

Materials for FY2016 Results Briefing – Conference Call

May 19, 2017 (Fri.)



MS&AD Insurance Group Holdings, Inc.

MS&AD Insurance Group Holdings, Inc.

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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.

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.

Summary of FY2016 Results

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1. Consolidated Earnings for FY2016 (1) - Overview (i)

- Net premiums written increased by 10.7% year-on-year to 3,406.9 billion yen due to inclusion of MS Amlin in the scope of consolidation.
- Life insurance premiums fell by 7.6% year-on-year to 1,253.1 billion yen mainly due to a recoil from the previous year's increase in sales following the introduction of new products at MSI Primary Life.

(¥bn)

	FY2015 Results	FY2016 Results	YoY Change	Growth
Direct premiums written** (excluding deposit premiums from policyholders)	3,353.2	3,516.8	163.5	4.9%
Net premiums written**	3,078.9	3,406.9	327.9	10.7%
Mitsui Sumitomo Insurance	1,507.4	1,469.6	- 37.7	- 2.5%
Aioi Nissay Dowa Insurance	1,192.0	1,200.5	8.4	0.7%
Mitsui Direct General	36.5	37.6	1.0	3.0%
Overseas subsidiaries	336.8	693.1	356.2	105.8%
Life insurance premiums	1,356.3	1,253.1	- 103.1	- 7.6%

* 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.

(¥bn)

<Reference: Gross life insurance premiums>

	FY2015 Results	FY2016 Results	YoY Change	Growth
MSI Aioi Life	461.1	478.9	17.8	3.9%
MSI Primary Life	1,299.4	1,071.1	- 228.3	- 17.6%

MS&AD Insurance Group Holdings, Inc.

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Please look at the first page, Slide 1 of the "Materials for FY2016 Results Briefing - Conference Call."

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

Net premiums written in domestic non-life insurance decreased by 2.5% at MSI and increased by 0.7% at ADI, due to the recoil from the rush demand prior to the revision of fire insurance products in the previous fiscal year, despite increased revenue in voluntary automobile insurance and casualty included in "others". Meanwhile, net premiums written in overseas subsidiaries increased by 105.8% as a whole, due to inclusion of MS Amlin in the scope to the consolidation. As a result, the Group saw an increase of 10.7% year-on-year to ¥3,406.9 billion on a consolidated basis..

Life insurance premiums decreased by 7.6% year-on-year to ¥1,253.1 billion. This was primarily due to a decrease in sales of variable life insurance products by MSP Life in reaction to the effect of new products in FY2015.

2. Consolidated Earnings for FY2016 (1) - Overview (ii)

- Ordinary profit increased by 20.9% year-on-year to 352.6 billion yen, driven by increased profits in the domestic non-life insurance business.
- Net income rose by 15.9% year-on-year to 210.4 billion yen. The highest net income was recorded for the fifth consecutive fiscal year.

(¥bn)

	FY2015 Results	FY2016 Results	YoY Change	Change Ratio
Ordinary profit/loss	291.5	352.6	61.0	20.9%
Mitsui Sumitomo Insurance	167.8	215.5	47.6	28.4%
Aioi Nissay Dowa Insurance	61.7	75.1	13.4	21.7%
Mitsui Direct General	- 5.3	- 0.9	4.4	-
MSI Aioi Life	18.6	16.1	- 2.4	- 13.4%
MSI Primary Life	39.9	57.6	17.7	44.4%
Overseas subsidiaries	37.6	40.0	2.4	6.4%
Consolidation adjustments, etc.	- 28.9	- 51.0	- 22.0	-
Net income/loss [※]	181.5	210.4	28.9	15.9%
Mitsui Sumitomo Insurance	113.9	164.5	50.5	44.4%
Aioi Nissay Dowa Insurance	31.0	50.3	19.2	62.0%
Mitsui Direct General	- 4.3	- 0.9	3.4	-
MSI Aioi Life	6.0	4.5	- 1.4	- 24.0%
MSI Primary Life	17.8	20.7	2.8	15.7%
Overseas subsidiaries	28.5	24.0	- 4.5	- 15.8%
Consolidation adjustments, etc.	- 11.7	- 52.9	- 41.2	-
ROE (financial accounting basis)	6.4%	7.8%	1.4pt	-

※ 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.

As shown in the first row of this table, ordinary profit rose by ¥61.0 billion year-on-year to ¥352.6 billion.

Despite the negative impact of such factors as system expenses for transfer of third sector policies in force, net income increased significantly by ¥28.9 billion year-on-year to ¥210.4 billion as a consolidated basis, as shown in the ninth row of the table, as a result of increased income at MSI, ADI, and MSP Life.

Consequently, the highest net income since the establishment of the MS&AD Group was recorded for the fifth consecutive year.

Also, ROE in financial accounting basis rose 1.4 points year-on-year to 7.8%.

3. Consolidated Earnings for FY2016 (2) – Group Core Profit

- Group Core Profit rose by 66.1 billion yen year-on-year to 213.7 billion yen.
- The combined ratio for domestic non-life insurance rose by 1.0 point year-on-year to 92.6% due primarily to a drop in net premiums written.
- Group ROE rose by 2.7 points to 7.9%.

(¥bn)

	FY2015 Results	FY2016 Results	YoY Change
Group Core Profit ^{※1}	147.5	213.7	66.1
Domestic non-life insurance business	91.9	153.3	61.4
Domestic life insurance business	25.0	25.1	0.1
International business	27.9	34.6	6.7
Financial services business and risk-related services business	2.6	0.5	- 2.1
Other financial targets			
Combined ratio ^{※2} (Domestic non-life insurance business)	91.6%	92.6%	1.0pt
Increase in EV of MSI Aioi Life	- 52.0	198.4	250.4
Group ROE ^{※1}	5.2%	7.9%	2.7pt

※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.

Group Core Profit 213.7	=	Consoli- dated net income 210.4	-	Net capital gains / losses on stock portfolio 51.0	-	Net evaluation gains / losses on credit derivatives -0.1	-	Other incidental factors ^{※3} -54.1	+	Equity in earnings of the non- consolidated group companies -0.0
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※3 Extraordinary income/losses excluding reserves for price fluctuation: -26.8 billion yen (system expenses for the transfer of third sector policies in force: -14.3 billion yen and costs of integration of Lloyd's and Reinsurance businesses into MS Amlin: -4.8 billion yen), amortization of goodwill and others: -27.2 billion yen.

MS&AD Insurance Group Holdings, Inc.

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Next, please look at Slide 3.

Group Core Profit increased significantly by ¥66.1 billion year-on-year, to ¥213.7 billion. Furthermore, Group ROE was up 2.7 points year-on-year to 7.9%.

The bottom section of the slide shows the adjustment items used for calculating Group Core Profit based on consolidated income.

Based on these results, in addition to publishing the Quarterly Earnings Report today, we have issued a release entitled, "Notice Regarding Dividend of Surplus for the Year Ended March 31, 2017."

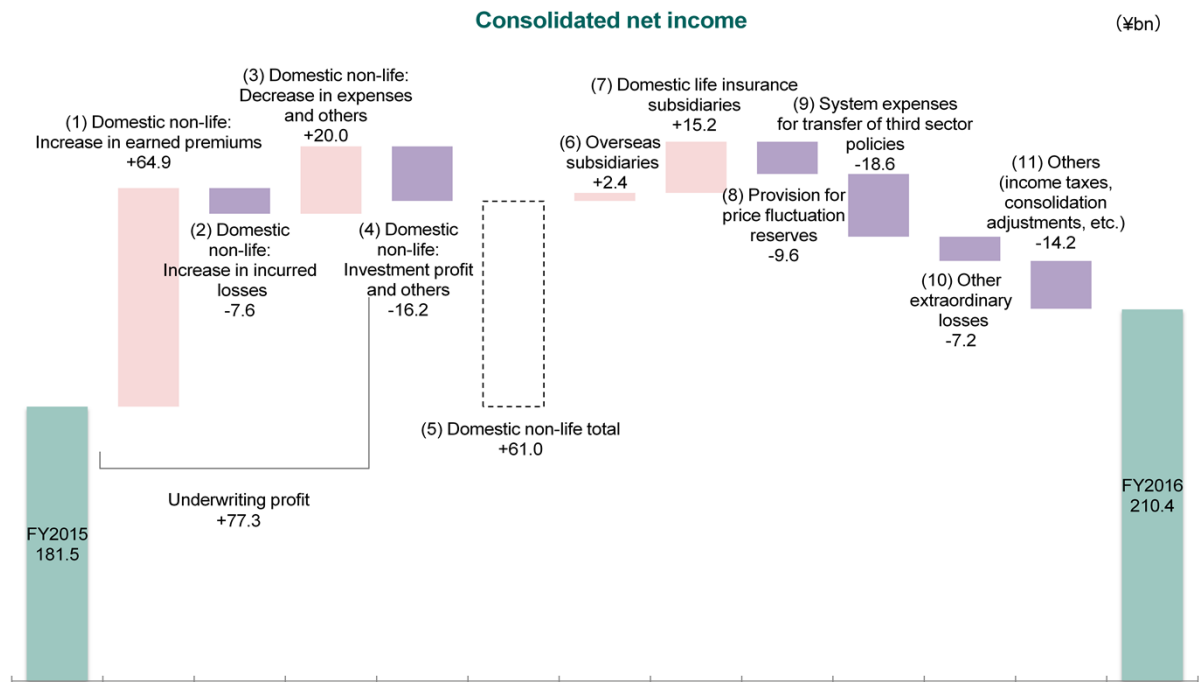
The dividend forecast at the start of FY2015 was ¥90, but due to the expected increase in income, the year-end cash dividend for FY 2016 was set at ¥70, and combined with the ¥50 interim dividend already paid, the annual dividend is planned to be ¥120 per share, an increase of ¥30 compared to the previous fiscal year.

Furthermore, the annual dividend for FY2017 is planned to be increased by ¥10 to ¥130 per share.

In addition, 40 million shares, accounting for 6.3% of the total number of outstanding shares, will be canceled as stated in the "Notice Regarding Cancellation of Treasury Stock" released today. The date of cancellation is scheduled to be June 30.

4. Consolidated Earnings for FY2016 (3) – YoY Results Comparison (i)

- The main factors of an increase in net income was the growth of underwriting profit due to (1) an increase in earned premiums, (2) a smaller increase in incurred losses following a decrease in domestic natural catastrophe losses, and (3) a decrease in expenses.



Next, I will explain consolidated net income, delineating the factors that led to changes from the previous fiscal year.

Please look at the graph on Slide 4 and the table on Slide 5.

As you can see, the main factors resulting in increases in net income was an increase in underwriting profit due to an increase in earned premiums and a small increase in incurred loss resulting from the decrease in domestic natural catastrophes.

5. Consolidated Earnings for FY2016 (3) – YoY Results Comparison (ii)

Factors in YoY changes in consolidated net income

(¥bn)

		FY2015 Results	FY2016 Results	Difference
Consolidated net income/loss		181.5	210.4	28.9
Domestic non-life insurance ^{※1} (underwriting profit/loss)		43.9	121.3	77.3
Earned premiums (1)		2,260.0	2,325.0	64.9
Incurred losses (incl. loss adjustment expenses, excl. residential earthquake and CALI ^{※2}) (2)		- 1,321.9	- 1,329.5	- 7.6
Expenses and others ^{※3} (3)		- 894.1	- 874.1	20.0
Investment profit/loss and others (4)		185.6	169.3	- 16.2
Domestic non-life total (ordinary profit/loss) (5)		229.6	290.7	61.0
Overseas subsidiaries (ordinary profit/loss) (6)		37.6	40.0	2.4
Domestic life insurance subsidiaries (ordinary profit/loss) (7)		58.6	73.8	15.2
Provision for price fluctuation reserves (8)		- 24.2	- 33.9	- 9.6
System expenses for transfer of third sector policies (9)		- 1.7	- 20.4	- 18.6
Other extraordinary income/losses (10)		- 8.4	- 15.6	- 7.2
Others (income taxes, consolidation adjustments, etc.) (11)		- 109.8	- 124.1	- 14.2

※2 CALI stands for Compulsory Automobile Liability Insurance, same hereafter.

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

6. Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2016 (i)

- Net premiums written for the two companies combined fell by 29.2 billion yen to 2,670.2 billion yen, mainly due to a recoil from the previous year's increase in sales before revisions to fire insurance products.

	MSI (Non-Consolidated)		ADI (Non-Consolidated)		<Reference> Simple Sum	
		YoY Change		YoY Change		YoY Change
Net premiums written	1,469.6	- 37.7	1,200.5	8.4	2,670.2	- 29.2
Growth rate of net premiums written	-2.5%	- 6.8pt	0.7%	- 2.0pt	-1.1%	- 4.7pt
Net claims paid (-)	811.4	10.5	648.6	3.7	1,460.0	14.3
<Incurred losses (including loss adjustment expenses)> (-)	893.0	- 4.1	724.6	18.2	1,617.6	14.1
Commissions and collection expenses (-)	251.7	- 11.4	223.8	0.7	475.5	- 10.6
Operating expenses and general and administrative expense (underwriting) (-)	206.6	2.0	178.3	- 7.0	384.9	- 5.0
Underwriting profit/loss prior to reflecting catastrophe reserve	128.1	56.4	74.9	20.9	203.1	77.4
Reversal of catastrophe reserve	- 46.3	6.1	- 35.4	- 6.3	- 81.8	- 0.1
Underwriting profit/loss	81.7	62.6	39.5	14.6	121.3	77.3
Ratios						
Net loss ratio ^{※1}	61.2%	2.3pt	59.1%	-0.1pt	60.2%	1.1pt
Net expenses ratio	31.2%	0.2pt	33.5%	-0.8pt	32.2%	-0.3pt
Combined ratio	92.4%	2.5pt	92.6%	-0.9pt	92.4%	0.8pt
<Reference: Ratios excluding residential EQ ^{※2} insurance and CAL>						
Net loss ratio	58.0%	2.0pt	55.6%	-0.5pt	56.9%	0.8pt
Net expenses ratio	33.2%	0.1pt	35.2%	-1.3pt	34.1%	-0.4pt
Combined ratio	91.2%	2.1pt	90.8%	-1.8pt	91.0%	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 2 domestic non-life insurance companies.

Please look at the simple sum of MSI and ADI shown in the right column on Slide 6.

First, net premiums written decreased by 1.1%, primarily due to a decrease in fire insurance revenue.

Furthermore, underwriting profit, including incurred loss, increased by ¥77.3 billion to ¥121.3 billion due to an increase in earned premiums mentioned earlier, and a decrease in expenses such as commissions and collection expenses, operating expenses and general and administrative expenses.

7. Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2016 (ii)

- Investment profit and other ordinary profit fell by 16.2 billion yen year-on-year to 169.3 billion yen, mainly due to a decrease in gains on sales of strategic equity holdings.
- Net income rose by 69.8 billion yen year-on-year to 214.9 billion yen.
- Sales of strategic equity holdings for the two companies combined amounted to 133.0 billion yen.

	MSI (Non-Consolidated)		ADI (Non-Consolidated)		<Reference> Simple Sum	
		YoY Change		YoY Change		YoY Change
Underwriting profit/loss	81.7	62.6	39.5	14.6	121.3	77.3
Net interest and dividends income	81.2	1.8	38.0	- 1.5	119.3	0.3
Gains/losses on sales of securities	67.2	- 31.8	9.0	- 1.4	76.3	- 33.2
Impairment losses on securities (-)	0.4	- 6.7	4.9	- 1.7	5.4	- 8.5
Investment profit/loss and other ordinary profit/loss	133.7	- 15.0	35.6	- 1.2	169.3	- 16.2
Ordinary profit/loss	215.5	47.6	75.1	13.4	290.7	61.0
Extraordinary income/losses	- 7.0	4.6	- 8.3	11.8	- 15.4	16.5
Income before taxes	208.4	52.3	66.8	25.2	275.2	77.6
Net income/loss	164.5	50.5	50.3	19.2	214.9	69.8

	MSI + ADI	
		YoY Change
<Reference> Sales of strategic equity holdings	133.0	- 48.1

Next, please look at Slide 7.

Investment profit and other ordinary profit decreased by ¥16.2 billion to ¥169.3 billion. As a result of the above, ordinary profit totaled ¥290.7 billion, a year-on-year increase of ¥61.0 billion, and net income increased by ¥69.8 billion to ¥214.9 billion.

Note that the sale of strategic equity holdings proceeded smoothly with the combined total sold by the two companies amounting ¥133.0 billion, exceeding the ¥120.0 billion forecast to be sold over the entire year.

8. Domestic Non-Life Insurance Companies FY2016 (2) - Impact of Natural Catastrophes

- Incurred losses related to natural catastrophes fell by 17.0 billion yen year-on-year to 51.0 billion yen for the two companies combined (increased by 1.9 billion yen compared to FY2016 3Q).

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 ^{※2}	51.0	- 16.6	39.5	- 23.1	11.5	6.5
Mitsui Sumitomo Insurance	34.3	- 3.6	25.3	- 10.5	8.9	6.9
Aioi Nissay Dowa Insurance	16.7	- 13.0	14.2	- 12.6	2.5	- 0.4
(of which, Kumamoto Earthquake)	14.3	14.3	9.4	9.4	4.9	4.9
Mitsui Sumitomo Insurance	10.5	10.5	6.8	6.8	3.6	3.6
Aioi Nissay Dowa Insurance	3.8	3.8	2.6	2.6	1.2	1.2
(Excluding Kumamoto Earthquake)	36.7	- 31.0	30.1	- 32.6	6.5	1.5
Mitsui Sumitomo Insurance	23.8	- 14.1	18.5	- 17.3	5.2	3.2
Aioi Nissay Dowa Insurance	12.9	- 16.8	11.6	- 15.2	1.3	- 1.6
Heavy snowfalls in Japan ^{※3} (occurred in Feb. 2014)	-	- 0.3	-	- 1.7	-	1.3
Total	51.0	- 17.0	39.5	- 24.8	11.5	7.8

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

※2 Excluding residential EQ insurance

※3 The figures for FY2016 exclude the impact of heavy snowfalls occurred in Japan in Feb. 2014 as it was limited.

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

As shown in the last row, the incurred losses for the two companies combined decreased by ¥17.0 billion year-on-year to ¥51.0 billion.

Note that this is an increase of ¥1.9 billion from the end of the third quarter.

9. Domestic Non-Life Insurance Companies FY2016 (3) - Catastrophe Reserves

- The net change in the catastrophe reserves was 81.8 billion yen for the two companies combined, about the same as in the previous year.
- Additional provision to catastrophe reserves in fire insurance was 8.3 billion yen for the two companies combined (MSI: 6.3 billion yen, ADI: 2.0 billion yen).

Catastrophe reserves

(¥bn)

		Reversal	Provision	Change		Balance as of
					YoY	Mar. 31, 2017
Mitsui Sumitomo Insurance	Fire and allied	17.1	22.9	5.8	- 16.2	146.0
	Marine	-	2.7	2.7	- 0.3	78.1
	Personal accident	-	4.5	4.5	3.6	67.7
	Voluntary auto	-	20.9	20.9	4.7	58.9
	Other	0.7	13.1	12.3	2.0	178.0
	Total	17.9	64.2	46.3	- 6.1	528.8
Aioi Nissay Dowa Insurance	Fire and allied	-	14.4	14.4	0.8	126.5
	Marine	-	0.0	0.0	0.0	13.9
	Personal accident	-	1.9	1.9	- 0.0	65.1
	Voluntary auto	7.8	21.7	13.9	5.4	43.8
	Other	1.2	6.2	4.9	0.0	64.1
	Total	9.0	44.5	35.4	6.3	313.6
Simple Sum of MSI and ADI	Fire and allied	17.1	37.3	20.2	- 15.4	272.6
	Marine	-	2.8	2.8	- 0.3	92.0
	Personal accident	-	6.4	6.4	3.5	132.8
	Voluntary auto	7.8	42.7	34.9	10.1	102.8
	Other	2.0	19.3	17.2	2.1	242.1
	Total	26.9	108.7	81.8	0.1	842.5

Next, please look at Slide 9.

I will now discuss the situation concerning the catastrophe reserve.

The net change in reserves was ¥81.8 billion, as shown in the last row, which is on par with the previous fiscal year.

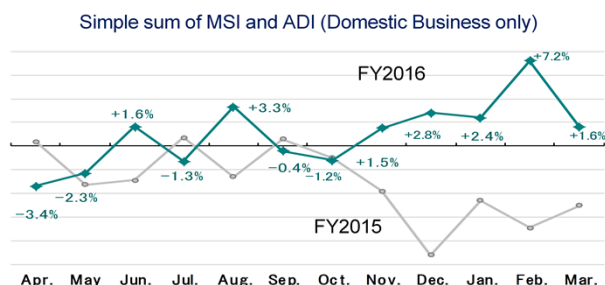
The catastrophe reserve for fire insurance was increased by ¥6.3 billion for MSI and ¥2.0 billion for ADI, or a total of ¥8.3 billion of additional provisions for the two companies combined.

10. Domestic Non-Life Insurance Companies FY2016 (4) – Voluntary Auto Insurance

- E/I loss ratio dropped by 1.9 points year-on-year to 56.5% due to an increase in earned premiums and a decrease in incurred losses.
- The number of accidents rose by 0.7 points year-on-year. The average payout per claim for both vehicle damage and property damage liability continued to rise with an increase in the cost of repairs.

Trend in the number of accidents

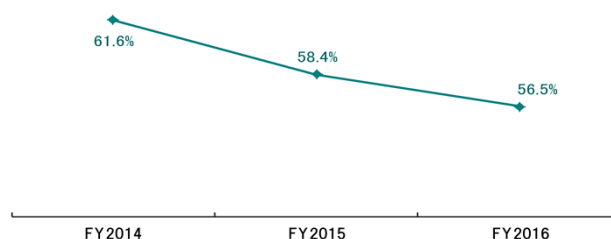
(per day, %YOY, excl. the number of accidents caused by natural disasters)



E/I loss ratio

(incl. loss adjustment expenses)

Simple sum of MSI and ADI



Mitsui Sumitomo Insurance

< Domestic sales basis >	No. of contracts	Insurance premium unit price	Insurance premium
Factors increasing/decreasing insurance premium	+0.8%	+0.4%	+1.2%
< Domestic >	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+0.9%	+1.8%	

Aioi Nissay Dowa Insurance

< Domestic sales basis >	No. of contracts	Insurance premium unit price	Insurance premium
Factors increasing/decreasing insurance premium	+0.1%	+0.3%	+0.3%
< Domestic >	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+1.3%	+1.9%	

※ 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, 2017 compared with average payout per claim in one-year period ended Mar. 31, 2016.

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

※ Figures for FY2015 Jan. and Feb. in *Trend in the number of accidents (per day, %YOY)* have been corrected (Jan.: -8.1% → -4.6%; Feb.: -1.0% → -6.9%).

Next, please look at Slide 10. I will now discuss the situation concerning voluntary automobile insurance.

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

Although the year-on-year change in the number of accidents fluctuates from month to month, it has been on a rising trend from the first half until the second half of FY2016, and we will continue to bear watching.

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

Insurance premium unit prices rose slightly by 0.4% at MSI and 0.3% at ADI, due to the effect of rate revisions implemented in past years and the establishment of new special policy clauses.

The EI loss ratio for the two companies combined in FY2016 decreased as shown in the graph on the upper right, falling by 1.9 points year-on-year to 56.5%.

Meanwhile, the average payout per claim for property damage liability and vehicle damage was increasing at both companies due to rising repair costs, and we also need to continue monitoring this.

11. Domestic Life Insurance / MSI Aioi Life - Results for FY2016

- The amount of new policies was 2,377.1 billion yen, about the same as in the previous year.
- Annualized premiums of new policies (third sector insurance) increased by 12.7% to 15.2 billion yen.
- Net income decreased by 1.4 billion yen year-on-year to 4.5 billion yen.
- EEV rose by 198.4 billion yen due to capital increase (100.0 billion yen) and the impact of economic fluctuations (mainly a positive impact of higher interest rates in Japan of 53.3 billion yen).

(¥bn)

MSI Aioi Life

	FY2015 Results	FY2016 Results	YoY Change	Change Ratio
Amount of new policies [※]	2,423.3	2,377.1	- 46.2	-1.9%
Annualized premiums of new policies	48.1	51.7	3.5	7.5%
of which, third sector insurance	13.5	15.2	1.7	12.7%
Amount of policies in force [※]	22,576.0	23,214.2	638.2	2.8%
Annualized premiums of policies in force	375.7	401.0	25.2	6.7%
of which, third sector insurance	78.7	88.4	9.7	12.3%
Gross premiums income	461.1	478.9	17.8	3.9%
Ordinary profit/loss	18.6	16.1	- 2.4	-13.4%
Extraordinary income/losses	- 0.7	- 0.7	- 0.0	—
Net income/loss	6.0	4.5	- 1.4	-24.0%
Core profit	19.4	18.6	- 0.8	-4.2%
EEV	595.8	794.2	198.4	
Net worth	407.2	440.4	33.2	
Value of in-force business	188.5	353.7	165.1	
of which, value of new business	40.8	47.3	6.5	

[※] 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 decreased by 1.9% year-on-year to ¥2,377.1 billion due to a decrease in the sale of income guarantee insurance.

At the same time, annualized premiums of new policies increased 7.5% year-on-year due to factors such as strong sales of the New Medical Insurance A (Ace) Plus launched last May.

The amount of policies in force increased steadily, rising by 2.8% from the beginning of the fiscal year.

Net income decreased by ¥1.4 billion year-on-year due to a decrease in investment profit.

EEV at the end of the fiscal year was ¥794.2 billion, up ¥198.4 billion from the end of the previous fiscal year.

This increase includes the impact of a 100.0 billion yen increase in capital carried out this fiscal year, but the main factor was a ¥165.2 billion increase in the value of policies in force brought about by the rise in interest rates.

12. Domestic Life Insurance / MSI Primary Life - Results for FY2016

- Gross premiums income fell by 17.6% to 1,071.1 billion yen year-on-year mainly due to a recoil from the previous year's increase in sales following the introduction of new products (foreign currency denominated variable insurance products).
- Net income rose by 2.8 billion yen year-on-year to 20.7 billion yen, primarily due to a decrease in sales costs and an increase in interest margin.
- Additional provision for price fluctuation reserves as a preparation for future market fluctuations was 26.3 billion yen (an increase of 15.0 billion yen year-on-year).

MSI Primary Life

(¥bn)

	FY2015 Results	FY2016 Results	YoY Change	Change Ratio
Amount of new policies [※]	1,262.6	1,032.2	- 230.3	- 18.2%
Amount of policies in force [※]	4,910.8	5,680.7	769.9	15.7%
Gross premiums income	1,299.4	1,071.1	- 228.3	- 17.6%
Ordinary profit/loss	39.9	57.6	17.7	44.4%
Extraordinary income/losses	- 13.3	- 28.9	- 15.5	—
Net income/loss	17.8	20.7	2.8	15.7%
Core profit	14.3	52.6	38.3	267.9%
EEV	333.8	375.3	41.4	
Net worth	245.5	252.9	7.3	
Value of in-force business	88.2	122.3	34.1	
of which, value of new business	33.7	19.1	- 14.5	

※ Total sum of personal insurance and personal annuity insurance

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

Gross premiums income fell by 17.6% to ¥1,071.1 billion, primarily due to a recoil in sales from the effect of strong sales of new foreign currency denominated variable life insurance products introduced in the previous fiscal year, although fixed products continued to perform well.

Furthermore, net income increased by ¥2.8 billion year-on-year to ¥20.7 billion primarily due to positive contributions made by a decrease in selling costs and an increase in profit margin brought about by an increase in policies in force. Note that factors such as the decrease in the policy reserve pertaining to foreign currency denominated products caused by rising Australian interest rates in FY2016 also had a positive effect. An additional provision of ¥26.3 billion was made to the reserve for price fluctuation to cover future market fluctuations and taking the above positive effect into consideration.

See the reference materials on page 23 for details on the reserve for price fluctuation.

13. Overseas Subsidiaries - Results for FY2016

- Net premiums written rose to 693.1 billion yen due to the effect of the new consolidation of MS Amlin. Net premiums written for other overseas subsidiaries decreased by 34.8 billion yen (increased by 3.9% on a local currency basis). The negative impact of foreign exchange rates on other overseas subsidiaries was 47.9 billion yen.
- Despite of new consolidation of MS Amlin, net income fell by 4.5 billion yen to 24.0 billion yen due to an increase in the number of accidents (including natural catastrophes) in Europe and Asia and the impact of a decrease in the Ogden rate (the negative impact of foreign exchange rates was 1.4 billion yen).

Overseas subsidiaries

(¥bn)				
	FY2015 Results	FY2016 Results	YoY Change	Change ratio
Net premiums written	336.8	693.1	356.2	105.8%
Asia	170.3	154.5	- 15.8	- 9.3%
Europe	102.0	85.1	- 16.8	- 16.5%
Americas	45.8	45.4	- 0.3	- 0.8%
Reinsurance	18.6	16.8	- 1.8	- 9.8%
MS Amlin	-	391.1	391.1	-
Net income/loss	28.5	24.0	- 4.5	-15.8%
Asia	16.6	13.2	- 3.3	-20.3%
Europe	- 2.0	- 8.1	- 6.0	-
Americas	3.2	3.0	- 0.2	- 6.2%
Reinsurance	10.7	11.8	1.0	10.1%
MS Amlin	-	4.0	4.0	-

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

Net premiums written increased significantly by 105.8% year-on-year, to ¥356.2 billion. This was primarily due to the effect of the inclusion of MS Amlin in the scope of consolidation.

Net premiums written by existing overseas subsidiaries excluding MS Amlin decreased by a total of ¥34.8 billion, but this was mainly caused by the negative impact of foreign exchange resulting from the appreciation of the yen, and net premiums written increased by 3.9% on a local currency basis, as business steadily expanded.

Net income decreased by ¥4.5 billion to ¥24.0 billion.

By region, for Europe and MS Amlin, Europe saw income decline by ¥6.0 billion for a net loss of ¥8.1 billion, while MS Amlin's net income was also held to ¥4.0 billion due to the deterioration in the loss ratio as a result of a large number of insured events, including natural disasters such as hurricanes and forest fires, and the impact of the lowering of the discount rate for bodily injury claims in the United Kingdom. In Asia, net income decreased by ¥3.3 billion due to the impact of the earthquake in Taiwan.

FY2016 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 20-21
<Reference> MS Amlin's Results for FY2016 (Jan. - Dec. 2016)	Page 22
<Reference> MSI Primary Life (Supplementary Explanation)	Page 23

14. Non-Consolidated Results for FY2016 - MSI (i)

(¥bn)

	FY2015 Results	FY2016 Results	YoY Change
Net premiums written	1,507.4	1,469.6	- 37.7
Growth rate of net premiums written	4.3%	-2.5%	-6.8pt
Net loss ratio	58.9%	61.2%	2.3pt
Net expense ratio	31.0%	31.2%	0.2pt
Combined ratio	89.9%	92.4%	2.5pt
Incurred losses (Incl. loss adjustment expenses)	897.1	893.0	- 4.1
Underwriting profit/loss	19.1	81.7	62.6
Net interest and dividends income	79.4	81.2	1.8
Gains/losses on sales of securities	99.1	67.2	- 31.8
Impairment losses on securities	- 7.2	- 0.4	6.7
Investment profit/loss	152.8	139.4	- 13.4
Ordinary profit/loss	167.8	215.5	47.6
Extraordinary income/losses	- 11.7	- 7.0	4.6
Net income/loss	113.9	164.5	50.5
<Excluding residential EQ insurance and CALI>			
Growth rate of net premiums written	4.4%	-2.9%	-7.3pt
Net loss ratio	56.0%	58.0%	2.0pt
Net expense ratio	33.1%	33.2%	0.1pt
Combined ratio	89.1%	91.2%	2.1pt
Incurred losses (Incl. loss adjustment expenses)	748.1	738.4	- 9.6

Slides 14 through 21 contain non-consolidated results for MSI and ADI and the simple aggregate of the two companies.

As a reference, Slide 22 provides the non-consolidated FY2016 results for MS Amlin on a local currency basis, please review later.

15. Non-Consolidated Results for FY2016 - MSI (ii)

Net premiums written

(¥bn)

	FY2015 Results	FY2016	
		Results	Growth
Fire and allied	242.4	183.8	-24.2%
Marine	66.9	58.6	-12.4%
Personal accident	140.9	143.5	1.8%
Voluntary automobile	645.6	654.1	1.3%
CALI	186.5	186.8	0.2%
Other	224.8	242.5	7.9%
Total	1,507.4	1,469.6	-2.5%
Total excluding residential EQ insurance and CALI	1,320.0	1,282.0	-2.9%

Net loss ratio

	FY2015 Results	FY2016	
		Results	YoY Change
Fire and allied	55.2%	72.0%	16.8pt
Marine	53.9%	61.3%	7.4pt
Personal accident	57.7%	54.3%	-3.4pt
Voluntary automobile	59.2%	57.3%	-1.9pt
CALI	79.8%	80.3%	0.5pt
Other	47.2%	52.9%	5.7pt
Total	58.9%	61.2%	2.3pt
Total excluding residential EQ insurance and CALI	56.0%	58.0%	2.0pt

16. Non-Consolidated Results for FY2016 - MSI (iii)

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

(¥bn)

	FY2015					FY2016					
	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)	130.4	67.3%	33.4	97.0	50.1%	126.8	63.9%	30.5	96.3	48.5%	-1.6pt
Marine	39.7	58.5%	0.1	39.5	58.3%	30.6	51.8%	0.2	30.4	51.5%	-6.8pt
Personal accident	77.7	54.7%	0.0	77.7	54.7%	74.4	52.8%	0.0	74.4	52.8%	-1.9pt
Voluntary automobile	383.3	59.9%	2.4	380.8	59.5%	364.9	55.9%	1.2	363.6	55.7%	-3.8pt
Other	116.8	54.6%	2.1	114.6	53.6%	141.5	58.7%	2.2	139.2	57.7%	4.1pt
Total (A) ^{※4}	748.1	59.5%	38.1	709.9	56.4%	738.4	57.1%	34.3	704.1	54.5%	-1.9pt
Residential EQ insurance (B)	—	—	—	—	—	5.9	—	5.9	—	—	—
CALI (C)	149.0	—	—	149.0	—	148.5	—	—	148.5	—	—
Total (A)+(B)+(C)	897.1	—	38.1	858.9	—	893.0	—	40.2	852.7	—	—

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

※2 Earned premium, the denominator of the E/I loss ratio, is calculated by adjusting unearned 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. The figures for FY2015 include incurred losses of 0.1 billion yen caused by heavy snowfalls occurred in Feb. 2014 in Japan.

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

17. Non-Consolidated Results for FY2016 - ADI (i)

			(¥bn)
	FY2015 Results	FY2016 Results	YoY Change
Net premiums written	1,192.0	1,200.5	8.4
Growth rate of net premiums written	2.7%	0.7%	-2.0pt
Net loss ratio	59.2%	59.1%	-0.1pt
Net expense ratio	34.3%	33.5%	-0.8pt
Combined ratio	93.5%	92.6%	-0.9pt
Incurred losses (Incl. loss adjustment expenses)	706.4	724.6	18.2
Underwriting profit/loss	24.8	39.5	14.6
Net interest and dividends income	39.5	38.0	- 1.5
Gains/losses on sales of securities	10.4	9.0	- 1.4
Impairment losses on securities	- 6.6	- 4.9	1.7
Investment profit/loss	34.9	32.2	- 2.6
Ordinary profit/loss	61.7	75.1	13.4
Extraordinary income/losses	- 20.2	- 8.3	11.8
Net income/loss	31.0	50.3	19.2
<Excluding residential EQ insurance and CALI>			
Growth rate of net premiums written	2.9%	1.0%	-1.9pt
Net loss ratio	56.1%	55.6%	-0.5pt
Net expense ratio	36.5%	35.2%	-1.3pt
Combined ratio	92.6%	90.8%	-1.8pt
Incurred losses (Incl. loss adjustment expenses)	573.7	591.0	17.2

18. Non-Consolidated Results for FY2016 - ADI (ii)

Net premiums written

(¥bn)

	FY2015 Results	FY2016	
		Results	Growth
Fire and allied	167.6	153.0	-8.7%
Marine	5.7	5.4	-5.2%
Personal accident	63.5	61.4	-3.4%
Voluntary automobile	671.8	680.4	1.3%
CALI	170.6	168.7	-1.1%
Other	112.6	131.3	16.7%
Total	1,192.0	1,200.5	0.7%
Total excluding residential EQ insurance and CALI	1,020.9	1,031.2	1.0%

Net loss ratio

	FY2015 Results	FY2016	
		Results	YoY Change
Fire and allied	51.9%	56.2%	4.3pt
Marine	43.4%	48.0%	4.6pt
Personal accident	52.0%	48.6%	-3.4pt
Voluntary automobile	58.1%	56.8%	-1.3pt
CALI	78.1%	77.9%	-0.2pt
Other	53.0%	55.6%	2.6pt
Total	59.2%	59.1%	-0.1pt
Total excluding residential EQ insurance and CALI	56.1%	55.6%	-0.5pt

19. Non-Consolidated Results for FY2016 - ADI (iii)

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

(¥bn)

	FY2015					FY2016					
	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)	89.2	61.1%	24.8	64.4	44.1%	91.5	58.1%	14.6	76.9	48.8%	4.7pt
Marine	2.7	50.8%	-	2.7	50.8%	2.7	49.6%	-	2.7	49.6%	-1.2pt
Personal accident	29.8	46.4%	0.0	29.8	46.4%	30.4	50.9%	0.0	30.4	50.9%	4.5pt
Voluntary automobile	385.2	57.0%	3.5	381.6	56.5%	387.7	57.1%	1.2	386.4	56.9%	0.4pt
Other	66.7	60.6%	1.5	65.1	59.2%	78.6	60.3%	0.8	77.8	59.7%	0.5pt
Total (A) ^{※4}	573.7	57.3%	29.9	543.8	54.3%	591.0	57.3%	16.7	574.2	55.6%	1.3pt
Residential EQ insurance (B)	-	-	-	-	-	4.3	-	4.3	-	-	-
CALI (C)	132.6	-	-	132.6	-	129.2	-	-	129.2	-	-
Total (A)+(B)+(C)	706.4	-	29.9	676.4	-	724.6	-	21.0	703.5	-	-

※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.
The figures for FY2015 include incurred losses of 0.1 billion yen caused by heavy snowfalls occurred in Feb. 2014 in Japan.

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

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

	FY2015 Results	FY2016		(¥bn)
		Results	YoY Change	
Net premiums written	2,699.5	2,670.2	- 29.2	
Growth rate of net premiums written	3.6%	- 1.1%	- 4.7pt	
Net loss ratio	59.1%	60.2%	1.1pt	
Net expense ratio	32.5%	32.2%	- 0.3pt	
Combined ratio	91.6%	92.4%	0.8pt	
Incurred losses (Incl. loss adjustment expenses)	1,603.5	1,617.6	14.1	
Underwriting profit/loss	43.9	121.3	77.3	
Net interest and dividends income	118.9	119.3	0.3	
Gains/losses on sales of securities	109.5	76.3	- 33.2	
Impairment losses on securities	- 13.9	- 5.4	8.5	
Investment profit/loss	187.7	171.6	- 16.0	
Ordinary profit/loss	229.6	290.7	61.0	
Extraordinary income/losses	- 32.0	- 15.4	16.5	
Net income/loss	145.0	214.9	69.8	
<Excluding residential EQ insurance and CALI>				
Growth rate of net premiums written	3.7%	- 1.2%	- 4.9pt	
Net loss ratio	56.1%	56.9%	0.8pt	
Net expense ratio	34.5%	34.1%	- 0.4pt	
Combined ratio	90.6%	91.0%	0.4pt	
Incurred losses (Incl. loss adjustment expenses)	1,321.9	1,329.5	7.6	

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

Net premiums written

(¥bn)

	FY2015 Results	FY2016	
		Results	Growth
Fire and allied	410.1	336.9	-17.8%
Marine	72.7	64.1	-11.8%
Personal accident	204.5	204.9	0.2%
Voluntary automobile	1,317.4	1,334.6	1.3%
CALI	357.1	355.6	-0.4%
Other	337.4	373.9	10.8%
Total	2,699.5	2,670.2	-1.1%
Total excl. residential EQ insurance and CALI	2,340.9	2,313.2	-1.2%

Net loss ratio

	FY2015 Results	FY2016	
		Results	YoY change
Fire and allied	53.8%	64.8%	11.0pt
Marine	53.1%	60.1%	7.0pt
Personal accident	56.0%	52.6%	-3.4pt
Voluntary automobile	58.6%	57.0%	-1.6pt
CALI	79.0%	79.1%	0.1pt
Other	49.1%	53.8%	4.7pt
Total	59.1%	60.2%	1.1pt
Total excl. residential EQ insurance and CALI	56.1%	56.9%	0.8pt

Incurred losses (Excluding residential EQ insurance and CALI)

(¥bn)

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

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

※2 Natural catastrophes are natural catastrophes occurring in Japan during the period. The figures for FY2015 include incurred losses of 0.2 billion yen caused by heavy snowfalls occurred in Feb. 2014.

22. <Reference> MS Amlin's Results for FY2016 (Jan. – Dec. 2016) ※1

	FY2015※2 Results (Restated)	FY2016※1 (£mn)	
		Results	YoY change
Net premiums written	2,392	2,654	261
Net premiums earned	2,172	2,490	318
Incurred losses (including loss adjustment expenses)	1,164	1,614	449
Net commission and expense for acquisition, admin expense	769	891	122
Underwriting profit/loss	220	69	-150
Investment profit/loss※3	95	84	-11
Other expenses※4	-90	-93	-3
Net income/loss after tax	210	27	-182
EI claims ratio	54%	65%	11.0pt
EI expense ratio※5	36%	32%	-4.0pt
EI combined ratio※5	90%	97%	7.0pt

※1 MS Amlin was acquired in February 2016. Figures for FY2016 are adjusted from local figures to those in Group's consolidated P/L statement (excluding consolidation adjustments).

※2 Figures for FY2015 are restated based on the accounting method used in FY2016.

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

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

※5 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.

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

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

(¥bn)

	FY2015 Results	FY2016 Results
Impact of interest rates	19.9	0.5
Impact of foreign exchange rates	- 18.9	6.8
Subtotal	1.0	7.3
Gains/losses on sales of securities	18.3	8.5
Total	19.3	15.9

Movement of price fluctuation reserve reflecting the above	-	15.9
------------------------------------------------------------	---	------

	FY2015 end of 4Q	FY2016 end of 4Q
Balance of price fluctuation reserve	55.0	84.0

In addition to provision above, as a preparation for losses caused by further changes in market environment, provision of 12.9 billion yen was made in FY2016 (standard provision: 2.5 billion yen, additional provision: 10.4 billion yen)
(FY2015: provision of 13.3 billion yen (standard provision: 1.9 billion yen, additional provision: 11.3 billion yen))

Projected Financial Results for FY2017

Consolidated Earnings Forecasts for FY2017	Page 24-28
Major Assumptions for Earnings Forecasts for FY2017	Page 29
Mitui Sumitomo Insurance (MSI) (Non-Consolidated)	Page 30-31
Aioi Nissay Dowa Insurance (ADI) (Non-Consolidated)	Page 32-33
Simple Sum of MSI and ADI (Non-Consolidated)	Page 34-35

24. Consolidated Earnings Forecasts for FY2017 (i)

(¥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%

Next, I'll explain our projected financial results for FY2017.
Please turn to Slide 24 of the materials.

Group consolidated net premiums written are expected to increase by 1.3% to ¥3,450.0 billion.

Despite decreases at MSI and ADI due to the impact of the revision in premiums for compulsory automobile liability insurance, increases are expected in fire insurance and voluntary automobile insurance, which are forecast to result in a 1.2% increase at MSI and a 1.5% increase at ADI.

Life insurance premiums are expected to decrease by ¥304.1 billion to ¥949.0 billion, but this factors in MSP Life's intensifying competition with other companies.

25. Consolidated Earnings Forecasts for FY2017 (ii)

(¥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

Next, I'll explain ordinary profit and net income.
Please look at Slide 25.

Group consolidated ordinary profit will be down by ¥7.6 billion year-on-year, to ¥345.0 billion, but net income is forecast to increase by ¥34.5 billion to ¥245.0 billion.

26. Consolidated Earnings Forecasts for FY2017 (iii)

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.

Next , please look at Slide 26.

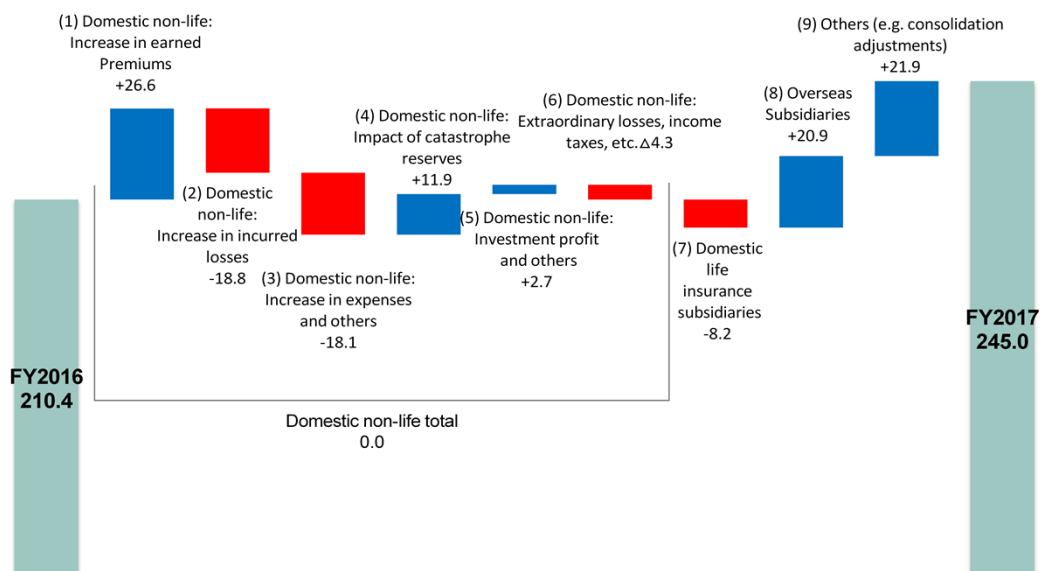
This shows a breakdown of net premiums written and net income of overseas subsidiaries. Net premiums written are forecast to increase by 1.0% to ¥700.0 billion, but this factors in the decrease in income caused by foreign exchange rates, and an increase of 3.7% is forecast when the impact of foreign exchange is excluded.

Net income is expected to increase by ¥20.9 billion year-on-year to ¥45.0 billion, mainly due to increased income at MS Amlin.

27. Consolidated Earnings Forecasts for FY2017 (iv)

- Net income in domestic non-life insurance is expected to be about the same as in the previous year.
- Increase in profit is expected in European subsidiaries, MS Amlin in particular.
- Increase in others (e.g. consolidation adjustments) is due to absence of system expenses for transfer of third sector policies in force which were included in the previous year.

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.

Next, the factors changing net income are explained on the next slide. Please look at Slide 27.

(2) “Increase in incurred loss” associated with (1) “Increase in earned premiums” and (3) “Increase in business expenses” factor in new investment aimed at future growth.

Next, (4) “Catastrophe loss reserve” will increase by a net ¥11.9 billion, factoring in reversals due to the increase in net claims paid associated with the increase in incurred loss.

(5) “Net investment profit” shows a ¥2.7 billion increase, due to the inclusion of gains on the exchange of shares pertaining to the merger at Max Life Insurance at MSI, while anticipating a decrease in dividend income from subsidiaries.

The sale of a total of ¥120.0 billion in strategic equity holdings by the two companies is included in this figure.

As shown above, the domestic non-life insurance business shown by the total of (1) through (6) is expected to deliver income on par with the previous fiscal year.

(7) “Domestic life insurance subsidiaries” are anticipated to show a decrease in income from that of FY2016, which was a strong year.

(8) “Overseas subsidiaries” are forecast to see income increase by ¥20.9 billion primarily due to increased income in Europe, centered on MS Amlin.

The increase in (9) “Consolidation adjustments, etc.” is primarily due to the absence of “system expenses for transfer of third sector policies in force” which arose in the previous fiscal year.

As a result of these factors, net income for FY2017 is forecast to be ¥245.0 billion.

28. Consolidated Earnings Forecasts for FY2017 (v)

- Group Core Profit is forecast to reach 230.0 billion yen with Group ROE of 8.4%.
- Increase in EV of MSI Aioi Life is forecast at 50.0 billion yen.

(¥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.

Next, I'll explain the forecast for Group Core Profit.
Please look at Slide 28.

We expect Group Core Profit to be ¥230.0 billion, which will surpass the target of ¥220.0 billion established in the medium-term management plan.
Note that International Business in FY2017 includes approximately ¥21.0 billion in gains on the exchange of shares pertaining to the merger at Max Life Insurance.

29. Major Assumptions for Earnings Forecasts for FY2017

(¥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.

I'll explain the major assumptions behind the figures in the earnings forecast.
Please turn to Slide 29.

Assumptions regarding the Nikkei stock average, exchange rates and other market conditions are based on levels as of the end of March 2017.

¥50.0 billion has been assumed for domestic natural disasters in the current fiscal year.

This is the same level as the assumptions for the previous fiscal year after excluding the Kumamoto earthquakes.

No additional provision is planned for the catastrophe reserve for fire insurance.

Also, while not noted here, there are no plans for an addition to the reserve for price fluctuation.

Starting with Slide 30, you will find details of the FY2017 non-consolidated earnings forecasts for MSI and ADI, along with the non-consolidated simple sum figures for the two companies. Please review these later.

This concludes my presentation.

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

(¥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.

27. Earnings Forecasts for FY 2016 - MSI (Non-consolidated) (2)

MS&AD

Net premiums written (¥ bn)

	FY 2015 Results	FY 2016	
		Forecasts	Growth
Fire and allied	242.4	195.7	-19.3%
Marine	66.9	65.1	-2.8%
Personal accident	140.9	139.7	-0.9%
Voluntary automobile	645.6	656.7	1.7%
CALI	186.5	183.9	-1.4%
Other	224.8	246.9	9.8%
Total	1,507.4	1,488.0	-1.3%
Total excl. residential EQ insurance and CALI	1,320.0	1,303.4	-1.3%

Net loss ratio

	FY 2015 Results	FY 2016	
		Forecasts	YoY Change
Fire and allied	55.2%	71.8%	16.6pt
Marine	53.9%	58.7%	4.8pt
Personal accident	57.7%	55.4%	- 2.3pt
Voluntary automobile	59.2%	59.6%	0.4pt
CALI	79.8%	82.1%	2.3pt
Other	47.2%	50.7%	3.5pt
Total	58.9%	62.1%	3.2pt
Total excl. residential EQ insurance and CALI	56.0%	58.8%	2.8pt

Incurred losses (excluding residential earthquake insurance and CALI) (¥ bn)

	FY 2015 Results	FY 2016	
		Forecasts	YoY Change
Incurred losses (incl. loss adjustment expenses)* ¹	748.1	763.4	15.2
Natural catastrophes* ²	38.1	40.0	1.8
Other than natural catastrophes	709.9	723.4	13.4

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

*² "Natural catastrophes" means domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan. But the figures of FY 2016 excludes the impact of the heavy snowfalls in Feb. 2014, because its impact became very small. (the impact of FY 2015 : 0.1 billion yen)

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

Net premiums written

(¥bn)

	FY2016	FY2017	
	Results	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	FY2017	
	Results	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	FY2017 Forecast	
	Results		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.

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

(¥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

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

Net premiums written

(¥bn)

	FY2016	FY2017	
	Results	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	FY2017	
	Results	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	FY2017	
	Results	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.

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

(¥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

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31. Earnings Forecasts for FY 2016 – Simple Sum of MSI & ADI (Non-consolidated) (2)

Net premiums written

(¥ bn)

	FY 2014	FY 2015		FY 2016	
	Results	Results	Growth	Forecasts	Growth
Fire and allied	367.5	410.1	11.6%	355.6	-13.3%
Marine	72.8	72.7	-0.2%	71.1	-2.2%
Personal accident	219.1	204.5	-6.7%	200.4	-2.0%
Voluntary automobile	1,291.4	1,317.4	2.0%	1,343.5	2.0%
CALI	347.8	357.1	2.7%	352.8	-1.2%
Other	307.7	337.4	9.7%	376.6	11.6%
Total	2,606.6	2,699.5	3.6%	2,700.0	0.0%
Total excl. residential EQ insurance and CALI	2,257.6	2,340.9	3.7%	2,345.9	0.2%

Net loss ratio

	FY 2014	FY 2015		FY 2016	
	Results	Results	Growth	Forecasts	Growth
Fire and allied	66.7%	53.8%	-12.9pt	68.6%	14.8pt
Marine	51.2%	53.1%	1.9pt	57.3%	4.2pt
Personal accident	55.8%	56.0%	0.2pt	53.9%	-2.1pt
Voluntary automobile	61.0%	58.6%	-2.4pt	58.9%	0.3pt
CALI	81.0%	79.0%	-2.0pt	80.5%	1.5pt
Other	51.6%	49.1%	-2.5pt	53.0%	3.9pt
Total	62.6%	59.1%	-3.5pt	61.8%	2.7pt
Total excl. residential EQ insurance and CALI	59.8%	56.1%	-3.7pt	58.5%	2.4pt

Incurred losses (excluding residential earthquake insurance and CALI)

(¥ bn)

	FY 2014	FY 2015		FY 2016	
	Results	Results	YoY Change	Forecasts	YoY Change
Incurred losses (incl. loss adjustment expenses)*1	1,337.9	1,321.9	- 16.0	1,375.0	53.1
Natural Catastrophes*2	27.2	68.1	40.8	62.5	- 5.6
Other than natural catastrophes	1,310.6	1,253.8	- 56.8	1,312.5	58.7

*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, heavy snowfalls in Feb. 2014 in Japan. But the figures of FY 2016 excludes the impact of the heavy snowfalls in Feb. 2014 in Japan, because its impact became very small. (the impact of FY2014: 0.3 billion yen)

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

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

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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