

Advancing with you

MS&AD

INSURANCE GROUP

Acquisition of First Capital Insurance, Singapore's Commercial Property and Casualty Insurer

Global Partnership Between Mitsui Sumitomo Insurance and Fairfax

August 24, 2017

MS&AD Group Overview

Holding company

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

Domestic Non-Life

MS&AD Mitsui Sumitomo Insurance



MS&AD Aioi Nissay Dowa Insurance



MS&AD Mitsui Direct General Insurance

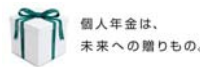


Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance



MS&AD Mitsui Sumitomo Primary Life Insurance



International

Overseas Subsidiaries

Financial Services

Risk-Related Services

Abbreviations of company names used in this presentation.

- MS&AD Holdings : MS&AD Insurance Group Holdings, Inc.
- MS&AD : MS&AD Insurance Group
- MSI : Mitsui Sumitomo Insurance Co., Ltd.
- Aioi : Aioi Insurance Co., Ltd.
- NDI : Nissay Dowa General Insurance Co., Ltd.
- ADI : Aioi Nissay Dowa Insurance Co., Ltd.
- Mitsui Direct General : Mitsui Direct General Insurance Co., Ltd.
- MSI Kirameki Life : Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.
- Aioi Life : Aioi Life Insurance Co., Ltd.
- MSI Aioi Life : Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
- MSI Primary Life : Mitsui Sumitomo Primary Life Insurance Co., Ltd.

Notice relating to Forward-looking Statements etc.

Important Information

This presentation has been prepared, in any jurisdiction, for the purpose of publicly announcing the acquisition of shares by Mitsui Sumitomo Insurance Company, Limited ("MSI"), a subsidiary of MS&AD Insurance Group Holdings, Inc. ("MS&AD Holdings", MS&AD Holdings and MSI collectively, "MS&AD") which results in the change of subsidiary of MSI, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan.

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Rationale for the Acquisition of First Capital

(1) Enhance profitability and realize further growth in Singapore

- Become a No.1 insurer in Singapore
- Expand underwriting portfolio of local commercial risks in the ASEAN region

(2) Further strengthen our leading position in the ASEAN region

- Secure our No.1 position in the ASEAN region
- Achieve growth synergies across the ASEAN region

Global Partnership with Fairfax

- Enhance further growth of international business by forming an alliance with Fairfax, a global insurance and financial group with a presence in more than 30 countries, especially with a great presence in North America and the Lloyd's market.

1. Overview of the Transaction

Proposed Transaction	MSI to acquire 97.7% of First Capital's issued share capital in cash from Fairfax Asia Limited ^{*1}
Aggregate Acquisition Price	Common shares of First Capital: Approximately USD 1.6billion (¥174.4 billion) ^{*2} Advisory and other fees: Approximately ¥1.1 billion Total consideration: Approximately ¥175.5 billion
Acquisition Price per Share	USD 65.5 per First Capital's common share * The Acquisition Price represents 3.3x to First Capital's Net Assets per share
Impact on Goodwill (estimate)	Approximately ¥123.0 billion (Aggregate Acquisition Price – Net Assets of First Capital (end of FY2016)) ^{*2}
Source of Funds	Cash on hand * No plan for equity financing
Expected Timing of Closing	Planned to close in 4Q FY2017 (January – March 2018) subject to customary regulatory approvals

^{*1} An intermediate holding company ^{*2} 1USD=¥109

2. Overview of First Capital (1) Company Overview

- The largest property and casualty insurer in Singapore
- Has strengths in commercial property and marine hull insurance in Singapore and the ASEAN region

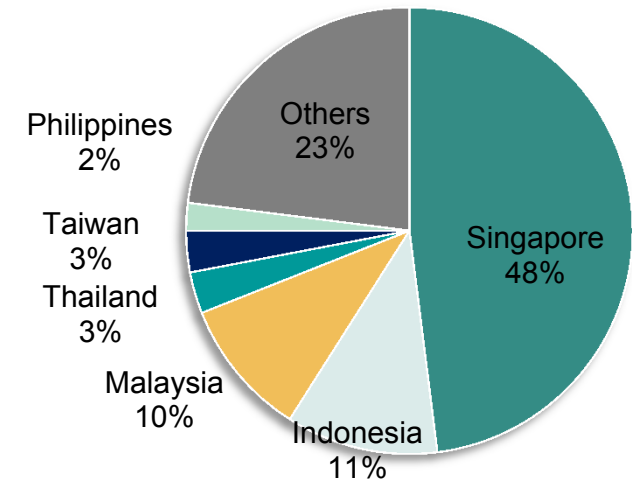
■ Founded:	1950
■ Headquarters:	Singapore
■ Representative:	CEO/ Ramaswamy Athappan
■ Employees*1:	Approximately 160
■ GPW*2:	SGD 542 million (Approx. ¥43.4 billion*3)
■ Consolidated Net Profit*2:	SGD 89 million (Approx. ¥7.2 billion*3)
■ Consolidated Net Assets*1:	SGD 664 million (Approx. ¥53.1 billion*3)
■ Rating*1:	A, Excellent (A.M. Best)
■ Major Shareholders:	Fairfax Asia Limited: 97.7% Others: 2.3%

*1 As of the end of FY2016

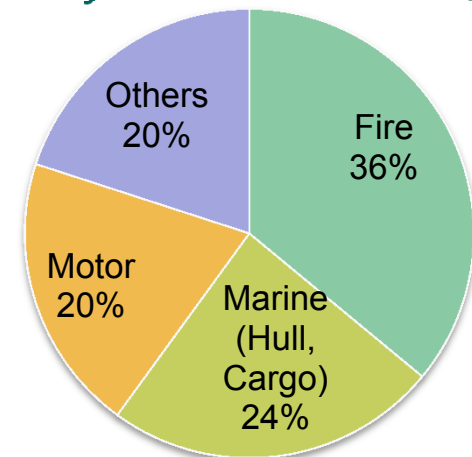
*2 Actual for FY2016

*3 1SGD=¥80

GPW by Country (2016)



GPW by Line of Business (2016)



2. Overview of First Capital (2) First Capital's Strengths

Strong Presence in Singaporean Insurance Market

- Leading player in the Singapore insurance market (The largest property and casual insurer in terms of gross premiums written)
- Strengths in underwriting corporate/commercial risks in the Asian region

High Profitability

- Stable and high profitability with 5-year average Net COR^{*1}: 76%, ROE: 15%
- Diversified revenues and well-balanced portfolio across geographies and lines of business
- Stable profit structure with appropriate line size management and low concentration of natural catastrophe risks

Strong Business Base

- Strong and stable relationships with clients, reinsurers and brokers, under a company philosophy that values trusted relationship with business partners

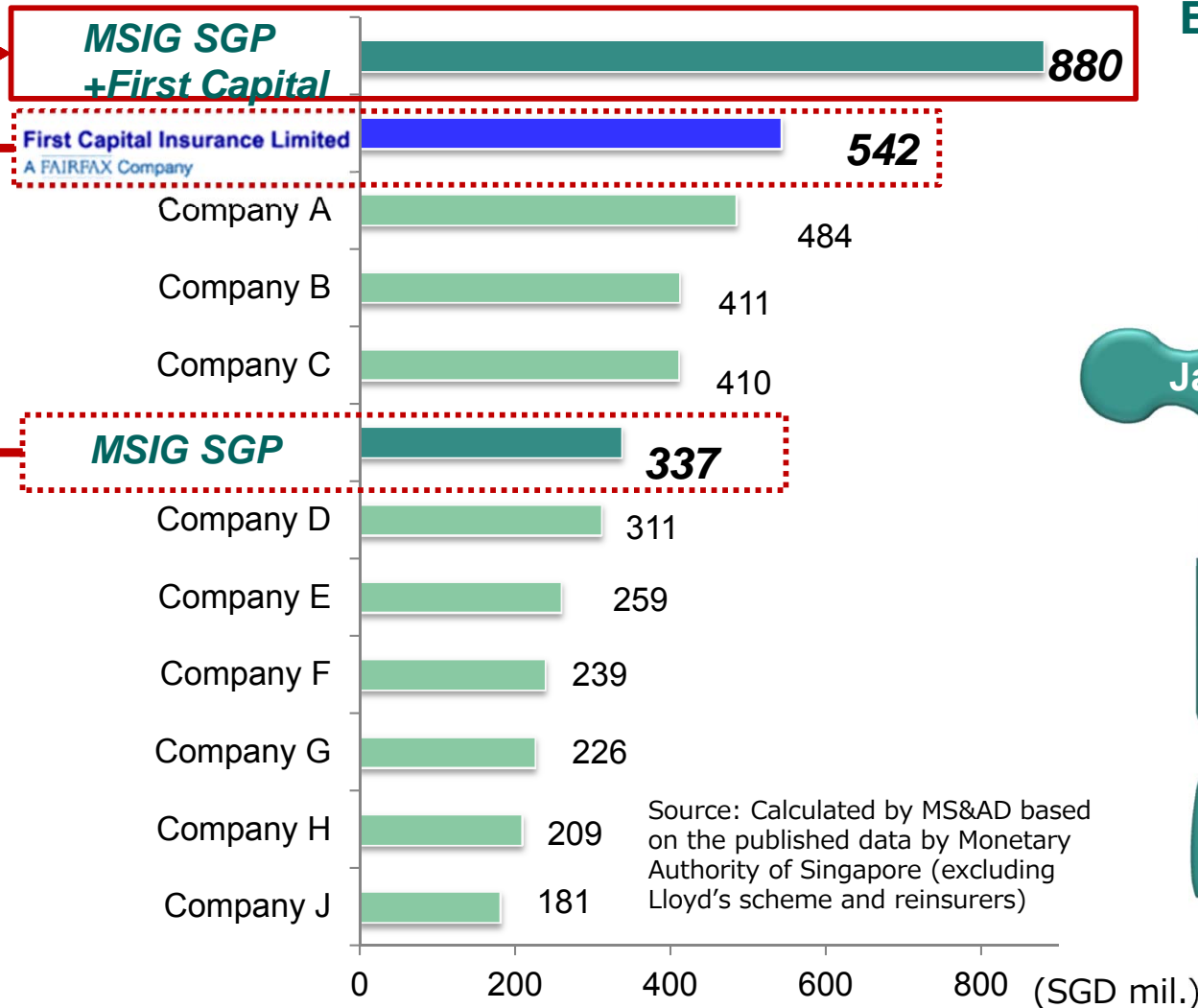
^{*1} Combined Ratio

3. Rationale for the Acquisition

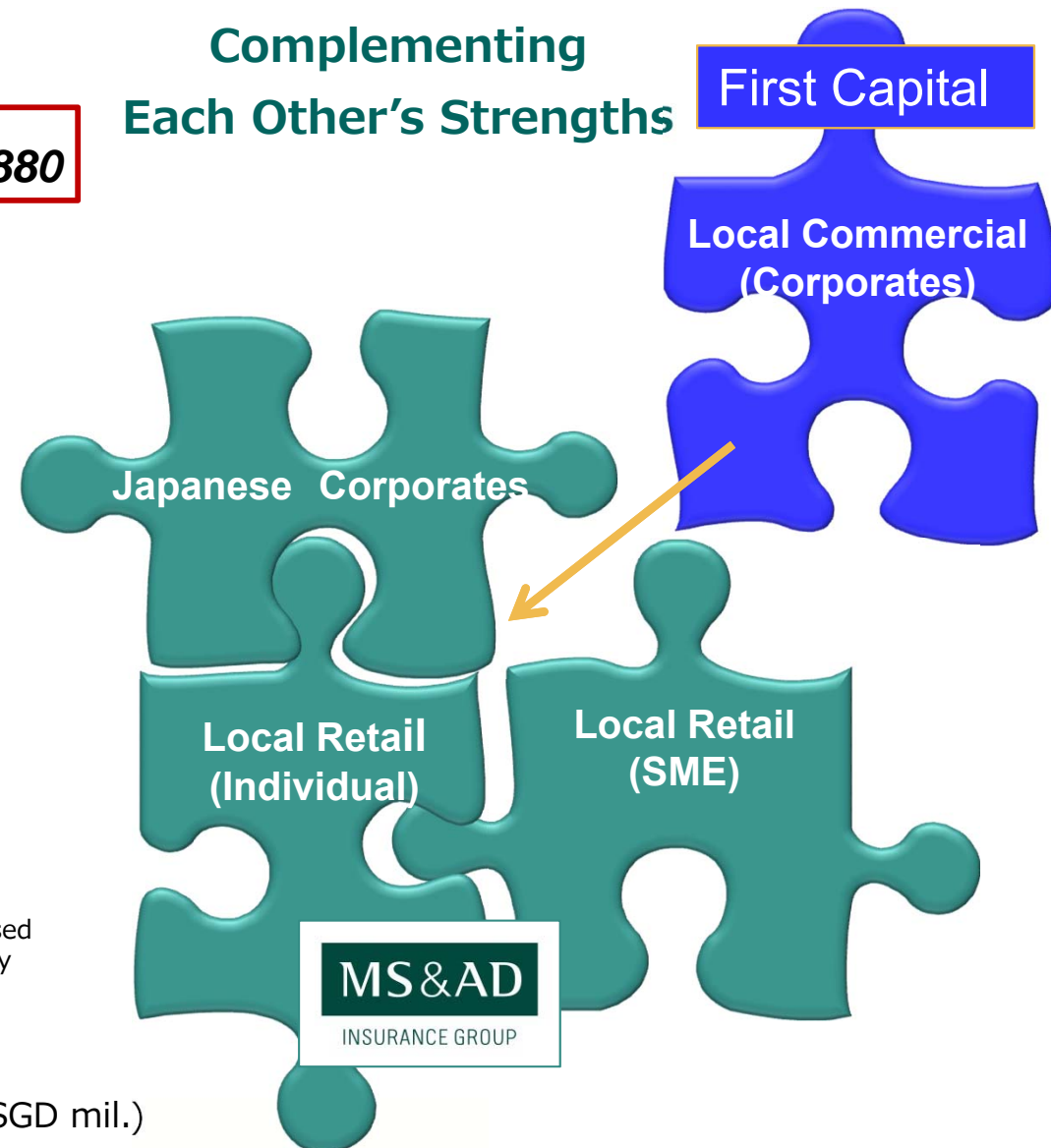
(1) Enhance profitability and realize further growth in Singapore

- Having the largest property and casualty insurer in Singapore, First Capital, into our group, we will achieve a top position in Singapore.
- First Capital has a strength in underwriting Asian local commercial risks in the Singaporean market, the insurance hub of the Asian region, which fits well with MSI who has a competitive advantage in retail and SME business.

Ranking of General Insurers in Singapore by Gross Premium



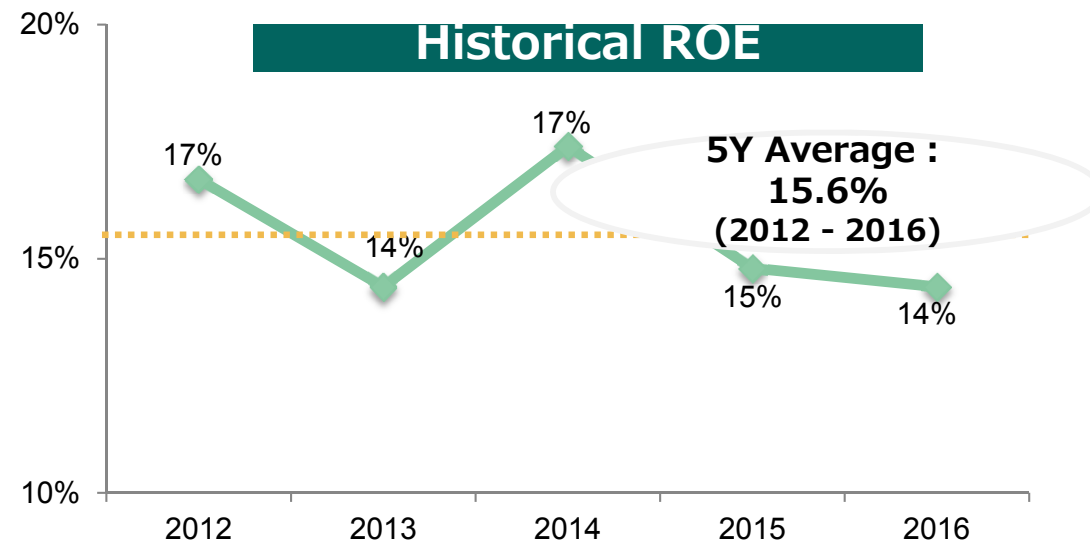
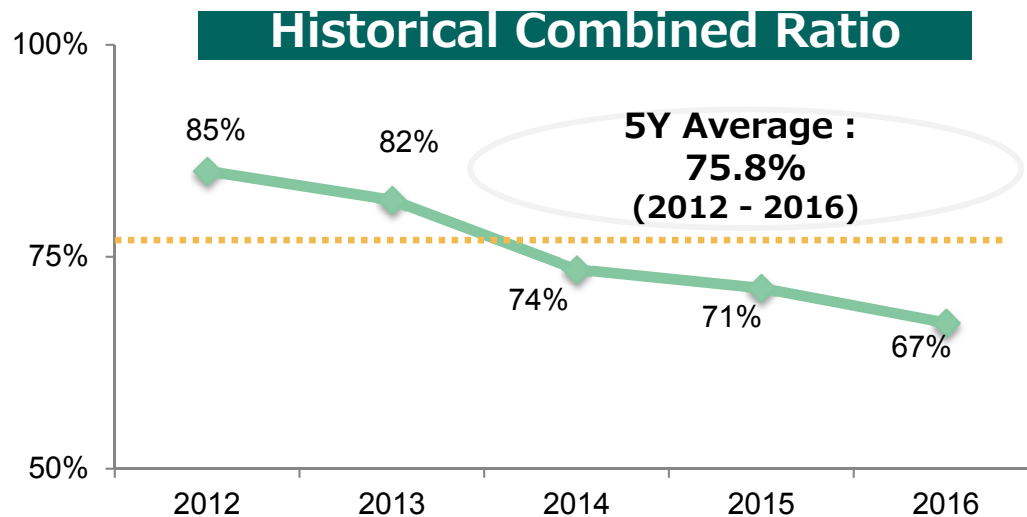
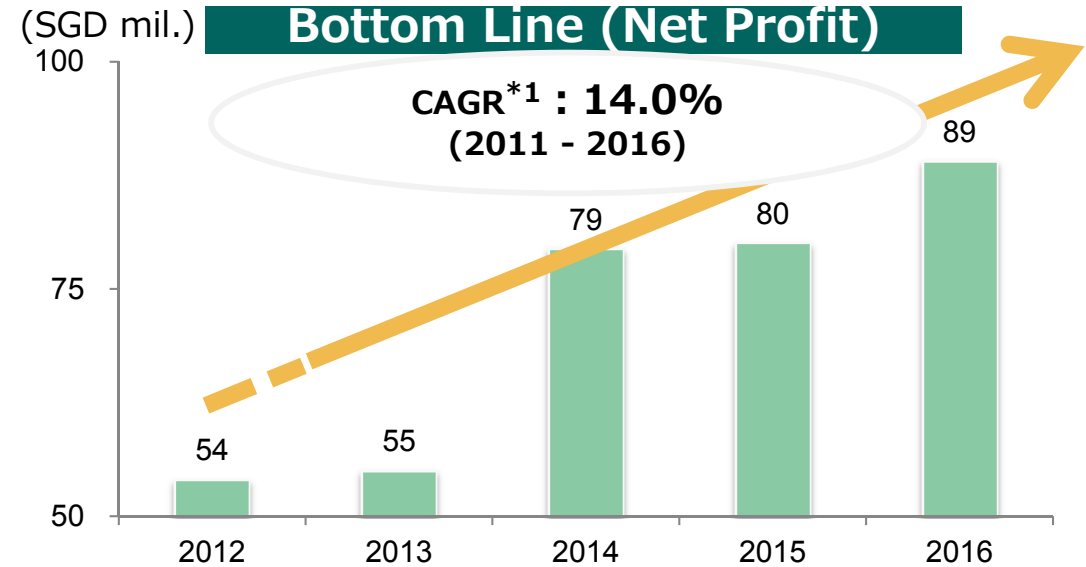
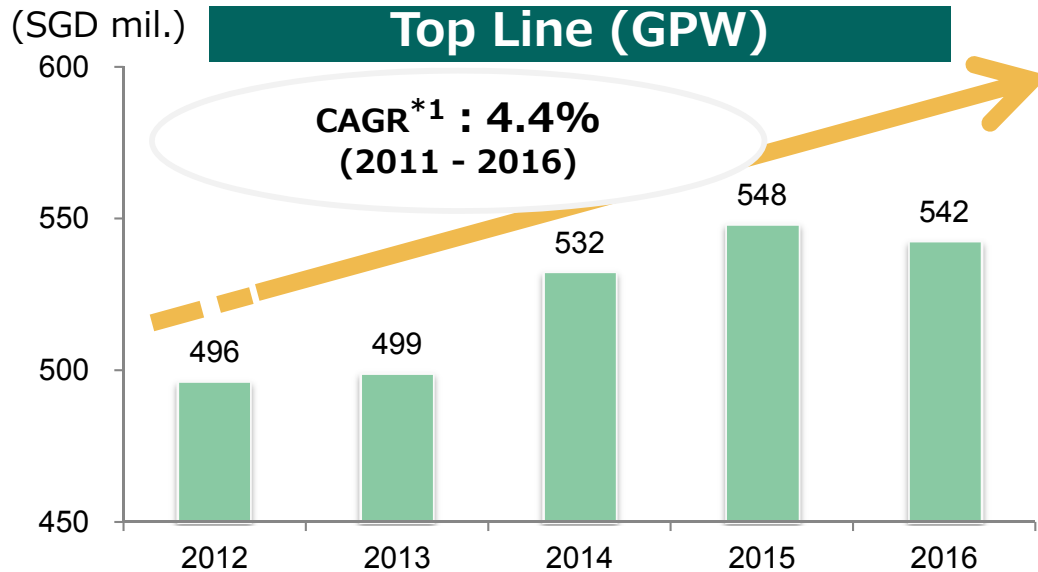
Complementing Each Other's Strengths



3. Rationale for the Acquisition

(1) Enhance profitability and realize further growth in Singapore

- Mutually improve growth prospects by capturing First Capital's profitability as well as complementing each other's strengths



Source: First Capital's Annual Report 2011~2016 *1 CAGR (Compound Average Growth Rate): 5-year average from 2011 to 2016

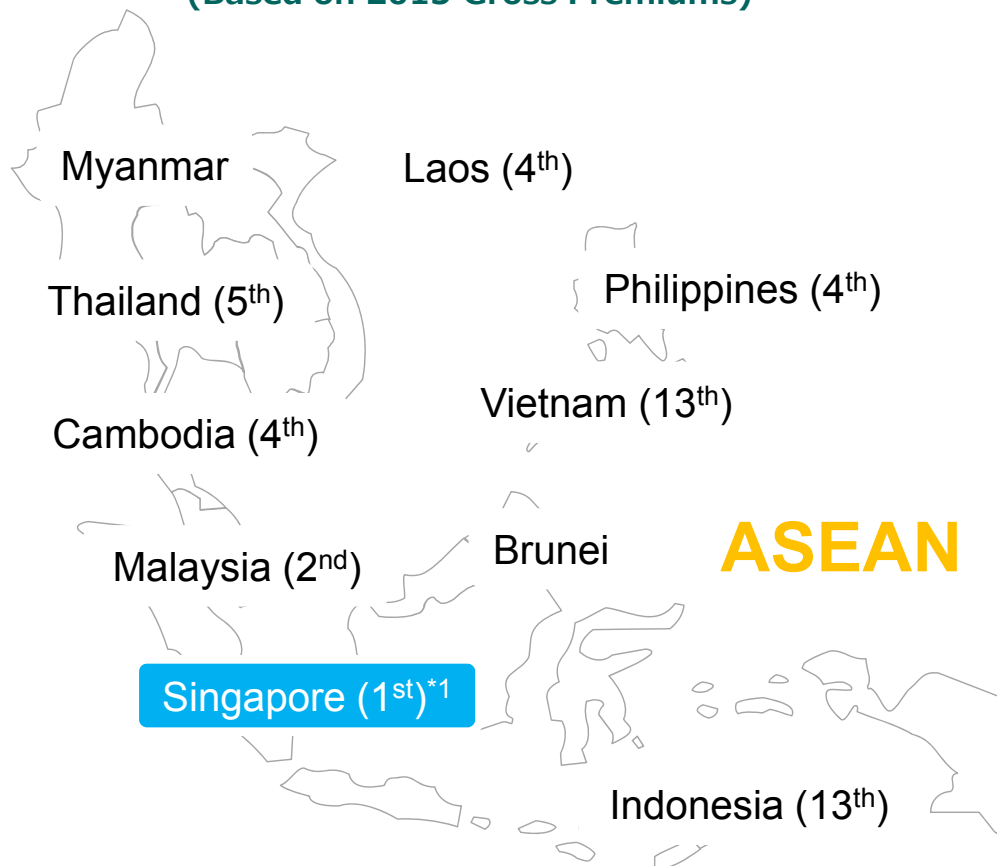
3. Rationale for the Acquisition

(2) Further Strengthen our leading position in the ASEAN Region

- Secure our leading position in the ASEAN region by welcoming First Capital which is a leading insurance company in the ASEAN region in terms of both GWP and profit.
- Expand new business by utilizing First Capital's know-how on retail business and digital technologies and our network in the ASEAN region.

MS&AD Group's Ranking in ASEAN Markets

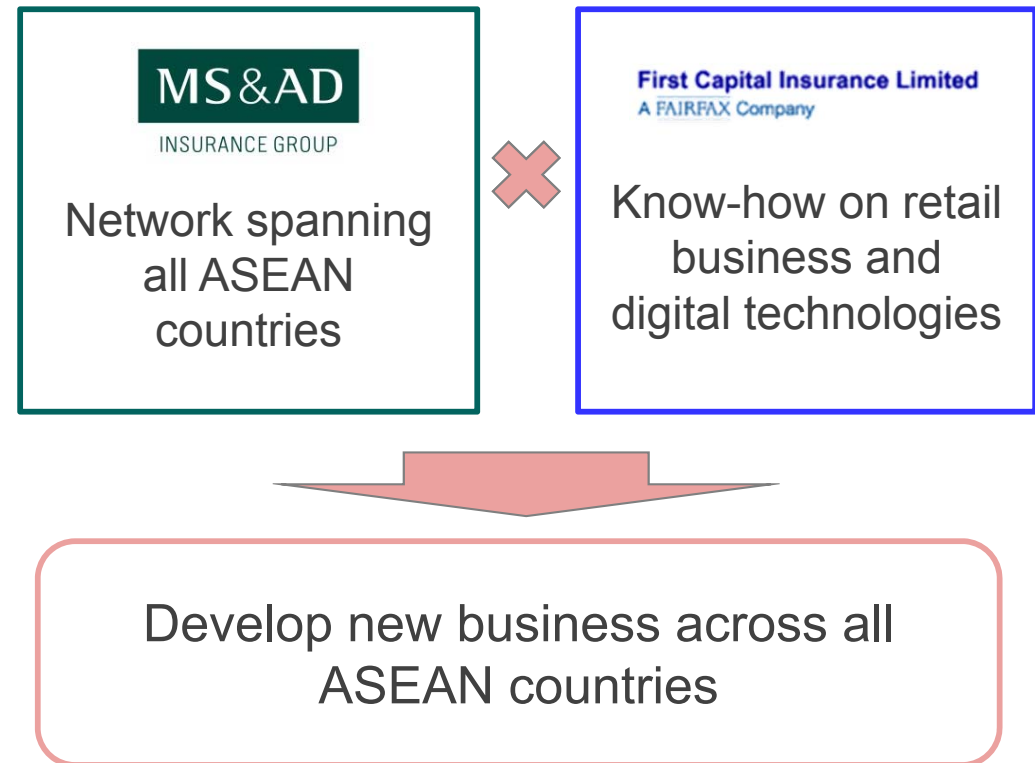
(Based on 2015 Gross Premiums)



(Source) MS&AD compilation based on public data of general insurance companies in each country (FY 2015 gross written premium basis)

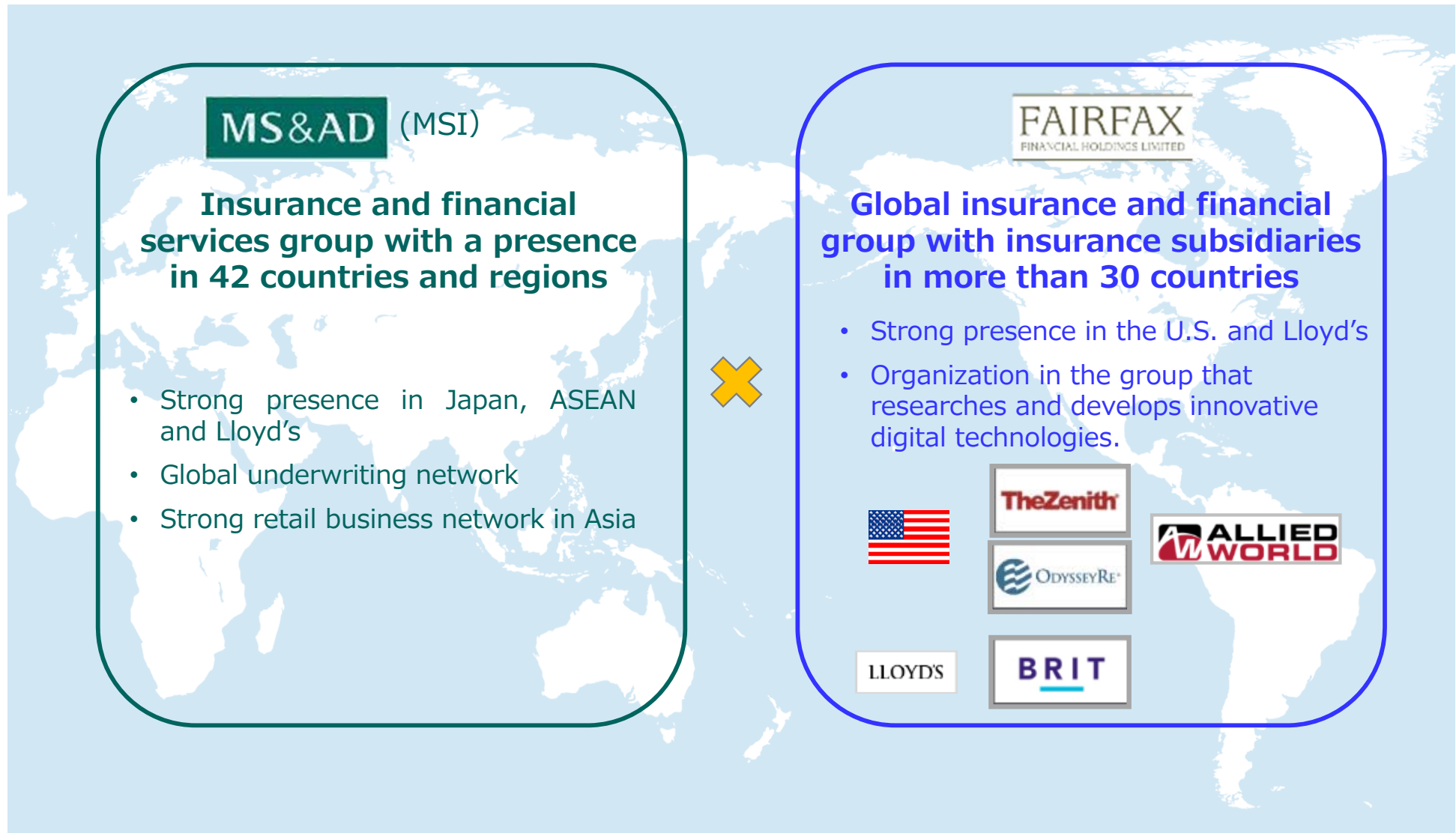
*1 Simple sum of FY2015 GWPs of MSIG SGP and First Capital

Synergies in ASEAN region



4. Enhance further growth through a Strategic Alliance with Fairfax

- Fairfax is a global insurance and financial group with insurance subsidiaries in more than 30 countries
- The global partnership with Fairfax in areas including reinsurance and digital technologies will enable further growth in our international business



4. Impact on Group Core Profit and Group ROE

- Improves Group Core Profit by +¥7.0 billion and Group ROE by +0.3pt based on FY2016 actual results

Impact on Group Core Profit and Group ROE (based on FY2016 results)

	MS&AD (a)	Net Impact (b)	MS&AD + First Capital Total (a)+(b)
Group Core Profit	¥213.7billion	+ ¥7.0billion* ¹	¥220.7billion
Group ROE	7.9%	+0.3pt* ²	8.2%

※¹ Net Impact on Group Core Profit = Net Income (First Capital FY2016) (1SGD=¥80) x 97.7%

※² Net Impact on Group ROE

= Net Income (First Capital FY2016) x 97.7% / MS&AD Group's consolidated total net assets excluding equity warrant and non-controlling interests (average of beginning and ending amounts of B/S in FY2016) (1SGD=¥80)

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Appendix

【Appendix】 Overview of Fairfax Group

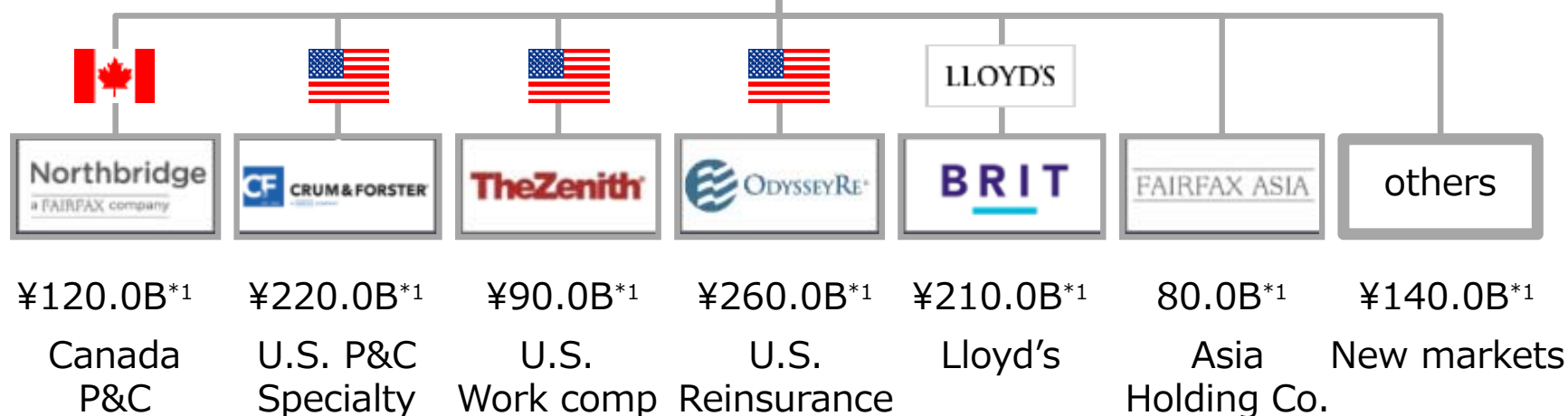
- A global insurance and financial group with insurance subsidiaries in over 30 countries
- Has a strong presence in the U.S. and Lloyd's and an organization that conducts research and development of innovative digital technologies



*:Organization Chart as of the end of FY2016

¥1.1 Trillion*¹

Manager of global runoff business



Allied World

- U.S. P&C, Specialty, Reinsurance (¥335.0B*¹)
- Acquired by Fairfax in July, 2017

- First Capital
- Falcon, Hong Kong
- Pacific, Malaysia
- AMAG, Indonesia
- Fairfirst, Sri Lanka
- ICICI Lombard, India
- Alltrust, China
- Falcon Thailand
- BIC, Vietnam
- Group Re
- Polish Re
- Advent
- Fairfax Brasil
- Colonnade, CEE
- Bryte, South Africa
- Gulf Ins., Kuwait
- Eurolife, Greece
- AIG, CEE and LATAM

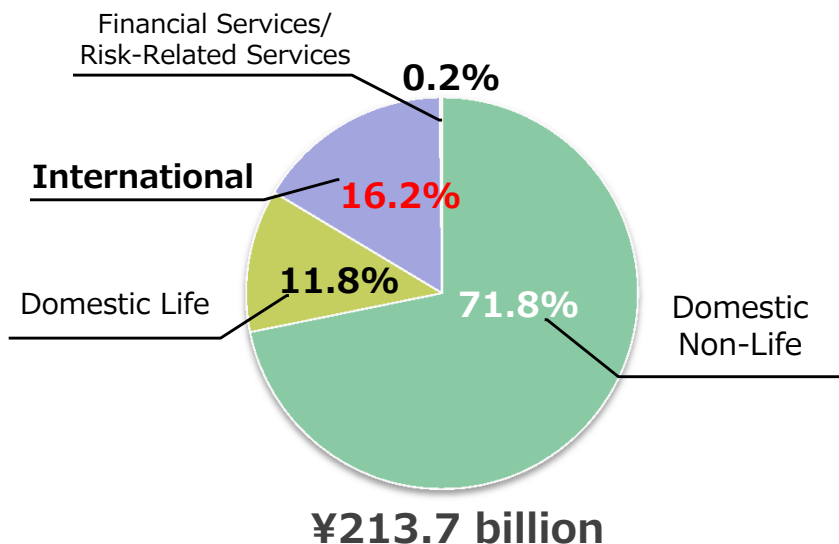
Source : Calculated by MS&AD based on presentation documents of Fairfax Annual Meeting 2017 (April 20, 2017)

*¹ 2016 GWP (gross written premiums) Ex. rate USD1=¥109

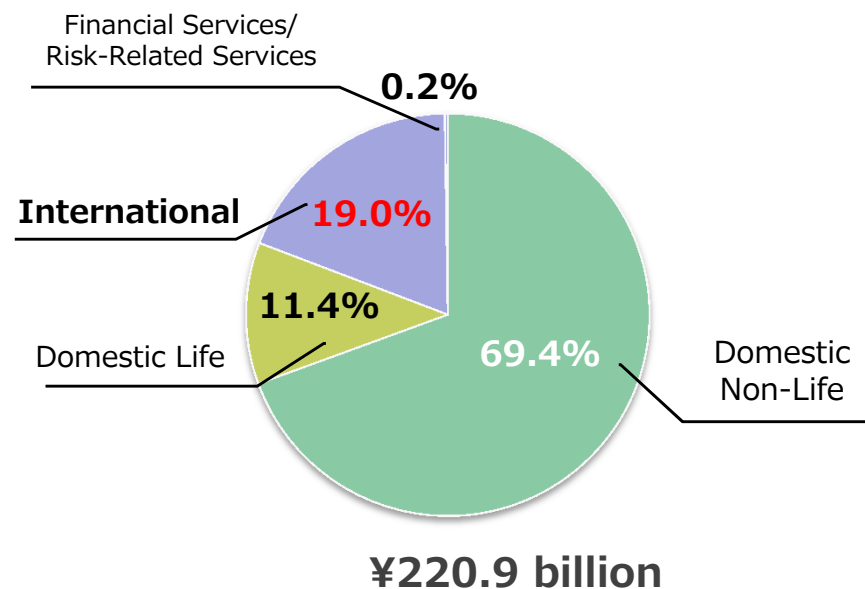
【Appendix】 Impact on Group Core Profit

Group Core Profit

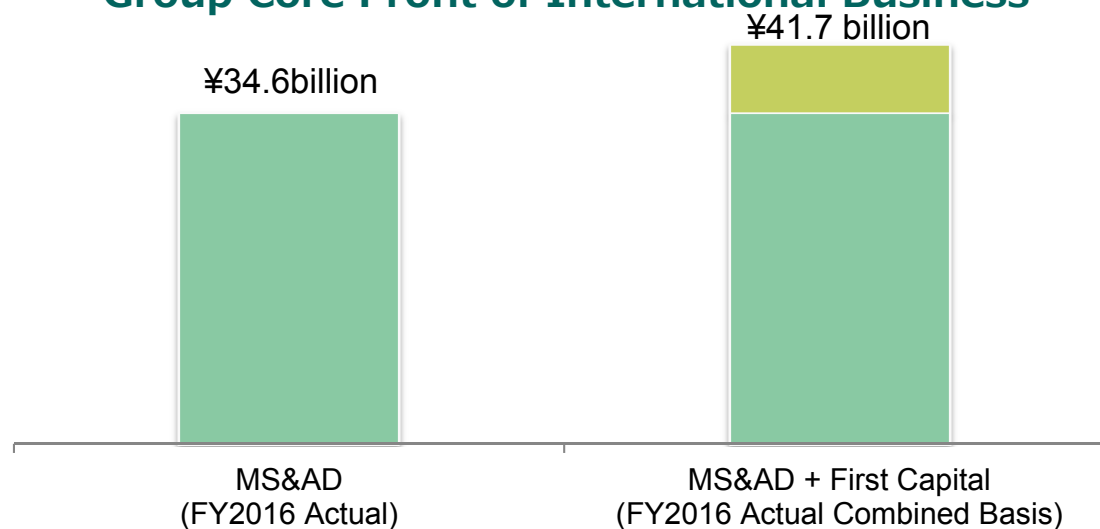
MS&AD
(FY2016 Actual)

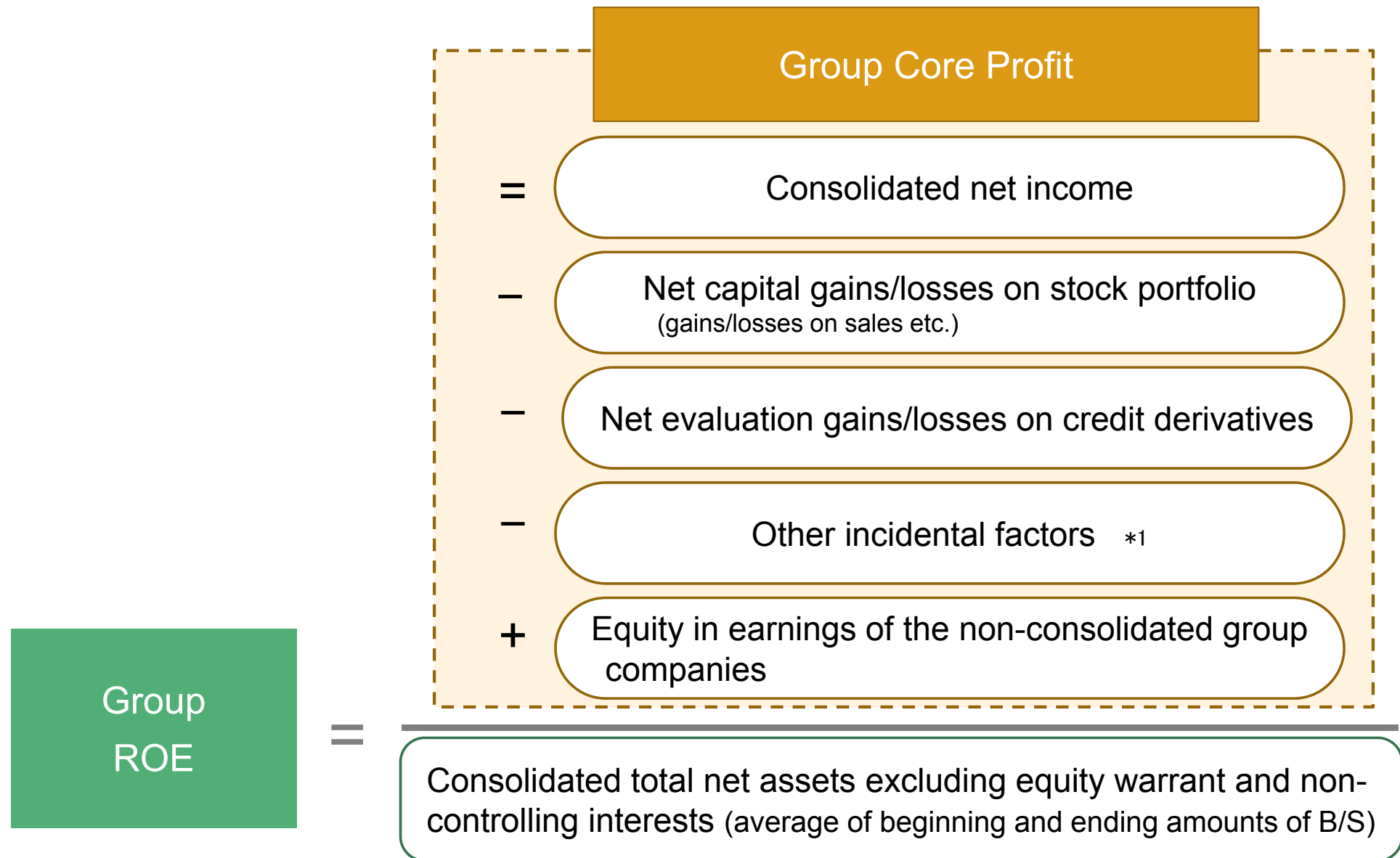


MS&AD + First Capital
(FY2016 Actual Combined Basis)



Group Core Profit of International Business





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