

Materials for FY2017 1Q Results Briefing – Conference Call

August 9, 2017 (Wed.)



MS&AD Insurance Group Holdings, Inc.

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I am Satoru Shiono 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	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 FY2017 1Q Results

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1. Consolidated Earnings for FY2017 1Q (1) - Overview (i)

- Net premiums written increased by 1.2% year-on-year to 955.2 billion yen due to an increase in domestic fire insurance and CALI (Compulsory Automobile Liability Insurance), although premiums for overseas subsidiaries decreased as a result of appreciation of the yen.
- Gross premiums income for domestic life insurance subsidiaries fell by 7.3% year-on-year to 331.5 billion yen mainly due to a decrease in variable insurance at MSI Primary Life.

Non-life insurance subsidiaries

(¥bn)

	FY2016 1Q	FY2017 1Q	YoY Change	Growth
	Results	Results		
Direct premiums written ^{※1} (excluding deposit premiums from policyholders)	958.6	982.0	23.4	2.4%
Net premiums written ^{※1}	944.2	955.2	11.0	1.2%
Mitsui Sumitomo Insurance	362.6	377.0	14.3	3.9%
Aioi Nissay Dowa Insurance	300.4	312.2	11.7	3.9%
Mitsui Direct General	9.3	9.4	0.1	1.3%
Overseas subsidiaries	270.3	255.2	- 15.0	- 5.6%

※1 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.

Life insurance subsidiaries

(¥bn)

	FY2016 1Q	FY2017 1Q	YoY Change	Growth
	Results	Results		
Gross premiums income ^{※2}	357.6	331.5	- 26.0	- 7.3%
MSI Aioi Life	113.6	118.2	4.5	4.0%
MSI Primary Life	243.9	213.3	- 30.6	- 12.6%
Life insurance premiums	302.8	247.2	- 55.5	- 18.4%

※2 Gross premiums income is for domestic life insurance subsidiaries only.

Now, please look at the first page, Slide 1, of the slides entitled "Materials for FY2017 1Q Results Briefing - Conference Call."

First, I will explain the Group's top lines.

Net premiums written increased by 1.2% year-on-year to 955.2 billion yen due to an increase in domestic non-life insurance such as fire insurance and compulsory automobile liability insurance, while net premiums written of overseas subsidiaries decreased as a result of appreciation of the yen.

Gross premiums income for domestic life insurance subsidiaries fell by 7.3% year-on-year to 331.5 billion yen mainly due to a decrease in sales of variable insurance products at MSI Primary Life.

2. Consolidated Earnings for FY2017 1Q (1) - Overview (ii)

- Ordinary profit increased by 153.1% year-on-year to 124.5 billion yen, driven by increased profits in the domestic non-life and life insurance.
- Net income rose by 140.9% year-on-year to 91.6 billion yen.

(¥bn)

	FY2016 1Q Results	FY2017 1Q Results	YoY Change	Change Ratio
Ordinary profit/loss	49.2	124.5	75.3	153.1%
Mitsui Sumitomo Insurance	41.8	87.8	46.0	109.9%
Aioi Nissay Dowa Insurance	25.5	30.9	5.4	21.2%
Mitsui Direct General	1.1	1.3	0.1	16.3%
MSI Aioi Life	4.2	4.9	0.7	17.0%
MSI Primary Life	- 14.4	5.3	19.7	-
Overseas subsidiaries	7.2	4.5	- 2.6	- 37.1%
Consolidation adjustments, etc.	- 16.5	- 10.6	5.8	-
Net income/loss [※]	38.0	91.6	53.6	140.9%
Mitsui Sumitomo Insurance	32.2	66.6	34.4	106.7%
Aioi Nissay Dowa Insurance	16.0	22.4	6.3	39.5%
Mitsui Direct General	0.9	1.2	0.2	31.8%
MSI Aioi Life	1.7	2.4	0.6	39.2%
MSI Primary Life	5.5	3.4	- 2.1	- 39.2%
Overseas subsidiaries	7.5	4.9	- 2.5	- 34.1%
Consolidation adjustments, etc.	- 26.1	- 9.5	16.6	-

※ Consolidated net income represents net income attributable to owners of the parent. Net income of subsidiaries is on an equity stake basis, same hereafter.

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

Ordinary profit increased by 153.1% year-on-year to 124.5 billion yen, driven by increased profits in the domestic non-life and life insurance.

Net income also increased by 140.9% year-on-year to 91.6 billion yen.

I will explain more details later.

3. Consolidated Earnings for FY2017 1Q (2) – Group Core Profit

- Group Core Profit rose by 21.6 billion yen year-on-year to 78.0 billion yen mainly due to an increase in profits in domestic non-life insurance.
- The combined ratio for domestic non-life insurance fell by 1.9 points year-on-year to 87.0%. (¥bn)

	FY2016 1Q	FY2017 1Q	
	Results	Results	YoY Change
Group Core Profit ^{※1}	56.4	78.0	21.6
Domestic non-life insurance business	41.2	67.0	25.8
Domestic life insurance business	7.2	5.8	- 1.4
International business	7.9	4.3	- 3.5
Financial services business and risk-related services business	0.0	0.7	0.7
Other financial targets			
Combined ratio ^{※2} (Domestic non-life insurance business)	88.9%	87.0%	- 1.9pt
Increase in EV of MSI Aioi Life ^{※3}			
Group ROE ^{※1,3}			

※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 Increase in EV of MSI Aioi Life is disclosed semiannually, Group ROE is disclosed at the end of every fiscal year.

Group Core Profit 78.0	=	Consolidated net income 91.6	–	Net capital gains / losses on stock portfolio 21.5	–	Net evaluation gains / losses on credit derivatives -0.0	–	Other incidental factors ^{※4} -8.0	+	Equity in earnings of the non-consolidated group companies -0.1
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※4 Amortization of goodwill and others: -7.2 billion yen; extraordinary income/losses excluding reserves for price fluctuation: -0.8 billion yen

MS&AD Insurance Group Holdings, Inc.

3

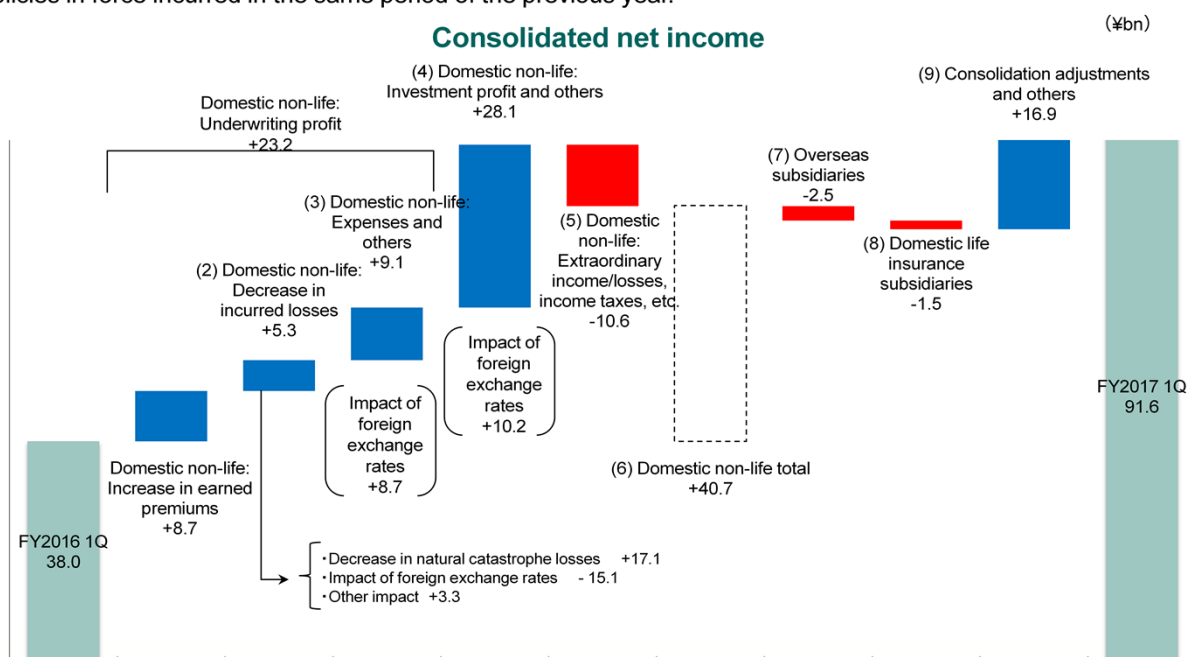
Next, please look at Slide 3.

Group Core Profit increased by 21.6 billion yen year-on-year, to 78.0 billion yen mainly due to an increase at domestic non-life insurance.

Key adjustments to quarterly net income are described at the bottom of the slide.

4. Consolidated Earnings for FY2017 1Q (3) – YoY Results Comparison (i)

- Main factors of an increase in net income were (6) domestic non-life insurance and (9) consolidation adjustments and others.
- Main factors of an increase in (6) domestic non-life insurance were (1) increase in earned premiums, (2) decrease in incurred losses following a decrease in natural catastrophe losses, and (4) increase in investment profit and others.
- (9) Consolidation adjustments and others increased due to absence of system expenses for transfer of third sector policies in force incurred in the same period of the previous year.



Next, please look at Slide 4.

I will use this graph to explain consolidated net income for Q1 of FY2017, delineating the factors that led to changes from the previous fiscal year.

Note that a breakdown of quarterly net income is listed on Slide 5, so please refer to that as well.

The main factors behind the 53.6 billion yen year-on-year increase in net income were (6) domestic non-life insurance, and (9) consolidated adjustments, and others.

Under (6) domestic non-life insurance, underwriting profits increased by 23.2 billion yen year-on-year, due to an increase in earned premiums under (1), as well as a decrease in incurred losses under (2) due to fewer natural catastrophes compared to a year earlier.

Next, investment profit and others under (4) increased by 28.1 billion yen year-on-year, as sales of strategic equity holdings proceeded ahead of schedule and gains on sales of securities increased.

The 16.9 billion year-on-year increase in (9) Consolidated adjustments and others is primarily due to the absence of system expenses for transfer of third sector policies in force which were posted in the previous fiscal year.

5. Consolidated Earnings for FY2017 1Q (3) – YoY Results Comparison (ii)

Factors in YoY changes in consolidated net income

(¥bn)

		FY2016 1Q Results	FY2017 1Q Results	Difference
Consolidated net income/loss		38.0	91.6	53.6
Domestic non-life insurance ^{※1,2} (underwriting profit/loss)		24.6	47.9	23.2
Earned premiums	(1)	574.3	583.1	8.7
Incurred losses (incl. loss adjustment expenses)	(2)	- 312.4	- 307.0	5.3
Expenses and others ^{※3}	(3)	- 237.2	- 228.1	9.1
Investment profit/loss and others	(4)	42.7	70.9	28.1
Extraordinary income/losses, income taxes, etc.	(5)	- 19.0	- 29.7	- 10.6
Domestic non-life insurance total	(6)	48.3	89.1	40.7
Overseas subsidiaries	(7)	7.5	4.9	- 2.5
Domestic life insurance subsidiaries	(8)	7.3	5.8	- 1.5
Consolidation adjustments and others	(9)	- 25.1	- 8.2	16.9

※1 Figures for domestic non-life insurance are the simple sum of MSI and ADI.

※2 Excluding residential earthquake and CALI (Compulsory Automobile Liability Insurance)

※3 "Expenses and others" includes catastrophe reserves, impact of foreign exchange rates, etc.

6. Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2017 1Q (i)

- Net premiums written for the two companies combined rose by 26.0 billion yen to 689.2 billion yen, mainly due to an increase in fire insurance and CALI.
- Underwriting profit rose by 23.2 billion yen to 47.9 billion yen for the two companies combined.

	MSI (Non-Consolidated)		ADI (Non-Consolidated)		<Reference> Simple Sum	
		YoY Change		YoY Change		YoY Change
Net premiums written	377.0	14.3	312.2	11.7	689.2	26.0
Growth rate of net premiums written	3.9%	5.9pt	3.9%	2.8pt	3.9%	4.5pt
Net claims paid	(-) 191.5	7.1	149.4	0.2	341.0	7.4
<Incurred losses (including loss adjustment expenses)>	(-) 207.0	- 15.7	166.7	- 3.8	373.8	- 19.5
Commissions and collection expenses	(-) 65.8	2.1	62.0	3.4	127.8	5.5
Operating expenses and general and administrative expense (underwriting)	(-) 51.6	- 1.2	42.8	- 1.2	94.5	- 2.5
Underwriting profit/loss prior to reflecting catastrophe reserve	44.5	15.8	27.2	7.7	71.8	23.6
Reversal of catastrophe reserve	- 12.4	0.3	- 11.3	- 0.6	- 23.8	- 0.3
Underwriting profit/loss	32.0	16.1	15.9	7.1	47.9	23.2
Ratios						
Net loss ratio ^{※1}	56.5%	-0.4pt	52.6%	-1.9pt	54.7%	-1.1pt
Net expenses ratio	31.2%	-1.0pt	33.6%	-0.6pt	32.3%	-0.8pt
Combined ratio	87.7%	-1.4pt	86.2%	-2.5pt	87.0%	-1.9pt
<Reference: Ratios excluding residential EQ ^{※2} insurance and CALI>						
Net loss ratio	53.6%	1.0pt	49.3%	-0.5pt	51.7%	0.4pt
Net expenses ratio	33.0%	-0.9pt	35.0%	-0.7pt	33.9%	-0.8pt
Combined ratio	86.6%	0.1pt	84.3%	-1.2pt	85.6%	-0.4pt

※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 at Slide 6.

As I explained earlier, net premiums written increased by 26.0 billion yen year-on-year to 689.2 billion yen for the two companies combined due to an increase in premiums for fire insurance and compulsory automobile liability insurance.

Underwriting profit increased by 23.2 billion yen to 47.9 billion yen due to an increase in earned premiums and a decrease in incurred losses resulting from fewer natural catastrophes.

7. Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2017 1Q (ii)

- Investment profit and other ordinary profit rose by 28.1 billion yen year-on-year to 70.9 billion yen, mainly due to an increase in gains on sales of securities.
- Net income rose by 40.7 billion yen year-on-year to 89.1 billion yen.
- Sales of strategic equity holdings for the two companies combined amounted to 47.1 billion yen.

	MSI (Non-Consolidated)		ADI (Non-Consolidated)		<Reference> Simple Sum	
		YoY Change		YoY Change		YoY Change
Underwriting profit/loss	32.0	16.1	15.9	7.1	47.9	23.2
Net interest and dividends income	29.3	3.8	15.1	2.0	44.4	5.9
Gains/losses on sales of securities	27.1	15.8	1.8	-2.8	29.0	13.0
Impairment losses on securities (-)	0.5	-0.9	0.0	-0.9	0.5	-1.9
Investment profit/loss and other ordinary profit/loss	55.8	29.8	15.0	-1.7	70.9	28.1
Ordinary profit/loss	87.8	46.0	30.9	5.4	118.8	51.4
Extraordinary income/losses	-1.1	0.3	-1.4	3.8	-2.5	4.1
Income before taxes	86.7	46.3	29.5	9.2	116.2	55.6
Net income/loss	66.6	34.4	22.4	6.3	89.1	40.7

	MSI + ADI	
		YoY Change
<Reference> Sales of strategic equity holdings	47.1	16.5

Next, please look at slide 7.

Investment profit and other ordinary profit rose by 28.1 billion yen year-on-year to 70.9 billion yen, mainly due to an increase in gains on sales of securities and net interest and dividends income.

As a result of the above, ordinary profit for the two domestic non-life insurance companies combined totaled 118.8 billion yen, a year-on-year increase of 51.4 billion yen.

Net income increased by 40.7 billion yen year-on-year to 89.1 billion yen.

Note that sales of strategic equity holdings in the first quarter totaled 47.1 billion yen for the two companies combined.

8. Domestic Non-Life Insurance Companies FY2017 1Q (2) - Impact of Natural Catastrophes

- Incurred losses related to natural catastrophes were 1.1 billion yen for the two companies combined, a decrease of 17.1 billion yen compared to the same period of the previous year where the impact of Kumamoto Earthquake was included.

Impact of natural catastrophes

(¥bn)

	Incurred Losses		Net Claims Paid		Provision for O/S ^{※1}	
		YoY Change		YoY Change		YoY Change
Natural catastrophes in Japan	1.1	- 17.1	0.5	- 2.9	0.6	- 14.1
Mitsui Sumitomo Insurance	0.9	- 11.4	0.4	- 1.5	0.4	- 9.9
Aioi Nissay Dowa Insurance	0.1	- 5.6	0.0	- 1.4	0.1	- 4.2
Total	1.1	- 17.1	0.5	- 2.9	0.6	- 14.1

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

※ Incurred losses excluding residential EQ for Kumamoto Earthquake in the same period of the previous year: 12.6 billion yen
(MSI: 9.1 billion yen, ADI: 3.4 billion yen)

Next, I will talk about the impact of natural catastrophes in the first quarter.
Please look at Slide 8.

As shown on the left of the bottom row here, incurred losses related natural catastrophes for the two companies combined amounted 1.1 billion yen, a decrease of 17.1 billion yen compared to the same period of the previous year where the impact of Kumamoto Earthquake was included.

9. Domestic Non-Life Insurance Companies FY2017 1Q (3) - Catastrophe Reserves

- The net change in catastrophe reserves was 23.8 billion yen for the two companies combined, about the same as in the previous year.
- Provision rate in fire insurance at MSI changed from 9% to 5% (decrease of around 8 billion yen for the whole FY).

Catastrophe reserves

(¥bn)

		Reversal	Provision	Change		Balance as of
					YoY	Mar. 31, 2017
Mitsui Sumitomo Insurance	Fire and allied	0.3	2.1	1.8	- 0.2	147.8
	Marine	0.0	0.6	0.6	- 0.0	78.8
	Personal accident	-	1.2	1.2	0.0	68.9
	Voluntary auto	-	5.4	5.4	0.0	64.4
	Other	0.0	3.3	3.3	- 0.1	181.3
	Total	0.3	12.8	12.4	- 0.3	541.3
Aioi Nissay Dowa Insurance	Fire and allied	-	3.3	3.3	0.5	129.8
	Marine	-	0.0	0.0	0.0	13.9
	Personal accident	-	0.5	0.5	- 0.0	65.6
	Voluntary auto	-	5.6	5.6	- 0.0	49.5
	Other	0.0	1.8	1.8	0.0	65.9
	Total	0.0	11.3	11.3	0.6	325.0
Simple Sum of MSI and ADI	Fire and allied	0.3	5.4	5.1	0.3	277.7
	Marine	0.0	0.6	0.6	- 0.0	92.7
	Personal accident	-	1.7	1.7	0.0	134.6
	Voluntary auto	-	11.0	11.0	0.0	113.9
	Other	0.0	5.1	5.1	- 0.0	247.2
	Total	0.3	24.2	23.8	0.3	866.4

Next, please look at Slide 9. I will now explain the catastrophe reserves.

As shown in the bottom row, the net change in the total for all catastrophe reserves categories was 23.8 billion yen, about on par with the previous fiscal year.

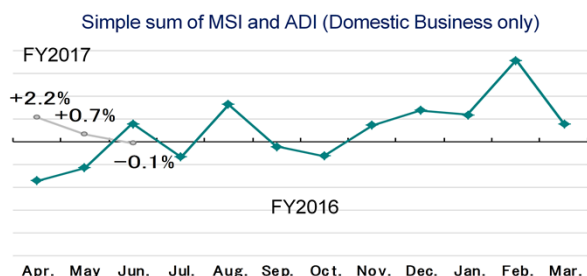
Note that the provision rate for fire insurance catastrophe reserves at MSI has been changed from 9% to 5% beginning this fiscal year.

10. Domestic Non-Life Insurance Companies FY2017 1Q (4) – Voluntary Auto Insurance

- The number of accidents rose by 0.9% year-on-year. The average payout per claim for both property damage liability and vehicle damage continued to rise with an increase in the cost of repairs.
- E/I loss ratio dropped by 1.2 points year-on-year to 53.9% due to an increase in earned premiums and a decrease in incurred losses.

Trend in the number of accidents

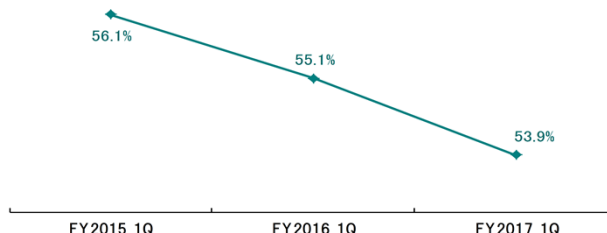
(per day, %YOY, excl. the number of accidents caused by natural disasters)



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 of increase/decrease in insurance premiums	+0.2%	+0.2%	+0.5%
< Domestic >	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+0.4%	+0.3%	

Aioi Nissay Dowa Insurance

< Domestic sales basis >	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+1.9%	- 1.7%	+0.2%
< Domestic >	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+0.6%	-0.0%	

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

※ Changes in average payout per claim means changes in average payout per claim over one-year period ended Jun. 30, 2017 compared with average payout per claim in one-year period ended Mar. 31, 2017.

※ E/I loss ratio is calculated based on the figures from April to June for each year.

※ Figure for FY2016 Jun. in *Trend in the number of accidents (per day, %YOY)* has been corrected (1.6% → 0.8%).

Next, please look at Slide 10.

I will now explain the status of voluntary automobile insurance.

The line graph at the top left shows the year-on-year change in the number of automobile insurance accidents for the two companies combined.

While the year-on-year change in the number of accidents was on a rising trend last year, the rate of increase began to fall in the first quarter.

We believe this trend will continue to bear watching.

In addition, average payout per claim for both property damage liability and vehicle damage noted at the bottom of the slide, is rising due to rising repair costs, and we also need to continue monitoring this.

Next, please look at the “Factors of increase/decrease in insurance premiums” in the tables at the bottom.

The number of contracts maintained its upward trend, with MSI up by 0.2% and ADI up by 1.9%.

Insurance premium unit prices increased by 0.2% at MSI, but fell by 1.7% at ADI due to an increase in discounts for multiple non-fleet policies and an increase in fleet policies.

The EI loss ratio for the two companies combined fell by 1.2 points year-on-year to 53.9%, as shown in the graph on the upper right.

11. Domestic Life Insurance / MSI Aioi Life - Results for FY2017 1Q

- The amount of new policies rose by 27.1% year-on-year to 629.8 billion yen, primarily due to a significant increase in income guarantee insurance following the launch of new products.
- Annualized premiums of new policies for third sector insurance decreased by 9.6% year-on-year to 3.0 billion yen.
- Net income increased by 0.6 billion yen year-on-year to 2.4 billion yen.

(¥bn)

MSI Aioi Life

	FY2016 1Q Results		FY2017 1Q Results		YoY Change	Change Ratio
Amount of new policies [※]		495.7	629.8		134.1	27.1%
Annualized premiums of new policies		9.9	8.4		- 1.4	-14.5%
of which, third sector insurance		3.4	3.0		- 0.3	-9.6%
Amount of policies in force [※]	(At the beginning of the FY)	23,214.2	23,321.0	(Change from the beginning of the FY)	106.7	0.5%
Annualized premiums of policies in force	(At the beginning of the FY)	401.0	402.8	(Change from the beginning of the FY)	1.7	0.4%
of which, third sector insurance	(At the beginning of the FY)	88.4	90.1	(Change from the beginning of the FY)	1.7	1.9%
Gross premiums income		113.6	118.2		4.5	4.0%
Ordinary profit/loss		4.2	4.9		0.7	17.0%
Extraordinary income/losses		- 0.1	- 0.1		- 0.0	-
Net income/loss		1.7	2.4		0.6	39.2%
Core profit		4.9	3.8		- 1.1	-23.5%

※ Total sum of personal insurance and personal annuity insurance

Next, I will explain the situation at MSI Aioi Life. Please look at Slide 11.

The amount of new policies increased by 27.1% year-on-year to 629.8 billion yen due to a significant increase in income guarantee insurance, where new products were launched.

Meanwhile, annualized premiums of new policies for third sector insurance fell by 9.6%, to 3.0 billion yen, a negative rebound from the New Medical Insurance A (Ace) Plus launched in the same period of the previous fiscal year.

The amount of policies in force increased by 0.5% from the beginning of the fiscal year, while annualized premiums of policies in force also rose by 0.4%. Thus the number of policies has been steadily accumulating.

Net income for the quarter increased by 600 million yen to 2.4 billion yen.

12. Domestic Life Insurance / MSI Primary Life - Results for FY2017 Q1

- Gross premiums income fell by 12.6% year-on-year to 213.3 billion yen, mainly due to a decrease in variable insurance.
- Net income fell by 2.1 billion yen year-on-year to 3.4 billion yen.

MSI Primary Life

(¥bn)

	FY2016 1Q Results	FY2017 1Q Results	YoY Change	Change Ratio
Amount of new policies ^{※1}	233.5	213.1	- 20.4	- 8.7%
Amount of policies in force ^{※1}	(At the beginning of the FY) 5,680.7	5,862.0	(Change from the beginning of the FY) 181.2	3.2%
Gross premiums income	243.9	213.3	- 30.6	- 12.6%
Ordinary profit/loss	- 14.4	5.3	19.7	-
Extraordinary income/losses	22.0	- 0.6	- 22.7	- 103.0%
Net income/loss	5.5	3.4	- 2.1	- 39.2%

※1 Total sum of personal insurance and personal annuity insurance

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

(¥bn)

Impact of interest rates	- 19.4	- 4.3
Impact of foreign exchange rates	- 11.5	- 2.4
Subtotal	- 30.9	- 6.7
Gains/losses on sales of securities	8.3	-
Total	- 22.5	- 6.7
Movement of price fluctuation reserve reflecting the above	22.5	※2 -

※2 Reversal of the price fluctuation reserve was not carried out in FY2017 1Q as the legal conditions for reversal were not met because of valuation gains on assets following a drop in Australian dollar interest rates.

Continuing on, I will explain the performance of MSI Primary Life.
Please look at Slide 12.

Gross premiums income fell by 12.6% year-on-year to 213.3 billion yen primarily due to a drop in sales of variable life insurance products.

Ordinary profit increased primarily due to a decrease in the provision burden for policy reserves as the extent of decrease in Australian dollar interest rate was lower compared to the previous fiscal year.

Net income for the quarter fell by 2.1 billion yen compared to the previous fiscal year, in which there was a reversal of the reserve for price fluctuation, to 3.4 billion yen.

Note that a reversal of the reserve for price fluctuations has not been carried out because of valuation gains on assets due to a drop in Australian dollar interest rates and a depreciating yen / appreciating Australian dollar in the current period.

13. Overseas Subsidiaries - Results for FY2017 1Q

- Net premiums written fell by 5.6% to 255.2 billion yen as a result of appreciation of the yen, although there was an increase by 7.0% on a local currency basis.
- Net income fell by 2.5 billion yen to 4.9 billion yen due to such factors as an increase in incurred losses at MS Amlin.

Overseas subsidiaries

(¥bn)

	FY2016 1Q Results	FY2017 1Q Results	YoY Change	Change ratio
Net premiums written	270.3	255.2	- 15.0	- 5.6%
Asia	40.7	40.8	0.1	0.3%
Europe	217.2	201.1	- 16.1	- 7.4%
(of which, MS Amlin [※])	201.6	184.9	- 16.6	- 8.3%
Americas	12.3	13.3	0.9	7.7%
Net income/loss	7.5	4.9	- 2.5	-34.1%
Asia	2.5	2.8	0.3	12.4%
Europe	4.6	1.9	- 2.6	-58.2%
(of which, MS Amlin [※])	6.4	2.4	- 4.0	- 62.6%
Americas	0.3	0.1	- 0.1	- 61.3%

※ Figures for FY2016 1Q include figures for MSI's Lloyd's and Reinsurance businesses that were consolidated into MS Amlin at the end of FY2016.

Next, I will review the situation at our overseas subsidiaries.
Please look at Slide 13.

Net premiums written decreased by 5.6% to 255.2 billion yen due to the appreciation of the yen, while net premiums written by local currency increased by 7.0% in all regions.

Net income decreased by 2.5 billion yen due to a 4.0 billion yen decrease in net income arising as a result of MS Amlin incurring medium-size losses and an increase in reserves for outstanding claims occurred in previous years.

FY2017 1Q Results Data

Mitsui Sumitomo Insurance (Non-Consolidated)	Page 14-16
Aioi Nissay Dowa Insurance (Non-Consolidated)	Page 17-19
Simple Sum of MSI and ADI (Non-Consolidated)	Page 20-22
<Reference> MS Amlin's Results for FY2017 (Jan. - Mar. 2017)	Page 23
<Reference> ESR	Page 24

14. Non-Consolidated Results for FY2017 1Q - MSI (i)

(¥bn)

	FY2016 1Q Results	FY2017 1Q Results	YoY Change
Net premiums written	362.6	377.0	14.3
Growth rate of net premiums written	-2.0%	3.9%	5.9pt
Net loss ratio	56.9%	56.5%	-0.4pt
Net expense ratio	32.2%	31.2%	-1.0pt
Combined ratio	89.1%	87.7%	-1.4pt
Incurred losses (Incl. loss adjustment expenses)	222.7	207.0	- 15.7
Underwriting profit/loss	15.9	32.0	16.1
Net interest and dividends income	25.4	29.3	3.8
Gains/losses on sales of securities	11.3	27.1	15.8
Impairment losses on securities	- 1.5	- 0.5	0.9
Investment profit/loss	25.9	55.5	29.6
Ordinary profit/loss	41.8	87.8	46.0
Extraordinary income/losses	- 1.4	- 1.1	0.3
Net income/loss	32.2	66.6	34.4
<Excluding residential EQ insurance and CALI>			
Growth rate of net premiums written	-1.8%	3.0%	4.8pt
Net loss ratio	52.6%	53.6%	1.0pt
Net expense ratio	33.9%	33.0%	-0.9pt
Combined ratio	86.5%	86.6%	0.1pt
Incurred losses (Incl. loss adjustment expenses)	179.3	171.3	- 8.0

On the following pages, Slides 14 through 22 contain non-consolidated results for MSI and ADI and the simple sum for the two companies' non-consolidated results.

Additional reference materials include Slide 23, Q1 performance for MS Amlin, and Slide 24, ESR status. Please look at them later.

ESR continues to be maintained at a sound level.

This concludes my presentation. Thank you for your attention.

15. Non-Consolidated Results for FY2017 1Q - MSI (ii)

Net premiums written

(¥bn)

	FY2016 1Q	FY2017 1Q	
	Results	Results	Growth
Fire and allied	36.6	43.3	18.2%
Marine	15.8	15.1	-4.6%
Personal accident	38.7	39.9	3.0%
Voluntary automobile	167.6	169.2	1.0%
CALI	41.5	46.2	11.3%
Other	62.2	63.1	1.5%
Total	362.6	377.0	3.9%
Total excluding residential EQ insurance and CALI	320.9	330.6	3.0%

Net loss ratio

	FY2016 1Q	FY2017 1Q	
	Results	Results	YoY Change
Fire and allied	72.0%	66.0%	-6.0pt
Marine	54.4%	55.5%	1.1pt
Personal accident	49.6%	48.4%	-1.2pt
Voluntary automobile	52.7%	54.7%	2.0pt
CALI	90.3%	77.3%	-13.0pt
Other	42.1%	44.7%	2.6pt
Total	56.9%	56.5%	-0.4pt
Total excluding residential EQ insurance and CALI	52.6%	53.6%	1.0pt

16. Non-Consolidated Results for FY2017 1Q - MSI (iii)

Incurred losses^{※1} and E/I loss ratio (including loss adjustment expenses)

(¥bn)

	FY2016 1Q					FY2017 1Q					
	Incurred Losses ^{※1} (a)	E/I Loss Ratio ^{※2}	Nat. Cat. Impact ^{※3} (b)	(a)-(b)	E/I Loss Ratio (Excluding Nat. Cat. Impact)	Incurred Losses ^{※1} (c)	E/I Loss Ratio ^{※2}	Nat. Cat. Impact ^{※3} (d)	(c)-(d)	E/I Loss Ratio (Excluding Nat. Cat. Impact)	YoY Change
Fire and allied (Excluding residential EQ insurance)	33.1	66.4%	11.9	21.2	42.6%	25.3	49.6%	0.8	24.5	48.0%	5.4pt
Marine	8.3	49.8%	0.0	8.3	49.8%	8.8	53.2%	0.0	8.8	53.2%	3.4pt
Personal accident	18.0	55.1%	0.0	18.0	55.1%	17.6	53.0%	—	17.6	53.0%	-2.1pt
Voluntary automobile	92.7	56.3%	0.2	92.5	56.2%	87.0	52.4%	0.0	86.9	52.4%	-3.8pt
Other	27.0	47.0%	0.2	26.7	46.5%	32.3	54.9%	0.0	32.3	54.9%	8.4pt
Total (A) ^{※4}	179.3	55.8%	12.4	166.9	51.9%	171.3	52.5%	0.9	170.3	52.2%	0.3pt
Residential EQ insurance (B)	5.9		5.9	—		—		—	—		
CALI (C)	37.4		—	37.4		35.7		—	35.7		
Total (A)+(B)+(C)	222.7		18.3	204.3		207.0		0.9	206.1		

※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 premiums (excluding natural catastrophe reserves) and premium reserve, etc.

※3 Nat. Cat. (Natural Catastrophes) Impact is the total of incurred losses resulting from natural catastrophes occurring in Japan during the period.

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

17. Non-Consolidated Results for FY2017 1Q - ADI (i)

			(¥bn)
	FY2016 1Q Results	FY2017 1Q Results	YoY Change
Net premiums written	300.4	312.2	11.7
Growth rate of net premiums written	1.1%	3.9%	2.8pt
Net loss ratio	54.5%	52.6%	-1.9pt
Net expense ratio	34.2%	33.6%	-0.6pt
Combined ratio	88.7%	86.2%	-2.5pt
Incurred losses (Incl. loss adjustment expenses)	170.6	166.7	- 3.8
Underwriting profit/loss	8.7	15.9	7.1
Net interest and dividends income	13.0	15.1	2.0
Gains/losses on sales of securities	4.7	1.8	- 2.8
Impairment losses on securities	- 1.0	- 0.0	0.9
Investment profit/loss	14.3	14.2	- 0.1
Ordinary profit/loss	25.5	30.9	5.4
Extraordinary income/losses	- 5.3	- 1.4	3.8
Net income/loss	16.0	22.4	6.3
<Excluding residential EQ insurance and CALI>			
Growth rate of net premiums written	2.1%	3.1%	1.0pt
Net loss ratio	49.8%	49.3%	-0.5pt
Net expense ratio	35.7%	35.0%	-0.7pt
Combined ratio	85.5%	84.3%	-1.2pt
Incurred losses (Incl. loss adjustment expenses)	133.0	135.7	2.6

18. Non-Consolidated Results for FY2017 1Q - ADI (ii)

Net premiums written

(¥bn)

	FY2016 1Q Results	FY2017 1Q	
		Results	Growth
Fire and allied	32.3	40.2	24.4%
Marine	1.2	1.8	46.7%
Personal accident	16.8	16.6	-0.7%
Voluntary automobile	177.0	176.7	-0.1%
CALI	38.1	41.9	9.9%
Other	34.8	34.6	-0.4%
Total	300.4	312.2	3.9%
Total excluding residential EQ insurance and CALI	262.1	270.1	3.1%

Net loss ratio

	FY2016 1Q Results	FY2017 1Q	
		Results	YoY Change
Fire and allied	53.1%	47.2%	-5.9pt
Marine	45.5%	41.1%	-4.4pt
Personal accident	43.5%	43.5%	0.0pt
Voluntary automobile	50.6%	51.8%	1.2pt
CALI	87.1%	74.0%	-13.1pt
Other	45.7%	42.2%	-3.5pt
Total	54.5%	52.6%	-1.9pt
Total excluding residential EQ insurance and CALI	49.8%	49.3%	-0.5pt

19. Non-Consolidated Results for FY2017 1Q - ADI (iii)

Incurred losses^{※1} and E/I loss ratio (including loss adjustment expenses)

(¥bn)

	FY2016 1Q					FY2017 1Q					
	Incurred Losses ^{※1} (a)	E/I Loss Ratio ^{※2}	Nat. Cat. Impact ^{※3} (b)	(a)-(b)	E/I Loss Ratio (Excluding Nat. Cat. Impact)	Incurred Losses ^{※1} (c)	E/I Loss Ratio ^{※2}	Nat. Cat. Impact ^{※3} (d)	(c)-(d)	E/I Loss Ratio (Excluding Nat. Cat. Impact)	YoY Change
Fire and allied (Excluding residential EQ insurance)	20.7	53.2%	5.5	15.2	39.1%	18.3	43.4%	0.0	18.3	43.2%	4.1pt
Marine	0.3	24.6%	—	0.3	24.6%	1.2	74.7%	—	1.2	74.7%	50.1pt
Personal accident	7.2	48.1%	0.0	7.2	48.1%	7.6	51.0%	—	7.6	51.0%	2.9pt
Voluntary automobile	91.1	53.9%	0.2	90.8	53.8%	94.0	55.4%	0.1	93.9	55.3%	1.5pt
Other	13.5	48.1%	0.1	13.4	47.6%	14.3	51.2%	0.0	14.3	51.2%	3.6pt
Total (A) ^{※4}	133.0	52.6%	5.8	127.1	50.3%	135.7	52.8%	0.1	135.5	52.7%	2.4pt
Residential EQ insurance (B)	4.3		4.3	—		—		—	—		
CALI (C)	33.2		—	33.2		31.0		—	31.0		
Total (A)+(B)+(C)	170.6		10.1	160.4		166.7		0.1	166.5		

※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, etc.

※3 Nat. Cat. (Natural Catastrophes) Impact is the total of incurred losses resulting from natural catastrophes occurring in Japan during the period.

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

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

	FY2016 1Q Results	FY2017 1Q		(¥bn)
		Results	YoY Change	
Net premiums written	663.1	689.2	26.0	
Growth rate of net premiums written	-0.6%	3.9%	4.5pt	
Net loss ratio	55.8%	54.7%	-1.1pt	
Net expense ratio	33.1%	32.3%	-0.8pt	
Combined ratio	88.9%	87.0%	-1.9pt	
Incurred losses (Incl. loss adjustment expenses)	393.4	373.8	- 19.5	
Underwriting profit/loss	24.6	47.9	23.2	
Net interest and dividends income	38.5	44.4	5.9	
Gains/losses on sales of securities	16.0	29.0	13.0	
Impairment losses on securities	- 2.5	- 0.5	1.9	
Investment profit/loss	40.3	69.8	29.5	
Ordinary profit/loss	67.4	118.8	51.4	
Extraordinary income/losses	- 6.7	- 2.5	4.1	
Net income/loss	48.3	89.1	40.7	
<Excluding residential EQ insurance and CALI>				
Growth rate of net premiums written	-0.1%	3.0%	3.1pt	
Net loss ratio	51.3%	51.7%	0.4pt	
Net expense ratio	34.7%	33.9%	-0.8pt	
Combined ratio	86.0%	85.6%	-0.4pt	
Incurred losses (Incl. loss adjustment expenses)	312.4	307.0	- 5.3	

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

Net premiums written

(¥bn)

	FY2016 1Q	FY2017 1Q	
	Results	Results	Growth
Fire and allied	69.0	83.5	21.1%
Marine	17.1	17.0	-0.7%
Personal accident	55.5	56.5	1.9%
Voluntary automobile	344.6	346.0	0.4%
CALI	79.6	88.1	10.6%
Other	97.0	97.8	0.8%
Total	663.1	689.2	3.9%
Total excl. residential EQ insurance and CALI	583.0	600.7	3.0%

Net loss ratio

	FY2016 1Q	FY2017 1Q	
	Results	Results	YoY change
Fire and allied	63.1%	57.0%	-6.1pt
Marine	53.7%	53.9%	0.2pt
Personal accident	47.8%	46.9%	-0.9pt
Voluntary automobile	51.6%	53.2%	1.6pt
CALI	88.8%	75.8%	-13.0pt
Other	43.4%	43.8%	0.4pt
Total	55.8%	54.7%	-1.1pt
Total excl. residential EQ insurance and CALI	51.3%	51.7%	0.4pt

22. Simple Sum of MSI & ADI (Non-Consolidated) (iii)

Incurred losses^{※1} and E/I loss ratio (including loss adjustment expenses)

(¥bn)

	FY2016 1Q					FY2017 1Q					
	Incurred Losses ^{※1} (a)	E/I Loss Ratio ^{※2}	Nat. Cat. Impact ^{※3} (b)	(a)-(b)	E/I Loss Ratio (Excluding Nat. Cat. Impact)	Incurred Losses ^{※1} (c)	E/I Loss Ratio ^{※2}	Nat. Cat. Impact ^{※3} (d)	(c)-(d)	E/I Loss Ratio (Excluding Nat. Cat. Impact)	YoY Change
Fire and allied (Excluding residential EQ insurance)	53.9	60.6%	17.4	36.5	41.0%	43.7	46.8%	0.8	42.8	45.8%	4.8pt
Marine	8.7	47.6%	0.0	8.7	47.6%	10.1	55.2%	0.0	10.1	55.2%	7.6pt
Personal accident	25.2	52.9%	0.0	25.2	52.9%	25.2	52.4%	-	25.2	52.4%	-0.5pt
Voluntary automobile	183.8	55.1%	0.4	183.4	55.0%	181.1	53.9%	0.2	180.9	53.8%	-1.2pt
Other	40.5	47.4%	0.4	40.1	46.9%	46.7	53.7%	0.0	46.7	53.7%	6.8pt
Total (A) ^{※4}	312.4	54.4%	18.3	294.0	51.2%	307.0	52.7%	1.1	305.8	52.5%	1.3pt
Residential EQ insurance (B)	10.2		10.2	-		-		-	-		
CALI (C)	70.7			70.7		66.8		-	66.8		
Total (A)+(B)+(C)	393.4		28.5	364.8		373.8		1.1	372.6		

※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, etc.

※3 Nat. Cat. (Natural Catastrophes) Impact is the total of incurred losses resulting from natural catastrophes occurring in Japan during the period.

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

23. <Reference> MS Amlin's Results for FY2017 (Jan. – Mar. 2017)

(£mn)

	FY2016 1Q ^{※1} Results	FY2017 1Q	
		Results	YoY change
Net premiums written	1,226	1,313	86
Net premiums earned	682	681	-1
Incurred losses (including loss adjustment expenses)	372	438	65
Net commission and expense for acquisition, admin expense	259	267	7
Underwriting profit/loss	59	-39	-99
Investment profit/loss ^{※2}	-0	69	69
Other expenses ^{※3}	-27	-21	5
Net income/loss after tax	39	17	-22
EI claims ratio	55%	64%	9pt
EI expense ratio ^{※4}	36%	42%	6pt
EI combined ratio ^{※4}	91%	106%	15pt

※1 Figures for FY2016 1Q include figures for MSI's Lloyd's and Reinsurance businesses that were consolidated into MS Amlin at the end of FY2016.

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

※3 The main item of "Other expenses" is expenses of non-insurance companies.

※4 EI expense ratio and EI combined ratio are calculated by taking into account foreign exchange gains/losses (included in underwriting profit) in accordance with calculation in UK.

24. <Reference> ESR

ESR ※¹
(confidence interval:
99.5%)

(¥tn)



ESR increased by 8pt mainly due to the following factors:

- Increase in the market value of assets due to increasing stock prices (increase in NAV)
- Increase of equity risk due to increasing stock prices
- Increase in NAV due to retained earnings
- Reduction of equity risk by sales of strategic equity holdings
- Decrease in economic value-based insurance liabilities (increase in NAV) and reduction of life insurance underwriting risk and interest rate risk following change in the shape of a domestic interest rate yield curve

<Market environment assumptions>

	End of March 2017	End of June 2017	Change
Nikkei stock average	18,909 yen	20,033 yen	+1,124 yen
Exchange rate (US\$1:Yen)	112 yen	112 yen	-0 yen
30-year JGB interest rate	0.85%	0.85%	-0 pt

※¹ ESR: Economic Solvency Ratio (=NAV ÷ Integrated Risk Amount)

※² Integrated Risk Amount: risk amount calculated based on Value at Risk with a 99.5% confidence interval

The following slides provide information about the Projected Financial Results for FY2017 announced on May 19, 2017 for your reference.

Projected Financial Results for FY2017 (Announced on May 19, 2017)

Consolidated Earnings Forecasts for FY2017	Page 25-29
Major Assumptions for Earnings Forecasts for FY2017	Page 30
Mitui Sumitomo Insurance (MSI) (Non-Consolidated)	Page 31-32
Aioi Nissay Dowa Insurance (ADI) (Non-Consolidated)	Page 33-34
Simple Sum of MSI and ADI (Non-Consolidated)	Page 35-36

25. Consolidated Earnings Forecasts for FY2017 (i)

Projected Financial Results for FY2017
(Announced on May 19, 2017)

(¥bn)

	FY2016 Results		FY2017 Forecast	
			YoY Change	Growth
Net premiums written	3,406.9	3,450.0	43.0	1.3%
Mitsui Sumitomo Insurance	1,469.6	1,488.0	18.3	1.2%
Aioi Nissay Dowa Insurance	1,200.5	1,219.0	18.4	1.5%
Mitsui Direct General	37.6	38.8	1.1	3.0%
Overseas subsidiaries	693.1	700.0	6.8	1.0%
Life insurance premiums	1,253.1	949.0	- 304.1	-24.3%

<Reference : Gross life insurance premiums>

(¥bn)

	FY2016 Results		FY2017 Forecast	
			YoY Change	Growth
MSI Aioi Life	478.9	494.3	15.3	3.2%
MSI Primary Life	1,071.1	800.0	- 271.1	-25.3%

26. Consolidated Earnings Forecasts for FY2017 (ii)

Projected Financial Results for FY2017
(Announced on May 19, 2017)

(¥bn)

	Results		YoY Change
Ordinary profit/loss	352.6	345.0	- 7.6
Mitsui Sumitomo Insurance	215.5	225.0	9.4
Aioi Nissay Dowa Insurance	75.1	70.0	- 5.1
Net income/loss	210.4	245.0	34.5
Mitsui Sumitomo Insurance	164.5	166.0	1.4
Aioi Nissay Dowa Insurance	50.3	49.0	- 1.3
Mitsui Direct General	- 0.9	0.2	1.1
MSI Aioi Life	4.5	3.0	- 1.5
MSI Primary Life	20.7	14.0	- 6.7
Overseas subsidiaries	24.0	45.0	20.9
Consolidation adjustments, etc.	- 52.9	- 32.2	20.7
ROE (financial accounting basis)	7.8%	8.9%	1.1pt

27. Consolidated Earnings Forecasts for FY2017 (iii)

Projected Financial Results for FY2017
(Announced on May 19, 2017)

Net premiums written

(¥bn)

	FY2016 Results	FY2017 Forecast		
			YoY Change	Change Ratio
Overseas subsidiaries total	693.1	700.0	6.8	1.0%
Asia	154.5	161.5	6.9	4.5%
Europe	493.1	488.8	- 4.3	-0.9%
(of which, MS Amlin)	455.8	448.1	- 7.7	-1.7%
Americas	45.4	49.7	4.2	9.3%

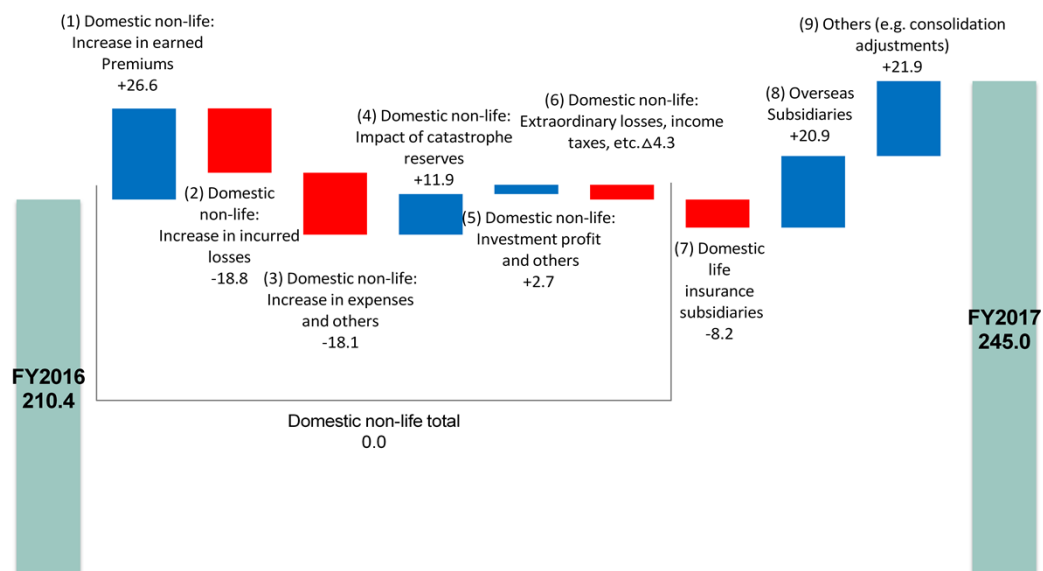
Net income/loss

	FY2016 Results	FY2017 Forecast	
			YoY Change
Overseas subsidiaries total	24.0	45.0	20.9
Asia	13.2	13.3	0.0
Europe	7.7	29.1	21.4
(of which, MS Amlin)	12.3	30.1	17.7
Americas	3.0	2.6	- 0.5

※ Figures for MS Amlin are based on the structure after integration of Lloyd's and Reinsurance businesses.

Figures for FY2016 are a simple sum of Lloyd's and Reinsurance companies prior to integration.

Factors behind change from the previous year for consolidated net income



※ Figures for domestic non-life insurance are a simple sum of figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

29. Consolidated Earnings Forecasts for FY2017 (v)

Projected Financial Results for FY2017
(Announced on May 19, 2017)

(¥bn)

	FY2016 Results	FY2017 Forecast	
			YoY Change
Group Core Profit	213.7	230.0	16.2
Domestic non-life insurance	153.3	145.0	- 8.3
Domestic life insurance	25.1	17.0	- 8.1
International business	34.6	64.0	29.3
Financial services/Risk-related services	0.5	4.0	3.4
Other financial targets			
Combined ratio (Domestic non-life insurance)	92.6%	92.9%	0.3pt
Increase in EV of MSI Aioi Life	198.4	50.0	- 148.4
Group ROE	7.9%	8.4%	0.5pt

※ FY2017 forecast for Group Core Profit for international business includes share exchange profit of 21.0billion yen related to merger at Max Life.

30. Major Assumptions for Earnings Forecasts for FY2017

Projected Financial Results for FY2017
(Announced on May 19, 2017)

(¥bn)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance
Assumptions concerning the asset management environment	Assumes the level at the end of March 2017 Nikkei average : ¥18,909 USD\$1 = JPY¥112 EUR€1 = JPY¥120 GBP£1 = JPY¥140	
Domestic natural catastrophes occurring in FY2017	30.0 (- 4.3)	20.0 (+ 3.2)
Catastrophe reserves Provision	17.3 (- 5.6)	14.1 (- 0.3)
(For fire insurance) Reversal	13.6 (- 3.5)	3.7 (+ 3.7)
Change	3.7 (- 2.0)	10.4 (- 4.0)
Catastrophe reserves Provision	20.9 (- 0.1)	21.9 (+ 0.1)
(For voluntary automobile insurance) Reversal	- - 0.0	14.9 (+ 7.0)
Change	20.9 (- 0.1)	7.0 (- 6.9)
Corporate tax rate (Effective tax rate)	28.2%	

※ Figures in parentheses show change from the previous fiscal year.

31. Earnings Forecasts for FY2017 – MSI (Non-Consolidated) (i)

Projected Financial Results for FY2017
(Announced on May 19, 2017)

(¥bn)

	FY2016 Results	FY2017 Forecast	
			YoY Change
Net premiums written	1,469.6	1,488.0	18.3
Growth rate of net premiums written	-2.5%	1.2%	3.7pt
Net loss ratio	61.2%	60.3%	- 0.9pt
Net expense ratio	31.2%	31.6%	0.4pt
Combined ratio	92.4%	91.9%	- 0.5pt
Incurred losses (Incl. loss adjustment expenses)	893.0	891.8	- 1.2
Underwriting profit/loss	81.7	82.0	0.2
Net interest and dividends income	81.2	69.0	- 12.2
Gains/losses on sales of securities	67.2	63.4	- 3.9
Impairment losses on securities	- 0.4	- 3.0	- 2.5
Investment profit/loss	139.4	147.6	8.1
Ordinary profit/loss	215.5	225.0	9.4
Extraordinary income/losses	- 7.0	- 2.7	4.4
Net income/loss	164.5	166.0	1.4
<Excluding residential EQ insurance and CALI>			
Growth rate of net premiums written	-2.9%	1.7%	4.6pt
Net loss ratio	58.0%	57.2%	- 0.8pt
Net expense ratio	33.2%	33.5%	0.3pt
Combined ratio	91.2%	90.7%	- 0.5pt
Incurred losses (Incl. loss adjustment expenses)	738.4	741.0	2.5

* FY2017 forecast for investment profit includes share exchange profit of 22.0 billion yen related to merger at Max Life.

32. Earnings Forecasts for FY2017 – MSI (Non-Consolidated) (ii)

Projected Financial Results for FY2017
(Announced on May 19, 2017)

Net premiums written

(¥bn)

	FY2016 Results	FY2017	
		Forecast	Growth
Fire and allied	183.8	191.0	3.9%
Marine	58.6	58.5	-0.2%
Personal accident	143.5	144.5	0.7%
Voluntary automobile	654.1	660.3	0.9%
CALI	186.8	183.2	-2.0%
Other	242.5	250.6	3.3%
Total	1,469.6	1,488.0	1.2%
Total excl. residential EQ insurance and CALI	1,282.0	1,304.3	1.7%

Net loss ratio

	FY2016 Results	FY2017	
		Forecast	YoY Change
Fire and allied	72.0%	63.4%	- 8.6pt
Marine	61.3%	60.0%	- 1.3pt
Personal accident	54.3%	53.5%	- 0.8pt
Voluntary automobile	57.3%	57.9%	0.6pt
CALI	80.3%	82.1%	1.8pt
Other	52.9%	52.2%	- 0.7pt
Total	61.2%	60.3%	- 0.9pt
Total excl. residential EQ insurance and CALI	58.0%	57.2%	- 0.8pt

Incurred losses (Excluding residential EQ insurance and CALI)

(¥bn)

	FY2016 Results	FY2017 Forecast	
			YoY Change
Incurred losses (incl. loss adjustment expenses) ^{※1}	738.4	741.0	2.5
Natural catastrophes ^{※2}	34.3	30.0	- 4.3
Other than natural catastrophes	704.1	711.0	6.8

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

※2 "Natural catastrophes" shows incurred losses from domestic natural catastrophes during the period.

33. Earnings Forecasts for FY2017 – ADI (Non-Consolidated) (i)

Projected Financial Results for FY2017
(Announced on May 19, 2017)

(¥bn)

	FY2016 Results	FY2017 Forecast	
			YoY Change
Net premiums written	1,200.5	1,219.0	18.4
Growth rate of net premiums written	0.7%	1.5%	0.8pt
Net loss ratio	59.1%	60.2%	1.1pt
Net expense ratio	33.5%	33.7%	0.2pt
Combined ratio	92.6%	93.9%	1.3pt
Incurred losses (Incl. loss adjustment expenses)	724.6	740.2	15.5
Underwriting profit/loss	39.5	41.0	1.4
Net interest and dividends income	38.0	35.0	- 3.0
Gains/losses on sales of securities	9.0	8.5	- 0.5
Impairment losses on securities	- 4.9	- 3.0	1.9
Investment profit/loss	32.2	28.0	- 4.2
Ordinary profit/loss	75.1	70.0	- 5.1
Extraordinary income/losses	- 8.3	- 3.7	4.6
Net income/loss	50.3	49.0	- 1.3
<Excluding residential EQ insurance and CALI>			
Growth rate of net premiums written	1.0%	2.2%	1.2pt
Net loss ratio	55.6%	57.0%	1.4pt
Net expense ratio	35.2%	35.4%	0.2pt
Combined ratio	90.8%	92.4%	1.6pt
Incurred losses (Incl. loss adjustment expenses)	591.0	607.4	16.3

34. Earnings Forecasts for FY2017 – ADI (Non-Consolidated) (ii)

Projected Financial Results for FY2017
(Announced on May 19, 2017)

Net premiums written

(¥bn)

	FY2016 Results	FY2017	
		Forecast	Growth
Fire and allied	153.0	170.0	11.1%
Marine	5.4	7.2	31.7%
Personal accident	61.4	60.2	-2.0%
Voluntary automobile	680.4	682.7	0.3%
CALI	168.7	164.6	-2.5%
Other	131.3	134.3	2.2%
Total	1,200.5	1,219.0	1.5%
Total excl. residential EQ insurance and CALI	1,031.2	1,053.9	2.2%

Net loss ratio

	FY2016 Results	FY2017	
		Forecast	YoY Change
Fire and allied	56.2%	57.3%	1.1pt
Marine	48.0%	50.0%	2.0pt
Personal accident	48.6%	48.5%	- 0.1pt
Voluntary automobile	56.8%	58.6%	1.8pt
CALI	77.9%	80.7%	2.8pt
Other	55.6%	52.9%	- 2.7pt
Total	59.1%	60.2%	1.1pt
Total excl. residential EQ insurance and CALI	55.6%	57.0%	1.4pt

Incurred losses (Excluding residential EQ insurance and CALI)

(¥bn)

	FY2016 Results	FY2017	
		Forecast	YoY Change
Incurred losses (incl. loss adjustment expenses) ^{※1}	591.0	607.4	16.3
Natural catastrophes ^{※2}	16.7	20.0	3.2
Other than natural catastrophes	574.2	587.4	13.1

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

^{※2} "Natural catastrophes" shows incurred losses from domestic natural catastrophes during the period.

35. Earnings Forecasts for FY2017 – Simple Sum of MSI & ADI (Non-Consolidated) (i)

Projected Financial Results for FY2017
(Announced on May 19, 2017)
(¥bn)

	FY2015	FY2016		FY2017 Forecast	
	Results	Results	YoY Change		YoY Change
Net premiums written	2,699.5	2,670.2	- 29.2	2,707.0	36.7
Growth rate of net premiums written	3.6%	-1.1%	-4.7pt	1.4%	2.5pt
Net loss ratio	59.1%	60.2%	1.1pt	60.2%	0.0pt
Net expense ratio	32.5%	32.2%	-0.3pt	32.5%	0.3pt
Combined ratio	91.6%	92.4%	0.8pt	92.7%	0.3pt
Incurred losses (Incl. loss adjustment expenses)	1,603.5	1,617.6	14.1	1,632.0	14.3
Underwriting profit/loss	43.9	121.3	77.3	123.0	1.6
Net interest and dividends income	118.9	119.3	0.3	104.0	- 15.3
Gains/losses on sales of securities	109.5	76.3	- 33.2	71.9	- 4.4
Impairment losses on securities	- 13.9	- 5.4	8.5	- 6.0	- 0.5
Investment profit/loss	187.7	171.6	- 16.0	175.6	3.9
Ordinary profit/loss	229.6	290.7	61.0	295.0	4.2
Extraordinary income/losses	- 32.0	- 15.4	16.5	- 6.4	9.1
Net income/loss	145.0	214.9	69.8	215.0	0.0
<Excluding residential EQ insurance and CALI>					
Growth rate of net premiums written	3.7%	-1.2%	-4.9pt	1.9%	3.1pt
Net loss ratio	56.1%	56.9%	0.8pt	57.1%	0.2pt
Net expense ratio	34.5%	34.1%	-0.4pt	34.3%	0.2pt
Combined ratio	90.6%	91.0%	0.4pt	91.4%	0.4pt
Incurred losses (Incl. loss adjustment expenses)	1,321.9	1,329.5	7.6	1,348.4	18.8

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

Projected Financial Results for FY2017
(Announced on May 19, 2017)

Net premiums written

(¥bn)

	FY2015	FY2016		FY2017 Forecast	
	Results	Results	Growth		Growth
Fire and allied	410.1	336.9	-17.8%	361.0	7.2%
Marine	72.7	64.1	-11.8%	65.7	2.5%
Personal accident	204.5	204.9	0.2%	204.7	-0.1%
Voluntary automobile	1,317.4	1,334.6	1.3%	1,343.0	0.6%
CALI	357.1	355.6	-0.4%	347.8	-2.2%
Other	337.4	373.9	10.8%	384.9	2.9%
Total	2,699.5	2,670.2	-1.1%	2,707.0	1.4%
Total excl. residential EQ insurance and CALI	2,340.9	2,313.2	-1.2%	2,358.2	1.9%

Net loss ratio

	FY2015	FY2016		FY2017 Forecast	
	Results	Results	YoY change		YoY change
Fire and allied	53.8%	64.8%	11.0pt	60.5%	-4.3pt
Marine	53.1%	60.1%	7.0pt	58.9%	-1.2pt
Personal accident	56.0%	52.6%	-3.4pt	52.0%	-0.6pt
Voluntary automobile	58.6%	57.0%	-1.6pt	58.2%	1.2pt
CALI	79.0%	79.1%	0.1pt	81.4%	2.3pt
Other	49.1%	53.8%	4.7pt	52.4%	-1.4pt
Total	59.1%	60.2%	1.1pt	60.2%	0.0pt
Total excl. residential EQ insurance and CALI	56.1%	56.9%	0.8pt	57.1%	0.2pt

Incurred losses (Excluding residential EQ insurance and CALI)

(¥bn)

	FY2015	FY2016		FY2017 Forecast	
	Results	Results	YoY Change		YoY Change
Incurred losses (Incl. loss adjustment expenses) ^{※1}	1,321.9	1,329.5	7.6	1,348.4	18.8
Natural catastrophes ^{※2}	68.1	51.0	- 17.0	50.0	- 1.0
Other than natural catastrophes	1,253.8	1,278.4	24.6	1,298.4	19.9

※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 include the impact of heavy snowfalls of February 2014 (0.3 billion yen).

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 = $\text{Group Core Profit} \div \text{Consolidated total net assets excluding stock acquisition rights and non-controlling interests (average of beginning and ending amounts of B/S)}$

Caution About Forward-Looking Statements

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Inquiries

Corporate Communications and Investor Relations Dept.

MS&AD Insurance Group Holdings, Inc.

Phone: +81-3-5117-0311 Fax: +81-3-5117-0605

<http://www.ms-ad-hd.com/en/ir/contact/index.html>