

MS&AD Insurance Group
Medium-Term Management Plan

Vision 2021 Stage 2 (2020-2021)

Towards a resilient and sustainable society

1 . Review of Previous Medium-Term Management Plan Stage1①

In order to achieve the aiming positions within the planned period, respectively for "Scale and quality of a world-leading insurance and financial services group" and "Creation of resilient systems that can swiftly respond to changes in environment", the following efforts have been advanced.

Scale and quality

Concerning our strong domestic non-life insurance business, we achieved the highest sales growth for 2 consecutive years, and consolidated net income from insurance of domestic and overseas non-life insurance business grew at the rate of 1.7% per year.

Due to global economic environment changes etc., asset investment profits/gross life insurance premiums turned from increased income to decreased income in fiscal 2019. However, our business scale firmly maintains within top 10 non-life insurance companies.

At the end of March 2020, ESR (Economic Solvency Ratio) became one hundred eighty-six percent (186%) and got closer to the lower limit of 180% ~220% which is said to be the appropriate level due to change in stock market conditions/ultra-low interest rate etc. However, ESR is expected to be within the appropriate level in fiscal 2020 due to buildup of profit etc.

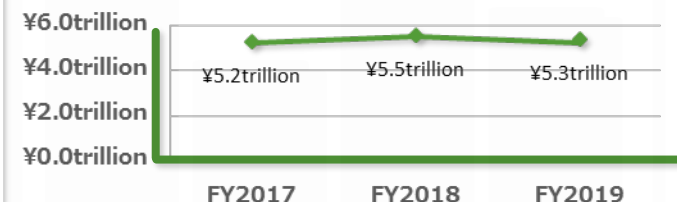
In fiscal 2019, group adjusted ROE is 8%. To achieve our group adjusted ROE target, we will continue to focus on capital efficiency improvement.

Domestic natural disasters occurred frequently during Stage 1 period. This has resulted in the reinforcement of claims services system at the time of wide-scale disasters. In consideration of new issues, extension of development period of joint claims services system has been decided, for which release was originally planned. While social change accelerates in digital field /ESG field etc., entire group employees are engaged in efforts toward sustainability issues and digitalization promotion.

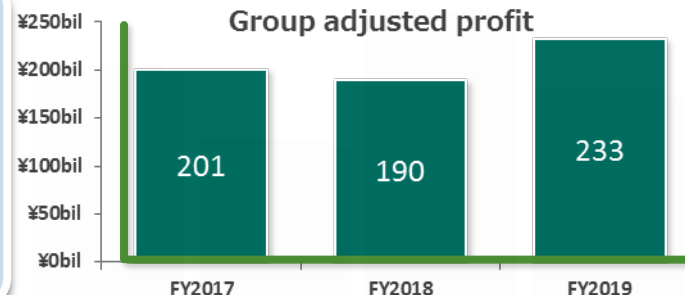
Streamlining of business is carried out, such as paperless work operation, and remote work is carried out smoothly under the influence of new coronavirus.

Creation of resilient systems

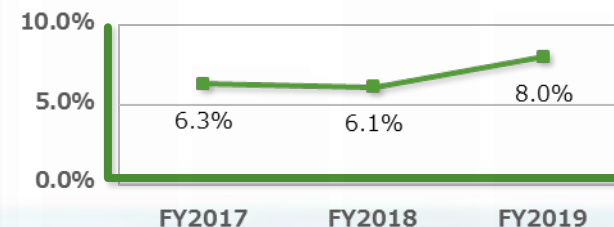
Ordinary profit



Group adjusted profit



Group adjusted ROE



1 . Review of Previous Medium-Term Management Plan Stage1 ②

As the drivers to implement the basic Group strategy, we pursued, "Pursue group's comprehensive strengths", "Promote digitalization" and "Reform portfolio".

Pursue group's comprehensive strengths

- Each and every measure toward productivity improvement/quality improvement such as joint development of products, and joint efforts at the sales department/the claims services department made progress.
- ▶ Premiums for cars with drive recorders (drive recorder type)
- ▶ Cyber risk and cyber security platform
- ▶ Joint efforts at the marketing department and branch offices
- ▶ Setting up of base for joint attendance at the occurrence of natural disasters etc.
- In the working group by issues of all groups such as reinforcement of business activities/claims services/products earning capacity and logistics for printing etc., in terms of "utilize/extend/increase" and "stop/eliminate/reduce", works have been reviewed.
- At the Stage 2, fixed-quantity target of the efficiency is established to promote group synergies demonstration.

Reform portfolio

- Reduction of strategic equity holdings (2017-2021 for 5 years 500 billion yen) is progressing steadily, and 80% of the target was achieved by fiscal 2019. It is expected to achieve less than 10% of consolidated total assets and less than 30% of risk amount during this period.
- Concerning domestic non-life insurance business, we strengthened the efforts for new types of insurance. While maintaining the scale of income from insurance, we increased income from insurance other than that of automobile insurance to the scale of 1 trillion yen.
- We will continue to reform group's business income portfolio.

Promote digitalization

- We utilized new technique etc., carried out reform of work processes, upgrading of channel competitiveness and digital correspondence of products and services. As a result, activity for work productivity improvement has been established.
- ▶ RPA expansion for routinized work and AI expansion for handling of inquiries
- ▶ Efficiency for handling of wide-scale natural disasters by utilizing them
- ▶ MS1, AD1 online complete reform
- ▶ Creation of digital platform
- ▶ Corporate client support through data analysis (RisTech)
- ▶ MS1Brain introduction
- ▶ Automobile insurance by utilizing telematics drive recorder, development of claims services
- Through efforts which become the promotion base, we promoted the digital education for employees and carried out nurture of culture within the group etc.
- ▶ Foundation of corporate venture capital (CVC)
- ▶ Collaboration with innovation promotion corporation in Israel
- ▶ Group-based digital human resources cultivation by collaborations between universities and industry
- ▶ Through efforts which become the promotion base, we promoted the digital education for employees and carried out nurture of culture within the group etc.
- Implementation of idea contest, "Challenge program", for promoting digitalization
- Selection of "Competitive IT Strategy Company in 2019"

2 . Recognition of Business Environment

Politics (legal trends that regulate business)

Worldwide

- Dealing with climate change (the Paris Agreement), reinforcement of regulations toward carbon-free society
- Strengthening capital regulations (Risk-based Global Insurance Capital Standard (ICS))
- Reinforcement of regulations such as legislation on human rights protection and personal information protection regulations
- Effects due to the outbreak of the new coronavirus (COVID-19)

Japan

- Change in soft law (revision of Stewardship Code, TCFD), Emphasis on ROE management and ongoing demands to reduce strategic equity holdings based on Corporate Governance Code, Stewardship Code, etc.
- Enforcement of revised Civil Code (Apr. 2020)

Society (demographics, values, trends , etc.)

Worldwide

- Increase of intensity and frequency for natural disasters such as wind and flood damage and major earthquakes
- Expansion of regional conflicts
- Expansion and consolidation of disparities such as that between poverty and wealth
- Increase of immigrants/refugees
- Excellent performance of post-millennials
- Major change in concept of values/lifestyle

Japan

- Decrease in total population, advancement of regional depopulation /Regional construction
- Further advancement of falling birthrate and aging population
- Effect and rebound associated with the Tokyo Olympics and Paralympics

Economy (economic levels, foreign exchange, interest rates, etc.)

Worldwide

- Recovery from the new coronavirus (COVID-19) effects, concern over economic recession (recession), global low interest
- Trade friction and trade agreement
- Expansion of ESG investment, rise of request for disclosure about climate change (TCFD)
- Progress of ESG investment
- Expansion of infrastructure demand in developing countries

Japan

- Continuation of ultra-low interest rate policy based on Bank of Japan's quantitative and qualitative monetary easing, exit strategy
- Decrease in car sales and number of vehicles owned
- Decrease in housing construction
- Increase in foreign visitors to Japan

Technology (technology trends that impact business)

Worldwide

- Appearance of new business model by digital platformer
- Penetration of 5th generation mobile communication system (5G), post 5G
- Development in digital technology, increased cyber risk
- Development of new automobile technology such as CASE, safety support car, MaaS
- Boom of data-related business, threat of Big Data monopoly

Japan

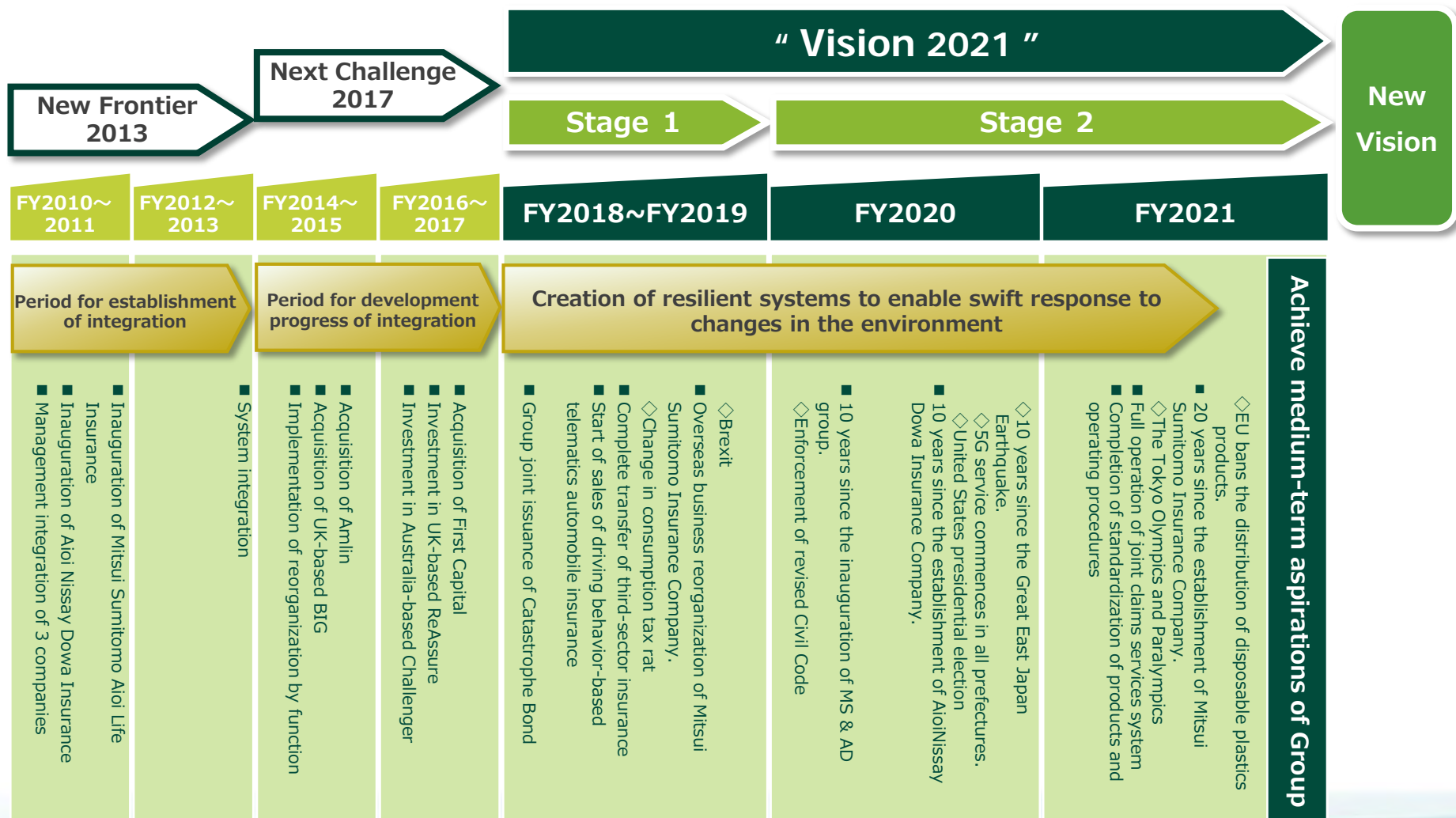
- Cashless payment etc., further penetration of digital technology into everyday life (realization of Society 5.0)

Business environment where uncertainty is increasing and forecasting is difficult

Need for resilient systems that can respond swiftly to changes in the environment

3 . Positioning of Vision 2021

Positioned as the “period to achieve medium-term aspirations of the Group” and “create resilient systems that can respond swiftly to changes in the environment”



4 . Aspirations during the Period of the Medium-Term Plan

We will achieve business of a substantial scale and quality to be recognized as a world-leading insurance and financial services group by stakeholders.

Scale

- Within top 10 non-life insurance groups of the world

Quality

- Capital efficiency (Group Adjusted ROE of 10%) and soundness (ESR of 180%~220%)

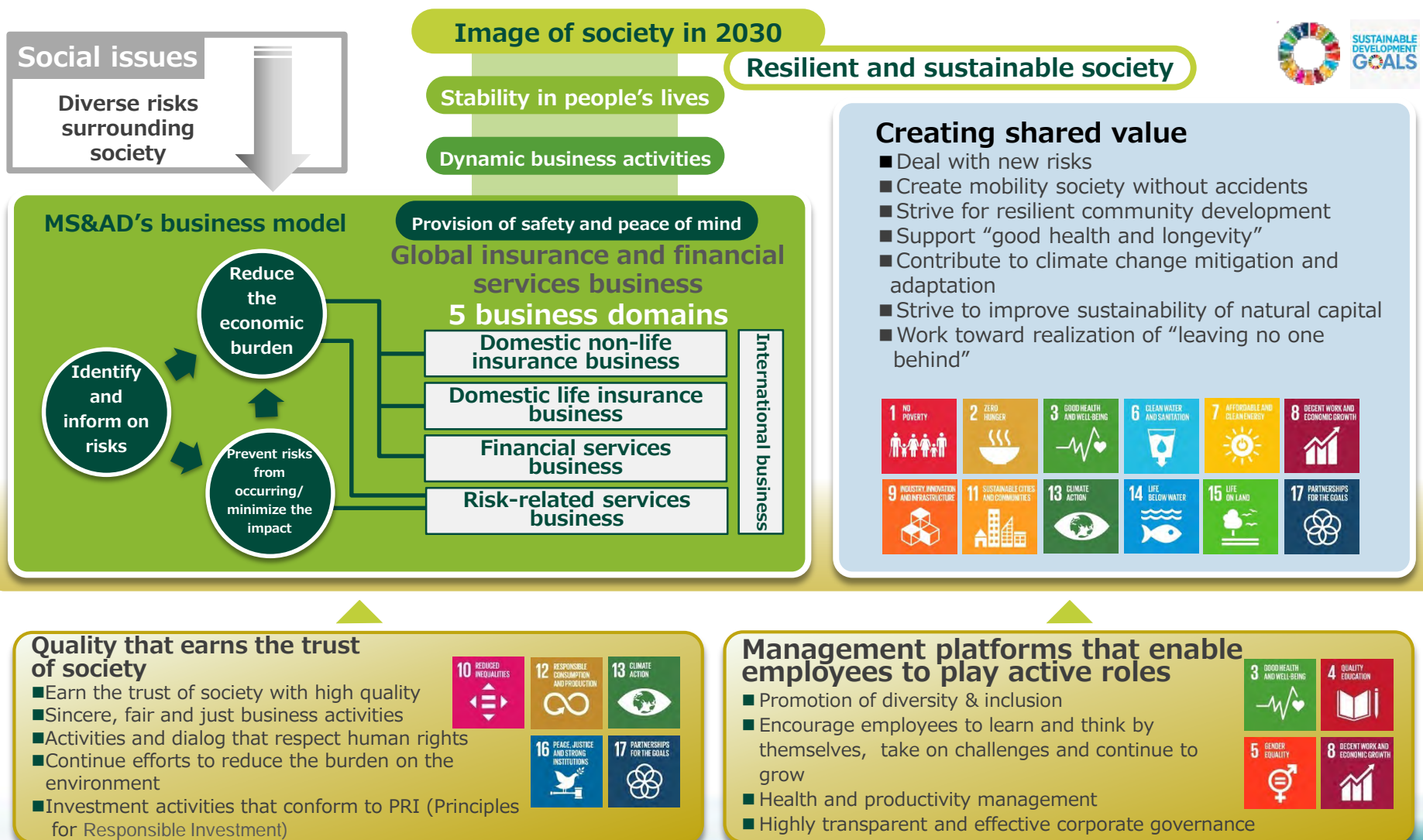
Become a world-leading insurance and financial services group

We will create systems that can rapidly respond to such changes by taking into account the changes in social structures such as acceleration of digitization, the advent of next-generation mobility society, expression of new risk and efforts for sustainability issues.

Create resilient systems that can swiftly respond to changes in environment

5 . MS&AD's Business Model ~Value-creation story and sustainability

Through corporate activities that implement “The Story of Value Creation,” we will continue creating shared value (CSV) to realize the image of society we are aiming for by 2030.



5 . MS&AD's Business Model and Sustainability

Creating shared value

Image of society in 2030

Resilient and sustainable society



Deal with new risks

- A business model that responds to new risks such as cyber risk and changes emerging risks into opportunities
- Products and services that respond to new lifestyles



Create mobility society without accidents

- Products and services with mechanisms that help prevent accidents occur
- Products and services that respond to the next-generation mobility society
- Continuation of traffic safety initiatives



Strive for resilient community development

- Support for regional business to revitalize local communities
- Reinforcement of capability to respond to large-scale natural disasters
- Promotion of green resilience (disaster prevention and mitigation using natural capital)



Support "good health and longevity"

- Products and services that support a healthy, long life
- Products and services that can contribute to the development of advanced medicine and regenerative medicine treatment



Contribute to climate change mitigation and adaptation

- Prevention and mitigation of damage from climatic disasters
- Proposal of products and services that assist the penetration of renewable energy



Strive to improve sustainability of natural capital

- Evaluation of natural capital risks
- Activities to regenerate tropical forests in Indonesia and other countries, MS&AD Ramsar Supporters
- Support for promoting sustainable business through corporation and biological diversity initiative etc.



Work toward realization of "leaving no one behind"※

- R&D of insurance and financial services that help support primary industries and low-income earners in developing countries
- Participation in creation of mechanisms to support developing countries through international organizations, companies, etc.
- Transfer of insurance technology ※Principle of UN's "2030 Agenda for sustainable development" which describes SDGs



Quality that earns the trust of society

Management platforms that enable employees to play active roles

Quality that meets the trust of society



Meeting the trust of society with high quality

- ▶ Thoroughly implementing business management based on the "Our Customer-First Policy in the Operation of Group's Business"
- ▶ Promoting digitalization to enhance the value of customers' experiences

Implementing sincere, fair and just business activities

- ▶ Implementation of corporate activities based on Mission, Vision and Values
- ▶ Harnessing customers' voices and the "speak-up" system to ensure sound organizational management

Implementing activities and dialog that respect human rights

- ▶ Establishment of corporate culture with respect for human rights
- ▶ Development of management system relating to respect human rights

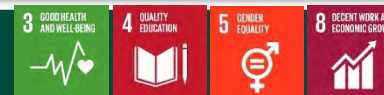
Continuing efforts to reduce the burden on the environment

- ▶ Promoting "MS&AD Our Earth Project"
- ▶ Initiatives to reduce usage of electricity, gasoline and paper
- ▶ Reduction of CO2 emissions – Long-term target (FY2050:-70% of FY2009)

Implementing investment activities conforming to PRI (Principles for Responsible Investment)

- ▶ Investment analysis of ESG (Environment, Social, Governance) factors and incorporating them into the decision-making process
- ▶ The promotion of engagement through stewardship activities

Management platforms that enable employees to play active roles



Promoting diversity & inclusion

- ▶ Establishment of corporate culture that respects diversity and diverse values
- ▶ Development of the workplace environment and improvement of management capabilities that enable employees, etc. to play active roles without discrimination based on gender, nationality, disability or LGBT identity
- ▶ Development of a workplace environment that enables work styles to suit women's life cycles

Encouraging employees to learn and think by themselves, take on challenges and continue to grow

- ▶ Provision of an environment where it is easy to work and that gives the opportunity to feel job satisfaction and career development
- ▶ Promotion of "work style reforms" and "reinforcement of specialization through the permeation of professionalism"
- ▶ Expanded development of human assets with the capability to carry out digitalization

Implementing health and productivity management

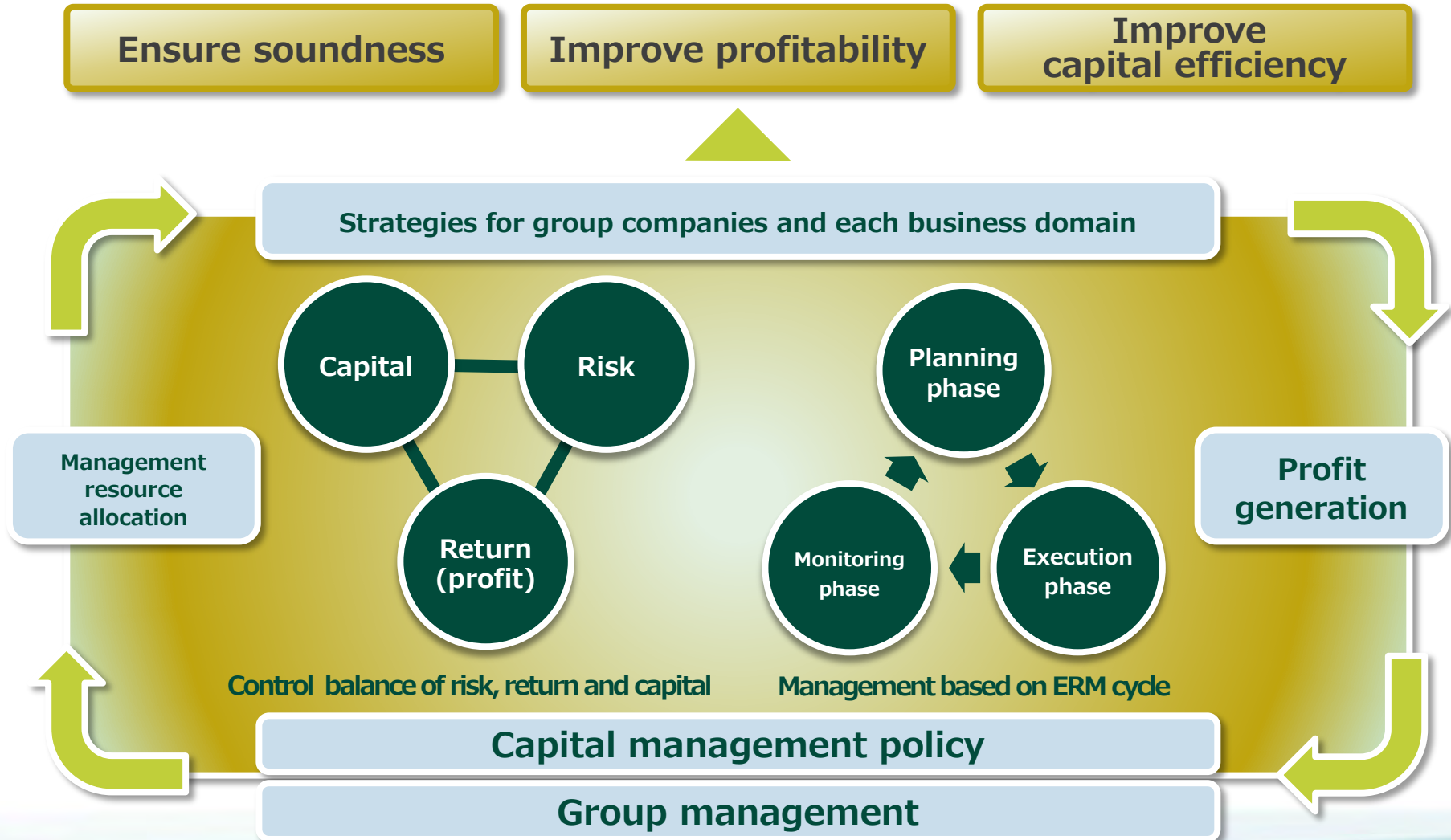
- ▶ Creation of a healthy and safe workplace where each employee can maintain and improve their mental and physical health
- ▶ Improve initiatives to prevent mental and physical disorders

Implementing highly transparent and effective corporate governance

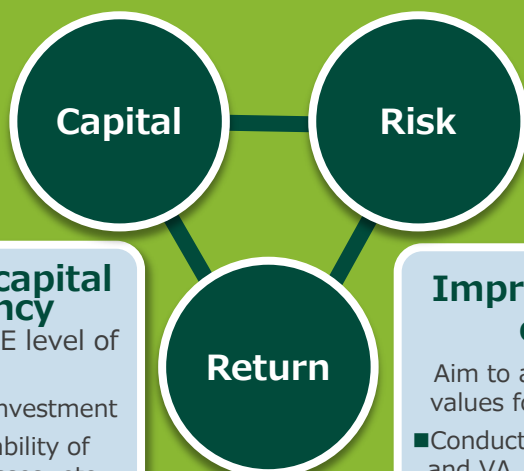
- ▶ Continued strengthening of supervisory function of Board of Directors and supervisory function of Audit and Supervisory Board Members
- ▶ Implementation of fair, accurate and swift information disclosure

6 . Framework of Group Management

On the assumption of ensuring soundness, we will improve profitability and enhance capital efficiency through the allocation of management resources in a manner that ensures the balance of risk, return and capital and through management based on the ERM cycle.



Based on the ERM cycle, we aim to ensure soundness, improve return on risk and capital efficiency.



Improve capital efficiency

Aim for an ROE level of 10%

- New business investment
- Improve profitability of existing businesses etc.

Improve return on risk

Aim to achieve targeted values for each fiscal year

- Conduct analysis of ROR and VA, etc. by line and product etc.

Stabilize fiscal year profit

Monitor the impact on fiscal year profit, to control level of risk taking

Ensure financial soundness

Secure ESR of 180%~220%

196%※

Net asset value
Risk amount



220%
180%

Consider expansion of business investment or shareholder return

Adopt level to "ensure financial soundness equivalent to AA rating" and strive to enhance capital efficiency.

Consider means to restore appropriate level

※ESR at Mar.-end 2018 <before tax>

ERM cycle

Planning phase

Formulate strategy based on business environment, Group Risk Appetite Statement, etc., and establish capital allocation amounts, etc.

Monitoring phase

Conduct regular monitoring of financial soundness, profitability, capital efficiency, etc.

Execution phase

Perform risk taking based on capital allocation amounts, etc.

On the assumption of ensuring financial soundness, we will realize an improvement in shareholder value through investment aimed at sustainable growth and a continued, stable shareholder return. We will increase corporate value by raising profitability while maintaining an appropriate capital level and by improving capital efficiency.

Financial soundness

Ensure financial soundness by expanding capital base

- We will maintain financial soundness equivalent to an AA rating.
[ESR※ level of 180%~220%]

※ESR:Economic Solvency Ratio(99.5%VaR)

- In asset management, we will pay attention to the safety and liquidity of asset holdings, and we will seek to stabilize returns and maintain financial soundness through ALM based on analysis of the characteristics of liabilities.

Capital efficiency

Improve capital efficiency through growth and diversification of business portfolio, optimal resource allocation

- Actively conduct disciplined business investment aimed at internal growth and external growth in both domestic and overseas.
- Maintain an appropriate level of capital and enhance capital efficiency while expanding profit through productivity improvement and diversification of revenue sources.
- Maintain awareness of capital cost and aim for Group Adjusted ROE level of 10%, which is on par with major European and US insurers.

Shareholder Return

Provide shareholder return based on shareholder dividends and repurchase of our own shares by adopting benchmark of 40%~60% of Group Adjusted Profit

- Adopt basic policy of providing stable dividends.
(DOE※: Dividend on equity ratio:Aim for level of 3.0% +/- approx. 1.0%)
 - Promptly and flexibly conduct repurchases of our own shares, taking into consideration the market environment and capital status.
- ※DOE = Total annual dividends (interim, year-end, etc.) ÷ capital = dividend payout ratio (total annual dividends ÷ net income) × ROE (accounting basis)
Indicator that shows what degree of profit distribution is being carried out relative to capital (consolidated net assets - non-controlling interests - stock acquisition rights)

Vision 2021 Basic strategy

- By employing the Group's resources to the maximum, we will realize sustainable growth and enhance corporate value.
- We will pursue the Group's comprehensive strengths, one of which is diversity, and meet the expectations of customers and other stakeholders.
- We will respond flexibly to changes in the environment and further improve quality and productivity.

Key strategies

1

Pursue Group's comprehensive strengths

2

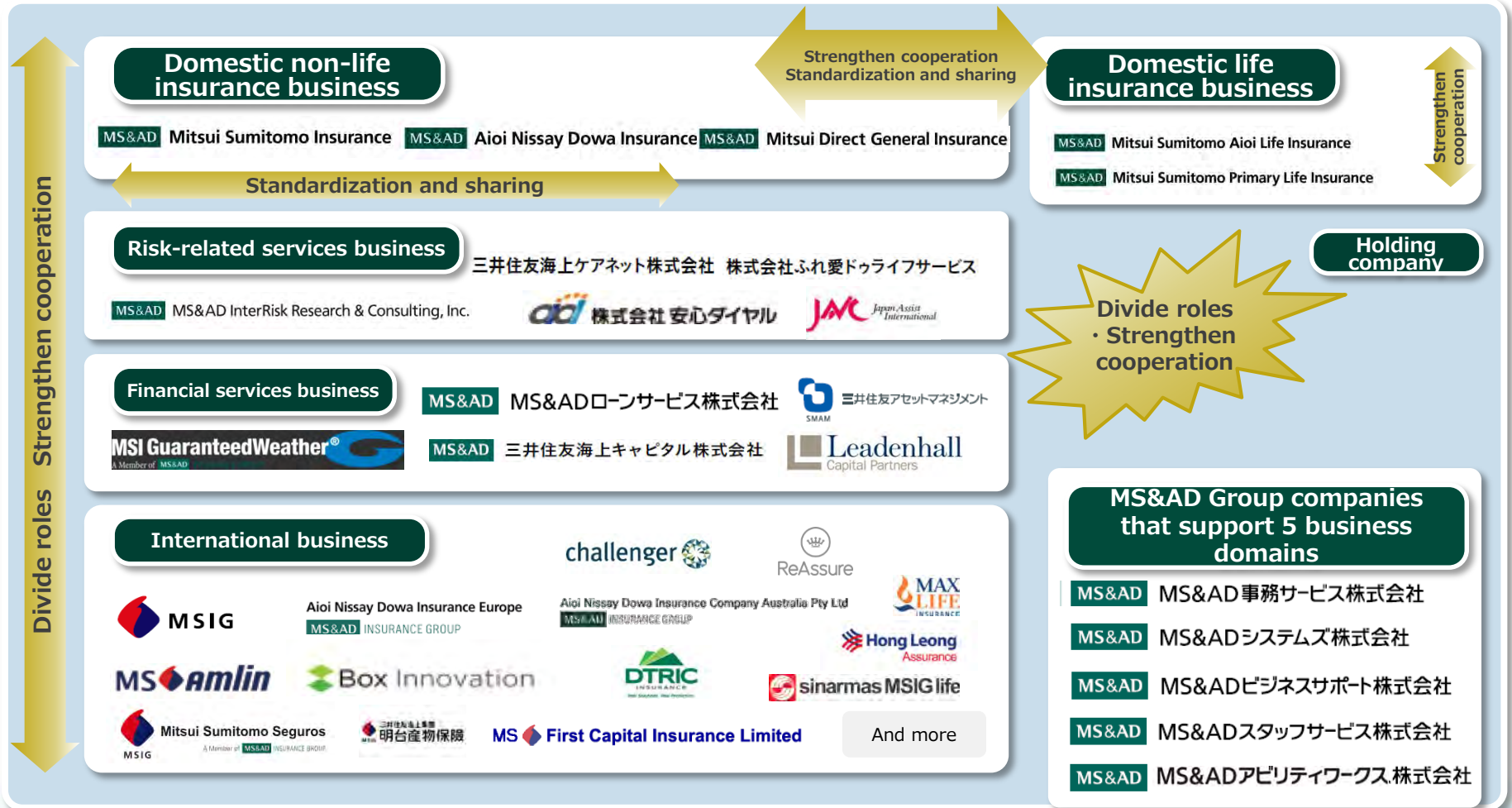
Promote digitalization

3

Reform portfolio

10. 【Key Strategy ①】 Pursue Group's comprehensive strengths

- Make maximum use of Group's strengths (diversity, capital, human assets, customer base, etc.)
- Review division of roles by each Group company and strengthen cooperation
- Promote standardization and sharing (standardization of products and operating procedures, joint claims services system, health and medical products and services, etc.)



10. 【Key Strategy ①】

Demonstrate group's comprehensive strengths

- Make maximal use of group's strength (diversity/capital/human resources/customer base and others)
- Review role-sharing and strengthen cooperation by each group company
- Promote commonization/cooperation (Products/office work commonization, joint claims services system, health/medical products/service etc.)

Advance group's efforts toward quality improvement and productivity improvement, and further strengthen competitiveness.

Quality improvement

+

Productivity improvement

Business efficiency effect
30 billion yen

Expand joint efforts etc.
that have been
advanced so far between
marketing department
and claims services
department to Stage 2,
and further promote
group synergies
demonstration.

"Utilize/Extend/Increase" Project

- **Utilize** diversity/innovation/sustainability which are the group's strength.
- Pursue the synergies and further **extend** the group's strength.
- Demonstrate the group's comprehensive strengths and **increase** trust from clients.

"Stop/Eliminate/Reduce" Project

- **Stop** useless works, works with low necessity and low-value-added works
- **Eliminate** those which can be alternated by RPA and other methods (digitization etc.).
- In case of required works, **reduce** the process and its quantity (printed materials, logistics etc.).

Growth (expansion of topline)

Reinforcement of earning capacity

Work efficiency

10. 【Key Strategy ②】 Promote digitalization

- Promote 3 efforts (DX, DI, DG) for digitalization by entire group employees.
- Correspond to the change of business environment, and achieve the group's sustained growth.

Promote as all group's efforts that contribute to improvement of customers' experience value and work productivity improvement.

Improvement of customers'
experience value

+

Work productivity
improvement

Reform

DX Digital transformation

Reform existing business and strengthen competitiveness as well as achieve work efficiency/rationalization.

Creation

DI Digital innovation

Reform existing business model by utilizing data and digital technology and expanding digital human resources as well as create new business.

Expansion

DG Digital globalization

Mutually expand accumulated know-how domestic and overseas, and promote DX and DI on a global basis.

Digital human resources cultivation

- Further reinforce human resources who can create new business idea and specialized human resources (data scientist)
- Conduct digital literacy improvement of all employees.

Digitization of system base (reform of system)

- Advance the creation of new system base by utilizing clouds etc., and introduce digital technology rapidly and flexibly.

Digital governance

- Perform maintenance on the governance in order to deal with changing laws and regulations globally and to strategically and appropriately utilize retained data and resource.

10. 【Key Strategy ③】 Reform Portfolio

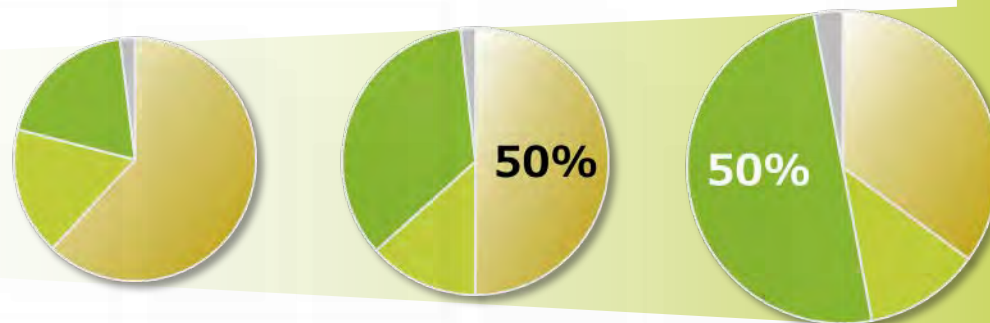
We will reform the Group's business portfolio and risk portfolio, etc., to create a stable earnings base.

Business portfolio

While maintaining earnings in the domestic non-life insurance business, we will expand earnings in the International business and domestic life insurance business; initially achieving 50% of profit from businesses other than the domestic non-life insurance business.

In the future, we will take steps to raise the profit of our International business to 50% of Group profit.

Medium-term aspirations

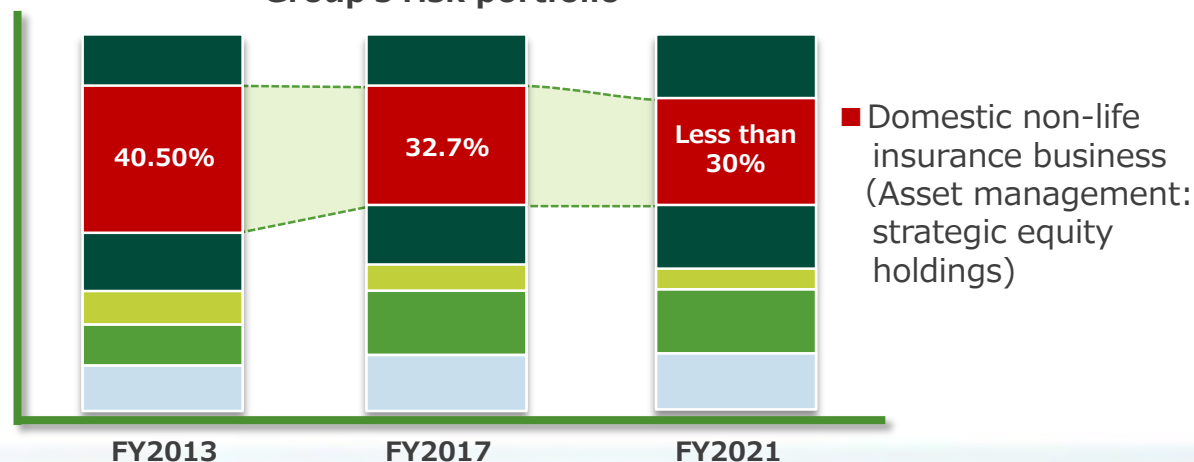


- Domestic non-life insurance business (excluding gains/losses on sale of strategic equity holdings etc.)
- International business
- Domestic life insurance business

Risk portfolio

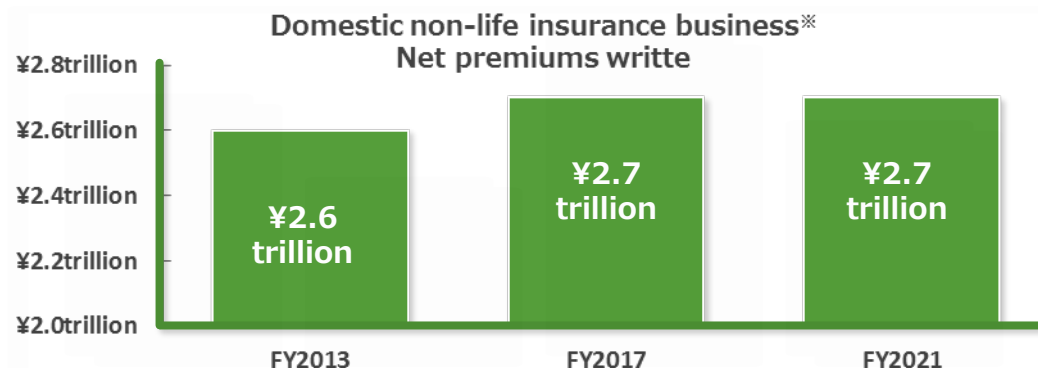
- Appropriate risk control based on cycle management of natural catastrophe risks
- Continue reduction of strategic equity holdings (2017~2021 reduction target: total of ¥500bn) and keep weighting vs. consolidated total assets to less than 10% and weighting vs. risk amount to less than 30%

Group's risk portfolio



11. Strategy by Each Business Domain ① ~ Domestic Non-Life Insurance Business

- Maintain and expand the dominance as a core business which is in our group's strength.
- Demonstrate further synergies, pursue quality and productivity improvements by demonstrating the Group's comprehensive strengths.
- Reform portfolio by expanding casualty insurance, etc., while maintaining and improving market share/profitability in automobile insurance as well as improving the profitability in fire insurance.
- Upgrade the handling of wide-scale natural disasters and implement measures for work efficiency until joint claims services system is introduced in fiscal 2021.



Mitsui Sumitomo Insurance

- Reinforcement of sales capabilities/damage support capabilities as well as productivity improvement by utilizing digital
- Reform of employees' job (change to high-value-added creative job)
- Expansion of new types of insurance, reinforcement of development of new market creation type products/services
- Expansion of topline by growth engine efforts, efforts for earning capacity improvement

Aioi Nissay Dowa Insurance

- Establishment of dominance in the telematics/mobility Pursuing cutting-edge damage service skills by utilizing advanced technology
- Promoting cooperation with Toyota, Nissay, etc./ platformer Creation of new market strategy by collaboration

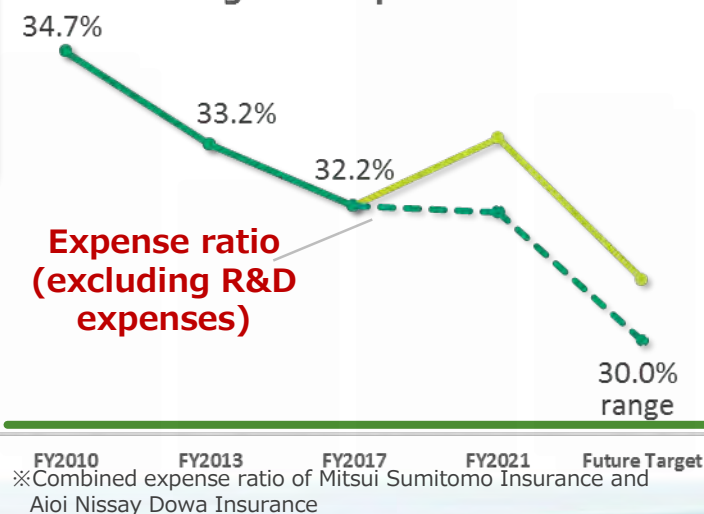
Mitsui Direct General Insurance

- Pursuing digital marketing upgrade, strengthening cooperation within groups
- Utilization of targeting advertisement, Web marketing reinforcement

Reinforcement R&D

Actively continue to invest in R&D that helps us respond to changes in the environment and improve productivity and quality, etc.
Bring forward the efforts toward reduction of other working-expense, and reduce expense ratio excluding R&D-related expenses to the 30% range in the future

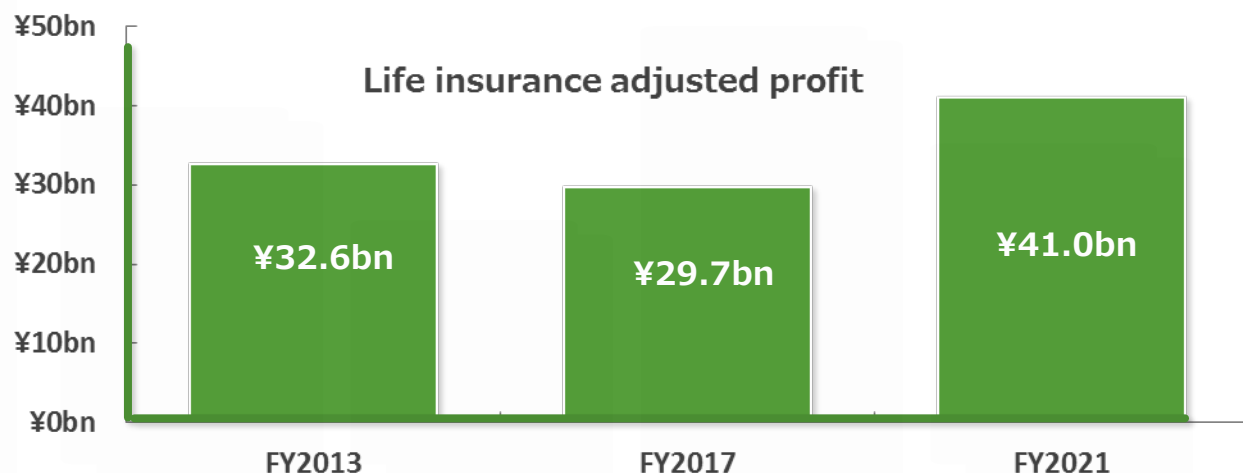
Changes in Expense Ratio※



※Excluding overseas reinsurance premiums assumed by domestic non-life insurance companies and others

11. Strategy by Each Business Domain ② ~ Domestic Life Insurance Business

- Develop and provide products and services that meet customer needs through an accurate understanding of extension of healthy life expectancy and changes in the social structure, etc.
- Further strengthen marketing capability through our sales base as the largest non-life insurance group in Japan and our OTC channel, which holds the leading position in the industry.
- Conduct financial soundness by efforts for reinforcement of resistance to situation where interest rates decline and sophistication of system for risk management etc.
- Further strengthen customer-first business operation/offering management systems, and improve quality and customer satisfaction.



Mitsui Sumitomo Aioi Life

- Provide protection-type products and services that can deal with health/longevity society (specifically nursing care/dementia).
- Further promote cross-selling based on strengthened cooperation between life and non-life operations, and review the channel strategy according to competitive environment.
- Create earnings structure that can adapt to changes in the environment (reduction in risk of interest rate, improvement of operational income, review of cost structure)

Mitsui Sumitomo Primary Life

- Expand products and services that meet a variety of customers needs such as inheritance, gifts before death and response to longevity risks.
- Strengthen the support system for improving consulting sales capabilities of agents of financial institutions
- Enhance ALM that captures changes in investment markets and liability structures

11. Strategy by Each Business Domain ③ ~ International Business

- Continue to position the International business as the Group's growth driver.
- Diversify the business portfolio along geographical and business lines.
- Actively invest management resources (capital, human assets, etc.), strengthen existing businesses and carry out business investment (M&A and additional investment in existing businesses).



International non-life insurance business

Mitsui Sumitomo Insurance

- In the new international business system, promotion of growth strategies, speed up and streamlining of business operation as well as governance and reinforcement of regional cooperation by the headquarters
- 【Asia】 Promotion of growth strategies (expansion of retail field, expansion of corporation field/exploitation of infrastructure business, promotion of business investment mainly on the emerging market and cooperation with business partners, efforts for reinforcement of earning capacity)
- 【Europe】 Recovery of MS Amlin's earning capacity, reform of business portfolio
- 【Americas】 Continuation of prudent underwriting policy according to business environment and cooperation with new business partners

Aioi Nissay Dowa Insurance

- 【Toyota retail business】 Stable business management, expansion of mobility business and creation of synergies through cooperation with MSI
- 【Telematics business/mobility business】 Stable business management in BIG business and development of new businesses centered on data business (US, Asia)

International life insurance business

- 【Asian life insurance】 Stable profit expansion and pursuit of life/non-life synergies
- Secure stable profits and acquire business know-how from Challenger (Australia) and Phoenix Company (UK) Limited..

Promotion of digitalization

Sophistication of risk
management

Developing and securing
international human assets

11. Strategy by Each Business Domain ④ ~ Financial Services and Risk-Related Services Businesses

Financial services business

- Promote business in light of the Group's business expansion and changes in the environment and steadily contribute to earnings.
 - Pursue new business opportunities to expand source of earnings mainly in core business* (synergies demonstration with each business within the group, expansion of sales by strengthened cooperation with sales people in the front line).
- ※ Variable annuity reinsurance business, asset management business (Mitsui Sumitomo DS asset, Leadenhall Capital Partners), defined contribution pension business and ART business (Alternative Risk Transfer - a risk handling method used financial technology excluding insurance)

Risk-related services business

- Further strengthen cooperation with each group company and synergies demonstration based on division of roles.
- Further strengthen the business platform through alliances with other industries etc.

MS&AD's Inter Risk Research Institute & Consulting

- Reinforcement of business platform (development of new solution business model that can deal with changes in environment such as climate change and accelerated digitization, expansion of cooperation with outside institutions)
- Demonstration of investigative study function (promotion of global cooperation between government, industry and academia, and establishment of a cycle that can make use of R&D for RM service)

ANSHIN DIAL

- Strengthening of the response to wide-scale natural disasters (call center operation, utilization of LINE etc.)
- Pursuit of quality improvement (human assets development and continuously review operations)
- Taking on the challenges of next-generation business (post-road assistance business)

11. Strategy by Business Domain ⑤ ~ Asset Management Strategy

- By appropriate ALM management and continuing reductions of strategic equity holdings, we will seek to stabilize Group investment earnings and will maintain financial soundness.
- We aim to improve earnings by expanding risk-taking through global diversified investment, while also taking the environment into account.

Maintain
financial
soundness

Continue
appropriate
ALM
management

We will pay attention to the safety and liquidity of asset holdings, and continue ALM management based on each company's liability characteristics.

- Strengthen the risk control function through ALM, which takes into account product structure and its changes.

Reduce
strategic
equity
holdings

Through planned reduction efforts, we will strengthen our financial base. During FY2017~2021, we will reduce strategic equity holdings by ¥500bn.

- Aim to keep the weighting vs. consolidated total assets to less than 10% and the weighting vs. risk amount to less than 30%
[Reference] End of December 2019: weighting vs. total assets of 11.0%, weighting vs. risk amount of 28.3%

Improve income

We will increase Return-Expected Assets※ such as foreign securities after diversifying investment asset classes and methods based on the assumption of appropriate risk management. ※Return-Expected Assets = Assets mainly held for expecting relatively high returns

- In addition to developing and securing human assets, develop and strengthen investment systems efficiently by making use of investment outsourcing.

Through expansion of the International business, we will incorporate an increase in investment income based on foreign currency assets into the Group.

Holding company
initiatives

- **Promote reinforcement of governance of Group asset management.**
 - ▶ Deal with the increase of return-expected assets, and strengthen monitoring function related to Group's asset management status.
 - ▶ Promote the handling of various requirement involving the entire Group such as the handling of initial margin requirement for OTC derivatives.
- **Promote strengthening of asset management systems and efforts for ESG investing and financing by demonstrating the Group's comprehensive strengths.**
 - ▶ Share resources such as know-hows that each group company has, and strengthen asset management systems.
 - ▶ Promote expansion and sophistication of ESG investing and financing in the entire Group.

12. Group Numerical Management Targets (Quantitative Targets)

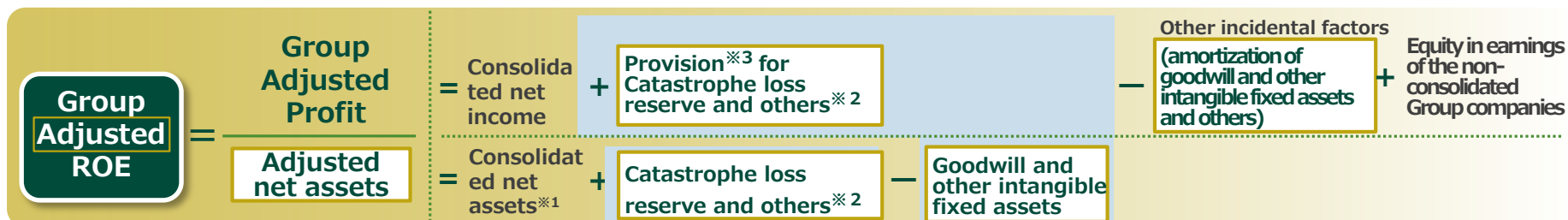
Numerical Targets	FY2019	FY2021 Target
Group Adjusted Profit ※ 1 (Excluded gains/losses on sale of strategic equity holdings)	¥ 2 3 3 b n (¥182bn)	¥ 3 0 0 b n (¥273bn)
Domestic non-life insurance business (Excluded gains/losses on sale of strategic equity holdings)	¥ 1 2 0 b n (¥98bn)	¥ 1 7 7 b n (¥142bn)
Domestic life insurance business	¥ 3 0 b n	¥ 4 1 b n
International business	¥ 4 9 b n	¥ 7 5 b n
Financial services business	¥ 5 b n	¥ 7 b n
Risk-related services business		
Group Adjusted ROE※ 2	8. 0 %	1 0. 0 %
Net premiums written	¥ 3, 5 7 4 b n	¥ 3, 5 8 0 b n
Life insurance premiums (Gross premiums written)	¥ 1, 3 9 3 b n	¥ 1, 0 0 0 b n
MSA Life EEV	¥ 8 9 0 b n	¥ 9 6 2 b n
ESR (Economic Solvency Ratio)	1 8 6 %	1 8 0 % ~ 2 2 0 %

※1 Group Adjusted Profit = Consolidated net income + provision for catastrophe loss reserve and others – other incidental factors (amortization of goodwill and other intangible fixed assets, etc.) + equity in earnings of the non-consolidated group companies

※2 Group Adjusted ROE = Group Adjusted Profit ÷ average of beginning and ending amounts on BS of adjusted net assets (consolidated net assets + balance of catastrophe reserves, etc. – balance of goodwill and other intangible fixed assets)

Appendix : Table Showing Replacement of Group Adjusted Profit and Adjusted Net Assets

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 FY2019

Consolidated net income		Group Adjusted Profit
↓	Consolidated net income	¥143bn
Revised to	+ provision/reversal to catastrophe reserves, etc.	¥-3bn
Group	- Other incidental factors (amortization of goodwill and other intangible fixed assets and others)	¥-94bn
Adjusted	- Equity in earnings of the non-consolidated Group companies	-
Profit	total	¥233bn

Consolidated net assets		Adjusted net assets
↓	Consolidated net assets (capital)	¥2,452bn
Revised to	+Catastrophe loss reserves and others (balance)	¥678bn
adjusted net	- Goodwill and other intangible fixed assets(balance)	¥286bn
assets	計	¥2,843bn