

# Materials for FY2017 Results Briefing – Conference Call

May 18, 2018 (Fri.)

**MS&AD**

INSURANCE GROUP

MS&AD Insurance Group Holdings, Inc.

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# Summary of FY2017 Results

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### **FY2017 Results**

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

### **FY2018 Forecast**

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

### **Shareholder Return**

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

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

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

## Non-life insurance subsidiaries

(¥bn)

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

※ Direct premiums written and net premiums written exclude Good Result Return Premiums of the “ModoRich” auto insurance product, which contains a special clause related to premium adjustment and refund at maturity, same hereafter.

## Life insurance subsidiaries

(¥bn)

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

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

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

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

(¥bn)

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

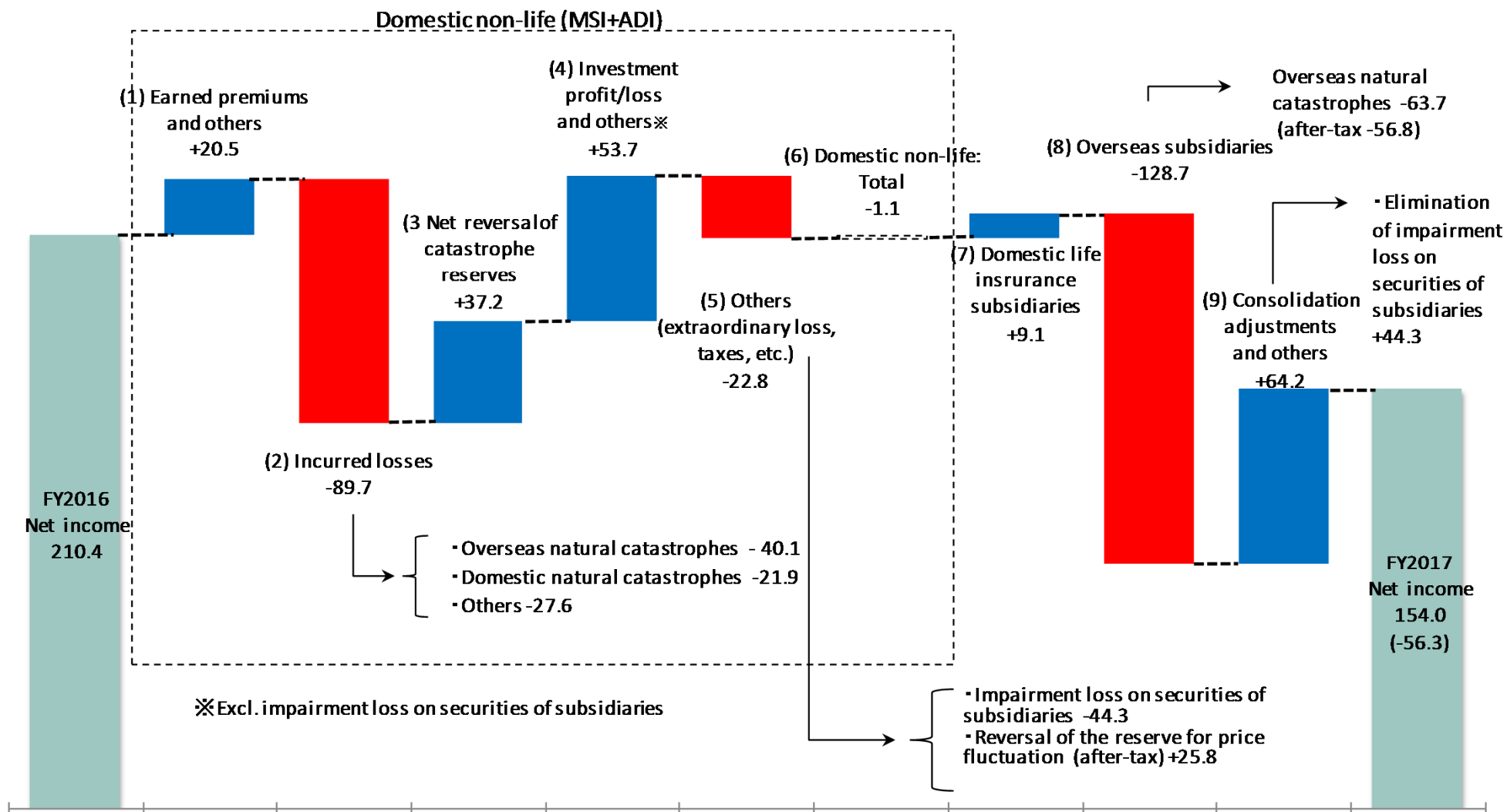
※ Consolidated net income represents net income attributable to owners of the parent.

Net income of subsidiaries is on an equity stake basis, same hereafter.

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

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

## Consolidated net income



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

## Factors in YoY changes in consolidated net income

(¥bn)

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

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

※2 Earned premiums and others include expenses.

※3 Excludes impairment loss on securities of subsidiaries



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

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

(¥bn)

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

※1 For the definition of Group Core Profit and Group ROE please refer to the last page.

※2 Combined ratio (Domestic non-life insurance business) is indicated based on the sum of MSI, ADI and Mitsui Direct General.

$$\begin{array}{ccccccccc}
 \boxed{\text{Group Core Profit}} & = & \boxed{\text{Consolidated net income}} & - & \boxed{\text{Net capital gains / losses on stock portfolio}} & - & \boxed{\text{Net evaluation gains / losses on credit derivatives}} & - & \boxed{\text{Other incidental factors}} & + & \boxed{\text{Equity in earnings of the non-consolidated group companies}} \\
 \boxed{105.1} & & \boxed{154.0} & & \boxed{85.3} & & \boxed{-0.1} & & \boxed{-36.2} & & \boxed{0.0}
 \end{array}$$

※3 Amortization of goodwill and others: -36.9 billion yen; extraordinary income/loss excluding reserves for price fluctuation: +0.7 billion yen

# Impact of Natural Catastrophes FY2017 (1)

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

## Impact of natural catastrophes occurred in FY2017

(¥bn)

|                               | Incurred Losses |              |
|-------------------------------|-----------------|--------------|
|                               |                 | YoY Change   |
| Domestic natural catastrophes | 73.0            | 21.9         |
| Overseas natural catastrophes | 130.1           | 103.9        |
| <b>Total</b>                  | <b>203.1</b>    | <b>125.9</b> |

## Impact of domestic natural catastrophes

(¥bn)

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

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

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

## Impact of Natural Catastrophes FY2017 (2)

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

### Incurred losses from overseas natural catastrophes

(¥bn)

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

※1 Total of hurricanes Harvey, Irma and Maria

※2 Total of wildfires occurred in October and December

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

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

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

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

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

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

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

- Investment profit and other ordinary profit rose by 9.4 billion yen year-on-year to 178.8 billion yen for the two companies combined as gains on sales of securities reached 134.3 billion yen caused by progressive reduction of strategic equity holdings, while impairment losses of 46.7 billion yen were recorded at ADI's European subsidiary (eliminated in consolidated earnings).
- Extraordinary income at ADI increased by 39.5 billion yen to 31.1 billion yen due to reversal of the reserve for price fluctuation among other factors. (¥bn)

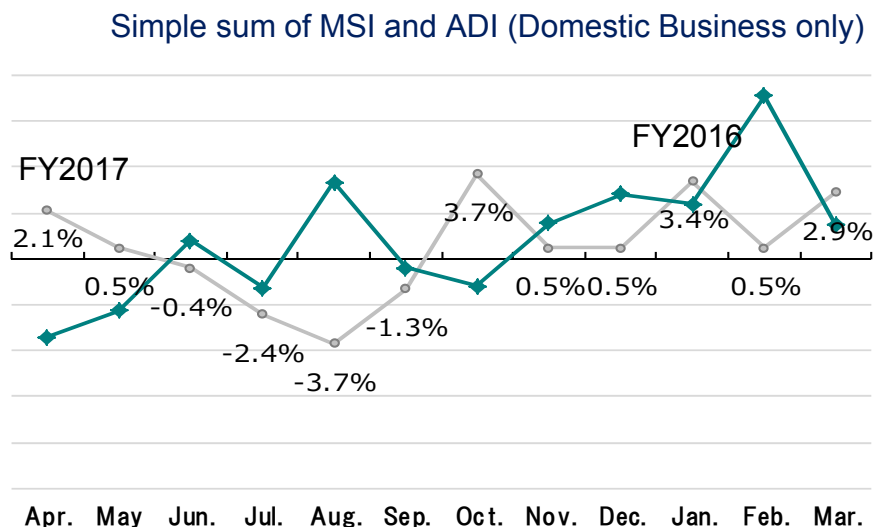
|  | Simple Sum   |               | MSI (Non-Consolidated) |             | ADI (Non-Consolidated) |               |
|--|--------------|---------------|------------------------|-------------|------------------------|---------------|
|  |              | YoY Change    |                        | YoY Change  |                        | YoY Change    |
| <b>Underwriting profit/loss</b>                              | <b>89.3</b>  | <b>- 31.9</b> | <b>84.4</b>            | <b>2.6</b>  | <b>4.8</b>             | <b>- 34.6</b> |
| Net interest and dividends income                            | 113.4        | - 5.8         | 71.6                   | - 9.6       | 41.7                   | 3.7           |
| Gains/losses on sales of securities                          | 134.3        | 58.0          | 118.8                  | 51.5        | 15.5                   | 6.4           |
| Impairment losses on securities (-)                          | 50.0         | 44.6          | 1.0                    | 0.5         | 49.0                   | 44.1          |
| <b>Investment profit/loss and other ordinary profit/loss</b> | <b>178.8</b> | <b>9.4</b>    | <b>178.0</b>           | <b>44.3</b> | <b>0.7</b>             | <b>- 34.8</b> |
| <b>Ordinary profit/loss</b>                                  | <b>268.1</b> | <b>- 22.5</b> | <b>262.5</b>           | <b>47.0</b> | <b>5.6</b>             | <b>- 69.5</b> |
| <b>Extraordinary income/loss</b>                             | <b>32.7</b>  | <b>48.2</b>   | <b>1.5</b>             | <b>8.6</b>  | <b>31.1</b>            | <b>39.5</b>   |
| <b>Income before taxes</b>                                   | <b>300.9</b> | <b>25.6</b>   | <b>264.1</b>           | <b>55.6</b> | <b>36.7</b>            | <b>- 30.0</b> |
| <b>Taxes and others</b>                                      | <b>87.0</b>  | <b>26.7</b>   | <b>65.8</b>            | <b>22.0</b> | <b>21.1</b>            | <b>4.7</b>    |
| <b>Net income/loss</b>                                       | <b>213.8</b> | <b>- 1.1</b>  | <b>198.2</b>           | <b>33.6</b> | <b>15.6</b>            | <b>- 34.7</b> |
|  | MSI + ADI    |               |                        |             |                        |               |
|  |              | YoY Change    |                        |             |                        |               |
| <Reference> Sales of strategic equity holdings               | <b>151.3</b> | 18.3          |                        |             |                        |               |

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

- The cumulative number of accidents at the end of March rose by 0.3% year-on-year. The average payout per claim for both property damage liability and vehicle damage continued to rise with an increase in the cost of repairs.
- E/I loss ratio rose by 2.8 points year-on-year to 59.3% as insurance payments increased following an increase in natural catastrophes and premiums rates were going down with less effect from the past premium rates rise.

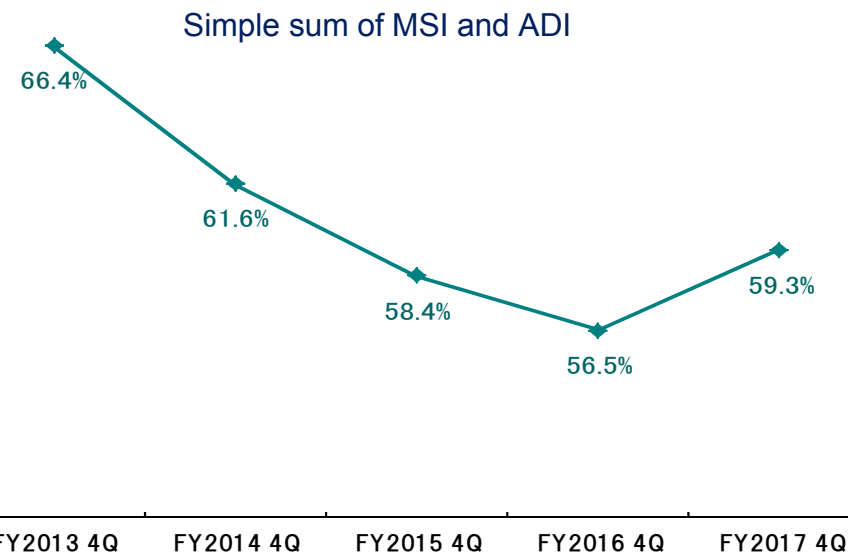
## Number of accidents

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



## E/I loss ratio

(incl. loss adjustment expenses)



## Mitsui Sumitomo Insurance

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

## Aioi Nissay Dowa Insurance

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

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

※ Changes in average payout per claim means changes in average payout per claim over one-year period ended Mar. 31, 2018 compared with average payout per claim in one-year period ended Mar. 31, 2017.

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

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

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

## MSI Aioi Life

(¥bn)

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

※1 Total sum of personal insurance and personal annuity insurance

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

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

## MSI Primary Life

(¥bn)

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

※1 Total sum of personal insurance and personal annuity insurance

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

(¥bn)

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



# Overseas Subsidiaries - Results for FY2017

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

## Overseas subsidiaries

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

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

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

## Net premiums written

(¥bn)

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

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

### EI loss ratio (Simple sum)

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

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

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

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

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

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

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

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

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

(£ mn)

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

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

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

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

※4 EI expense ratio and EI combined ratio are calculated by taking into account foreign exchange gains/losses (included in underwriting profit) in accordance with calculation in UK.

## Projected Financial Results for FY2018

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# Consolidated Earnings Forecasts for FY2018 (i)

(¥bn)

## Non-life insurance subsidiaries

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

(¥bn)

## Life insurance subsidiaries

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

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

# Consolidated Earnings Forecasts for FY2018 (ii)

(¥bn)

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

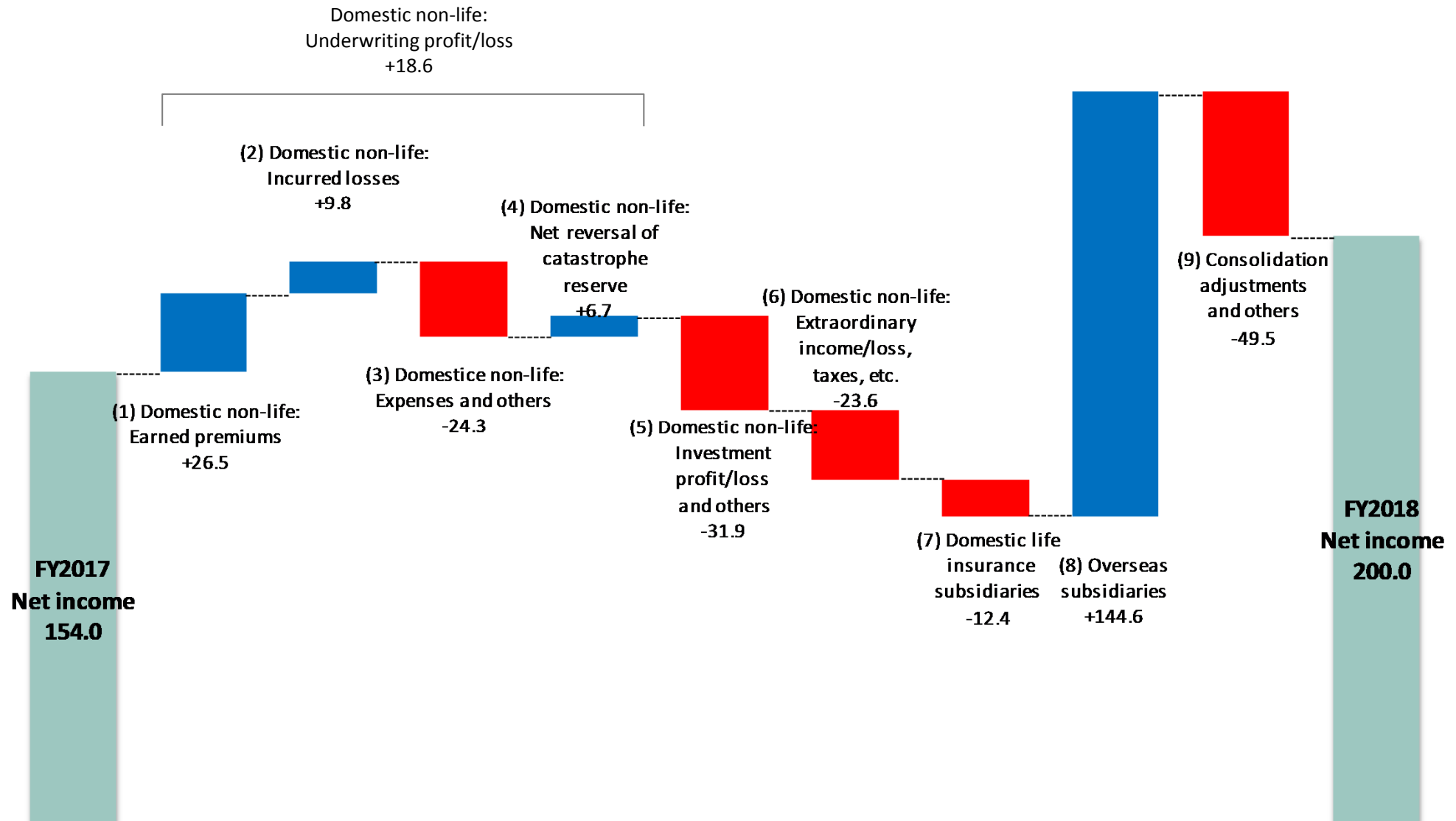
※ Consolidated net income represents net income attributable to owners of the parent.  
Net income of subsidiaries is on an equity stake basis, same hereafter.



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

## Consolidated net income

(¥bn)



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

# Consolidated Earnings Forecasts for FY2018 (iv)

(¥bn)

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

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

# Major Assumptions for Earnings Forecasts for FY2018

(¥bn)

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

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

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

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

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

(¥bn)

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

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

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

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

(¥bn)

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

## Net premiums written

(¥bn)

|   | Simple Sum     |        |
|---|----------------|--------|
|   |                | Growth |
| Fire and allied                                   | <b>373.3</b>   | 0.6%   |
| Marine  | <b>68.0</b>    | 0.0%   |
| Personal accident                                 | <b>212.1</b>   | 1.5%   |
| Voluntary automobile                              | <b>1,344.8</b> | 0.1%   |
| CALI  | <b>332.0</b>   | -5.6%  |
| Other   | <b>395.8</b>   | 4.3%   |
| Total   | <b>2,726.0</b> | 0.1%   |
| Total excluding residential EQ insurance and CALI | <b>2,393.0</b> | 1.0%   |

| MSI (Non-Consolidated) |        | ADI (Non-Consolidated) |        |
|------------------------|--------|------------------------|--------|
|                        | Growth |                        | Growth |
| <b>198.1</b>           | 0.7%   | <b>175.2</b>           | 0.4%   |
| <b>60.1</b>            | -0.7%  | <b>7.9</b>             | 5.5%   |
| <b>150.0</b>           | 1.6%   | <b>62.1</b>            | 1.3%   |
| <b>655.2</b>           | -0.6%  | <b>689.6</b>           | 0.8%   |
| <b>174.2</b>           | -5.6%  | <b>157.8</b>           | -5.5%  |
| <b>263.4</b>           | 4.6%   | <b>132.4</b>           | 3.8%   |
| <b>1,501.0</b>         | 0.0%   | <b>1,225.0</b>         | 0.2%   |
| <b>1,326.2</b>         | 0.8%   | <b>1,066.8</b>         | 1.2%   |

## EI loss ratio

|   | EI Loss Ratio |              |            |
|---|---------------|--------------|------------|
|   | FY2017        | FY2018       |            |
|   |               |              | YoY Change |
| Fire and allied                                     | 76.7%         | <b>57.9%</b> | -18.8pt    |
| Marine  | 60.1%         | <b>53.4%</b> | -6.7pt     |
| Personal accident                                   | 52.6%         | <b>52.9%</b> | 0.3pt      |
| Voluntary automobile                                | 59.3%         | <b>61.3%</b> | 2.0pt      |
| Other   | 50.1%         | <b>56.6%</b> | 6.5pt      |
| Total (excluding residential EQ insurance and CALI) | 60.1%         | <b>59.0%</b> | -1.1pt     |
| (Excl. impact of nat. cat.)                         | 55.3%         | <b>56.2%</b> | 0.9pt      |

| EI Loss Ratio          |            |                        |            |
|------------------------|------------|------------------------|------------|
| MSI (Non-consolidated) |            | ADI (Non-consolidated) |            |
|                        | YoY Change |                        | YoY Change |
| 58.3%                  | -13.5pt    | <b>57.4%</b>           | -24.9pt    |
| 52.9%                  | -6.2pt     | <b>57.1%</b>           | -11.8pt    |
| 53.7%                  | 0.8pt      | <b>51.1%</b>           | -0.9pt     |
| 61.1%                  | 1.8pt      | <b>61.5%</b>           | 2.2pt      |
| 55.6%                  | 4.3pt      | <b>58.6%</b>           | 10.8pt     |
| 58.4%                  | -0.7pt     | <b>59.8%</b>           | -1.6pt     |
| 56.10%                 | 0.4pt      | <b>56.4%</b>           | 1.7pt      |

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

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

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

## Key financial data

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

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



# Earnings Forecasts for FY2018 – MSI Primary Life

## Key financial data

(¥bn)

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

# Earnings Forecasts for FY2018 – Overseas Subsidiaries

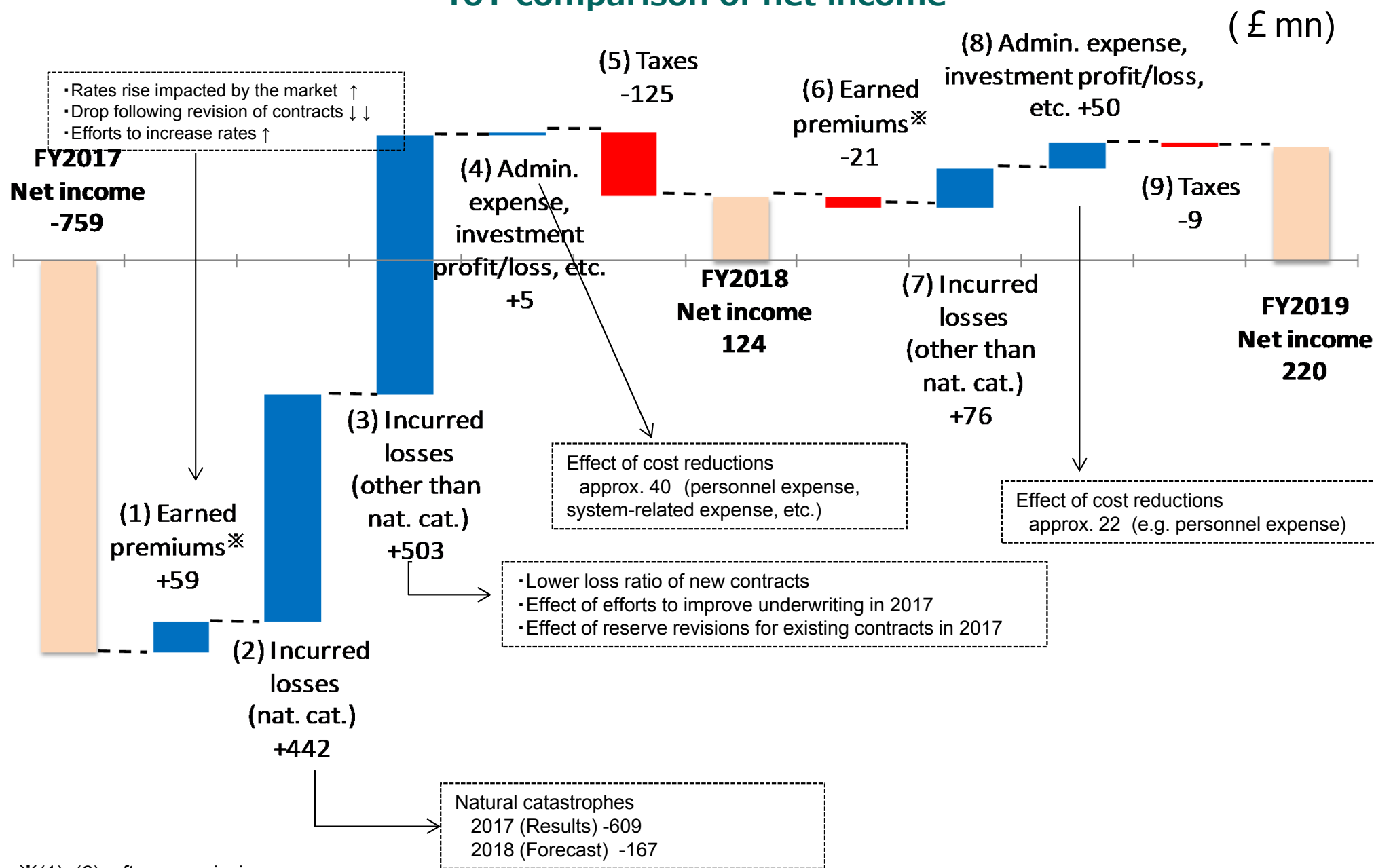
## Overseas subsidiaries

(¥bn)

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

# <Reference> MS Amlin Recovering Plan

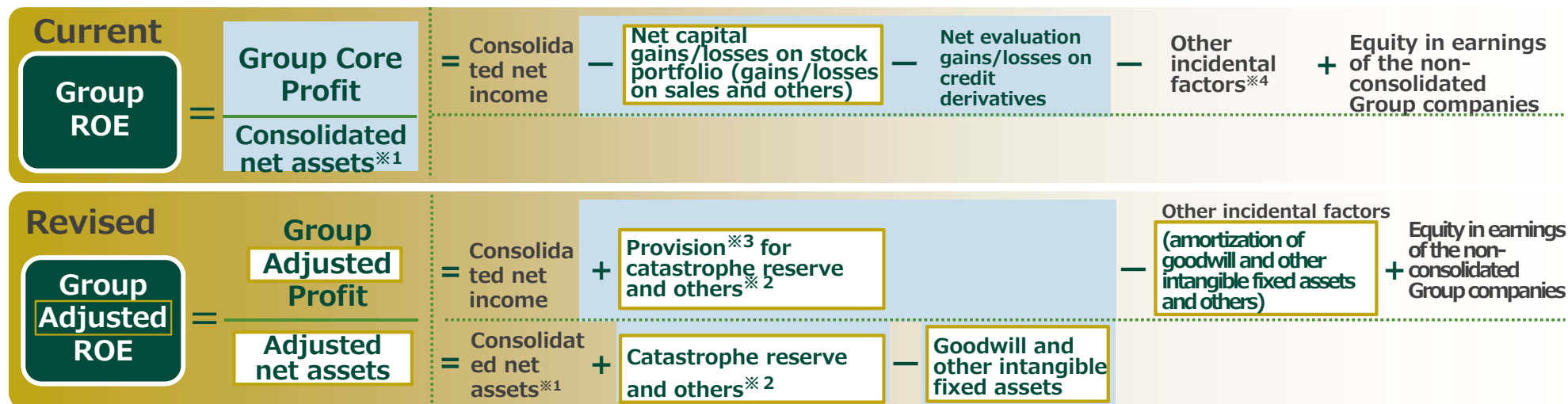
## YoY comparison of net income



※(1), (6): after commissions

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

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



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

### Table showing replacement at end of FY2017

|   | Group Adjusted Profit | Group Core Profit       |
|---|-----------------------|-------------------------|
| Consolidated net income   | ¥154.0bn              | ¥154.0bn                |
| + provision/reversal to catastrophe reserves, etc.  | ¥10.6bn               | –                       |
| – Net capital gains/losses on stock portfolio (gains/losses on sales and others)              | –                     | ¥85.3bn                 |
| – Net evaluation gains/losses on credit derivatives   | –                     | -¥0.1bn                 |
| + Other incidental factors (amortization of goodwill and other intangible fixed assets, etc.) | -¥36.2bn              | -¥36.2bn                |
| Total   | ¥201.0bn              | ¥105.1bn                |
|   | Adjusted net assets   | Consolidated net assets |
| Consolidated net assets (capital)   | ¥2,941.1bn            | ¥2,941.1bn              |
| +Catastrophe reserves and others (balance)  | ¥720.4bn              | –                       |
| – Goodwill and other intangible fixed assets (balance)  | ¥462.5bn              | –                       |
| Total   | ¥3,199.0bn            | ¥2,941.1bn              |

## Abbreviations of company names used in this presentation

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

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

Group Core Profit = Consolidated net income

- Net capital gains/losses on stock portfolio (gains/losses on sales etc.)
- Net evaluation gains/losses on credit derivatives
- Other incidental factors
- + Equity in earnings of the non-consolidated group companies

Group ROE = Group Core Profit ÷ Consolidated total net assets excluding stock acquisition rights and non-controlling interests (average of beginning and ending amounts of B/S)

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

Group Adjusted Profit = Consolidated net income

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

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

Group Adjusted ROE = Group Adjusted Profit ÷ Adjusted net assets (average of beginning and ending amounts of B/S)

## Caution About Forward-Looking Statements

This presentation contains statements about future plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings and MS&AD Group companies that constitute forward-looking statements. These statements are based on information currently available to the MS&AD Group. Investors are advised that actual results may differ substantially from those expressed or implied by forward-looking statements for various reasons. Actual performance could be adversely affected by (1) economic trends surrounding our business, (2) fierce competition in the insurance sector, (3) exchange-rate fluctuations, and (4) changes in tax and other regulatory systems.

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