

SUMMARY OF FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2016

February 14, 2017

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities Code Number: 8725
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Scheduled date to file the Quarterly Securities Report: February 14, 2017
 Scheduled date to commence dividend payments: -
 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 Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)

(1) Consolidated business performance

(Yen in millions)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
Nine months ended December 31, 2016	4,069,259	9.1 %	318,850	21.7 %	209,655	22.8 %
Nine months ended December 31, 2015	3,730,643	2.9 %	261,934	(10.9) %	170,752	(17.4) %

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

(Note) Comprehensive income For the nine months ended December 31, 2016: ¥ 101,742 million 122.0 %
 For the nine months ended December 31, 2015: ¥ 45,839 million (93.0) %

(Yen)

	Net income attributable to owners of the parent per share - Basic	Net income attributable to owners of the parent per share - Diluted
Nine months ended December 31, 2016	348.77	348.74
Nine months ended December 31, 2015	280.70	-

(2) Consolidated financial conditions

(Yen in millions)

	Total assets	Net assets	Ratio of net assets less non-controlling interests to total assets
December 31, 2016	20,792,687	2,748,246	13.1 %
March 31, 2016	20,303,649	2,725,274	13.3 %

(Reference) Net assets less non-controlling interests As of December 31, 2016: ¥ 2,724,138 million
 As of March 31, 2016: ¥ 2,698,168 million

2. Dividends

(Yen)

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual total
Year ended March 31, 2016	-	35.00	-	55.00	90.00
Year ending March 31, 2017	-	50.00	-		
Year ending March 31, 2017 (Forecast)				50.00	100.00

(Note) Revision of the latest announced dividends per share forecast: None

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 %	305.07

Percent figures represent changes from the preceding year.

(Note) Revision of the latest announced earnings forecasts: None

*** Notes**

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

Increase 0

Decrease 1 (MS Frontier Reinsurance Limited)

(2) Adoption of special accounting methods allowed to be applied to quarterly consolidated financial statements: Yes

(Note) For details, please refer to "Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements" on page 2 of the Appendix.

(3) 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: None

3. Changes in accounting estimates: None

4. Restatements: None

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

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

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

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

2. Number of shares of treasury stock

As of December 31, 2016: 33,830,072 shares

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

3. Average number of shares of outstanding stock

For the nine months ended December 31, 2016: 601,117,174 shares

For the nine months ended December 31, 2015: 608,287,836 shares

*** Disclosure regarding the execution of the quarterly review process**

This report is outside the scope of the external auditor's quarterly review process required by "Financial Instruments and Exchange Act" but the review process for the quarterly consolidated financial statements under "Financial Instruments and Exchange Act" has 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. The forecast of consolidated ordinary income for the current fiscal year is 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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1. Qualitative Information on Business Results

(1) Explanation for Business Performance

During the nine months ended December 31, 2016, the global economy was on a gradual recovery trend on the whole with a continuing recovery in the US and moderate recovery in Europe while a sluggishness was shown in some emerging countries.

Japanese economy also moderately recovered with a steady trend in consumer spending supported by an improvement in employment situation while an improvement in corporate earnings paused.

However, an uncertainty increased with economic situations in the US and some emerging countries including China and an issue of the UK leaving the EU.

Under these conditions, the business performance of the Group for the nine months ended December 31, 2016 was as follows.

Underwriting income was ¥3,665.5 billion (of which net premiums written were ¥2,608.9 billion), investment income was ¥393.5 billion and other ordinary income was ¥10.2 billion, resulting in total ordinary income of ¥4,069.2 billion. Ordinary expenses amounted to ¥3,750.4 billion. This breaks down into underwriting expenses of ¥3,208.3 billion (of which net claims paid were ¥1,347.8 billion), investment expenses of ¥52.0 billion, operating expenses and general and administrative expenses of ¥478.4 billion and other ordinary expenses of ¥11.5 billion.

As a result, the Company posted an ordinary profit of ¥318.8 billion, marking an increase of ¥56.9 billion from the same period last year. After factoring in extraordinary income and losses, income taxes and other factors, net income attributable to owners of the parent of ¥209.6 billion was reported with an increase of ¥38.9 billion year on year.

(2) Explanation for Financial Conditions

As of December 31, 2016, total assets stood at ¥20,792.6 billion with an increase of ¥489.0 billion from March 31, 2016. And net assets stood at ¥2,748.2 billion with an increase of ¥22.9 billion from March 31, 2016 primarily due to an increase in retained earnings.

(3) Explanation for Future Forecast Information including Consolidated Earnings Forecasts

The Company keeps the previously announced forecasts of 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 unchanged.

2. Notes to Summary of Financial Statements

Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements

(Calculation of income tax expenses)

The domestic consolidated companies calculate their income tax expenses primarily by multiplying income before income taxes by the effective income tax rate, after adding or deducting the permanent difference if this amount is significant.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2016	December 31, 2016
Assets		
Cash, deposits and savings	1,083,838	1,203,293
Call loans	31,175	15,000
Receivables under resale agreements	29,999	6,999
Receivables under securities borrowing transactions	275,350	225,308
Monetary claims bought	125,785	101,518
Money trusts	828,097	914,950
Investments in securities	14,670,914	15,270,469
Loans	883,106	870,365
Tangible fixed assets	477,799	462,433
Intangible fixed assets	522,081	395,917
Other assets	1,251,615	1,204,144
Assets for retirement benefits	32,815	31,690
Deferred tax assets	45,871	45,602
Customers' liabilities under acceptances and guarantees	55,500	53,530
Bad debt reserve	(10,300)	(8,536)
Total assets	20,303,649	20,792,687
Liabilities		
Policy liabilities:	15,283,850	15,824,737
Outstanding claims	1,967,518	1,894,482
Underwriting reserves	13,316,332	13,930,254
Bonds issued	349,841	436,786
Other liabilities	1,299,598	1,123,767
Liabilities for pension and retirement benefits	188,853	188,477
Reserve for retirement benefits for officers	796	655
Accrued bonuses for employees	33,589	10,011
Reserve for reorganization by function	-	18,470
Reserves under the special laws:	161,032	167,367
Reserve for price fluctuation	161,032	167,367
Deferred tax liabilities	205,312	220,636
Acceptances and guarantees	55,500	53,530
Total liabilities	17,578,374	18,044,440
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	670,646	669,458
Retained earnings	628,562	774,994
Treasury stock	(80,065)	(93,590)
Total shareholders' equity	1,319,143	1,450,862
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	1,324,886	1,450,094
Net deferred gains/(losses) on hedges	40,113	28,264
Foreign currency translation adjustments	22,369	(198,797)
Accumulated actuarial gains/(losses) on retirement benefits	(8,343)	(6,285)
Total accumulated other comprehensive income	1,379,024	1,273,275
Stock acquisition rights	-	307
Non-controlling interests	27,106	23,800
Total net assets	2,725,274	2,748,246
Total liabilities and net assets	20,303,649	20,792,687

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Yen in millions)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Ordinary income:	3,730,643	4,069,259
Underwriting income:	3,441,318	3,665,530
Net premiums written	2,340,785	2,608,957
Deposit premiums from policyholders	95,092	79,361
Investment income on deposit premiums from policyholders	35,569	36,353
Life insurance premiums	965,419	935,551
Investment income:	280,091	393,507
Interest and dividends income	208,848	208,625
Investment gains on money trusts	790	10,869
Investment gains on trading securities	-	40,739
Gains on sales of securities	94,455	68,915
Gains on derivative transactions	7,250	-
Investment gains on separate accounts	-	73,415
Transfer of investment income on deposit premiums from policyholders	(35,569)	(36,353)
Other ordinary income	9,233	10,221
Ordinary expenses:	3,468,708	3,750,408
Underwriting expenses:	2,933,124	3,208,361
Net claims paid	1,212,639	1,347,843
Loss adjustment expenses	118,587	123,937
Commissions and collection expenses	485,936	510,947
Maturity refunds to policyholders	226,281	181,211
Life insurance claims	307,851	244,930
Provision for outstanding claims	32,855	67,126
Provision for underwriting reserves	543,504	706,505
Investment expenses:	98,895	52,066
Investment losses on money trusts	15,403	13,298
Losses on sales of securities	7,547	6,938
Impairment losses on securities	10,433	1,589
Losses on derivative transactions	-	25,390
Investment losses on separate accounts	15,168	-
Operating expenses and general and administrative expenses	427,456	478,403
Other ordinary expenses:	9,232	11,577
Interest expense	5,387	6,573
Ordinary profit	<u>261,934</u>	<u>318,850</u>
Extraordinary income:	706	1,695
Gains on sales of fixed assets	706	1,695
Extraordinary losses:	30,730	35,101
Losses on sales of fixed assets	1,653	933
Impairment losses on fixed assets	9,409	2,187
Provision for reserves under the special laws:	5,599	6,335
Provision for reserve for price fluctuation	5,599	6,335
Other extraordinary losses	14,067	25,646
Income before income taxes	<u>231,910</u>	<u>285,444</u>
Income taxes	<u>60,387</u>	<u>74,618</u>
Net income	<u>171,522</u>	<u>210,826</u>
Net income attributable to non-controlling interests	<u>770</u>	<u>1,170</u>
Net income attributable to owners of the parent	<u>170,752</u>	<u>209,655</u>

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net income	171,522	210,826
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	(72,235)	122,899
Net deferred gains/(losses) on hedges	2,250	(11,849)
Foreign currency translation adjustments	(42,025)	(219,179)
Accumulated actuarial gains/(losses) on retirement benefits	(1,292)	2,059
Share of other comprehensive income of equity method investments	(12,380)	(3,013)
Total other comprehensive income	<u>(125,682)</u>	<u>(109,083)</u>
Total comprehensive income	<u>45,839</u>	<u>101,742</u>
Allocation:		
Comprehensive income attributable to owners of the parent	49,305	103,907
Comprehensive income attributable to non-controlling interests	(3,466)	(2,164)

(3) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

Explanatory Material for Business Results

1. Summary of Consolidated Business Results

(1) Consolidated Business Performance

(Yen in 100 millions)

	Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Change	Change ratio
Ordinary income and expenses:					
Underwriting income:	1	34,414	36,651	2,236	6.5 %
Net premiums written	2	23,409	26,086	2,676	11.4
Deposit premiums from policyholders	3	950	793	(157)	(16.5)
Life insurance premiums	4	9,654	9,355	(298)	(3.1)
Underwriting expenses:	5	29,332	32,080	2,747	9.4
Net claims paid	6	12,126	13,478	1,352	11.1
Loss adjustment expenses	7	1,185	1,239	53	4.5
Commissions and collection expenses	8	4,859	5,109	250	5.1
Maturity refunds to policyholders	9	2,262	1,812	(450)	(19.9)
Life insurance claims	10	3,078	2,449	(629)	(20.4)
Provision for outstanding claims	11	328	671	342	104.3
Provision for underwriting reserves	12	5,436	7,061	1,624	29.9
Investment income:	13	2,800	3,935	1,134	40.5
Interest and dividends income	14	2,088	2,086	(2)	(0.1)
Investment gains on money trusts	15	7	108	100	1,274.2
Gains on sales of securities	16	944	689	(255)	(27.0)
Investment gains on separate accounts	17	-	734	734	-
Investment expenses:	18	988	520	(468)	(47.4)
Investment losses on money trusts	19	154	132	(21)	(13.7)
Losses on sales of securities	20	75	69	(6)	(8.1)
Impairment losses on securities	21	104	15	(88)	(84.8)
Investment losses on separate accounts	22	151	-	(151)	(100.0)
Operating expenses and general and administrative expenses	23	4,274	4,784	509	11.9
Other ordinary income and expenses:	24	0	(13)	(13)	(216,686.5)
Gains/(losses) on equity method investments	25	18	8	(9)	(52.8)
Ordinary profit	26	2,619	3,188	569	21.7
Extraordinary income and losses:					
Extraordinary income	27	7	16	9	139.9
Extraordinary losses	28	307	351	43	14.2
Extraordinary income/(losses)	29	(300)	(334)	(33)	-
Income before income taxes	30	2,319	2,854	535	23.1
Income taxes	31	603	746	142	23.6
Net income	32	1,715	2,108	393	22.9
Net income attributable to non-controlling interests	33	7	11	4	52.0
Net income attributable to owners of the parent	34	1,707	2,096	389	22.8

(Notes) 1. The figures in the above table are presented exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

2. Extraordinary losses for the nine months ended December 31, 2015 include costs of ¥11.3 billion associated with the implementation of the career/transition assistance measures such as special severance payments at Aioi Nissay Dowa Insurance Co., Ltd., one of the consolidated subsidiaries.

3. Extraordinary losses for the nine months ended December 31, 2016 include system-related costs that were recognized by the reorganization by function at domestic insurance consolidated subsidiaries under the umbrella of the Company in the amount of ¥21.4 billion.

(2) Breakdown of Results by Company (Net Premiums Written, Ordinary Profit and Net Income Attributable to Owners of the Parent)

(Yen in 100 millions)

	Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Change	Change ratio
Net premiums written ^(Note 1)	1	23,409	26,086	2,676	11.4
Mitsui Sumitomo Insurance ^(Note 1)	2	11,463	11,043	(419)	(3.7)
Aioi Nissay Dowa Insurance	3	9,027	9,051	24	0.3
Mitsui Direct General Insurance	4	266	274	8	3.2
Overseas insurance subsidiaries	5	2,608	5,672	3,064	117.5
Ordinary profit	6	2,619	3,188	569	21.7
Mitsui Sumitomo Insurance	7	1,389	1,689	299	21.6
Aioi Nissay Dowa Insurance	8	606	800	194	32.2
Net income attributable to owners of the parent	9	1,707	2,096	389	22.8
Mitsui Sumitomo Insurance	10	1,001	1,251	250	25.0
Aioi Nissay Dowa Insurance	11	338	563	224	66.4
Mitsui Direct General Insurance	12	(21)	(0)	20	-
Mitsui Sumitomo Aioi Life Insurance	13	85	61	(24)	(28.8)
Mitsui Sumitomo Primary Life Insurance	14	287	338	50	17.5
Overseas insurance subsidiaries	15	248	284	35	14.3
Others	16	14	5	(9)	(63.4)
Consolidation adjustments and holding company	17	(247)	(407)	(159)	-

(Notes) 1. The figures in the above table are presented exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

2. Items 10 to 16 represent the net income or loss on a non-consolidated basis after taking into account the Company's ownership interests in its subsidiaries.

(3) Breakdown of Results of Overseas Insurance Subsidiaries

(Yen in 100 millions)

	Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Change	Change ratio
Net premiums written	1	2,608	5,672	3,064	117.5
Asia	2	1,294	1,167	(126)	(9.8)
Europe	3	772	667	(105)	(13.7)
Americas	4	358	339	(18)	(5.1)
Reinsurance	5	183	158	(24)	(13.5)
MS Amlin	6	-	3,339	3,339	-
Net income attributable to owners of the parent	7	248	284	35	14.3
Asia	8	148	113	(34)	(23.2)
Europe	9	(5)	(55)	(49)	-
Americas	10	20	19	(0)	(2.6)
Reinsurance	11	85	88	3	4.2
MS Amlin	12	-	116	116	-

(4) Summary of Results of Domestic Life Insurance Business

(Yen in 100 millions)

	Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Change	Change ratio	Year ended March 31, 2016
Amount of new policies						
Mitsui Sumitomo Aioi Life Insurance	1	18,190	16,051	(2,139)	(11.8) %	24,233
Mitsui Sumitomo Primary Life Insurance	2	9,374	7,591	(1,782)	(19.0) %	12,626
Amount of policies in force						
Mitsui Sumitomo Aioi Life Insurance	3	224,105	228,758	2,998	1.3 %	225,760
Mitsui Sumitomo Primary Life Insurance	4	47,990	54,888	5,780	11.8 %	49,108
Annualized premiums for policies in force						
Mitsui Sumitomo Aioi Life Insurance	5	3,697	3,897	140	3.7 %	3,757
Mitsui Sumitomo Primary Life Insurance	6	4,766	5,061	221	4.6 %	4,840

(Notes) 1. The figures in the above table represent the total sum of individual insurance and individual annuities.

2. "Changes" and "Change ratio" make comparisons with the nine months ended December 31, 2015 for items 1 and 2 and the year ended March 31, 2016 for items 3 to 6.

2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd.

The figures in the tables below are presented exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

(1) Business Performance

(Yen in 100 millions)

	Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Change	Change ratio
					%
(+)	Net premiums written	11,463	11,043	(419)	(3.7)
(-)	Net claims paid	5,948	5,963	15	0.3
(-)	Loss adjustment expenses	628	643	15	2.5
(-)	Commissions and collection expenses	2,013	1,887	(125)	(6.2)
(-)	Operating expenses and general and administrative expenses for underwriting	1,472	1,492	19	1.3
	Underwriting profit before movements in reserves	1,400	1,055	(345)	(24.6)
(-)	Movement in outstanding claims	207	193	(13)	(6.6)
(-)	Movement in ordinary underwriting reserves	602	(126)	(728)	(120.9)
(-)	Movement in catastrophe reserve	454	350	(104)	(23.0)
(+)	Other	30	37	6	22.3
	Underwriting profit	166	675	509	305.3
(+)	Interest and dividends income	973	841	(131)	(13.5)
(-)	Transfer of investment income on deposit premiums from policyholders	276	278	2	0.8
	Net interest and dividends income (item 12 - item 13)	696	562	(133)	(19.2)
(+)	Gains/(losses) on sales of securities	644	526	(118)	(18.3)
(-)	Impairment losses on securities	37	0	(36)	(97.4)
(+)	Other	(53)	(44)	9	-
	Investment profit	1,250	1,043	(206)	(16.5)
(+)	Other ordinary profit/(loss)	(27)	(29)	(2)	-
	Ordinary profit	1,389	1,689	299	21.6
(+)	Extraordinary income/(losses):	(115)	(36)	79	-
	Gains/(losses) on reserve for price fluctuation	(24)	(27)	(2)	-
	Income before income taxes	1,274	1,653	378	29.7
(-)	Income taxes	273	401	128	47.0
	Net income	1,001	1,251	250	25.0

Ratios	Net loss ratio	26	57.4 %	59.8 %	2.4 %	/
	Net expense ratio	27	30.4 %	30.6 %	0.2 %	
	Combined ratio	28	87.8 %	90.4 %	2.6 %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio

(Reference) Business performance excluding residential earthquake insurance and CALI*

	Net premiums written	29	10,039	9,651	(387)	(3.9)
Ratios	Net loss ratio	30	54.2 %	56.0 %	1.8 %	/
	Net expense ratio	31	32.4 %	32.5 %	0.1 %	
	Combined ratio	32	86.6 %	88.5 %	1.9 %	

* CALI stands for compulsory automobile liability insurance, and the same hereinafter.

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Nine months ended December 31, 2015		Nine months ended December 31, 2016		Nine months ended December 31, 2015		Nine months ended December 31, 2016	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	1,942	19.9	1,366	(29.6)	2,559	18.4	1,966	(23.2)
Marine	513	5.7	444	(13.5)	716	9.1	604	(15.6)
Personal accident	1,041	(5.5)	1,058	1.7	1,100	(4.9)	1,134	3.1
Voluntary automobile	4,853	3.3	4,921	1.4	4,878	3.5	4,953	1.5
CALI	1,418	5.6	1,385	(2.3)	1,299	2.7	1,311	1.0
Other	1,694	10.2	1,866	10.2	1,941	12.1	2,137	10.1
Total	11,463	6.3	11,043	(3.7)	12,496	6.9	12,109	(3.1)

(3) Net claims paid

(Yen in 100 millions)

	Nine months ended December 31, 2015			Nine months ended December 31, 2016			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	979	(15.8)	52.1	973	(0.6)	73.5	21.4
Marine	245	14.4	50.5	259	5.7	61.5	11.0
Personal accident	561	(5.1)	58.7	534	(4.8)	55.2	(3.5)
Voluntary automobile	2,414	(0.8)	57.9	2,368	(1.9)	56.3	(1.6)
CALI	1,033	1.0	79.9	1,043	1.0	82.8	2.9
Other	713	8.9	44.4	783	9.8	44.3	(0.1)
Total	5,948	(2.2)	57.4	5,963	0.3	59.8	2.4

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Nine months ended December 31, 2015			Nine months ended December 31, 2016		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	326	230	95	295	180	114
Voluntary automobile	25	24	1	12	12	0
Other	23	12	10	21	9	11
Total	374	267	107	329	202	126

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

The figures for the nine months ended December 31, 2016 include incurred losses related to the Kumamoto earthquakes, which exclude residential earthquake insurance, as follows:

Incurred losses ¥9.6 billion, Net claims paid ¥4.9 billion and Outstanding claims ¥4.6 billion.

(4) Expenses

<Company expenses>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2015			Nine months ended December 31, 2016		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	1,238	(7)	(0.6)	1,263	24	2.0
Non-personnel expenses	2	840	(43)	(4.9)	860	20	2.5
Taxes and contributions	3	94	3	3.4	93	(1)	(1.4)
Total	4	2,173	(47)	(2.1)	2,217	44	2.0

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2015			Nine months ended December 31, 2016		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	1,472	(56)	(3.7)	1,492	19	1.3
Commissions and collection expenses	6	2,013	116	6.1	1,887	(125)	(6.2)
Total	7	3,485	59	1.7	3,380	(105)	(3.0)
Net expense ratio	8	30.4 %	(1.4)		30.6 %	0.2 %	

(5) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2016		December 31, 2016			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	1,402	58.0	85	123	1,440	79.4
Marine	753	112.6	-	20	774	130.8
Personal accident	631	44.8	-	33	665	47.1
Voluntary automobile	380	5.9	-	157	537	8.2
Other	1,656	73.7	2	102	1,757	70.6
Total	4,825	36.6	87	437	5,175	40.2

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI and Good Result Return premiums of the automobile insurance product "ModoRich") x 100
Reserve ratio for December 31, 2016 is calculated on an annualized basis using net premiums written multiplied by four thirds as a denominator.

(6) Investment assets

(Yen in 100 millions)

	March 31, 2016	December 31, 2016	
			Change
Cash, deposits and savings	5,127	4,255	(872)
Investments in securities:	51,737	53,624	1,886
Domestic bonds	18,653	18,403	(250)
Domestic stocks	17,565	18,850	1,284
Foreign securities	15,259	16,034	775
Other securities	258	335	76
Loans	4,486	4,167	(318)
Land and buildings	2,049	2,006	(43)
Total	63,401	64,053	651

(Reference)

Long-term investment assets	13,645	13,153	(491)
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(7) Breakdown of interest and dividends income

(Yen in 100 millions)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	
			Change
Investments in securities:	861	746	(114)
Domestic bonds	158	146	(11)
Domestic stocks	442	419	(22)
Foreign securities	230	164	(65)
Other securities	29	14	(14)
Loans	47	38	(9)
Land and buildings	45	47	1
Other	18	9	(9)
Total	973	841	(131)

(8) Investments in securities**Unrealized gains and losses on investments in securities**

(Yen in 100 millions)

December 31, 2016	Cost	Fair value	Difference	Change from
				March 31, 2016
Domestic bonds	16,759	18,403	1,644	(266)
Domestic stocks	6,490	18,499	12,008	1,605
Foreign securities	4,459	4,553	94	(72)
Other securities	331	368	36	(7)
Total	28,041	41,825	13,784	1,259

(Yen in 100 millions)

March 31, 2016	Cost	Fair value	Difference
Domestic bonds	16,743	18,653	1,910
Domestic stocks	6,784	17,187	10,403
Foreign securities	4,008	4,175	166
Other securities	362	406	44
Total	27,898	40,423	12,524

(Notes) 1. The above tables describe available-for-sale securities with practically determinable fair value.

2. "Other securities" includes loan receivable trust beneficiary certificates and commercial papers included in Monetary claims bought on the balance sheets.

Gains and losses on sales of securities

(Yen in 100 millions)

	Nine months ended December 31, 2015 Gains/(losses)	Nine months ended December 31, 2016		
		Gains/(losses)	Gains	Losses
Domestic bonds	12	3	3	0
Domestic stocks	623	523	524	0
Foreign securities	8	(0)	13	14
Other securities	-	-	-	-
Total	644	526	540	14

Impairment losses on securities

(Yen in 100 millions)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	
			Change
Domestic bonds	-	-	-
Domestic stocks	37	0	(36)
Foreign securities	-	0	0
Other securities	-	-	-
Total	37	0	(36)

3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd.

(1) Business Performance

(Yen in 100 millions)

	Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Change	Change ratio %
(+)	Net premiums written	9,027	9,051	24	0.3
(-)	Net claims paid	4,860	4,867	7	0.1
(-)	Loss adjustment expenses	458	451	(6)	(1.4)
(-)	Commissions and collection expenses	1,698	1,691	(6)	(0.4)
(-)	Operating expenses and general and administrative expenses for underwriting	1,377	1,302	(75)	(5.5)
	Underwriting profit before movements in reserves	632	738	105	16.6
(-)	Movement in outstanding claims	(35)	(8)	27	-
(-)	Movement in ordinary underwriting reserves	188	(8)	(197)	(104.5)
(-)	Movement in catastrophe reserve	225	309	83	37.1
(+)	Other	35	26	(9)	(25.4)
	Underwriting profit	289	471	182	63.2
(+)	Interest and dividends income	465	428	(37)	(8.0)
(-)	Transfer of investment income on deposit premiums from policyholders	137	140	2	2.2
	Net interest and dividends income (item 12 - item 13)	327	287	(40)	(12.2)
(+)	Gains/(losses) on sales of securities	67	86	18	28.1
(-)	Impairment losses on securities	38	12	(25)	(66.9)
(+)	Other	(48)	(64)	(16)	-
	Investment profit	307	296	(11)	(3.8)
(+)	Other ordinary profit/(loss)	8	32	23	268.0
	Ordinary profit	606	800	194	32.2
(+)	Extraordinary income/(losses):	(163)	(60)	103	-
	Gains/(losses) on reserve for price fluctuation	(12)	(12)	(0)	-
	Income before income taxes	442	740	298	67.5
(-)	Income taxes	103	177	73	71.1
	Net income	338	563	224	66.4

Ratios	Net loss ratio	26	58.9 %	58.8 %	(0.1) %
	Net expense ratio	27	34.1 %	33.1 %	(1.0) %
	Combined ratio	28	93.0 %	91.9 %	(1.1) %

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. Extraordinary income/(losses) for the nine months ended December 31, 2015 includes costs of ¥11.3 billion associated with the implementation of the career/transition assistance measures such as special severance payments.

(Reference) Business performance excluding residential earthquake insurance and CALI

	Net premiums written	29	7,722	7,794	71	0.9
Ratios	Net loss ratio	30	55.5 %	54.7 %	(0.8) %	
	Net expense ratio	31	36.3 %	34.7 %	(1.6) %	
	Combined ratio	32	91.8 %	89.4 %	(2.4) %	

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Nine months ended December 31, 2015		Nine months ended December 31, 2016		Nine months ended December 31, 2015		Nine months ended December 31, 2016	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	1,277	23.9	1,126	(11.8)	1,825	15.2	1,417	(22.4)
Marine	43	(31.2)	40	(8.2)	(0)	(100.5)	(0)	-
Personal accident	490	(8.0)	471	(3.9)	513	(7.7)	499	(2.7)
Voluntary automobile	5,052	0.9	5,123	1.4	4,961	2.1	4,981	0.4
CALI	1,299	3.7	1,252	(3.6)	1,393	2.5	1,388	(0.4)
Other	863	6.2	1,036	20.1	988	5.3	1,079	9.2
Total	9,027	3.7	9,051	0.3	9,682	3.6	9,366	(3.3)

(3) Net claims paid

(Yen in 100 millions)

	Nine months ended December 31, 2015			Nine months ended December 31, 2016			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	637	(15.0)	52.4	630	(1.0)	58.0	5.6
Marine	19	(45.5)	45.7	19	1.2	49.7	4.0
Personal accident	231	(5.0)	50.8	203	(11.8)	47.4	(3.4)
Voluntary automobile	2,624	(4.8)	57.7	2,562	(2.4)	55.8	(1.9)
CALI	935	(0.7)	79.2	926	(1.0)	81.0	1.8
Other	411	1.0	50.5	524	27.4	53.0	2.5
Total	4,860	(5.4)	58.9	4,867	0.1	58.8	(0.1)

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Nine months ended December 31, 2015			Nine months ended December 31, 2016		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	229	177	52	141	103	37
Voluntary automobile	31	30	0	12	12	0
Other	14	6	8	8	4	3
Total	275	214	61	162	120	41

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

The figures for the nine months ended December 31, 2016 include incurred losses related to the Kumamoto earthquakes, which exclude residential earthquake insurance, as follows:

Incurred losses ¥3.7 billion, Net claims paid ¥1.9 billion and Outstanding claims ¥1.8 billion.

(4) Expenses

<Company expenses>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2015			Nine months ended December 31, 2016		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	954	69	7.9	929	(24)	(2.6)
Non-personnel expenses	2	854	(72)	(7.8)	803	(50)	(6.0)
Taxes and contributions	3	84	2	2.6	83	(1)	(1.6)
Total	4	1,893	(0)	(0.0)	1,816	(77)	(4.1)

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2015			Nine months ended December 31, 2016		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	1,377	(42)	(3.0)	1,302	(75)	(5.5)
Commissions and collection expenses	6	1,698	71	4.4	1,691	(6)	(0.4)
Total	7	3,075	28	0.9	2,994	(81)	(2.6)
Net expense ratio	8	34.1 %	(0.9) %		33.1 %	(1.0) %	

(5) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2016		December 31, 2016			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	1,121	67.1	-	91	1,212	81.1
Marine	138	240.1	-	0	139	259.5
Personal accident	631	99.4	-	14	646	102.9
Voluntary automobile	299	4.5	6	164	456	6.7
Other	591	52.6	4	49	636	46.0
Total	2,782	27.3	11	320	3,091	29.8

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI) x 100
Reserve ratio for December 31, 2016 is calculated on an annualized basis using net premiums written multiplied by four thirds as a denominator.

(6) Investment assets

(Yen in 100 millions)

	March 31, 2016	December 31, 2016	
			Change
Cash, deposits and savings	1,495	1,667	172
Investments in securities:	24,975	26,137	1,161
Domestic bonds	9,855	9,892	37
Domestic stocks	7,927	8,537	609
Foreign securities	6,757	7,226	469
Other securities	435	481	45
Loans	2,218	2,093	(124)
Land and buildings	1,709	1,636	(72)
Total	30,398	31,536	1,137

(Reference)

Long-term investment assets	4,837	4,603	(234)
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(7) Breakdown of interest and dividends income

(Yen in 100 millions)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	
			Change
Investments in securities:	399	370	(28)
Domestic bonds	74	74	0
Domestic stocks	168	169	0
Foreign securities	129	109	(20)
Other securities	27	17	(9)
Loans	23	20	(3)
Land and buildings	32	33	1
Other	9	3	(6)
Total	465	428	(37)

(8) Investments in securities

Unrealized gains and losses on investments in securities

(Yen in 100 millions)

December 31, 2016	Cost	Fair value	Difference	Change from
				March 31, 2016
Domestic bonds	9,195	9,892	697	(141)
Domestic stocks	4,267	8,268	4,001	753
Foreign securities	5,702	6,228	526	(71)
Other securities	377	432	55	3
Total	19,542	24,823	5,280	543

(Yen in 100 millions)

March 31, 2016	Cost	Fair value	Difference
Domestic bonds	9,016	9,855	838
Domestic stocks	4,415	7,663	3,248
Foreign securities	5,244	5,842	597
Other securities	346	398	52
Total	19,022	23,759	4,736

(Notes) 1. The above tables describe available-for-sale securities with practically determinable fair value.

2. "Other securities" includes loan receivable trust beneficiary certificates included in Monetary claims bought on the balance sheets.

Gains and losses on sales of securities

(Yen in 100 millions)

	Nine months ended December 31, 2015 Gains/(losses)	Nine months ended December 31, 2016		
		Gains/(losses)	Gains	Losses
Domestic bonds	0	5	6	0
Domestic stocks	112	106	109	2
Foreign securities	(45)	(25)	3	29
Other securities	-	-	-	-
Total	67	86	119	32

Impairment losses on securities

(Yen in 100 millions)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	
			Change
Domestic bonds	-	-	-
Domestic stocks	38	6	(32)
Foreign securities	0	6	6
Other securities	-	-	-
Total	38	12	(25)

4. Supplementary Information

(1) Supplementary Information on Consolidated Business Results

(a) Premiums Written and Net Claims Paid by Line of Insurance

Direct Premiums Written by Line of Insurance (including Deposit premiums from policyholders)

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2015			Nine months ended December 31, 2016		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	528,481	19.9	13.1	443,670	16.2	(16.0)
Marine	104,204	3.9	4.4	145,206	5.3	39.3
Personal accident	246,227	9.3	(6.4)	250,264	9.1	1.6
Voluntary automobile	1,108,882	41.7	4.1	1,156,787	42.1	4.3
CALI	269,266	10.1	2.6	270,038	9.8	0.3
Other	399,848	15.1	11.2	479,845	17.5	20.0
Total:	2,656,911	100.0	5.6	2,745,812	100.0	3.3
Deposit premiums from policyholders	95,092	3.6	(14.7)	79,361	2.9	(16.5)

(Reference) Direct Premiums Written excluding Good Result Return premiums of the automobile insurance product "ModoRich"

Voluntary Automobile	1,109,055		4.0	1,156,443		4.3
Total	2,657,085		5.5	2,745,468		3.3

Net Premiums Written by Line of Insurance

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2015			Nine months ended December 31, 2016		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	373,913	16.0	19.9	408,784	15.7	9.3
Marine	82,085	3.5	4.5	127,064	4.9	54.8
Personal accident	163,934	7.0	(4.9)	175,662	6.7	7.2
Voluntary automobile	1,123,893	48.0	4.3	1,188,659	45.6	5.8
CALI	272,139	11.6	4.7	264,147	10.1	(2.9)
Other	324,819	13.9	9.7	444,640	17.0	36.9
Total	2,340,785	100.0	6.5	2,608,957	100.0	11.5

(Reference) Net Premiums Written excluding Good Result Return premiums of the automobile insurance product "ModoRich"

Voluntary automobile	1,124,067		4.2	1,188,315		5.7
Total	2,340,958		6.5	2,608,613		11.4

Net Claims Paid by Line of Insurance

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2015			Nine months ended December 31, 2016		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	178,495	14.7	(13.9)	227,702	16.9	27.6
Marine	34,449	2.8	3.1	67,839	5.0	96.9
Personal accident	82,498	6.8	(4.2)	80,924	6.0	(1.9)
Voluntary automobile	576,754	47.6	(0.8)	590,983	43.9	2.5
CALI	197,296	16.3	0.2	197,366	14.6	0.0
Other	143,144	11.8	6.9	183,026	13.6	27.9
Total	1,212,639	100.0	(2.1)	1,347,843	100.0	11.1

(Note) The figures in the above tables include elimination of intersegment transactions.

(b) Available-for-Sale Securities

(Yen in millions)

Items	March 31, 2016			December 31, 2016		
	Cost	Carrying amount	Difference	Cost	Carrying amount	Difference
Domestic Bonds	3,998,967	4,413,778	414,810	4,015,640	4,369,384	353,744
Domestic Stocks	1,193,600	2,486,048	1,292,448	1,147,154	2,677,760	1,530,606
Foreign Securities	1,908,714	2,030,887	122,173	2,012,483	2,112,199	99,715
Other Securities	175,305	184,283	8,977	121,417	130,988	9,571
Total	7,276,587	9,114,998	1,838,410	7,296,695	9,290,333	1,993,637

March 31, 2016	December 31, 2016
<p>1. Available-for-sale securities without practically determinable fair value are not included in the above table.</p> <p>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.</p> <p>3. 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). 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.</p>	<p>1. Available-for-sale securities without practically determinable fair value are not included in the above table.</p> <p>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.</p> <p>3. The Company and its consolidated subsidiaries recognized impairment losses of ¥1,523 million on Available-for-sale securities with practically determinable fair value (comprised of ¥657 million on Domestic stocks and ¥865 million on Foreign 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.</p>

(2) Summary of Business Results of Main Consolidated Subsidiaries

(a) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2016	December 31, 2016
(Assets)		
Cash, deposits and savings	442,553	392,103
Receivables under resale agreements	29,999	6,999
Monetary claims bought	28,785	22,829
Money trusts	11,564	3,585
Investments in securities	5,173,738	5,362,406
Loans	448,667	416,786
Tangible fixed assets	215,984	210,671
Intangible fixed assets	43,039	40,166
Other assets	349,567	351,381
Customers' liabilities under acceptances and guarantees	45,803	43,731
Bad debt reserve	(3,115)	(2,823)
Total assets	6,786,590	6,847,838
(Liabilities)		
Policy liabilities:	3,994,619	3,987,818
Outstanding claims	649,729	669,094
Underwriting reserves	3,344,890	3,318,724
Bonds issued	256,191	256,191
Other liabilities:	610,785	510,080
Income taxes payable	31,780	21,421
Lease obligations	903	1,189
Asset retirement obligations	3,765	3,824
Other liabilities	574,337	483,645
Reserve for pension and retirement benefits	135,688	139,351
Reserve for retirement benefits for officers	761	625
Accrued bonuses for employees	11,716	364
Reserve for reorganization by function	-	245
Reserves under the special laws:	64,133	66,872
Reserve for price fluctuation	64,133	66,872
Deferred tax liabilities	139,408	173,790
Acceptances and guarantees	45,803	43,731
Total liabilities	5,259,108	5,179,069
(Net assets)		
Common stock	139,595	139,595
Capital surplus	93,107	93,107
Retained earnings	352,644	404,584
Total shareholders' equity	585,347	637,288
Net unrealized gains/(losses) on investments in securities	902,019	994,696
Net deferred gains/(losses) on hedges	40,113	36,784
Total valuation and translation adjustments	942,133	1,031,480
Total net assets	1,527,481	1,668,768
Total liabilities and net assets	6,786,590	6,847,838

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Ordinary income:	1,389,092	1,333,885
Underwriting income:	1,243,310	1,215,043
Net premiums written	1,146,128	1,104,659
Deposit premiums from policyholders	69,418	56,329
Investment income on deposit premiums from policyholders	27,631	27,856
Reversal of underwriting reserves	-	26,166
Investment income:	142,511	115,849
Interest and dividends income	97,300	84,143
Investment gains on money trusts	305	492
Gains on sales of securities	66,910	54,076
Transfer of investment income on deposit premiums from policyholders	(27,631)	(27,856)
Other ordinary income	3,270	2,993
Ordinary expenses:	1,250,093	1,164,931
Underwriting expenses:	1,078,894	997,023
Net claims paid	594,834	596,353
Loss adjustment expenses	62,813	64,395
Commissions and collection expenses	201,335	188,797
Maturity refunds to policyholders	161,168	127,015
Provision for outstanding claims	20,738	19,364
Provision for underwriting reserves	35,948	-
Investment expenses:	12,016	5,715
Investment losses on money trusts	49	9
Losses on sales of securities	2,470	1,447
Impairment losses on securities	3,704	95
Operating expenses and general and administrative expenses	154,528	157,355
Other ordinary expenses:	4,654	4,835
Interest expense	4,543	4,760
Ordinary profit	138,998	168,954
Extraordinary income	257	773
Extraordinary losses	11,782	4,387
Income before income taxes	127,473	165,340
Income taxes	27,328	40,162
Net income	100,144	125,178

Non-Consolidated Solvency Margin Ratio

Insurance companies running their business in Japan calculate the non-consolidated solvency margin ratio pursuant to the provisions of Articles 86 and 87 of the Insurance Business Act Enforcement Regulations and Public Notice No. 50 issued by the Ministry of Finance in 1996.

While insurance companies set aside reserves to provide for payments of insurance claims should an insured event occur, they are also required to maintain sufficient funds to pay out in an event outside the normal range of estimates such as a major catastrophe and a significant drop in the value of their assets.

The non-consolidated solvency margin ratio, or item (C) in each of the tables below, which is calculated in accordance with the Insurance Business Act, is the ratio of “solvency margin of insurance companies calculated based on their capital and other reserves”, or (A) the total amount of solvency margin, to “risks exceeding the normal range of estimates”, or (B) the total amount of risks.

The non-consolidated solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurance companies. A non-consolidated solvency margin ratio of 200% or over indicates adequate ability to satisfy insurance claims and other payment requirements.

(Yen in millions)

	March 31, 2016	December 31, 2016
(A) Total amount of solvency margin	2,612,098	2,901,595
Total net assets	539,532	637,288
Reserve for price fluctuation	64,133	66,872
Contingency reserve	483	632
Catastrophe reserve	495,691	525,248
General bad debt reserve	199	203
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	1,126,342	1,241,871
Net unrealized gains/(losses) on land	39,762	45,607
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	256,191	256,191
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	14,674	14,652
Others	104,435	142,333
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	891,542	894,928
General insurance risk (R ₁)	120,693	124,506
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	17,579	17,280
Asset management risk (R ₄)	682,112	713,857
Business administration risk (R ₅)	19,645	19,782
Catastrophe risk (R ₆)	161,872	133,482
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	585.9 %	648.4 %

(Note) The non-consolidated solvency margin ratio for December 31, 2016 is calculated by partially applying the simplified method where components such as the catastrophe risk (R₆) are calculated based on the data used for September 30, 2016.

(b) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2016	December 31, 2016
(Assets)		
Cash, deposits and savings	131,947	149,196
Call loans	15,000	15,000
Monetary claims bought	94	0
Money trusts	2,511	2,590
Investments in securities	2,497,578	2,613,778
Loans	221,856	209,392
Tangible fixed assets	181,665	174,518
Intangible fixed assets	23,976	20,286
Other assets	289,975	265,235
Prepaid pension expenses	28,175	27,406
Deferred tax assets	14,544	10,033
Customers' liabilities under acceptances and guarantees	12,500	12,530
Bad debt reserve	(1,309)	(1,257)
Total assets	3,418,516	3,498,711
(Liabilities)		
Policy liabilities:	2,404,819	2,410,973
Outstanding claims	511,559	510,750
Underwriting reserves	1,893,259	1,900,222
Bonds issued	50,000	50,000
Other liabilities:	143,343	148,136
Income taxes payable	3,000	16,771
Lease obligations	109	35
Asset retirement obligations	654	646
Other liabilities	139,578	130,683
Reserve for pension and retirement benefits	20,239	22,317
Accrued bonuses for employees	5,757	316
Reserve for reorganization by function	166	329
Reserves under the special laws:	36,525	37,807
Reserve for price fluctuation	36,525	37,807
Acceptances and guarantees	12,500	12,530
Total liabilities	2,673,351	2,682,410
(Net assets)		
Common stock	100,005	100,005
Capital surplus	81,207	81,207
Retained earnings	221,876	243,010
Total shareholders' equity	403,089	424,223
Net unrealized gains/(losses) on investments in securities	342,075	392,077
Total valuation and translation adjustments	342,075	392,077
Total net assets	745,164	816,300
Total liabilities and net assets	3,418,516	3,498,711

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Ordinary income:	998,529	990,072
Underwriting income:	946,119	944,164
Net premiums written	902,701	905,141
Deposit premiums from policyholders	25,674	23,031
Investment income on deposit premiums from policyholders	13,797	14,095
Reversal of outstanding claims	3,511	808
Investment income:	48,213	41,272
Interest and dividends income	46,519	42,808
Investment gains on money trusts	0	0
Gains on sales of securities	13,930	11,929
Transfer of investment income on deposit premiums from policyholders	(13,797)	(14,095)
Other ordinary income	4,196	4,635
Ordinary expenses:	937,927	909,973
Underwriting expenses:	778,940	764,236
Net claims paid	486,018	486,725
Loss adjustment expenses	45,807	45,169
Commissions and collection expenses	169,836	169,199
Maturity refunds to policyholders	65,113	54,196
Provision for underwriting reserves	10,320	6,962
Investment expenses:	13,659	7,733
Losses on sales of securities	7,184	3,284
Impairment losses on securities	3,853	1,275
Operating expenses and general and administrative expenses	143,553	136,471
Other ordinary expenses:	1,773	1,532
Interest expense	567	565
Ordinary profit	60,601	80,098
Extraordinary income	427	1,399
Extraordinary losses	16,805	7,412
Income before income taxes	44,223	74,086
Income taxes	10,375	17,756
Net income	33,847	56,329

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2016	December 31, 2016
(A) Total amount of solvency margin	1,246,991	1,386,256
Total net assets	382,616	424,223
Reserve for price fluctuation	36,525	37,807
Contingency reserve	747	747
Catastrophe reserve	287,174	314,244
General bad debt reserve	372	203
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	427,061	476,123
Net unrealized gains/(losses) on land	9,267	14,638
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	50,000	50,000
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	9,747	10,747
Others	62,975	79,016
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	300,711	316,196
General insurance risk (R ₁)	100,469	102,287
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	8,919	8,637
Asset management risk (R ₄)	207,334	224,233
Business administration risk (R ₅)	7,431	7,784
Catastrophe risk (R ₆)	54,827	54,066
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	829.3 %	876.8 %

(Note) The non-consolidated solvency margin ratio for December 31, 2016 is calculated by partially applying the simplified method where components such as the catastrophe risk (R₆) are calculated based on the data used for September 30, 2016.

(c) Mitsui Direct General Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2016	December 31, 2016
(Assets)		
Cash, deposits and savings	3,918	10,508
Investments in securities	38,973	40,146
Tangible fixed assets	213	212
Intangible fixed assets	2,396	2,301
Other assets	5,586	5,366
Bad debt reserve	(1)	(4)
Total assets	51,086	58,530
(Liabilities)		
Policy liabilities:	43,044	42,876
Outstanding claims	22,978	23,329
Underwriting reserves	20,066	19,546
Other liabilities:	1,217	945
Income taxes payable	120	60
Asset retirement obligations	16	17
Other liabilities	1,080	866
Reserve for pension and retirement benefits	-	38
Accrued bonuses for employees	215	-
Reserves under the special laws:	49	55
Reserve for price fluctuation	49	55
Deferred tax liabilities	118	125
Total liabilities	44,646	44,040
(Net assets)		
Common stock	35,101	39,106
Capital surplus	5,001	9,006
Retained earnings	(33,816)	(33,747)
Total shareholders' equity	6,285	14,364
Net unrealized gains/(losses) on investments in securities	155	126
Total valuation and translation adjustments	155	126
Total net assets	6,440	14,490
Total liabilities and net assets	51,086	58,530

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Ordinary income:	27,182	28,060
Underwriting income:	27,099	27,997
Net premiums written	26,621	27,462
Investment income on deposit premiums from policyholders	14	15
Reversal of underwriting reserves	463	519
Investment income:	72	55
Interest and dividends income	87	70
Gains on sales of securities	0	0
Transfer of investment income on deposit premiums from policyholders	(14)	(15)
Other ordinary income	10	7
Ordinary expenses:	29,726	27,953
Underwriting expenses:	24,010	21,971
Net claims paid	19,310	19,391
Loss adjustment expenses	1,919	2,045
Commissions and collection expenses	166	183
Provision for outstanding claims	2,614	350
Investment expenses	-	-
Operating expenses and general and administrative expenses	5,695	5,948
Other ordinary expenses	20	33
Ordinary profit/(loss)	(2,544)	107
Extraordinary income	-	-
Extraordinary losses	12	10
Income/(loss) before income taxes	(2,556)	97
Income taxes	37	28
Net income/(loss)	(2,594)	68

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2016	December 31, 2016
(A) Total amount of solvency margin	7,721	15,487
Total net assets	6,285	14,364
Reserve for price fluctuation	49	55
Contingency reserve	0	0
Catastrophe reserve	1,191	908
General bad debt reserve	0	1
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	194	157
Net unrealized gains/(losses) on land	-	-
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	-	-
Others	-	-
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	6,701	6,717
General insurance risk (R ₁)	6,129	6,129
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	0	0
Asset management risk (R ₄)	818	908
Business administration risk (R ₅)	217	220
Catastrophe risk (R ₆)	300	300
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	230.4 %	461.1 %

(Note) The non-consolidated solvency margin ratio for December 31, 2016 is calculated by partially applying the simplified method to components such as the assumed interest rate risk (R₃).

(d) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2016	December 31, 2016
(Assets)		
Cash, deposits and savings	73,084	163,627
Receivables under securities borrowing transactions	275,350	225,308
Investments in securities	2,765,411	2,877,149
Loans	52,677	54,052
Tangible fixed assets	4,752	4,702
Intangible fixed assets	16,768	18,610
Due from agencies	139	123
Reinsurance accounts receivable	860	232
Other assets	40,062	39,014
Bad debt reserve	(76)	(114)
Total assets	3,229,031	3,382,708
(Liabilities)		
Policy liabilities:	2,696,520	2,864,267
Outstanding claims	24,858	26,565
Underwriting reserves	2,661,796	2,828,026
Reserve for dividends to policyholders	9,865	9,674
Due to agencies	5,013	4,107
Reinsurance accounts payable	262	236
Other liabilities:	289,830	297,497
Payables under securities lending transactions	277,880	281,983
Income taxes payable	1,995	800
Lease obligations	2,695	3,155
Asset retirement obligations	426	428
Other liabilities	6,832	11,129
Reserve for pension and retirement benefits	2,187	2,475
Reserve for retirement benefits for officers	34	30
Reserves under the special laws:	5,230	5,786
Reserve for price fluctuation	5,230	5,786
Deferred tax liabilities	30,221	22,448
Total liabilities	3,029,301	3,196,850
(Net assets)		
Common stock	35,500	35,500
Capital surplus	43,688	43,688
Retained earnings	1,539	7,653
Total shareholders' equity	80,727	86,841
Net unrealized gains/(losses) on investments in securities	119,001	99,016
Total valuation and translation adjustments	119,001	99,016
Total net assets	199,729	185,858
Total liabilities and net assets	3,229,031	3,382,708

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Ordinary income:	376,035	385,526
Insurance premiums and others:	337,854	349,335
Insurance premiums	337,600	349,028
Investment income:	36,552	34,810
Interest and dividends income	32,511	32,957
Gains on sales of securities	4,038	1,853
Other ordinary income	1,628	1,380
Ordinary expenses:	359,721	372,461
Insurance claims and others:	128,134	137,506
Insurance claims	28,746	30,889
Annuity payments	10,445	11,922
Benefits	10,912	12,005
Surrender benefits	74,831	79,210
Other refunds	2,126	2,356
Provision for underwriting reserves and others:	167,760	167,937
Provision for outstanding claims	2,075	1,707
Provision for underwriting reserves	165,684	166,229
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	874	2,919
Interest expense	241	53
Losses on sales of securities	88	611
Losses on derivative transactions	506	2,179
Operating expenses	54,867	55,494
Other ordinary expenses	8,082	8,604
Ordinary profit	16,313	13,065
Extraordinary income	0	1
Extraordinary losses	543	570
Provision for reserve for dividends to policyholders	3,769	3,709
Income before income taxes	12,001	8,786
Income taxes	3,417	2,672
Net income	8,583	6,114

Business Results**Amount of Policies in Force and New Policies**

(1) Policies in force (Yen in 100 millions)

	March 31, 2016		December 31, 2016	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	2,767	218,310	2,884	221,422
Individual annuities	185	7,449	185	7,336
Group insurance	-	65,187	-	70,040
Group annuities	-	3	-	3

(Notes) 1. The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

2. The amounts of group annuities represent the underwriting reserves.

(2) New policies (Yen in 100 millions)

	Nine months ended December 31, 2015				Nine months ended December 31, 2016			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	232	18,019	18,019	-	226	15,865	15,865	-
Individual annuities	3	171	171	-	4	186	186	-
Group insurance	-	601	601	-	-	428	428	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence.

Annualized Premiums

(1) Policies in force (Yen in 100 millions)

	March 31, 2016	December 31, 2016
Individual insurance	3,327	3,465
Individual annuities	429	431
Total:	3,757	3,897
Medical coverage, living benefits, etc.	787	859

(2) New policies (Yen in 100 millions)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Individual insurance	345	325
Individual annuities	9	10
Total:	354	336
Medical coverage, living benefits, etc.	102	113

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.

2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

(Yen in millions)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Change
Fundamental revenues:	371,997	383,675	11,677
Insurance premiums and others	337,854	349,335	11,481
Fundamental expenses	357,513	367,858	10,344
Fundamental profit	14,484	15,817	1,333
Capital gains/(losses)	3,445	(942)	(4,387)
Non-recurring gains/(losses)	(1,615)	(1,809)	(194)
Ordinary profit	16,313	13,065	(3,248)
Extraordinary income	0	1	0
Extraordinary losses	543	570	26
Provision for reserve for dividends to policyholders	3,769	3,709	(60)
Income taxes	3,417	2,672	(744)
Net income	8,583	6,114	(2,469)

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2016	December 31, 2016
(A) Total amount of solvency margin	380,460	374,712
Total capital	80,727	86,841
Reserve for price fluctuation	5,230	5,786
Contingency reserve	29,150	30,919
General bad debt reserve	11	9
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	148,752	123,770
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	142,443	148,803
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	(26,894)	(24,825)
Brought in capital	-	-
Deductions	-	-
Others	1,038	3,406
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	47,604	49,675
Insurance risk (R ₁)	15,906	16,340
Insurance risk of third sector insurance contracts (R ₈)	9,660	10,904
Assumed interest rate risk (R ₂)	3,049	3,076
Minimum guarantee risk (R ₇)	-	-
Asset management risk (R ₃)	35,576	36,844
Business administration risk (R ₄)	1,283	1,343
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	1,598.4 %	1,508.6 %

(e) Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2016	December 31, 2016
(Assets)		
Cash, deposits and savings	136,349	112,308
Call loans	16,175	-
Monetary claims bought	34,997	31,499
Money trusts	813,920	908,700
Investments in securities	3,906,188	4,316,233
Loans	160,609	196,782
Tangible fixed assets	749	602
Intangible fixed assets	4,748	4,405
Reinsurance accounts receivable	139	2,877
Other assets	83,598	24,968
Deferred tax assets	33,754	36,037
Total assets	5,191,230	5,634,417
(Liabilities)		
Policy liabilities:	4,888,353	5,383,746
Outstanding claims	9,605	11,096
Underwriting reserves	4,878,748	5,372,649
Due to agencies	9,668	4,002
Reinsurance accounts payable	3,074	6,377
Other liabilities:	110,019	35,423
Income taxes payable	2,110	2,856
Lease obligations	368	240
Asset retirement obligations	130	131
Other liabilities	107,410	32,194
Reserves under the special laws:	55,093	56,845
Reserve for price fluctuation	55,093	56,845
Total liabilities	5,066,210	5,486,395
(Net assets)		
Common stock	41,060	41,060
Capital surplus	24,735	24,735
Retained earnings	48,686	77,559
Total shareholders' equity	114,481	143,354
Net unrealized gains/(losses) on investments in securities	10,538	4,667
Total valuation and translation adjustments	10,538	4,667
Total net assets	125,019	148,021
Total liabilities and net assets	5,191,230	5,634,417

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Ordinary income:	1,017,527	920,548
Insurance premiums and others:	971,049	788,144
Insurance premiums	970,572	782,055
Investment income:	43,462	129,858
Interest and dividends income	34,963	43,773
Gains on sales of securities	8,457	1,306
Gains on derivative transactions	42	64
Investment gains on separate accounts	-	73,415
Other ordinary income:	3,015	2,545
Reversal of outstanding claims	927	-
Ordinary expenses:	975,818	871,794
Insurance claims and others:	531,589	316,829
Insurance claims	39,485	42,289
Annuity payments	53,114	60,177
Benefits	165,594	91,411
Surrender benefits	243,696	78,465
Other refunds	2,397	2,562
Provision for underwriting reserves and others:	298,037	495,392
Provision for outstanding claims	-	1,490
Provision for underwriting reserves	298,037	493,901
Investment expenses:	70,847	4,265
Interest expense	1	0
Investment losses on money trusts	14,869	2,913
Losses on sales of securities	342	1,299
Investment losses on separate accounts	15,168	-
Operating expenses	66,283	47,773
Other ordinary expenses	9,060	7,533
Ordinary profit	41,709	48,754
Extraordinary income	-	-
Extraordinary losses	1,347	1,751
Income before income taxes	40,361	47,002
Income taxes	11,579	13,175
Net income	28,781	33,826

Business Results**Amount of Policies in Force and New Policies**

(1) Policies in force (Yen in 100 millions)

	March 31, 2016		December 31, 2016	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	449	24,467	564	30,996
Individual annuities	325	24,640	323	23,892
Group insurance	-	-	-	-
Group annuities	-	-	-	-

(Note) The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence (the premium reserves in the case of individual variable annuities) for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

(2) New policies (Yen in 100 millions)

	Nine months ended December 31, 2015				Nine months ended December 31, 2016			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	147	7,987	7,987	-	121	6,645	6,645	-
Individual annuities	24	1,386	1,386	-	17	945	945	-
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence (the premium reserves at the time of enrollment in the case of individual variable annuities).

Annualized Premiums

(1) Policies in force (Yen in 100 millions)

	March 31, 2016	December 31, 2016
Individual insurance	1,598	2,034
Individual annuities	3,242	3,026
Total:	4,840	5,061
Medical coverage, living benefits, etc.	0	0

(2) New policies (Yen in 100 millions)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Individual insurance	538	479
Individual annuities	878	652
Total:	1,416	1,131
Medical coverage, living benefits, etc.	-	-

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.
2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

(Yen in millions)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Change
Fundamental revenues:	1,022,419	921,048	(101,371)
Insurance premiums and others	971,049	788,144	(182,904)
Fundamental expenses	984,459	867,924	(116,535)
Fundamental profit	37,959	53,124	15,164
Capital gains/(losses)	5,160	(4,713)	(9,873)
Non-recurring gains/(losses)	(1,410)	343	1,754
Ordinary profit	41,709	48,754	7,044
Extraordinary income	-	-	-
Extraordinary losses	1,347	1,751	403
Provision for reserve for dividends to policyholders	-	-	-
Income taxes	11,579	13,175	1,596
Net income	28,781	33,826	5,044

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2016	December 31, 2016
(A) Total amount of solvency margin	438,444	534,290
Total capital	110,384	143,354
Reserve for price fluctuation	55,093	56,845
Contingency reserve	73,159	72,816
General bad debt reserve	-	-
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	13,173	5,833
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	169,946	225,998
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	16,687	29,442
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	88,978	101,730
Insurance risk (R ₁)	55	89
Insurance risk of third sector insurance contracts (R ₈)	7	6
Assumed interest rate risk (R ₂)	36,504	39,337
Minimum guarantee risk (R ₇)	4,218	3,980
Asset management risk (R ₃)	46,509	56,416
Business administration risk (R ₄)	1,745	1,996
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	985.5 %	1,050.4 %