

立ちどまらない保険。

MS&ADホールディングス

MS&AD INSURANCE GROUP

FY 2022 IR Day Growth Strategy for Overseas Businesses - MS Amlin Initiatives -

**MS & AD Holdings
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MS Amlin 1Q 2022 Results and Full Year Forecast

- Due to losses related to Russia-Ukraine and impairment loss of investment assets following rapid market fluctuations, net income for 1st quarter appears to be on a low progress, decreased by 44 million pounds from the previous quarter to -93 million pounds, but generally as planned.
- Losses related to Russia-Ukraine has been within our conservative estimate (124 million pounds) in early FY2022.
- Investment result should be watched carefully, but showed the better results than other Lloyd's syndicates due to risk control measures.

MS Amlin 1Q Financial Result Summary

	million £	
	FY2022 1Q	YoY change
Net premiums written	1,398	125
Underwriting profit/loss	-66	-25
Investment profit/loss	-21	-35
Net income after tax	-93	-44
El combined ratio	110.3%	3.9pp
(exc. Russi-Ukraine related loss)	95.5%	-10.9pp

Impact of losses related to Russia-Ukraine

	1Q		full-year forecast
Incurred loss impact	60	IBNR for property insurance, etc., mainly covering war risks	60
Preparing for Uncertainty	35	Reserves to prepare for uncertainty	64

Current situation:

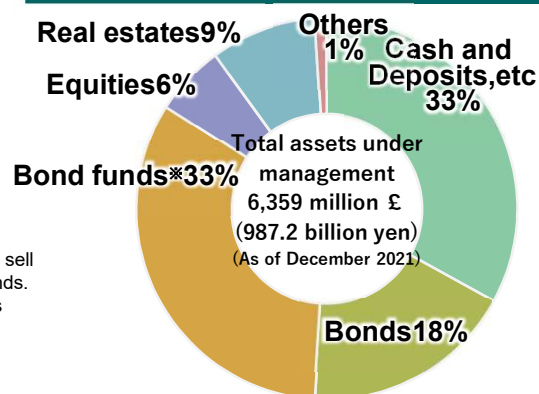
Even the situation has last long, the loss has been within our estimate planned in early FY2022

We review reserves for each class. But there is no sign of loss expansion

Achieved a **combined ratio level that ensures stable profit** excluding the impact of losses related to Russia-Ukraine

* Bond funds are funds whose basic strategy is to sell high-priced bonds and purchase low-priced bonds. We will take credit risks while controlling losses caused by overall rises in interest rates

Asset management



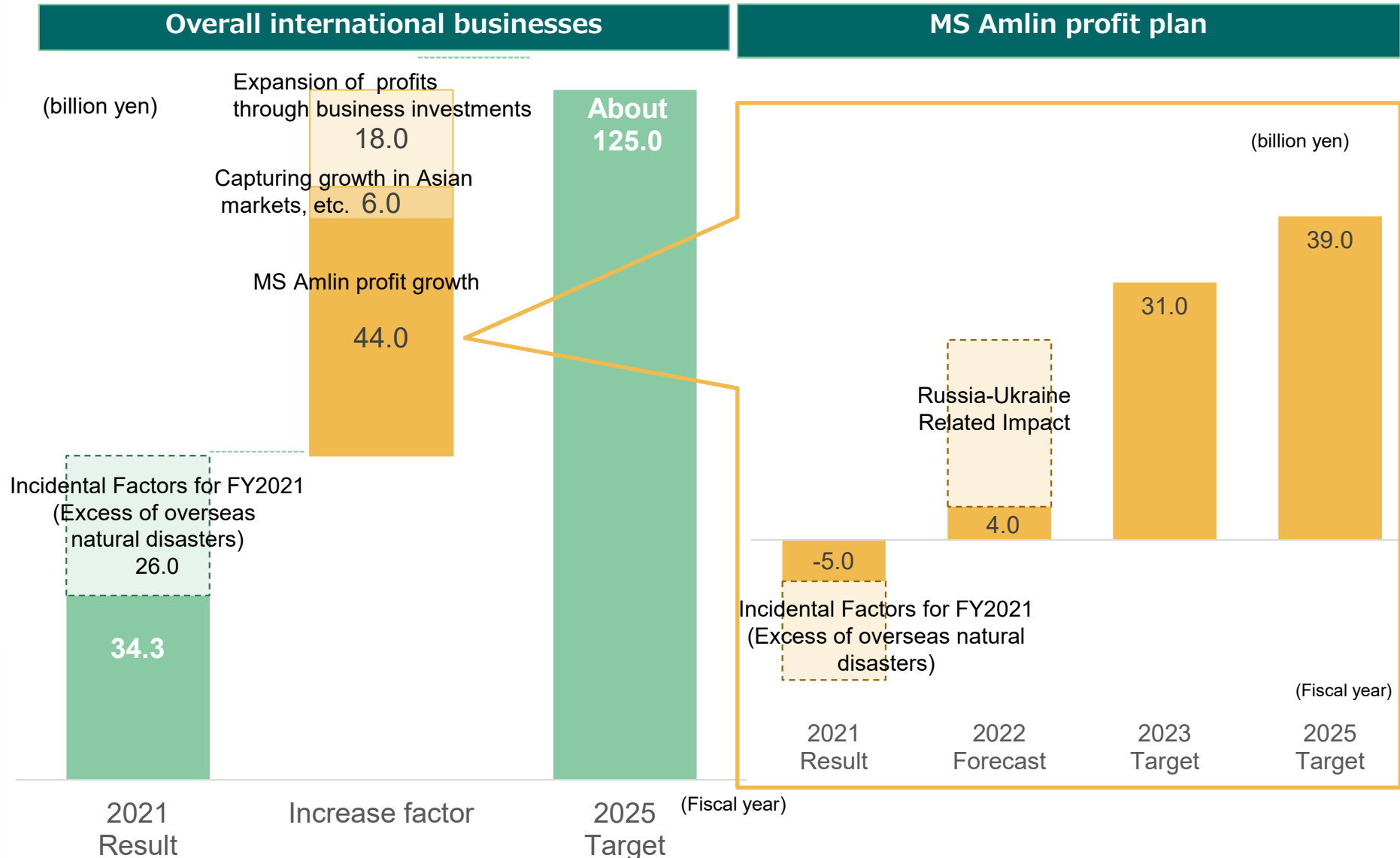
(million £)

First Quarter	
Interest & dividend income	24
Capital gains and losses, etc.	-45
Total	-21
Asset management yield	-0.3%

- A preference for BZD and restrained bond duration resulted in a relatively minor loss from rising interest rates
- Stock hedging program partially mitigates the impact of falling stock prices

Profit Expansion Plan during the Medium-Term Management Plan

Group Adjusted Profit Plan



Direction of MS Amlin's growth

Achievement of midium term management plan "Vision 2021"

AUL :Non-cat risk improvement largely completed
AAG ※ :Response to losses in previous years completed
AISE : Developed the structures which can steadily produce the profit

Going
Forward

**Dissolved cross-organization management between MS Amlin companies following the reorganization of international business in Jan 2020,
We will pursue autonomous growth by leveraging each company's strengths**

AUL

Pursue growth by leveraging the MS Amlin brand's name recognition and contacts, as well as its expertise and know-how, and aim to become one of the top syndicate in both scale and profitability at Lloyd's.

AAG ※

Restructure the portfolio centering mid-term profitability judgement on each client, and secure a presence as a global reinsurer and a stable return of 10% ROE.

AISE

Pursue Topline growth and build steadily profit foundation through sales expansion in marine insurance, where AISE has strengths, and niche areas, where AISE has significant expertise.

※In Sep 2022, New brand "MS Reinsurance" has been introduced and used thereafter.

AUL portfolio improvement

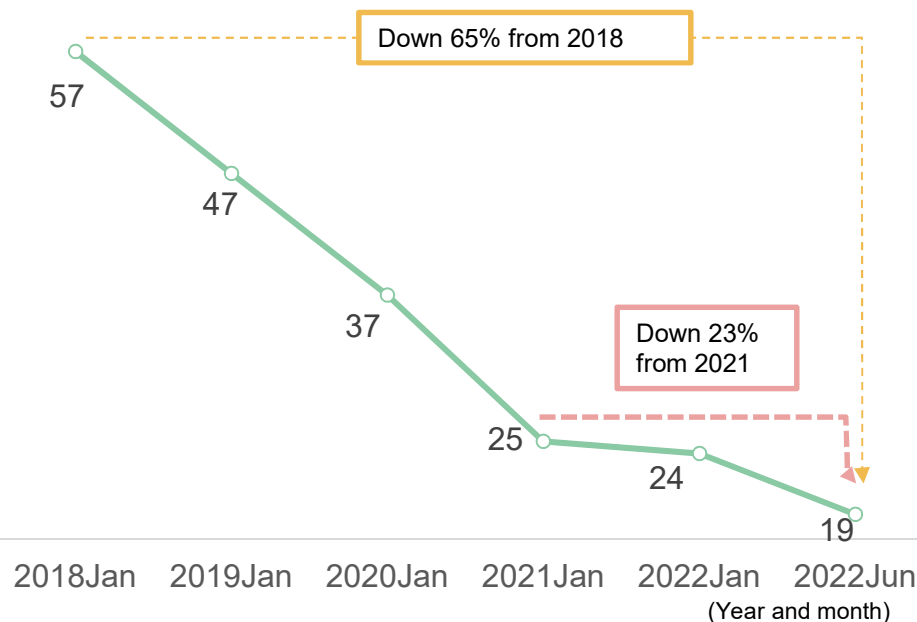
- AUL reduced its exposure to natural catastrophe risks and restructured its portfolio to improve profitability.
- The earnings structure has been steadily improving due to the withdrawal from unprofitable lines of business, initiatives such as rate increases, and cost reductions through operational efficiency.

Reduction in risk amount of natural catastrophe

- We continue to reduce the risk amount of natural catastrophe and improve the portfolio.
- Model losses (net) assuming a revisit of Hurricane Ida in 2021 is about 65% lower than 2018.

Net losses in case of Hurricane Ida's revisit

(million US dollars)

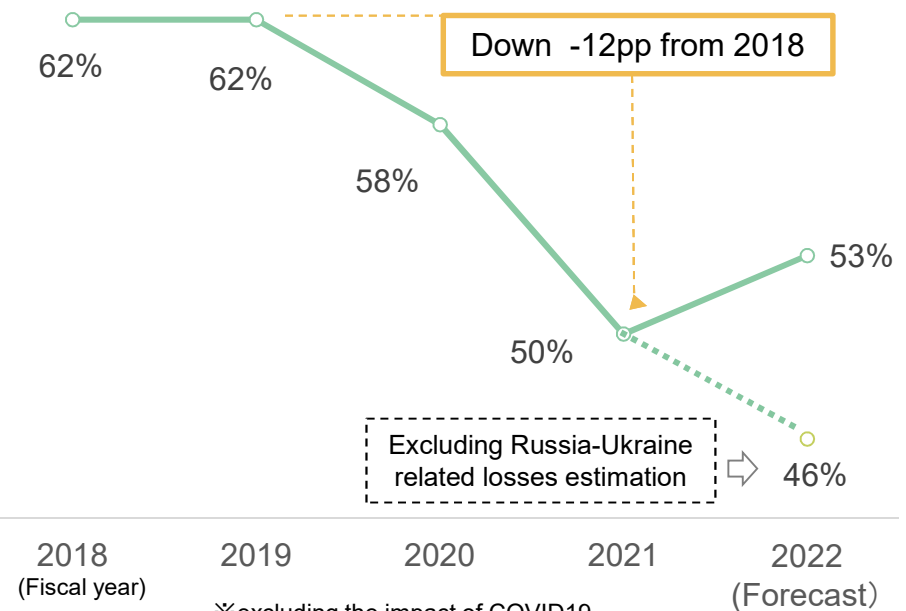


※Net estimated loss under the treaty for natural catastrophe in North America

Portfolio improvement in non-cat lines

- The profitability of non-cat risks has improved significantly.
- Aim to expand and optimize the underwriting profit by building a portfolio that can absorb the volatility caused by natural catastrophe losses through selective underwriting.

Net loss ratio of non-cat lines

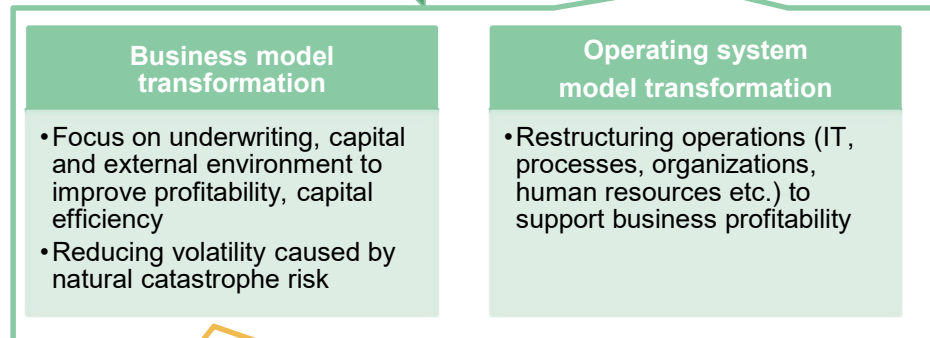
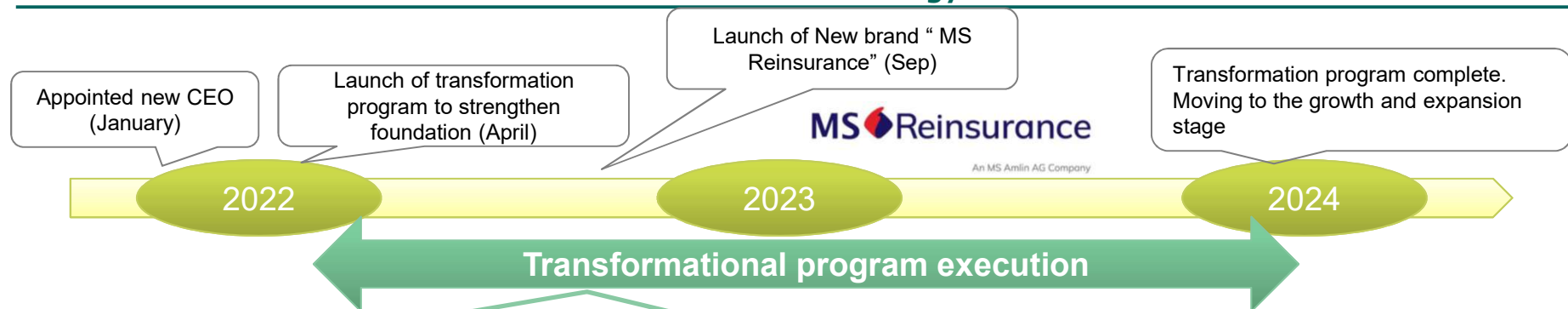


※excluding the impact of COVID19

AAG's transformation program

- Under new management team, AAG reduced the unprofitable business underwriting and raised rates. In addition to such activities, AAG increased the reserve against uncertainty in order to secure the adequacy of reserve levels for the portfolio in previous years and the risk of reserve fluctuations in the future.
- AAG will strengthen its business foundation through a transformation program by FY2023 and move to the growth and expansion stage after FY2024.
- AAG will replace its portfolio to low volatility and high ROE efficiency classes in order to achieve the steadily profit growth.

Medium-Term Strategy



Reduction of US Hurricane risks in 2022

Florida (Renewed in June) : -75%
Northeast in US (Renewed in July) : -25%

※Underwriting exposure basis

Net loss ratio of non-cat lines

