

## Materials for FY2017 Results Briefing – Conference Call

May 18, 2018 (Fri.)



MS&AD Insurance Group Holdings, Inc.

MS&AD Insurance Group Holdings, Inc.

I am Satoru Shiono of MS&AD Holdings' Corporate Communications and Investor Relations Dept. Thank you for finding the time in your busy schedules to participate in our conference call today. I will explain the FY2017 results and FY2018 forecasts today.

You can find the briefing materials on the MS&AD website as well as the data sheet in excel files also have been posted there.

### Summary of FY2017 Results

Consolidated Earnings	Page 5-9
Impact of Natural Catastrophes	Page 10-11
Domestic Non-Life Insurance Companies	Page 12-14
Domestic Life Insurance Companies	Page 15-16
Overseas Subsidiaries	Page 17
(Reference) Domestic Non-Life Insurance Companies, MSI & ADI	Page 18-20
(Reference) MS Amlin's Results for FY2017(Jan.-Dec. 2017)	Page 21

### Projected Results for FY2018

Consolidated Earnings Forecasts	Page 23-26
Major Assumptions for Earnings Forecasts	Page 27
Domestic Non-Life Insurance Companies	Page 28-31
Domestic Life Insurance Companies	Page 32-33
Overseas Subsidiaries	Page 34-35
(Reference) Replacement of Group Adjusted Profit & Group Adjusted ROE	Page 36

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# Summary of FY2017 Results

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## Today's Points

### **FY2017 Results**

- Consolidated net income decreased by 56.3 billion yen year-on-year impacted by domestic and overseas natural catastrophes among other factors, however, exceeding the revised forecast announced in November 2017 by 9.0 billion yen.

### **FY2018 Forecast**

- Consolidated net income is forecast to increase by 30%, or 45.9 billion yen, year-on-year mainly due to the recovery of international business from the temporary impact of large natural catastrophes.

### **Shareholder Return**

- Repurchase of own shares worth of up to 30 billion yen was resolved.

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## Consolidated Earnings for FY2017 (1) - Overview (i) (Top line)

- Despite an decrease in premiums at overseas subsidiaries, consolidated net premiums written increased by 39.9 billion yen year-on-year to 3,446.9 billion yen driven by the premium increase in domestic non-life insurance mainly in fire insurance and inward reinsurance from overseas.
- Gross premiums income for domestic life insurance subsidiaries fell by 41.8 billion year-on-year mainly due to suspension of sales of several variable products at MSI Primary Life.

### Non-life insurance subsidiaries

(¥bn)

	FY2016 Results	FY2017 Results	YoY Change	
			YoY Change	Growth
Direct premiums written <sup>※</sup> (excl. deposit premiums from policyholders)	3,516.8	<b>3,568.7</b>	51.8	1.5%
Net premiums written <sup>※</sup>	3,406.9	<b>3,446.9</b>	39.9	1.2%
Mitsui Sumitomo Insurance	1,469.6	<b>1,500.3</b>	30.6	2.1%
Aioi Nissay Dowa insurance	1,200.5	<b>1,222.0</b>	21.4	1.8%
Mitsui Direct General	37.6	<b>37.8</b>	0.2	0.6%
Overseas subsidiaries	693.1	<b>682.3</b>	- 10.7	- 1.6%

※ 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.

### Life insurance subsidiaries

(¥bn)

	FY2016 Results	FY2017 Results	YoY Change	
			YoY Change	Growth
Gross premiums income <sup>※</sup>	1,550.0	<b>1,508.1</b>	- 41.8	- 2.7%
MSI Aioi Life	478.9	<b>492.5</b>	13.6	2.9%
MSI Primary Life	1,071.1	<b>1,015.6</b>	- 55.5	- 5.2%
Life insurance premiums	1,253.1	<b>1,058.2</b>	- 194.8	- 15.6%

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

Please look at Slide 5 of the “Materials for FY2017 Results Briefing - Conference Call.”

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

Net premiums written in the non-life insurance business increased by ¥39.9bn, or 1.2%, to ¥3,446.9bn, marking a record high. As premiums increased in all lines except compulsory automobile liability insurance (CALI), which was affected by a rate revision, MSI posted an increase in premiums by ¥30.6bn, or 2.1%, while ADI recorded an increase by ¥21.4bn, or 1.8%, as premiums rose in domestic fire insurance and inward reinsurance from overseas.

Meanwhile, overseas subsidiaries posted a decrease in net premiums written by ¥10.7bn, or 1.6%, mainly due to a decline at MS Amlin.

## Consolidated Earnings for FY2017 (1) - Overview (ii) (Bottom line)

- Net income fell by 26.8% year-on-year to 154.0 billion yen due to an increase in incurred losses from lines other than natural catastrophes at MS Amlin, in addition to an increase in losses from domestic and overseas natural catastrophes. However, net income exceeded the revised forecast announced in November 2017 by 9.0 billion yen.

(¥bn)

	FY2016 Results	FY2017		
		Results	YoY Change	Change Ratio
Ordinary profit/loss	352.6	<b>211.5</b>	- 141.0	- 40.0%
Mitsui Sumitomo Insurance	215.5	<b>262.5</b>	47.0	21.8%
Aioi Nissay Dowa Insurance	75.1	<b>5.6</b>	- 69.5	- 92.5%
Mitsui Direct General Insurance	- 0.9	<b>0.4</b>	1.4	-
MSI Aioi Life	16.1	<b>16.9</b>	0.8	5.1%
MSI Primary Life	57.6	<b>28.9</b>	- 28.7	- 49.8%
Overseas subsidiaries	40.0	<b>- 104.3</b>	- 144.3	- 360.8%
Consolidation adjustments, others	- 51.0	<b>1.3</b>	52.3	-
Net income/loss※	210.4	<b>154.0</b>	- 56.3	- 26.8%
Mitsui Sumitomo Insurance	164.5	<b>198.2</b>	33.6	20.5%
Aioi Nissay Dowa Insurance	50.3	<b>15.6</b>	- 34.7	- 69.0%
Mitsui Direct General Insurance	- 0.9	<b>0.2</b>	1.2	-
MSI Aioi Life	4.5	<b>5.2</b>	0.6	14.9%
MSI Primary Life	20.7	<b>29.2</b>	8.5	41.1%
Overseas subsidiaries	24.0	<b>- 104.6</b>	- 128.7	- 534.7%
Consolidation adjustments, others	- 52.9	<b>10.0</b>	63.0	-

※ 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 6.

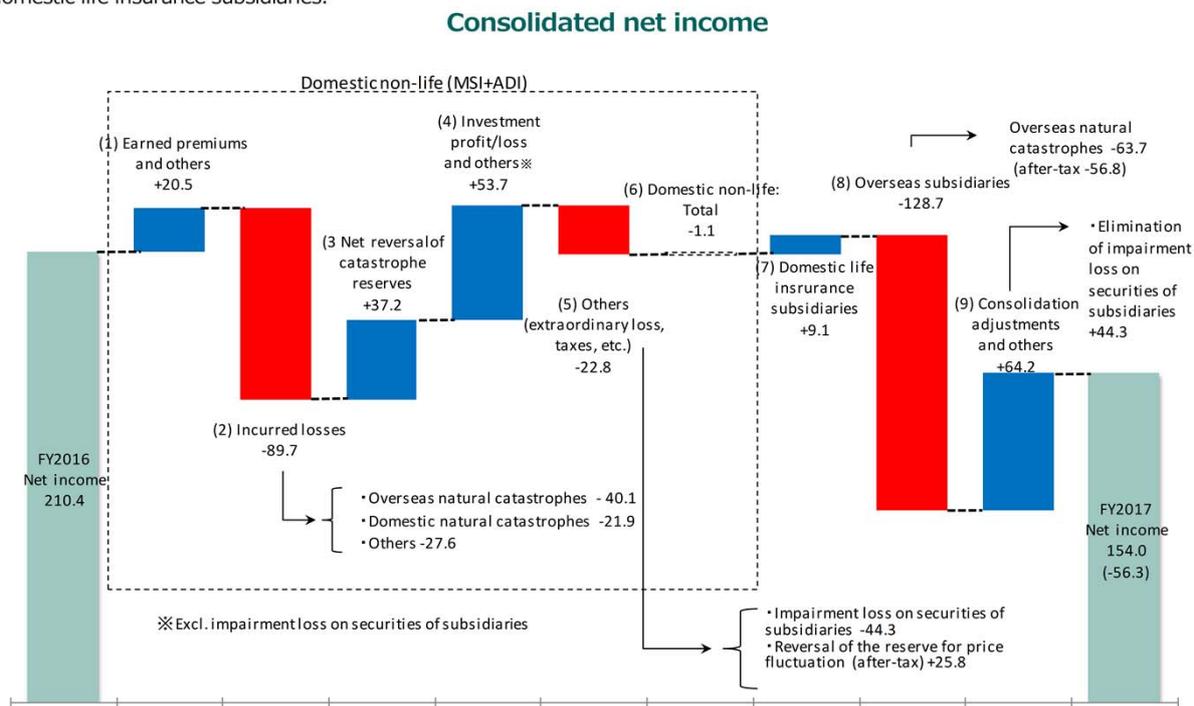
I will explain the Group's bottom line.

Net income decreased by 26.8% to ¥154.0bn due to the higher-than-average occurrence of large domestic natural catastrophes such as Typhoon No.21 in addition to hurricanes and wildfires in North America that are said to have brought the largest-ever damage.

However, net income exceeded the revised forecast announced in November 2017 by 9.0 billion yen. I will explain this in detail later.

## Consolidated Earnings for FY2017 (2) – YoY Results Comparison (i)

- Main factor of a decrease in net income was the impact of domestic and overseas natural catastrophes included in (2) and (8).
- Positive factors in domestic non-life insurance were (1) increase in earned premiums, (3) profit of catastrophe reserves, (4) increase in investment profit and others as a result of progressive reduction of strategic equity holdings, and (7) increase in net income of domestic life insurance subsidiaries.



Next, I will explain net income, delineating the factors that led to changes from the previous fiscal year. Please look at the graph on Slide 7 and the table on Slide 8.

The main causes of the ¥56.3bn year-on-year decline in profit were the increase in domestic and overseas natural catastrophes, which is included in “Incurred losses” of the domestic non-life insurance in No. (2), as well as the impact of losses from the North American hurricanes, etc. and the increase in the incurred losses in general lines other than natural catastrophes at MS Amlin, which are included in “Overseas subsidiaries” in No. (8).

In contrast, positive factors include the increase in “Earned premiums” of the domestic non-life insurance in No. (1), the increase in “Net reversal of catastrophe reserves” in No. (3), the increase in “Investment profit” resulting from a reduction of strategic equity holdings and other factors in No. (4), and the increase in profit at “Domestic life insurance subsidiaries” in No. (7). Also, “Others” in No. (5) include an impairment loss on securities of ADI’s European subsidiary and the subsequent reversal of the price fluctuation reserve, but this was eliminated by consolidated adjustments.

“Consolidation adjustments and others” in No. (9) were positively impacted by an increase of ¥64.2bn. This stemmed mainly from elimination of the impairment loss on securities of ADI, and the impact of the disappearance of system expenses associated with the transfer of third-sector policies in force that were recorded in the same period of the previous year.

## Consolidated Earnings for FY2017 (2) – YoY Results Comparison (ii)

### Factors in YoY changes in consolidated net income

(¥bn)

		FY2016 Results	FY2017 Results	Difference
Consolidated net income/loss		<b>210.4</b>	<b>154.0</b>	<b>- 56.3</b>
Domestic non-life insurance <sup>※1</sup> ; Underwriting profit/loss (excl. residential earthquake and CALI (compulsory auto liability insurance))		121.3	89.3	- 31.9
Earned premiums and others <sup>※2</sup>	(1)	1,532.6	1,553.2	20.5
Incurred losses (incl. loss adjustment expenses)	(2)	- 1,329.5	- 1,419.3	- 89.7
Net reversal of catastrophe reserve	(3)	- 81.8	- 44.6	37.2
Investment profit/loss and others <sup>※3</sup>	(4)	173.7	227.4	53.7
Others (extraordinary loss, taxes, etc.)	(5)	- 80.0	- 102.9	- 22.8
Domestic non-life insurance: Total	(6)	214.9	213.8	- 1.1
Domestic life insurance subsidiaries	(7)	25.2	34.4	9.1
Overseas subsidiaries	(8)	24.0	- 104.6	- 128.7
Consolidation adjustments and others	(9)	- 53.8	10.3	64.2

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

※2 Earned premiums and others\* include expenses.

※3 Excludes impairment loss on securities of subsidiaries

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## Consolidated Earnings for FY2017 (3) – Group Core Profit

- Group Core Profit fell by 108.5 billion yen year-on-year to 105.1 billion yen mainly due to a decrease of 159.7 billion yen in the international business caused by overseas natural catastrophes.

(¥bn)

	FY2016 Results	FY2017 Results	YoY Change
Group Core Profit <sup>※1</sup>	213.7	<b>105.1</b>	<b>- 108.5</b>
Domestic non-life insurance business	153.3	<b>190.1</b>	<b>36.7</b>
Domestic life insurance business	25.1	<b>34.3</b>	<b>9.2</b>
International business	34.6	<b>- 125.0</b>	<b>- 159.7</b>
Financial services business and risk-related services business	0.5	<b>5.6</b>	<b>5.1</b>
Other financial targets			
Combined ratio <sup>※2</sup> (Domestic non-life insurance business)	92.6%	<b>92.8%</b>	<b>0.2pt</b>
Increase in EV of MSI Aioi Life	198.4	<b>41.3</b>	<b>-157.0</b>
Group ROE <sup>※1</sup>	7.9%	<b>3.7%</b>	<b>- 4.2pt</b>

※1 For the definition of Group Core Profit and Group ROE 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.

<b>Group Core Profit</b> 105.1	=	<b>Consolidated net income</b> 154.0	-	<b>Net capital gains / losses on stock portfolio</b> 85.3	-	<b>Net evaluation gains / losses on credit derivatives</b> -0.1	-	<b>Other incidental factors</b> <sup>※3</sup> -36.2	+	<b>Equity in earnings of the non-consolidated group companies</b> 0.0
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※3 Amortization of goodwill and others: -36.9 billion yen; extraordinary income/loss excluding reserves for price fluctuation: +0.7 billion yen

Next, please look at Slide 9.

Group Core Profit fell by 108.5 billion yen year-on-year to 105.1 billion yen mainly due to a substantial decrease in the international business.

You can see adjustments from net income at the bottom of the slide.

## Impact of Natural Catastrophes FY2017 (1)

- Total incurred losses of domestic and overseas natural catastrophes were 203.1 billion yen, an increase of 125.9 billion yen year on year.
- As a result of such events as Typhoon No.21 (Lan) with the incurred loss of 40.5 billion yen, total incurred losses related to domestic natural catastrophes were 73.0 billion yen for the two companies combined, an increase of 21.9 billion yen year-on-year.

### Impact of natural catastrophes occurred in FY2017

	Incurred Losses (¥bn)	
		YoY Change
Domestic natural catastrophes	73.0	21.9
Overseas natural catastrophes	130.1	103.9
<b>Total</b>	<b>203.1</b>	<b>125.9</b>

### Impact of domestic natural catastrophes

	Incurred Losses		Net Claims Paid		Provision for O/S <sup>※1</sup>	
		YoY Change		YoY Change		YoY Change
Domestic natural catastrophes						
Mitsui Sumitomo Insurance	42.7	8.4	34.8	9.4	7.8	- 1.0
Aioi Nissay Dowa Insurance	30.3	13.5	23.5	9.3	6.7	4.2
<b>Total</b>	<b>73.0</b>	<b>21.9</b>	<b>58.4</b>	<b>18.8</b>	<b>14.6</b>	<b>3.1</b>

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

※Incurred losses from Typhoon No.21 (Lan) were 40.5 billion yen (MSI: 23.6 billion yen, ADI: 16.9 billion yen)

Next, I will explain the impact of natural catastrophes. Please refer to Slide 10.

Total incurred losses related to domestic and overseas natural catastrophes reached 203.1 billion yen, an increase of 125.9 billion yen year-on-year. As a result of such events as Typhoon No.21 (Lan) with the incurred loss of 40.5 billion yen, incurred losses related to domestic natural catastrophes increased by 21.9 billion yen to 73.0 billion yen.

## Impact of Natural Catastrophes FY2017 (2)

- Incurred losses related to overseas natural catastrophes were 130.1 billion yen.

### Incurred losses from overseas natural catastrophes

(¥bn)

	Incurred Losses				
	Hurricanes in North America <sup>※1</sup>	California wildfires <sup>※2</sup>	Others	Total	(After-tax impact)
Mitsui Sumitomo Insurance	0.9	-	0.5	1.5	1.0
Aioi Nissay Dowa Insurance	30.0	8.0	1.7	39.8	28.6
Overseas subsidiaries	51.2	25.3	12.0	88.7	78.7
(of which MS Amlin)	51.1	25.3	12.0	88.5	78.5
Total	82.2	33.4	14.4	130.1	108.5
YoY change				103.9	85.6

※1 Total of hurricanes Harvey, Irma and Maria

※2 Total of wildfires occurred in October and December

Please look at Slide 11.

As one of the top 10 players in the global reinsurance market, MS&AD recorded ¥130.1bn of incurred losses related to overseas natural catastrophes in the year of the largest-ever natural catastrophes.

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

- Earned premiums increased by 36.5 billion yen mainly due to an increase in fire insurance. On the other hand, incurred losses increased by 89.7 billion yen due to an increase in natural catastrophes, while expenses increased by 15.8 billion yen as a result of increased commissions following an increase in premiums.
- Underwriting profit (prior to reflecting catastrophe reserve) fell by 69.2 billion yen to 133.9 billion yen for the two companies combined.

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)		(¥bn)
		YoY Change		YoY Change		YoY Change	
<b>Net premiums written<sup>※1</sup></b>	<b>2,722.3</b>	<b>52.1</b>	<b>1,500.3</b>	<b>30.6</b>	<b>1,222.0</b>	<b>21.4</b>	
Earned premiums <sup>※2</sup>	2,361.5	36.5	1,312.8	19.9	1,048.7	16.6	
Incurred losses (including loss adjustment expenses) <sup>※2</sup> (–)	1,419.3	89.7	775.2	36.7	644.0	52.9	
Underwriting-related expenses <sup>※2</sup> (–)	804.8	15.8	436.8	10.5	368.0	5.2	
Commissions and collection expenses <sup>※2</sup>	477.7	18.2	251.4	7.2	226.3	10.9	
Operating expenses and general and administrative expenses <sup>※2</sup>	327.1	-2.3	185.3	3.3	141.7	-5.7	
<b>Underwriting profit/loss prior to reflecting catastrophe reserve</b>	<b>133.9</b>	<b>-69.2</b>	<b>100.3</b>	<b>-27.8</b>	<b>33.6</b>	<b>-41.3</b>	
Net reversal of catastrophe reserve	-44.6	37.2	-15.8	30.5	-28.7	6.6	
<b>Underwriting profit/loss after reflecting catastrophe reserve</b>	<b>89.3</b>	<b>-31.9</b>	<b>84.4</b>	<b>2.6</b>	<b>4.8</b>	<b>-34.6</b>	
<b>EI loss ratio<sup>※2</sup></b>	<b>60.1%</b>	<b>2.9pt</b>	<b>59.1%</b>	<b>2.0pt</b>	<b>61.4%</b>	<b>4.1pt</b>	
Net loss ratio <sup>※1</sup>	60.5%	0.3pt	61.6%	0.4pt	59.2%	0.1pt	
Net expense ratio <sup>※1</sup>	32.2%	0.0pt	31.3%	0.1pt	33.4%	-0.1pt	
<b>Combined ratio<sup>※1</sup></b>	<b>92.7%</b>	<b>0.3pt</b>	<b>92.9%</b>	<b>0.5pt</b>	<b>92.6%</b>	<b>0.0pt</b>	

※1 All lines ※2 Excludes residential earthquake and CALI (compulsory auto liability insurance)

※ Excludes Good Result Return Premiums of the "ModoRich" auto insurance product

※ "Earned premiums" are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

Underwriting profit for MSI and ADI is shown on Slide 12, and investment profit on Slide 13.

MSI's net income on a non-consolidated basis reached 198.2 billion yen, the highest-ever amount.

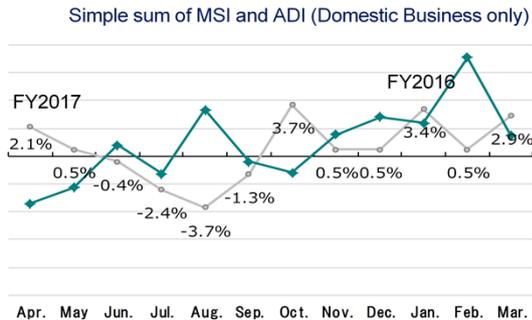


## Domestic Non-Life Insurance Companies FY2017 (2) – Voluntary Auto Insurance

- The cumulative number of accidents at the end of March rose by 0.3% 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 rose by 2.8 points year-on-year to 59.3% as insurance payments increased following an increase in natural catastrophes and premiums rates were going down with less effect from the past premium rates rise.

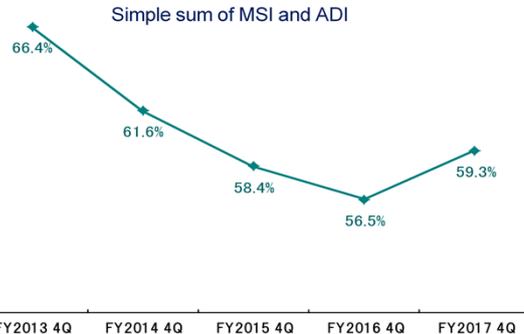
### Number of accidents

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



### E/I loss ratio

(incl. loss adjustment expenses)



### Mitsui Sumitomo Insurance

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+1.2%	-0.7%	+0.5%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+0.3%	+1.6%	

### Aioi Nissay Dowa Insurance

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+1.0%	-1.2%	-0.2%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+1.2%	+0.1%	

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

※ Changes in average payout per claim means changes in average payout per claim over one-year period ended Mar. 31, 2018 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 March for each year.

Please look at Slide 14. I will explain the status of voluntary automobile insurance.

The cumulative number of accidents at the end of March shown in the graph on the left rose moderately by 0.3% year-on-year. The average payout per claim for both property damage liability and vehicle damage shown in the bottom table continued to rise with an increase in the cost of repairs and others, resulting in increasing incurred losses.

E/I loss ratio combined two companies shown in the graph on the right rose by 2.8 points year-on-year to 59.3%.

## Domestic Life Insurance / MSI Aoi Life - Results for FY2017

- The amount of new policies rose by 11.0% year-on-year to 2,639.5 billion yen, primarily due to a significant increase in income guarantee insurance following the launch of new products.
- Net income was 5.2 billion yen, an increase of 0.6 billion yen year-on-year.

### MSI Aoi Life

(¥bn)

	FY2016 Results	FY2017 Results	Change	
			YoY Change	Change Ratio
Amount of new policies <sup>※1</sup>	2,377.1	<b>2,639.5</b>	262.4	11.0%
Annualized premiums of new policies	51.7	<b>38.8</b>	- 12.9	-25.0%
of which, third sector insurance	15.2	<b>13.9</b>	- 1.2	-8.4%
Amount of policies in force <sup>※1</sup>	23,214.2	<b>23,806.8</b>	592.5	2.6%
Annualized premiums of policies in force	401.0	<b>412.3</b>	11.3	2.8%
of which, third sector insurance	88.4	<b>96.7</b>	8.2	9.3%
Gross premiums income	478.9	<b>492.5</b>	13.6	2.9%
Ordinary profit/loss	16.1	<b>16.9</b>	0.8	5.1%
Extraordinary income/loss	- 0.7	<b>- 0.8</b>	- 0.1	-
Net income/loss	4.5	<b>5.2</b>	0.6	14.9%
Core profit	18.6	<b>12.8</b>	- 5.8	-31.2%
EEV	794.2	<b>835.5</b>	41.3	
Net worth	440.4	<b>446.3</b>	5.8	
Value of in-force business	353.7	<b>389.2</b>	35.4	
of which, value of new business	47.3	<b>47.4</b>	0.0	

※1 Total sum of personal insurance and personal annuity insurance

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15

Now I will talk about MSI Aoi Life.

The amount of new policies increased 11.0% while the amount of policies in force and annualized premiums of policies in force grew 2.6% and 2.8%, respectively. Thus, we steadily built up policies.

Net income increased by ¥600mn to ¥5.2bn. Although the policy reserve burden increased due to the revision of standard interest rates in April 2017, this was offset mainly by an increase in capital gains and losses such as gains on sales of securities.

## Domestic Life Insurance / MSI Primary Life - Results for FY2017

- Gross premiums income reached 1,015.6 billion yen, exceeding 1 trillion yen for four consecutive years (although falling by 55.5 billion yen year-on-year mainly due to a decrease in sales of variable insurance.)
- Net income increased by 8.5 billion to 29.2 billion yen.
- Reversal of price fluctuation reserve was 11.5 billion yen mainly due to the impairment loss following changes in the market environment. (provision of price fluctuation reserve was 28.9 billion yen in the previous year)

### MSI Primary Life

(¥bn)

	FY2016 Results	FY2017 Results	Change	
			YoY Change	Change Ratio
Amount of new policies <sup>※1</sup>	1,032.2	<b>1,015.6</b>	- 16.5	- 1.6%
Amount of policies in force <sup>※1</sup>	5,680.7	<b>6,061.8</b>	381.1	6.7%
Gross premiums income	1,071.1	<b>1,015.6</b>	- 55.5	- 5.2%
Ordinary profit/loss	57.6	<b>28.9</b>	- 28.7	- 49.8%
Extraordinary income/loss	- 28.9	<b>11.5</b>	40.4	-
Net income/loss	20.7	<b>29.2</b>	8.5	41.1%

※1 Total sum of personal insurance and personal annuity insurance

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

(¥bn)

	FY2016 Results	FY2017 Results
Impact of interest rates	0.5	<b>4.1</b>
Impact of foreign exchange rates	6.8	<b>- 23.6</b>
Subtotal	7.3	<b>- 19.5</b>
Gains/losses on sales of securities	8.5	<b>0.9</b>
Total	15.9	<b>- 18.6</b>

Slide 16 explains the results of MSI Primary Life.

Following the replacement of product lines, gross premiums income declined by ¥55.5bn to ¥1,015.6bn, but it exceeded ¥1,000bn for the fourth consecutive year.

Meanwhile, net income rose by ¥8.5bn to ¥29.2bn, marking a record high, thanks mainly to an increase in the profit margin associated with the increase in policies in force.

## Overseas Subsidiaries - Results for FY2017

- Net premiums written and net income in Asia and Americas showed solid growth year-on-year.
- Net income in Europe decreased by 132.4 billion yen to -124.7 billion yen due to an increase in incurred losses from natural catastrophes and lines other than natural catastrophes at MS Amlin.

### Overseas subsidiaries

(¥bn)				
	FY2016 Results	FY2017 Results	YoY Change	Change ratio
Net premiums written	<b>693.1</b>	<b>682.3</b>	<b>- 10.7</b>	- 1.6%
Asia	154.5	162.5	7.9	5.2%
Europe	493.1	470.4	- 22.6	- 4.6%
(of which, MS Amlin <sup>※</sup> )	455.8	429.6	- 26.1	- 5.7%
Americas	45.4	49.3	3.8	8.5%
Net income/loss	<b>24.0</b>	<b>- 104.6</b>	<b>- 128.7</b>	<b>-534.7%</b>
Asia	13.2	16.5	3.2	24.8%
Europe	7.7	- 124.7	- 132.4	-1,715.9%
(of which, MS Amlin <sup>※</sup> )	12.3	- 110.4	- 122.8	- 992.6%
Americas	3.0	3.5	0.4	14.5%

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

I will now explain the results of overseas subsidiaries. Please look at Slide 17.

Although net income in Asia and Americas showed solid growth year-on-year even excluding the impact of foreign exchanges, total net income for overseas subsidiaries decreased by ¥128.7bn to -¥104.6bn, mainly due to net loss of ¥110.4bn at MS Amlin.

Incurred losses at MS Amlin increased by about ¥20.0bn as a result of total estimated loss related to North American natural catastrophes reaching ¥88.5bn with a ¥4.1bn upward revision of reserves. Another factor was the revision of IBNR of the past years mainly for existing contracts at lines other than natural catastrophes.

<Reference> Domestic Non-Life Insurance Companies –  
MSI & ADI Results for FY2017 (1)

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
	Results	Growth	Results	Growth	Results	Growth
Fire and allied	<b>371.1</b>	10.2%	<b>196.7</b>	7.0%	<b>174.4</b>	14.0%
Marine	<b>67.9</b>	6.0%	<b>60.4</b>	3.1%	<b>7.4</b>	37.0%
Personal accident	<b>208.9</b>	2.0%	<b>147.6</b>	2.9%	<b>61.3</b>	-0.1%
Voluntary automobile	<b>1,343.2</b>	0.6%	<b>659.2</b>	0.8%	<b>684.0</b>	0.5%
CALI	<b>351.5</b>	-1.1%	<b>184.5</b>	-1.3%	<b>167.0</b>	-1.0%
Other	<b>379.4</b>	1.5%	<b>251.8</b>	3.8%	<b>127.6</b>	-2.9%
<b>Total</b>	<b>2,722.3</b>	2.0%	<b>1,500.3</b>	2.1%	<b>1,222.0</b>	1.8%
Total excluding residential EQ insurance and CALI	<b>2,369.8</b>	2.4%	<b>1,315.3</b>	2.6%	<b>1,054.5</b>	2.3%

Slides 18 through 20 show non-consolidated results and a simple sum of MSI and ADI.

Also you can find MS Amlin's results on Slide 21, please see later.

<Reference> Domestic Non-Life Insurance Companies –  
MSI & ADI Results for FY2017 (2)

EI loss ratio (Simple sum)

	EI Loss Ratio			EI Loss Ratio (excl. impact of nat. cat.)		
	FY2016	FY2017		FY2016	FY2017	
	Results	Results	YoY Change	Results	Results	YoY Change
Fire and allied	61.3%	<b>76.7%</b>	15.4pt	48.3%	<b>50.0%</b>	1.7pt
Marine	51.7%	<b>60.1%</b>	8.4pt	51.3%	<b>57.9%</b>	6.6pt
Personal accident	52.2%	<b>52.6%</b>	0.4pt	52.2%	<b>52.6%</b>	0.4pt
Voluntary automobile	56.5%	<b>59.3%</b>	2.8pt	56.3%	<b>58.9%</b>	2.6pt
Other	59.2%	<b>50.1%</b>	-9.1pt	58.4%	<b>48.6%</b>	-9.8pt
Total (excluding residential EQ insurance and CALI)	57.2%	<b>60.1%</b>	2.9pt	54.9%	<b>55.3%</b>	0.4pt

- ※ Incurred losses = Net loss paid + loss adjustment expenses + outstanding claims reserves
- ※ Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds. Figures for FY2016 at ADI include only incurred losses from domestic natural catastrophes.
- ※ "Impact of nat. cat." means incurred losses from domestic and overseas natural catastrophes occurred in each year. ADI's figures for FY2016 include incurred losses from domestic natural catastrophes only.

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<Reference> Domestic Non-Life Insurance Companies –  
MSI & ADI Results for FY2017 (3)

**EI loss ratio (MSI (Non-consolidated), ADI (Non-consolidated))**

	EI Loss Ratio				EI Loss Ratio (excl. impact of nat. cat.)			
	MSI (Non-consolidated)		ADI (Non-consolidated)		MSI (Non-consolidated)		ADI (Non-consolidated)	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Fire and allied	71.8%	7.9pt	82.3%	24.2pt	53.6%	5.7pt	45.7%	-3.1pt
Marine	59.1%	7.3pt	68.9%	19.3pt	57.6%	6.1pt	60.0%	10.4pt
Personal accident	52.9%	0.1pt	52.0%	1.1pt	52.9%	0.1pt	51.9%	1.0pt
Voluntary automobile	59.3%	3.4pt	59.3%	2.2pt	58.9%	3.2pt	58.8%	1.9pt
Other	51.3%	-7.4pt	47.8%	-12.5pt	50.0%	-7.7pt	45.9%	-13.8pt
Total excluding residential EQ insurance and CALI	59.1%	2.0pt	61.4%	4.1pt	55.7%	1.3pt	54.7%	-0.9pt

※ Incurred losses = Net loss paid + loss adjustment expenses + outstanding claims reserves

※ Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

※ "Impact of nat. cat." means incurred losses from domestic and overseas natural catastrophes occurred in FY2017.

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## <Reference> MS Amlin's Results for FY2017

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	FY2016 <sup>*1</sup> Results	FY2017	
		Results	YoY change
Net premiums written	3,093	<b>2,955</b>	<b>-138</b>
Net premiums earned	2,921	<b>2,918</b>	<b>-3</b>
Incurred losses (including loss adjustment expenses)	1,863	<b>2,827</b>	<b>963</b>
Net commission and expense for acquisition, admin expense	1,058	<b>1,089</b>	<b>30</b>
Underwriting profit/loss	107	<b>-965</b>	<b>-1,072</b>
Investment profit/loss <sup>*2</sup>	117	<b>195</b>	<b>77</b>
Other expenses <sup>*3</sup>	-96	<b>-102</b>	<b>-6</b>
Net income/loss after tax	83	<b>-759</b>	<b>-843</b>
EI claims ratio	64%	<b>97%</b>	<b>33pt</b>
EI expense ratio <sup>*4</sup>	32%	<b>36%</b>	<b>4pt</b>
EI combined ratio <sup>*4</sup>	96%	<b>133%</b>	<b>37pt</b>

\*1 Figures for FY2016 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.

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## Projected Financial Results for FY2018

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## Consolidated Earnings Forecasts for FY2018 (i)

(¥bn)

Non-life insurance subsidiaries	FY2017 Results	FY2018 Forecast		
			YoY Change	Change Ratio
Net premiums written	3,446.9	<b>3,480.0</b>	33.0	1.0%
Mitsui Sumitomo Insurance	1,500.3	<b>1,501.0</b>	0.6	0.0%
Aioi Nissay Dowa Insurance	1,222.0	<b>1,225.0</b>	2.9	0.2%
Mitsui Direct General Insurance	37.8	<b>38.0</b>	0.1	0.4%
Overseas subsidiaries	682.3	<b>716.0</b>	33.6	4.9%

(¥bn)

Life insurance subsidiaries	FY2017 Results	FY2018 Forecast		
			YoY Change	Change Ratio
Gross premiums income <sup>※</sup>	1,508.1	<b>1,496.8</b>	- 11.4	-0.8%
MSI Aioi Life	492.5	<b>496.8</b>	4.1	0.9%
MSI Primary Life	1,015.6	<b>1,000.0</b>	- 15.6	-1.5%
Life insurance premiums	1,058.2	<b>1,170.0</b>	111.7	10.6%

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

I will now talk about earnings forecasts for FY2018. Please look at Slide 23.

For group consolidated net premiums written, we are projecting a 1.0% increase to ¥3,480bn.

Owing to the impact of lower premium rates for CALI and voluntary automobile insurance in the previous fiscal year, MSI anticipates the same level of net premiums written as in the previous fiscal year while ADI anticipates an increase of 0.2%.

For overseas subsidiaries, we are projecting a 4.9% increase in net premium written to ¥716bn.

As for gross premiums income for domestic life insurance subsidiaries, we are projecting ¥1,496.8bn, almost same as the previous year.

## Consolidated Earnings Forecasts for FY2018 (ii)

(¥bn)

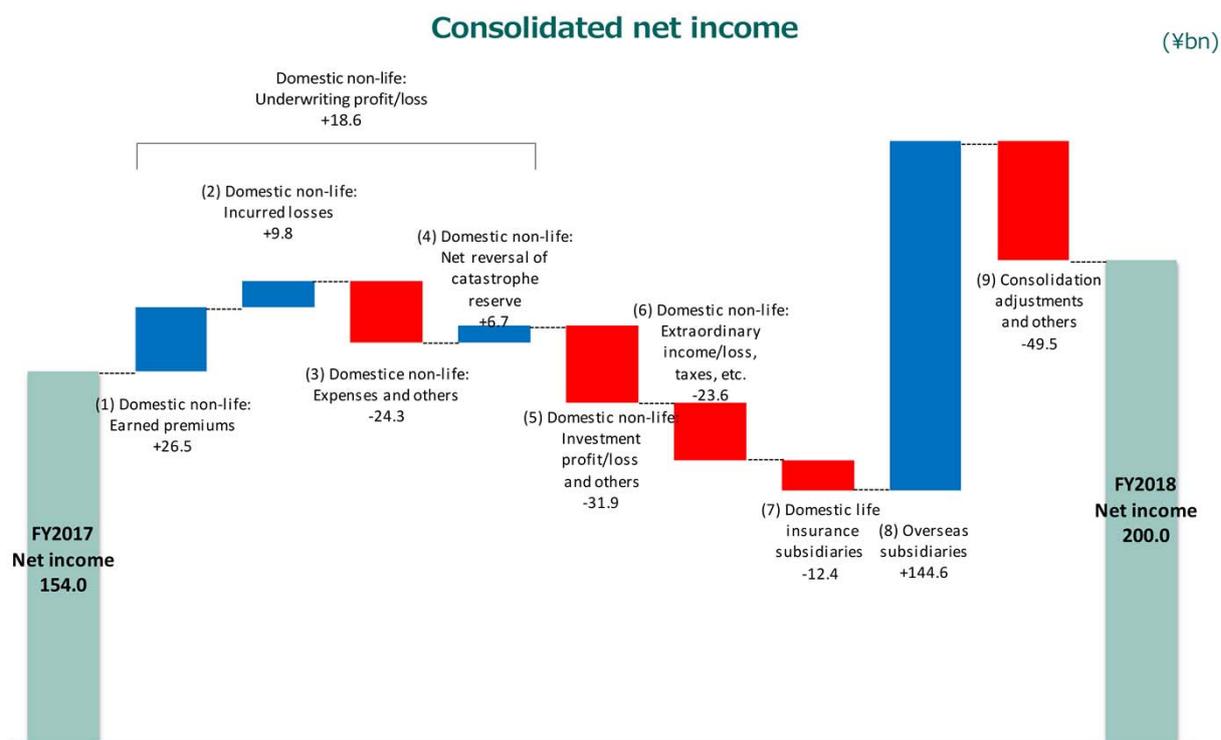
	FY2017 Results	FY2018 Forecast	
			YoY Change
Ordinary profit/loss	211.5	<b>295.0</b>	<b>83.4</b>
Mitsui Sumitomo Insurance	262.5	<b>188.0</b>	<b>- 74.5</b>
Aioi Nissay Dowa Insurance	5.6	<b>67.0</b>	<b>61.3</b>
Net income/loss	154.0	<b>200.0</b>	<b>45.9</b>
Mitsui Sumitomo Insurance	198.2	<b>141.0</b>	<b>- 57.2</b>
Aioi Nissay Dowa Insurance	15.6	<b>36.0</b>	<b>20.3</b>
Mitsui Direct General Insurance	0.2	<b>0.2</b>	<b>- 0.1</b>
MSI Aioi Life	5.2	<b>5.0</b>	<b>- 0.2</b>
MSI Primary Life	29.2	<b>17.0</b>	<b>- 12.2</b>
Overseas subsidiaries	- 104.6	<b>40.0</b>	<b>144.6</b>
Consolidation adjustments, other	10.0	<b>- 39.2</b>	<b>- 49.2</b>
ROE (financial accounting basis)	5.5%	<b>6.8%</b>	<b>1.3pt</b>

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

I will explain consolidated ordinary profit and net income, please look at Slide 24.

Consolidated ordinary profit is forecast at ¥295.0bn, while net income at ¥200.0bn, an increase of ¥45.9bn.

## Consolidated Earnings Forecasts for FY2018 (iii) - YoY Comparison



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

Next, I will explain the factors changing net income, please look at Slide 25.

Regarding “Earned premiums” in (1), we are expecting an increase of ¥26.5bn, which reflects the rising revenue trend excluding CALI, and in the case of “incurred losses” in (2), we are expecting a decrease of ¥9.8bn, mainly due to a projected decline in incurred losses caused by natural catastrophes.

“Expenses and others” in (3) includes new investment such as R&D-related expenses for future growth.

Next, as regards “Investment profit/loss and others” in (5), we are expecting a decrease of ¥31.9bn, which mainly reflects a decline in gains and losses on sales of securities.

Note that we are also projecting about ¥93bn in sales of strategic equity holdings for the two companies combined.

“Extraordinary income/loss and taxes” in (6) includes an additional provision of ¥15bn in the price fluctuation reserve. As the reserve was reversed in full in FY2017, this will provide for deterioration in the future investment environment.

We expect the domestic non-life insurance business, after totaling factors (1) to (6) that I have just mentioned, to see a decrease of ¥36.8bn compared to the previous year.

(continue to the next page)

## Consolidated Earnings Forecasts for FY2018 (iv)

(¥bn)

	FY2017	FY2018 Forecast	
	Results		YoY Change
Group Adjusted Profit	201.0	<b>270.0</b>	<b>68.9</b>
Domestic non-life insurance	287.8	<b>207.0</b>	<b>- 80.8</b>
Domestic life insurance	32.6	<b>22.0</b>	<b>- 10.6</b>
International business	- 125.0	<b>37.0</b>	<b>162.0</b>
Financial services/Risk-related services business	5.6	<b>4.0</b>	<b>- 1.6</b>
Other numerical targets			
EEV of MSI Aioi Life	835.5	<b>865.0</b>	<b>29.4</b>
Group Adjusted ROE	6.4%	<b>8.5%</b>	<b>2.1pt</b>

Please refer to the last page for the definition of "Group Adjusted Profit" and "Group Adjusted ROE"

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For the "Domestic life insurance subsidiaries" in (7), we are projecting a decrease in profit. This is mainly due to a decline in insurance-related revenue associated with a decrease in the amount of policies in force related to variable products and a decline in profit stemming mainly from an increase in the expense at MSP Life.

Regarding the "Overseas subsidiaries" in (8), we are expecting an increase of ¥144.6bn, mainly because of the profit recovery at MS Amlin.

The main reason behind the decrease in "Consolidation adjustments and others" in (9) is the absence of "elimination of impairment losses on subsidiary securities" that were recorded in the previous fiscal year.

As a result of these factors, we are forecasting net income of ¥200bn in FY2018.

Slide 26 shows forecasts for Group Adjusted Profit.

In FY2018 it is expected to increase by ¥68.9 bn to ¥270.0 bn, while Adjusted ROE is forecast at 8.5%.

Please refer to Slide 38 for the definition of Group Adjusted Profit and Adjusted ROE introduced in the medium-term management plan "Vision 2021".

## Major Assumptions for Earnings Forecasts for FY2018

(¥bn)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance
Assumptions concerning the asset management environment	<b>Assumes the level at the end of March 2018</b> Nikkei average : ¥ 21,454 USD\$1 = JPY ¥ 106 EUR€1 = JPY ¥ 131 GBP £ 1 = JPY ¥ 149	
Domestic natural catastrophes occurred in FY2018	<b>31.0</b> (-11.7)	<b>20.0</b> (-10.3)
Catastrophe reserves Provision	<b>9.9</b> (+0.0)	<b>14.4</b> (+0.1)
(For fire insurance) Reversal	<b>7.5</b> (-19.0)	<b>9.7</b> (+6.3)
Net provision	<b>2.5</b> (+19.0)	<b>4.7</b> (-6.1)
Catastrophe reserves Provision	<b>21.0</b> (-0.1)	<b>22.1</b> (+0.1)
(For voluntary automobile insurance) Reversal	<b>12.3</b> (+8.6)	<b>26.9</b> (+15.3)
Net provision	<b>8.7</b> (-8.8)	<b>- 4.8</b> (-15.1)
Corporate tax rate (Effective tax rate)	<b>27.9%</b>	

※Overseas natural catastrophes: MS Amlin 24.8 billion yen (large loss fund including nat. cat.); ADI 16.0 billion yen.

※Additional provision for the price fluctuation reserve of 15.0 billion yen is planned at ADI.

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

Slide 27 shows major assumptions for earnings forecasts for FY2018.

We assume that the market environment, including the Nikkei Stock Average and foreign exchange rates, will be at the level at the end of March 2018.

Regarding domestic natural catastrophes that may occur in the current fiscal year, we are assuming a figure of ¥51.0bn for MSI and ADI combined, and with regard to overseas natural disasters noted in the margin, we are assuming ¥24.8bn for MS Amlin and ¥16.0bn for ADI.

You can find forecasts for each group company on Slides 28 through 34.

## Earnings Forecasts for FY2018–Domestic Non-Life Insurance Companies (MSI&ADI) (i)

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
<b>Net premiums written</b> <sup>※1</sup>	<b>2,726.0</b>	<b>3.6</b>	<b>1,501.0</b>	<b>0.6</b>	<b>1,225.0</b>	<b>2.9</b>
Earned premiums <sup>※2</sup>	2,388.1	26.5	1,324.3	11.4	1,063.8	15.0
Incurring losses (including loss adjustment expenses) <sup>※2</sup> (–)	1,409.4	- 9.8	773.3	- 1.9	636.1	- 7.9
Underwriting-related expenses <sup>※2</sup> (–)	834.6	29.7	445.9	9.0	388.7	20.6
Commissions and collection expenses <sup>※2</sup>	483.3	5.5	254.1	2.6	229.2	2.8
Operating expenses and general and administrative expenses <sup>※2</sup>	351.3	24.1	191.8	6.3	159.5	17.7
<b>Underwriting profit/loss prior to reflecting catastrophe reserve</b>	<b>145.8</b>	<b>11.8</b>	<b>106.8</b>	<b>6.5</b>	<b>39.0</b>	<b>5.3</b>
Net reversal of catastrophe reserve	- 37.8	6.7	- 29.8	- 14.0	- 8.0	20.7
<b>Underwriting profit/loss after reflecting catastrophe reserve</b>	<b>108.0</b>	<b>18.6</b>	<b>77.0</b>	<b>- 7.4</b>	<b>31.0</b>	<b>26.1</b>
<b>EI loss ratio</b> <sup>※2</sup>	<b>59.0%</b>	<b>- 1.1pt</b>	<b>58.4%</b>	<b>- 0.7pt</b>	<b>59.8%</b>	<b>- 1.6pt</b>
Net loss ratio <sup>※1</sup>	61.7%	1.2pt	61.2%	- 0.4pt	62.4%	3.2pt
Net expense ratio <sup>※1</sup>	33.3%	1.1pt	32.0%	0.7pt	34.9%	1.5pt
<b>Combined ratio</b> <sup>※1</sup>	<b>95.0%</b>	<b>2.3pt</b>	<b>93.2%</b>	<b>0.3pt</b>	<b>97.3%</b>	<b>4.7pt</b>

※1 All lines ※2 Excludes residential earthquake and CALI (compulsory auto liability insurance)

※ "Earned premiums" are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

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## Earnings Forecasts for FY2018–Domestic Non-Life Insurance Companies (MSI&ADI) (ii)

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
<b>Underwriting profit/loss</b>	<b>108.0</b>	<b>18.6</b>	<b>77.0</b>	<b>- 7.4</b>	<b>31.0</b>	<b>26.1</b>
Net interest and dividends income	108.0	- 5.4	72.0	0.3	36.0	- 5.7
Gains/losses on sales of securities	66.3	- 68.0	55.9	- 62.9	10.4	- 5.1
Impairment losses on securities (-)	6.5	- 43.6	3.5	2.4	3.0	- 46.0
<b>Investment profit/loss and other ordinary profit/loss</b>	<b>147.0</b>	<b>- 31.8</b>	<b>111.0</b>	<b>- 67.0</b>	<b>36.0</b>	<b>35.2</b>
<b>Ordinary profit/loss</b>	<b>255.0</b>	<b>- 13.1</b>	<b>188.0</b>	<b>- 74.5</b>	<b>67.0</b>	<b>61.3</b>
<b>Extraordinary income/loss</b>	<b>- 22.9</b>	<b>- 55.6</b>	<b>- 3.1</b>	<b>- 4.6</b>	<b>- 19.8</b>	<b>- 50.9</b>
<b>Income before taxes</b>	<b>232.1</b>	<b>- 68.8</b>	<b>184.9</b>	<b>- 79.2</b>	<b>47.2</b>	<b>10.4</b>
<b>Taxes and others</b>	<b>55.1</b>	<b>- 31.9</b>	<b>43.9</b>	<b>- 22.0</b>	<b>11.2</b>	<b>- 9.9</b>
<b>Net income/loss</b>	<b>177.0</b>	<b>- 36.8</b>	<b>141.0</b>	<b>- 57.2</b>	<b>36.0</b>	<b>20.3</b>

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(¥bn)

Net premiums written	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		Growth		Growth		Growth
Fire and allied	<b>373.3</b>	0.6%	<b>198.1</b>	0.7%	<b>175.2</b>	0.4%
Marine	<b>68.0</b>	0.0%	<b>60.1</b>	-0.7%	<b>7.9</b>	5.5%
Personal accident	<b>212.1</b>	1.5%	<b>150.0</b>	1.6%	<b>62.1</b>	1.3%
Voluntary automobile	<b>1,344.8</b>	0.1%	<b>655.2</b>	-0.6%	<b>689.6</b>	0.8%
CALI	<b>332.0</b>	-5.6%	<b>174.2</b>	-5.6%	<b>157.8</b>	-5.5%
Other	<b>395.8</b>	4.3%	<b>263.4</b>	4.6%	<b>132.4</b>	3.8%
Total	<b>2,726.0</b>	0.1%	<b>1,501.0</b>	0.0%	<b>1,225.0</b>	0.2%
Total excluding residential EQ insurance and CALI	<b>2,393.0</b>	1.0%	<b>1,326.2</b>	0.8%	<b>1,066.8</b>	1.2%

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**EI loss ratio**

	EI Loss Ratio			EI Loss Ratio			
	FY2017	FY2018		MSI (Non-consolidated)		ADI (Non-consolidated)	
				YoY Change	YoY Change	YoY Change	YoY Change
Fire and allied	76.7%	<b>57.9%</b>	-18.8pt	58.3%	-13.5pt	<b>57.4%</b>	-24.9pt
Marine	60.1%	<b>53.4%</b>	-6.7pt	52.9%	-6.2pt	<b>57.1%</b>	-11.8pt
Personal accident	52.6%	<b>52.9%</b>	0.3pt	53.7%	0.8pt	<b>51.1%</b>	-0.9pt
Voluntary automobile	59.3%	<b>61.3%</b>	2.0pt	61.1%	1.8pt	<b>61.5%</b>	2.2pt
Other	50.1%	<b>56.6%</b>	6.5pt	55.6%	4.3pt	<b>58.6%</b>	10.8pt
Total (excluding residential EQ insurance and CALI)	60.1%	<b>59.0%</b>	-1.1pt	58.4%	-0.7pt	<b>59.8%</b>	-1.6pt
(Excl. impact of nat. cat.)	55.3%	<b>56.2%</b>	0.9pt	56.10%	0.4pt	<b>56.4%</b>	1.7pt

- ※ Incurred losses = Net loss paid + loss adjustment expenses + outstanding claims reserves
- ※ Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.
- ※ "Impact of nat. cat." means incurred losses from domestic and overseas natural catastrophes occurred in each year.

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## Earnings Forecasts for FY2018 – MSI Aoi Life

### Key financial data

(¥bn)

	FY2017 Results	FY2018 (Forecast)	
		Forecast	YoY Change
Amount of new policies <sup>※</sup>	2,639.5	2,250.0	-14.7%
Annualized premiums of new policies <sup>※</sup>	38.8	45.9	18.2%
Amount of policies in force <sup>※</sup>	23,806.8	23,880.0	0.3%
Annualized premiums of policies in force <sup>※</sup>	412.3	428.7	4.0%
Gross premiums income	492.5	496.8	4.2
Ordinary profit/loss	16.9	16.0	- 0.9
Net income/loss	5.2	5.0	- 0.3

※Amount of new policies, Amount of policies in force, annualized premiums of new policies and annualized premiums of policies in force are total sum of personal insurance and personal annuity insurance.

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## Earnings Forecasts for FY2018 – MSI Primary Life

### Key financial data

(¥bn)

	FY2017 Results	FY2018 (Forecast)	
		Forecast	YoY Change
Amount of new policies	1,015.6	1,013.6	- 0.2%
Amount of policies in force	6,061.8	6,570.0	8.4%
Gross premiums income	1,015.6	1,000.0	- 15.6
Ordinary profit/loss	28.9	27.4	- 1.5
Net income/loss	29.2	17.0	- 12.2

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## Earnings Forecasts for FY2018 – Overseas Subsidiaries

### Overseas subsidiaries

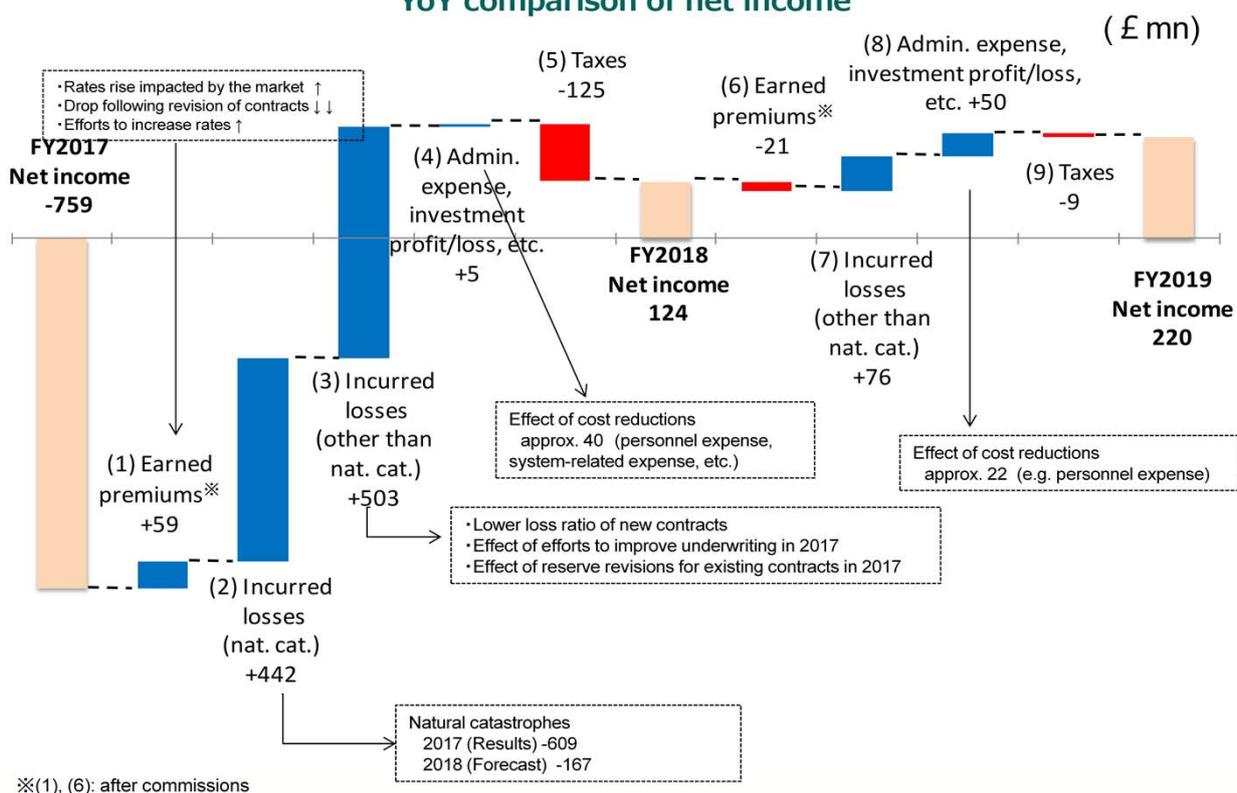
(¥bn)

	FY2017 Results	FY2018 Forecast	YoY Change	Change ratio
Net premiums written	<b>682.3</b>	<b>716.0</b>	<b>33.6</b>	4.9%
Asia	162.5	175.7	13.1	8.1%
Europe	470.4	491.9	21.4	4.6%
(of which, MS Amlin)	429.6	449.8	20.1	4.7%
Americas	49.3	48.4	- 0.9	- 1.9%
Net income/loss	<b>- 104.6</b>	<b>40.0</b>	<b>144.6</b>	-
Asia	10.7	17.3	6.6	61.5%
Europe	- 124.7	11.9	136.6	-
(of which, MS Amlin)	- 110.4	18.5	128.9	-
Americas	3.5	3.0	- 0.5	- 14.7%
International life insurance	5.8	7.8	1.9	33.5%

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## <Reference> MS Amlin Recovering Plan

### YoY comparison of net income



Next, I will explain MS Amlin's recovery plan. Please See Slide 35.

Please note that the explanation is in sterling in order to eliminate the impact of the yen-sterling foreign exchange rates.

First of all, we are expecting a £442 million positive impact at (2) incurred losses for natural catastrophes, as the actual result of the previous fiscal year will be reflected in the natural catastrophe estimate for FY 2018.

Next, we also forecast a positive impact at (1) and (6) "Earned premiums", £38 million in total, and at (3) and (7) "Incurred losses (other than natural catastrophes)", £580 million in total.

This is due to the effects of profit recovery efforts against the identified 19 lines of business, such as increase in premium rate, changes in terms & conditions and suspension of renewal and cancellation of business with underwriting agents, as well as the increase of IBNR by taking into account the actual results and the latest loss trends at the end of FY2017. As a result, loss reserves in FY2018 are not expected to increase.

As for the effects of efforts to recover profitability in new and renewal policies, the entire portfolio will be improved in FY2019, with being halved earned portion in FY2018 and in FY2019.

In addition, half of the amount written in FY2017 is earned in FY2018, and the rest of half is earned in FY2018, but this amount of incurred losses is included in the forecasts for FY2018.

Although the rate increase of natural catastrophes reinsurance is one of the positive factors, we will focus on stricter underwriting during the period of recovery efforts to improve the quality of our portfolios.

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## <Reference> Replacement of Group Adjusted Profit and Group Adjusted ROE

### Changes to Group Adjusted Profit and Group Adjusted ROE (shaded parts show changes)

<b>Current</b>	<b>Group ROE</b>	=	Group Core Profit	=	Consolidated net income	-	Net capital gains/losses on stock portfolio (gains/losses on sales and others)	-	Net evaluation gains/losses on credit derivatives	-	Other incidental factors <sup>※4</sup>	+	Equity in earnings of the non-consolidated Group companies	=	Consolidated net assets <sup>※1</sup>
<b>Revised</b>	<b>Group Adjusted ROE</b>	=	Group Adjusted Profit	=	Consolidated net income	+	Provision <sup>※3</sup> for catastrophe reserve and others <sup>※2</sup>	-	Goodwill and other intangible fixed assets	-	Other incidental factors (amortization of goodwill and other intangible fixed assets and others)	+	Equity in earnings of the non-consolidated Group companies	=	Adjusted net assets

※ Each adjustment amount is on an after-tax basis ※ 1 Excluding non-controlling interests and stock acquisition rights ※ 2 Catastrophe reserves, contingency reserves and reserve for price fluctuation of domestic non-life insurance business and MSA Life ※ 3 Subtraction in case of reversal ※ 4 Includes amount of amortization of goodwill and other intangible fixed assets (⇒ After revision, specified to that effect)

### Table showing replacement at end of FY2017

	Group Adjusted Profit	Group Core Profit
Consolidated net income	¥154.0bn	¥154.0bn
+ provision/reversal to catastrophe reserves, etc.	¥10.6bn	-
- Net capital gains/losses on stock portfolio (gains/losses on sales and others)	-	¥85.3bn
- Net evaluation gains/losses on credit derivatives	-	-¥0.1bn
+ Other incidental factors (amortization of goodwill and other intangible fixed assets, etc.)	-¥36.2bn	-¥36.2bn
Total	¥201.0bn	¥105.1bn

	Adjusted net assets	Consolidated net assets
Consolidated net assets (capital)	¥2,941.1bn	¥2,941.1bn
+Catastrophe reserves and others (balance)	¥720.4bn	-
- Goodwill and other intangible fixed assets (balance)	¥462.5bn	-
Total	¥3,199.0bn	¥2,941.1bn

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On the other hand, we are working to reduce expenses. At “Administration expense” of (4) and (8), we expect to reduce expenses by £40 million in FY2018 and £22 million in FY2019.

As a result of these efforts, after-tax net income will be improved to £124 million in FY2018 and £220 million in FY2019, and will be returned to the earning level of initial forecast for FY2017 of MS Amlin, which is the primary target.

We will provide an explanation of the overall picture of Vision 2021, including a breakdown of the numerical management targets and the basic strategy and business strategies, at the information meeting on May 24.

Finally, today we released the “Notice Regarding Repurchase of the Company’s Own Shares.”

At the meeting of the Board of Directors held today, we resolved to conduct a repurchase of our own shares with a market value of up to ¥30bn in order to improve shareholder returns and capital efficiency.

The repurchase period will be from May 21, 2018 to September 14, 2018, and the maximum limit on the total number of shares will be 10 million shares.

This concludes my presentation.

### Abbreviations of company names used in this presentation

- MS&AD Holdings : MS&AD Insurance Group Holdings, Inc.
- MS&AD : MS&AD Insurance Group
- 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.
- MS Amlin : MS Amlin plc
- MS First Capital : MS First Capital Insurance Limited
- Challenger : Challenger Limited
- ReAssure : ReAssure Jersey One Limited

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## 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 stock acquisition rights and non-controlling interests (average of beginning and ending amounts of B/S)

## Definition of “Group Adjusted Profit” and “Group Adjusted ROE”

Group Adjusted Profit = Consolidated net income  
+ Provision for catastrophe loss reserve and others  
- Other incidental factors (amortization of goodwill and other intangible fixed assets and others)  
+ Equity in earnings of the non-consolidated group companies

Adjusted Net Assets = Consolidated net assets + Catastrophe reserve and others - Goodwill and other intangible fixed assets

Group Adjusted ROE = Group Adjusted Profit ÷ Adjusted net assets (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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