

SUMMARY OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

May 20, 2016

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities Code Number: 8725
 URL: <http://www.ms-ad-hd.com>
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Scheduled date to hold the ordinary general meeting of shareholders: June 22, 2016
 Scheduled date to file the Securities Report: June 22, 2016
 Scheduled date to commence dividend payments: June 23, 2016
 Explanatory material for business results: Available
 IR Conference (for institutional investors and analysts): To be held

(Note) Amounts of less than one million yen are truncated.

1. Consolidated Financial Highlights for the Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Consolidated business performance (Yen in millions)

| | Ordinary income | | Ordinary profit/(loss) | | Net income/(loss) attributable to owners of the parent | |
|---------------------------|-----------------|-------|------------------------|--------|--|--------|
| Year ended March 31, 2016 | 5,013,038 | 6.9 % | 291,578 | 1.6 % | 181,516 | 33.2 % |
| Year ended March 31, 2015 | 4,689,658 | 7.5 % | 287,061 | 50.9 % | 136,247 | 45.8 % |

Percent figures represent changes from the corresponding period of the preceding year.

(Note) Comprehensive income/(loss) For the year ended March 31, 2016: ¥ (233,116) million (128.9) %
 For the year ended March 31, 2015: ¥ 807,972 million 150.3 %

(Yen)

| | Net income/(loss) attributable to owners of the parent per share - Basic | Net income/(loss) attributable to owners of the parent per share - Diluted | Return on equity | Ordinary profit/(loss) to total assets | Ordinary profit/(loss) to ordinary income |
|---------------------------|--|--|------------------|--|---|
| Year ended March 31, 2016 | 298.72 | - | 6.4 % | 1.5 % | 5.8 % |
| Year ended March 31, 2015 | 221.34 | - | 5.2 % | 1.6 % | 6.1 % |

(Reference) Gains/(losses) on equity method investments For the year ended March 31, 2016: ¥ 2,245 million
 For the year ended March 31, 2015: ¥ 1,302 million

(2) Consolidated financial conditions (Yen in millions)

| | Total assets | Net assets | Ratio of net assets less non-controlling interests to total assets | Net assets less non-controlling interests per share (Yen) |
|----------------|--------------|------------|--|---|
| March 31, 2016 | 20,303,649 | 2,725,274 | 13.3 % | 4,469.58 |
| March 31, 2015 | 18,788,046 | 3,036,663 | 16.0 % | 4,911.40 |

(Reference) Net assets less non-controlling interests As of March 31, 2016: ¥ 2,698,168 million
 As of March 31, 2015: ¥ 3,006,712 million

(3) Consolidated cash flows (Yen in millions)

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Ending balance of cash and cash equivalents |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| Year ended March 31, 2016 | 1,291,017 | (1,217,980) | 199,075 | 1,056,407 |
| Year ended March 31, 2015 | 628,184 | (410,671) | (58,941) | 805,455 |

2. Dividends

| | Dividends per share (Yen) | | | | | Total annual dividends (Yen in millions) | Dividend pay-out ratio (Consolidated) | Dividends on net assets (Consolidated) |
|---------------------------------------|---------------------------|-------------|-------------|-------------|--------------|--|---------------------------------------|--|
| | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | Annual total | | | |
| Year ended March 31, 2015 | - | 29.00 | - | 36.00 | 65.00 | 39,900 | 29.4 % | 1.5 % |
| Year ended March 31, 2016 | - | 35.00 | - | 55.00 | 90.00 | 54,447 | 30.1 % | 1.9 % |
| Year ending March 31, 2017 (Forecast) | - | 50.00 | - | 50.00 | 100.00 | | 33.0 % | |

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Yen in millions)

| | Ordinary profit | | Net income attributable to owners of the parent | | Net income attributable to owners of the parent per share (Yen) |
|----------------------------|-----------------|---------|---|-------|---|
| Year ending March 31, 2017 | 285,000 | (2.3) % | 183,000 | 0.8 % | 303.14 |

Percent figures represent changes from the preceding year.

*** Notes**

(1) Changes in significant subsidiaries for the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Increase 5 (MS Amlin plc, Amlin Investments Limited, MS Amlin (Overseas Holdings) Limited,
Amlin Bermuda Holdings, Ltd., Solo Absolute Bonds and Currency Fund)

Decrease 0

(2) Changes in accounting policies and accounting estimates and restatements

1. Changes in accounting policies due to revisions of accounting standards: None

2. Changes in accounting policies other than above: Yes

3. Changes in accounting estimates: Yes

4. Restatements: None

(Note) The Company has changed the depreciation method of tangible fixed assets since the current consolidated fiscal year, and it meets the definition of “changes in accounting policies which are difficult to distinguish from changes in accounting estimates”. For details, please refer to “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies which are Difficult to Distinguish from Changes in Accounting Estimates)” on page 16 of the Appendix.

(3) Number of shares of issued stock (common stock)

1. Number of shares of issued stock (including treasury stock)

As of March 31, 2016: 633,291,754 shares

As of March 31, 2015: 633,291,754 shares

2. Number of shares of treasury stock

As of March 31, 2016: 29,618,854 shares

As of March 31, 2015: 21,101,354 shares

3. Average number of shares of outstanding stock

For the year ended March 31, 2016: 607,639,707 shares

For the year ended March 31, 2015: 615,548,729 shares

*** Disclosure regarding the execution of the audit process**

This report is outside the scope of the external auditor's audit process required by “Financial Instruments and Exchange Act” and the audit process for the consolidated and non-consolidated financial statements under “Financial Instruments and Exchange Act” has not been completed as of the disclosure date of the report.

*** Notes to the earnings forecasts and others**

(Earnings forecasts)

Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. For key assumptions of the earnings forecasts and other relevant information, please refer to “Consolidated Earnings Forecasts for the Year Ending March 31, 2017” on page 3 of the Appendix. The forecasts of consolidated ordinary income for the fiscal year and consolidated earnings for the second quarter (cumulative) are not disclosed due to difficulties in calculating reasonable forecast figures stemming from a high susceptibility to natural disasters and market conditions.

(Others)

The provisional accounting treatment of the business combination occurring in the year ended March 31, 2015 was finalized in the year ended March 31 2016, which is reflected in this report.

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[Attachment]

Explanatory Material for Business Results for the Year Ended March 31, 2016

1. Analysis of Business Performance and Financial Conditions

(1) Analysis of Business Performance

(Business performance in the fiscal year under review)

During the current fiscal year, there were significant changes in the global economy as a whole, notably the slowdown in emerging economies including China, although there was a rebound in consumer spending in the United States.

In Japan, meanwhile, the recovery of consumer spending and capital expenditure has been sluggish despite some indications of improvement in corporate earnings centered on the employment and income environment and non-manufacturing industries.

In the non-life insurance industry, premiums written increased mainly in fire insurance and voluntary automobile insurance.

In the life insurance industry, the number of policies in force increased because the decline in the amount of individual insurance policies in force eased.

In such business environment, and based on the “Next Challenge 2017” medium-term management plan that began in fiscal 2014, the Group has been working to enhance the enterprise value of the Group as a whole, with efforts focused primarily around promotion of ERM (Enterprise Risk Management), aiming sustainable growth and improving profitability and capital efficiency with a foundation of soundness. Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd. have also joined forces in the development of products and proceeded in the establishment of joint offices to facilitate the payment of insurance claims in the event of a large-scale disaster with initiatives to reorganization by function. In addition, we have worked on extending a corporate culture in which people can take on challenges as professionals, and developing our human assets which supports our global business development.

The Company established the MS&AD Insurance Group Basic Policies on Corporate Governance and made efforts to further enhance the corporate governance system by increasing the ratio of independent outside directors by one-third.

Likewise, the Company reinforced its management structure over group companies as a holding company that oversees the Group's business in areas such as the establishment of management strategies for the entire group and enhancement of risk management and compliance systems.

As a result of these efforts, earnings for the current consolidated fiscal year to date are as follows.

Underwriting income was ¥4,606.5 billion, investment income was ¥389.5 billion and other ordinary income was ¥16.8 billion, resulting in total ordinary income of ¥5,013.0 billion. At the same time, ordinary expenses amounted to ¥4,721.4 billion, including ¥3,904.2 billion in underwriting expenses, ¥210.7 billion in investment expenses, ¥590.8 billion in operating expenses and general and administrative expenses, and other ordinary expenses amounting to ¥15.6 billion.

As a result, the Company posted an ordinary profit of ¥291.5 billion, an increase of ¥4.5 billion over the previous fiscal year. After factoring in extraordinary income and losses, income taxes and other items, net income rose by ¥45.2 billion over the previous fiscal year to ¥181.5 billion.

Summaries of each business segment are given below.

1) Domestic Non-life Insurance Business (Mitsui Sumitomo Insurance Co., Ltd.)

Ordinary income was ¥1,822.7 billion after recording underwriting income of ¥1,629.6 billion, investment income of ¥187.4 billion, and other ordinary income of ¥5.6 billion. Meanwhile, ordinary expenses came to ¥1,654.8 billion resulting from underwriting expenses of ¥1,405.2 billion, investment expenses of ¥26.7 billion, operating expenses and general and administrative expenses of ¥215.1 billion, and other ordinary expenses of ¥7.7 billion.

As a result, ordinary profit was ¥167.8 billion with a decrease of ¥3.4 billion from the previous fiscal year. After factoring in extraordinary income and losses, income taxes and other factors to ordinary profit, net income came to ¥113.9 billion with an increase of ¥24.8 billion from the previous fiscal year.

2) Domestic Non-life Insurance Business (Aioi Nissay Dowa Insurance Co., Ltd.)

Ordinary income was ¥1,309.9 billion after recording underwriting income of ¥1,243.0 billion, investment income of ¥60.7 billion, and other ordinary income of ¥6.1 billion. Meanwhile, ordinary expenses came to ¥1,248.2 billion resulting from underwriting expenses of ¥1,031.8 billion, investment expenses of ¥20.3 billion, operating expenses and general and administrative expenses of ¥193.6 billion, and other ordinary expenses of ¥2.4 billion.

As a result, ordinary profit was ¥61.7 billion with a decrease of ¥7.2 billion from the previous fiscal year. After factoring in extraordinary income and losses, income taxes and other factors to ordinary profit, net income came to ¥31.0 billion with a decrease of ¥8.3 billion from the previous fiscal year.

3) Domestic Non-life Insurance Business (Mitsui Direct General Insurance Co., Ltd.)

Ordinary income was ¥36.7 billion after recording underwriting income of ¥36.5 billion and others, meanwhile, ordinary expenses came to ¥42.0 billion resulting from underwriting expenses of ¥34.2 billion and operating expenses and general and administrative expenses of ¥7.7 billion.

As a result, ordinary loss was ¥5.3 billion with a decrease of ¥1.1 billion from ordinary loss in the previous fiscal year. Consequently, net loss after taking ownership interests into account (net loss by segment) was ¥4.3 billion with a decrease of ¥1.1 billion from net loss in the previous fiscal year.

4) Domestic Life Insurance Business (Mitsui Sumitomo Aioi Life Insurance Co., Ltd.)

Ordinary income was ¥512.5 billion after recording insurance premiums and others of ¥462.2 billion, investment income of ¥47.7 billion, and other ordinary income of ¥2.5 billion. Meanwhile, ordinary expenses came to ¥493.9 billion resulting from insurance claims and others of ¥175.2 billion, provision for underwriting reserves and others of ¥230.3 billion, investment expenses of ¥2.0 billion, operating expenses of ¥75.0 billion, and other ordinary expenses of ¥11.1 billion.

As a result, ordinary profit was ¥18.6 billion with an increase of ¥2.7 billion from the previous fiscal year. After factoring in extraordinary income and losses, income taxes and other factors to ordinary profit, net income of ¥6.0 billion was reported with an increase of ¥1.6 billion from the previous fiscal year.

5) Domestic Life Insurance Business (Mitsui Sumitomo Primary Life Insurance Co., Ltd.)

Ordinary income was ¥1,366.2 billion after recording insurance premiums and others of ¥1,300.1 billion, investment income of ¥62.8 billion, and other ordinary income of ¥3.1 billion. Meanwhile, ordinary expenses came to ¥1,326.2 billion resulting from insurance claims and others of ¥638.5 billion, provision for underwriting reserves and others of ¥424.9 billion, investment expenses of ¥160.4 billion, operating expenses of ¥90.0 billion, and other ordinary expenses of ¥12.2 billion.

As a result, ordinary profit was ¥39.9 billion with an increase of ¥22.1 billion from the previous fiscal year. After factoring in extraordinary income and losses, income taxes and other factors to ordinary profit, net income came to ¥17.8 billion with an increase of ¥5.4 billion from the previous fiscal year.

6) International Business (Overseas Insurance Subsidiaries)

Net premiums written in the overseas insurance subsidiaries segment rose by ¥43.6 billion compared to the previous fiscal year to ¥336.8 billion.

Ordinary profit came to ¥37.6 billion with a decrease of ¥7.2 billion from the previous fiscal year, and net income (net income by segment) came to ¥28.5 billion with a decrease of ¥6.4 billion from the previous fiscal year.

(Consolidated Earnings Forecasts for the Year Ending March 31, 2017)

Based on the assumptions below, the Company forecasts ordinary profit of ¥285.0 billion and net income attributable to owners of the parent of ¥183.0 billion on a consolidated basis for the year ending March 31, 2017.

- The forecast of net premiums written is based on the Company's own estimate taking into account the trends in the consolidated business results.
- Incurred losses (the sum total of net claims paid and provision for outstanding claims) in relation to new domestic natural disasters excluding residential earthquake insurance are projected to be ¥40.0 billion at Mitsui Sumitomo Insurance Co., Ltd. and ¥22.5 billion at Aioi Nissay Dowa Insurance Co., Ltd. Among them, incurred losses of ¥10.0 billion at Mitsui Sumitomo Insurance Co., Ltd. and ¥2.5 billion at Aioi Nissay Dowa Insurance Co., Ltd. are for the 2016 Kumamoto earthquake.
- Market interest rates, currency exchange rates, and stock prices are assumed not to change substantially from the end of March 2016.

The Company's consolidated earnings forecasts have been prepared based on certain assumed conditions, including those above, but actual results may differ substantially from these forecasts depending on various factors.

(2) Analysis of Financial Conditions

Total assets as at March 31, 2016 stood at ¥20,303.6 billion with an increase of ¥1,515.6 billion from the end of the previous fiscal year, and net assets stood at ¥2,725.2 billion with a decrease of ¥311.3 billion mainly due to a decrease in net unrealized gains on investments in securities.

With regard to cash flows in the fiscal year under review, net cash flows provided by operating activities increased by ¥662.8 billion over the previous year to ¥1,291.0 billion due to an increase in premium income. Net cash flows used in investing activities increased by ¥807.3 billion from the previous year to ¥1,217.9 billion, due in part to the acquisition of shares in subsidiaries in conjunction with changes in the scope of our consolidated subsidiaries. Net cash flows used in financing activities was ¥199.0 billion, an increase of ¥258.0 billion from the previous fiscal year, profiting in part from proceeds from loans payable. As a result, ending balance of cash and cash equivalents in the fiscal year under review stood at ¥1,056.4 billion with an increase of ¥250.9 billion from the previous fiscal year.

Cash flows-related indices are shown below.

(Unit: %)

| | March 31, 2012 | March 31, 2013 | March 31, 2014 | March 31, 2015 | March 31, 2016 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Equity ratio ^(Note 1) | 10.3 | 12.6 | 13.4 | 16.0 | 13.3 |
| Equity ratio based on market value ^(Note 2) | 7.4 | 8.2 | 8.9 | 11.4 | 9.8 |

(Notes)

1. Equity ratio: Net assets less non-controlling interests/Total assets × 100
2. Equity ratio based on market value: Market capitalization/Total assets × 100
3. As the major business of the MS&AD Group is insurance business, the ratio of cash flows to interest-bearing debt and the interest coverage ratio are not shown.

In regard to the liquidity of funds, the MS&AD Group maintains sufficient liquid assets in preparation for any deterioration in its cash position due to factors such as the outflow of funds arising from the payment of insurance claims or disruptions in markets. It also evaluates liquidity in terms of both assets and liabilities based on trends regarding the inflow and outflow of funds, and conducts appropriate cash management.

(3) Basic Policy Regarding Profit Distribution, and Dividends for the Current and Next Fiscal Years

The Company works to achieve management efficiencies through pursuit of group synergies, while enhancing earning power through the promotion of growth strategies. By then providing an appropriate return of profits in line with the Group performance, we hope to respond to the expectations of our shareholders. At the same time, given the nature of the insurance business, we also believe it is necessary that we work to enhance our required internal reserves.

Given this, and based on a policy of maintaining the stability of our per-share dividend level, our goal is to be able to increase our dividend as earning power rises. Our basic policy in the medium run is to use dividends and the repurchase of our own shares to provide returns approximately 50% of Group Core Profit*.

In accordance with the above policy, we plan a year-end dividend for this fiscal year of ¥55 per share, with an increase of ¥19. As a result, combined with the interim dividend of ¥35, the full-year dividend will be ¥90 per share. Regarding the repurchase of our own shares, in addition to the approximately ¥10.0 billion in repurchases approved by the Board of Directors in November 18, 2015, an additional repurchase of shares to a maximum of ¥10.0 billion was approved by the Board of Directors at a meeting held on May 20, 2016.

For the coming fiscal year, given an outlook calling for a continued increase in Group Core Profit, the full-year dividend will be forecast to increase by ¥10 per share, to ¥100. We will also continue to conduct a dynamic, flexible share repurchase program, subject to market conditions and the state of our capital.

With regards to internal reserves, toward the further strengthening our management foundation we will continue to invest proactively in areas of high growth and profitability including M&A, while continuing to pay due attention to financial soundness.

*Note: Group Core Profit is a proprietary indicator the Company uses to indicate the ordinary earning power of the Group as a whole, and based on consolidated net income, it is computed by excluding one-time gains and losses, such as the gains and losses from the sale of long-term shareholdings, etc.

For details, please refer to Page 5, “2. Management Policies.”

2. Management Policies

(1) Basic Management Policies

As aspirations the MS&AD Group endeavors to achieve, we have established “Our Mission,” “Our Vision” and “Our Values,” which are set out below.

Our Mission

To contribute to the development of a vibrant society and help secure a sound future for the earth, by bringing security and safety through the global insurance and financial services business.

Our Vision

To create a world-leading insurance and financial services group that continues to seek sustainable growth and to enhance enterprise value.

Our Values

CUSTOMER FOCUSED: We continuously strive to provide security and achieve customer satisfaction.
INTEGRITY: We are sincere, kind, fair and just in all our dealings with everyone.
TEAMWORK: We achieve mutual growth by respecting one another's individuality and opinions, and by sharing knowledge and ideas.
INNOVATION: We listen to our stakeholders and continuously seek ways to improve our work and business.
PROFESSIONALISM: We make continuous efforts to improve our skills and proficiency to provide high-quality services.

(2) Numerical Management Targets

As Group numerical management targets for demonstrating the performance of the Group as a whole, the Group earmarked consolidated net premiums written, Group Core Profit ^(Note 1), and Group ROE ^(Note 2), and forecasts for fiscal 2016 are shown below.

| | Results for the year ended March 31, 2016 | Forecasts for the year ending March 31, 2017 |
|-----------------------------------|--|---|
| Consolidated net premiums written | ¥3,078.9 billion | ¥3,445.0 billion |
| Group Core Profit | ¥147.5 billion | ¥196.0 billion |
| Group ROE | 5.2% | 6.9% |

* The figures shown for consolidated net premiums written are presented exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product “ModoRich”.

(Notes)

1. 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
2. Group ROE = Group Core Profit ÷ Consolidated net assets (excluding non-controlling interest; average of beginning and ending balances)

(3) Medium- to Long-term Management Strategies and Issues to Address

With concerns of an ongoing economic slowdown in certain emerging economies and the impact of falling crude oil prices, uncertainty regarding the future of the global economy is expected to increase. In the Japanese economy also, improvement in the employment and income environment is expected to continue on the back of various government policies, the economic outlook does not allow for optimism.

In the insurance industry, although the market is expected to gradually expand, uncertainty in the business environment is expected to prevail for the foreseeable future due to Japan's advancing low birthrate and aging along with the occurrence of large-scale natural disasters. The role of insurance companies are required to play will become increasingly important in responding to advances in ICT including the development of autonomous driving technologies.

Under these conditions, our Group aims to achieve growth and efficiency concurrently and will continue to further expand and enhance business base with the initiatives of Next Challenge 2017, our medium-term management plan, through reorganization by function and promotion of ERM. In short, in addition to implementing products, sales and marketing strategies with an eye to future changes in the environment, we will capitalize on the diversity of the group with its three non-life insurance companies and two life insurance companies and lay the foundations for supporting the sustainable growth of the Group. We will also further strengthen our corporate governance stance in efforts to further improve enterprise value. Finally, through these initiatives, we will create a world-leading insurance and financial services group with a global business reach.

3. Basic Stance for Adopting Accounting Standards

The Group is considering adopting International Financial Reporting Standards (IFRS) to improve international comparability of financial information for the capital market, and necessary actions such as information gathering and examination of introducing process have been conducted. Adoption date has not yet been determined, but it is expected to be decided following the progress in discussion of accounting standards for insurance contracts that are currently under consideration by International Accounting Standards Board and other factors.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Yen in millions)

| | March 31, 2015 | March 31, 2016 |
|---|-------------------|-------------------|
| Assets | | |
| Cash, deposits and savings | 631,141 | 1,083,838 |
| Call loans | 200,336 | 31,175 |
| Receivables under resale agreements | 36,497 | 29,999 |
| Receivables under securities borrowing transactions | 326,525 | 275,350 |
| Monetary claims bought | 102,636 | 125,785 |
| Money trusts | 541,881 | 828,097 |
| Investments in securities | 14,444,996 | 14,670,914 |
| Loans | 775,816 | 883,106 |
| Tangible fixed assets: | 478,631 | 477,799 |
| Land | 243,662 | 235,730 |
| Buildings | 199,791 | 204,263 |
| Lease assets | 3,393 | 2,848 |
| Construction in progress | 5,226 | 1,934 |
| Other tangible fixed assets | 26,557 | 33,022 |
| Intangible fixed assets: | 181,497 | 522,081 |
| Software | 74,760 | 82,529 |
| Goodwill | 82,944 | 204,055 |
| Lease assets | 52 | 25 |
| Other intangible fixed assets | 23,739 | 235,470 |
| Other assets | 923,712 | 1,251,615 |
| Assets for retirement benefits | 54,762 | 32,815 |
| Deferred tax assets | 40,851 | 45,871 |
| Customers' liabilities under acceptances and guarantees | 59,500 | 55,500 |
| Bad debt reserve | (10,741) | (10,300) |
| Total assets | 18,788,046 | 20,303,649 |
| Liabilities | | |
| Policy liabilities: | 13,839,481 | 15,283,850 |
| Outstanding claims | 1,491,004 | 1,967,518 |
| Underwriting reserves | 12,348,477 | 13,316,332 |
| Bonds issued | 226,188 | 349,841 |
| Other liabilities | 1,022,609 | 1,299,598 |
| Liabilities for pension and retirement benefits | 138,914 | 188,853 |
| Reserve for retirement benefits for officers | 953 | 796 |
| Accrued bonuses for employees | 23,961 | 33,589 |
| Reserves under the special laws: | 136,738 | 161,032 |
| Reserve for price fluctuation | 136,738 | 161,032 |
| Deferred tax liabilities | 303,036 | 205,312 |
| Acceptances and guarantees | 59,500 | 55,500 |
| Total liabilities | 15,751,383 | 17,578,374 |

(Yen in millions)

| | March 31, 2015 | March 31, 2016 |
|---|----------------|----------------|
| Net assets | | |
| Shareholders' equity: | | |
| Common stock | 100,000 | 100,000 |
| Capital surplus | 675,327 | 670,646 |
| Retained earnings | 490,329 | 628,562 |
| Treasury stock | (49,978) | (80,065) |
| Total shareholders' equity | 1,215,678 | 1,319,143 |
| Accumulated other comprehensive income/(loss): | | |
| Net unrealized gains/(losses) on investments in securities | 1,635,784 | 1,324,886 |
| Net deferred gains/(losses) on hedges | 32,140 | 40,113 |
| Foreign currency translation adjustments | 94,417 | 22,369 |
| Accumulated actuarial gains/(losses) on retirement benefits | 28,690 | (8,343) |
| Total accumulated other comprehensive income/(loss) | 1,791,033 | 1,379,024 |
| Non-controlling interests | 29,950 | 27,106 |
| Total net assets | 3,036,663 | 2,725,274 |
| Total liabilities and net assets | 18,788,046 | 20,303,649 |

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Yen in millions)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Ordinary income: | 4,689,658 | 5,013,038 |
| Underwriting income: | 3,871,177 | 4,606,563 |
| Net premiums written | 2,939,113 | 3,078,732 |
| Deposit premiums from policyholders | 138,799 | 116,225 |
| Investment income on deposit premiums from policyholders | 50,898 | 48,953 |
| Life insurance premiums | 721,705 | 1,356,334 |
| Reversal of outstanding claims | 1,375 | - |
| Other underwriting income | 19,285 | 6,317 |
| Investment income: | 803,435 | 389,582 |
| Interest and dividends income | 253,616 | 268,620 |
| Investment gains on money trusts | 89,065 | 2,879 |
| Gains on sales of securities | 157,175 | 144,405 |
| Gains on redemption of securities | 1,840 | 1,856 |
| Gains on derivative transactions | - | 17,237 |
| Investment gains on separate accounts | 350,206 | - |
| Other investment income | 2,429 | 3,536 |
| Transfer of investment income on deposit premiums from policyholders | (50,898) | (48,953) |
| Other ordinary income: | 15,044 | 16,892 |
| Gains on equity method investments | 1,302 | 2,245 |
| Other ordinary income | 13,742 | 14,646 |
| Ordinary expenses: | 4,402,596 | 4,721,460 |
| Underwriting expenses: | 3,760,218 | 3,904,219 |
| Net claims paid | 1,650,547 | 1,627,340 |
| Loss adjustment expenses | 156,147 | 161,666 |
| Commissions and collection expenses | 600,326 | 640,777 |
| Maturity refunds to policyholders | 303,288 | 293,137 |
| Dividends to policyholders | 858 | 1,015 |
| Life insurance claims | 346,127 | 396,259 |
| Provision for outstanding claims | - | 27,870 |
| Provision for underwriting reserves | 697,300 | 744,397 |
| Other underwriting expenses | 5,621 | 11,755 |
| Investment expenses: | 53,940 | 210,745 |
| Investment losses on money trusts | 109 | 19,168 |
| Losses on sales of securities | 6,507 | 9,896 |
| Impairment losses on securities | 5,164 | 17,946 |
| Losses on redemption of securities | 961 | 1,062 |
| Losses on derivative transactions | 6,342 | - |
| Investment losses on separate accounts | - | 76,153 |
| Other investment expenses | 34,853 | 86,518 |
| Operating expenses and general and administrative expenses | 577,998 | 590,839 |
| Other ordinary expenses: | 10,439 | 15,655 |
| Interest expense | 7,052 | 7,432 |
| Loss on bad debts | 40 | 170 |
| Amortization of deferred assets under Article 113 of the Insurance Business Act | 236 | 236 |
| Other ordinary expenses | 3,110 | 7,815 |
| Ordinary profit/(loss) | 287,061 | 291,578 |

(Yen in millions)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Extraordinary income: | 9,021 | 17,753 |
| Gains on sales of fixed assets | 9,021 | 2,771 |
| Other extraordinary gains | - | 14,982 |
| Extraordinary losses: | 76,260 | 52,238 |
| Losses on sales of fixed assets | 4,632 | 2,572 |
| Impairment losses on fixed assets | 1,944 | 10,129 |
| Provision for reserves under the special laws: | 69,684 | 24,293 |
| Provision for reserve for price fluctuation | 69,684 | 24,293 |
| Other extraordinary losses | - | 15,242 |
| Income/(loss) before income taxes | 219,822 | 257,094 |
| Income taxes - current | 28,836 | 62,816 |
| Income taxes - deferred | 53,132 | 12,466 |
| Total income taxes | 81,968 | 75,282 |
| Net income/(loss) | 137,853 | 181,811 |
| Net income/(loss) attributable to non-controlling interests | 1,606 | 294 |
| Net income/(loss) attributable to owners of the parent | 136,247 | 181,516 |

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Net income/(loss) | 137,853 | 181,811 |
| Other comprehensive income/(loss): | | |
| Net unrealized gains/(losses) on investments in securities | 581,217 | (308,774) |
| Net deferred gains/(losses) on hedges | 8,709 | 7,973 |
| Foreign currency translation adjustments | 53,878 | (67,259) |
| Accumulated actuarial gains/(losses) on retirement benefits | 18,427 | (36,989) |
| Share of other comprehensive income/(loss) of equity method investments | 7,885 | (9,877) |
| Total other comprehensive income/(loss) | 670,118 | (414,927) |
| Total comprehensive income/(loss) | 807,972 | (233,116) |
| Allocation: | | |
| Comprehensive income/(loss) attributable to owners of the parent | 805,117 | (230,492) |
| Comprehensive income/(loss) attributable to non-controlling interests | 2,854 | (2,623) |

(3) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Yen in millions)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Beginning balance | 100,000 | 682,752 | 385,295 | (29,903) | 1,138,144 |
| Cumulative effect of changing accounting policies | | (7,403) | 4,006 | | (3,396) |
| Beginning balance (adjusted) | 100,000 | 675,349 | 389,302 | (29,903) | 1,134,747 |
| Changes for the year: | | | | | |
| Dividends paid | | | (35,219) | | (35,219) |
| Net income/(loss) attributable to owners of the parent | | | 136,247 | | 136,247 |
| Repurchase of treasury stock | | | | (20,077) | (20,077) |
| Disposal of treasury stock | | 0 | | 2 | 2 |
| Changes in equity resulted from increase in capital of consolidated subsidiaries | | | | | - |
| Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests | | (21) | | | (21) |
| Put options granted to non-controlling interests | | | | | - |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes for the year | - | (21) | 101,027 | (20,074) | 80,931 |
| Ending balance | 100,000 | 675,327 | 490,329 | (49,978) | 1,215,678 |

| | Accumulated other comprehensive income/(loss) | | | | | Non-controlling interests | Total net assets |
|--|--|---------------------------------------|--|---|---|---------------------------|------------------|
| | Net unrealized gains/(losses) on investments in securities | Net deferred gains/(losses) on hedges | Foreign currency translation adjustments | Accumulated actuarial gains/(losses) on retirement benefits | Total accumulated other comprehensive income/(loss) | | |
| Beginning balance | 1,053,222 | 23,430 | 35,261 | 10,266 | 1,122,180 | 25,507 | 2,285,832 |
| Cumulative effect of changing accounting policies | | | | | - | | (3,396) |
| Beginning balance (adjusted) | 1,053,222 | 23,430 | 35,261 | 10,266 | 1,122,180 | 25,507 | 2,282,435 |
| Changes for the year: | | | | | | | |
| Dividends paid | | | | | | | (35,219) |
| Net income/(loss) attributable to owners of the parent | | | | | | | 136,247 |
| Repurchase of treasury stock | | | | | | | (20,077) |
| Disposal of treasury stock | | | | | | | 2 |
| Changes in equity resulted from increase in capital of consolidated subsidiaries | | | | | | | - |
| Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests | | | | | | | (21) |
| Put options granted to non-controlling interests | | | | | | | - |
| Net changes of items other than shareholders' equity | 582,562 | 8,709 | 59,156 | 18,423 | 668,853 | 4,442 | 673,295 |
| Total changes for the year | 582,562 | 8,709 | 59,156 | 18,423 | 668,853 | 4,442 | 754,227 |
| Ending balance | 1,635,784 | 32,140 | 94,417 | 28,690 | 1,791,033 | 29,950 | 3,036,663 |

For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Yen in millions)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Beginning balance | 100,000 | 675,327 | 490,329 | (49,978) | 1,215,678 |
| Cumulative effect of changing accounting policies | | | | | - |
| Beginning balance (adjusted) | 100,000 | 675,327 | 490,329 | (49,978) | 1,215,678 |
| Changes for the year: | | | | | |
| Dividends paid | | | (43,284) | | (43,284) |
| Net income/(loss) attributable to owners of the parent | | | 181,516 | | 181,516 |
| Repurchase of treasury stock | | | | (30,089) | (30,089) |
| Disposal of treasury stock | | 0 | | 2 | 3 |
| Changes in equity resulted from increase in capital of consolidated subsidiaries | | (566) | | | (566) |
| Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests | | (206) | | | (206) |
| Put options granted to non-controlling interests | | (3,908) | | | (3,908) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes for the year | - | (4,680) | 138,232 | (30,087) | 103,464 |
| Ending balance | 100,000 | 670,646 | 628,562 | (80,065) | 1,319,143 |

| | Accumulated other comprehensive income/(loss) | | | | | Non-controlling interests | Total net assets |
|--|--|---------------------------------------|--|---|---|---------------------------|------------------|
| | Net unrealized gains/(losses) on investments in securities | Net deferred gains/(losses) on hedges | Foreign currency translation adjustments | Accumulated actuarial gains/(losses) on retirement benefits | Total accumulated other comprehensive income/(loss) | | |
| Beginning balance | 1,635,784 | 32,140 | 94,417 | 28,690 | 1,791,033 | 29,950 | 3,036,663 |
| Cumulative effect of changing accounting policies | | | | | - | | - |
| Beginning balance (adjusted) | 1,635,784 | 32,140 | 94,417 | 28,690 | 1,791,033 | 29,950 | 3,036,663 |
| Changes for the year: | | | | | | | |
| Dividends paid | | | | | | | (43,284) |
| Net income/(loss) attributable to owners of the parent | | | | | | | 181,516 |
| Repurchase of treasury stock | | | | | | | (30,089) |
| Disposal of treasury stock | | | | | | | 3 |
| Changes in equity resulted from increase in capital of consolidated subsidiaries | | | | | | | (566) |
| Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests | | | | | | | (206) |
| Put options granted to non-controlling interests | | | | | | | (3,908) |
| Net changes of items other than shareholders' equity | (310,898) | 7,973 | (72,048) | (37,034) | (412,008) | (2,843) | (414,852) |
| Total changes for the year | (310,898) | 7,973 | (72,048) | (37,034) | (412,008) | (2,843) | (311,388) |
| Ending balance | 1,324,886 | 40,113 | 22,369 | (8,343) | 1,379,024 | 27,106 | 2,725,274 |

(4) Consolidated Statements of Cash Flows

| | (Yen in millions) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2015 | Year ended March 31, 2016 |
| Cash flows from operating activities: | | |
| Income/(loss) before income taxes | 219,822 | 257,094 |
| Depreciation | 47,635 | 43,746 |
| Impairment losses on fixed assets | 1,944 | 10,129 |
| Amortization of goodwill | 14,436 | 6,281 |
| Increase/(decrease) in outstanding claims | (446) | 29,336 |
| Increase/(decrease) in underwriting reserves | 690,272 | 737,163 |
| Increase/(decrease) in bad debt reserve | (10,038) | (4,170) |
| Increase/(decrease) in reserve for retirement benefits for officers | (167) | (156) |
| Increase/(decrease) in accrued bonuses for employees | 1,939 | (74) |
| Increase/(decrease) in liabilities for pension and retirement benefits | (642) | 1,521 |
| Increase/(decrease) in reserve for price fluctuation | 69,684 | 24,293 |
| Interest and dividends income | (253,616) | (268,620) |
| Losses/(gains) on money trusts | (88,941) | 16,337 |
| Losses/(gains) on investments in securities | (146,381) | (117,355) |
| Losses/(gains) on derivative transactions | 6,342 | (17,237) |
| Investment losses/(gains) on separate accounts | (350,206) | 76,153 |
| Interest expense | 7,052 | 7,432 |
| Foreign exchange losses/(gains) | 24,795 | 77,069 |
| Losses/(gains) on disposal of tangible fixed assets | (4,281) | (198) |
| Losses/(gains) on equity method investments | (1,302) | (2,245) |
| Decrease/(increase) in other assets | (38,598) | (12,290) |
| Increase/(decrease) in other liabilities | 72,236 | 53,871 |
| Others, net | (3,013) | (2,454) |
| Subtotal | 258,526 | 915,623 |
| Interest and dividends received | 406,187 | 413,020 |
| Interest paid | (7,044) | (7,315) |
| Income taxes refunded/(paid) | (29,485) | (30,310) |
| Net cash provided by/(used in) operating activities (a) | 628,184 | 1,291,017 |

| | (Yen in millions) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2015 | Year ended March 31, 2016 |
| Cash flows from investing activities: | | |
| Net decrease/(increase) in deposits and savings | 3,996 | (6,378) |
| Purchase of monetary claims bought | (5,998) | - |
| Proceeds from sales and redemption of monetary claims bought | 14,756 | 8,033 |
| Purchase of money trusts | (215,680) | (456,026) |
| Proceeds from sales of money trusts | 336,392 | 153,046 |
| Purchase of securities | (2,959,364) | (2,557,765) |
| Proceeds from sales and redemption of securities | 2,465,036 | 2,340,374 |
| Investments in loans | (220,142) | (350,336) |
| Collection of loans | 248,124 | 244,814 |
| Net increase/(decrease) in cash collateral under securities borrowing and lending transactions | 1,184 | 887 |
| Others, net | (35,300) | 23,955 |
| Subtotal (b) | (366,994) | (599,394) |
| (a + b) | 261,189 | 691,622 |
| Acquisition of tangible fixed assets | (22,809) | (22,016) |
| Proceeds from sales of tangible fixed assets | 13,599 | 5,021 |
| Acquisition of intangible fixed assets | (15,702) | (18,832) |
| Acquisition of subsidiaries resulting in changes in scope of consolidation | (17,271) | (574,189) |
| Net payments for sale of subsidiaries resulting in changes in scope of consolidation | - | (7,554) |
| Others, net | (1,493) | (1,013) |
| Net cash provided by/(used in) investing activities | (410,671) | (1,217,980) |
| Cash flows from financing activities: | | |
| Proceeds from borrowings | - | 436,767 |
| Repayments of borrowings | - | (240,000) |
| Issuance of bonds | - | 148,967 |
| Redemption of bonds | - | (70,000) |
| Repurchase of treasury stock | (20,077) | (30,089) |
| Dividends paid to shareholders | (35,189) | (43,242) |
| Dividends paid to non-controlling interests | (1,325) | (1,281) |
| Purchase of shares of subsidiaries not resulting in changes in scope of consolidation | - | (384) |
| Others, net | (2,349) | (1,660) |
| Net cash provided by/(used in) financing activities | (58,941) | 199,075 |
| Effect of exchange rate changes on cash and cash equivalents | 20,201 | (20,508) |
| Net increase/(decrease) in cash and cash equivalents | 178,771 | 251,605 |
| Beginning balance of cash and cash equivalents | 625,084 | 805,455 |
| Decrease in cash and cash equivalents due to exclusion from consolidation | - | (699) |
| Net increase/(decrease) in cash and cash equivalents due to merger of consolidated subsidiaries | 1,598 | 46 |
| Ending balance of cash and cash equivalents | 805,455 | 1,056,407 |

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable

(Changes in Accounting Policies which are Difficult to Distinguish from Changes in Accounting Estimates)

The Company and its domestic consolidated subsidiaries have changed the depreciation method of tangible fixed assets from the declining-balance method to the straight-line method since the current consolidated fiscal year. Previously, depreciation of tangible fixed assets held by the Company and its domestic consolidated subsidiaries was computed using the declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, to which the straight-line method was applied.

The Group, aiming to become one of the top global insurance and financial groups, has been endeavoring to enhance the efficiency of its business management as a group and expand its international business since April 1, 2010, when the Group was established. The Group has also moved forward with the reorganization by function as planned in “Next Challenge 2017” medium-term management plan, and most of the individual reorganization plans had been put in practice by the end of the previous fiscal year.

With the reorganization by function taking place, the Group reviewed its accounting policies including those applied by overseas subsidiaries and determined that it is more appropriate to adopt the straight-line depreciation method for tangible fixed assets for the following reasons:

- (a) After the reorganization by function, it is expected that tangible fixed assets held by the Company and its domestic consolidated subsidiaries will be used stably over their useful lives. Therefore, by adopting the straight-line method, in which an equal amount of expenses is recognized over useful lives of tangible fixed assets, it is considered that the actual usage of tangible fixed assets will be more appropriately reflected in profit and loss for each reporting period.
- (b) By adopting the straight-line method, the Group will be able to unify accounting policies applied by domestic consolidated subsidiaries with those applied by overseas consolidated subsidiaries that have been using the straight-line method, and be able to provide more useful financial information.

As a result of the change, ordinary profit and income before income taxes for the year ended March 31, 2016 respectively increased by ¥5,215 million, compared with the previous accounting method.

(Change in Presentation)

The Company has made a change in presentation of net income and presentation of minority interests to non-controlling interests in accordance with Paragraph 39 of the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 issued on September 13, 2013). The new presentation is also applied to the financial statements for the year ended March 31, 2015.

(Additional information)

(Adjustments to deferred tax assets and liabilities and others due to changes in income tax rates)

In accordance with the “Act for Partial Revision of the Income Tax Act, etc.” (Act No.15 of 2016) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No.13 of 2016) enacted by the Diet on March 29, 2016, the corporate and local tax rates will be reduced from the fiscal year commencing on or after April 1, 2016.

Accordingly, the statutory income tax rates to determine deferred tax assets and liabilities for temporary differences expected to reverse in the fiscal years commencing on April 1, 2016 and 2017, and those in the fiscal years commencing on or after April 1, 2018 are reduced from 28.8% to 28.2% and 27.9%, respectively.

The effect of this change was decreases in deferred tax assets of ¥699 million and deferred tax liabilities of ¥5,421 million and increases in net unrealized gains on investments in securities of ¥15,792 million and income tax – deferred of ¥11,478 million. As a result, net income attributable to owners of the parent decreased by ¥11,077 million.

(Notes to Segment Information)

a. Segment Information

1 Overview of reportable segments

The reportable segments are the units of MS&AD group (“the Group”) for which separate financial information is available and that are evaluated regularly by the board of directors in deciding allocation of resources and assessing their performance.

The Group's business domains comprise domestic non-life insurance business, domestic life insurance business, international business, financial services business and risk-related services business. Mitsui Sumitomo Insurance Co., Ltd. (“MSI”), Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”) and Mitsui Direct General Insurance Co., Ltd. (“Mitsui Direct General”) primarily operate domestic non-life insurance business, and Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“MSI Aioi Life”) and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“MSI Primary Life”) primarily operate domestic life insurance business. Domestic non-life insurance subsidiaries engage in international business, and overseas affiliated companies also develop insurance business in various foreign countries.

Segment information is presented based on the Group's business domains where the domestic life and non-life insurance businesses are further identified by each insurance company, resulting in six reportable segments that comprise the five domestic insurance companies and the international business (overseas insurance subsidiaries).

Each non-life insurance company underwrites fire and allied insurance, marine insurance, personal accident insurance, voluntary automobile insurance, compulsory automobile liability insurance and other non-life insurance products. Each life insurance company underwrites individual insurance, individual annuity insurance, group insurance and other life insurance products.

2 Methods of calculating revenues, net income or loss, assets, liabilities and other items by reportable segment

The accounting methods for reportable segments are substantially the same as those mentioned in “Significant Accounting Policies” of the Securities Report filed on June 22, 2015. Net income by segment is the amount based on net income of each company (after taking ownership interests into consideration).

Intersegment revenues and transfers are calculated based on prices used in transactions between the Company and independent third parties.

(Changes in depreciation method of tangible fixed assets)

As mentioned in “Changes in Accounting Policies which are Difficult to Distinguish from Changes in Accounting Estimates”, the Company and its domestic consolidated subsidiaries have changed the depreciation method of tangible fixed assets from the declining-balance method to the straight-line method since the current consolidated fiscal year. Previously, depreciation of tangible fixed assets held by the Company and its domestic consolidated subsidiaries was computed using the declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, to which the straight-line method was applied.

As a result of this change, net income by segment increased by ¥2,290 million at MSI, ¥1,549 million at ADI and ¥202 million at MSI Aioi Life, respectively. The impacts on the other segments are negligible.

3 Information on revenues, net income or loss, assets, liabilities and other items by reportable segment

For the year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Yen in millions)

| | Domestic non-life insurance business | | | Domestic life insurance business | |
|---|--------------------------------------|-----------|-----------------------|----------------------------------|------------------|
| | MSI | ADI | Mitsui Direct General | MSI Aioi Life | MSI Primary Life |
| Revenues: (Note 1) | | | | | |
| Revenues from transactions with external customers | 1,407,961 | 1,127,374 | 35,089 | 338,479 | 380,489 |
| Intersegment revenues or transfers | 36,214 | 33,492 | (36) | - | (6,893) |
| Total | 1,444,176 | 1,160,867 | 35,053 | 338,479 | 373,595 |
| Net income/(loss) by segment | 89,114 | 39,480 | (3,182) | 4,406 | 12,424 |
| Assets by segment | 6,790,021 | 3,470,706 | 46,408 | 3,009,263 | 4,662,032 |
| Other items: | | | | | |
| Depreciation | 24,603 | 16,623 | 781 | 2,827 | 1,217 |
| Amortization of goodwill | - | - | - | - | - |
| Interest and dividends income | 110,618 | 59,039 | 136 | 39,914 | 41,248 |
| Interest expense | 5,888 | 757 | - | 288 | 0 |
| Gains/(losses) on equity method investments | - | - | - | - | - |
| Extraordinary income: | 10,323 | 25,913 | - | 3 | - |
| Gains on sales of fixed assets | 8,523 | 313 | - | 3 | - |
| Transfer price of contracts under Reorganization by Function | 1,800 | 25,600 | - | - | - |
| Extraordinary losses: | 44,051 | 29,130 | 8 | 1,358 | 1,642 |
| Impairment losses on fixed assets | 1,400 | 1,614 | - | - | - |
| Provision for reserve for price fluctuation | 40,788 | 26,644 | 7 | 614 | 1,630 |
| Income taxes | 48,485 | 26,275 | 90 | 3,768 | 3,694 |
| Equity method investments | 143,292 | - | - | - | - |
| Increase in tangible fixed assets and intangible fixed assets | 30,032 | 12,268 | 903 | 17,557 | 1,986 |

(Yen in millions)

| | International business | Others (Note 2) | Total | Adjustments (Notes 3,4 and 5) | Amount on the consolidated financial statements (Note 6) |
|---|---------------------------------|--------------------|------------|----------------------------------|---|
| | Overseas insurance subsidiaries | | | | |
| Revenues: (Note 1) | | | | | |
| Revenues from transactions with external customers | 350,049 | 23,659 | 3,663,102 | (2,284) | 3,660,818 |
| Intersegment revenues or transfers | (54,046) | (8,453) | 277 | (277) | - |
| Total | 296,002 | 15,205 | 3,663,380 | (2,561) | 3,660,818 |
| Net income/(loss) by segment | 35,023 | 4,192 | 181,459 | (45,212) | 136,247 |
| Assets by segment | 1,364,854 | 45,905 | 19,389,193 | (601,146) | 18,788,046 |
| Other items: | | | | | |
| Depreciation | 2,767 | 390 | 49,211 | (1,576) | 47,635 |
| Amortization of goodwill | - | - | - | 14,436 | 14,436 |
| Interest and dividends income | 16,864 | 106 | 267,929 | (14,312) | 253,616 |
| Interest expense | 15 | 101 | 7,052 | 0 | 7,052 |
| Gains/(losses) on equity method investments | 6,790 | 529 | 7,320 | (6,018) | 1,302 |
| Extraordinary income: | 296 | 1 | 36,537 | (27,516) | 9,021 |
| Gains on sales of fixed assets | 296 | - | 9,136 | (114) | 9,021 |
| Transfer price of contracts under Reorganization by Function | - | - | 27,400 | (27,400) | - |
| Extraordinary losses: | 696 | 84 | 76,972 | (711) | 76,260 |
| Impairment losses on fixed assets | - | - | 3,015 | (1,071) | 1,944 |
| Provision for reserve for price fluctuation | - | - | 69,684 | - | 69,684 |
| Income taxes | 6,601 | (11) | 88,904 | (6,935) | 81,968 |
| Equity method investments | 1,398 | - | 144,690 | 4,701 | 149,391 |
| Increase in tangible fixed assets and intangible fixed assets | 4,153 | 1,035 | 67,936 | (26,218) | 41,717 |

(Notes)

- 1 “Revenues” represents net premiums written for non-life insurance business, life insurance premiums for life insurance business, ordinary income for other business, and the sum total of net premiums written and life insurance premiums for “Amount on the consolidated financial statements”.
- 2 “Others”, which is business segments not included in reportable segments, represents financial services business and risk-related services business operated by group companies other than domestic insurance companies, and domestic non-life insurance business operated by domestic non-life insurance subsidiaries which are not included in reportable segments.
- 3 “Adjustments” in “Revenues from transactions with external customers” represents the sum total of ordinary income items other than net premiums written and life insurance premiums for other business.
- 4 “Adjustments” in “Net income/(loss) by segment” includes elimination of intersegment transactions of ¥(22,019) million, companywide expenses not allocated to respective reportable segments of ¥(6,132) million and adjustments to profit and loss due to application of the purchase method to domestic insurance subsidiaries and amortization of goodwill of ¥(17,059) million. Most of the companywide expenses are expenses associated with the Company's administrative departments that do not belong to any reportable segments.
- 5 “Adjustments” in “Assets by segment” includes elimination of intersegment transactions of ¥(426,093) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements of ¥(235,804) million, companywide assets not allocated to respective reportable segments of ¥2,397 million, adjustments to assets due to application of the purchase method to domestic insurance subsidiaries and unamortized balance of goodwill not allocated to respective reportable segments of ¥58,353 million. The companywide assets are the Company's assets that do not belong to any reportable segments.
- 6 “Net income/(loss) by segment” is reconciled with net income attributable to owners of the parent on the consolidated financial statements.

For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Yen in millions)

| | Domestic non-life insurance business | | | Domestic life insurance business | |
|--|--------------------------------------|-----------|-----------------------|----------------------------------|------------------|
| | MSI | ADI | Mitsui Direct General | MSI Aioi Life | MSI Primary Life |
| Revenues: (Note 1) | | | | | |
| Revenues from transactions with external customers | 1,473,595 | 1,155,443 | 36,605 | 354,429 | 999,774 |
| Intersegment revenues or transfers | 33,561 | 36,646 | (33) | - | (9,679) |
| Total | 1,507,157 | 1,192,089 | 36,571 | 354,429 | 990,094 |
| Net income/(loss) by segment | 113,970 | 31,098 | (4,357) | 6,041 | 17,892 |
| Assets by segment | 6,786,590 | 3,418,516 | 51,086 | 3,229,031 | 5,191,230 |
| Other items: | | | | | |
| Depreciation | 21,106 | 13,921 | 930 | 3,221 | 1,526 |
| Amortization of goodwill | - | - | - | - | - |
| Interest and dividends income | 116,990 | 58,752 | 111 | 43,459 | 47,603 |
| Interest expense | 6,173 | 756 | - | 292 | 3 |
| Gains/(losses) on equity method investments | - | - | - | - | - |
| Extraordinary income | 1,782 | 3,717 | - | 0 | - |
| Extraordinary losses: | 13,567 | 23,946 | 18 | 735 | 13,327 |
| Impairment losses on fixed assets | 8,294 | 3,695 | - | - | - |
| Provision for reserve for price fluctuation | 3,613 | 6,641 | 7 | 703 | 13,326 |
| Costs associated with the implementation of the career/transition assistance measures such as special severance payments | - | 11,344 | - | - | - |
| Income taxes | 42,140 | 10,444 | 37 | 2,833 | 8,739 |
| Equity method investments | 158,588 | - | - | - | - |
| Increase in tangible fixed assets and intangible fixed assets | 12,632 | 14,885 | 1,146 | 4,589 | 1,627 |

(Yen in millions)

| | International business | Others (Note 2) | Total | Adjustments (Notes 3,4 and 5) | Amount on the consolidated financial statements (Note 6) |
|--|---------------------------------|--------------------|------------|----------------------------------|---|
| | Overseas insurance subsidiaries | | | | |
| Revenues: (Note 1) | | | | | |
| Revenues from transactions with external customers | 392,885 | 40,417 | 4,453,150 | (18,083) | 4,435,067 |
| Intersegment revenues or transfers | (53,872) | (6,621) | - | - | - |
| Total | 339,013 | 33,795 | 4,453,150 | (18,083) | 4,435,067 |
| Net income/(loss) by segment | 28,587 | 4,786 | 198,018 | (16,502) | 181,516 |
| Assets by segment | 2,555,462 | 59,800 | 21,291,718 | (988,069) | 20,303,649 |
| Other items: | | | | | |
| Depreciation | 4,485 | 500 | 45,692 | (1,945) | 43,746 |
| Amortization of goodwill | - | - | - | 6,281 | 6,281 |
| Interest and dividends income | 20,244 | 114 | 287,277 | (18,656) | 268,620 |
| Interest expense | 185 | 20 | 7,432 | 0 | 7,432 |
| Gains/(losses) on equity method investments | 6,859 | 1,121 | 7,980 | (5,734) | 2,245 |
| Extraordinary income | 30 | - | 5,531 | 12,222 | 17,753 |
| Extraordinary losses: | 1,227 | 20 | 52,844 | (606) | 52,238 |
| Impairment losses on fixed assets | 485 | - | 12,475 | (2,345) | 10,129 |
| Provision for reserve for price fluctuation | - | - | 24,293 | - | 24,293 |
| Costs associated with the implementation of the career/transition assistance measures such as special severance payments | - | - | 11,344 | - | 11,344 |
| Income taxes | 6,135 | 146 | 70,477 | 4,805 | 75,282 |
| Equity method investments | 2,758 | - | 161,347 | (15,463) | 145,883 |
| Increase in tangible fixed assets and intangible fixed assets | 7,156 | 868 | 42,907 | 32 | 42,939 |

(Notes)

- 1 “Revenues” represents net premiums written for non-life insurance business, life insurance premiums for life insurance business, ordinary income for other business, and the sum total of net premiums written and life insurance premiums for “Amount on the consolidated financial statements”.
- 2 “Others”, which is business segments not included in reportable segments, represents financial services business and risk-related services business operated by group companies other than domestic insurance companies, and domestic non-life insurance business operated by domestic non-life insurance subsidiaries which are not included in reportable segments.
- 3 “Adjustments” in “Revenues from transactions with external customers” represents the sum total of ordinary income items other than net premiums written and life insurance premiums for other business.
- 4 “Adjustments” in “Net income/(loss) by segment” includes elimination of intersegment transactions of ¥(13,525) million, companywide expenses not allocated to respective reportable segments of ¥(6,486) million and adjustments to profit and loss due to application of the purchase method to domestic insurance subsidiaries and amortization of goodwill of ¥3,509 million. Most of the companywide expenses are expenses associated with the Company's administrative departments that do not belong to any reportable segments.
- 5 “Adjustments” in “Assets by segment” includes elimination of intersegment transactions of ¥(1,034,570) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements of ¥(296,148) million, companywide assets not allocated to respective reportable segments of ¥2,760 million, adjustments to assets due to application of the purchase method to domestic insurance subsidiaries and unamortized balance of goodwill not allocated to respective reportable segments of ¥339,889 million. The companywide assets are the Company's assets that do not belong to any reportable segments.
- 6 “Net income/(loss) by segment” is reconciled with net income attributable to owners of the parent on the consolidated financial statements.
- 7 Segment Information for the year ended March 31, 2015 is disclosed based on the amounts reflecting the reviewed allocation of acquisition costs due to the finalization of the provisional accounting treatment of the business combination.

b. Related information

For the year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

1 Information by product and service

(Yen in millions)

| | Fire and allied | Marine | Personal accident | Voluntary automobile | Compulsory automobile liability | Other | Total |
|----------------------|-----------------|---------|-------------------|----------------------|---------------------------------|---------|-----------|
| Net premiums written | 425,881 | 103,389 | 230,991 | 1,438,002 | 348,356 | 392,491 | 2,939,113 |

(Yen in millions)

| | Individual | Individual Annuity | Group | Group Annuity | Other | Total |
|-------------------------|------------|--------------------|--------|---------------|-------|---------|
| Life insurance premiums | 780,510 | (76,420) | 17,600 | 9 | 5 | 721,705 |

2 Information by geographic area

(1) Revenues

(Yen in millions)

| | Japan | Overseas | Total |
|-------------------------|-----------|----------|-----------|
| Net premiums written | 2,533,062 | 406,050 | 2,939,113 |
| Life insurance premiums | 718,969 | 2,736 | 721,705 |

(Note) Revenues are classified into “Japan” or “Overseas” in line with the classification used for management purpose based on locations of policyholders.

(2) Tangible fixed assets

Since tangible fixed assets located in Japan constitute more than 90 percent of total tangible fixed assets on the consolidated balance sheet, information on tangible fixed assets by geographic area is not disclosed.

3 Information by major customer

Not applicable

For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

1 Information by product and service

(Yen in millions)

| | Fire and allied | Marine | Personal accident | Voluntary automobile | Compulsory automobile liability | Other | Total |
|----------------------|-----------------|---------|-------------------|----------------------|---------------------------------|---------|-----------|
| Net premiums written | 471,476 | 106,108 | 218,487 | 1,495,339 | 357,639 | 429,680 | 3,078,732 |

(Yen in millions)

| | Individual | Individual Annuity | Group | Group Annuity | Other | Total |
|-------------------------|------------|--------------------|--------|---------------|-------|-----------|
| Life insurance premiums | 1,285,287 | 51,781 | 19,254 | 3 | 7 | 1,356,334 |

2 Information by geographic area

(1) Revenues

(Yen in millions)

| | Japan | Overseas | Total |
|-------------------------|-----------|----------|-----------|
| Net premiums written | 2,628,344 | 450,387 | 3,078,732 |
| Life insurance premiums | 1,354,203 | 2,131 | 1,356,334 |

(Note) Revenues are classified into “Japan” or “Overseas” in line with the classification used for management purpose based on locations of policyholders.

(2) Tangible fixed assets

Since tangible fixed assets located in Japan constitute more than 90 percent of total tangible fixed assets on the consolidated balance sheet, information on tangible fixed assets by geographic area is not disclosed.

3 Information by major customer

Not applicable

c. Information on impairment losses on fixed assets by reportable segment

Information on impairment losses on fixed assets by reportable segment is included in “a. Segment Information, 3 Information on revenues, net income or loss, assets, liabilities and other items by reportable segment”.

d. Information on amortization of goodwill and unamortized balance of goodwill by reportable segment

For the year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Yen in millions)

| | ADI | Mitsui Direct General | Overseas insurance subsidiaries | Total |
|---|--------|-----------------------|---------------------------------|--------|
| Amortization of goodwill for the year | 1,630 | 8,429 | 4,376 | 14,436 |
| Unamortized balance of goodwill at the year-end | 24,453 | - | 58,490 | 82,944 |

- (Notes) 1. In “a. Segment Information, 3 Information on revenues, net income or loss, assets, liabilities and other items by reportable segment”, amortization of goodwill is not included in each segment of “Net income/(loss) by segment”, and unamortized balance of goodwill to be recognized through the consolidation process (except for goodwill included in assets of consolidated subsidiaries) is not included in each segment of “Assets by segment”.
2. “Amortization of goodwill for the year” in “Mitsui Direct General” includes the goodwill amortized in accordance with Paragraph 32 of the Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements (JICPA Accounting Practice Committee Statement No.7).

For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Yen in millions)

| | ADI | Mitsui Direct General | Overseas insurance subsidiaries | Total |
|---|--------|-----------------------|---------------------------------|---------|
| Amortization of goodwill for the year | 1,630 | - | 4,650 | 6,281 |
| Unamortized balance of goodwill at the year-end | 22,823 | - | 181,231 | 204,055 |

- (Notes) 1. In “a. Segment Information, 3 Information on revenues, net income or loss, assets, liabilities and other items by reportable segment”, amortization of goodwill is not included in each segment of “Net income/(loss) by segment”, and unamortized balance of goodwill to be recognized through the consolidation process (except for goodwill included in assets of consolidated subsidiaries) is not included in each segment of “Assets by segment”.
2. “Unamortized balance of goodwill at the year-end” for the year ended March 31, 2015 is disclosed based on the amounts reflecting the reviewed allocation of acquisition costs due to the finalization of the provisional accounting treatment of the business combination.

e. Information on gains on negative goodwill by reportable segment

Not applicable

(Notes to Investments in Securities)

1 Trading securities

(Yen in millions)

| | March 31, 2015 | March 31, 2016 |
|---|----------------|----------------|
| Valuation differences included in profit or loss for the year | 198,105 | (220,437) |

2 Held-to-maturity securities**March 31, 2015**

(Yen in millions)

| Type | | Carrying amount | Fair value | Difference |
|---|------------------|-----------------|------------|------------|
| Securities whose fair value exceeds the carrying amount | Domestic bonds | 872,781 | 977,126 | 104,345 |
| | Other securities | - | - | - |
| | Subtotal | 872,781 | 977,126 | 104,345 |
| Securities whose fair value does not exceed the carrying amount | Domestic bonds | 37,588 | 37,518 | (70) |
| | Other securities | 14,251 | 14,251 | - |
| | Subtotal | 51,840 | 51,769 | (70) |
| Total | | 924,621 | 1,028,896 | 104,275 |

(Note) "Other securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

March 31, 2016

(Yen in millions)

| Type | | Carrying amount | Fair value | Difference |
|---|------------------|-----------------|------------|------------|
| Securities whose fair value exceeds the carrying amount | Domestic bonds | 1,055,060 | 1,292,794 | 237,734 |
| | Other securities | - | - | - |
| | Subtotal | 1,055,060 | 1,292,794 | 237,734 |
| Securities whose fair value does not exceed the carrying amount | Domestic bonds | 1,193 | 1,190 | (3) |
| | Other securities | 13,675 | 13,675 | - |
| | Subtotal | 14,869 | 14,866 | (3) |
| Total | | 1,069,930 | 1,307,661 | 237,731 |

(Note) "Other securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

3 Debt securities earmarked for underwriting reserves

March 31, 2015

(Yen in millions)

| Type | | Carrying amount | Fair value | Difference |
|---|--------------------|-----------------|------------|------------|
| Securities whose fair value exceeds the carrying amount | Domestic bonds | - | - | - |
| | Foreign securities | 923,452 | 1,023,145 | 99,693 |
| | Subtotal | 923,452 | 1,023,145 | 99,693 |
| Securities whose fair value does not exceed the carrying amount | Domestic bonds | - | - | - |
| | Foreign securities | 8,863 | 8,778 | (84) |
| | Subtotal | 8,863 | 8,778 | (84) |
| Total | | 932,316 | 1,031,924 | 99,608 |

March 31, 2016

(Yen in millions)

| Type | | Carrying amount | Fair value | Difference |
|---|--------------------|-----------------|------------|------------|
| Securities whose fair value exceeds the carrying amount | Domestic bonds | 66,067 | 79,336 | 13,268 |
| | Foreign securities | 997,043 | 1,062,016 | 64,972 |
| | Subtotal | 1,063,111 | 1,141,352 | 78,241 |
| Securities whose fair value does not exceed the carrying amount | Domestic bonds | 1,700 | 1,699 | (0) |
| | Foreign securities | 29,441 | 29,174 | (266) |
| | Subtotal | 31,141 | 30,874 | (266) |
| Total | | 1,094,252 | 1,172,227 | 77,974 |

4 Available-for-sale securities
March 31, 2015

(Yen in millions)

| Type | | Carrying amount | Cost | Difference |
|---|--------------------|-----------------|-----------|------------|
| Securities whose carrying amount exceeds the cost | Domestic bonds | 4,358,320 | 4,086,543 | 271,776 |
| | Domestic stocks | 3,023,028 | 1,206,153 | 1,816,874 |
| | Foreign securities | 1,560,772 | 1,373,502 | 187,270 |
| | Other securities | 84,350 | 71,716 | 12,634 |
| | Subtotal | 9,026,471 | 6,737,915 | 2,288,556 |
| Securities whose carrying amount does not exceed the cost | Domestic bonds | 221,382 | 222,188 | (806) |
| | Domestic stocks | 40,340 | 44,539 | (4,199) |
| | Foreign securities | 394,327 | 400,293 | (5,965) |
| | Other securities | 63,946 | 63,953 | (6) |
| | Subtotal | 719,997 | 730,975 | (10,978) |
| Total | | 9,746,468 | 7,468,890 | 2,277,577 |

(Notes)

- 1 Available-for-sale securities without practically determinable fair value are not included in the above table.
- 2 “Other securities” includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.

March 31, 2016

(Yen in millions)

| Type | | Carrying amount | Cost | Difference |
|---|--------------------|-----------------|-----------|------------|
| Securities whose carrying amount exceeds the cost | Domestic bonds | 4,350,184 | 3,935,096 | 415,088 |
| | Domestic stocks | 2,342,292 | 1,034,275 | 1,308,016 |
| | Foreign securities | 1,443,361 | 1,309,574 | 133,786 |
| | Other securities | 75,444 | 66,303 | 9,140 |
| | Subtotal | 8,211,282 | 6,345,250 | 1,866,032 |
| Securities whose carrying amount does not exceed the cost | Domestic bonds | 63,593 | 63,870 | (277) |
| | Domestic stocks | 143,756 | 159,324 | (15,568) |
| | Foreign securities | 587,526 | 599,139 | (11,613) |
| | Other securities | 108,839 | 109,002 | (162) |
| | Subtotal | 903,715 | 931,336 | (27,621) |
| Total | | 9,114,998 | 7,276,587 | 1,838,410 |

(Notes)

- 1 Available-for-sale securities without practically determinable fair value are not included in the above table.
- 2 “Other securities” includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.

5 Debt securities earmarked for underwriting reserves sold during the year
For the year ended March, 2015 (From April 1, 2014 to March 31, 2015)

(Yen in millions)

| Type | Total proceeds from sales | Gross gains on sales | Gross losses on sales |
|--------------------|------------------------------|-------------------------|--------------------------|
| Foreign securities | 332,945 | 34,265 | - |

For the year ended March, 2016 (From April 1, 2015 to March 31, 2016)

(Yen in millions)

| Type | Total proceeds from sales | Gross gains on sales | Gross losses on sales |
|--------------------|------------------------------|-------------------------|--------------------------|
| Foreign securities | 186,353 | 14,267 | 351 |

6 Available-for-sale securities sold during the year

For the year ended March, 2015 (From April 1, 2014 to March 31, 2015)

(Yen in millions)

| Type | Total proceeds from sales | Gross gains on sales | Gross losses on sales |
|--------------------|------------------------------|-------------------------|--------------------------|
| Domestic bonds | 511,768 | 3,750 | 192 |
| Domestic stocks | 185,976 | 99,995 | 2,029 |
| Foreign securities | 417,633 | 19,165 | 4,286 |
| Other securities | 0 | - | 0 |
| Total | 1,115,378 | 122,910 | 6,507 |

For the year ended March, 2016 (From April 1, 2015 to March 31, 2016)

(Yen in millions)

| Type | Total proceeds from sales | Gross gains on sales | Gross losses on sales |
|--------------------|------------------------------|-------------------------|--------------------------|
| Domestic bonds | 631,130 | 5,029 | 277 |
| Domestic stocks | 202,168 | 110,445 | 1,518 |
| Foreign securities | 475,074 | 14,661 | 7,749 |
| Other securities | 10,000 | 0 | 0 |
| Total | 1,318,373 | 130,137 | 9,545 |

7 Securities on which impairment losses were recognized

For the year ended March 31, 2015, the Company and its consolidated subsidiaries recognized impairment losses of ¥627 million on Available-for-sale securities with practically determinable fair value (comprised of ¥66 million on Domestic stocks, ¥560 million on Foreign securities and ¥0 million on Other securities) and ¥4,476 million on Available-for-sale securities without practically determinable fair value (comprised of ¥86 million on Domestic stocks, ¥3,115 million on Foreign securities and ¥1,275 million on Other securities).

For the year ended March 31, 2016, the Company and its consolidated subsidiaries recognized impairment losses of ¥17,440 million on Available-for-sale securities with practically determinable fair value (comprised of ¥16,088 million on Domestic stocks and ¥1,351 million on Foreign securities) and ¥506 million on Available-for-sale securities without practically determinable fair value (comprised of ¥371 million on Domestic stocks, ¥133 million on Foreign securities and ¥1 million on Other securities).

In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.

(Notes to Derivative Financial Instruments)

1 Derivative transactions to which hedge accounting is not applied

(1) Currency-related derivatives

March 31, 2015

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|------------------|------------------------------------|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| OTC transactions | Foreign exchange forward contracts | | | | |
| | Short | 29,060 | - | (366) | (366) |
| | Long | 21,236 | - | 257 | 257 |
| Total | | - | - | (109) | (109) |

(Note) Calculation method of fair value

Fair value is determined based on forward exchange rates.

March 31, 2016

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|---------------------|------------------------------------|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| Market transactions | Currency future option contracts | | | | |
| | Short | 17,781 | - | (0) | 3 |
| | Long | 5,966 | - | 8 | 0 |
| OTC transactions | Foreign exchange forward contracts | | | | |
| | Short | 224,421 | - | (1,075) | (1,075) |
| | Long | 178,586 | - | (1,653) | (1,653) |
| | Currency options | | | | |
| | Short | 30,203 | - | (77) | 230 |
| | Long | 31,757 | - | 167 | (235) |
| Total | | - | - | (2,629) | (2,730) |

(Notes) Calculation method of fair value

- 1 Fair value of currency future option contracts is determined based on closing prices in principal markets.
- 2 Fair value of foreign exchange forward contracts is determined based on forward exchange rates.
- 3 Fair value of currency options is determined based on prices obtained from counterparty financial institutions.

(2) Interest rate-related derivatives**March 31, 2015**

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|------------------|-----------------------------|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| OTC transactions | Interest rate swaps | | | | |
| | Receive fixed, pay floating | 160,151 | 144,151 | 7,983 | 7,983 |
| | Receive floating, pay fixed | 37,720 | 21,720 | (104) | (104) |
| | Interest rate options | | | | |
| | Swaption | | | | |
| | Long | 15,000 | - | 6 | (45) |
| Total | | - | - | 7,885 | 7,832 |

(Notes) Calculation method of fair value

- 1 Fair value of interest rate swaps is measured at present values of estimated future cash flows discounted at interest rates at the year-end or determined based on prices obtained from counterparty financial institutions.
- 2 Fair value of interest rate options is determined based on the option pricing models.

March 31, 2016

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|------------------|-----------------------------|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| OTC transactions | Interest rate swaps | | | | |
| | Receive fixed, pay floating | 222,500 | 216,500 | 24,854 | 24,854 |
| | Receive floating, pay fixed | 30,220 | 24,220 | (937) | (937) |
| Total | | - | - | 23,916 | 23,916 |

(Note) Calculation method of fair value

Fair value is measured at present values of estimated future cash flows discounted at interest rates at the year-end or determined based on prices obtained from counterparty financial institutions.

(3) Equity-related derivatives**March 31, 2015**

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|---------------------|-------------------------------|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| Market transactions | Equity index future contracts | | | | |
| | Short | 31,559 | - | (647) | (647) |
| | Equity index options | | | | |
| | Short | 509 | - | (8) | 0 |
| Total | | - | - | (655) | (647) |

(Note) Calculation method of fair value

Fair value is determined based on closing prices in principal markets.

March 31, 2016

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|---------------------|-------------------------------|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| Market transactions | Equity index future contracts | | | | |
| | Short | 111,289 | - | (218) | (218) |
| | Equity index options | | | | |
| | Short | 79 | - | (0) | 0 |
| Total | | - | - | (218) | (218) |

(Note) Calculation method of fair value

Fair value is determined based on closing prices in principal markets.

(4) Bond-related derivatives**March 31, 2015**

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|---------------------|-----------------------|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| Market transactions | Bond future contracts | | | | |
| | Short | 98,042 | - | (424) | (424) |
| Total | | - | - | (424) | (424) |

(Note) Calculation method of fair value

Fair value is determined based on closing prices in principal markets.

March 31, 2016

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|---------------------|------------------------------|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| Market transactions | Bond future contracts | | | | |
| | Short | 255,770 | - | (168) | (168) |
| | Long | 2,690 | - | - | - |
| | Bond future option contracts | | | | |
| | Short | 263 | - | (2) | (1) |
| | Long | 1,317 | - | 3 | 1 |
| Total | | - | - | (167) | (167) |

(Note) Calculation method of fair value

Fair value is determined based on closing prices in principal markets.

(5) Credit-related derivatives**March 31, 2015**

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|------------------|---------------------------------------|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| OTC transactions | Credit derivatives Sell protection | 120,723 | 76,420 | 843 | 843 |
| Total | | - | - | 843 | 843 |

(Notes)

1 Calculation method of fair value

Fair value is determined based on the pricing models by considering factors such as prices and duration of the underlying contracts or based on prices obtained from counterparty financial institutions.

2 “Sell protection” represents transactions where the Group takes credit risks from counterparties.

March 31, 2016

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|------------------|---------------------------------------|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| OTC transactions | Credit derivatives Sell protection | 75,521 | 49,507 | 394 | 394 |
| Total | | - | - | 394 | 394 |

(Notes)

1 Calculation method of fair value

Fair value is determined based on the pricing models by considering factors such as prices and duration of the underlying contracts or based on prices obtained from counterparty financial institutions.

2 “Sell protection” represents transactions where the Group takes credit risks from counterparties.

(6) Others
March 31, 2015

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|------------------|---|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| OTC transactions | Weather derivatives | | | | |
| | Short | 287 | - | (11) | 7 |
| | Long | 287 | - | 11 | (5) |
| | Natural disaster derivatives | | | | |
| | Short | 29,298 | 6,517 | (643) | 1,304 |
| | Long | 26,789 | 6,191 | 379 | (966) |
| | Others | | | | |
| | Short | 383 | 126 | 24 | 24 |
| | Long | 476 | 126 | (24) | (24) |
| | Contracts of underwriting comprehensive risks | - | - | (433) | (433) |
| Total | | - | - | (697) | (94) |

(Note) Calculation method of fair value

Fair value is determined based on the option pricing models except for fair value of contracts of underwriting comprehensive risks which is determined based on prices obtained from counterparties.

March 31, 2016

(Yen in millions)

| Category | Type | Notional amount | | Fair value | Valuation gains/(losses) |
|------------------|---|-----------------|-------------|------------|--------------------------|
| | | Total | Over 1 year | | |
| OTC transactions | Weather derivatives | | | | |
| | Short | 232 | - | (9) | 9 |
| | Long | 232 | - | 9 | (7) |
| | Natural disaster derivatives | | | | |
| | Short | 27,664 | 12,517 | (648) | 711 |
| | Long | 58,801 | 45,254 | 496 | (325) |
| | Others | | | | |
| | Short | 5,781 | 126 | (35) | (35) |
| | Long | 126 | 126 | (0) | (0) |
| | Contracts of underwriting comprehensive risks | - | - | (1,042) | (1,042) |
| Total | | - | - | (1,230) | (690) |

(Note) Calculation method of fair value

Fair value is determined based on the option pricing models except for fair value of contracts of underwriting comprehensive risks which is determined based on prices obtained from counterparties.

2 Derivative transactions to which hedge accounting is applied

(1) Currency-related derivatives

March 31, 2015

(Yen in millions)

| Hedge accounting method | Type | Main hedged item | Notional amount | | Fair value |
|-------------------------|------------------------------------|-------------------------------|-----------------|-------------|------------|
| | | | Total | Over 1 year | |
| Allocation method | Currency swaps | Foreign currency bonds issued | 106,191 | 106,191 | (Note 2) |
| Fair value hedge method | Foreign exchange forward contracts | | | | |
| | Short | Available-for-sale securities | 492,433 | - | (8,417) |
| Total | | | - | - | (8,417) |

(Notes)

1 Calculation method of fair value

(1) Fair value of currency swaps is measured at present discounted values.

(2) Fair value of foreign exchange forward contracts is determined based on forward exchange rates.

2 Fair value of derivative financial instruments to which the allocation method is applied is not disclosed as it is included in fair value of the hedged items.

March 31, 2016

(Yen in millions)

| (Per in millions) | | | | | |
|-----------------------------|------------------------------------|---------------------------------|-----------------|-------------|------------|
| Hedge accounting method | Type | Main hedged item | Notional amount | | Fair value |
| | | | Total | Over 1 year | |
| Allocation method | Currency swaps | Foreign currency bonds issued | 106,191 | 106,191 | (Note 2) |
| Fair value hedge method | Foreign exchange forward contracts | | | | |
| | Short | Available-for-sale securities | 505,818 | - | 12,649 |
| Fair value hedge method | Foreign exchange forward contracts | | | | |
| | Short | Foreign currency deposits | 14,519 | - | 489 |
| Net investment hedge method | Currency options | | | | |
| | Short | Net investments in subsidiaries | 146,357 | - | (1,998) |
| Long | 144,658 | | - | 721 | |
| Total | | | - | - | 11,862 |

(Notes)

1 Calculation method of fair value

(1) Fair value of currency swaps is measured at present discounted values.

(2) Fair value of foreign exchange forward contracts is determined based on forward exchange rates.

(3) Fair value of currency options is determined based on prices obtained from counterparty financial institutions.

2 Fair value of derivative financial instruments to which the allocation method is applied is not disclosed as it is included in fair value of the hedged items.

(2) Interest rate-related derivatives

March 31, 2015

(Yen in millions)

| Hedge accounting method | Type | Main hedged item | Notional amount | | Fair value |
|-------------------------|--|-----------------------|-----------------|-------------|------------|
| | | | Total | Over 1 year | |
| Deferred hedge method | Interest rate swaps Receive floating, pay fixed | Borrowings | 50,000 | 50,000 | (46) |
| | Interest rate swaps Receive fixed, pay floating | Insurance liabilities | 259,600 | 259,600 | 40,258 |
| | Total | | - | - | 40,211 |

(Note) Calculation method of fair value

Fair value is measured at present values of estimated future cash flows discounted at interest rates at the year-end.

March 31, 2016

(Yen in millions)

| Hedge accounting method | Type | Main hedged item | Notional amount | | Fair value |
|-------------------------|--|-----------------------|-----------------|-------------|------------|
| | | | Total | Over 1 year | |
| Deferred hedge method | Interest rate swaps Receive floating, pay fixed | Borrowings | 50,000 | 50,000 | (266) |
| | Interest rate swaps Receive fixed, pay floating | Insurance liabilities | 194,900 | 194,900 | 40,436 |
| | Total | | - | - | 40,169 |

(Note) Calculation method of fair value

Fair value is measured at present values of estimated future cash flows discounted at interest rates at the year-end.

(3) Interest rate and currency -related derivatives

March 31, 2015

Not applicable

March 31, 2016

(Yen in millions)

| Hedge accounting method | Type | Main hedged item | Notional amount | | Fair value |
|--|--|-----------------------------|-----------------|-------------|------------|
| | | | Total | Over 1 year | |
| Integral treatment for interest rate and currency swaps (exceptional method and allocation method) | Interest rate and currency swaps | Foreign currency borrowings | | | |
| | Receive floating, pay fixed Receive U.S. dollars, pay yen | | 116,767 | 116,767 | (Note 2) |
| Total | | | - | - | (Note 2) |

(Notes)

1 Calculation method of fair value

Fair value is measured at present discounted values.

2 Fair value of derivative financial instruments to which the Integral treatment for interest rate and currency swaps is applied is not disclosed as it is included in fair value of the hedged items.

(4) Equity-related derivatives**March 31, 2015**

(Yen in millions)

| (Per millions) | | | | | |
|-------------------------|--------------------------|-------------------------------|-----------------|-------------|------------|
| Hedge accounting method | Type | Main hedged item | Notional amount | | Fair value |
| | | | Total | Over 1 year | |
| Fair value hedge method | Equity forward contracts | Available-for-sale securities | 17,513 | - | (1,991) |
| | Short | | | | |
| Total | | | - | - | (1,991) |

(Note) Calculation method of fair value

Fair value is determined based on prices obtained from counterparty financial institutions.

March 31, 2016

(Yen in millions)

| (in millions) | | | | | |
|-------------------------|--------------------------|-------------------------------|-----------------|-------------|------------|
| Hedge accounting method | Type | Main hedged item | Notional amount | | Fair value |
| | | | Total | Over 1 year | |
| Fair value hedge method | Equity forward contracts | Available-for-sale securities | 19,265 | - | 779 |
| | Short | | | | |
| Total | | | - | - | 779 |

(Note) Calculation method of fair value

Fair value is determined based on prices obtained from counterparty financial institutions.

(Notes to Per Share Information)

(Yen)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Net assets less non-controlling interests per share | 4,911.40 | 4,469.58 |
| Net income/(loss) attributable to owners of the parent per share | 221.34 | 298.72 |

(Notes)

- 1 Since there was no potential dilution, diluted net income/(loss) attributable to owners of the parent per share is not disclosed.
- 2 The bases for calculation of net income/(loss) attributable to owners of the parent per share are as follows.

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Net income/(loss) attributable to owners of the parent (Yen in millions) | 136,247 | 181,516 |
| Net income/(loss) attributable to owners of the parent not attributable to common shareholders (Yen in millions) | - | - |
| Net income/(loss) attributable to owners of the parent attributable to common stock (Yen in millions) | 136,247 | 181,516 |
| Average number of shares of outstanding stock (in thousands of shares) | 615,548 | 607,639 |

- 3 The bases for calculation of net assets less non-controlling interests per share are as follows.

| | March 31, 2015 | March 31, 2016 |
|---|----------------|----------------|
| Total net assets (Yen in millions) | 3,036,663 | 2,725,274 |
| Amounts deducted from net assets: (Yen in millions) | 29,950 | 27,106 |
| Non-controlling interests (Yen in millions) | 29,950 | 27,106 |
| Net assets attributable to common stock (Yen in millions) | 3,006,712 | 2,698,168 |
| Number of shares of outstanding stock to calculate net assets less non-controlling interests per share (in thousands of shares) | 612,190 | 603,672 |

(Note) Net assets less non-controlling interests per share as of March 31, 2015 is calculated based on the amounts reflecting the reviewed allocation of acquisition costs due to the finalization of the provisional accounting treatment of the business combination.

(Notes to Significant Subsequent Events)

Not applicable