.8%	-0.7pt
Voluntary automobile	192.8	60.1%	2.2	190.5	59.4%	187.1	57.1%	1.1	186.0	56.8%	-2.6pt
Other	52.9	52.4%	1.4	51.4	50.9%	53.4	45.6%	1.3	52.0	44.5%	-6.4pt
Total (A)* ⁴	378.1	59.9%	35.2	342.8	54.3%	365.9	56.2%	30.0	335.9	51.5%	-2.8pt
Residential EQ insurance (B)	—	—	—	—	—	5.9	—	5.9	—	—	—
CALI (C)	73.9	—	—	73.9	—	73.4	—	—	73.4	—	—
Total (A)+(B)+(C)	452.1	—	35.2	416.8	—	445.3	—	35.9	409.3	—	—

*¹ Incurred losses = net claims paid + loss adjustment expenses + movement in outstanding claims

*² Earned premium, the denominator of the EI loss ratio, is calculated by adjusting unearned premium (excluding natural catastrophe reserves) and premium reserve.

*³ "Nat Cat (Natural Catastrophes) Impact" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the period. The figures for FY 2015 2Q include incurred losses of 0.0 billion yen caused by heavy snowfalls in Feb. 2014 in Japan.

*⁴ Total (A) excludes residential EQ insurance and CALI.

16. Non-Consolidated Results for FY 2016 2Q - ADI (i)

			(¥bn)
	FY2015 2Q Results	FY2016 2Q Results	YoY Change
Net premiums written	613.5	609.4	- 4.0
Growth rate of net premiums written	5.1%	-0.7%	-5.8pt
Net loss ratio	55.3%	56.7%	1.4pt
Net expense ratio	33.7%	33.0%	-0.7pt
Combined ratio	89.0%	89.7%	0.7pt
Incurred losses (Incl. loss adjustment expenses)	360.9	346.8	- 14.0
Underwriting profit	2.2	26.8	24.5
Net interest and dividends income	20.7	17.5	- 3.2
Gains on sales of securities	1.7	7.4	5.6
Impairment losses on securities	- 1.0	- 0.7	0.2
Investment profit	18.6	19.6	1.0
Ordinary profit	21.4	49.5	28.1
Extraordinary income/loss	- 3.3	- 6.2	- 2.9
Net income	14.4	33.5	19.0
<Excluding residential EQ insurance and CALI>			
Growth rate of net premiums written	5.4%	-0.0%	-5.4pt
Net loss ratio	51.8%	52.3%	0.5pt
Net expense ratio	35.8%	34.6%	-1.2pt
Combined ratio	87.6%	86.9%	-0.7pt
Incurred losses (Incl. loss adjustment expenses)	294.4	278.4	- 16.0

17. Non-Consolidated Results for FY 2016 2Q - ADI (ii)

Net premiums written

(¥bn)

	FY 2015 2Q	FY 2016 2Q	
	Results	Results	Growth
Fire and allied	89.2	75.0	-15.9%
Marine	2.9	2.8	-2.5%
Personal accident	34.0	32.6	-4.3%
Voluntary automobile	339.6	345.6	1.8%
CALI	87.8	83.9	-4.5%
Other	59.7	69.3	16.1%
Total	613.5	609.4	-0.7%
Excluding residential EQ insurance and CALI	525.3	525.2	-0.0%

Net loss ratio

	FY 2015 2Q	FY 2016 2Q	
	Results	Results	YoY Change
Fire and allied	41.4%	55.1%	13.7pt
Marine	48.4%	52.0%	3.6pt
Personal accident	48.5%	46.2%	-2.3pt
Voluntary automobile	55.7%	53.7%	-2.0pt
CALI	76.3%	78.8%	2.5pt
Other	47.4%	51.2%	3.8pt
Total	55.3%	56.7%	1.4pt
Excluding residential EQ insurance and CALI	51.8%	52.3%	0.5pt

18. Non-Consolidated Results for FY 2016 2Q - ADI (iii)

Incurred losses*1 and EI loss ratio (including loss adjustment expenses)

(¥bn)

	FY 2015 2Q					FY 2016 2Q					
	Incurred Losses*1 (a)	EI Loss Ratio*2	Nat Cat Impact*3 (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses*1 (c)	EI Loss Ratio*2	Nat Cat Impact*3 (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential EQ insurance)	54.9	70.8%	24.8	30.1	38.8%	43.1	53.4%	13.9	29.2	36.2%	-2.6pt
Marine	1.3	53.1%	—	1.3	53.1%	1.0	36.0%	—	1.0	36.0%	-17.1pt
Personal accident	15.7	47.4%	0.0	15.7	47.4%	14.3	47.7%	0.0	14.3	47.7%	0.3pt
Voluntary automobile	189.6	56.2%	2.5	187.1	55.5%	187.8	55.4%	1.1	186.7	55.1%	-0.4pt
Other	32.7	60.4%	0.9	31.8	58.6%	31.9	50.3%	0.6	31.2	49.3%	-9.3pt
Total (A)*4	294.4	58.3%	28.3	266.1	52.7%	278.4	53.9%	15.7	262.6	50.9%	-1.8pt
Residential EQ insurance (B)	—	—	—	—	—	4.3	—	4.3	—	—	—
CALI (C)	66.4	—	—	66.4	—	64.1	—	—	64.1	—	—
Total (A)+(B)+(C)	360.9	—	28.3	332.6	—	346.8	—	20.0	326.7	—	—

*1 Incurred losses = net claims paid + loss adjustment expenses + movement in outstanding claims

*2 Earned premium, the denominator of the E/I loss ratio, is calculated by adjusting unearned premium and premium reserve.

*3 "Nat Cat (Natural Catastrophes) Impact" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the period. The figures for FY 2015 2Q include incurred losses of 0.0 billion yen caused by heavy snowfalls occurred in Feb. 2014 in Japan.

*4 Total (A) excludes residential EQ insurance and CALI.

19. Simple Sum of MSI and ADI (Non-Consolidated) (i)

	FY 2015 2Q Results	FY 2016 2Q		(¥bn)
		Results	YoY Change	
Net premiums written	1,415.1	1,366.0	- 49.0	
Growth rate of net premiums written	7.8%	-3.5%	-11.3pt	
Net loss ratio	53.8%	56.7%	2.9pt	
Net expense ratio	31.5%	31.3%	-0.2pt	
Combined ratio	85.3%	88.0%	2.7pt	
Incurred losses (Incl. loss adjustment expenses)	813.0	792.1	- 20.8	
Underwriting profit/loss	- 0.2	68.7	69.0	
Net interest and dividends income	56.3	52.6	- 3.6	
Gains on sales of securities	37.0	37.0	0.0	
Impairment losses on securities	- 4.4	- 0.8	3.5	
Investment profit	80.5	72.5	- 8.0	
Ordinary profit	78.6	142.8	64.2	
Extraordinary income/loss	- 5.1	- 8.9	- 3.7	
Net income	59.2	102.8	43.5	
<Excluding residential EQ insurance and CALI>				
Growth rate of net premiums written	8.3%	-3.4%	-11.7pt	
Net loss ratio	50.4%	52.4%	2.0pt	
Net expense ratio	33.4%	33.0%	-0.4pt	
Combined ratio	83.8%	85.4%	1.6pt	
Incurred losses (Incl. loss adjustment expenses)	672.6	644.3	- 28.2	

20. Simple Sum of MSI & ADI (Non-Consolidated) (ii)

Net premiums written

(¥bn)

	FY 2015 2Q	FY 2016 2Q	
	Results	Results	Growth
Fire and allied	241.0	169.2	-29.8%
Marine	38.4	34.1	-11.2%
Personal accident	108.3	107.9	-0.4%
Voluntary automobile	665.3	676.5	1.7%
CALI	183.5	176.5	-3.8%
Other	178.4	201.6	13.0%
Total	1,415.1	1,366.0	-3.5%
Excl. residential EQ insurance and CALI	1,230.9	1,188.8	-3.4%

Net loss ratio

	FY 2015 2Q	FY 2016 2Q	
	Results	Results	YoY change
Fire and allied	40.3%	61.8%	21.5pt
Marine	49.5%	54.3%	4.8pt
Personal accident	52.6%	49.9%	-2.7pt
Voluntary automobile	55.9%	54.3%	-1.6pt
CALI	77.0%	80.1%	3.1pt
Other	42.5%	44.4%	1.9pt
Total	53.8%	56.7%	2.9pt
Excl. residential EQ insurance and CALI	50.4%	52.4%	2.0pt

Incurred losses (Excluding residential EQ insurance and CALI)

(¥bn)

	FY2015 2Q	FY 2016 2Q	
	Results	Results	YoY Change
Incurred losses (Incl. loss adjustment expenses) ^{*1}	672.6	644.3	- 28.2
Natural catastrophes ^{*2}	63.5	45.7	- 17.8
Other than natural catastrophes	609.0	598.5	- 10.4

^{*1} Incurred losses = net claims paid + loss adjustment expenses + movement in outstanding claims

^{*2} "Natural catastrophes" means domestic natural catastrophes occurring in Japan during the period. The figures for FY2015 2Q include incurred losses of 0.1 billion yen caused by heavy snowfalls occurred in Feb. 2014.

21. <Reference> MS Amlin's Results for FY2016 2Q (Jan. – Jun. 2016)

(¥mn)

	FY2015 2Q	FY2016 2Q	YoY Change
Net premiums written	1,670	1,782	112
Net premiums earned	1,031	1,118	86
Incurred losses (including loss adjustment expenses)	566	673	107
Net commission and expense for acquisition, admin expense	369	417	47
Underwriting profit	93	53	-40
Investment income ^{*1}	94	30	-64
Other expenses ^{*2}	-45	-43	2
Net income after tax	133	18	-114
EI claims ratio	54.9%	60.2%	5.3%
EI expense ratio ^{*3}	36.0%	35.0%	-1.0%
EI combined ratio ^{*3}	90.9%	95.2%	4.3%

*1 MS Amlin adopts the accounting method where securities market value fluctuations are reflected in the profit-loss statement.

*2 The main item of "Other expenses" is expenses of non-insurance companies.

*3 EI expense ratio and EI combined ratio are calculated by taking into account foreign exchange gains/losses (included in underwriting profit).

22. <Reference> MSI Primary Life (Supplementary Explanation)

Impact of interest rates and foreign exchange rates and reversal of price fluctuation reserve

(¥bn)

	FY2015 2Q	FY2016 2Q
Impact of interest rate	22.4	- 12.8
Impact of foreign exchange rate	- 16.3	- 11.5
Sub total	6.1	- 24.3
Gains/losses on sale of securities	7.1	8.5
Total	13.2	- 15.7
Reversal of price fluctuation reserve	—	15.7

	FY2015 end of 4Q	FY2016 end of 2Q
Balance of price fluctuation reserve	55.0	40.3

Basic concept for reversal of price fluctuation reserve at MSI Primary Life

• Insurance companies are required to set aside a price fluctuation reserve under the Insurance Business Act, to prepare for the losses due to future worsening of market conditions and other factors. MSI Primary Life had accumulated reserves totaling 55.0 billion yen by the end of previous fiscal year.

• In the 2Q results, MSI Primary Life withdrew 15.7 billion yen from the price fluctuation reserve, in response to accounting losses arising in association with worsening market conditions (stronger yen and lower interest rate).

Reversal of price fluctuation reserve:

• The reversal was based on virtual losses[※] arising from foreign exchange rate and interest rate fluctuations, limited to the standard reversal amount under law with regards to the relevant assets involved.

※MSI Primary Life withdraws the price fluctuation reserve in case of virtual losses on assets and liabilities (including below) and capital losses.

- (1) Foreign exchange rate factors: Foreign exchange gains and losses associated with assets exceeding liabilities, etc.
- (2) Interest rate factors: Gains and losses in policy reserves associated with interest rate fluctuations, etc.

Projected Financial Results for FY2016

Consolidated Earnings Forecasts for FY 2016	Page 23-26
Major Assumptions for Earnings Forecasts for FY2016	Page 27
Mitui Sumitomo Insurance (MSI) (Non-Consolidated)	Page 28-29
Aioi Nissay Dowa Insurance (ADI) (Non-Consolidated)	Page 30-31
Simple Sum of MSI and ADI (Non-Consolidated)	Page 32-33
<Reference> Forecasts for the Impact of Consolidation of MS Amlin	Page 34

23. Consolidated Earnings Forecasts for FY 2016 (i)

- Net premiums written are forecast to increase by 10.0% to 3,387 billion yen. This is a downward revision of 68.0 billion yen from our initial forecast.
- In domestic non-life insurance, our forecast has been revised downward from the initial, primarily for fire insurance.
- For overseas subsidiaries, the initial forecast has been revised downward due to the appreciation of the yen and other factors.

(¥bn)

	FY 2015 Results	FY 2016 Forecast (Initial)	FY 2016 Forecast (Revised)			
				YoY Change	Change Ratio	Change from the Initial
Net premiums written *	3,078.9	3,455.0	3,387.0	308.0	10.0%	- 68.0
Mitsui Sumitomo Insurance	1,507.4	1,488.0	1,477.0	- 30.4	-2.0%	- 11.0
Aioi Nissay Dowa Insurance	1,192.0	1,212.0	1,196.0	3.9	0.3%	- 16.0
Mitsui Direct General Insurance	36.5	37.6	37.6	1.0	2.8%	-
Overseas subsidiaries	336.8	710.0	670.0	333.1	98.9%	- 40.0
Life insurance premiums	1,356.3	1,208.0	1,182.0	- 174.3	-12.9%	- 26.0

<Reference : Gross life insurance premiums>

	FY 2015 Results	FY 2016 Forecast (Initial)	FY 2016 Forecast (Revised) (¥bn)			
				YoY Change	Change Ratio	Change from the Initial
MSI Aioi Life	461.1	477.3	479.5	18.3	4.0%	2.1
MSI Primary Life	1,299.4	1,000.0	950.0	- 349.4	-26.9%	-50.0

Next, I will explain our projected financial results for FY2016. Please look at Slide 23.

Group consolidated net premiums written are expected to total ¥3,387.0 billion, an increase of ¥308.0 billion, up 10% year-on-year.

This represents a decrease in premiums of ¥68.0 billion compared to the initial forecast, taking into account a decrease of approximately ¥75.0 billion mainly in overseas subsidiaries due to the appreciation of the yen and a certain decrease in fire insurance premiums during the first half of the year in domestic non-life insurance.

Furthermore, life insurance premiums are expected to be ¥1,182.0 billion, down by ¥26.0 billion from the initial forecast.

24. Consolidated Earnings Forecasts for FY 2016 (ii)

- The forecast for ordinary profit remains unchanged from the initial forecast, at 285.0 billion yen.
- The forecast for net income also remains unchanged at 183.0 billion yen.

(¥bn)

	FY 2015 Results	FY 2016 Forecast (Initial)	FY 2016 Forecast (Revised)		
				YoY Change	Change from the Initial
Ordinary profit	291.5	285.0	285.0	- 6.5	-
Mitsui Sumitomo Insurance	167.8	174.0	183.0	15.1	9.0
Aioi Nissay Dowa Insurance	61.7	66.0	68.0	6.2	2.0
Net income	181.5	183.0	183.0	1.4	-
Mitsui Sumitomo Insurance	113.9	132.0	138.0	24.0	6.0
Aioi Nissay Dowa Insurance	31.0	42.0	44.0	12.9	2.0
Mitsui Direct General Insurance	- 4.3	- 0.6	- 0.7	3.6	- 0.1
MSI Aioi Life	6.0	4.0	3.0	- 3.0	- 1.0
MSI Primary Life	17.8	15.0	15.0	- 2.8	-
Overseas subsidiaries	28.5	55.0	44.0	15.4	- 11.0
Consolidation adjustments, etc.	- 11.7	- 64.4	- 60.3	- 48.6	4.1

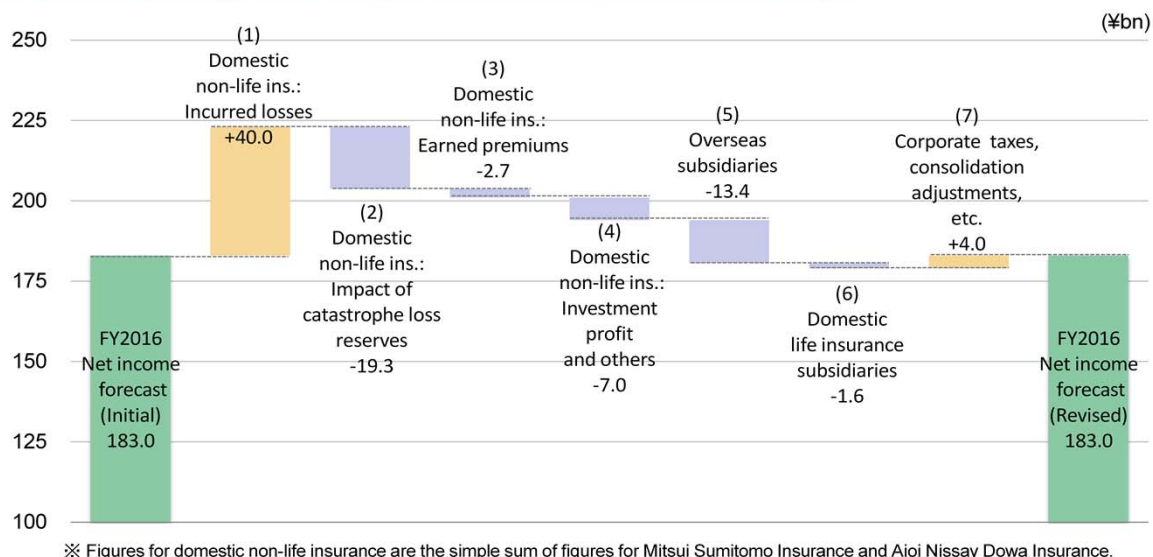
Next, I will explain ordinary profit and net income. Please turn to Slide 24.

Ordinary profit is forecast to be ¥285.0 billion with net income of ¥183.0 billion, the same as the initial forecast at the start of the year.

25. Consolidated Earnings Forecasts for FY 2016 (iii)

- (1) (see the graph below) Improvements in losses primarily in automobile insurance had a positive impact of 40.0 billion yen.
- (2) A drop in reversals with a decrease in claims paid had a negative impact of 19.3 billion yen.
- (4) A negative impact of 7.0 billion yen mainly due to exchange losses resulting from the appreciation of the yen.
- (5) A negative impact of 13.4 billion yen due to a worsening investment environment and business integration cost of Lloyd's and Reinsurance business into MS Amlin in addition to the effect of exchange rates.

Factors behind change from the initial forecast for consolidated net income



Please look at Slide 25. Next, I will explain the factors behind changes in net income in this graph. The incurred losses in domestic non-life insurance shown in (1) are forecast to have a ¥40.0 billion positive impact due to the impact of foreign exchange in addition to progress in improvement in losses, mainly in voluntary automobile insurance.

Losses related to the domestic natural catastrophes are expected to be around the same level as the initial forecast at ¥63.6 billion.

Catastrophe reserves shown in (2) are forecast to decline by ¥19.3 billion due to the decrease in paid claims associated with the decrease in incurred losses.

These are the main factors leading to a ¥18.0 billion improvement in underwriting income from the initial forecast.

Net investment income in domestic non-life insurance shown in (4) will have a negative impact of ¥7.0 billion, mainly due to the inclusion of the foreign exchange losses caused by the appreciation of the yen.

The ¥13.4 billion negative impact of overseas subsidiaries shown in (5) is mainly a result of the impact of foreign exchange due to the appreciation of the yen, the temporary cost of integrating the Lloyd's and Reinsurance business with MS Amlin, and the worsening investment environment at MS Amlin.

As a result of these factors, net income for FY2016 is forecast to be ¥183.0 billion, at the level of the initial forecast.

26. Consolidated Earnings Forecasts for FY 2016 (iv)

- Group core profit for the year remains unchanged from the initial forecast at 196.0 billion yen, while group ROE is expected to be 7.6% due primarily to revisions in exchange rate assumption.
- The increase in EV at MSI Aioi Life is forecasted to be 3.0 billion yen, a downward revision of 45.0 billion yen from the initial forecast.

(¥bn)

	FY 2015 Results	FY 2016 Forecast (Initial)	FY 2016 Forecast (Revised)		
				YoY Change	Change from the Initial
Group Core Profit *	147.5	196.0	196.0	48.4	-
Domestic non-life insurance	91.9	121.0	130.0	38.0	9.0
Domestic life insurance	25.0	18.0	17.0	- 8.0	- 1.0
International business	27.9	53.0	49.0	21.0	- 4.0
Financial services/Risk related services	2.6	4.0	0.0	- 2.6	- 4.0
Other financial targets					
Combined ratio (Domestic non-life insurance)	91.6%	94.4%	93.9%	2.3pt	- 0.5pt
Increase in EV of MSI Aioi Life	- 52.0	48.0	3.0	55.0	- 45.0
Group ROE*	5.2%	6.9%	7.6%	2.4pt	0.7pt

* For the definition of Group Core Profit and Group ROE, please refer to the last page.

Next, I will explain Group Core Profit. Please turn to Slide 26.

Like net income, Group Core Profit, at ¥196.0 billion, is forecast to remain at the level of the initial forecast, because the year-on-year decrease in overseas business will be offset by an increase in the domestic non-life insurance business.

Of the other management targets shown in the lower part of the table, Group ROE is forecast to increase by 0.7 points from the initial forecast to 7.6%.

The main factor behind the increase in Group ROE is that net unrealized gains on investment in securities and foreign currency translation adjustment in the net assets that are used as the denominator in the calculation of ROE have been revised to reflect the actual results as of September 30, 2016.

The main assumptions made in the forecasts I have explained are summarized on Slide 27.

Slide 28 and onwards contain the respective non-consolidated forecasts for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance and the simple aggregate for the two companies' non-consolidated forecasts. Please refer to them later.

27. Major Assumptions for Revised Earnings Forecasts for FY 2016

- Assumptions for asset management environment are based on levels as of the end of September, 2016.
- Natural catastrophes remains at about the same level as initially forecast.
- The reversal of catastrophe reserve drops with a decline in loss ratio.

(¥bn)

		Mitsui Sumitomo Insurance		Aioi Nissay Dowa Insurance	
Assumptions concerning the asset management enviroment		Assumes the level at the end of Sept. 2016 Nikkei average : ￥16,450 USD\$1 = JPY¥101 EUR€1 = JPY¥113 GBP£1 = JPY¥131			
Domestic natural catastrophes occurring in FY 2016		40.0	(-0.0)	23.6	(+1.1)
of which, Kumamoto earthquake (excluding residential earthquake)		10.0	(-0.0)	3.6	(+1.1)
Catastrophe reserves (For fire insurance)	Provision	27.0 ^{*1}	(-0.9)	12.1	(-0.8)
	Reversal	21.3	(-0.8)	6.3	(-7.6)
	Change	5.7	(-0.0)	5.8	(+6.8)
Catastrophe reserves (For voluntary automobile insurance)	Provision	21.0	(-0.0)	21.9	(+0.1)
	Reversal	-	(-6.0)	8.4	(-6.3)
	Change	21.0	(+6.0)	13.5	(+6.4)
Corporate tax rate (Effective tax rate)		28.2%			

* Figures in parentheses show change from the initial assumptions.

*1 Including additional provision (¥10.0 billion)

28. Earnings Forecasts for FY 2016 – MSI (Non-Consolidated) (i)

(¥bn)

	FY 2015 Results	FY 2016 Forecast (Initial)	FY 2016 Forecast (Revised)		
				YoY Change	Change from the Initial
Net premiums written	1,507.4	1,488.0	1,477.0	- 30.4	- 11.0
Growth rate of net premiums written	4.3%	-1.3%	-2.0%	- 6.3pt	- 0.7pt
Net loss ratio	58.9%	62.1%	62.1%	3.2pt	0.0pt
Net expense ratio	31.0%	31.5%	31.3%	0.3pt	- 0.2pt
Combined ratio	89.9%	93.6%	93.4%	3.5pt	- 0.2pt
Incurring losses (Incl. loss adjustment expenses)	897.1	920.6	900.9	3.7	- 19.7
Underwriting profit	19.1	52.0	69.0	49.8	17.0
Net interest and dividends income	79.4	79.0	76.0	- 3.4	- 3.0
Gains on sales of securities	99.1	55.3	61.5	- 37.6	6.2
Impairment losses on securities	- 7.2	- 3.0	- 3.0	4.2	0.0
Investment profit	152.8	127.2	118.4	- 34.4	- 8.7
Ordinary profit	167.8	174.0	183.0	15.1	9.0
Extraordinary income/loss	- 11.7	- 6.0	- 6.1	5.6	- 0.1
Net income	113.9	132.0	138.0	24.0	6.0
<Excluding residential EQ insurance and CALI>					
Growth rate of net premiums written	4.4%	-1.3%	-2.2%	- 6.6pt	- 0.9pt
Net loss ratio	56.0%	58.8%	58.9%	2.9pt	0.1pt
Net expense ratio	33.1%	33.5%	33.4%	0.3pt	- 0.1pt
Combined ratio	89.1%	92.3%	92.3%	3.2pt	0.0pt
Incurring losses (Incl. loss adjustment expenses)	748.1	763.4	744.4	- 3.6	- 19.0

29. Earnings Forecasts for FY 2016 – MSI (Non-Consolidated) (ii)

Net premiums written

(¥bn)

	FY 2015	FY 2016	
	Results	Forecast	Growth
Fire and allied	242.4	186.4	-23.1%
Marine	66.9	58.2	-13.1%
Personal accident	140.9	142.4	1.0%
Voluntary automobile	645.6	656.5	1.7%
CALI	186.5	185.8	-0.4%
Other	224.8	247.7	10.2%
Total	1,507.4	1,477.0	-2.0%
Total excl. residential EQ insurance and CALI	1,320.0	1,290.5	-2.2%

Net loss ratio

	FY 2015	FY 2016	
	Results	Forecast	YoY Change
Fire and allied	55.2%	74.2%	19.0pt
Marine	53.9%	59.5%	5.6pt
Personal accident	57.7%	54.7%	- 3.0pt
Voluntary automobile	59.2%	58.1%	- 1.1pt
CALI	79.8%	81.3%	1.5pt
Other	47.2%	53.8%	6.6pt
Total	58.9%	62.1%	3.2pt
Total excl. residential EQ insurance and CALI	56.0%	58.9%	2.9pt

Incurred losses (Excluding residential EQ insurance and CALI)

(¥bn)

	FY 2015	FY 2016 Forecast (Revised)	
	Results		YoY Change
Incurred losses (incl. loss adjustment expenses) ^{*1}	748.1	744.4	- 3.6
Natural Catastrophes ^{*2}	38.1	40.0	1.8
Other than natural catastrophes	709.9	704.4	- 5.5

*1 Incurred losses = net claims paid + loss adjustment expenses + movement in outstanding claims

*2 "Natural catastrophes" means domestic natural catastrophes occurring in Japan during the period and heavy snowfalls occurred in Feb. 2014. The figures for FY2016 exclude the impact of heavy snowfalls since it was limited. (The impact for FY2015 was 0.1 billion yen)

30. Earnings Forecasts for FY 2016 – ADI (Non-Consolidated) (i)

(¥bn)

	FY 2015 Results	FY 2016 Forecast (Initial)	FY 2016 Forecast (Revised)		
				YoY Change	Change from the Initial
Net premiums written	1,192.0	1,212.0	1,196.0	3.9	- 16.0
Growth rate of net premiums written	2.7%	1.7%	0.3%	- 2.4pt	- 1.4pt
Net loss ratio	59.2%	61.3%	60.5%	1.3pt	- 0.8pt
Net expense ratio	34.3%	33.9%	33.8%	- 0.5pt	- 0.1pt
Combined ratio	93.5%	95.2%	94.3%	0.8pt	- 0.9pt
Incurred losses (Incl. loss adjustment expenses)	706.4	749.0	728.3	21.8	- 20.7
Underwriting profit	24.8	38.0	39.0	14.1	1.0
Net interest and dividends income	39.5	31.0	32.0	- 7.5	1.0
Gains on sales of securities	10.4	8.5	7.2	- 3.2	- 1.3
Impairment losses on securities	- 6.6	- 3.0	- 3.0	3.6	-
Investment profit	34.9	26.0	26.1	- 8.8	0.1
Ordinary profit	61.7	66.0	68.0	6.2	2.0
Extraordinary income/loss	- 20.2	- 10.0	- 10.0	10.2	-
Net income	31.0	42.0	44.0	12.9	2.0
<Excluding residential EQ insurance and CALI>					
Growth rate of net premiums written	2.9%	2.1%	0.6%	- 2.3pt	- 1.5pt
Net loss ratio	56.1%	58.1%	57.0%	0.9pt	- 1.1pt
Net expense ratio	36.5%	35.9%	35.7%	- 0.8pt	- 0.2pt
Combined ratio	92.6%	94.0%	92.7%	0.1pt	- 1.3pt
Incurred losses (Incl. loss adjustment expenses)	573.7	611.6	590.1	16.3	- 21.5

31. Earnings Forecasts for FY 2016 – ADI (Non-Consolidated) (ii)

Net premiums written

(¥bn)

	FY 2015	FY 2016	
	Results	Forecast	Growth
Fire and allied	167.6	146.6	-12.6%
Marine	5.7	5.4	-6.4%
Personal accident	63.5	60.3	-5.1%
Voluntary automobile	671.8	681.6	1.4%
CALI	170.6	168.9	-1.0%
Other	112.6	133.2	18.3%
Total	1,192.0	1,196.0	0.3%
Total excl. residential EQ insurance and CALI	1,020.9	1,026.6	0.6%

Net loss ratio

	FY 2015	FY 2016	
	Results	Forecast	YoY Change
Fire and allied	51.9%	63.6%	11.7pt
Marine	43.4%	55.6%	12.2pt
Personal accident	52.0%	48.9%	- 3.1pt
Voluntary automobile	58.1%	56.9%	- 1.2pt
CALI	78.1%	79.3%	1.2pt
Other	53.0%	57.1%	4.1pt
Total	59.2%	60.5%	1.3pt
Total excl. residential EQ insurance and CALI	56.1%	57.0%	0.9pt

Incurred losses (Excluding residential EQ insurance and CALI)

(¥bn)

	FY 2015	FY 2016	
	Results	Forecast	YoY Change
Incurred losses (incl. loss adjustment expenses) ^{*1}	573.7	590.1	16.3
Natural Catastrophes ^{*2}	29.9	23.6	- 6.3
Other than natural catastrophes	543.8	566.5	22.6

*1 Incurred losses = net claims paid + loss adjustment expenses + movement in outstanding claims

*2 "Natural catastrophes" means domestic natural catastrophes occurring in Japan during the period and heavy snowfalls occurred in Feb. 2014. The figures for FY2016 exclude the impact of heavy snowfalls since it was limited. (The impact for FY2015 was 0.1 billion yen)

32. Earnings Forecasts for FY 2016 – Simple Sum of MSI & ADI (Non-Consolidated) (i)

(¥bn)					
	FY 2015 Results	FY 2016 Forecast (Initial)	FY 2016 Forecast (Revised)		
				YoY Change	Change from the Initial
Net premiums written	2,699.5	2,700.0	2,673.0	- 26.5	- 27.0
Growth rate of net premiums written	3.6%	0.0%	-1.0%	-4.6pt	-1.0pt
Net loss ratio	59.1%	61.8%	61.3%	2.2pt	-0.5pt
Net expense ratio	32.5%	32.6%	32.4%	-0.1pt	-0.2pt
Combined ratio	91.6%	94.4%	93.7%	2.1pt	-0.7pt
Incurred losses (Incl. loss adjustment expenses)	1,603.5	1,669.6	1,629.1	25.6	- 40.5
Underwriting profit	43.9	90.0	108.0	64.0	18.0
Net interest and dividends income	118.9	110.0	108.0	- 10.9	- 2.0
Gains on sales of securities	109.5	63.8	68.6	- 40.9	4.8
Impairment losses on securities	- 13.9	- 6.0	- 6.0	7.9	0.0
Investment profit	187.7	153.2	144.5	- 43.2	- 8.7
Ordinary profit	229.6	240.0	251.0	21.3	11.0
Extraordinary income/loss	- 32.0	- 16.0	- 16.1	15.8	- 0.1
Net income	145.0	174.0	182.0	36.9	8.0
<Excluding residential EQ insurance and CALI>					
Growth rate of net premiums written	3.7%	0.2%	-1.0%	-4.7pt	-1.2pt
Net loss ratio	56.1%	58.5%	58.0%	1.9pt	-0.5pt
Net expense ratio	34.5%	34.6%	34.4%	-0.1pt	-0.2pt
Combined ratio	90.6%	93.1%	92.4%	1.8pt	-0.7pt
Incurred losses (Incl. loss adjustment expenses)	1,321.9	1,375.0	1,334.5	12.6	- 40.5

33. Simple Sum of MSI & ADI (Non-Consolidated) (ii)

Net premiums written

(¥bn)

	FY 2015 Results	FY 2016 Forecast	
			Growth
Fire and allied	410.1	333.0	-18.8%
Marine	72.7	63.6	-12.5%
Personal accident	204.5	202.7	-0.9%
Voluntary automobile	1,317.4	1,338.1	1.6%
CALI	357.1	354.7	-0.7%
Other	337.4	380.9	12.9%
Total	2,699.5	2,673.0	-1.0%
Excl. residential EQ insurance and CALI	2,340.9	2,317.1	-1.0%

Net loss ratio

	FY 2015 Results	FY 2016 Forecast	
			YoY change
Fire and allied	53.8%	69.5%	15.7pt
Marine	53.1%	59.2%	6.1pt
Personal accident	56.0%	53.0%	-3.0pt
Voluntary automobile	58.6%	57.5%	-1.1pt
CALI	79.0%	80.3%	1.3pt
Other	49.1%	54.9%	5.8pt
Total	59.1%	61.3%	2.2pt
Excl. residential EQ insurance and CALI	56.1%	58.0%	1.9pt

Incurred losses (Excluding residential EQ insurance and CALI)

(¥bn)

	FY2015 Results	FY 2016 Forecast	
			YoY Change
Incurred losses (Incl. loss adjustment expenses) ^{*1}	1,321.9	1,334.5	12.6
Natural catastrophes ^{*2}	68.1	63.6	- 4.5
Other than natural catastrophes	1,253.8	1,270.9	17.1

^{*1} Incurred losses = net claims paid + loss adjustment expenses + movement in outstanding claims

^{*2} "Natural catastrophes" means domestic natural catastrophes occurring in Japan during the period and heavy snowfalls occurred in Feb. 2014. The figures for FY2016 exclude the impact of heavy snowfalls since it was limited. (The impact for FY2015 was 0.3 billion yen)

34. <Reference> Forecasts for the Impact of Consolidation of MS Amlin on FY 2016 Results

(¥ bn, GBP £ 1 = JPY ¥ 146 (assumption))

	Impact on consolidated results for FY2016	
	FY2016 (Revised)	Change from the Initial
Net Premiums Written	369.9	- 12.4
Net Income	5.4	- 4.4
Group Core Profit	22.8	- 6.0

Group Core Profit = Net income (5.4 billion yen) + amortization of goodwill (15.8 billion yen) + extraordinary income and losses (integration costs of Lloyd's and Reinsurance business into MS Amlin: 1.7 billion yen)

Exchange rate in the initial forecast: GBP £ 1 = JPY ¥ 162

Next, look at the final page on Slide 34.

This shows the impact of consolidation of MS Amlin on FY2016 performance denominated in yen.

The forecast for net premiums written is ¥369.9 billion, and the forecast for net income is ¥5.4 billion, taking into account consolidation adjustments such as amortization of goodwill and the cost of integration.

Note that Group Core Profit at MS Amlin is ¥22.8 billion because consolidation adjustments such as amortization of goodwill and the cost of integration are not reflected in Group Core Profit.

Finally, today we adopted a comprehensive resolution regarding the issuance of domestic subordinated unsecured bonds in order to maintain financial soundness and enhance capital efficiency as a part of our financial strategy.

It will be the first subordinated bonds issued by a holding company in the domestic insurance industry.

The Company intends to expand the scope of financing and secure flexibility of our financial strategy. Please see today's news release for details.

This concludes my explanation.

END

Definition of “Group Core Profit” and “Group ROE”

Group Core Profit = Consolidated net income
- Net capital gains/losses on stock portfolio (gains/losses on sales etc.)
- Net evaluation gains/losses on credit derivatives
- Other incidental factors
+ Equity in earnings of the non-consolidated group companies

Group ROE = Group Core Profit ÷ Consolidated total net assets excluding non-controlling interests
(average of beginning and ending amounts of B/S)

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, and (4) changes in tax and other regulatory systems.

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