

Advancing with you

MS&AD

INSURANCE GROUP

**Fiscal 2018
First Information Meeting
May 24, 2018**

MS&AD Insurance Group Holdings, Inc.

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MS&AD Group Overview

Holding company

MS&AD MS&AD Insurance Group Holdings, Inc.

Domestic Non-Life

MS&AD Mitsui Sumitomo Insurance 

MS&AD Aioi Nissay Dowa Insurance 


MS&AD Mitsui Direct General Insurance 

International

Overseas subsidiaries

Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance 

MS&AD Mitsui Sumitomo Primary Life Insurance 

Financial Services

Risk-Related Services

MS&AD Insurance Group Holdings, Inc.

Abbreviations of company names used in this presentation.

- MS&AD Holdings, Holding Company : MS&AD Insurance Group Holdings, Inc.
- MS&AD : MS&AD Insurance Group
- MSIG : Mitsui Sumitomo Insurance Group Holdings, Inc.
- MSI : Mitsui Sumitomo Insurance Co., Ltd.
- ADI : Aioi Nissay Dowa Insurance Co., Ltd.
- Mitsui Direct General, MD : Mitsui Direct General Insurance Co., Ltd.
- MSI Aioi Life, MSA Life : Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
- MSI Primary Life, MSP Life : Mitsui Sumitomo Primary Life Insurance Co., Ltd.
- MS Amlin : MS Amlin plc
- First Capital, FC : First Capital Insurance Limited
- MS First Capital : MS First Capital Insurance Limited
- Challenger : Challenger Limited
- ReAssure : ReAssure Jersey One Limited

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

MS&AD Insurance Group Holdings, Inc.

Main Points of Today's Presentation

1. Progress up to "Next Challenge 2017"	<ul style="list-style-type: none"> The Group has reached a point where the possibility of becoming a "world-leading insurance and financial services group" has come into sight as a result of improving the profitability of the domestic non-life insurance business through steady efforts to achieve MVV (Mission, Vision, Values). The issues for the next stage are the following six: i) harmony with society, ii) improvement in capital efficiency competitive with global peers, iii) innovation of the business portfolio, iv) enhanced readiness for changes in the environment, v) further exertion of diversity, a strength of the Group, and vi) maintenance and expansion of the domestic non-life insurance business that holds a prominent position in terms of both scale and earning power.
2. New medium-term management plan "Vision 2021"	<ul style="list-style-type: none"> Aim to achieve a "resilient and sustainable society" in 2030 by developing the story of the value creation of MS&AD as a Group-wide initiative. Expect to achieve Group Adjusted Profit of ¥350 billion and Group Adjusted ROE of 10% by the end of FY2021.
(1) Aspirations of "Vision 2021"	
(2) Basic strategies and key strategies for achieving the targets	Achieve the medium-term aspirations by (i) pursuing the Group's comprehensive strengths, (ii) promoting digitalization and (iii) reforming the portfolio as the key strategies.
(3) Growth strategies in business domains	<p>(i) Domestic non-life insurance business: Maintain and increase earnings through the reforming of the business line portfolio due to the expansion of earnings of casualty lines and fire insurance, and higher productivity through digitalization.</p> <p>(ii) Domestic life insurance business: Achieve stable growth through the development of products and services that meet the requirements of society and customer needs, and the innovation of the earnings structure.</p> <p>(iii) International business: Drive the Group's growth through the earnings recovery of MS Amlin and the pursuit of the Group's comprehensive strengths.</p>
(4) Capital policy	Placing ERM as a basis for the Group management, pursue the enhancement of corporate value through growth investments in consideration of stable shareholder returns and capital efficiency based on the financial soundness.
3. FY2017 shareholder returns	Annual dividend of ¥130 (up ¥10 year on year) and the repurchase of our own shares of ¥30 billion have been resolved.

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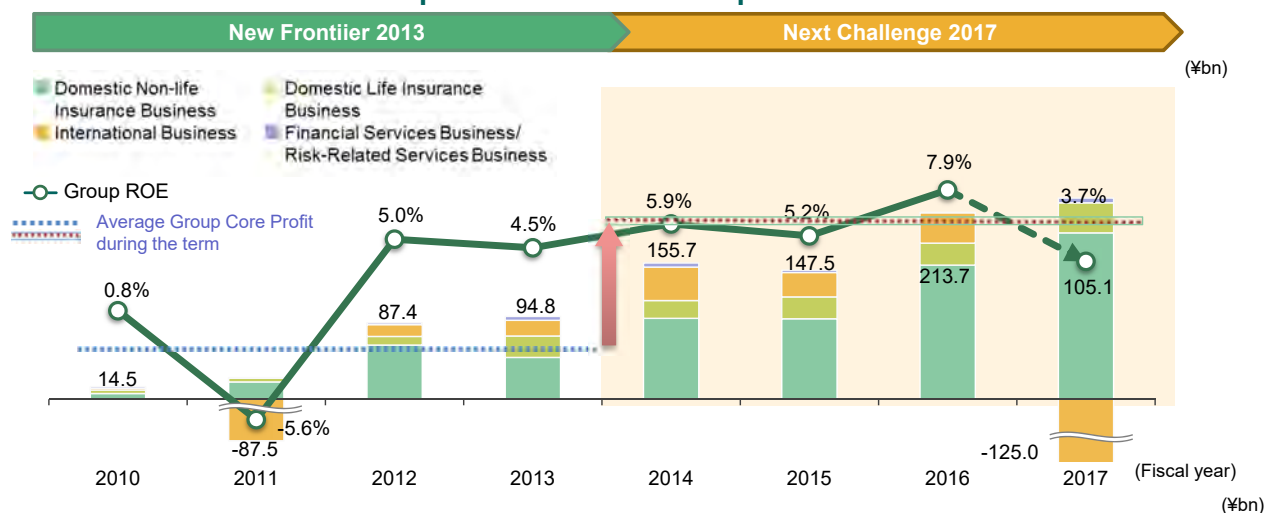


I . Progress up to "Next Challenge 2017"

Progress Towards Numerical Management Targets

- Our profitability has been improved dramatically in “Next Challenge 2017” (FY2014-FY2017) as a result of establishing earning structure based on ERM.

Group Core Profit and Group ROE



	FY2013	FY2014	FY2015	FY2016	FY2017	2017/2013change
Consolidated Net Premiums Written	2,809.5	2,940.7	3,078.9	3,406.9	3,446.9	+637.4
Combined Ratio (Domestic Non-Life)*	98.2%	96.0%	91.6%	92.6%	92.8%	-5.4pp

* Simple sums of non-consolidated figures for MSI, ADI and Mitsui Direct General.

Progress up to “Next Challenge 2017”

- “Growth and efficiency” have been achieved simultaneously time through the completion of the reorganization by function.
- While profitability and financial soundness have improved significantly due to the promotion of ERM, there is still room for improvement in capital efficiency toward the target level (ROE 10%).

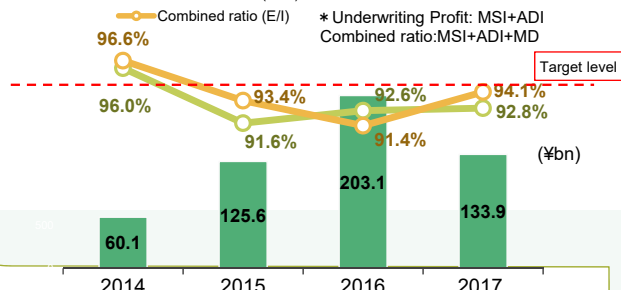
Target achieved Improvement in profitability of domestic non-life insurance business

Recovered and established as a stable base.

Underwriting Profit and Combined Ratio

Underwriting profit (prior to reflecting catastrophe reserves)
Combined ratio (W/P)
Combined ratio (E/I)

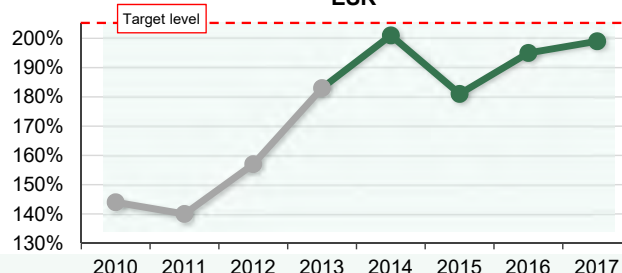
* Underwriting Profit: MSI+ADI
Combined ratio: MSI+ADI+MD



Target achieved Ensuring financial soundness

Target level maintained despite the impact of hurricanes in North America.

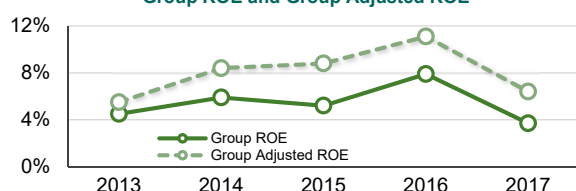
ESR



Issue to work on continuously

Improving capital efficiency

Group ROE and Group Adjusted ROE



Target achieved Promotion of ERM

Established as the foundation for Group management that will ensure soundness, improve profitability and enhance capital efficiency.

Target achieved Completion of reorganization by function

Standardization of products & operating procedures, etc. made progress as planned.

As planned Portfolio diversification

Issue to work on continuously

Promoted business portfolio diversification through investment in Amlin, etc. Continue to promote portfolio diversification.

Issues for the Next Stage

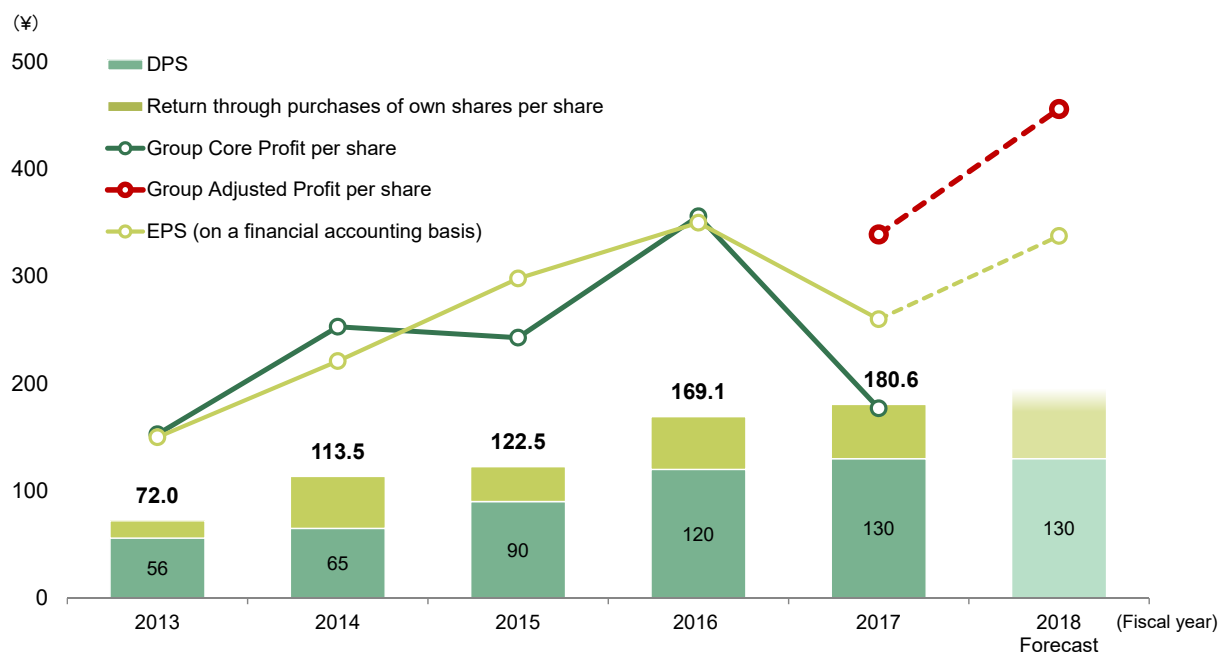
- We clarified issues for achieving a “world-leading insurance and financial services group” in light of the achievements in “Next Challenge 2017.”
- We will strive for harmony with society as a new issue to work on to be resilient and to achieve sustainable growth.

Universal issues	(i) Harmony with society
Ongoing issues	(ii) Improvement in capital efficiency in consideration of global competitors
	(iii) Reform the business portfolio
	(iv) Enhanced ability to respond changes in the environment
Issues to be further strengthened	(v) Further exertion of diversity, a strength of the Group
	(vi) Maintaining and expanding of domestic non-life insurance business that holds a prominent position in terms of both scale and profitability

Overall Situation: EPS and Total Shareholder Return per Share

- Total shareholder return (TSR) per share is steadily increasing .

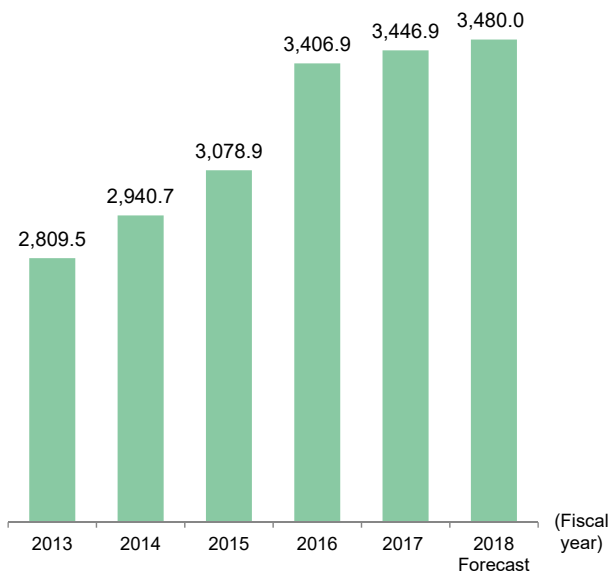
TSR per share, Group Core Profit / Adjusted Profit per share and EPS



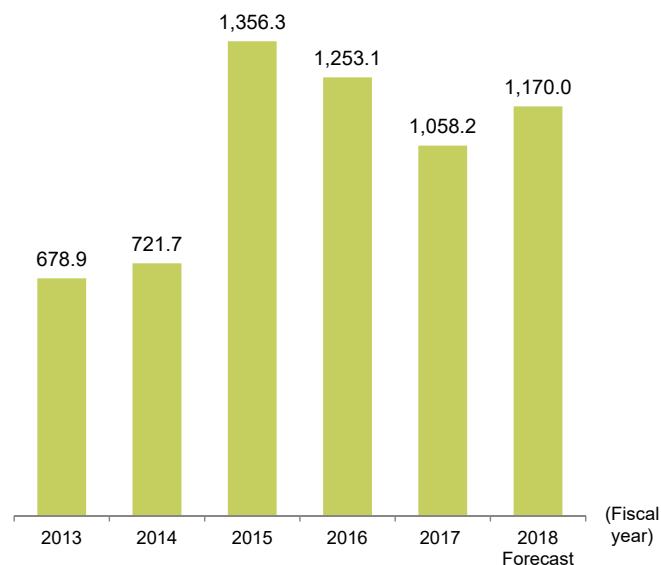
Overall Situation: Premium Income

- Consolidated net premiums written increased by ¥39.9 billion to ¥3,446.9 billion due to an increase in domestic non-life, while decreasing in overseas subsidiaries.
- Consolidated life insurance premiums decreased to ¥1,058.2 billion due to a decrease in variable products at MSI Primary Life.

Non-Life Insurance: Consolidated Net Premiums Written*1 (¥bn)



Life Insurance: Consolidated Life Insurance Premiums (¥bn)

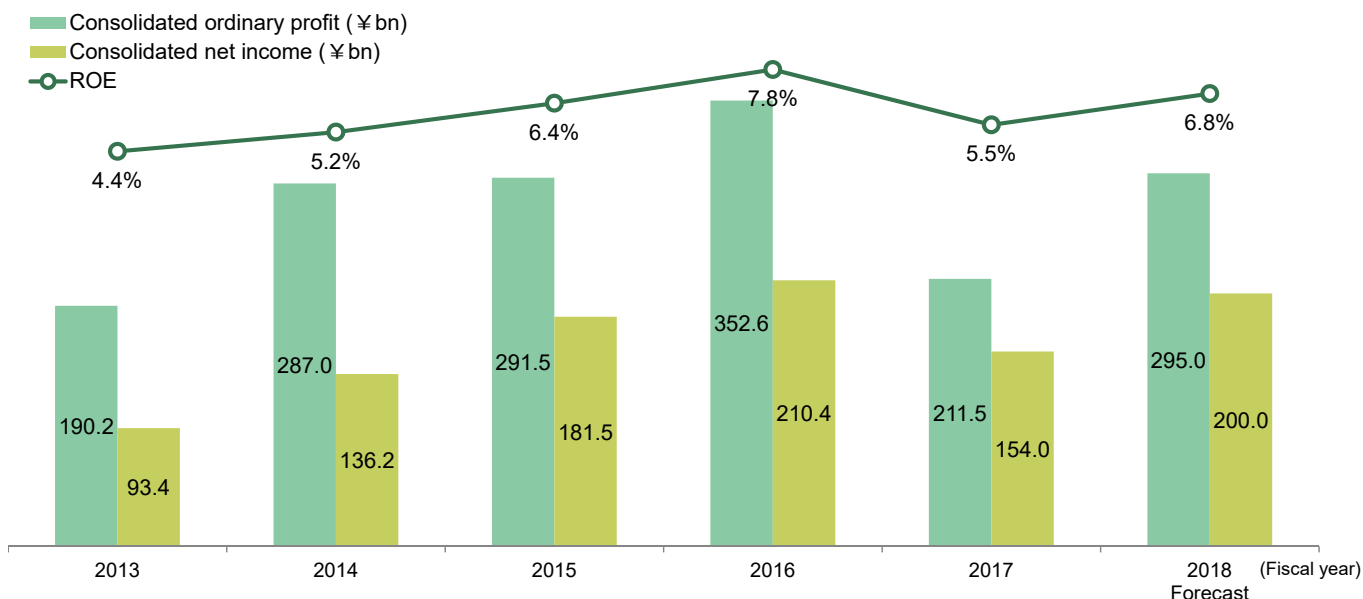


*1: Net premiums written exclude the good results return premiums of the "ModoRich" auto insurance product.

Overall Situation: Bottom Line and ROE (on a Financial Accounting Basis)

- ROE (on a financial accounting basis) declined to 5.5 % in FY2017, mainly due to the impact of domestic and overseas natural catastrophes, while ROE is anticipated to increase to 6.8% in FY2018.

Consolidated Ordinary Profit, Net Income and ROE



II. New Medium-Term Management Plan “Vision 2021”

1. Aspirations and Basic Strategies

2. Domestic Non-Life Insurance Business
3. Domestic Life Insurance Business
4. International Business
5. Asset Management
6. Capital Policy

Aspirations

• Regarding a “resilient and sustainable society” as the image of society that the Group is aiming for in 2030, we will seek to achieve it by developing the story of value creation of MS&AD as a Group-wide initiative.

Image of society
in 2030

A resilient and
sustainable
society

New Frontier 2013
(FY2010 - FY2013)

Next Challenge 2017
(FY2014 - FY2017)

Vision 2021
(FY2018 - FY2021)

**Development of management
based on CSV***

Achieving the medium-term
aspirations
Building resilient systems that
can respond to changes in the
environment

**Construction of the story of
value creation**

Enhancing earning power
in domestic non-life
insurance business
Improving capital
efficiency

Formulation of Mission, Vision and Values

Improving profitability in domestic non-life
insurance business
Ensuring financial soundness

Medium-term aspirations (A world-leading insurance and financial services group)

Scale	Within the top 10 non-life insurance groups in the world
Capital efficiency	Group Adjusted ROE 10%
Financial soundness	ESR 180% - 220%
Portfolio diversity	50% (profit basis) in other than the domestic non-life insurance business
Risk assets	Strategic equity holdings below 30% of integrated risk amount and below 10% of consolidated total assets
Profitability	Combined ratio in the domestic non-life insurance business stable at 95% or less

* CSV: Creating Shared Value

Numerical Management Targets

- Numerical management targets for FY2021 are set at a level for achieving the “medium-term aspirations.”
- To achieve a resilient and sustainable society, we have formulated the Medium-Term Management Plan for Sustainability and monitor the non-financial indicators.

Numerical Management Targets

(¥bn)

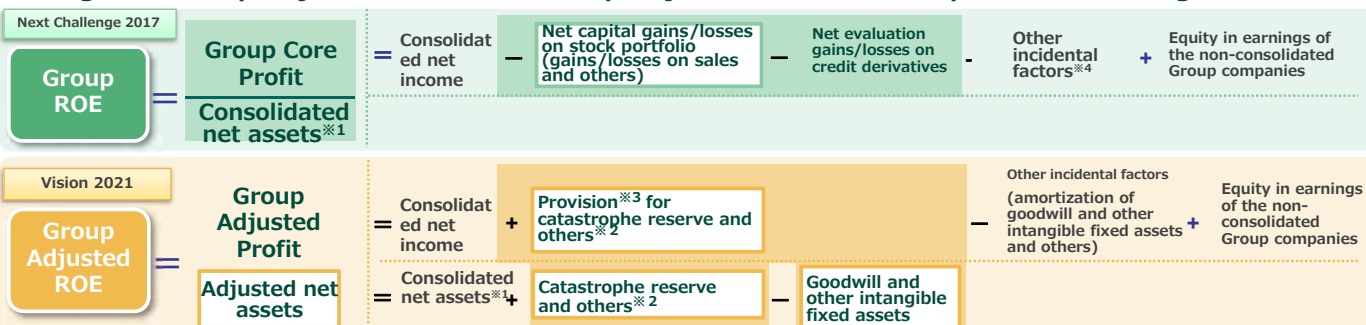
	FY2017 Result (Converted to new standards)	FY2018 Forecast	FY2019 Target	FY2021 Target
Group Adjusted Profit	201.0	270.0	273.0	350.0
Domestic non-life insurance business (excluding gains and losses on sales of strategic equity holdings)	287.8 (202.4)	207.0 (166.0)	174.0 (139.0)	182.0 (142.0)
Domestic life insurance business	32.6	22.0	28.0	45.0
International business	-125.0	37.0	66.0	117.0
Financial services business /Risk-related services business	5.6	4.0	5.0	6.0
Group Adjusted ROE	6.4%	8.5%	8.3%	10.0%
Consolidated net premiums written	3,446.9	3,480.0	3,530.0	3,710.0
Life insurance premiums (Gross premiums)	1,508.1	1,496.8	1,540.0	1,600.0
EEV of MSI Aioi Life	835.5	865.0	970.0	1,050.0
ESR (Economic Solvency Ratio)	211%	201%	180%-220%	

Non-financial Indicators (e.g.)

	Monitoring indicators
Creating shared value	Seven key issues (checked qualitatively)
Quality that earns the trust of society	Quality improvement • Customer satisfaction/advisability Reduction of the burden on the environment • Reduction of CO2 emissions • Total energy usage • Paper usage
Management platforms that enable employees to play active roles	Diversity & inclusion • Ratio of female managers • Ratio of global employees • Disabled employment rate Health and productivity management • Employee satisfaction • Amount of annual paid leave taken • Number of employees conducting social contribution activities

Replacement of Group Adjusted Profit and Group Adjusted ROE

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



※ 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)

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	¥201.0bn
	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

Basic Strategies and Three Key Strategies

- We will ensure the achievement of aspirations that have entered the realization phase with the Basic strategies and three Key strategies tied to the Basic strategies.

New Challenge 2017

Vision 2021 (2018/4-2021/3)

<Aspirations during the period of the medium-term plan>

- Become a world-leading insurance and financial services group
- Create resilient systems that can swiftly respond to changes in environment

[Basic strategies]

- ✓ By employing the Group's resources to the maximum, we will realize sustainable growth and enhance corporate value.
- ✓ We will pursue the Group's comprehensive strengths, one of which is diversity, and meet the expectations of customers and other stakeholders.
- ✓ We will respond flexibly to changes in the environment and further improve quality and productivity.

Key strategy 1

Pursue the Group's comprehensive strengths

Key strategy 2

Promote digitalization

Key strategy 3

Reform portfolio

Management platforms

ERM

Quality that earns the trust of society

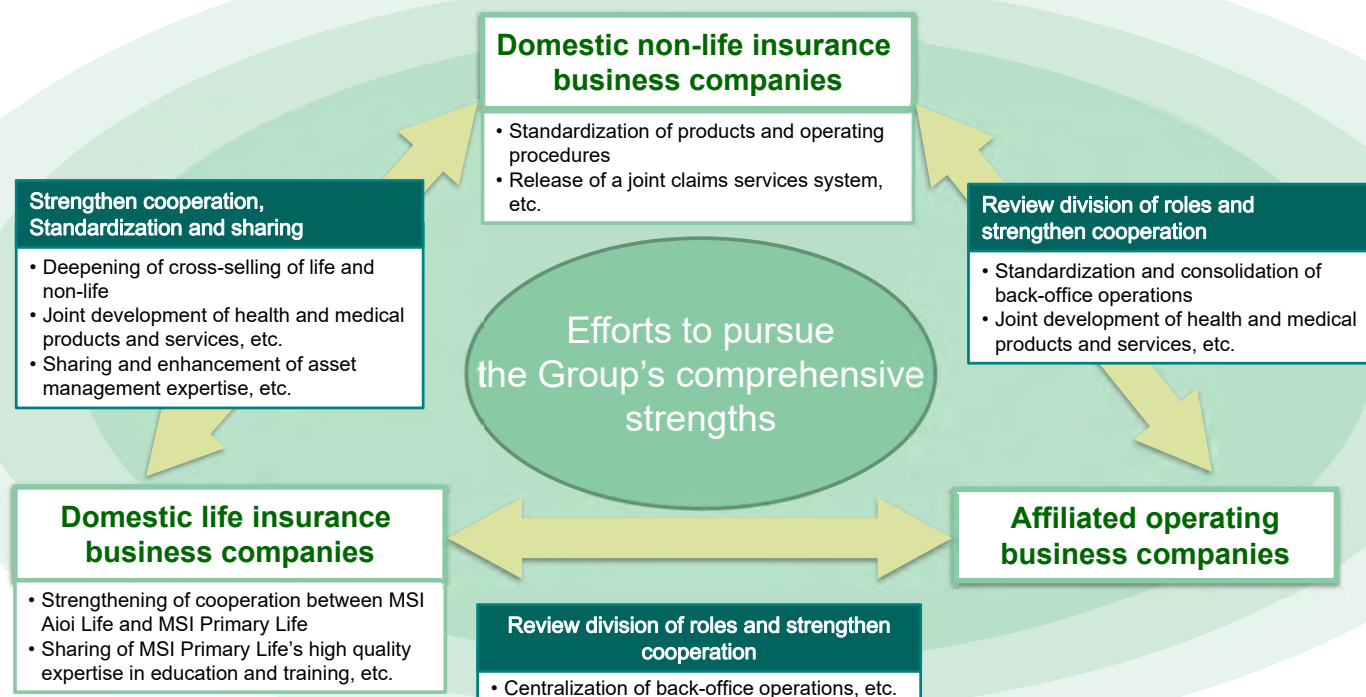
Management platforms that enable employees to play active roles

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Key Strategy 1: Pursue the Group's Comprehensive Strengths

- We will enhance our competitiveness by improving quality and business efficiency and making the most of the Group's strength of diversity through the review division of roles and further cooperation within the Group.



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Key Strategy 2: Promote Digitalization

- With CDO(Chief Digitalization Officer) playing a central role, work on “digitalization*” across entire Group and connect it to transformation of entire business.
- Improve value of experiences when customers contact individual Group companies and improve business productivity of MS&AD Group at the same time.

MS&AD Group Companies

- Promote business process automation through RPA
- AI will support customer service at agents
- Strengthen customer contact through utilizing digital technology
- Provide health products and services that promote health and productivity management by using wearable devices
- Develop automobile insurance by using telematics technology, etc.



RPA,
Digital Tech.



AI



Healthcare



Telematics

U.K.

MS Amlin

Promote improvement of business efficiency through the utilization of RPA, AI, data analytics, etc. and the strengthening of customer contact through introduction of blockchain technology for marine insurance



Robotics

AI



Block ChAI



Data Analytics

Japan

ASEAN

MSIG Holdings (Asia)

Strengthen customer contact through digitalization in the largest retail market in our international business



Digitalization

U.S.

MS&AD Garage Program

Develop environment that helps employees at Group companies in Japan and overseas to make business trips to identify advanced technologies and services in Silicon Valley



Silicon Valley

CVC *(Set up in 2018)

Pursue joint development with start-up companies through venture investment



* Corporate Venture Capital

* “Digitalization”: An initiative to not only improve the efficiency and convenience of processes and services, etc. through digital technology but also to lead to reform of the Group’s overall business. See P16 of Medium-Term Management Plan “Vision 2021” presentation materials for details of promotional platforms and promotion measures.

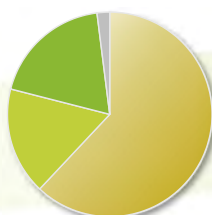
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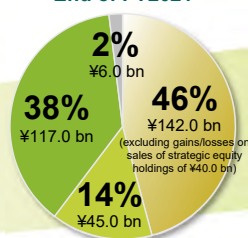
Key Strategy 3: Reform Portfolio

- We will reform the Group’s business portfolio and risk portfolio, etc., to create a resilient and sustainable earnings base.
- Achieve 50% of profit from businesses other than the domestic non-life insurance business by the end of FY2021.

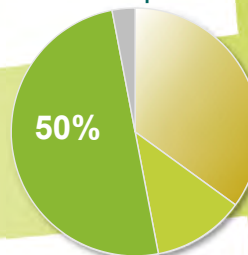
End of FY2015*



End of FY2021



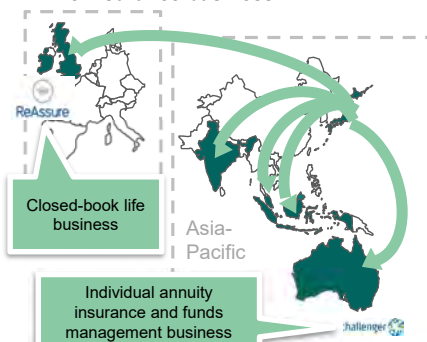
Future aspiration



*At starting point of the portfolio reform

Previous initiatives:

Regional and business diversification in life insurance business



Future initiatives:

Build stable earnings base by reforming business portfolio and risk portfolio.

Reform business portfolio (regional and business diversification)

- Strengthen existing international business through the active investment of management resources and make investments to develop new businesses and expand existing businesses in Japan and overseas
- Expand domestic life insurance business by increasing cross-selling of life and non-life insurance.

Reform risk portfolio

- Exercise appropriate risk control based on cycle management of natural catastrophe risks.
- Continue reduction of strategic equity holdings and keep weighting vs. consolidated total assets to less than 10% and weighting vs. risk amount to less than 30%.

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II. New Medium-Term Management Plan “Vision 2021”

1. Aspirations and Basic Strategies

2. Domestic Non-Life Insurance Business

3. Domestic Life Insurance Business

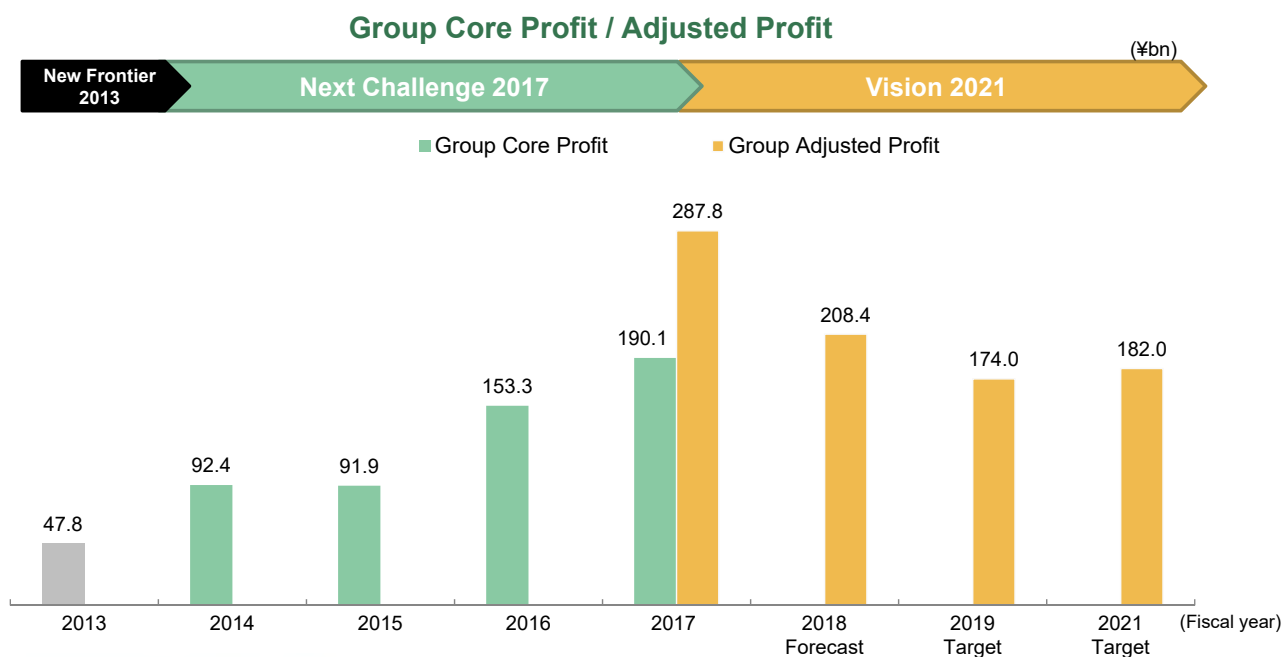
4. International Business

5. Asset Management

6. Capital Policy

Domestic Non-Life Insurance Business: Group Core Profit / Adjusted Profit

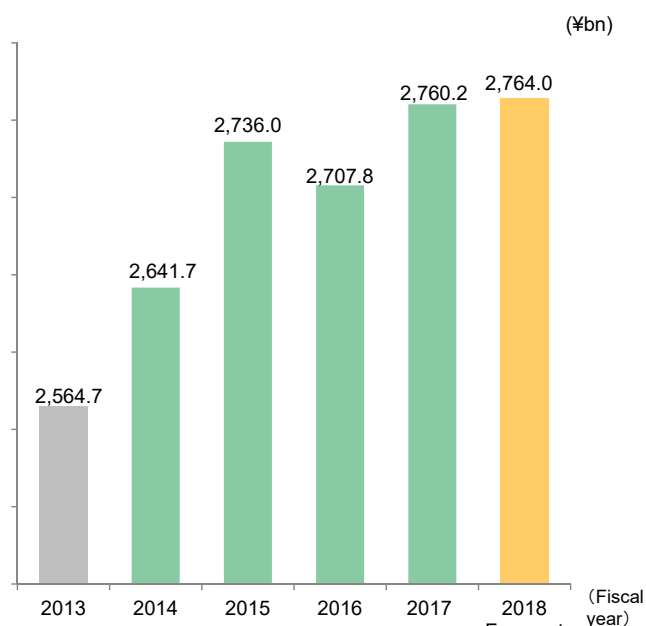
- Group Adjusted Profit for 2018 is projecting to decrease by around ¥80 billion mainly due to a decrease in gains on sales of securities.
- Taking into account negative factors such as the consumption tax hike and enforcement of revised Civil Code, we aim to maintain a stable Group Adjusted Profit, during Vision 2021.



Domestic Non-life Insurance Business: Net Premiums Written and Combined Ratio

- Net premiums written in FY2017 grew by ¥52.4 billion mainly due to fire insurance, and a slight increase of net premiums written is expected in FY2018.
- While E/I combined ratio for FY 2017 increased year on year, it is expected to be below 95% in FY2018.

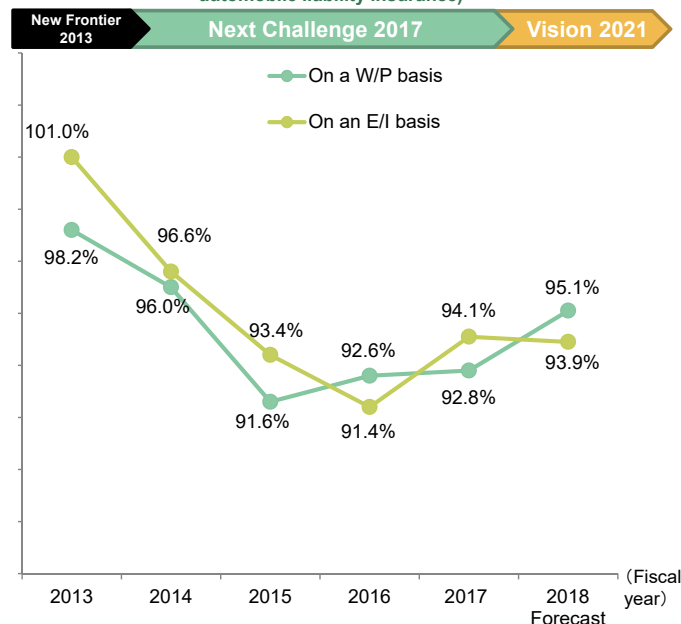
Net Premiums Written for Domestic Non-life Insurance Business



* Simple sums of non-consolidated figures for MSI, ADI and Mitsui Direct General.

Combined Ratio of Domestic Non-life Insurance Business

(W/P: all lines, E/I: excludes residential earthquake insurance and compulsory automobile liability insurance)



Domestic Non-life Insurance Business: Maintenance and Expansion of Earnings

- Maintain and expand dominance as a core business boasting the largest scale of operations in Japan and profitability.
- Reform business line portfolio and establish base for sustainable growth.

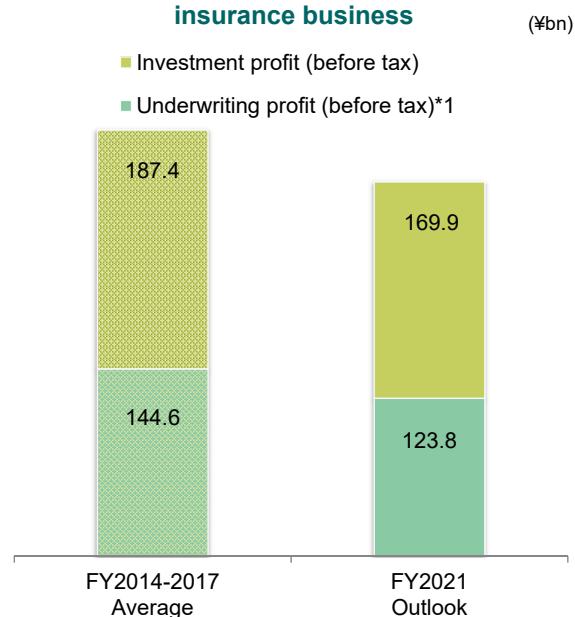
Pursue profit-focused products and sales strategies

- Improve profitability of fire insurance
- Further cultivate the SME market through casualty business
- Work to stabilize earnings from the automobile insurance business
- Demonstrate Group's comprehensive strengths by promoting product standardization.

Address changes in the environment and new needs

- Develop and expand products to address new risks and products to create new markets
- Develop products and services corresponding to sharing economy business and on-demand style
- Accelerate telematics automobile insurance initiatives and respond to autonomous driving technology

Profit forecast for domestic non-life insurance business



* Simple sum of non-consolidated results of MSI and ADI,

*1 Underwriting profit (before reflecting catastrophe reserves, excluding international business (overseas branches, inward reinsurance from overseas, etc.))

Domestic Non-Life Insurance Business: Improvement of Productivity

- Actively continue to invest in R&D that helps us respond to changes in the environment and improve productivity and quality, etc., and aim to further improve productivity by reforming business processes.
- Reduce expense ratio ^{*2} excluding R&D-related expenses ^{*1} to 32.1% in FY2021 and the 30.0% range in the future.

Investment amount and effects of business process reform

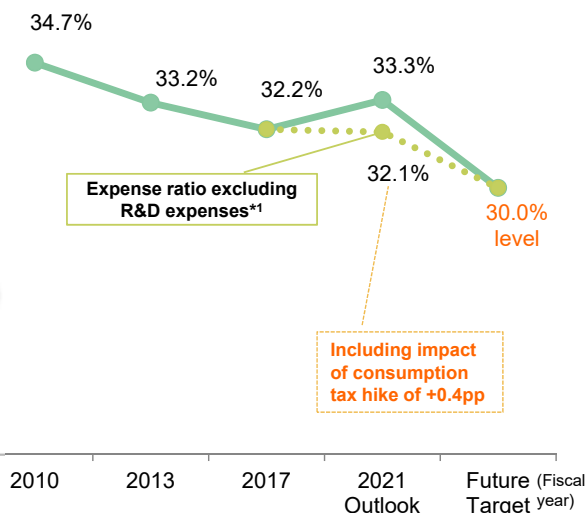
- Digitalize policy administrative processes and claims payment administrative processes.
- Promote automation through RPA (Robotics Process Automation)

Investment amount (FY2015-FY2021)	Effects (emerging sequentially from FY2018)
Increase in expense ratio of up to 1.2 pp (annual)	Ongoing large-scale projects
	Renovation of agent and customer online systems
	Approx. ¥88.0 bn (¥43.0 bn)
	Approx. ¥18.0 bn/year ^{*3}
	Joint claims services system (BRIDGE)
	Approx. ¥36.0 bn (¥13.0 bn)
	Approx. ¥13.0 bn/year ^{*4}
	Standardization of products and operations
	Approx. ¥11.0 bn (¥10.0 bn ^{*5})
	Approx. ¥2.0 bn/year

Reduction of expense ratio to 30.0% range

Figures in parentheses are expected company expenses during the period of "Vision 2021".

Changes in expense ratio^{*2} and expense ratio forecast

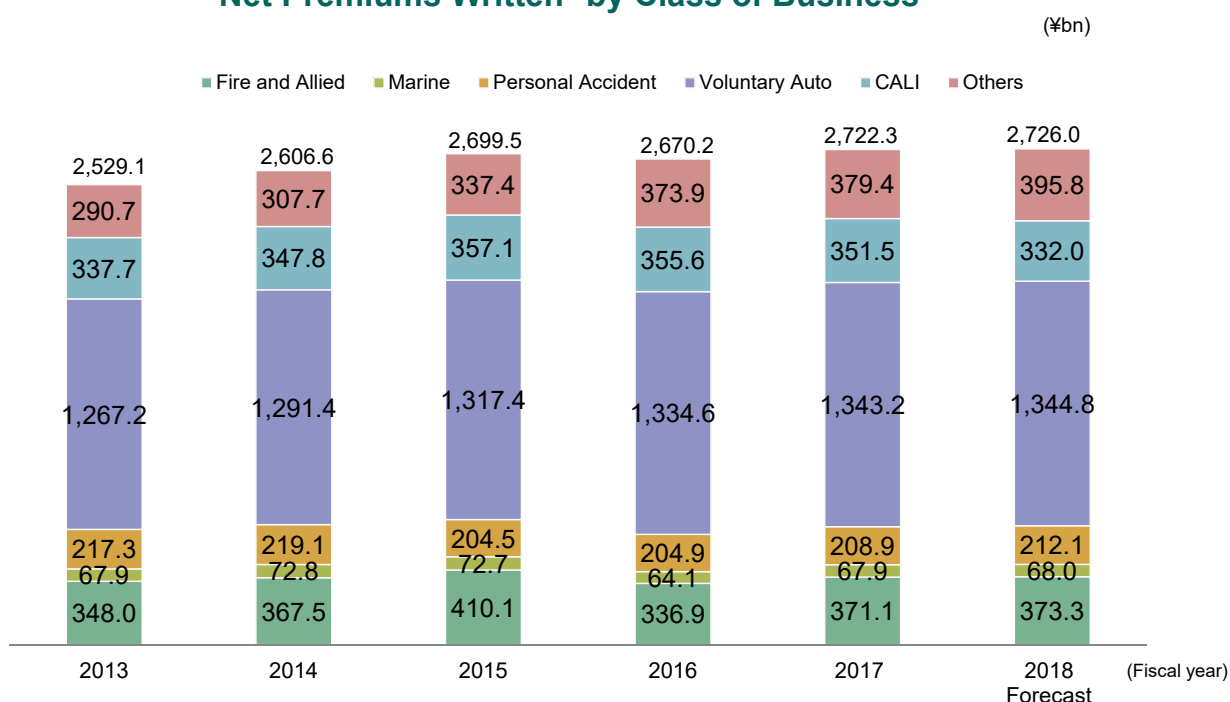


^{*1} Cost of investment in R&D that will help Group respond to changes in the environment, including platform development, and improve productivity and quality, etc.
^{*2} Simple sum of expense ratio of MSI and ADI (non-consolidated)

^{*3} Including work reduction and reduction of document printing, logistics and outsourcing expenses
^{*4} Includes cost reductions from function sharing and consolidation and integration of bases in claims service
^{*5} Part of the amount is planned to depreciate after FY2022.

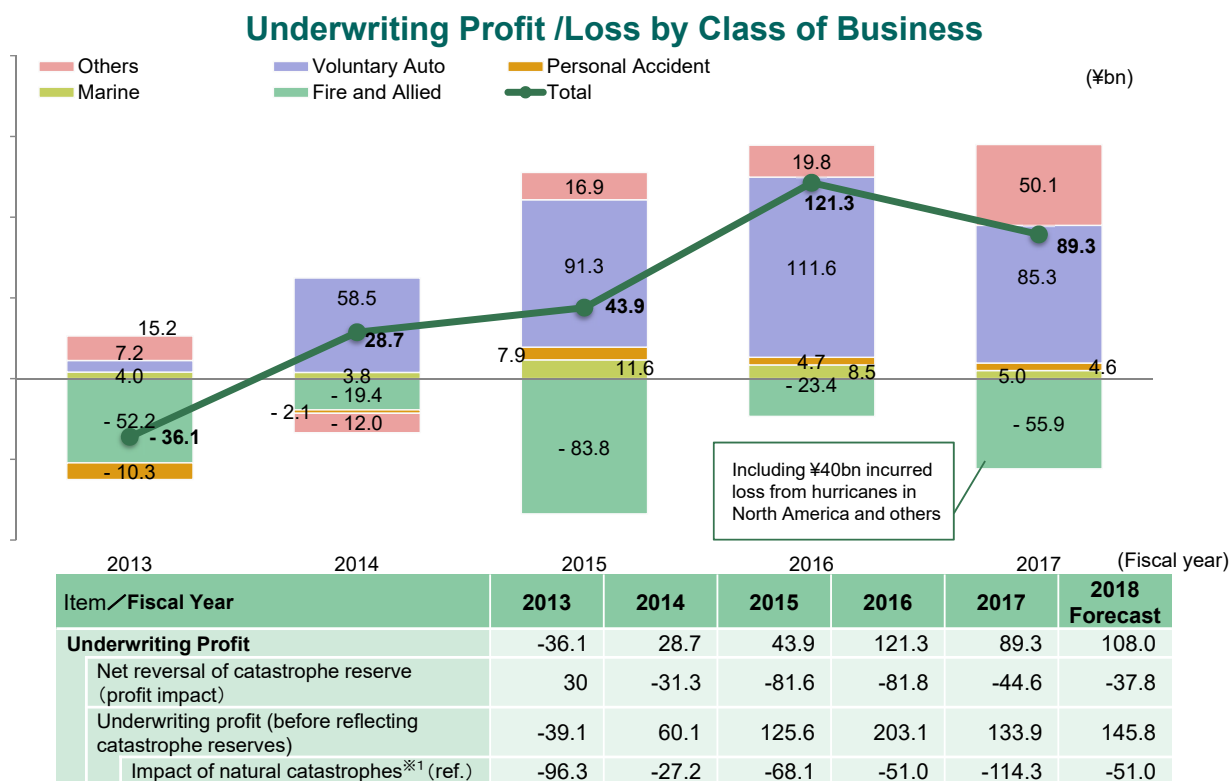
Domestic Non-Life Insurance Business: Net Premiums Written by Class of Business

Net Premiums Written* by Class of Business



* Simple sums of non-consolidated figures for MSI and ADI.

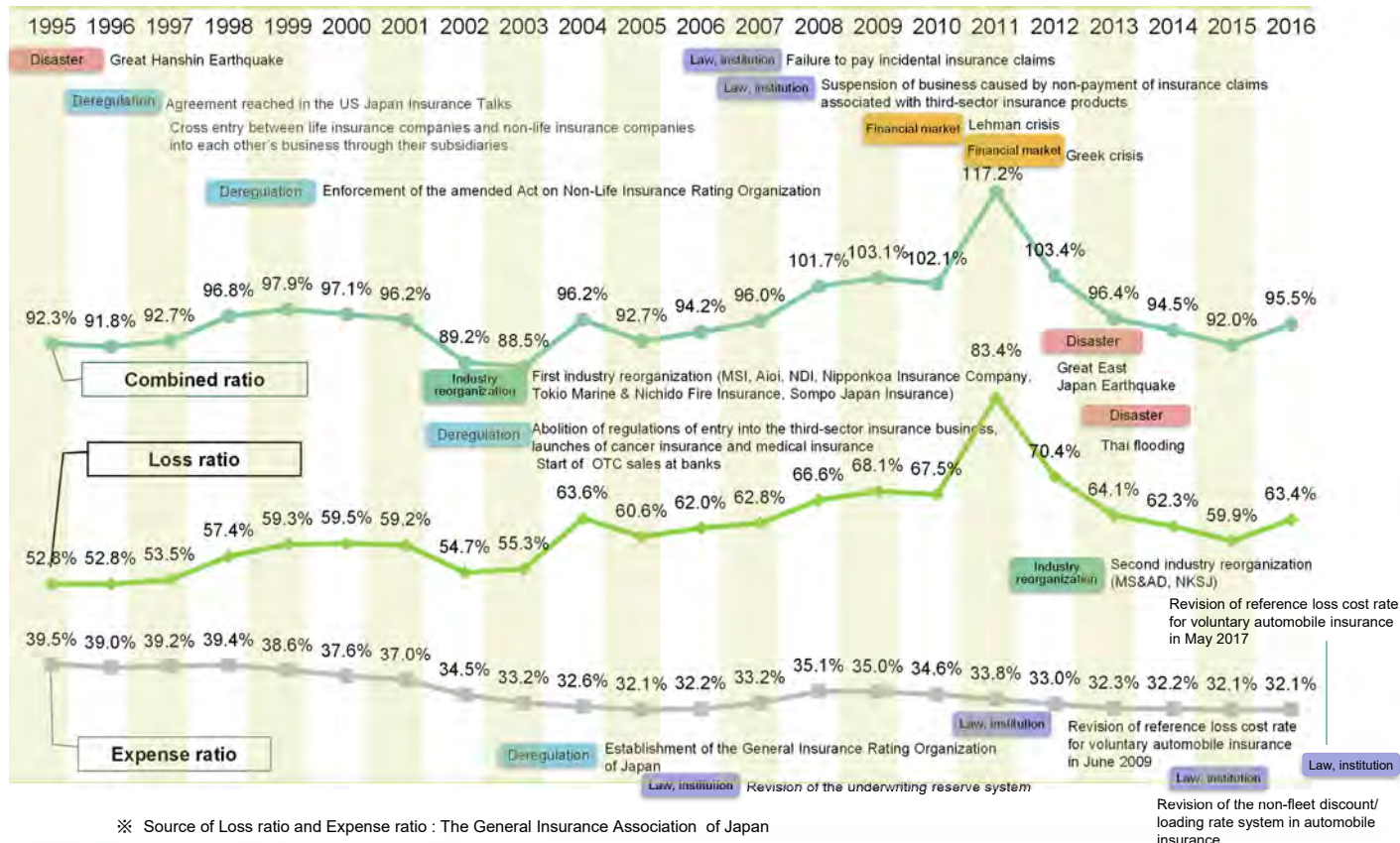
Domestic Non-Life Insurance business: Underwriting Profit /Loss by Class of Business



※ Simple sums of non-consolidated figures for MSI and ADI.

※¹ The impact of natural catastrophes include heavy snowfall in 2014 and hurricanes in North America and others in 2017.

Domestic Non-Life Insurance business: Combined Ratio (W/P) in the Domestic Non-Life Insurance Industry



II. New Medium-Term Management Plan “Vision 2021”

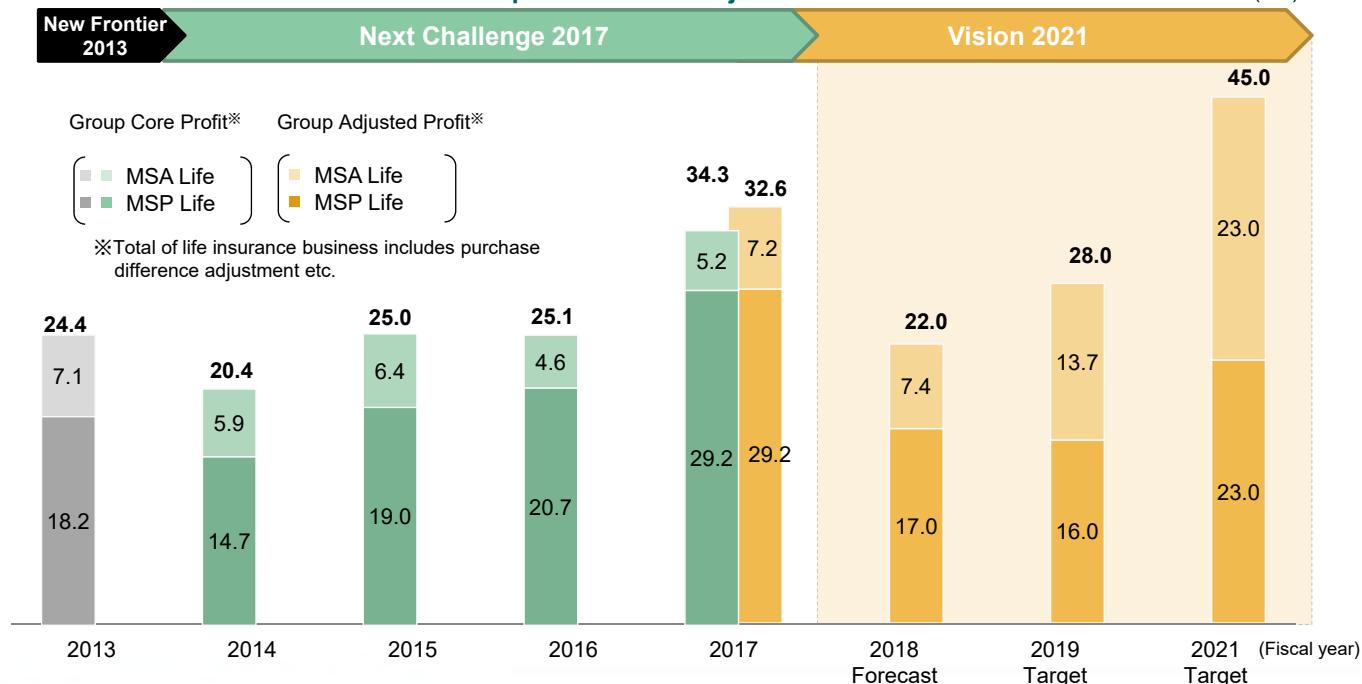
1. Aspirations and Basic Strategies
2. Domestic Non-Life Insurance Business
- 3. Domestic Life Insurance Business**
4. International Business
5. Asset Management
6. Capital Policy

Domestic Life Insurance Business: Group Core Profit / Adjusted Profit

- During the “Next Challenge 2017” period, the domestic life insurance business, following an increasing profit trend of MSI Primary Life, grew into a core business with a stable profit base of around ¥20 billion every year.
- During the “Vision 2021” period, MSI Aioi Life will become a growth driver partly due to completion of the transfer of contracts in the third sector insurance, and the domestic life insurance business will further improve its profitability and contribute to the growth of Group profit.

Group Core Profit / Adjusted Profit

(¥bn)



Domestic Life Insurance Business: MSI Aioi Life

Offer products and services that meet demands of society and customer needs

- Products based on advances in medical technology (advanced medicine, etc.)
- Products for nursing, dementia, etc.
- Products to improve morbidity, prevent serious cases, and prevent recurrence



Establish sales network and sales systems to pursue customer satisfaction

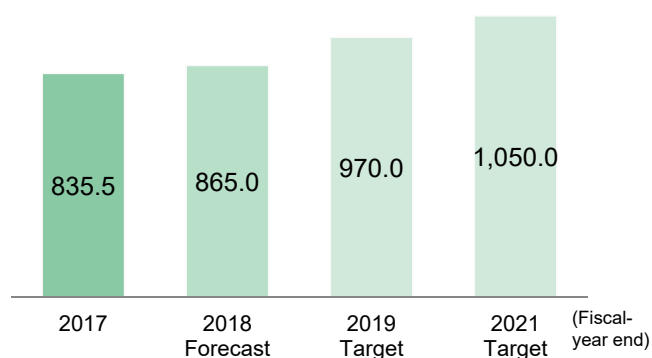
- Further strengthen cross-selling through utilization of the non-life insurance sales base and customer base as the largest non-life insurance group in Japan
- Improvement of marketing quality by introducing agency quality certification system
- Strengthen education and training and ability to manage and advise agents

Radically reform business structure

- Complete consolidation of long-term contracts in the third sector insurance within the Group
- Reform operations (centralize policy administration, reform roles)
- Promote automation of standard work (utilization of RPA) and utilization of AI, etc.

EEV Growth Outlook

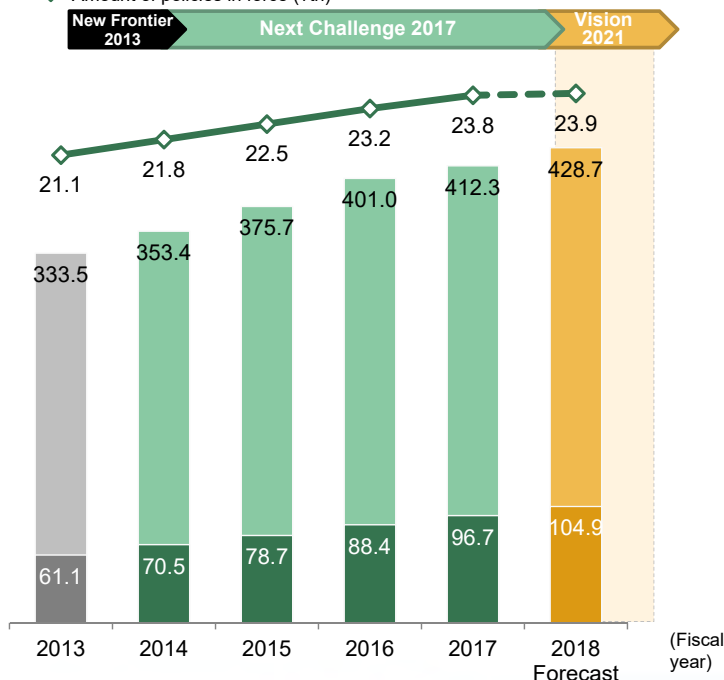
(¥bn)



Domestic Life Insurance Business: MSI Aioi Life (Amount of Policies and Annualized Premiums)

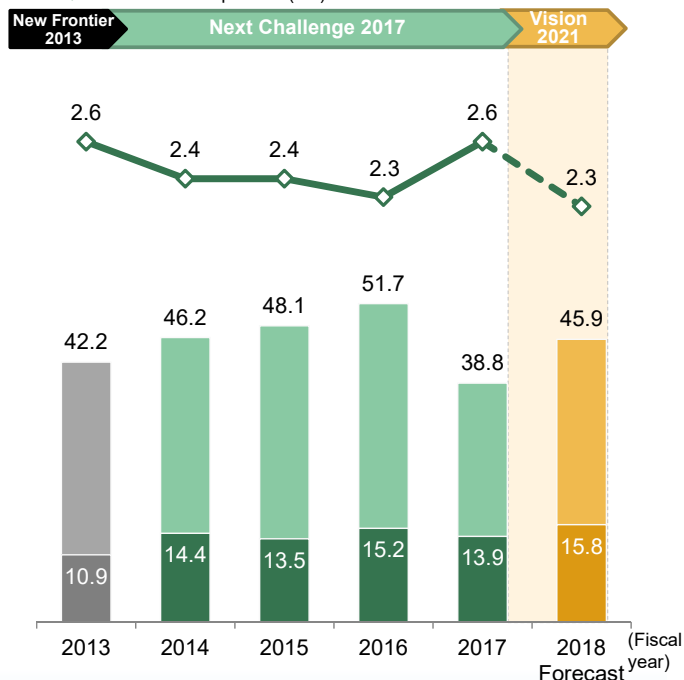
Amount of Policies in Force and Annualized Premiums of Policies in Force

- Annualized premiums of policies in force (¥bn)
- Annualized premiums of policies in force for third sector insurance (¥bn)
- ◆ Amount of policies in force (¥tn)



Amount of New Policies and Annualized Premiums of New Policies

- Annualized premiums of new policies (¥bn)
- Annualized premiums of new policies for third sector insurance (¥bn)
- ◆ Amount of new policies (¥tn)



Domestic Life Insurance Business: MSI Primary Life

Offer products and services that meet demands of society and customer needs

- Expansion of lifetime gift market, and development of new longevity needs market
- Development of precise services for the elderly



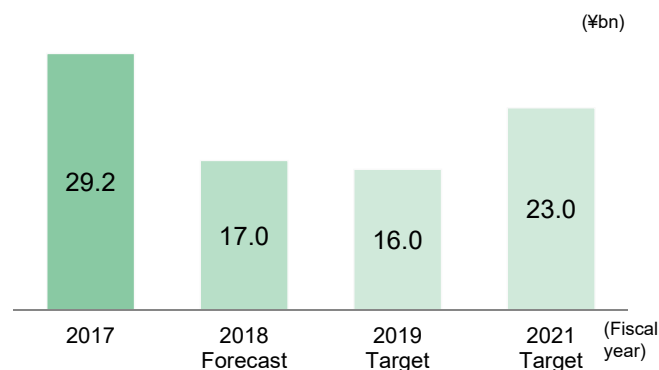
Respond to changes in the business environment

- Strengthen support systems for over-the-counter sales at financial institutions through the promotion of digitalization, etc.

Asset management strategy

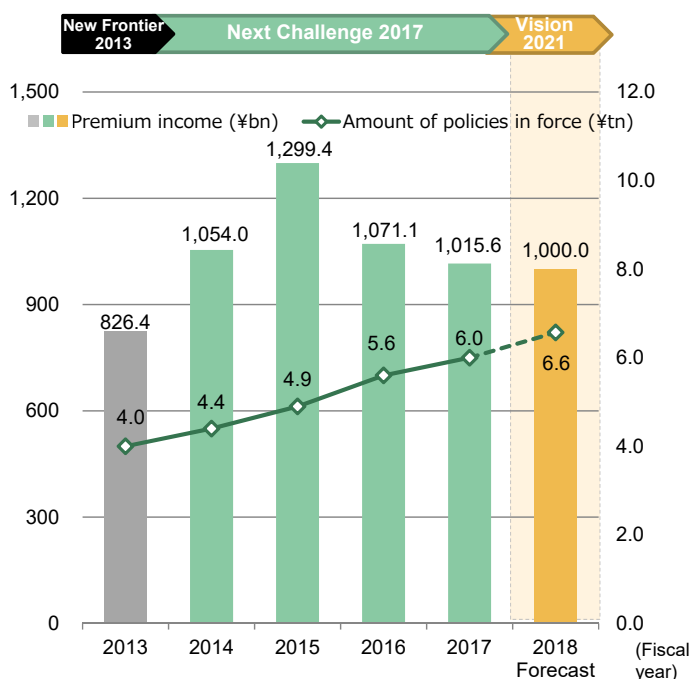
- Sophistication of ALM based on change in the market and liability structure.

Net Income Outlook

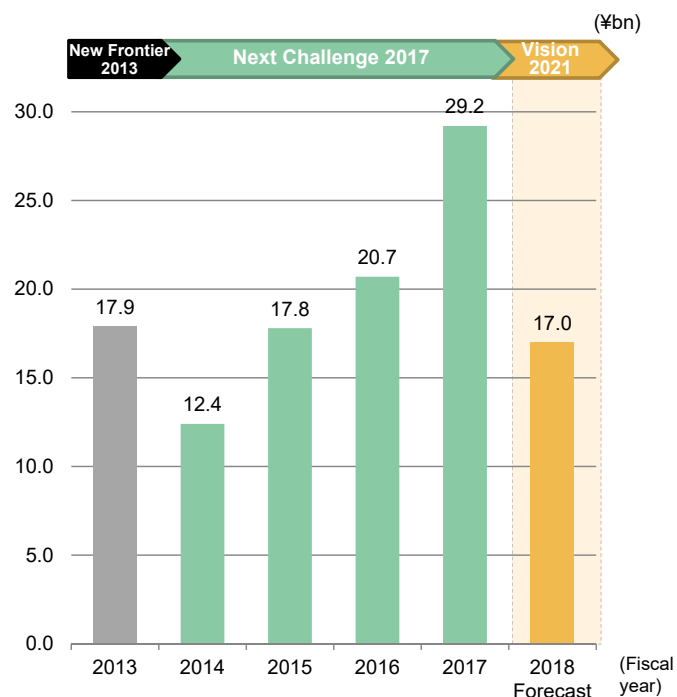


Domestic Life Insurance Business: MSI Primary Life (Premium Income, Amount of Policies in Force, and Net Income)

Amount of Policies in Force and Premium Income

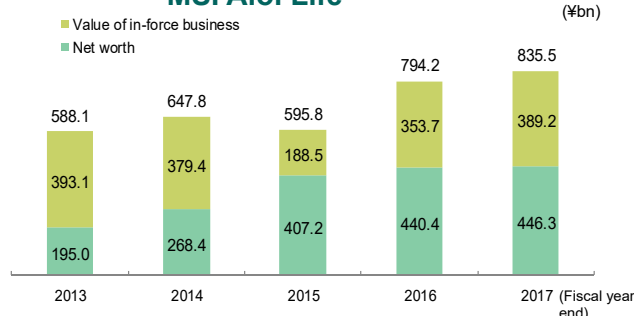


Net Income

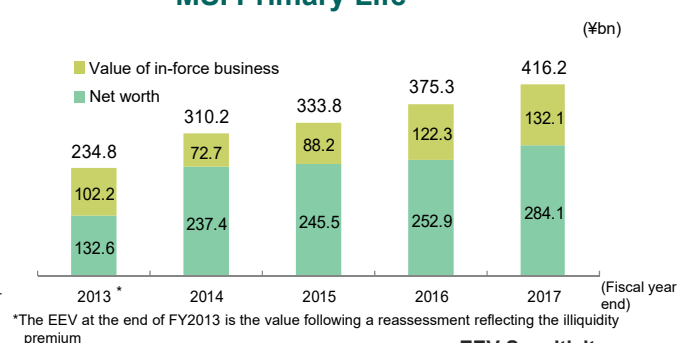


Domestic Life Insurance Business: Embedded Value (EEV) from the End of FY2013 to the End of FY2017

MSI Aioi Life



MSI Primary Life



Changes in FY2017 (¥bn)

Factor	Change
Opening adjustments	-3.0
New business in reporting year	47.4
Expected existing business contribution at the risk free rate	7.7
Expected existing business contribution above risk free rate	1.2
Operating experience variances	-2.7
Changes in operating assumptions	-11.5
Economic variances and changes to economic assumptions	2.2
Total	41.3

EEV Sensitivity (at March 31, 2018, ¥bn)

Assumptions	Change
Risk-free yield curve Up 50bp	70.5
Risk-free yield curve Down 50bp	-101.5
Equity and real estate values Down 10%	-3.8
Maintenance expenses Down 10%	25.2
Surrender and lapse rates Down 10%	-7.2
Mortality and morbidity rates for life insurance Down 5%	39.2
Mortality and morbidity rates for annuity Down 5%	-0.1
Equity and property implied volatility Up 25%	0.0
Swaption implied volatility Up 25%	-22.4
Required capital set at statutory minimum level	5.7

Changes in FY2017 (¥bn)

Factor	Change
Opening adjustments	-3.2
New business in reporting year	16.7
Expected existing business contribution at the reference rate	3.3
Expected existing business contribution above reference rate	2.8
Operating experience variances	0.1
Changes in operating assumptions	2.3
Economic variances and changes to economic assumptions	18.6
Total	40.8

EEV Sensitivity (at March 31, 2018, ¥bn)

Assumptions	Change
Reference yield curve Up 50bp	-4.8
Reference yield curve Down 50bp	2.4
Equity and real estate values Down 10%	-4.4
Maintenance expenses Down 10%	9.6
Surrender and lapse rates Down 10%	-0.9
Mortality and morbidity rates for life insurance Down 5%	0.8
Mortality and morbidity rates for annuity Down 5%	-0.1
Equity and property implied volatility Up 25%	-2.1
Swaption implied volatility Up 25%	-4.6
Required capital set at statutory minimum level	5.0
Nil illiquidity premium	-13.4

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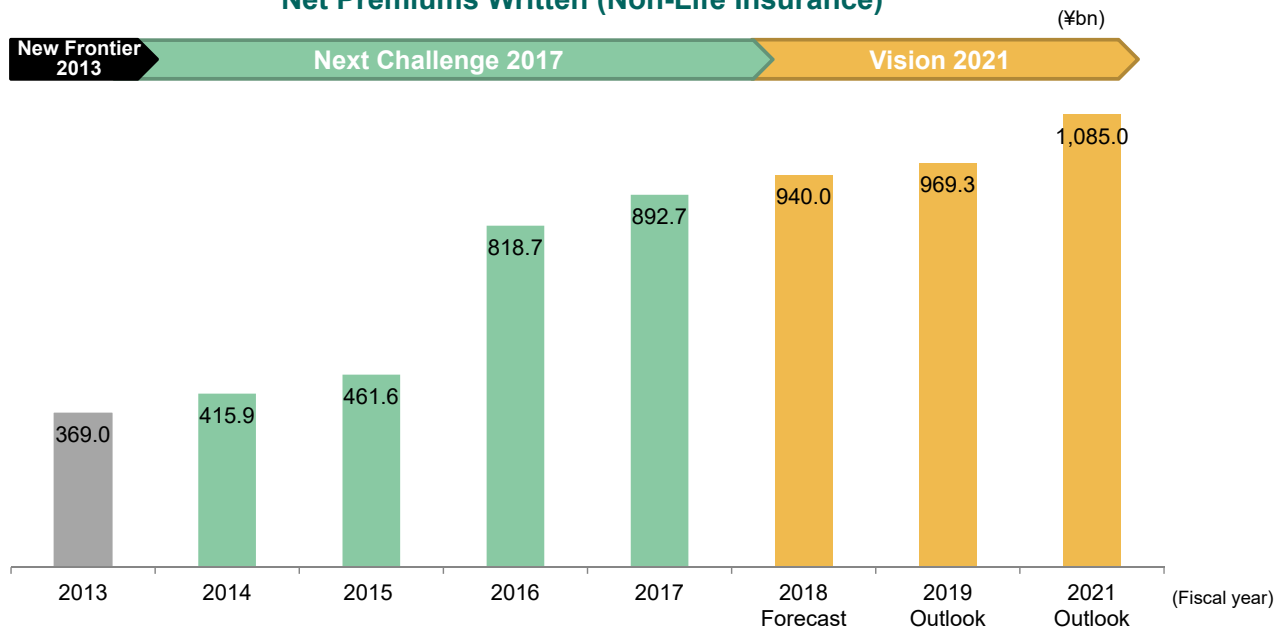
II. New Medium-Term Management Plan "Vision 2021"

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International Business: Net Premiums Written

- Net premiums written are expected to exceed ¥1 trillion due to an increase in premiums during the period of “Vision 2021”, mainly in Asia and Europe.

Net Premiums Written (Non-Life Insurance)



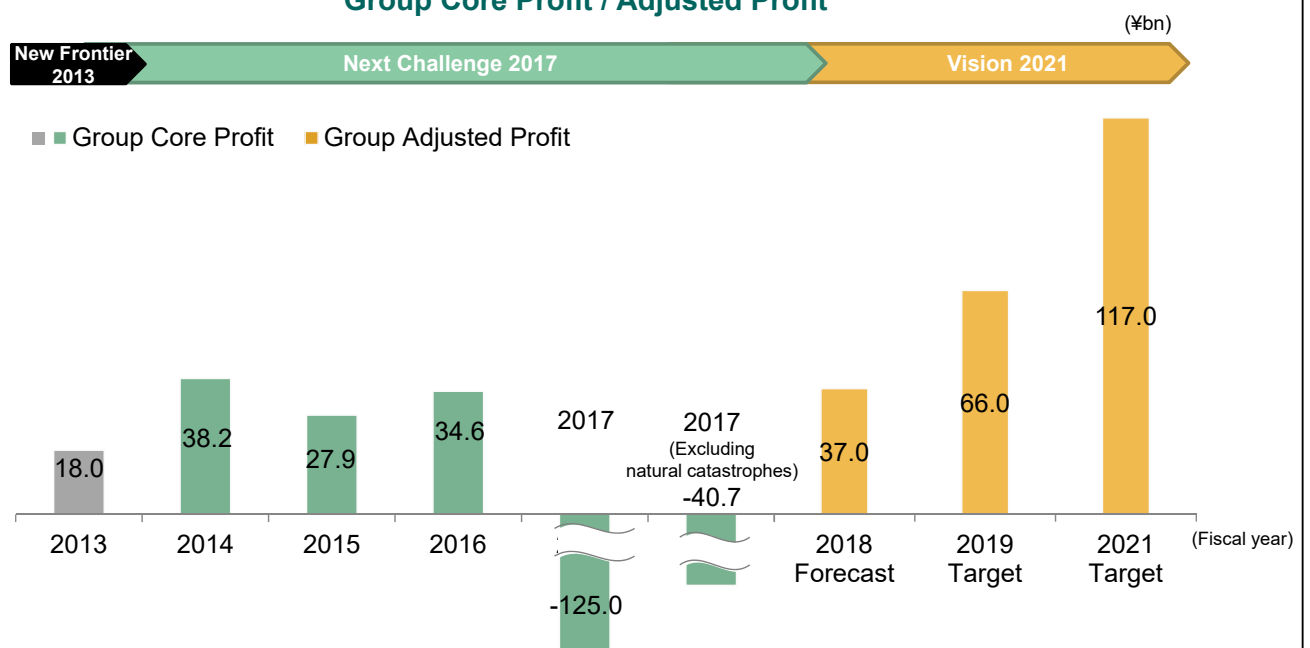
* International Business: Business results of overseas consolidated subsidiaries and equity-method affiliates plus the business results of overseas branches of non-life insurance companies, overseas non-consolidated subsidiaries, and non-life insurance companies' head office inward reinsurance.

* Figures for FY2017 and beyond include Head Office Reinsurance Business.

International Business: Group Core Profit/Adjusted Profit

- During the “Vision 2021” period, the international business is expected to show significant profit growth mainly due to recovery and expansion of profit at MS Amlin and ADI Europe and expansion in the profit in the international life insurance business.

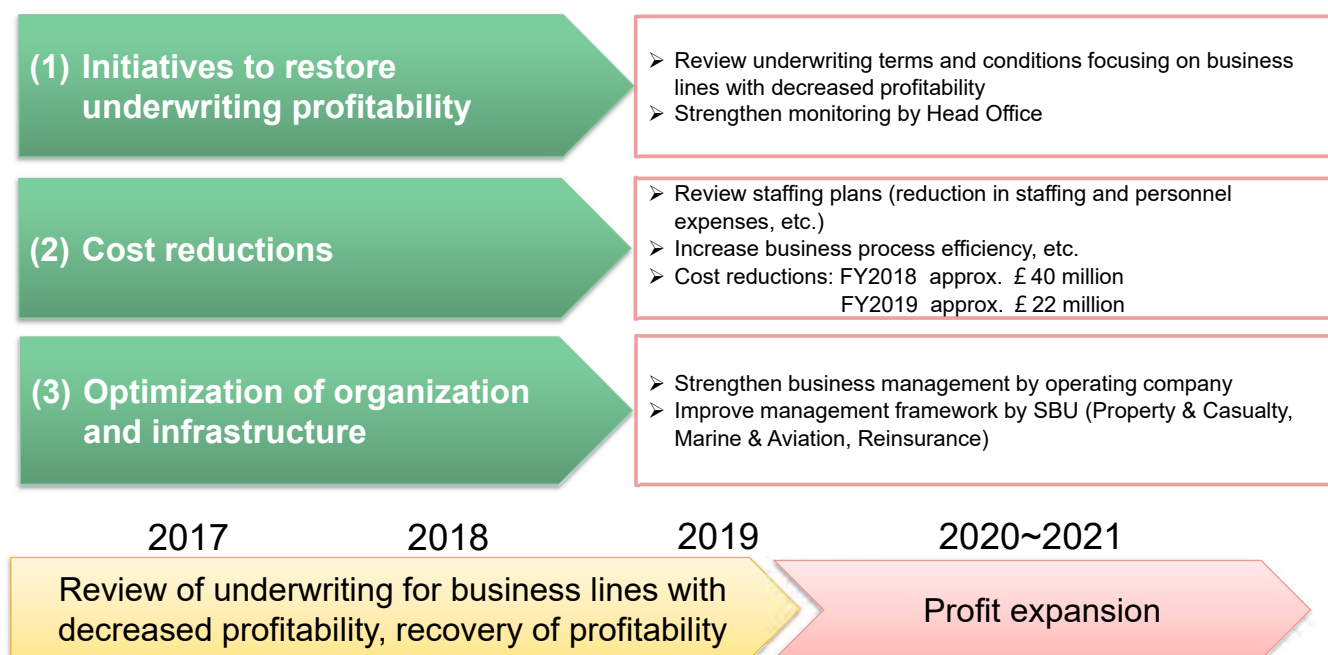
Group Core Profit / Adjusted Profit



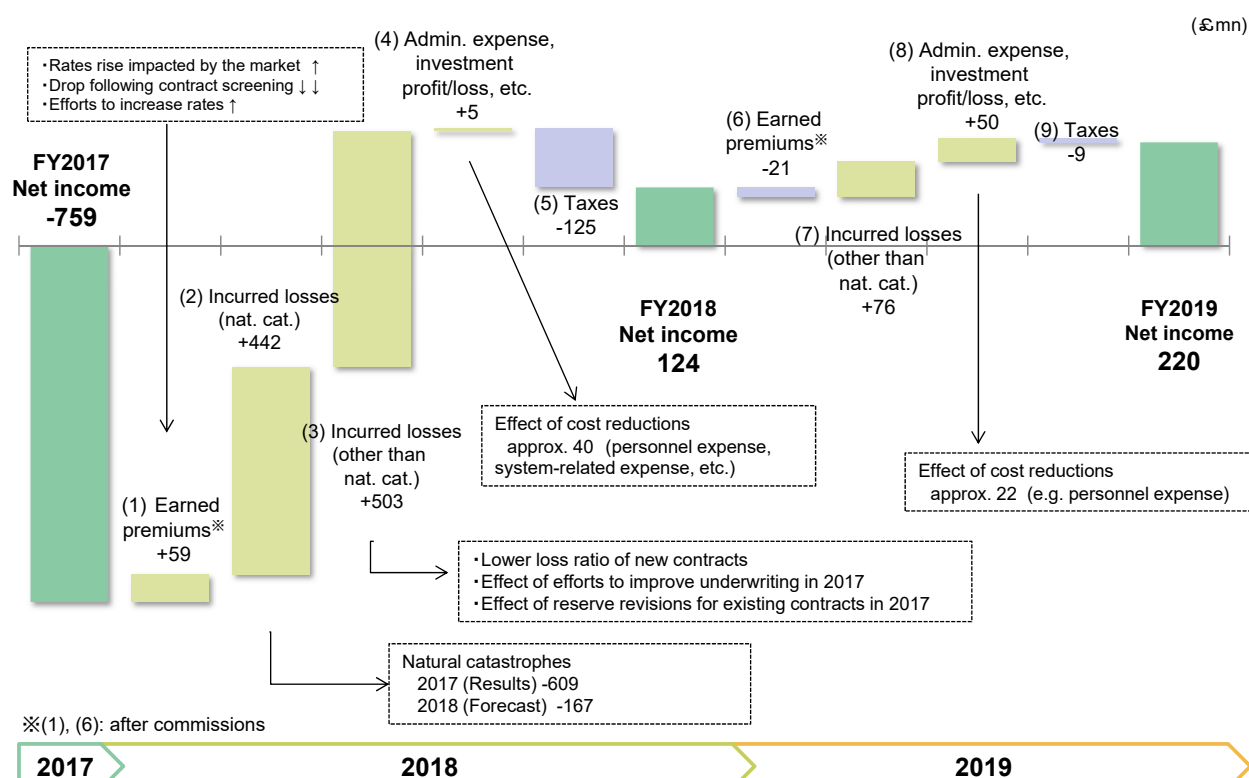
* Figures for FY2017 and beyond include Head Office Reinsurance Business.

International Business: International Non-Life Insurance Business (MS Amlin: Initiatives for Restoring and Expanding Profit)

- Initiatives to restore profitability after the loss in FY2017 are already under way as the issues have been recognized and relevant measures have been considered.
- A capital injection of approx. ¥70 billion will be implemented to sustain MS Amlin's business model for future growth.



International Business: International Non-Life Insurance Business (MS Amlin: FY2017 Results, FY2018 Forecast, FY2019 Outlook)



International Business: International Non-Life Insurance Business (excluding MS Amlin, Toyota Retail and Head Office Reinsurance Business)

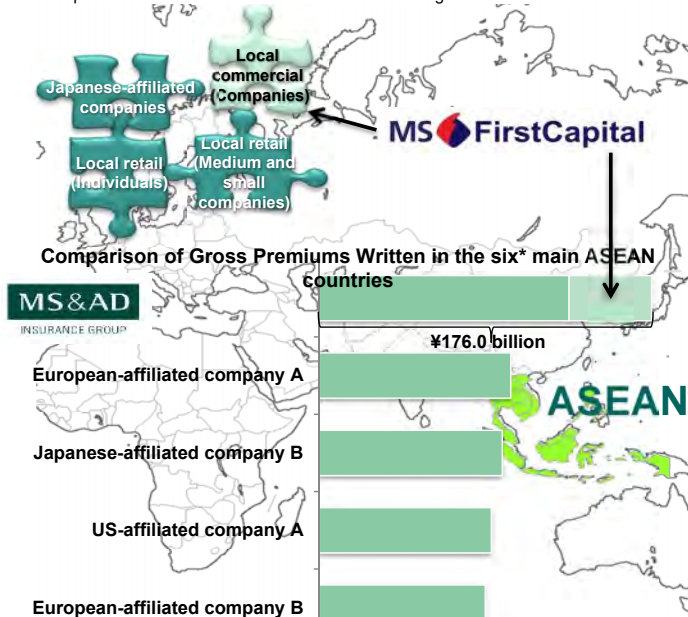
- The Group consolidated its position as the number one non-life insurance group in the ASEAN region through its acquisition of First Capital which effectively complements the portfolio.
- The Group will steadily capture growing markets by strengthening customer contact through the promotion of digitalization according to regional characteristics and improving productivity.

Establish the absolute No.1 position in ASEAN

Develop initiatives in all fields taken by Japanese-affiliated companies and local companies to the entire area of ASEAN to accelerate growth

Accelerate growth by capturing growth markets

- Promotion of digitalization in accordance with regional characteristics
- Enhancing cooperation with local partners
- Expansion of sales channels



Promotion of digitalization

- Promote initiatives taking advantage of domestic development technologies
- Place priority on enhancing customer contact in Asian retail markets
- Accelerate initiatives with expertise gained in the tie-up with Fairfax

Enhancing cooperation with local partners

- Strengthen sales of insurance products through partner banks' networks
- Expand business by growing relationships with capital tie-up companies

Expansion of sales channels

- Develop new sales channels with the transaction expertise of bank channels
- Strengthen direct sales by using digital technologies

Cooperation with Fairfax

- Collaboration in digital fields
- Mutual utilization of products and services
- Collaboration in reinsurance field
- Complementation of regional networks

International Business: International Non-Life Insurance Business (Toyota Retail and Telematics Business)

- The Toyota Retail Business will move into the black at the five key overseas subsidiaries by FY2019 and achieve equity in earnings of ¥4.0 billion in FY2021.
- The Group will promote telematics business under a structure comprised of the four key regions of Europe, the U.S., Asia and Japan, and will create business models in the mobility field, to contribute to the realization of a safe and secure mobile society.

Europe

- ◆ Roll out telematics services within Europe in collaboration with Toyota.
- ◆ Ensure competitive advantage through sophistication of BIG telematic-related technology and knowhow.
- ◆ Increase capital of ADE in connection with improvement in profitability of BIG business and response to Brexit*.

U.S.

- ◆ Fully promote Toyota telematics insurance services business in collaboration with local insurance companies.
- ◆ Establish data business linked with Toyota mobility strategy.

Asia

- ◆ Develop business model for car-sharing business in collaboration with Toyota and Grab.
- ◆ Promote smartphone-based telematics business.
- ◆ Create synergies through collaboration within the Group.

Japan

- ◆ Expand telematics insurance products and services.
- ◆ Develop BtoC and CtoC products in the mobility market.
- ◆ Establish organizations and systems for sharing and improving knowhow across four key regions of Europe, U.S. Asia and Japan.



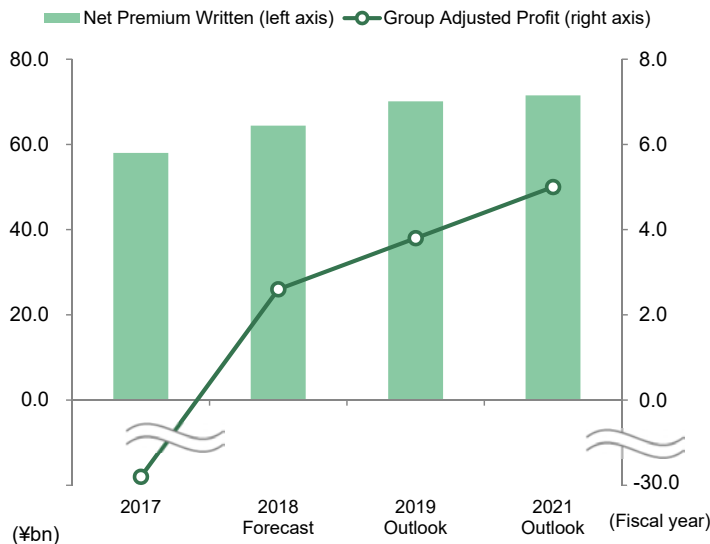
Launch of "Tsunagaru Automobile Insurance" in April 2018

* Increased capital of ADE (European subsidiary of ADI) by around £180 million (approximately ¥27.0 billion) in April this year as capital boost associated with the revision of business plans of BIG business and ADE and response to Brexit.

International Business: International Non-Life Insurance Business (Head Office Reinsurance Business)

- FY2017 recorded a loss of ¥26 billion affected by the hurricanes in North America, the wildfire in California, etc., but we expect stable Group Adjusted Profit in FY2018 and onward.

Net Premium Written and Group Adjusted Profit



Underwriting policy and initiatives

- Continue transactions centered on proportional reinsurance from limited partners based on integrated operations both inward and outward reinsurance.
- Do not actively expand the underwriting of natural catastrophe risks (especially the risks of windstorms and floods in the United States), while expanding underwriting in fields that have no strong correlation with natural catastrophe to stabilize periodic profit/loss with dispersion effects.

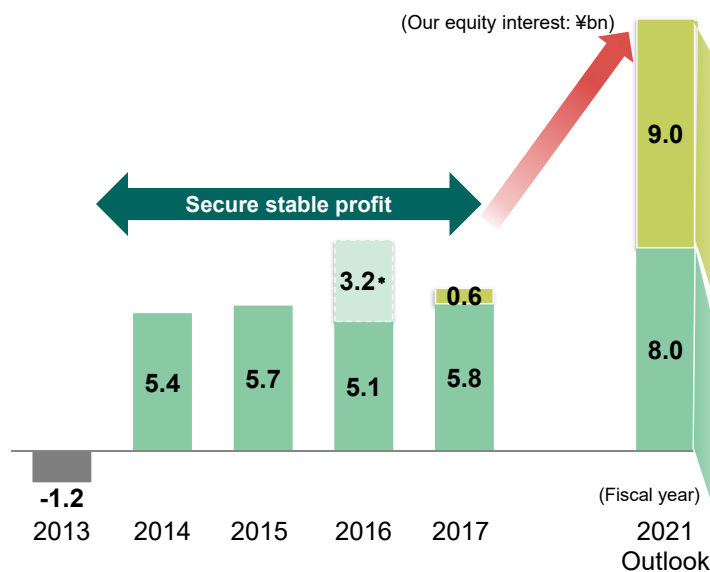
Risk management

- In cooperation with ADI and the holding company, follow the guideline, formulate a underwriting policy and underwrite in accordance with the risk limit and a underwriting policy.
- Endeavor to make a more accurate estimate of risk amount for natural catastrophe risks by region and by peril and aim to structure a more diversified portfolio.

International Business: International Life Insurance Business

- With the contributions of Challenger and ReAssure in addition to growth in existing businesses, Group Adjusted Profit is expected to reach ¥17 billion in FY2021.

Group Adjusted Profit



Australia and U.K.

Secure stable profit and acquire business knowhow through Challenger and ReAssure

- Australian annuity market, where growth is expected, sophisticated asset management knowhow
- U.K. closed book business

Ownership as of March 31, 2018

ReAssure: 15% owned
Challenger: 10.1% owned

Asia

- Stable profit expansion
- Pursue synergies with the non-life insurance business that boasts the No.1 scale in the ASEAN region

New Frontier
2013

Next Challenge 2017

Vision 2021

* Gain on sales of shares of China's Sinatay Life Insurance

International Business: Summary

Net Premiums Written (Non-Life Insurance)

(¥bn)

	FY2017		FY2018	
	Result	YoY change	Forecast	YoY change
International Business Total* ¹	892.7	73.9	940	47.2
Asia	268.1	27.4	287.9	19.7
Europe	498.7	-0.8	522.6	23.8
(of which, MS Amlin)	430.2	39.1	450.1	19.8
Americas	71.1	4.6	68.2	-2.9
Head Office Reinsurance* ²	57.9	57.9	64.4	6.4

Group Adjusted Profit

(¥bn)

	FY2017		FY2018	
	Result	YoY change	Forecast	YoY Change
International Business Total* ¹	-125.0	-159.7	37.0	162.0
Asia	11.1	-5.5	17.9	6.7
Europe	-116.2	-118.5	11.0	127.2
(of which, MS Amlin)	-109.3	-115.5	18.5	127.8
Americas	4.7	3.8	3.1	-1.6
Head Office Reinsurance* ²	-26.0	-26.0	2.6	28.6
International Life Insurance Business* ³	6.4	-1.9	7.4	0.8

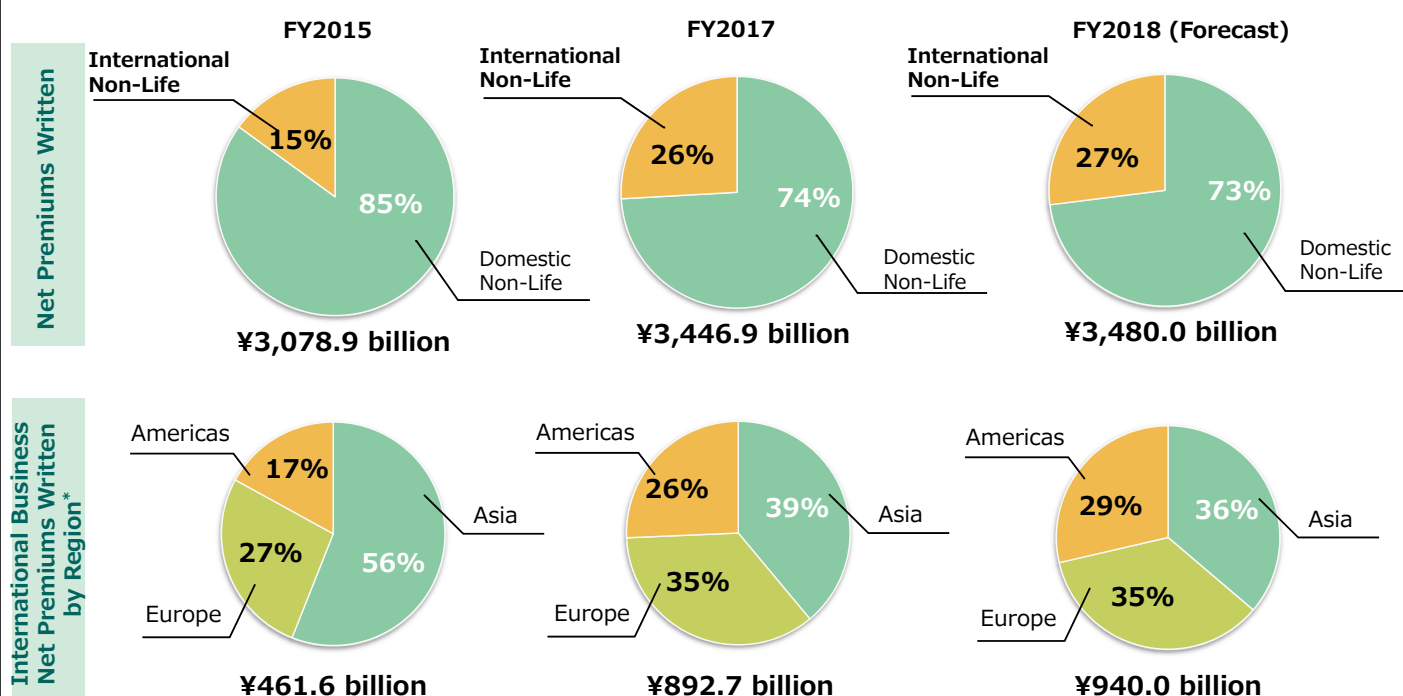
* International Business: Business results of overseas consolidated subsidiaries and equity-method affiliates plus the business results of overseas branches of non-life insurance companies, overseas non-consolidated subsidiaries, and non-life insurance companies' head office reinsurance.

*¹ Figures in "International Business Total" include head office adjustments and other factors and are not equal to the sum of figures for each region and each business.

*² Overseas inward reinsurance business underwritten by ADI Head Office was reclassified as "International Business" from FY2017.

*³ Asian Life Insurance Business plus Challenger and ReAssure

International Business: Weight of International Business and Geographical Diversification



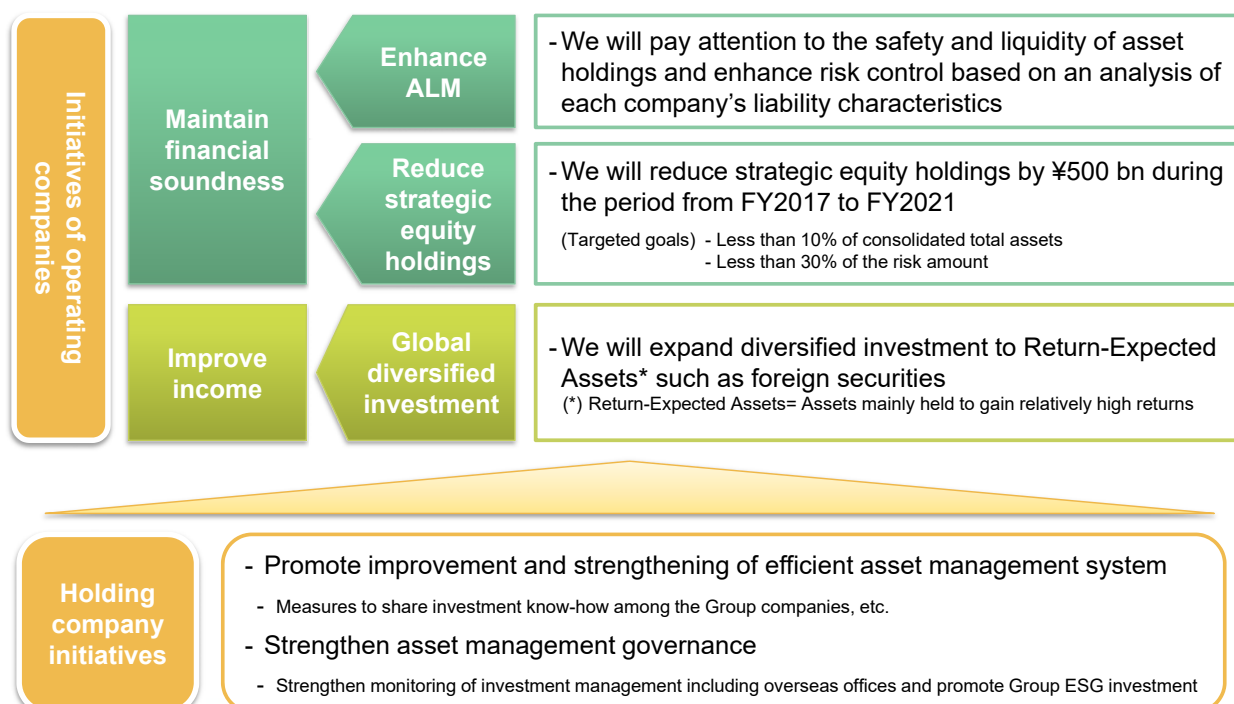
* MS Amlin's figures for FY2017 and FY2018: "Other" is categorized into Asia. Figures for reinsurance business other than MS Amlin's are also categorized into regions.

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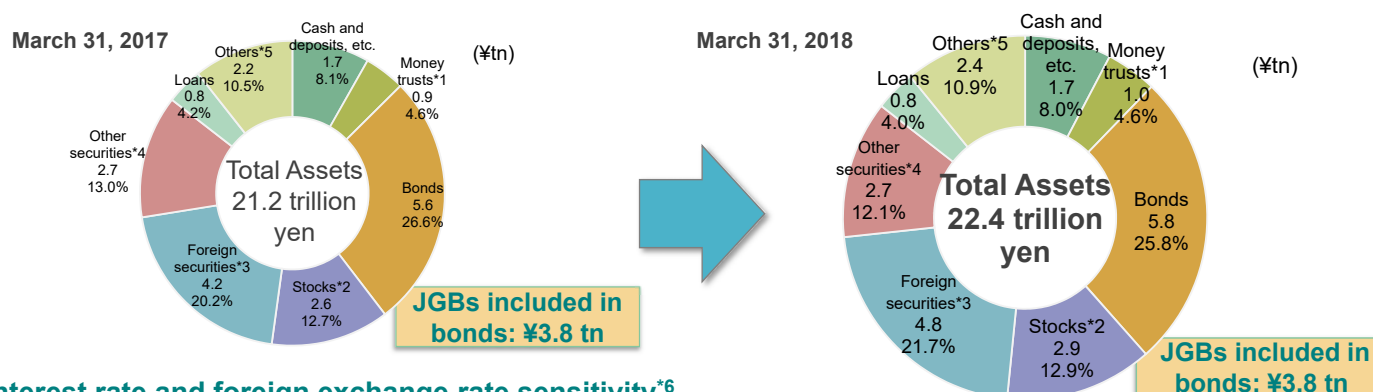
Asset Management: Asset Management Strategy

- By enhancing ALM and reducing strategic equity holdings, we will seek to stabilize Group investment earnings and will maintain financial soundness.
- We aim to improve earnings by expanding risk-taking through global diversified investment, while also taking the environment into account.



Asset Management: Consolidated Total Assets and Asset Allocation (MS&AD Insurance Group)

Asset allocation (on a consolidated total assets basis)



Interest rate and foreign exchange rate sensitivity*6 (as of March 31, 2018)

	Total for MS&AD Group	Total for Non-Life Insurers*7	Total for Domestic Life Insurers
100 bps rise in yen interest rates	+307.3	+67.5	+235.6
100 bps rise in US dollar interest rates	-70.2	-58.1	-12.0
10% rise in the yen against all currencies	-196.6	-135.8	-46.0
10% rise in the yen against the US dollar	-99.2	-75.2	-23.9
10% rise in the yen against the Euro	-20.0	-19.8	-0.2
10% rise in the yen against the British Pound	-11.7	-2.8	—

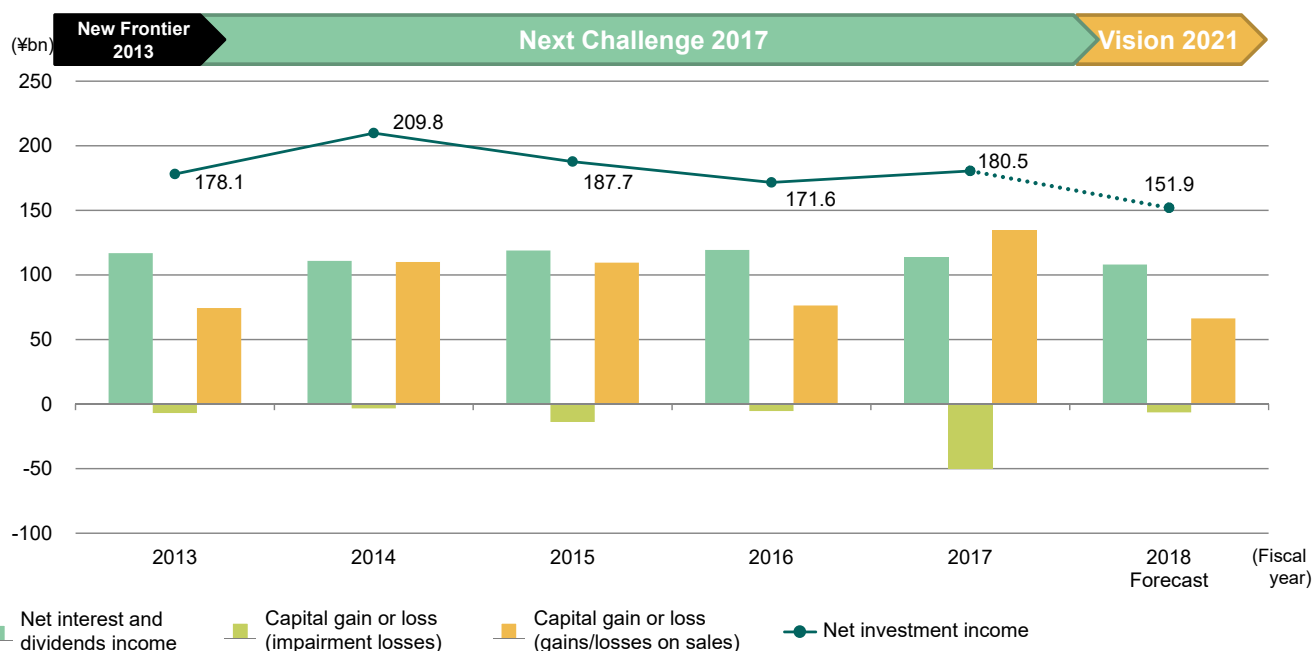
Countermeasure investment for negative interest rate*8 (FY2017)

Total for MSI, ADI, MSA Life	Foreign bonds (no currency hedge)	Foreign stocks	Alternative assets
+81.3	+38.7	+13.4	+29.2

- *1 Mainly assets corresponding to liabilities of domestic life insurance companies
 *2 Strategic equity holdings and shares held purely for investment purpose. See P.49 for details of the ratio of strategic equity holdings.
 *3 Foreign securities held by domestic insurance companies and securities held by foreign insurance subsidiaries
 *4 Mainly special account assets of domestic life insurance companies
 *5 Mainly tangible fixed assets, intangible fixed assets and goodwill
 *6 Impact on difference between assets and liabilities (surplus)
 *7 Including foreign subsidiaries
 *8 Net Investment amount (purchase – sales/redemption) for assets having higher expected return, Total for MSI, ADI and MSI Aioi Life

Asset Management: Net Investment Income (Domestic Non-Life Insurance Business)

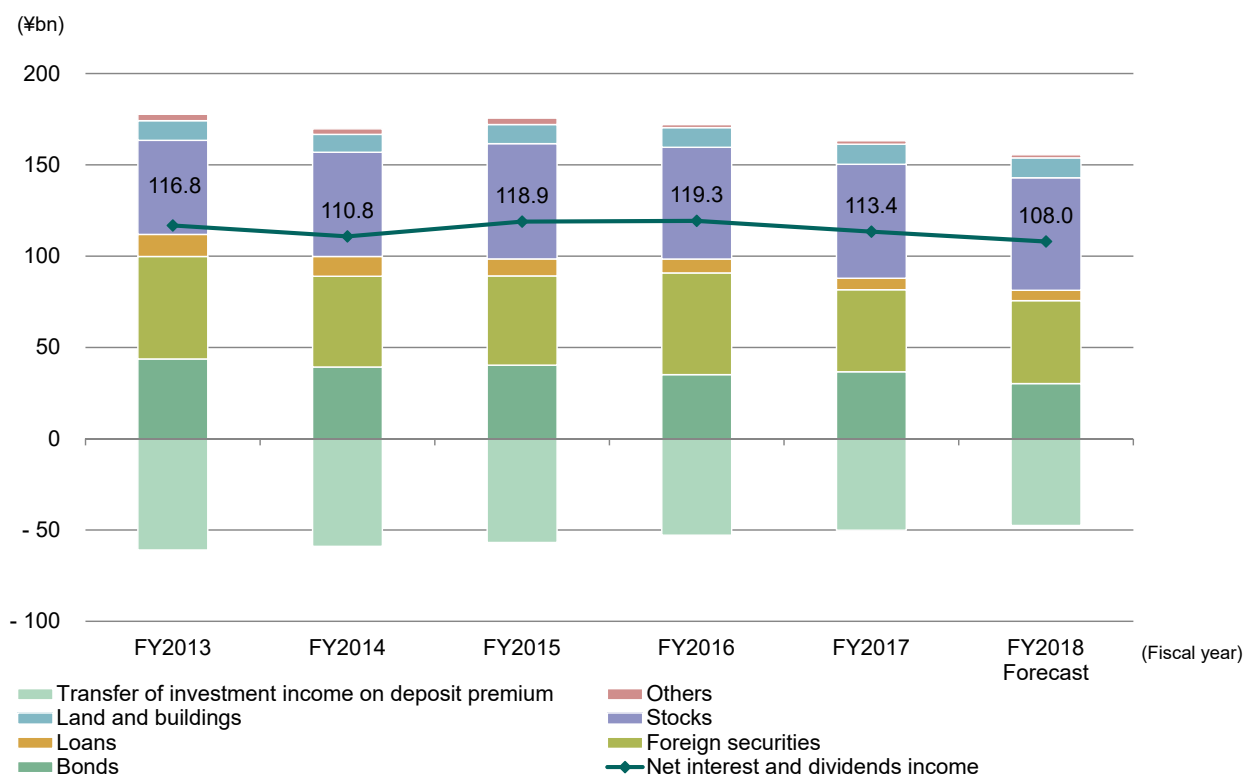
Net Investment Income of Domestic Non-Life Insurance Business



* Simple sum of MSI (non-consolidated) and ADI (non-consolidated)

* In FY2014, capital gain or loss (gains/losses on sales of securities) includes ¥63.0 bn of gains for additional provision for reserve for price fluctuation.

Asset Management: Net Investment Income (Breakdown of Interest and Dividends Income, MSI & ADI)



Asset Management: Total Assets and Asset Allocation (MSI / ADI)

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	As of Mar. 2017		As of Mar. 2018		As of Mar. 2017		As of Mar. 2018	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	6,327.7	100.0%	6,669.1	100.0%	3,141.2	100.0%	3,124.0	100.0%
Deposits, etc.	419.8	6.6%	445.9	6.7%	189.8	6.0%	167.4	5.4%
Bonds	1,847.9	29.2%	1,805.8	27.1%	970.7	30.9%	925.3	29.6%
of which, JGB	1,263.3	19.9%	1,192.8	17.9%	670.5	21.3%	640.9	20.5%
Foreign securities	1,604.8	25.3%	1,854.8	27.8%	707.0	22.5%	684.0	21.9%
Foreign bonds	296.8	4.7%	327.5	4.9%	486.3	15.5%	496.5	15.9%
Foreign stocks	1,111.5	17.6%	1,301.3	19.5%	99.4	3.2%	59.1	1.9%
Foreign investment trusts, etc.	196.4	3.1%	225.9	3.4%	121.3	3.9%	128.4	4.1%
Stocks	1,806.8	28.5%	1,937.1	29.0%	843.3	26.8%	922.7	29.5%
Other securities	34.9	0.6%	37.7	0.6%	55.8	1.8%	64.9	2.1%
Loans	418.1	6.6%	393.3	5.9%	210.9	6.7%	200.0	6.4%
Land & buildings	200.0	3.2%	194.2	2.9%	163.4	5.2%	159.4	5.1%

* Based on financial statement categorization

Asset Management: Total Assets and Asset Allocation (MSI Aioi Life / MSI Primary Life)

(¥bn)

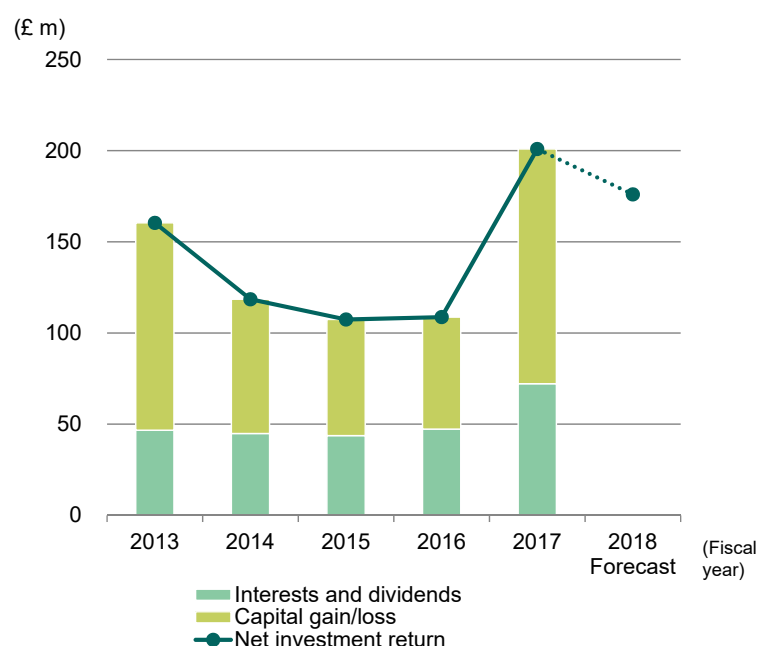
	MSI Aioi Life				MSI Primary Life (General account)			
	As of Mar. 2017		As of Mar. 2018		As of Mar. 2017		As of Mar. 2018	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	3,551.0	100.0%	3,792.2	100.0%	3,209.4	100.0%	3,688.9	100.0%
Deposits etc.	575.4	16.2%	474.4	12.5%	180.3	5.6%	212.0	5.7%
Bonds	2,667.1	75.1%	2,994.2	79.0%	131.3	4.1%	148.2	4.0%
of which, JGB	1,804.6	50.8%	1,968.5	51.9%	68.7	2.1%	67.1	1.8%
Foreign Stocks	244.1	6.9%	219.6	5.8%	2,680.8	83.5%	*1 3,080.6	83.5%
Stocks	1.3	0.0%	1.3	0.0%	-	-	-	-
Other securities	7.1	0.2%	44.8	1.2%	8.0	0.2%	8.0	0.2%
Loans	55.1	1.6%	57.0	1.5%	208.6	6.5%	239.7	6.5%
Land & buildings	0.6	0.0%	0.5	0.0%	0.2	0.0%	0.2	0.0%

* Based on financial statement categorization

*1 Foreign securities of ¥3,080.6 billion includes money trusts of ¥1,037.2 billion.

Asset Management: MS Amlin's Net Investment Return and Asset Breakdown by Currency

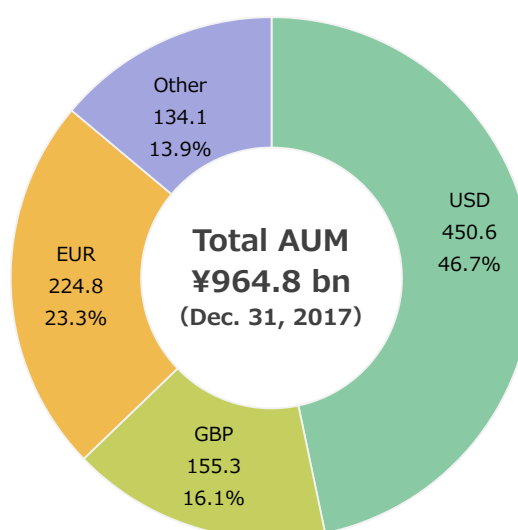
Net Investment Return



*MS Amlin's local basis

Investment Assets Breakdown by Currency

(¥bn, GB£1=JP¥151.95)



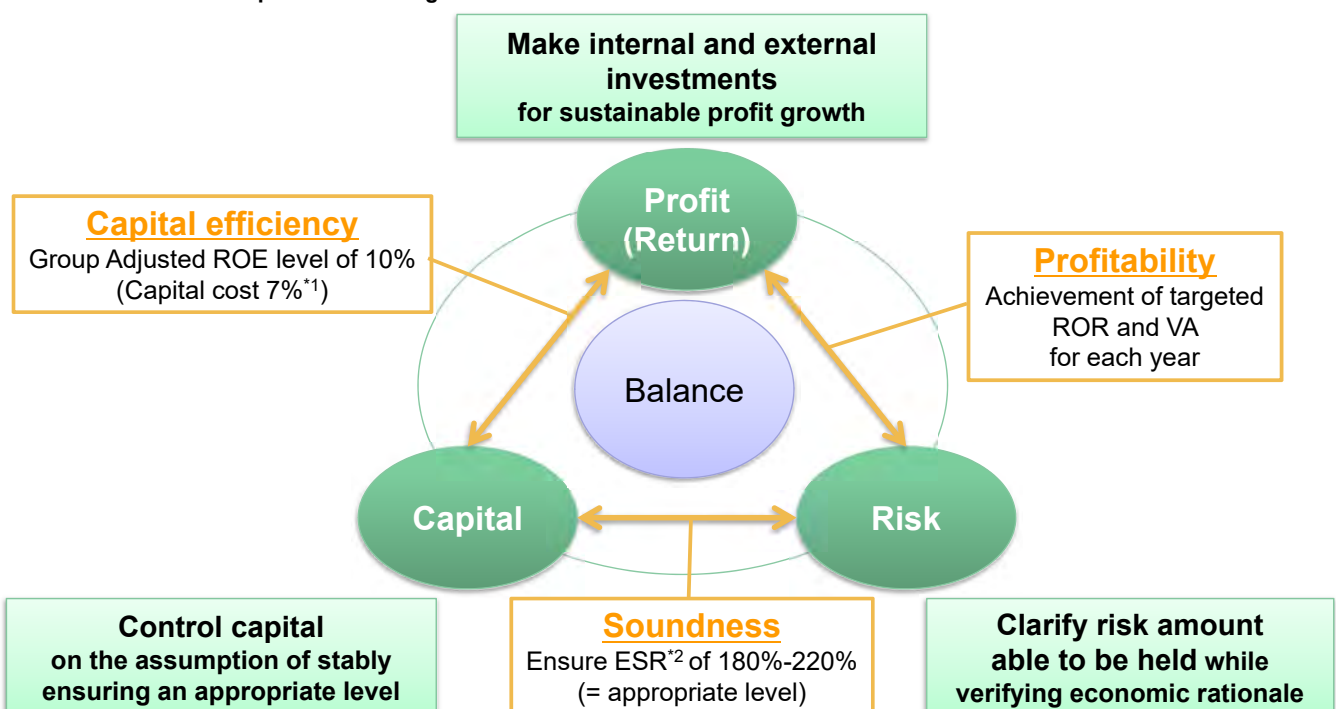
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Group Management Based on ERM

- During the period of “Next Challenge 2017”, ERM has been established as a basis for Group management.
- During the period of “Vision 2021”, the Group will strengthen its initiatives for an increase in profit (ROR) and capital control on the assumption of ensuring soundness.



*1: Estimate based on the Capital Asset Pricing Model

*2: ESR: Economic Solvency Ratio (Economic Value-Based Solvency Ratio) = NAV/ Integrated risk amount

Capital Policy

- We will achieve improved shareholder value through investment aimed at a stable shareholder return and sustainable profit growth.



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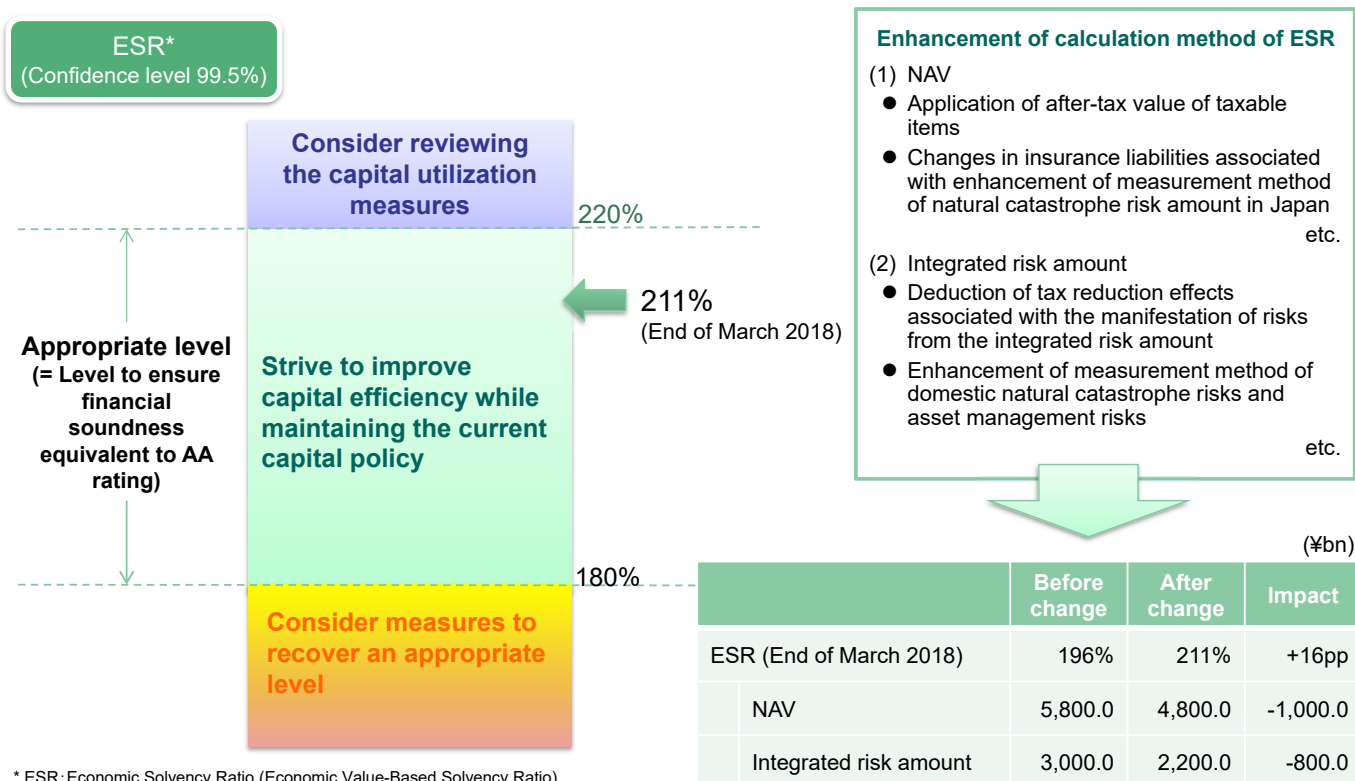
MS&AD

INSURANCE GROUP

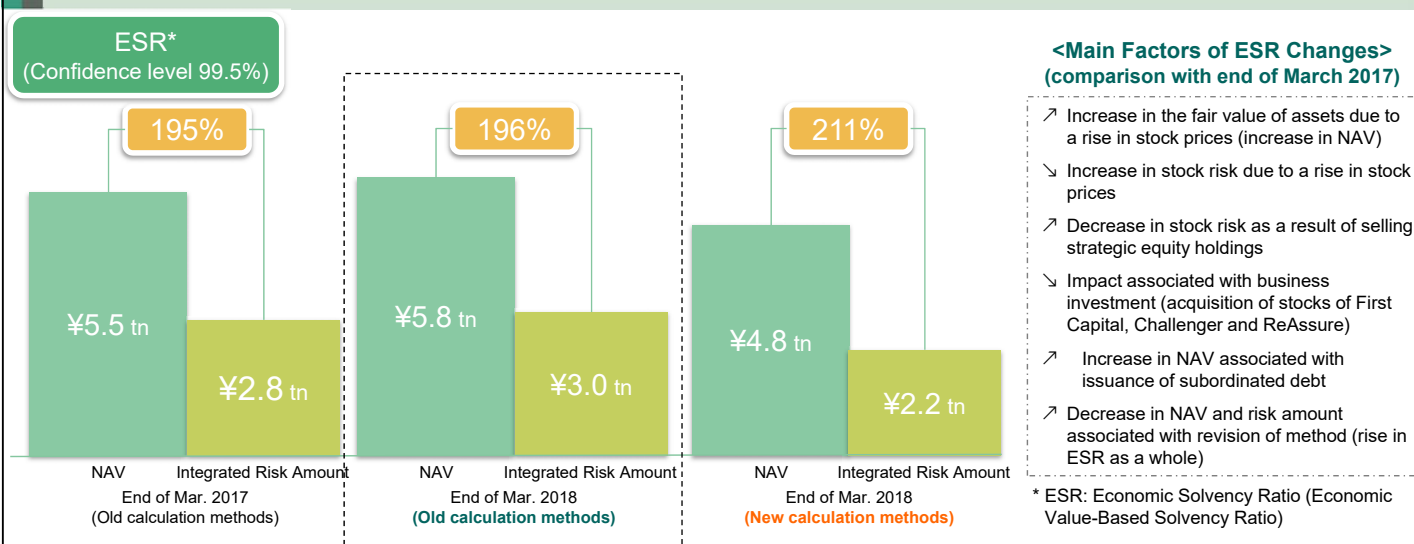
Ⅲ. Systems Supporting Value Creation

ERM: Ensuring Financial Soundness (Appropriate ESR Level)

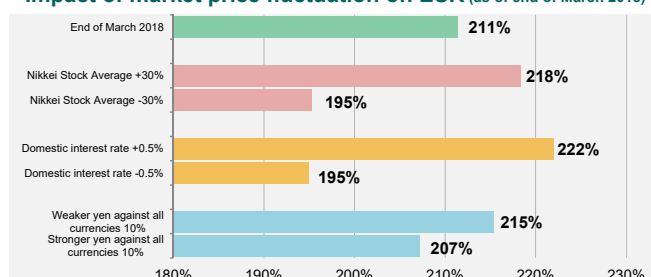
- The ESR level at the end of March 2018 was 211%, maintaining an appropriate level for continuing the current capital policy.



ERM: Ensuring Financial Soundness (ESR)



Impact of market price fluctuation on ESR (as of end of March 2018)



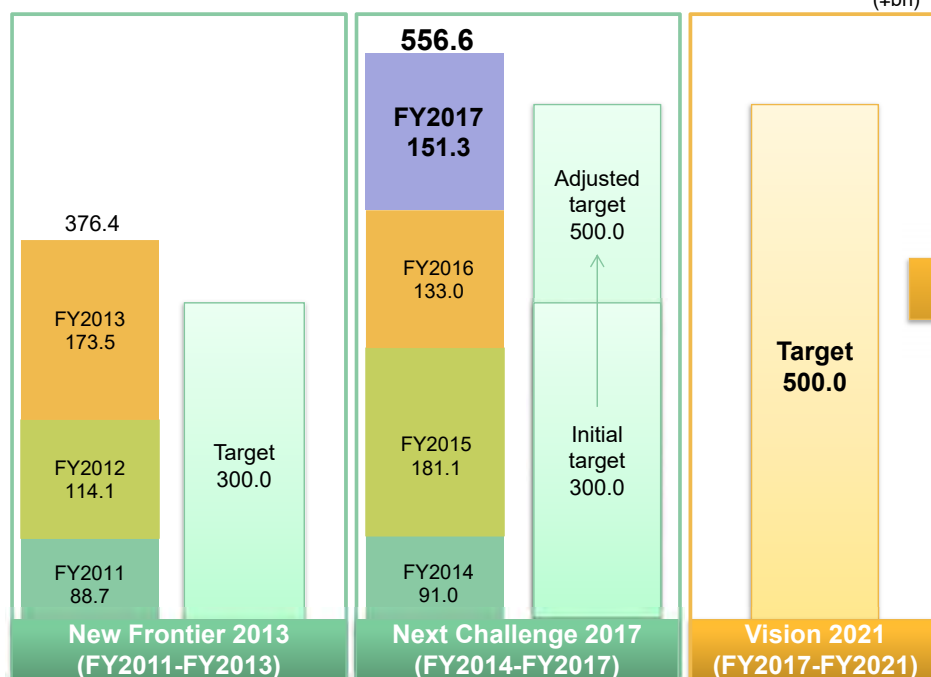
Market environment assumptions

	End of Mar. 2017	End of Mar. 2018	YoY
Nikkei Stock Average	¥18,909	¥21,454	+¥2,545
USD/JPY	¥112	¥106	-¥6
30-year JGB rate	0.85%	0.74%	-0.11pp

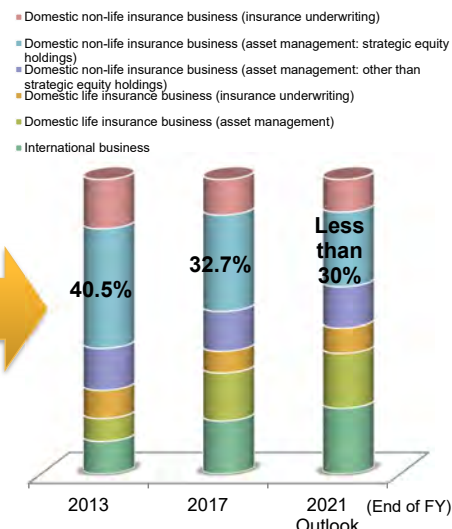
ERM: Selling Strategic Equity Holdings

- ¥556.6 billion were sold in a cumulative total during the period of Next Challenge 2017, having achieved the adjusted target of 111%.
- The sales target in Vision 2021 is ¥500 billion, including FY2017. A risk weight of strategic equity holdings of less than 30% and a fair value weight in consolidated total assets of less than 10% are likely to be achieved.

Actual Sales and Sales Target of Strategic Equity Holdings



Risk Portfolio



Fair value weight of strategic equity holdings in consolidated total assets*

End of Mar. 2014	End of Mar. 2018	Medium- to long-term target
14.9%	12.7%	Less than 10%

* Weight of all strategic equity holdings including unlisted stocks

ERM: ROR and Initiatives for ERM Enhancement

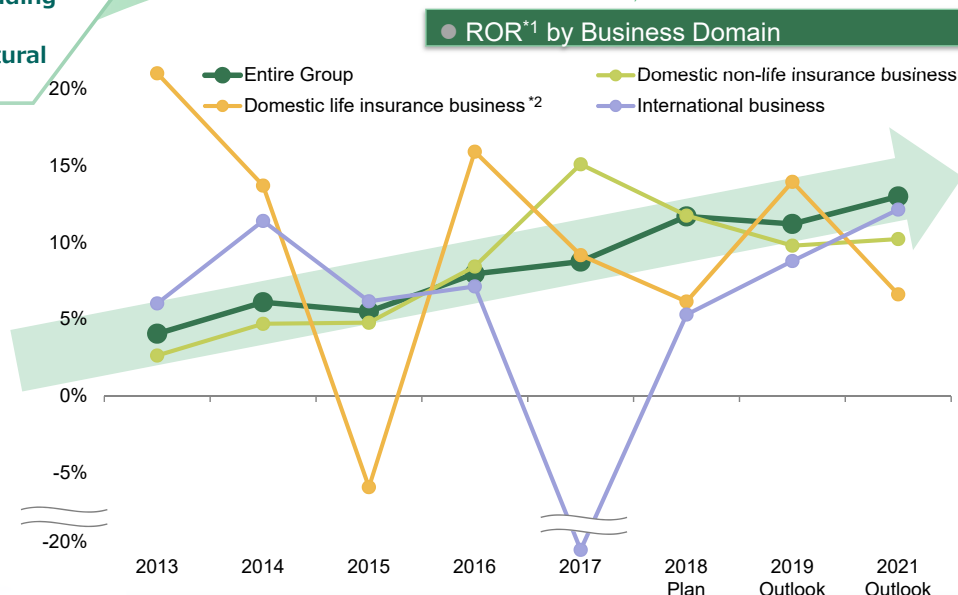
Initiatives to Improve ROR

- Development of growth strategy based on the medium-term management plan
- Promotion of measures to improve lines with low ROR
- Diversification of portfolio including new investment
- Strengthening of control of natural catastrophe risk amount

- Setting targeted values by fiscal year for ROR/VA by business domain
- Capital allocation taking ROR and others into consideration

- Analysis and management of ROR/VA by line and product
- Introduction of profitability management based on expected value

Improve ROR

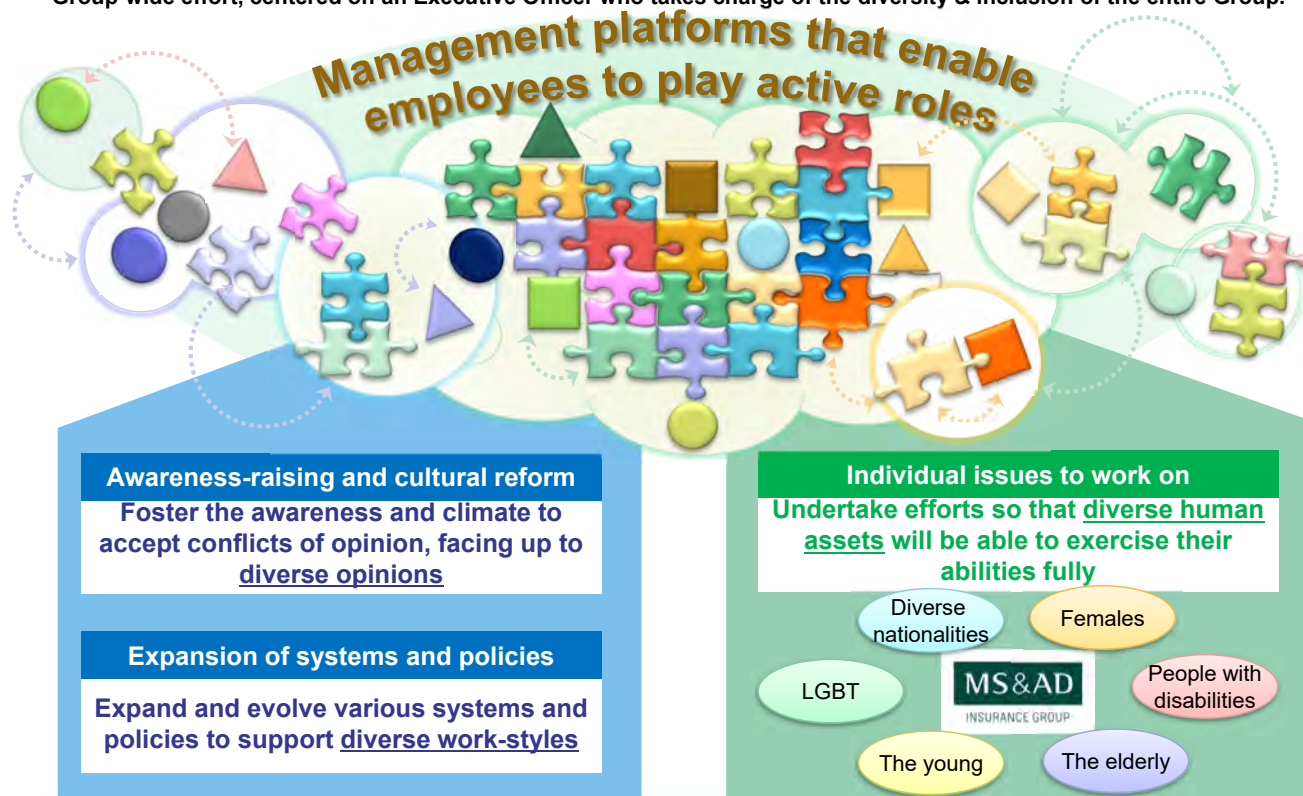


*1 ROR = Group Adjusted Profit/Integrated risk amount

*2 For MSI Aioi Life in the domestic life insurance business, an increase in EEV is calculated as a return. In the calculation of the entire Group's ROR, it is calculated based on the Group Core Profit for MSI Aioi Life.

Diversity & Inclusion

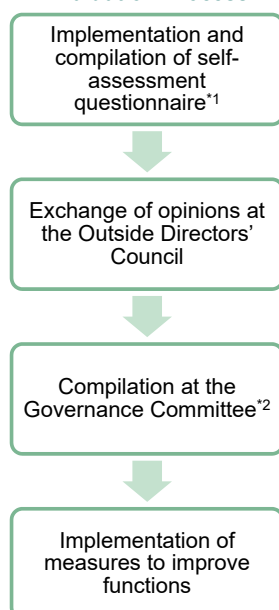
- To build management platforms that enable employees to play active roles, we will promote diversity & inclusion as a Group-wide effort, centered on an Executive Officer who takes charge of the diversity & inclusion of the entire Group.



Corporate Governance: Evaluation of Effectiveness of the Board of Directors

- We have confirmed that measures to improve functions in FY2017 produced effects.
- In FY2018, we will work to further improve functions based on these evaluation results.

Evaluation Process



Overview of Evaluation Results

	Tasks after evaluation in FY2016	What was implemented in FY2017	Tasks after evaluation in FY2017
Discussions on management strategies and management plans	Evolution of discussions in light of changes in the environment such as technical innovation	<ul style="list-style-type: none"> • To prepare for the formulation of Vision 2021, awareness of the environment, risk factors, etc. was deepened and discussions taking remarkable technological innovations into account were held • Operations by General Planning to provide information were established for new risk-taking cases such as international investment projects 	<ul style="list-style-type: none"> • Continuously deepen attentive discussions in response to changes in the business environment • Grasp movements of competitors in risk-taking projects and others. • Promote the penetration of the management philosophy (mission) and the value-creation story to all company employees through the explanation of Vision 2021 • Contrive ways of disseminating and permeating systems to receive internal and external feedback such as the whistle-blowing system and improve the environment so that people can actively express their opinions
Operation of the Board of Directors	Continuation of devices to promote the understanding of technical terms	<ul style="list-style-type: none"> • Initiatives for an increase in deliberation time per agenda item and devices for the visualization and simplification of documents were implemented. 	<ul style="list-style-type: none"> • Continue to provide careful explanations including the background and developments in the past, to newly appointed Outside Directors in particular. • Thoroughly provide brief explanations of the bills, focusing on the points.
Securing of opportunities for continuous training, etc.		<ul style="list-style-type: none"> • Officers' study meetings were held (4 times a year) • Operating company's study tours were held (Sales Divisions, Call Center, etc.) 	<ul style="list-style-type: none"> • Set themes for training sessions based on opinions of Outside Directors • Hold training sessions continuously based on reports from the Management and Monitoring Committee.
Other			<ul style="list-style-type: none"> • Respond to revisions to the Corporate Governance Code

^{*1} Implemented by distributing questionnaires (on nine items) in advance and having the Secretariat hold interviews.

^{*2} Composed of all Outside Directors, the Chairman of the Board and the President & CEO

Status of Stewardship Activities

Dialogues with Investee Companies

- From the perspective of enhancing the corporate value of investee companies and promoting their sustainable growth over the medium to long term, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance had constructive dialogues with them on their management issues and shareholder return policy to share recognition and conveyed thoughts to them as needed from the viewpoint of shareholders.
- Dialogues held (July 2016 to June 2017)

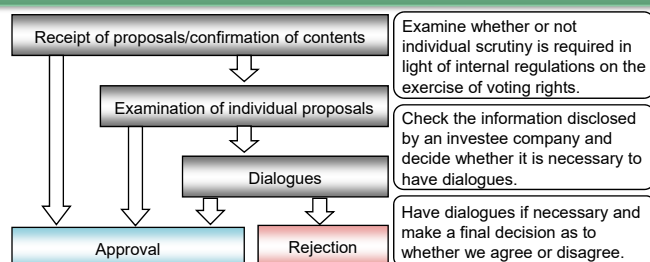
	MSI	ADI	Total (simple sum)
Main investee companies	258 companies	157 companies	415 companies
Dialogues on voting	33 companies	66 companies	99 companies

Examples of improvements made through dialogues with investee companies

Management plan	We exchanged opinions about the future management plan with a company that improved its financial standing with thorough cash flow management. It was confirmed that the company would implement a policy to turn its defensive management to aggressive management to improve its corporate value placing importance on growth and capital efficiency.
Shareholder return policy	We requested improvement from a company whose dividend payout ratio was low. At the time of the company's announcement of the financial results, an increase in dividend was also announced, and the level of the dividend payout ratio exceeded our internal standard.
Governance system	An outside director who was scheduled to be reappointed retired, and the company was unable to select a candidate for the position by the time of the general meeting of shareholders, and thus it could not appoint an outside director. We requested that the appointment take place by the next fiscal year, and an independent outside director was appointed in the following fiscal year.
Governance effectiveness	An outside director's attendance rate at the Board of Directors' meetings was low, so we requested improvement. After the dialogue, the attendance rate of the relevant outside director improved.
ESG initiatives	We exchanged opinions with a company that opened its stores nationwide about taking initiatives for social issues. We confirmed that the company has concluded a comprehensive cooperation agreement with local governments and taken measures to activate regional services and improve life services.

Exercise of Voting Rights

Process of exercising voting rights



- Results of exercising our voting rights (July 2016 to June 2017)

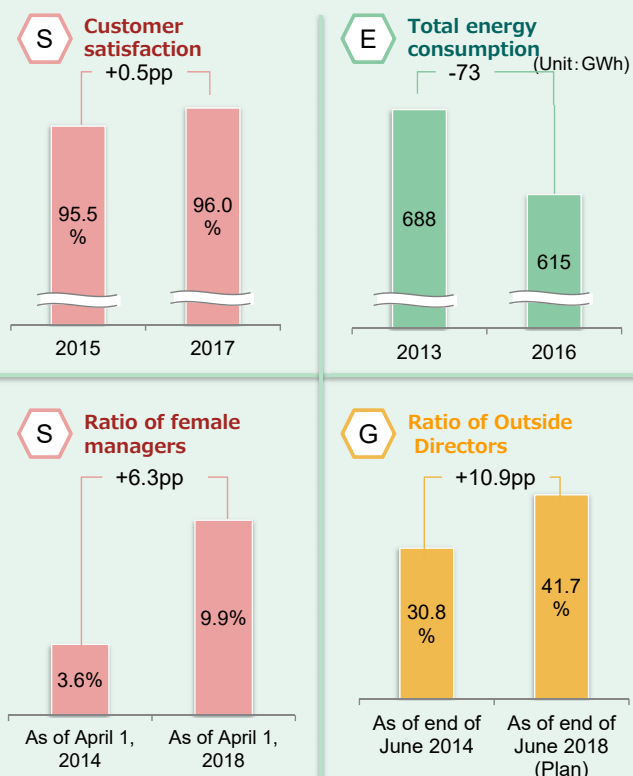
	MSI	ADI	Total (simple sum)
Number of disagreements (Number of bills)	6 (2,870)	4 (2,056)	10 (4,926)

Examples of proposals rejected through exercising voting rights

Examples of proposals	Cases of rejected proposals and details of exercising voting rights
Surplus appropriation plan (Low payout ratio of the last dividend)	Despite a favorable performance with a record profit and sufficient capacity for return to shareholders, the company's dividend payout ratio was low. We had a dialogue with the company, but its awareness of the dividend was low, and it was also uncertain whether any improvement would be made in the next fiscal year. (Disagreed)
Proposed appointment of directors (absence of Outside Director)	For some time, we exchanged opinions on the importance of the outside director and requested the appointment of an outside director, but a candidate for outside director was not selected this fiscal year either. (Disagreed)
Proposed appointment of directors (Misconduct)	Despite several administrative actions imposed due to repeated violations of the Antimonopoly Law, a proposal to appoint a person who was deeply involved in such management as a director was made, but we did not receive a reasonable explanation as a result of a dialogue held with the company. (Disagreed)

ESG Indicators

ESG Indicators



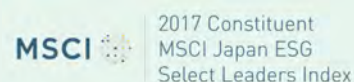
ESG Evaluation (as of May 2018)

Dow Jones Sustainability Indices

"Bronze Class" CSR rating by RobecoSAM



MSCI Japan ESG Select Leaders Index



MSCI Japan Empowering Women Index



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FTSE4Good Index Series



FTSE Blossom Japan



Morningstar Socially Responsible Investment Index



CDP Climate A List



IV. Shareholder Returns

MS&AD Insurance Group Holdings, Inc.

Shareholder Return Policy

- The dividend is scheduled to be the same as the initial forecast despite a downward revision to the Group Core Profit due to a large number of natural catastrophes.
- Determine the repurchases of our own shares by taking into consideration the market environment and capital status.

Shareholder Return Policy

Vision 2021

Provide shareholder return based on **shareholder dividends and repurchase of our own shares by adopting a benchmark of 40%~60% of Group Adjusted Profit**

<Dividends>	Adopt basic policy of providing stable dividends. (DOE: Dividend on equity ratio: Aim for level of 2.0%~3.0%)
<Share buybacks>	Promptly and flexibly conduct repurchases of our own shares, taking into consideration the market environment and capital status.

Next Challenge 2017

We will return **approximately 50% of Group Core Profit*** to shareholders in the medium run.

<Dividends>	The basic policy is to maintain stability. We aim to increase our earnings power and dividends in the medium run.
<Share buybacks>	We will repurchase our own shares flexibly, and as opportunities arise, with due consideration to market conditions

Shareholder Return Plan

<Dividends>

FY2017: The annual dividend is planned to **rise ¥10 from the previous year to ¥130/year.**

FY2018: The annual dividend is expected to be **¥130/year.**

<Share buybacks>

FY2017: Planned to be implemented for about ¥30 billion yen (determined on May 18, 2018)

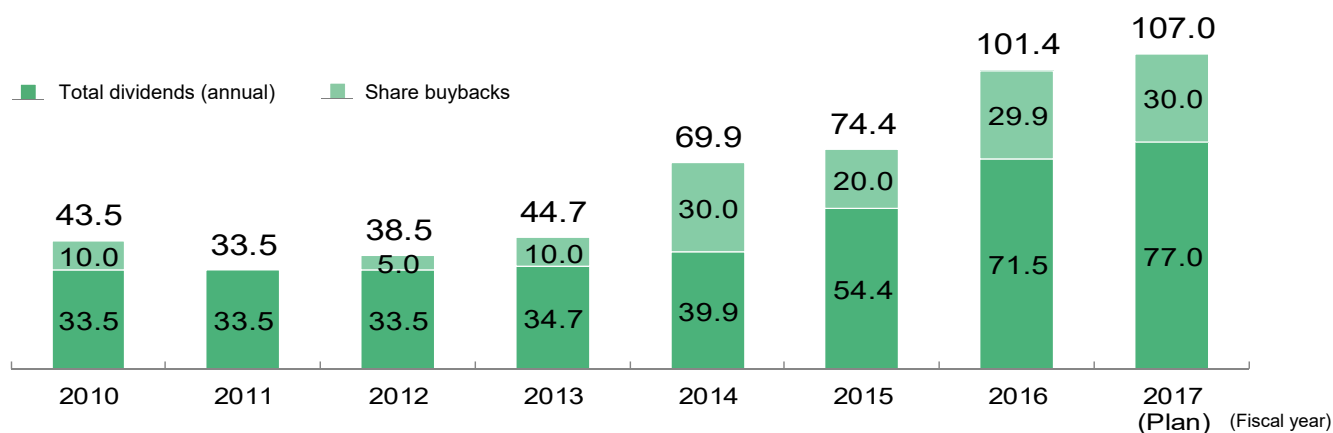
* Please see pp. 58-59 for the calculation method of Group Core Profit and Group Adjusted Profit.

Past Shareholder Returns

● Total shareholder returns (as of May 18, 2018)

(¥bn)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Total
Group Core Profit	14.5	-87.5	87.4	94.8	155.7	147.5	213.7	105.1	731.3
Total returns	43.5	33.5	38.5	44.7	69.9	74.4	101.4	107.0	513.2
Shareholder return ratio	300%	—	44%	47%	45%	50%	47%	102%	70%
Returns per share (yen)	69.8	54.0	62.0	72.0	113.5	122.5	169.1	180.6	—



* Please refer to p.58 for the method of calculating Group Core Profit and the single-year shareholder return ratio.

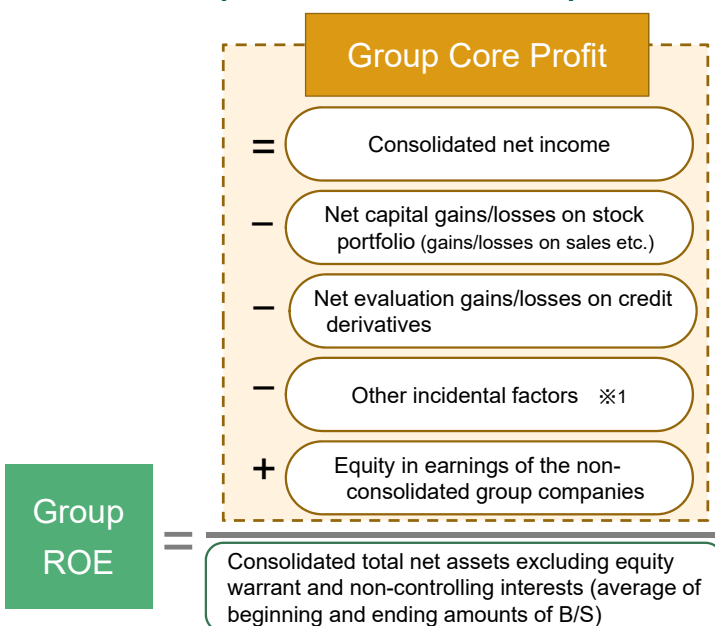
Stock Price Related Indices

	End of FY2010	End of FY2011	End of FY2012	End of FY2013	End of FY2014	End of FY2015	End of FY2016	End of FY2017
Group Core Profit (¥bn)	14.5	-87.5	87.4	94.8	155.7	147.5	213.7	105.1
Net Income (¥bn)	5.4	-169.4	83.6	93.4	136.2	181.5	210.4	154.0
Earnings per share (EPS) (¥)	8.68	-272.49	134.46	150.58	221.34	298.72	350.94	260.04
Stock price (closing price) (¥)	1,894	1,699	2,066	2,364	3,370	3,136	3,540	3,355
Rate of change*1	-27.0%	-10.3%	21.6%	14.4%	42.6%	-6.9%	12.9%	-5.2%
(For reference) TOPIX Rate of change*1	-11.2%	-1.7%	21.2%	16.3%	28.3%	-12.7%	12.3%	13.5%
Book-value per share (BPS) (¥)	2,597.19	2,400.48	3,215.33	3,646.22	4,911.40	4,469.58	4,572.82	4,964.64
Price book-value ratio (PBR)	0.73	0.71	0.64	0.65	0.69	0.70	0.77	0.68
Price earnings ratio (PER)	218.20	—	15.36	15.70	15.23	10.50	10.08	12.90

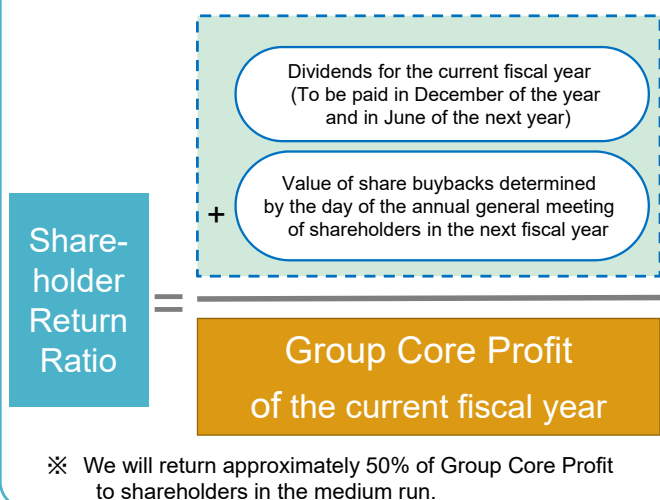
*1 Rate of change is a percentage change from the end of the previous fiscal year.

Calculation Methods of “Group Core Profit”, “Group ROE” and “Shareholder Return Ratio” in “Next Challenge 2017”

“Group Core Profit” and “Group ROE”



“Single-Year Shareholder Return Ratio”



※1 Extraordinary income/loss after-tax (excluding provision for/reversal of reserve for price fluctuation), amortization of goodwill and other

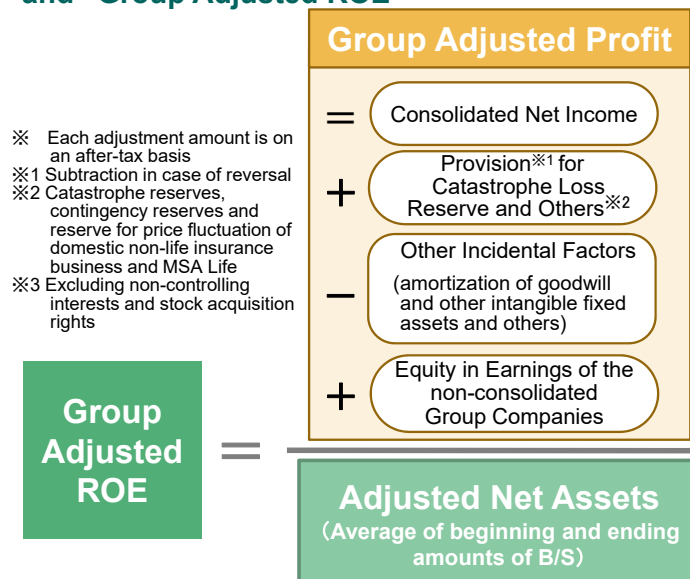
Group Core Profit for FY2017

Group Core Profit 105.1	=	Consolidated Net Income 154.0	-	Net Capital Gains/Losses on Stock portfolio 85.3	-	Net Evaluation Gains/Losses on Credit Derivatives -0.1	-	Other Incidental Factors ※2 -36.2	+	Equity in Earnings of the non-consolidated Group Companies 0.0	¥bn
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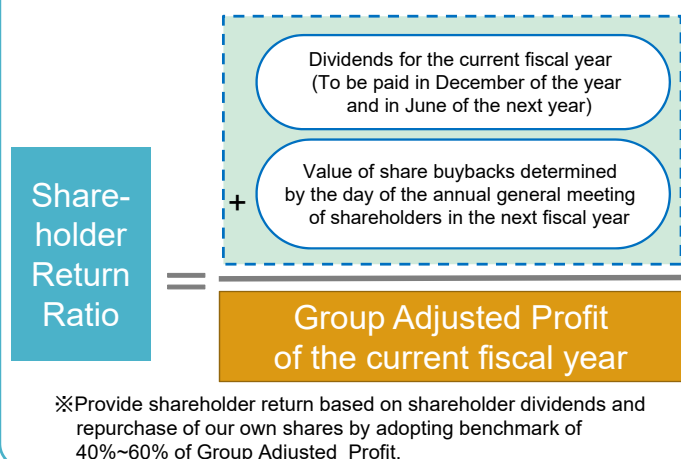
※2 Amortization of goodwill and others: -36.9 billion yen, extraordinary income/losses excluding reserves for price fluctuation: 0.7 billion yen

Calculation Methods of “Group Adjusted Profit”, “Group Adjusted ROE”, “Shareholder Return Ratio” and “Adjusted Net Assets” in “Vision 2021”

“Group Adjusted Profit”, “Adjusted Net Assets” and “Group Adjusted ROE”



“Single-Year Shareholder Return Ratio”



Group Adjusted Profit for FY2017

Adjusted Net Assets as of the end of FY2017

Group Adjusted Profit 201.0	=	Consolidated Net Income 154.0	+	Provision for Catastrophe loss reserve and others 10.6	-	Other Incidental Factors (amortization of goodwill and other intangible fixed assets and others) -36.2	+	Equity in Earnings of the non-consolidated Group Companies 0.0	¥bn
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Adjusted Net Assets 3,199.0	=	Consolidated Net Assets 2,941.1	+	Catastrophe Loss Reserve and Others 720.4	-	Goodwill and Other Intangible Fixed Assets 462.5	¥bn
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INSURANCE GROUP

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