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**MS&AD Holdings**

**MS&AD** INSURANCE GROUP

# Fiscal 2022 First Information Meeting

May 25, 2022 (Wed)

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# MS&AD Group Overview

## Holding company

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

### Domestic Non-Life

**MS&AD** Mitsui Sumitomo Insurance 

**MS&AD** Aioi Nissay Dowa Insurance 

**MS&AD** Mitsui Direct General Insurance 

### Domestic Life

**MS&AD** Mitsui Sumitomo Aioi Life Insurance 

**MS&AD** Mitsui Sumitomo Primary Life Insurance 

### International

#### Non-Life Insurance

Regional Business

Asia

Europe

Americas

Telematics and Mobility

Head Office Reinsurance

Life Insurance

### Financial Services

### Risk-Related Services

## Abbreviations of company names used in this presentation.

- MS&AD Holdings, Holding Company : MS&AD Insurance Group Holdings, Inc.
- MS&AD : MS&AD Insurance Group
- MSI : Mitsui Sumitomo Insurance Co., Ltd.
- ADI : Aioi Nissay Dowa Insurance Co., Ltd.
- Mitsui Direct General, MD : Mitsui Direct General Insurance Co., Ltd.
- MSI Aioi Life, MSA Life : Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
- MSI Primary Life, MSP Life : Mitsui Sumitomo Primary Life Insurance Co., Ltd.
- InterRisk, IRRC : MS&AD InterRisk Research & Consulting, Inc.
- MS Amlin : Sum of business segments including AUL, AAG, AISE and ACS
  - AUL MS Amlin Underwriting Limited
  - AAG MS Amlin AG
  - AISE MS Amlin Insurance SE
  - ACS MS Amlin Corporate Services Limited
- MSIGW : MSI GuaranteedWeather, LLC
- MSR : MSR Capital Partners, LLC
- Aioi : Aioi Insurance Co., Ltd.
- NDI : Nissay Dowa General Insurance Co., Ltd.

## Caution About Forward-Looking Statements

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

# Main Points of Today's Presentation

## I. Review of Vision 2021

- The Group Adjusted Profit reached ¥347.1 billion, exceeding the target. Group Adjusted ROE was 9.5%, higher than forecast.
- In terms of scale of business, the goal of remaining ranked among the world's top 10 non-life insurance groups was achieved. Risk portfolio and business portfolio diversification was an ongoing issue due to the stock market situation and natural disasters overseas.

## II. Overview of Medium-term Management Plan (2022-2025)

Target	<ul style="list-style-type: none"><li>• A corporate group that supports a resilient and sustainable society</li><li>• Grow together with society as a platform provider of risk solutions</li></ul>
Quantitative targets	<ul style="list-style-type: none"><li>• Group Adjusted Profit of ¥400 billion and Group Adjusted ROE of around 10% by FY2023</li><li>• Net income of ¥470-500 billion on an IFRS basis and Adjusted ROE of around 11% on an IFRS basis, and stable realization of Adjusted ROE of 10% or higher by FY2025</li></ul>
Three basic strategies	<ul style="list-style-type: none"><li>• Value (value creation), transformation (business reforms) and synergy (demonstration of group synergy)</li></ul>
Four foundations supporting the basic strategies	<ul style="list-style-type: none"><li>• "Sustainability," "Quality," "Human Resources" and "ERM" are the foundations supporting the basic strategies.</li></ul> <p>The three priority challenges for sustainability are planetary health, resilience and well-being.</p>
Capital policy and returns to shareholders	<ul style="list-style-type: none"><li>• Optimization of Group capital and improvement of capital efficiency.</li><li>• The basic policy is to return 50% of Group Adjusted Profit until FY2023 and 50% of return-base profit in FY2024 and FY2025.</li></ul> <p>Provide additional returns in an agile and flexible manner, in light of market trends, the business environment, capital status and other factors.</p>

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# I . Review of “Vision 2021”

# 1. Overview of FY2021 Performance

- Net premiums written increased at both domestic non-life subsidiaries and overseas insurance subsidiaries and reached ¥3,609 billion, up ¥108 billion YoY and setting a record high.
- Net income also marked a record high, increased by ¥118.4 billion to ¥262.7 billion. This exceeded the earnings forecast announced in November 2021 by ¥32.7 billion.

## Key Results for the Fiscal Year 2021

### Top line

Domestic Non-Life (Two Major Companies)	- Net premiums written declined for fire and CALI but increased for automobile and casualty, resulting in an increase of ¥29.6 billion (+1.0%) (+1.9% on a basis excluding residential earthquake and CALI)
Overseas Non-Life Insurance Subsidiaries	- Net premiums written increased by ¥79.5 billion, in part due to exchange rate effects and rate increases at MS Amlin. Revenue still rose ¥28.1 billion even when excluding exchange rate effects
Domestic Life	[MSA Life] Annualized premiums of new policies increased by 2.5% due to strong performance with corporate policies [MSP Life] Gross premium increased by 3.4% due to the active roll-out of sales methods combining non-face-to-face contact

### Bottom Line (Net Income)

Domestic Non-Life (Two Major Companies)	- Despite a rise in automobile losses, the net income increased by ¥60.1 billion due to the increase in earned premiums associated with a favorable top line and increase in investment profit.
Overseas subsidiaries	- Profit grew ¥27.7 billion, reflecting the absence of COVID-19 impact from the previous period and higher profits in international life insurance
Domestic Life	[MSA Life] Decrease in the burden of provision for policy reserves and increase in investment profit resulted in a total increase of ¥9.1 billion [MSP Life] Profit rose ¥9.8 billion due to a reduction in the provision for the reserve for price fluctuation

## 2. Progress Toward Numerical Management Targets (Table)

- Group Adjusted Profit of FY2021 rose by ¥132.5 billion year on year to ¥347.1 billion.

(¥bn)

	FY2018	FY2019	FY2020	FY2021	Vs. Forecast* <sup>1</sup>	Vs. Target* <sup>2</sup>
<b>Group Adjusted Profit</b>	189.8	233.1	214.6	347.1	47.1	47.1
Domestic non-life insurance business	146.9	119.5	158.5	230.7	31.7	53.7
(excluding gain/loss from sale of strategic equity holdings)	(65.1)	(98.4)	(119.9)	(173.5)	(6.5)	(23.5)
Domestic life insurance business	31.6	29.7	56.9	75.7	30.7	34.7
International business	5.4	49.4	- 7.1	34.3	- 15.6	- 40.7
Financial services business/ Risk-related services business	5.8	4.8	6.1	6.3	0.3	- 0.7
<b>Group Adjusted ROE</b>	6.1%	8.0%	6.7%	9.5%	1.0pp	- 0.5pp
<b>Net Income/Losses</b>	192.7	143.0	144.3	262.7	32.7	-
<b>Consolidated net premiums written</b>	3,500.4	3,573.7	3,500.9	3,609.0	29.0	29.0
<b>Life insurance premiums<sup>*3</sup> (gross premiums)</b>	1,599.9	1,393.4	1,297.3	1,314.4	59.4	314.4
<b>EEV of MSI Aioi Life</b>	819.4	890.2	958.3	923.6	- 39.4	- 38.4
<b>ESR (Economic Solvency Ratio)</b>	199%	186%	235%	228%	-	-

\*1 Announced in November 2021

\*2 Announced in May 2020

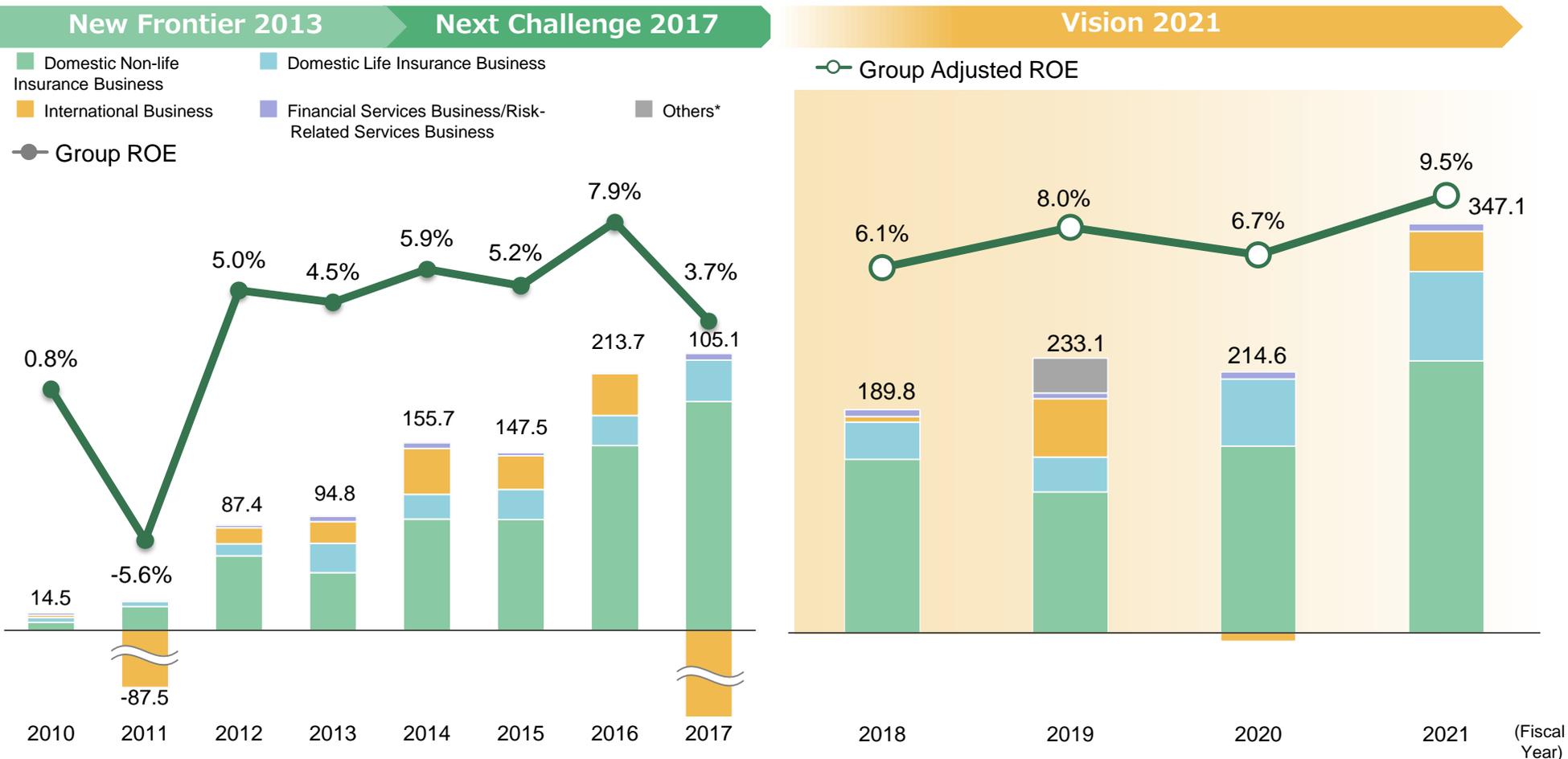
\*3 Gross premiums income is for domestic life insurance subsidiaries only.

# 3. Progress Toward Numerical Management Targets

## Group Adjusted Profit and Group Adjusted ROE

<Reference> Group Core Profit and Group ROE

(¥bn)



\*Decrease in income taxes paid in FY2019 among the effects of reorganization of international business of MSI

## 4. Review of Vision 2021: (1) Progress of Aspirations (Scale and Quality)

- Various initiatives utilizing the Group's strengths lead to the achievement of targets for scale and financial soundness. Capital efficiency surpassed the forecast.

### “World-leading insurance and financial services group”: Progress

	Target	FY2021 Progress	
Scale	Within the top 10 non-life insurance groups in the world	<b>8th</b> (FORTUNE GLOBAL 500 2021, P&C)	» Achieved
Capital efficiency: Group Adjusted ROE	<b>10%</b>	<b>9.5%</b>	» Ongoing
Financial soundness: ESR	<b>180%~220%</b>	<b>228%</b>	» Achieved (excess)
Profitability: EI combined ratio in the domestic non-life insurance business	<b>95% or less</b>	<b>92.9%</b> (excl. nat. cat.)	» Achieved

### MS&AD Strengths

Partnerships

Scale

History

Innovation

Sustainability

## 4. Review of Vision 2021: (2) Results of Three Key Strategies

- By pursuing the Group's comprehensive strengths, we maintained top-level growth in the industry and achieved business expense reductions that beat forecasts. Additionally, promoting digitalization yielded steady results in relation to CSV x DX products, the data business, startup investments and more.
- Targets for business portfolio diversification and the share of strategic equity holdings are ongoing challenges.

### Main Initiatives and Results

Key strategy	Initiatives		Target or Plan	FY2021-end	
Pursue the Group's comprehensive strengths	Growth rate of domestic non-life direct written premiums	CAGR during the Plan (FY2017~)	—	2.1%	» Top level in Japan
	Reductions to operating expenses	Reduction in expenses compared with FY2019	¥30.0bn	¥54.0bn	» Achieved (Excess)
Promote digitalization	Promotion of CSV x DX	Sales of CSV x DX main products*1 in FY2021	—	1,740,000	» World top-level
	Data business expansion	Increase in operating insurance premiums due to the rollout of RisTech*2		¥19.0bn	
	Sales channel reform	Introduction ratio*4 of MS1 Brain*3		Approx. 70%	
	Startup investment	Number of investees by the US-based CVC		74	
Reform portfolio	Business portfolio diversification	Profit share of other than the domestic non-life insurance business*5	50%	40.1%	» Ongoing
	Share of strategic equity holdings	Integrated risk amount	Less than 30%	32.5%	
		Consolidated total assets	Less than 10%	11.3%	

\*1 Telematics automobile insurance, health management support insurance, cyber insurance. \*2 Services that solve problems for companies by utilizing big data and the latest algorithms.  
 \*3 A new AI-powered agent system. \*4 Ratio among agents eligible for MS1 Bran installation. \*5 Excluding gain/loss on sales of strategic equity

## 4. Review of Vision 2021: (3) Summary

- "Earning power" steadily improved through initiatives such as CSV × DX in "Vision 2021."
- The biggest challenge is to improve the international business, but we have already recovered our fundamental strength to achieve profit growth in the next medium-term management plan.

### Domestic non-life insurance

Reduced expenses and loss ratios.  
Strengthened basic earning power.

- Improving profits from fire insurance, expanding casualty insurance, and reducing expense ratios are ongoing challenges.

Reference: P55~64 "Domestic non-life insurance business"

### Domestic life insurance

Two companies (MSI Aioi Life and MSI Primary Life) have accumulated policies in force.  
Improved MSI Aioi Life's structure and profitability.  
(Reduction of interest rate risk, reduction of assumed interest rate, etc.)

- Continuing to expand the number of policies in force
- Reducing MSI Aioi Life's expenses to **turn the expense margin into profit in FY 2023**

Reference: P66~71 "Domestic life insurance business",  
P84 "Reducing interest rate risks at MSI Aioi Life"

### International business

#### Overall international business

Improved basic strength through business reorganization

- In addition to the recovery of profits from existing businesses, we will work to reinforce the clannage areas, such as strengthening our operations in North America.

Reference: P73~78 "International business"

#### MS Amlin

Non-cat risk improvement at AUL largely completed.  
AAG's response to losses in previous years completed.

- In addition to AAG's portfolio reform, we will move from mutually complementary to autonomous growth that takes advantage of each company's strengths.

Reference: P74 "MS Amlin: Measures to improve profitability and medium-term management plan"

## 5. Shareholder Returns

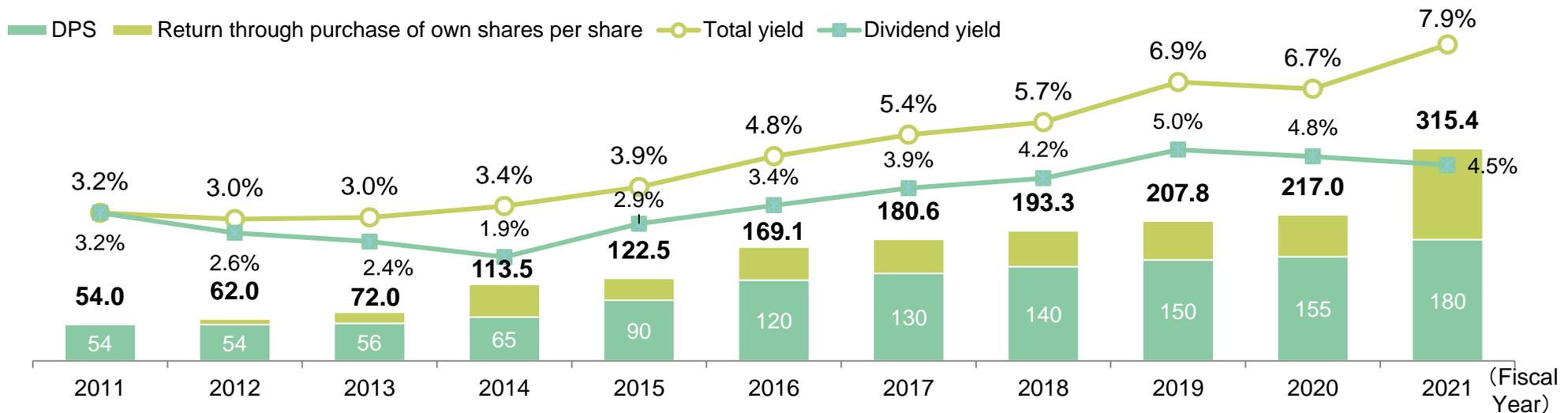
- We have steadily expanded shareholder returns for 10 consecutive years.

### Shareholder Return Policy in “Vision 2021”

Provide shareholder return based on shareholder dividends and repurchase of our own shares by adopting a benchmark of 40%-60% of Group Adjusted Profit\*.

<b>FY2021</b>	<b>Dividend per share</b>	<b>Year-end dividend: 97.5 yen (up 15 yen from the forecast), Annual dividend (planned): 180 yen (up 25 yen from FY2020)</b>
	<b>Share buybacks</b>	Following the ¥25.0 billion maximum share buyback determined on November 19 2021, <b>share buybacks of ¥50.0 billion maximum will be implemented (determined on May 20, 2022).</b>

### Total Shareholder Return per share, Total Yield, and Dividend Yield



\* Please see p.109 for the calculation method of Group Adjusted Profit.

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## **Ⅱ . Overview of the New Mid-term Management Plan (FY2022-2025)**

# 1. MS&AD Group's Aspirations

## MS&AD Group's Mission

Contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business

## Story of Value Creation

By facing social issues and providing products and services through our business model to realize our mission, we will help create an environment where customers can live and conduct business in a secure manner.



MS&AD Business Model

## 2. Recognition of Business Environment

- Action on climate change, legislation on human rights issues
- Strengthening of personal information protection rules, etc.

Politics  
Trends in regulation

Rapidly changing  
business  
environment

Economy  
Global  
economy

- Recovery from the impact of COVID-19
- Rising cost of goods and interest rates
- Expanded ESG investment
- Impact of the war between Russia and Ukraine
- Impact due to Japan's low interest rate policy, etc.

Society  
Social  
situations

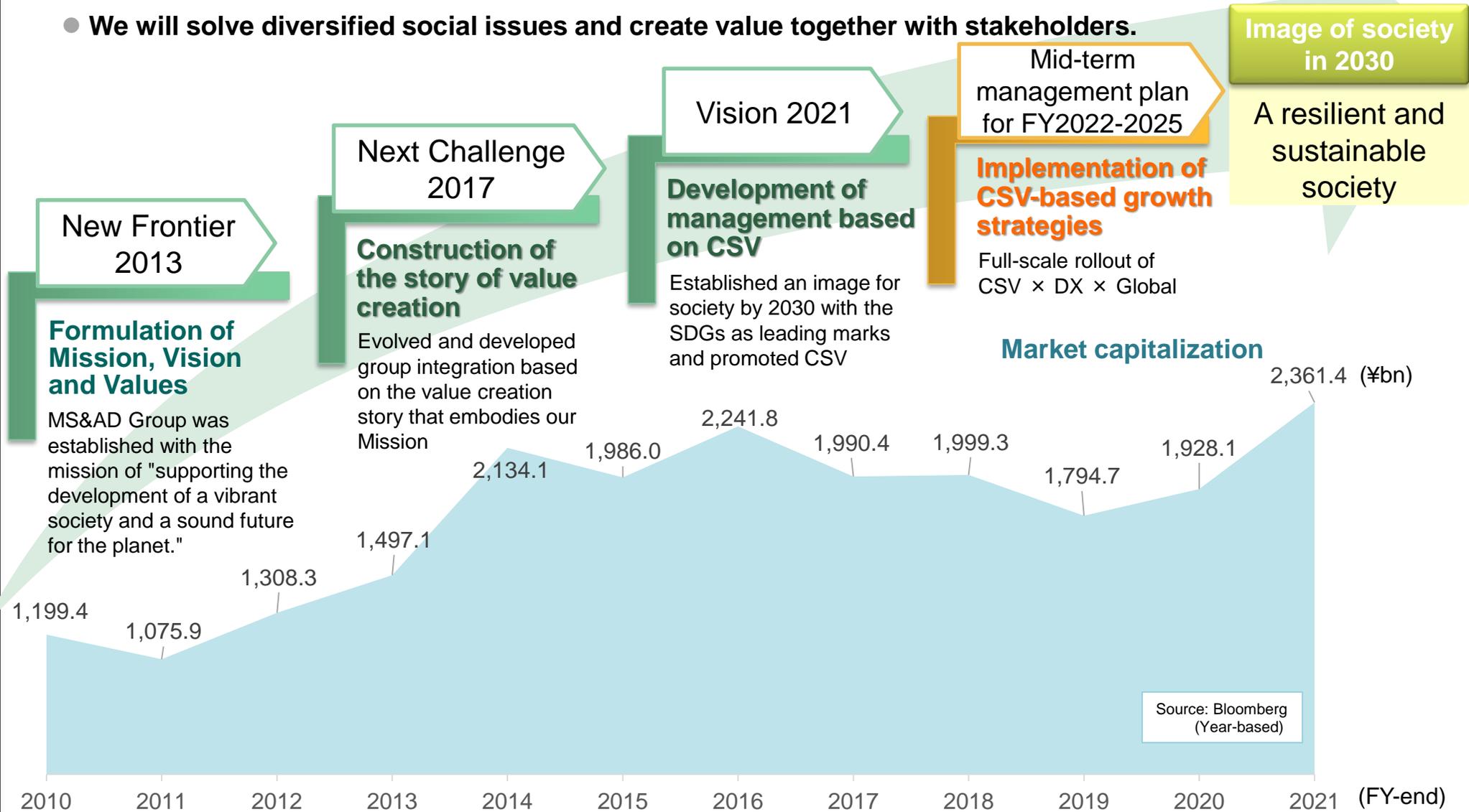
- Increase in international conflicts
- Expanding gap between rich and poor
- Changes in lifestyles
- Japan's declining birth rate and aging population, etc.

Technology  
Technology

- Appearance of new business models due to digital technologies
- Business style reforms such as remote work
- Rising cyber risks, etc.

### 3. Further Growth Based on CSV

- We aim to achieve the further growth based on CSV, which has been widely disseminated throughout the company during the previous period of the management plan.
- We will solve diversified social issues and create value together with stakeholders.



## 4. Qualitative Targets

### Aspiration for 2030

**A corporate group that supports a resilient and sustainable society**

### Qualitative targets in the medium-term management plan

**As a platform provider of risk solutions,**  
we will help solve climate change and other social issues, while growing  
together with society.

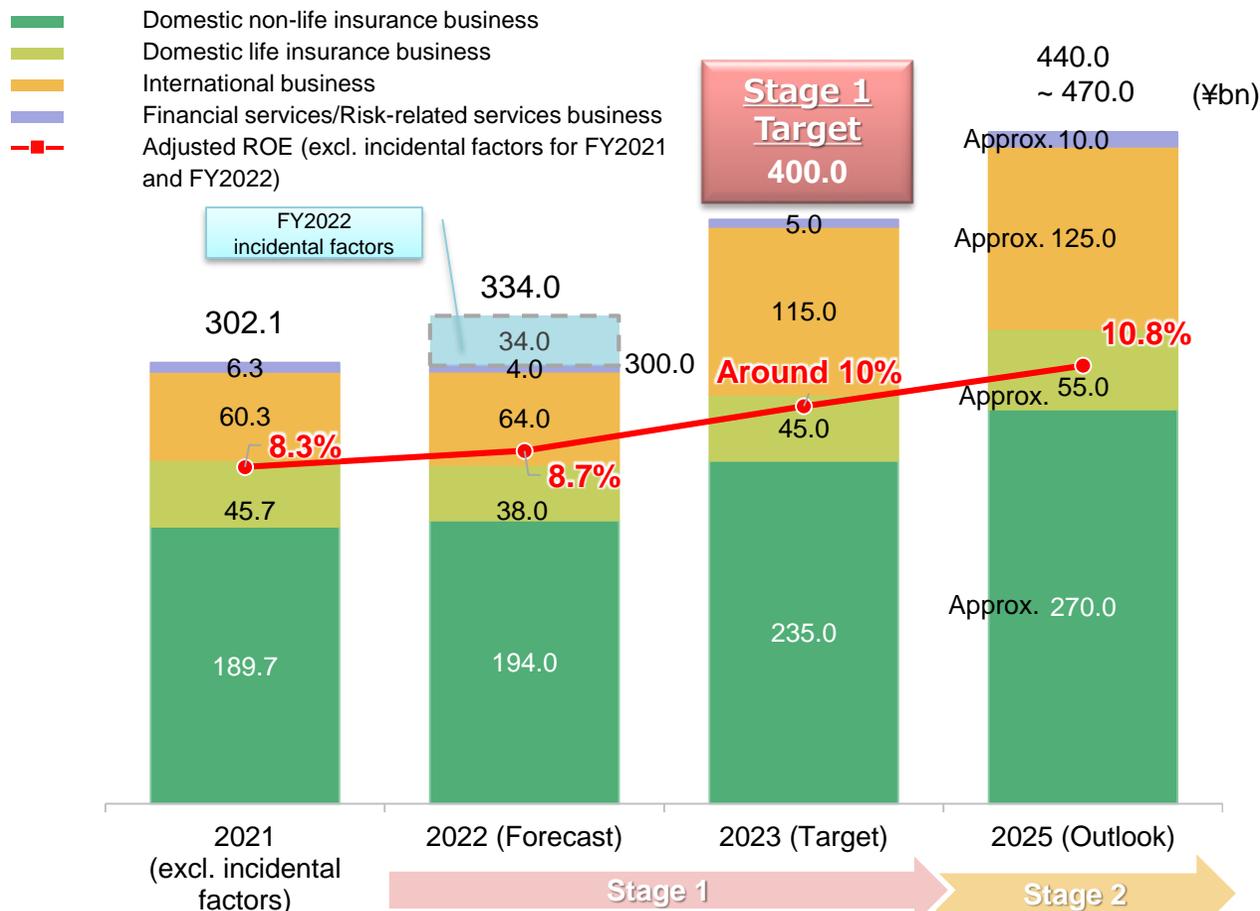
- In addition to covering economic losses, seamlessly provide products and services before and after coverage and protection.
- Offer optimal solutions through marketing, underwriting, payment services and risk consulting that utilize digital technologies.

### Story of Value Creation

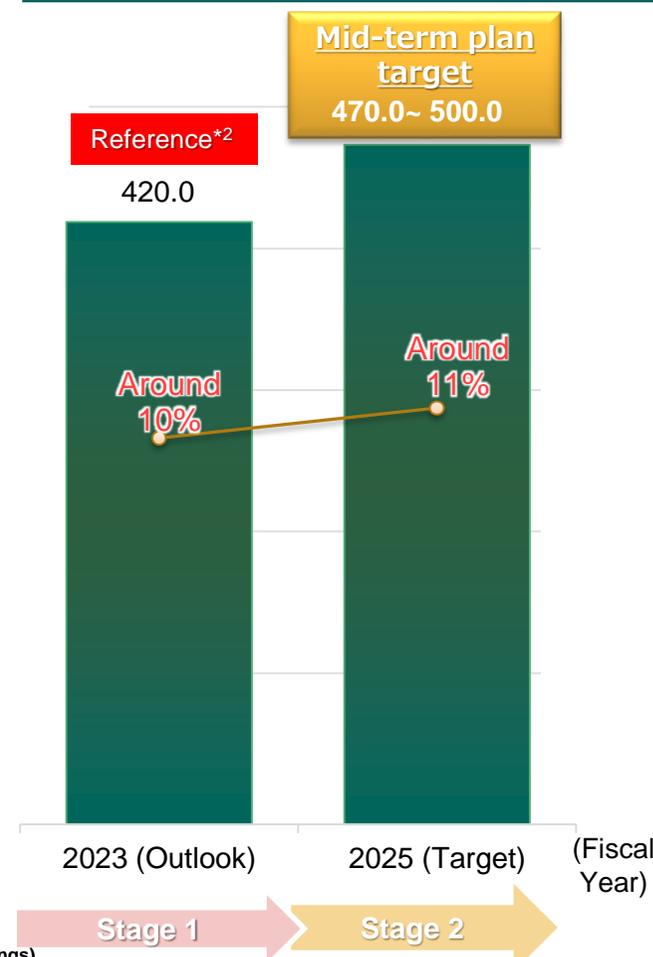
# 5. Quantitative Targets: (1) Financial Target

- In 2030, we aim to achieve profits and profitability on par with global peers' levels.
- In FY2025, we forecast a net income of JPY 470-500 billion on an IFRS basis and an Adjusted ROE\*1 of around 11% on an IFRS basis, stably meeting the goal of at least 10%. The target for Stage 1 is Group Adjusted Profit (Japan GAAP), as IFRS will be applied from FY2024.

## Group Adjusted Profit · Adjusted ROE (Japan GAAP)



## IFRS net income, Adjusted ROE



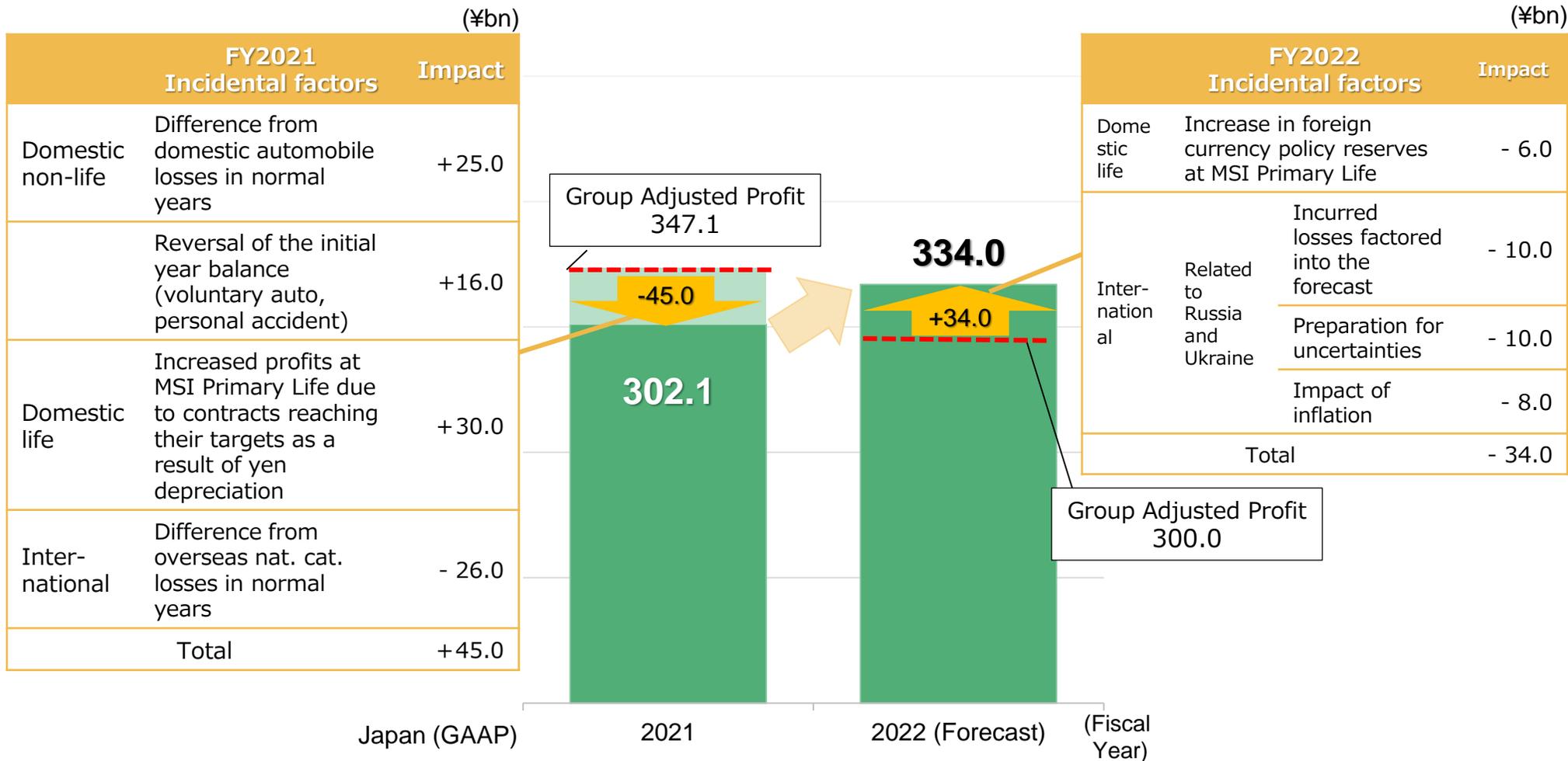
\*1 Adjusted ROE on IFRS basis: Net income on IFRS basis ÷ (net assets on IFRS basis - unrealized gain/loss from strategic equity holdings)  
 (Since, under IFRS, gain/loss on sale of strategic equity holdings is no longer included in net income, unrealized gain/loss from strategic equity holdings is excluded from net assets to align the denominator (net assets) and numerator (net income) used to calculate ROE.)

\*2 This figure is for reference as the IFRS will be applied from FY2024.

## 5. Quantitative Targets: (2) Impact on FY2022 Forecast (Incidental Factors)

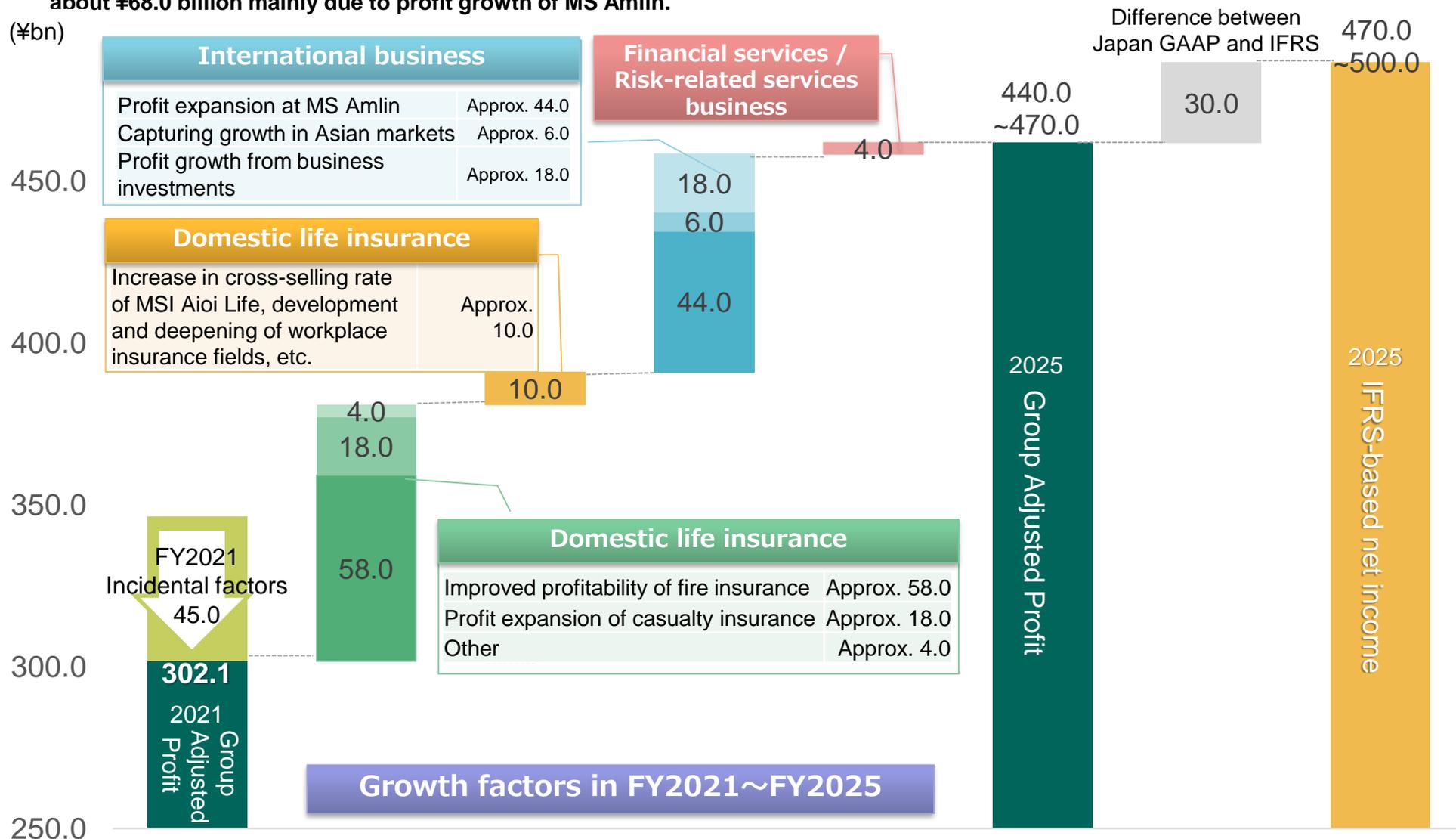
- On the basis of actual value excluding incidental factors of FY2021 and FY2022, Group Adjusted Profit for FY2022 is expected to increase.

### Group Adjusted Profit (excl. incidental factors)



## 5. Quantitative Targets: (3) Structure of the FY2025 Profit Target

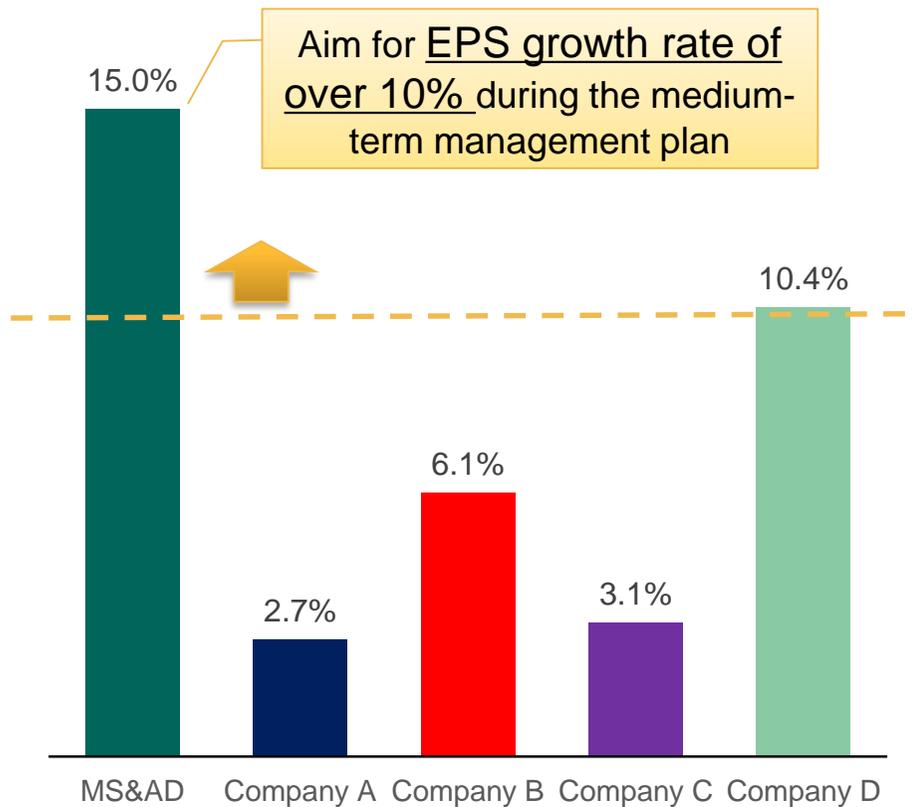
- The domestic non-life insurance business is expected to post a profit increase of about ¥80.0 billion mainly due to improved profitability of fire insurance, while the domestic life insurance business is expected to post a profit increase of about ¥10.0 billion mainly due to an increased cross-selling ratio at MSI Aioi Life, and the international business is expected to post a profit increase of about ¥68.0 billion mainly due to profit growth of MS Amlin.



# <Reference> Comparison with Global Peers

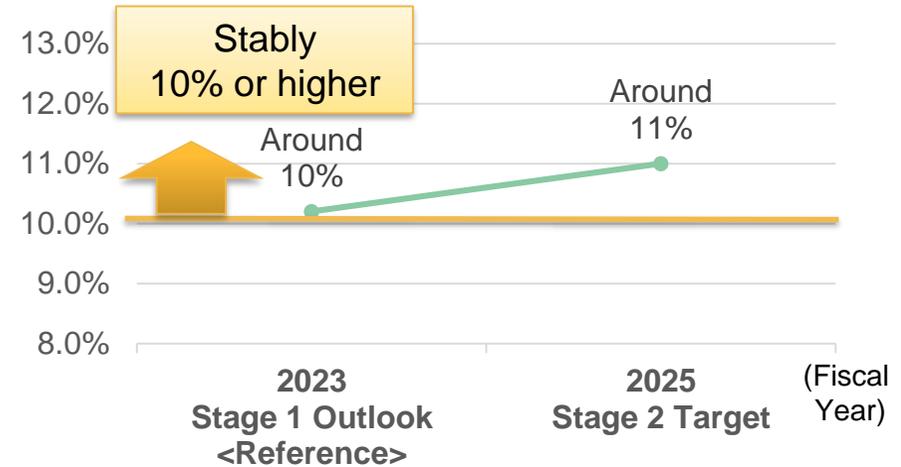
- We will maintain high growth rates above global peer levels.

## EPS growth rate\*1



\*1 Annual average (net income basis) from FY2012 to FY2021

## IFRS-based Adjusted ROE\*2



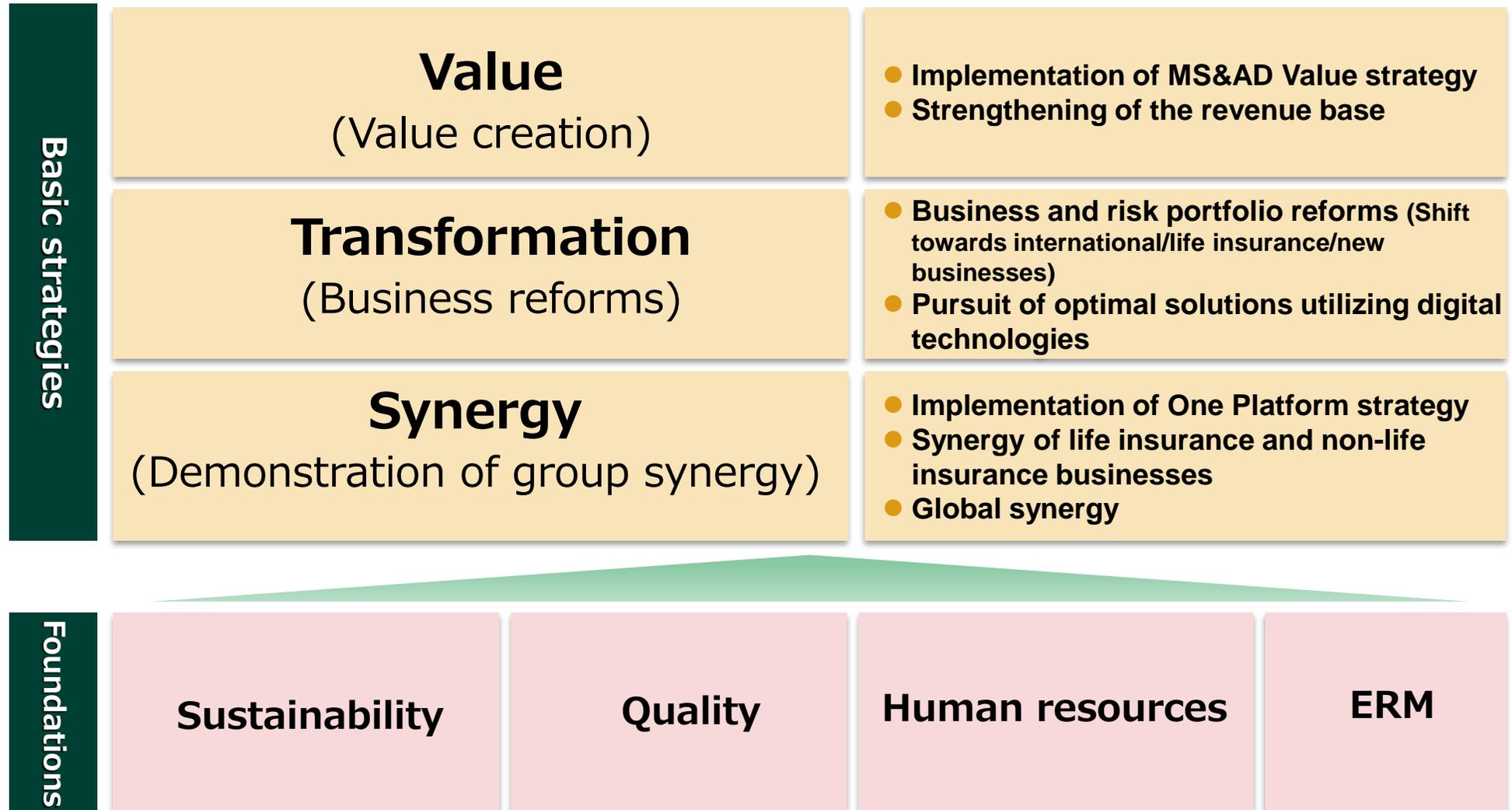
## <Ref.> ROE level\*2 of global peers

FY	2017	2018	2019	2020	2021
Company A	10.5%	12.0%	11.4%	9.3%	8.5%
Company B	8.7%	-0.5%	5.7%	4.4%	9.9%
Company C	9.8%	11.9%	12.8%	10.7%	13.7%
Company D	7.8 %	7.8%	8.4%	6.2%	14.3%

\*2 Source: Standard & Poor's Database (based on data published by each company)

## 6. Basic Strategies and Foundations Supporting Basic Strategies

- Our basic strategies for realizing our aspiration of becoming a "corporate group that supports a resilient and sustainable society" are "Value (value creation)," "Transformation (business reforms)" and "Synergy (demonstration of group synergy)."
- "Sustainability," "Quality," "Human Resources" and "ERM" are the foundations supporting the basic strategies.



## 7. Basic Strategies: (1) Value (Value Creation)

- Expand CSV x DX globally, provide new value to all stakeholders, and further improve profitability in an effort to enhance corporate value.

### Enhancing the revenue base

- Promote improvement of business efficiency through review of business processes.
- Reform the business style including review of office space based on promotion of remote working.
- Improved profitability of fire insurance

### MS&AD Value Strategy

- Develop products and services that will provide new value before and after coverage or the compensation payment and monetize them
- Groupwide utilization of knowledge gained through investment in startups by MS&AD Ventures



### Increasing the sophistication of risk consulting

- Integrated management of the Group's risk consulting with MS&AD InterRisk Research & Consulting playing a central role

<Disaster prevention dashboard developed by MS&AD InterRisk Research & Consulting>



### M&AD's Competitive Advantages Supporting Strategy

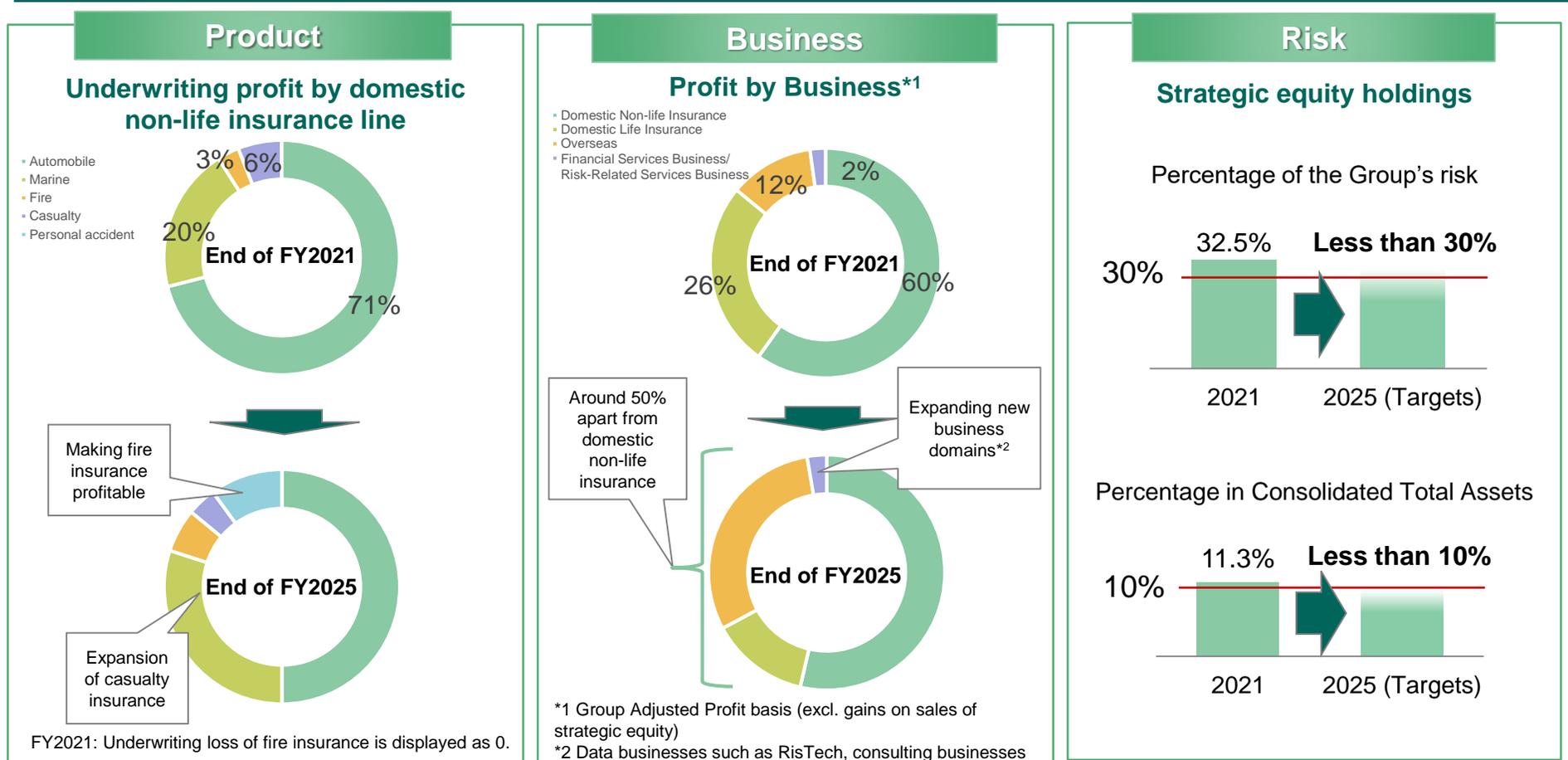
Largest network of agents in Japan, solid ties with some of Japan's leading companies, leading share in the domestic non-life insurance market

Leading foreign non-life insurance provider in ASEAN, world-class number of venture investments, strong CSV awareness among all employees

# 7. Basic Strategies: (2) Transformation (i) Three Portfolio Transformations

- Pursue a transformation into a resilient business structure capable of adapting to environmental changes through the utilization of digital technologies and other measures.
- Strengthen DX infrastructure and work on transforming three portfolios - products, business and risk.

## Three Portfolio Transformations



### Strengthening DX Infrastructure

Data management

Developing digitally-minded human resources

Startup investment

System

# 7. Basic Strategies: (2) Transformation (ii) Strengthening of DX Foundation

- Strengthen digital talent development, systems, startup investment, and data management, which form the foundation of digital transformation (DX), and use digital data to transform businesses.

## Startup investment

- Leverage the world's top venture investment among insurance companies to create new businesses, enhance customer experience, and improve business efficiency.



**MS&AD VENTURES**

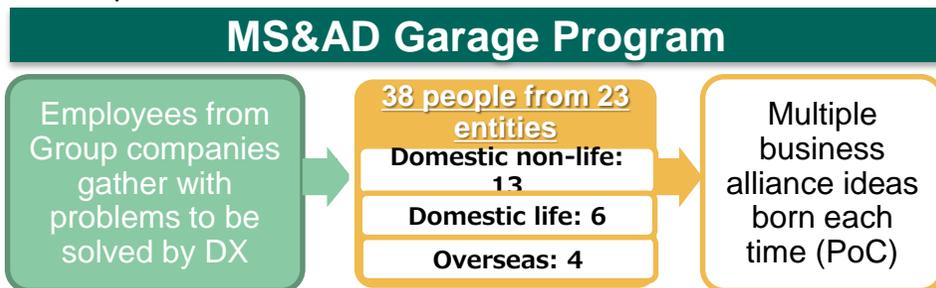
2 co-representatives received **GCV Powerlist 2022\***, and **16th place**.  
The world's top CVC among insurance companies.  
Top 100 ranked for 3 consecutive years

<ol style="list-style-type: none"> <li>1. David Krane / GV</li> <li>2. Jeffrey Li / Tencent Investments</li> <li>3. Martin Tschopp / Prosus Ventures</li> <li>4. Rajeev Misra / SoftBank Investment Advisers</li> <li>5. Anthony Lin / Intel Capital</li> <li>6. David Lee &amp; Brendon Kim / Samsung Next Jung Ho Kim / Samsung Ventures America David "Dede" Goldschmidt / Samsung Catalyst Fund</li> <li>7. Bill Taranto / Merck Global Health Innovation Fund</li> <li>8. Quinn Li / Qualcomm Ventures</li> <li>9. Arvind Purushotham / Citi Ventures</li> <li>10. Christopher Picariello / Johnson &amp; Johnson Innovation – JJC</li> </ol>	<ol style="list-style-type: none"> <li>11. John Somorjai / Salesforce Ventures</li> <li>12. Gen Tsuchikawa / Sony Ventures Corporation</li> <li>13. Michelle Gonzalez / M12</li> <li>14. Paul Asel / NGP Capital</li> <li>15. Dominique Mégret / Swisscom Ventures</li> <li style="border: 2px solid orange; padding: 2px;">16. Tak Sato &amp; Jon Soberg / MS&amp;AD Ventures</li> <li>17. Nicolas Sauvage / TDK Ventures</li> <li>18. Luis Alcoser &amp; Kemal Anbarci / Chevron Technology Ventures</li> <li>19. Stefan Gabriel / Hitachi Ventures</li> <li>20. Christopher Bartlett / Verizon Ventures</li> </ol>
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\*Global Corporate Ventures (GCV) presents this prestigious award to honor the top 100 CVC investors who play an important role in the venture business field.

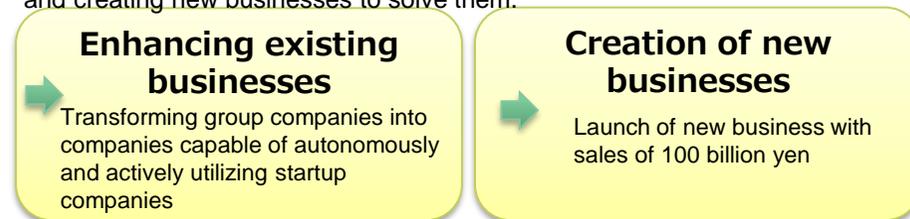
## Promotion of business development through DX

- Starting from Silicon Valley, promote advanced business development through collaboration with startups and Group companies.



Innovation Factory

A base for business development without being bound by existing frameworks. Proposing problems that will be faced in the future and refining future businesses and creating new businesses to solve them.



## Digital talent development

- Fostering internal data scientists

MS&AD Digital Academy

Cooperation with Information Networking for Innovation and Design (INIAD), Toyo University

MS&AD Digital College from Kyoto

Cooperation with Kyoto University of Advanced Science (KUAS)

Development of data scientists in the field of medicine

Collaboration with Tokyo Medical and Dental University

Data Science Training

Cooperation with Shiga University

- Fostering the ability to create new business ideas

Digital Innovation Challenge Program

Soliciting ideas to contribute to the theme set every year



地球環境との共生



安心・安全な社会



多様な人々の幸福

Approximately 5,500 applications in total

# 7. Basic Strategies: (3) Synergy (Demonstration of Group Synergy)

- Translate Group diversity into growth and improve productivity by taking advantage of scale.

## Implementation of One Platform strategy

- Further pursue standardization, collaboration and integration in middle and back-office operations, achieving further business efficiency and quality improvements.
- There are advantages to not standardizing specific procedures and products, etc. for some major group contracts and specific channels, and integrated operation will be implemented except for where differences are retained for strategic purposes



### Standardization, collaboration and integration

- Development of efficient business flows through the use of digital technologies, etc.
- Standardization and integration of middle and back-office departments (examples: sales administration, claim services, product development)

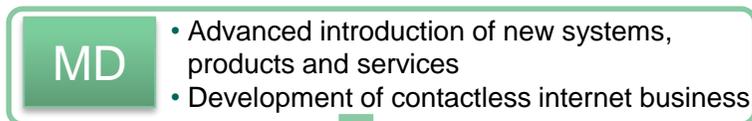
#### Effects gained

- Sales work streamlined with the utilization of advanced digital technologies
- High quality, efficient claims payment structure
- Efficient and competitive product supply structure, etc.

## Group-wide synergies

### Pilot deployment of advanced MD initiatives

- Utilizing the knowledge gained from conducting advanced and agile initiatives at MD within the Group



Rollout in Group companies

### Synergy of life insurance and non-life insurance

#### Cross-selling ratio

FY2021 Results    FY2025 Target

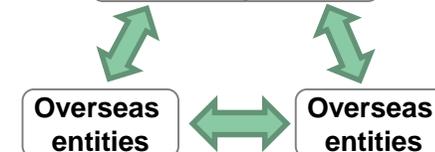


## Global synergy

Sharing and mutual utilization of the expertise and skills of Group companies in Japan and overseas



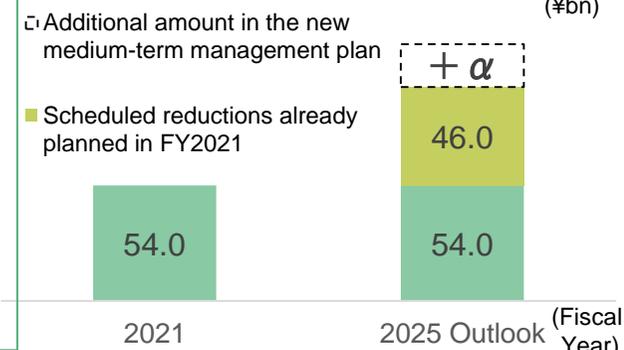
Group companies in Japan



### Examples of implementation

- Weather index insurance and weather derivatives utilizing the expertise of MSIGW
- Expanding the claim support know-how possessed by head office
- Digital initiatives including the introduction of MS1 Brain

### Additional reductions in business expenses (reduced amount compared with FY2019)



## 8. Foundation Initiatives: (1) Sustainability

- Aim to solve social issues that are important both for stakeholders and for the Group, and focus on the three priority

Priority issues	Social issues	Main initiatives
 <p><b>Symbiosis with global environment</b> (Planetary Health)</p>	<ul style="list-style-type: none"> <li>• Global warming</li> <li>• Damage to natural capital</li> <li>• Environmental pollution</li> <li>• Linear economy</li> </ul>	<ul style="list-style-type: none"> <li>• Action on climate change                             <ul style="list-style-type: none"> <li>— Aiming for net zero carbon emissions by 2050</li> </ul> </li> <li>• Improvement of sustainability of natural capital</li> </ul>
 <p><b>Safe and secure Society</b> (Resilience)</p>	<ul style="list-style-type: none"> <li>• Emergence of new risks</li> <li>• Major earthquakes</li> <li>• Spread of infectious diseases</li> <li>• Decline of regional industry</li> </ul>	<ul style="list-style-type: none"> <li>• Measures to address new risks</li> <li>• Loss prevention/mitigation</li> <li>• Regional revitalization                             <ul style="list-style-type: none"> <li>— Creation of a resilient and inclusive society</li> </ul> </li> </ul>
 <p><b>Happiness of diverse people</b> (Well-being)</p>	<ul style="list-style-type: none"> <li>• Aging population and declining birthrate</li> <li>• Human rights violations</li> <li>• Elimination of diversity</li> <li>• Poverty and widening income disparity</li> </ul>	<ul style="list-style-type: none"> <li>• Response to a healthy society and longevity</li> <li>• Promotion of respect for human rights</li> <li>• Improvement of employee engagement</li> </ul>

## 8. Foundation Initiatives: (2) Sustainability KPIs

- The Group set the following KPIs for Planetary Health, Resilience and Well-being.

### Planetary Health

Symbiosis with global environment

	GHG emissions reduction rate (from FY2019)	Renewable energy usage rate
FY2030	-50%	60%
FY2050	Net zero	100%

#### FY2025

Premium growth rate of products which contribute to decarbonization and a circular economy

E.g., Mega solar comprehensive compensation plan

Annual average  
18%

### Resilience

Safe and secure society

#### FY2025

Rate of increase in the number of policies for products that respond to new risks and products and services that use data and AI

E.g., cyber security insurance

Annual average  
20%

Instances of support for the resolution of issues faced by regional companies

E.g., seminars on regional revitalization

10,000  
instances a year

### Well-being

Happiness of diverse people

#### FY2025

Instances of support for companies' action on well-being

E.g., harassment prevention consulting

1000  
instances a year

Number of policies in force for asset-building products to support longevity

E.g., tontine annuity insurance

100,000

Number of policies in force for products which help solve health-related social issues

E.g., Medical insurance covering dementia, infertility treatment

2.6 million

## 8. Foundation Initiatives: (3) Human Resources

- Secure human resources to support the execution of strategies and also develop an environment for their active participation and career advancement

### Development of optimum human resource portfolio

#### Reskilling and recurrent training

- Enhancement of menu of self-directed learning
- Improvement of the level of both business and digital skills

#### Retention and active participation of specialized human resources

- Enhancement of training for specialist human resources
- Diversification of recruitment
- Personnel systems suitable for specialist human resources

### Full demonstration of employees' abilities and skills and fulfillment of their ambitions

#### Development of an attractive workplace environment

- Opportunities for self-directed career development
- Flexible and diverse working styles
- Management which encourages employees to take on new challenges

#### Diversity and inclusion

- Diversification of decision-makers
- Management which draws out and utilizes diverse opinions and ideas
- Human resource exchanges among Group employees

#### Health & productivity management

- Initiatives to maintain and advance the health of employees to enable them to work with vigor and enthusiasm

### Introduction of a stock incentive system for employees

- Introduction of a stock issuance trust system to return profits from company shares to Group employees

#### Program overview

Eligible employees: All employees of five Group companies\* (excluding officers and directors), approx. 40,000 employees  
 Timing of introduction: May 2022  
 Trust period: Four years from 2022 to 2025 to coincide with the period of the Medium-Term Management Plan  
 Method of share issuance: The designated shares are issued to employees and additional issuances are made based on the attainment level of the Medium-Term Management Plan.

\* MSI, ADI, Mitsui Direct, MSA Life, and MSP Life (including employees seconded to affiliate companies, etc.)

#### Effects of introduction

##### Expansion of Employee Welfare and Benefit Schemes

Granting shares as an opportunity for asset building

##### Incentives and raising awareness of improvements to corporate value

Match the attainment level of the Medium-Term Management Plan with employee incentives to raise awareness of improvements to corporate value.

## 8. Foundation Initiatives: (4) Human Resources and Quality KPIs

- Further strengthen the business foundation by enhancing human resources and quality

### Human Resources

End of FY2030 (Aiming for early achievement)	Percentage of female managers	30%
	Percentage of female line managers	15%

( ): FY2021 results

### FY2025

Digital human resources	7,000 persons (about 2,000 persons)	Employees for international business	1,200 persons (about 1,100 persons)	Productivity improvement Percentage of personnel expenses	8.5%												
Percentage of mid-career employees among managerial staff	Current level (21%) or higher	Percentage of employees hired locally overseas appointed as executives of overseas subsidiaries	Current level (77%) or higher	Percentage of employees who exercise regularly	Current level (24%) or higher												
Male childcare leave	Percentage of male employees taking childcare leave: 100% Duration of leave: 4 weeks  (84.9%, 7.0 days)	CSV-related employee awareness survey	<p>Equal to or greater than the previous year</p> <table border="1"> <caption>Awareness Levels (2019-2021)</caption> <thead> <tr> <th>Year</th> <th>MVV awareness</th> <th>CSV awareness</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>94.4%</td> <td>90.3%</td> </tr> <tr> <td>2020</td> <td>95.6%</td> <td>92.9%</td> </tr> <tr> <td>2021</td> <td>95.5%</td> <td>93.0%</td> </tr> </tbody> </table>			Year	MVV awareness	CSV awareness	2019	94.4%	90.3%	2020	95.6%	92.9%	2021	95.5%	93.0%
Year	MVV awareness	CSV awareness															
2019	94.4%	90.3%															
2020	95.6%	92.9%															
2021	95.5%	93.0%															

### Quality

### FY2025

Customer satisfaction level  
(On contract procedures & claim payment process)

Equal to or greater than the previous year

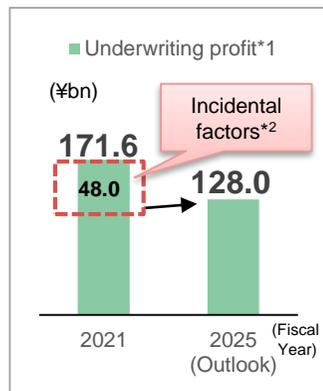
# 9. Strategies by Business Domain: (1) Domestic Non-life Insurance Business

- Utilize our strengths of having three distinctive insurance companies, the largest sales coverage in Japan and solid networks to continue aiming for strong growth.

## Key Strategies

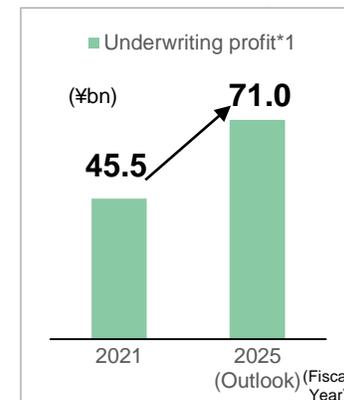
### Maintaining the profitability of auto insurance

- Continue to expand the top-line as a pillar of revenue and maintain profitability.
- Initiatives reflecting changes in the automotive industry (spread of EVs and connected cars, advances in CASE and MaaS, etc.)
- Strengthen sales capabilities of professional agents and other channels through the use of digital technology



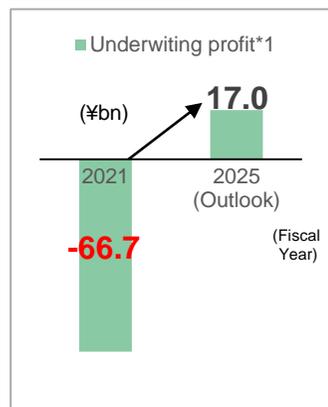
### Expanding profits from casualty insurance

- Strengthen sales of products for SMEs.
- Expand earnings as a growth driver by improving the ability to deal with new risks.
- Develop new markets through data services such as RisTech and develop new sales channels such as embedded insurance on e-commerce sites



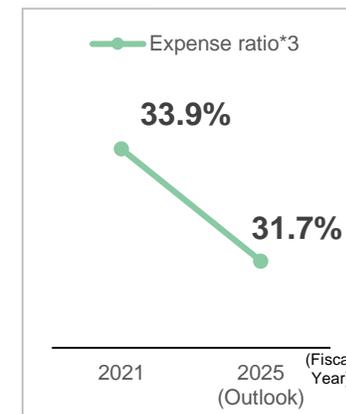
### Improving profitability of fire insurance

- Revisions to products and premium rates (scheduled for October 2022) and strengthening of measures to deal with unprofitable individual policies
- Initiatives to prevent and mitigate loss through risk consulting and the utilization of data and digital technologies
- Initiatives to improve profitability, such as strengthening response to specific contractors and promoting the use of specialized disaster recovery companies



### Reducing expenses

- Benefit from the effects of system investments
- Promote the further integration of middle and back-office departments at two major companies through a One Platform Strategy to accelerate reductions in business expenses.
- Reduce non-personnel costs through digital business style transformation



\*1 Simple sum of non-consolidated figures for MSI and ADI.  
\*3 Sum of MSI and ADI.

\*2 Domestic auto losses vs. the average year: +35.0 billion yen; reversal of the initial year balance: +13.0 billion yen.

# 9. Strategies by Business Domain: (2) Domestic Life Insurance Business

- Promote cross-selling between the life and non-life insurance companies and the two life insurance companies through mutual utilization of the Group's strong customer base, and step up customer approaches utilizing the strong channels of the two life insurance companies.
- Improve earning capacity through efforts such as expanding earnings, increasing business efficiency, and improving productivity.
- Provide products and services that contribute to solving social issues in the 100 years of life, such as extending healthy life expectancy and asset life.

## Key Strategies

### Promoting cross-selling between the life and non-life insurance companies and the two life insurance companies, stepping up customer approaches

#### MSI Aioi Life / MSI Primary Life

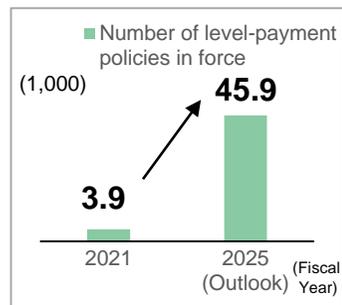
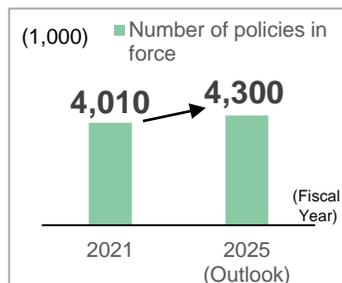
- Develop asset building market utilizing MSI Primary Life's product development capability and MSI Aioi Life's distribution channels.

#### MSI Aioi Life

- Step up cross-selling of life insurance and non-life insurance by non-life insurance agencies.
- Develop and cultivate the workplace insurance market.

#### MSI Primary Life

- Strengthen leading position in over-the-counter sales at financial institutions by providing highly original products and training to support the consulting business of agents.
- Develop the asset building market by expanding level payments.



### Improving profitability by expanding investment profit, etc.

#### MSI Aioi Life

- Expand scale of return-expected assets from 500 billion yen to 800 billion yen.

#### MSI Primary Life

- Taking advantage of the stable inflow of foreign currency funds and the fact that foreign exchange risks are mainly borne by policyholders, we will actively take overseas credit risks and diversify investment targets.

### Providing products and services that help solve social issues.

#### MSI Aioi Life

- Products that help solve social issues such as long-term nursing care and dementia
- More sophisticated underwriting based on service development, cancer screening promotion activities and big data analysis

#### MSI Primary Life

- Products that meet customer needs, following the life-gift type products
- Level-payment products with long-term, diversified and accumulated investment for the asset building class.

# 9. Strategies by Business Domain:

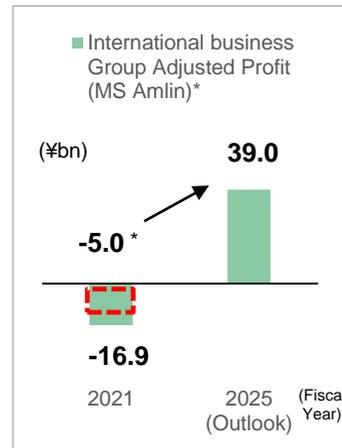
## (3) International Business (i) Key Strategies

- Expand revenue by expanding revenue at MS Amlin and tapping into market growth in Asia where the Group has a robust business base
- Expand various initiatives in the international business and demonstrate Group synergy
- Seek risk diversification and increase capital efficiency through business investment focusing on the United States, where there is considerable room for development, and Asian emerging markets, where growth can be expected

### Key Strategies

#### Expand revenue at MS Amlin

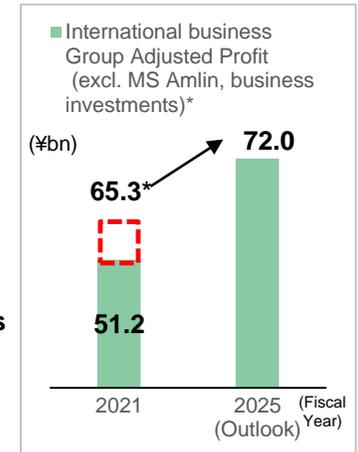
- Establish a system to ensure stable underwriting profits even in the event of a large-scale natural catastrophe or unforeseen event
- Reduce volatility from natural disasters
- Expand underwriting of profitable non-cat risks by utilizing high levels of expertise
- Further business streamlining



\* -5.0 billion yen when excluding incidental factors for FY2021 (effect of natural catastrophe losses exceeding the initial forecast).

#### Leveraging strengths in each region and domain to promote initiatives

- Strengthen the retail business in Asia (alliances and cooperation with joint venture partners, financial institutions and platforms, strengthening of sales channels)
- Strengthen competitiveness through utilization of digital technologies
- Roll out telematics insurance, etc. in conjunction with Toyota's new car sales around the world and its connected strategy. Expand product lineup and implement underwriting and premium rate measures, and expand into new countries and regions.



\* 65.3 billion yen when excluding incidental factors for FY2021 (effect of natural catastrophe losses exceeding the initial forecast).

#### Business investment

- Consider US, Asia and emerging countries

**FY2025 Profit contribution (Target)**

**+¥18.0 billion**

#### Demonstrating global synergy

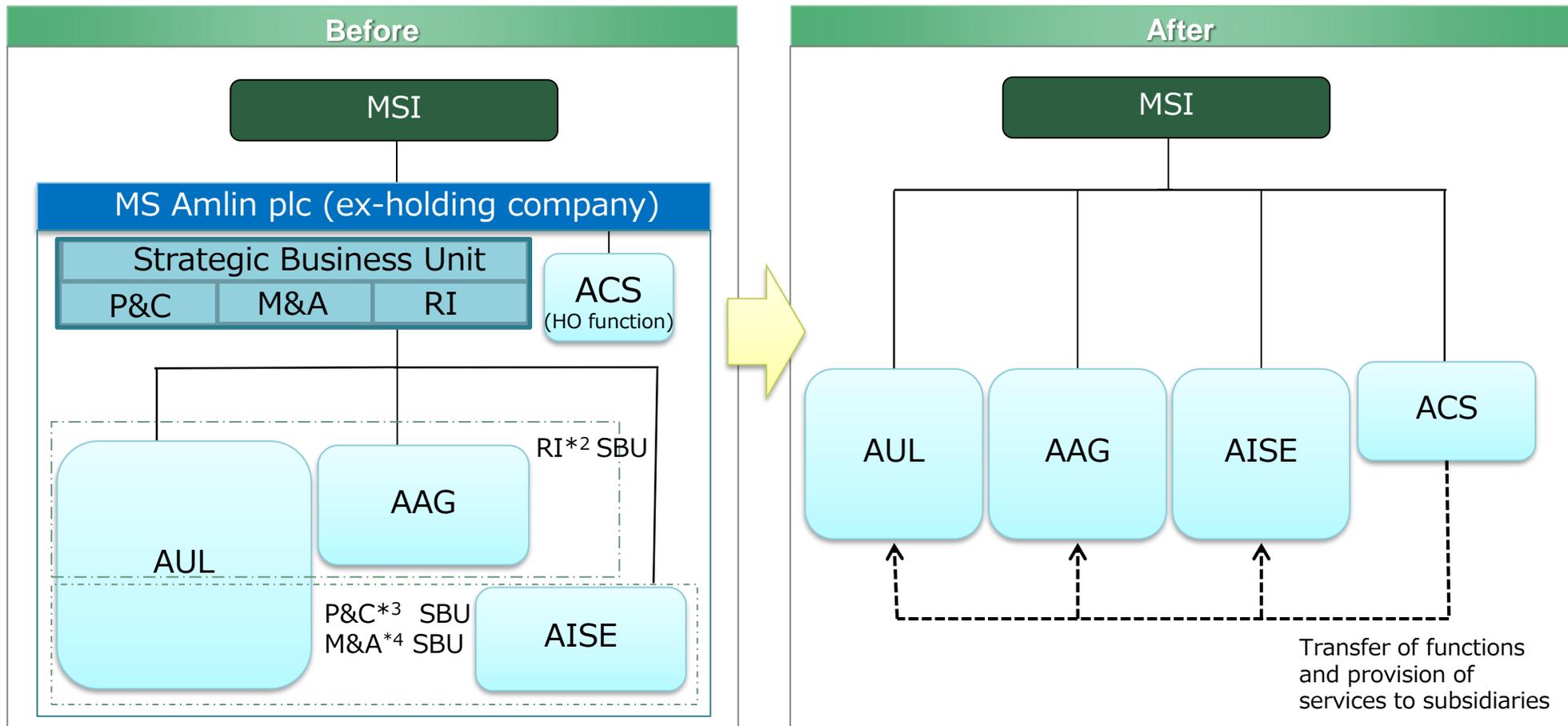
- Conduct sales in overseas markets based on cooperation between Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance including collaboration in Southeast Asia
- Strengthen coordination in reinsurance and operation, etc.

# 9. Strategies by Business Domain:

## (3) International Business (ii) Reorganization of MS Amlin

- As part of the international business reorganization implemented in January 2020, the holding company of MS Amlin and the underwriting management system across subsidiaries (SBU\*1) were dissolved and the subsidiaries were put under direct control of the head office. Clarification of profit responsibility and transparency were improved.
- MS Amlin has been making steady progress in efforts to restore earnings under the new structure, and each company will pursue self-sustained growth by leveraging its respective strengths.

### Outline of Reorganization



\*1 Strategic Business Unit \*2 Reinsurance \*3 Property & Casualty \*4 Marine & Aviation

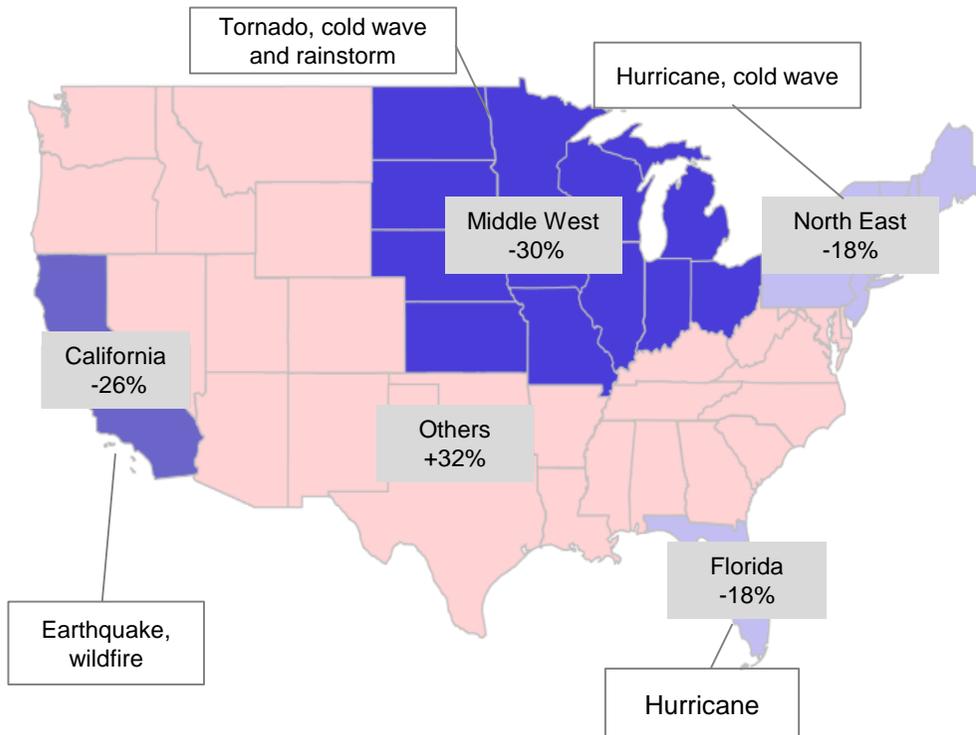
# 9. Strategies by Business Domain:

## (3) International Business (iii) AUL Portfolio Improvements

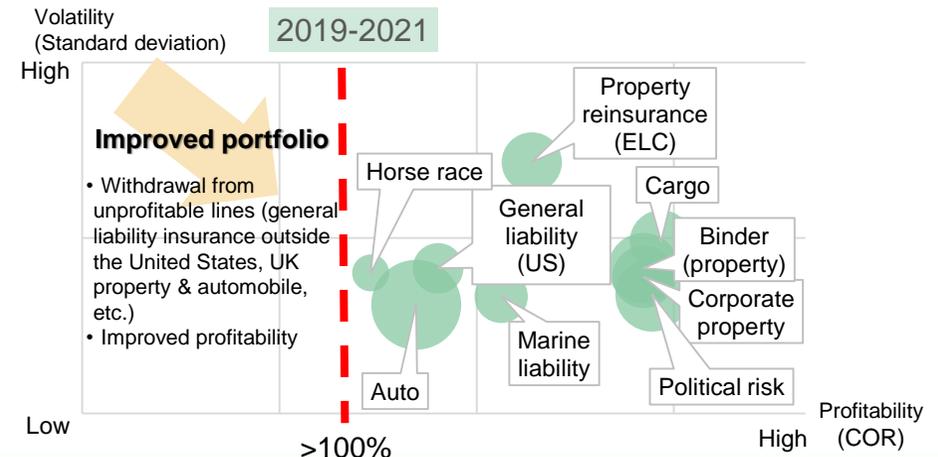
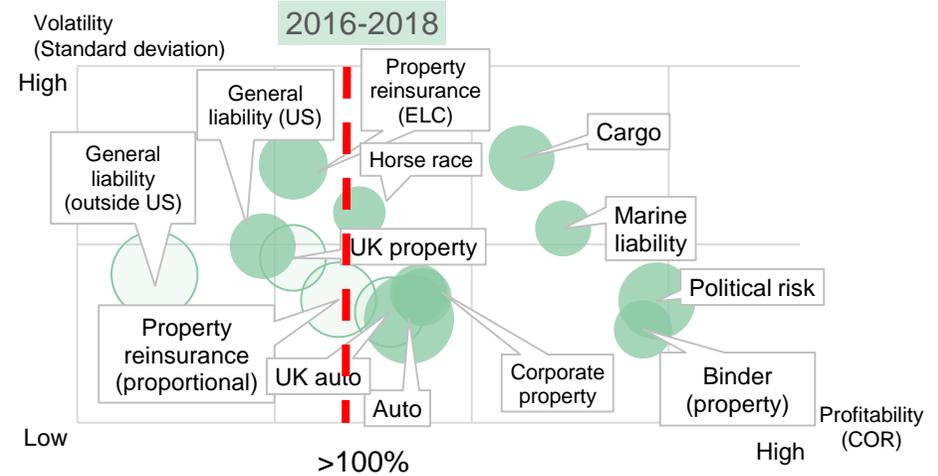
- AUL focused on reducing the amount of underwriting risk regarding catastrophe risks, reconfiguring the portfolio and improving profitability.
- The profit structure has steadily improved through efforts such as withdrawal from unprofitable businesses and rate hikes, and cost reductions through operational efficiency improvements.

### Status of reduced catastrophe risk amount in North America 2018→2021

MS Amlin significantly cut exposure in high-risk areas and reduced peak risk. On the other hand, underwriting in low-risk and profitable areas increased.



### Status of improvements to the non-cat risk portfolio



# 9. Strategies by Business Domain:

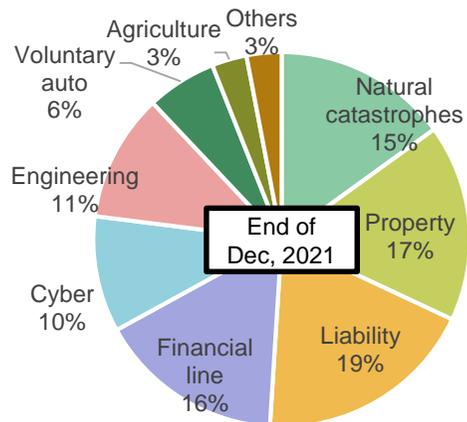
## (3) International Business (iv) AAG Portfolio Improvements

- In addition to efforts to improve profitability, such as reducing unprofitable lines and raising rates, AAG ensured sufficient reserve levels in past year portfolios and responded to future reserve fluctuation risks.
- Working under a new management team, AAG will continue to control revenue volatility by reducing the underwriting of catastrophe risks, and strive to increase profits through profitable non-cat lines that feature high capital efficiency.

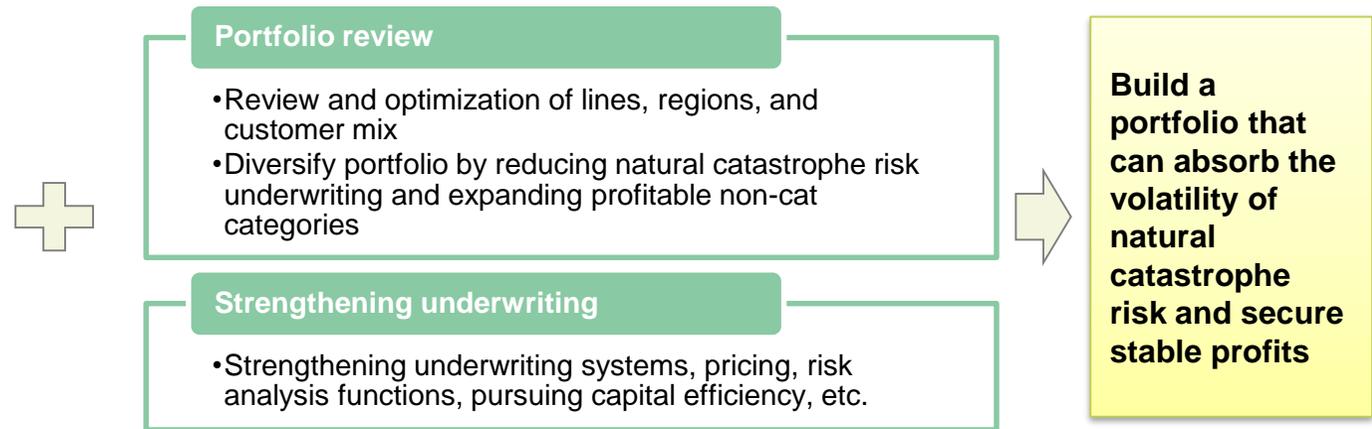
### Initiatives in the mid-term management plan

2022	2023	2024	2025
<b>Strengthening our business base</b> Steady achievement of the earnings plan IT and infrastructure development Earnings management and relationship strengthening for each customer		<b>Promote growth strategies and expand earnings base</b> Acquire global quality projects through reinsurance business to diversify geographic risks and diversify earnings	
<b>Stage 1</b>		<b>Stage 2</b>	

#### Current Portfolio



#### Portfolio transformation



# 9. Strategies by Business Domain: (4) Risk-Related Services Business

- As a platform provider of risk solutions and with MS&AD InterRisk leading the Group, strengthen risk management and create business opportunities including the creation of new services through the utilization of digital technologies and data before and after coverage.

## Key Strategies

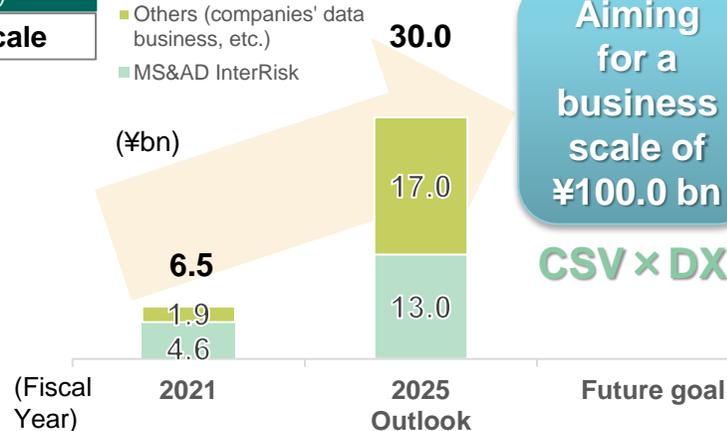
### Growth of data-related business

Aiming to expand the scale focusing on MS&AD InterRisk consulting business and operating companies' data business

FY2025 profit target  
(risk-related services business)

¥3.0 bn scale

### Revenue from data-related business



### Specific actions

Strengthen risk management services through the collaboration of insurance companies and MS&AD InterRisk, and expand earnings based on the CSV x DX strategy.

#### 1) Sophistication of services through the use of digital technologies and data

- Advancement of "Carbon Neutral Support Service" consulting services to support corporate decarbonization

#### 2) Generalization of consulting operations through software

- Developing of packaged software for consulting services, etc.

#### 3) Operation of risk management services

- Utilizing data and AI to detect signs of failure in IoT devices and perform monitoring, etc.

#### 4) Tapping into business opportunities surrounding risk management

- New businesses through M&A and capital tie-ups (monitoring, cloud configuration monitoring, fire prevention and construction consulting firms, etc.)

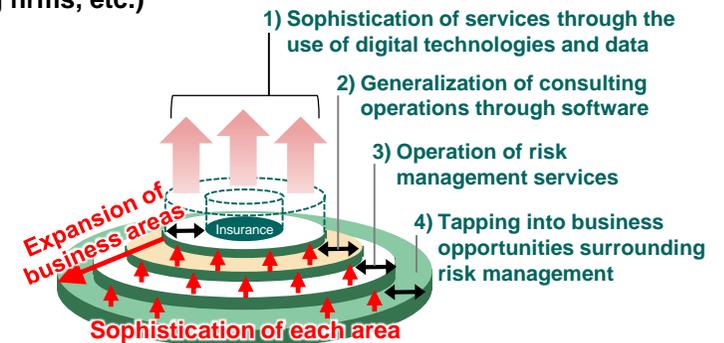
### Strengthening the Group-wide promotion system

Transition to integrated management, with MS&AD InterRisk playing a central role in each service development and business development process with each group company

Maximization of resources and development capabilities of InterRisk



Utilization of insurance companies' value (sales force, etc.)



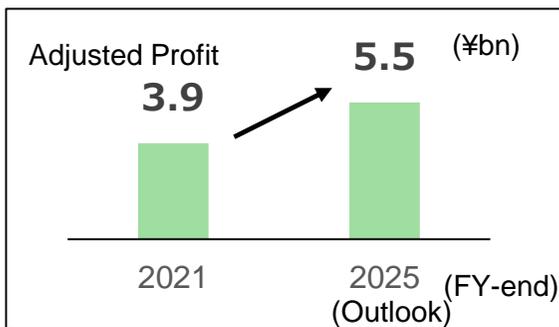
# 9. Strategies by Business Domain: (5) Financial Services Business

- Provide diverse products and services that go beyond insurance and make a stable contribution to revenue by leveraging the Group's comprehensive strength in terms of domestic sales and overseas business units to expand business in light of social issues, environmental changes and customer needs.

## Key Strategies

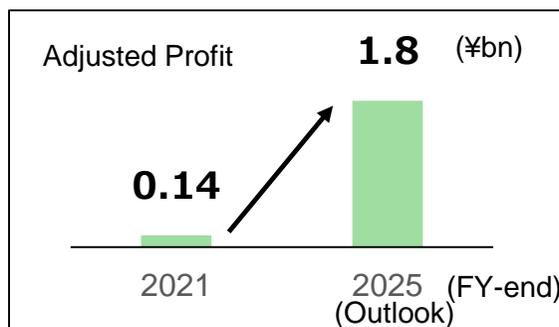
### Asset building-related business

- **Financial services for individuals and local economies**
  - Strengthening profitability of defined contribution pension business
  - Providing comprehensive financial services to the workplace market (100 year life lounge)
  - Support for asset building in cooperation with regional financial institutions
- **Asset management**
  - Strengthening profitability of SMDAM\*1
  - World-class LCP\*2 fund management\*3
  - Consideration of capital tie-ups with overseas asset management companies
- **Variable annuity reinsurance (FinRe\*4)**
  - Group utilization of hedging technology and product development



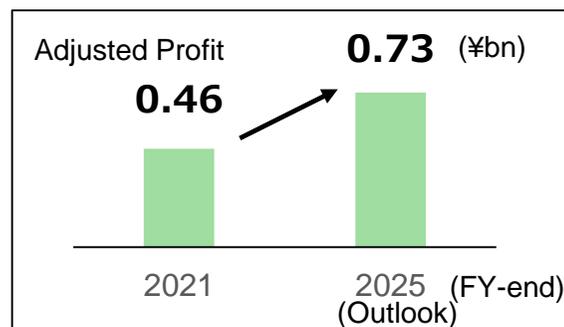
### Provision of risk solutions contributing to ESG

- **Weather derivatives, etc.**
  - Strengthening sales system through collaboration with product divisions and overseas bases
- **Insurance-linked securities (ILS\*5)**
  - SMDAM fund investment advisory
  - LCP fund sales support for domestic investors



### Response to changes in social environment

- **Small business investment (venture investment)**
  - Expanding investments by taking advantage of changes in the social environment through MSI Capital\*6
- **Impact investment**
  - Development of new products and services by accumulating knowledge of market environments and methods



\*1 Sumitomo Mitsui DS Asset Management Company, Limited

\*2 Leadenhall Capital Partners LLP (LCP)

\*3 ILS fund managed by LCP (4<sup>th</sup> in the world)

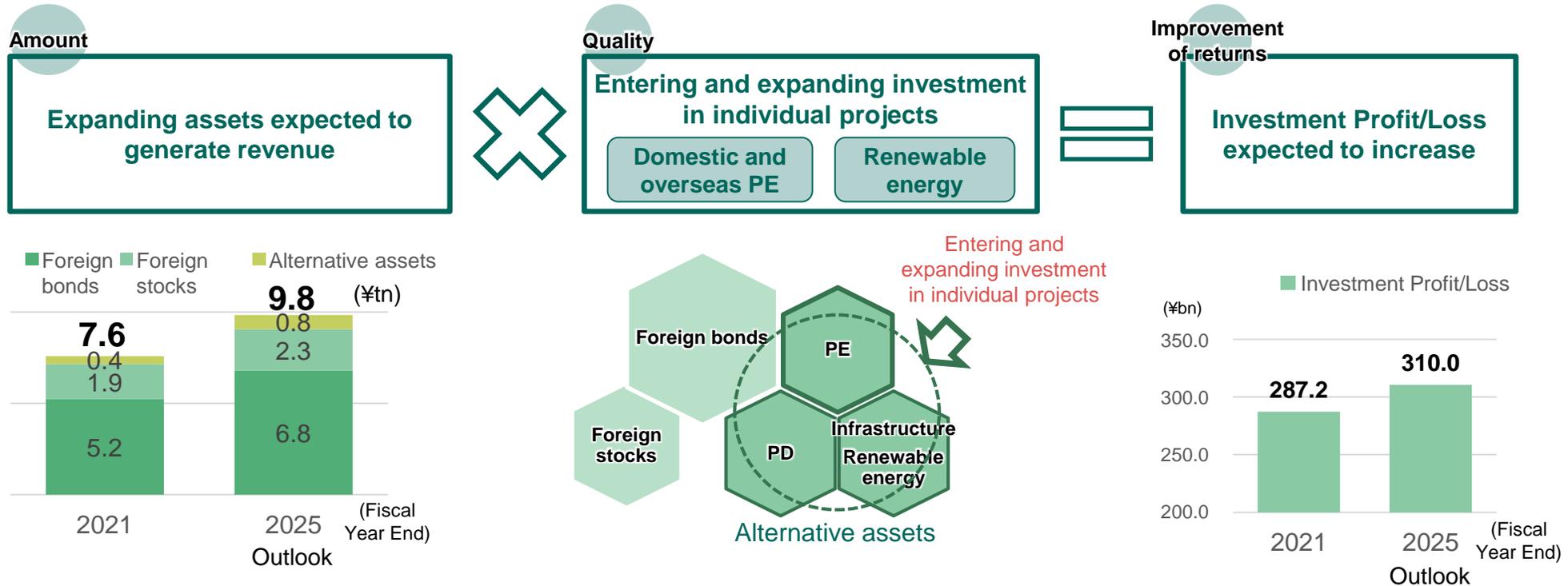
\*4 MS Financial Reinsurance Limited

\*5 Insurance-linked securities: Collective term for securitization products which transfer natural catastrophe risks and other insurance risks to capital markets

\*6 MITSUI SUMITOMO INSURANCE Venture Capital Co.,Ltd.

# 10. Asset Management Strategy: (1) Improving Profitability

- Increase funds allocated to higher-return assets\* while diversifying investments through PE funds while also entering and expanding investments in individual projects for domestic and overseas PE and the renewable energy investment and loan field



- Allocation of funds from the sale of strategic equity holdings to higher-return assets
- Increase allocation to higher-return assets in life insurance operations

- Utilization of expert human resources with more than 10 years of investment experience
- Further build assessment skills through investments in individual projects in Japan and overseas

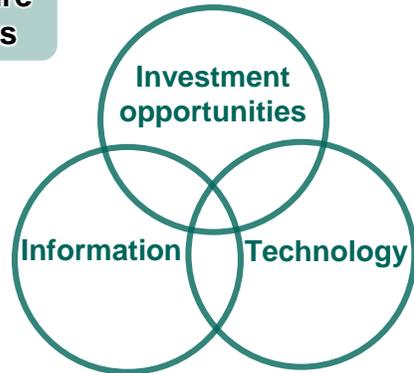
\* Higher-return assets: Assets held on the expectation of gaining relatively high returns, including foreign bonds, foreign equities and alternatives

# 10. Asset Management Strategy:

## (2) Reinforcing the Foundations for Improved Earnings Power

- Position MSR\* as a hub for expanding higher-return assets and develop expert human resources possessing assessment capabilities in the management of foreign assets, in order to share investment opportunities, information and technologies while further enhancing initiatives that demonstrate Group synergy.

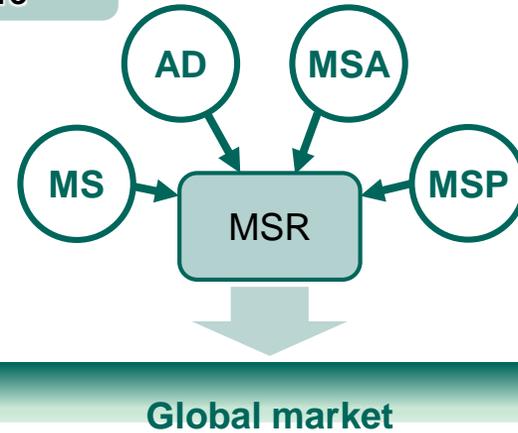
### Existing Posture and Initiatives



**Demonstrating group synergy through sharing**

### Strengthened Posture

**Further strengthening the posture of sharing**



#### Sharing of investment opportunities (Joint investment)

- Impact investment
- Investment in common funds
- Dedicated fund investments by entities in Europe and Asia
- Venture investments via Sumitomo Mitsui Marine Capital

#### Sharing of investment information

- Personnel exchanges with operating divisions
- Joint implementation of market analysis
- Holding of global market environment meetings between entities in Tokyo, London, New York and Asia

#### Sharing of investment technologies

- Establishment of data and information networks for asset management in Japan and overseas
- ESG investment and loan information and technologies

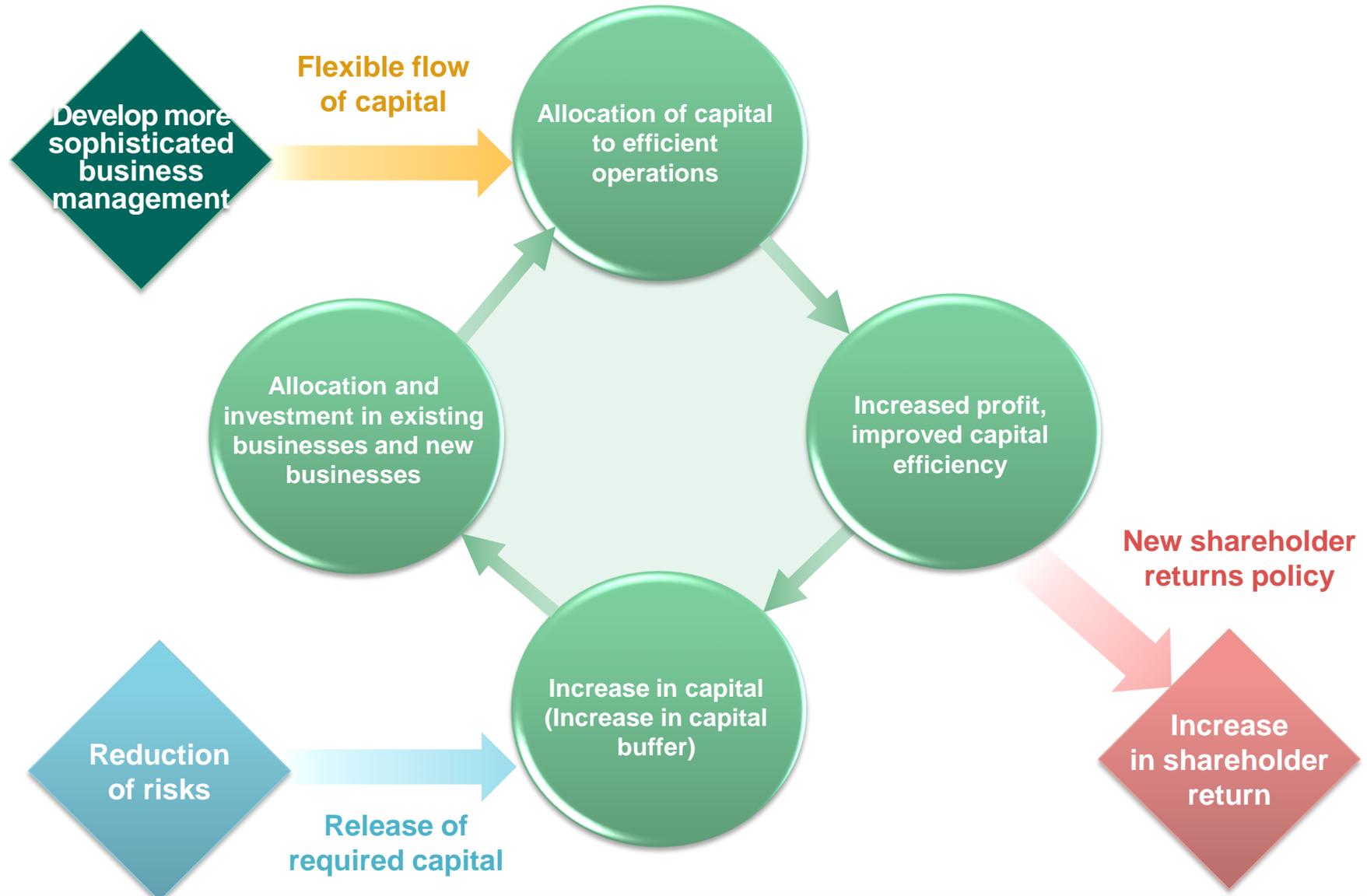
- Utilize MSR as a common platform for Group asset management
- Strengthen asset evaluation and screening capabilities
- Control management costs and demonstrate high efficiency

\* Asset management subsidiary established by MS in January 2022 in a joint venture with Swiss asset management company LGT Capital Partners in New York

# 11. Capital Strategy:

## (1) Improving Capital Efficiency Through the Optimization of Group Capital

- Optimization of Group capital and improvement of capital efficiency



# 11. Capital Strategy: (2) Developing More Sophisticated Business Management and Flexible Flow of Capital

## Improvement of corporate value through sophistication of business management

- Clarify issues for each Group company business and pursue initiatives aimed at solving them to enhance corporate value

## Flexible flow of capital

- Ascertain the transferrable capital of each Group company and envision how the assets would be transferred in advance
- Allocation of capital to more capital efficient business opportunities, including investment in growth businesses

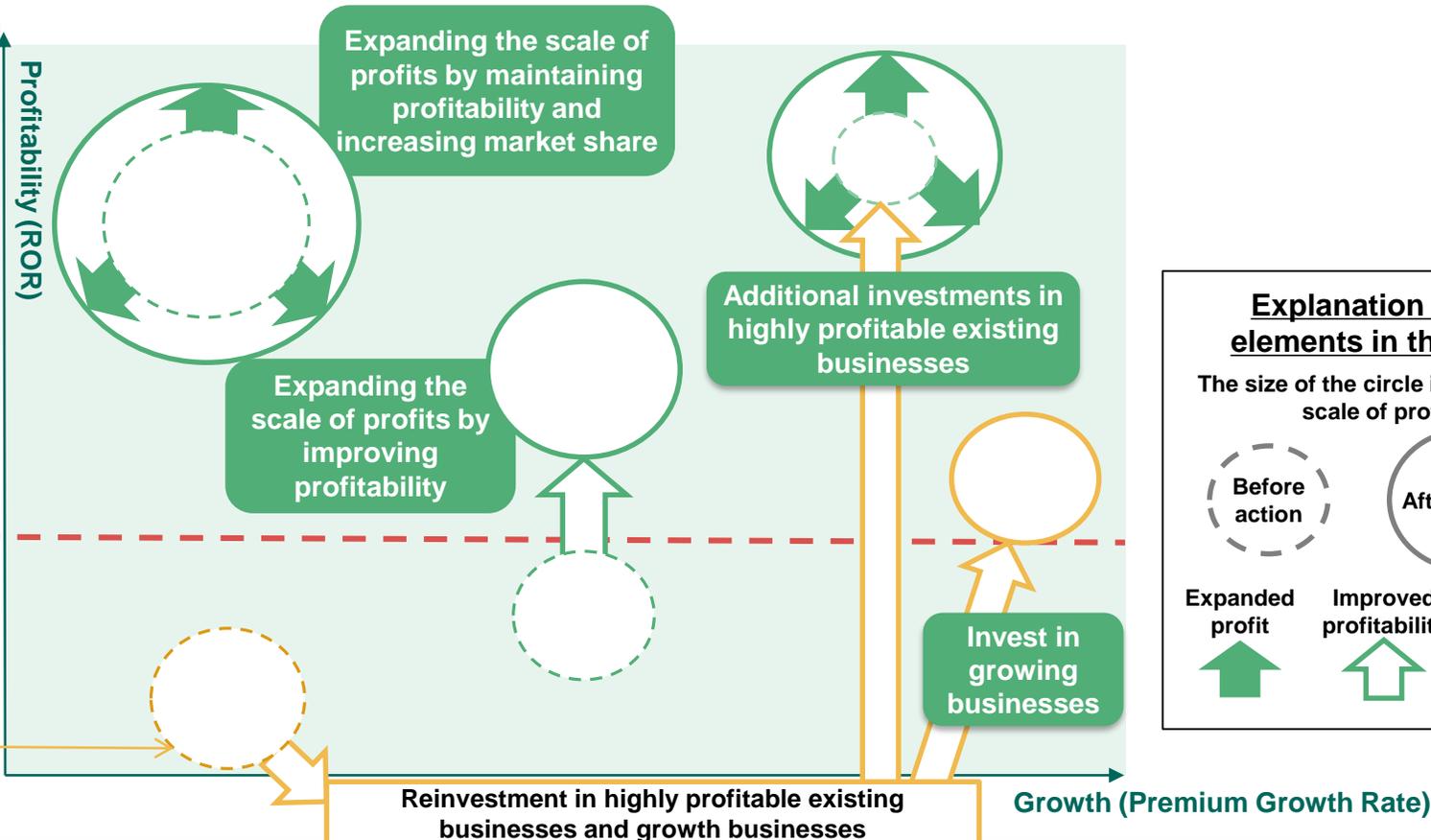
Conceptual diagram of sophistication of business management

### 【Revision points】

1. Continued inability to generate sufficient returns relative to the cost of capital, with no improvement expected
2. Synergy effects and other contributions to the Group are not expected
3. The market in which we operate is not expected to grow.

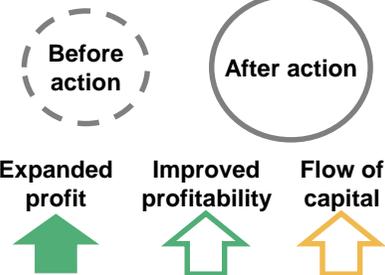
ROR needed to ensure a stable group adjusted ROE of 10%

\* Determined based on the characteristics of the business



### Explanation of the elements in the chart

The size of the circle indicates the scale of profits



# 11. Capital Strategy:

## (3) Policy on Investment in Existing Businesses and New Businesses

### ■ Investment policy

- Consider investments that will expand corporate value, including bolt-on investments

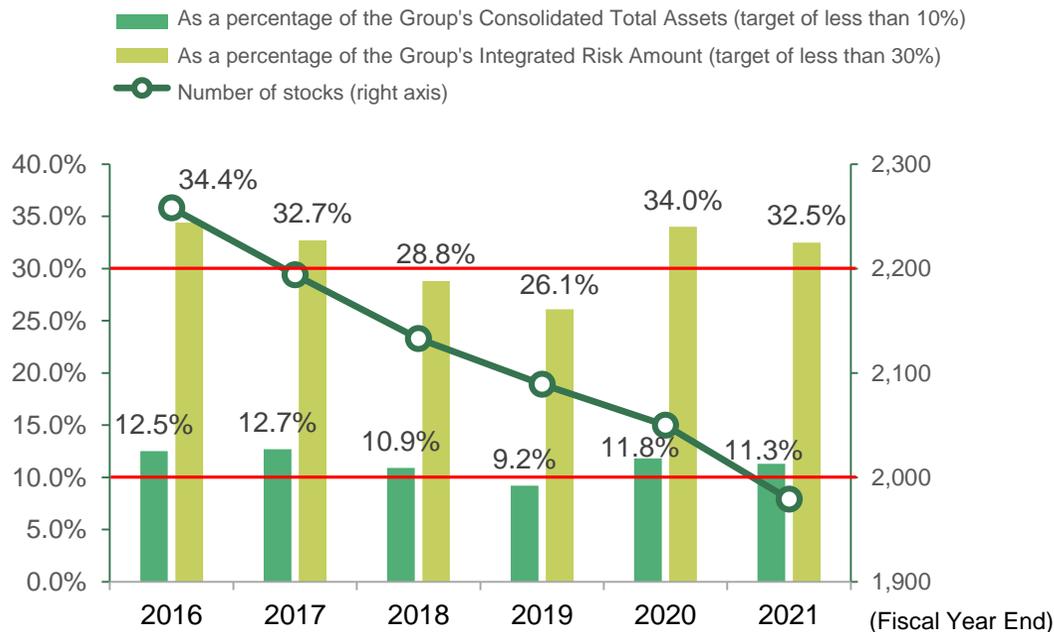
<b>Strengthen</b>	<p>Investment to strengthen the competitiveness of existing businesses</p> <ul style="list-style-type: none"><li>• Investments in systems, investments in digitalization promotion, etc.</li></ul>	<b>Investment efficiency</b>  <b>Have a clear awareness of ROI in all investments</b>  * The hurdle rate is set based on the cost of capital (7%), the difference between domestic and foreign interest rates, and the risk assessments for each business
<b>Expand</b>	<p>Investment to diversify and expand the business portfolio</p> <ul style="list-style-type: none"><li>• Shared values, sustainable growth model, risk diversification (geographically and contextually)</li></ul>	
<b>Creation</b>	<p>Investment to create new business territories</p> <ul style="list-style-type: none"><li>• Investment to search for technologies and business models that will be game changers over the next 3 to 5 years</li><li>• During the actual technology implementation phase, carry out investments that demonstrate a strong awareness of financial returns</li></ul>	

# 11. Capital Strategy: (4) Risk Reduction

- Reduce risks by continuing to reduce strategic equity holdings, and also work to reduce overseas catastrophe risks
- Reduction of interest rate risk was completed by FY2021

## Reduction of strategic equity holdings

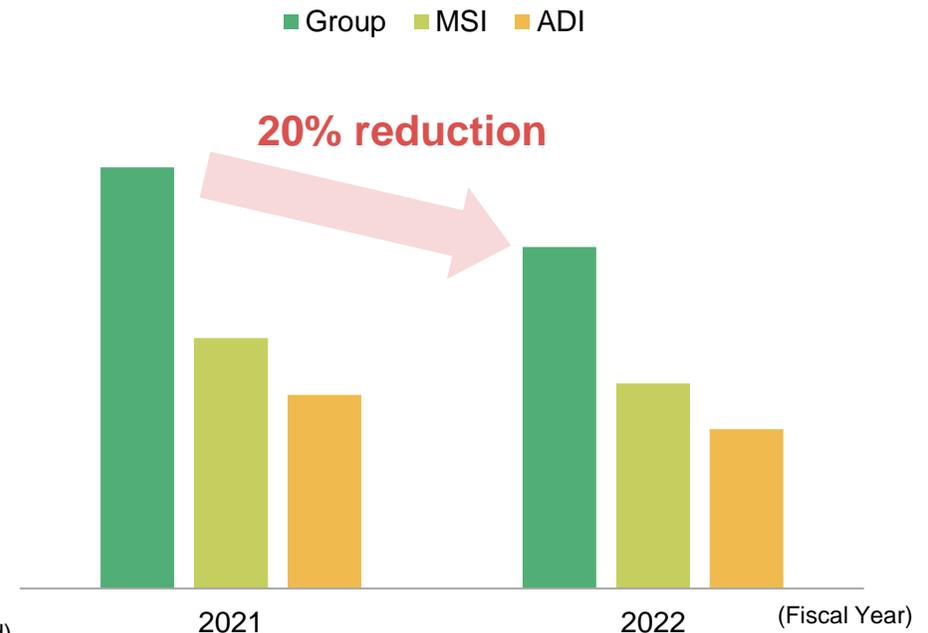
- Continue to reduce strategic equity holdings at a pace of 100 billion yen a year  
Cumulative total over the period of the mid-term plan of over 400 billion yen
- Aim for less than 10% of consolidated total assets, less than 30% of the risk amount



## Reduction of overseas catastrophe risk

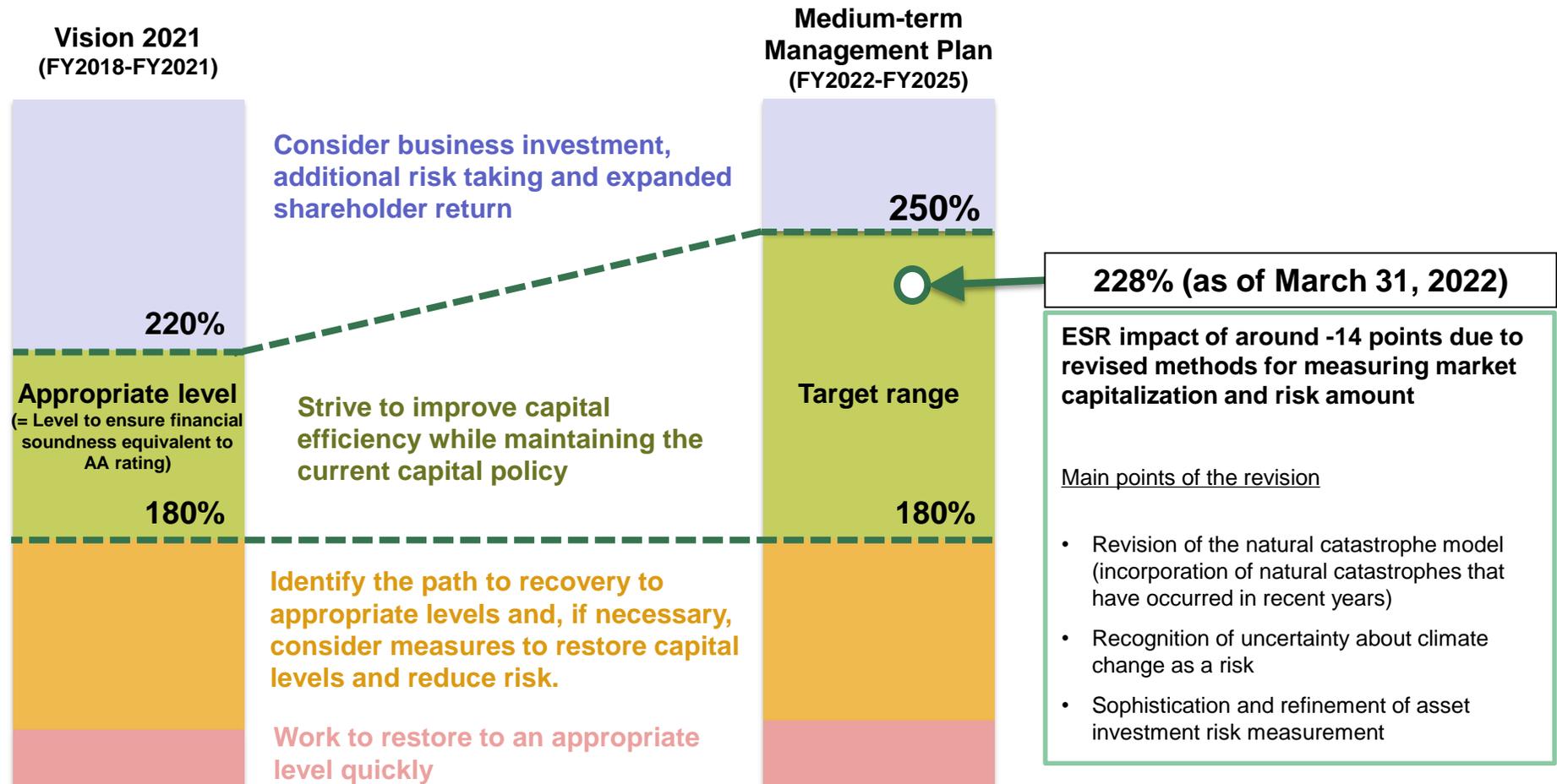
- Policy to reduce the impact on profit/loss for the period by approx. 20%
- Reduce the risk amounts for both the 200 and 10-year return periods by 20% from the Group's guidelines

### Overseas catastrophe risk (guideline)



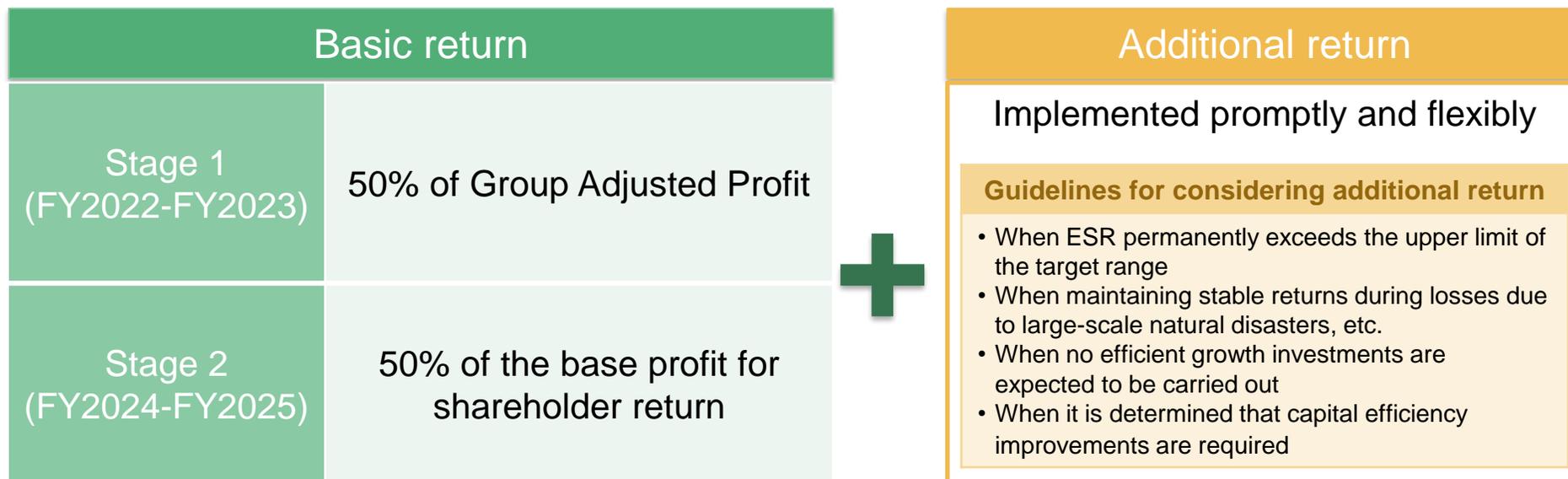
# 11. Capital Strategy: (5) ESR Target Range

- Set target range at 180-250%
- Set the upper bound of the ESR target range at 250%, 30 points higher than the previous Medium-term Management Plan, to build up capital corresponding to the business investments to be implemented during this Medium-term Management Plan
- Impact of around -14 points due to revised methods for measuring market capitalization and risk amount as of March 31, 2022.



# 11. Capital Policy: (6) Shareholder Return Policy

- Provide shareholder return based on shareholder dividends and repurchase of own shares by adopting a benchmark of 50% of Group Adjusted Profit\* in Stage 1 (FY2022-FY2023) of the Medium-term Management Plan and 50% of return base profit\* in Stage 2 (FY2024-FY2025)
- Provide additional returns in an agile and flexible manner, in light of market trends, the business environment, capital status and other factors
- Reflecting the FY2022 results, we expect to issue an annual dividend of 185 yen per share (an YoY increase of 5 yen)



<b>FY2022 Results</b>	<b>Dividend per share</b>	<b>Annual dividend of 185 yen (YoY increase of 5 yen) forecast</b>
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\* See the next page regarding definition of group adjusted profit and return to profit.

# 11. Capital Strategy: (7) Definition of Profits for Shareholder Return

## Group Adjusted Profit (FY2022~FY2023)

### [Formula for Calculation]

**Group Adjusted Profit = consolidated net income + provision for catastrophe loss reserve and others  
– other incidental factors + equity in earnings of non-consolidated group companies**

## Base profit for shareholder return (FY2024~FY2025)

**In light of the continuity from Group Adjusted Profit under the previous medium-term management plan, this is the profit for accounting purposes (net profit on an IFRS basis) after adjustment to avoid significant fluctuations.**

### [Formula for Calculation]

**Base profit for shareholder return = IFRS net income – adjustments from IFRS net income\*  
+ gain/loss on sale of strategic equity holdings**

FY2025 base profit for shareholder return is currently estimated at ¥440~470 billion.

\* Refer to P110 (Reference) Major differences between IFRS net income and base profit for shareholder return from the previous standard

## **【Reference】**

### **I . Group's Current Status**

- 1 . Premium Income
- 2 . Bottom Line and ROE
- 3 . Impact of Foreign Exchange Rate Fluctuations on Earnings

### **II . Basic Information on Each Business Domain**

- 1 . Domestic Non-life Insurance Business
- 2 . Domestic Life Insurance Business
- 3 . International Business
- 4 . Asset Management

### **III . Systems Supporting Value Creation**

- 1 . Sustainability Initiatives
- 2 . Stewardship Activities
- 3 . ERM

### **IV . Shareholder Return and Stock Price-related Indices**

## **I. Group's Current Status**

1. Premium Income
2. Bottom Line and ROE
3. Impact of Foreign Exchange Rate Fluctuations on Earnings

# 1. Premium Income

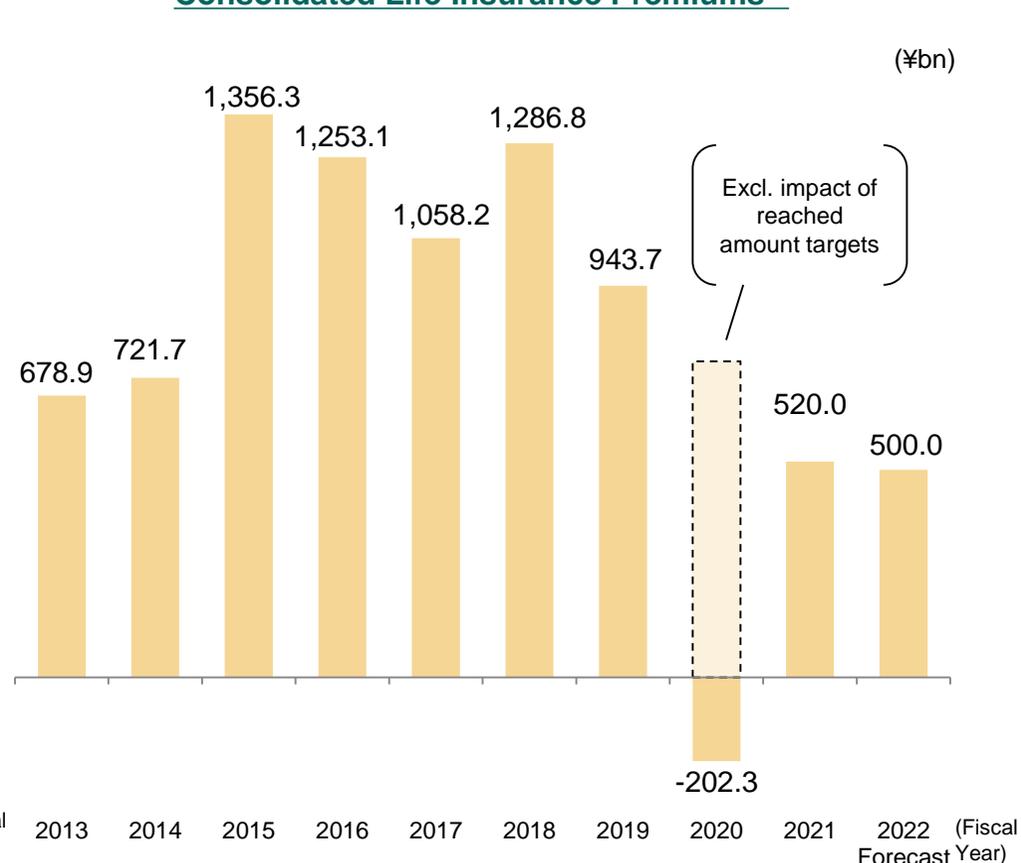
- Consolidated net premiums written in the non-life insurance for FY2021 increased by ¥108.0 billion year-on-year to ¥3,609 billion, mainly due to an increase at domestic non-life insurance and overseas subsidiaries.
- Consolidated life insurance premiums increased by ¥722.3 billion to ¥520.0 billion.

**Non-Life Insurance:**  
**Consolidated Net Premiums Written\*1**



\*1 Net premiums written exclude the good results return premiums of the ModoRich auto insurance product.

**Life Insurance:**  
**Consolidated Life Insurance Premiums\*2**

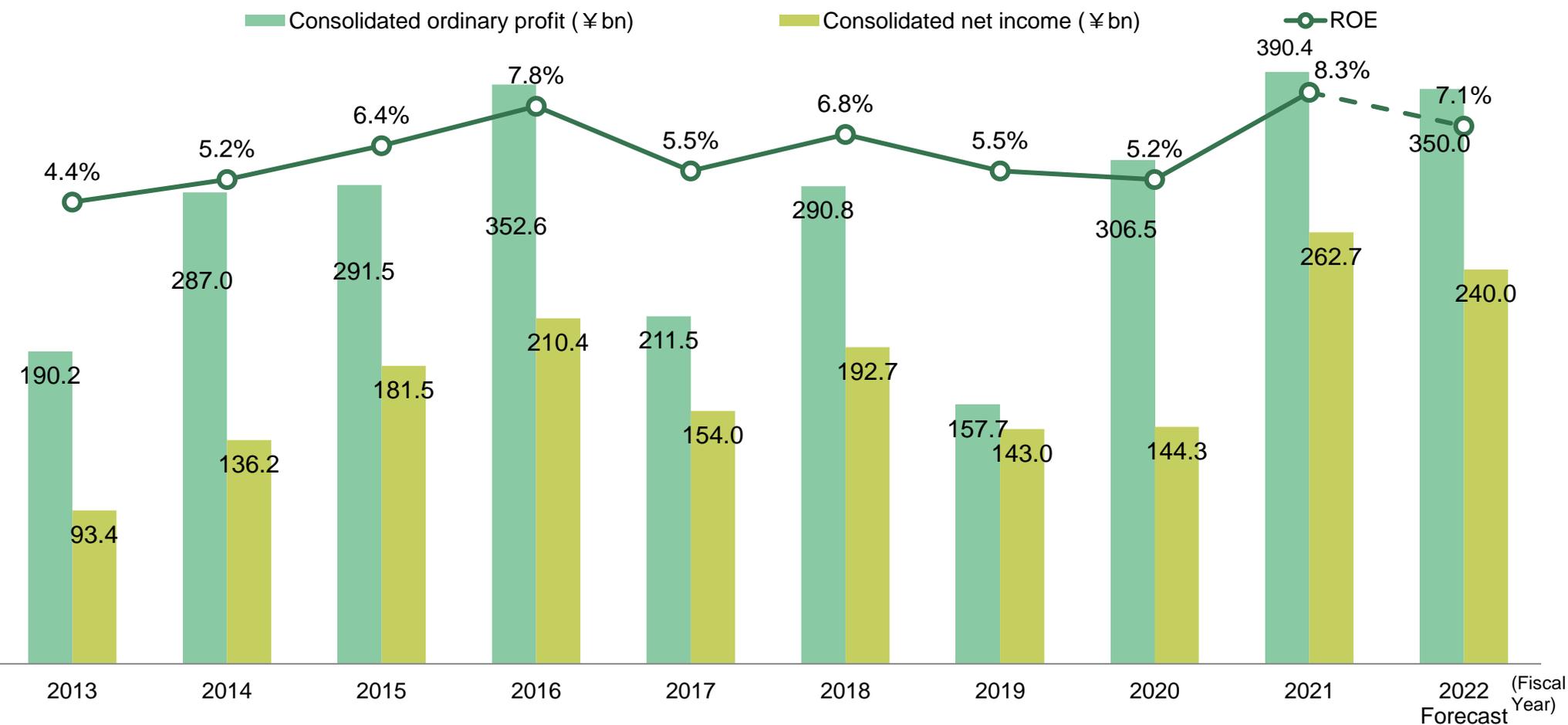


\*2 FY2020 life insurance premiums is a negative figure due to a target hit impact of MSI Primary Life.

## 2. Bottom Line and ROE (on a Financial Accounting Basis)

- Net income for FY2021 rose by ¥118.4 billion to ¥262.7 billion. ROE rose by 3.1% to 8.3%.

### Consolidated Ordinary Profit, Net Income and ROE



### 3. Impact of Foreign Exchange/Interest Rate Fluctuation on Earnings

- The impact of a 5% JPY depreciation against all currencies is an increase of about ¥4.0 billion in net income and an increase of ¥5.0 billion in Group Adjusted Profit.
- The impact of an increase of 0.1% in JPY interest rate is an increase of about ¥0.2 billion both in net income and Group Adjusted Profit.

#### Impact of 5% JPY depreciation on profits

<b>Impact on net income</b>	<b>increase by approx. ¥4.0 billion</b>
● Increase in profits of overseas subsidiaries	increase by approx. ¥3.0 billion
● Domestic non-life insurance subsidiaries	decrease by approx. ¥1.0 billion
Change in valuation of foreign currency deposits and exchange gain/loss on currency hedge positions, etc.	
Increase in claims reserve in foreign currency	
● Increase of amortization of goodwill and others in foreign currency	decrease by approx. ¥1.0 billion
● Increase of profit margin of domestic life insurance subsidiaries, etc.	increase by approx. ¥3.0 billion
<b>The impact on Group Adjusted Profit excluding an increase of amortization of goodwill and others in foreign currency</b>	<b>increase by approx. ¥5.0 billion</b>

#### Impact of 0.1% rise in JPY interest rate on profits

<b>Impact on net income and Group Adjusted Profit</b>	<b>decrease by approx. ¥0.2 billion</b>
● Increase in interest for new investment bonds/loans	increase by approx. ¥0.2 billion

\* Impact on earnings forecast for FY2022

## **II. Basic Information on Each Business Domain**

1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Asset Management

## **II. Basic Information on Each Business Domain**

### **1. Domestic Non-life Insurance Business**

2. Domestic Life Insurance Business

3. International Business

4. Asset Management

# 1. Domestic Non-Life Insurance Business:

## (1) Group Adjusted Profit

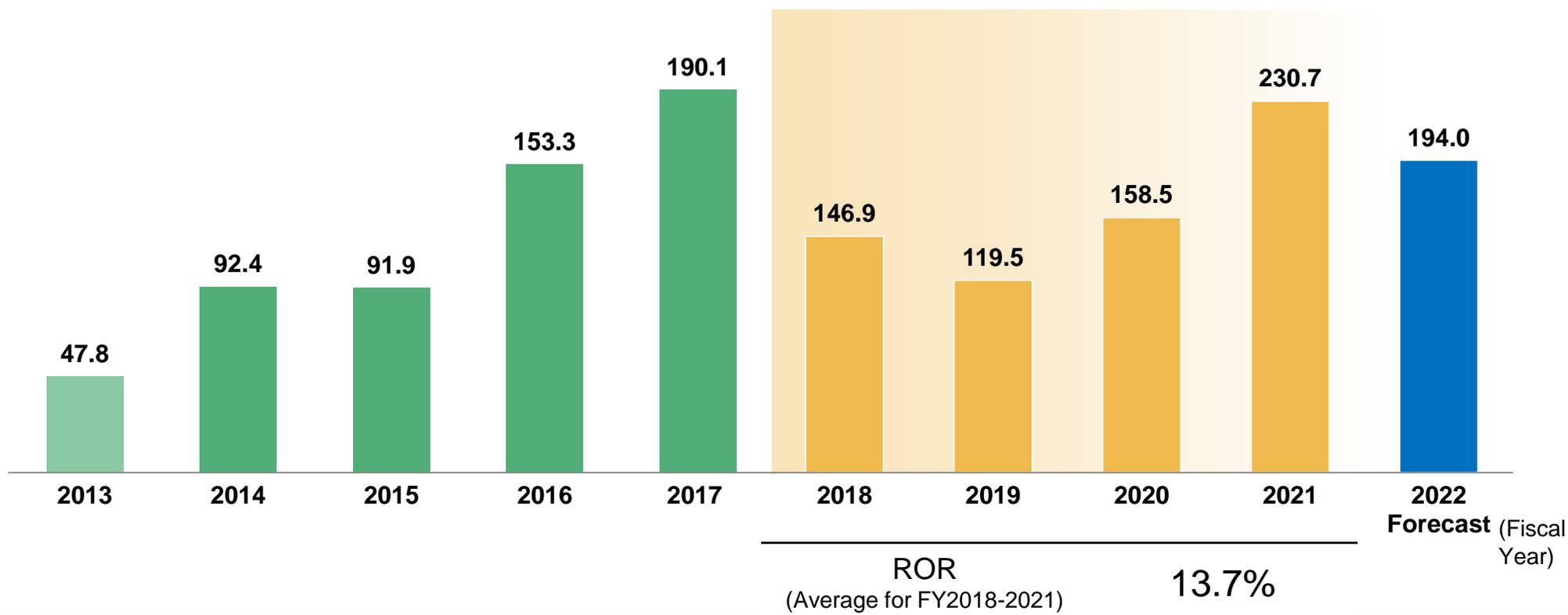
- Group Adjusted Profit in FY2021 increased by ¥72.1 billion year on year to ¥230.7 billion, mainly due an increase in earned premiums and the reversal of the initial year balance, despite an increase in voluntary auto insurance losses due to a lesser impact of COVID-19. Full-year forecast for FY2022 is ¥194.0 billion (down ¥36.7 billion year on year).

### Group Adjusted Profit

<Reference> Group Core Profit



(¥ bn)



# 1. Domestic Non-Life Insurance Business: (2) Automobile Insurance

- Voluntary automobile insurance continues to be the pillar of revenue, and ensures insurance underwriting profits.

## Provide products and services based on the concept of CSV×DX

- Changes to the environment surrounding cars including the widespread adoption of electric vehicles and connected cars, and the advance of CASE and MaaS
  - > Investment in new products and services, promoting response to increasingly diverse models for automobile sales
- Creating new value before and after coverage (protection)

Solve social issues and contribute to achievement of the SDGs

Reduced industrial waste due to the decline in accidents



Preservation of the global environment

Spread of eco driving (improved fuel efficiency)



Reduced CO2 emissions

Reduction in replacement parts due to a decline in accidents



Reduced CO2 emissions

Extending the driving age of elderly people



Regional revitalization

Social infrastructure measures utilizing data



Comfortable urban development

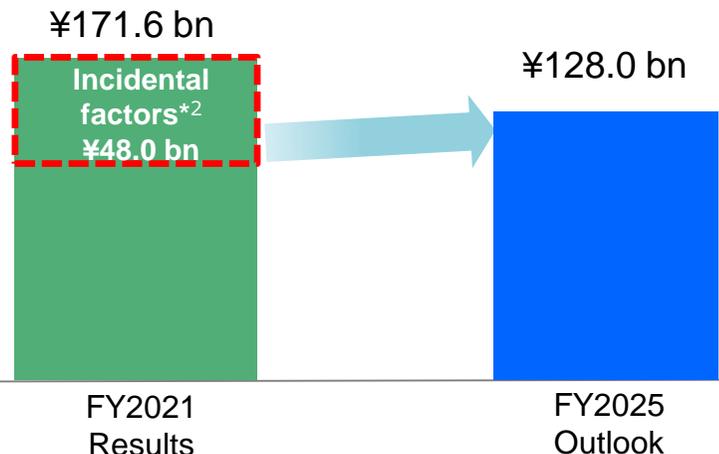
Regional traffic safety measures utilizing big data



Further reduction in accidents

Maintaining profits

## Underwriting profit (before tax)\*1



\*1 Japan GAAP, before tax, simple sum of MSI and ADI

\*2 Domestic automobile losses vs. the average year: +35.0 billion; reversal of the initial year balance: +13.0 billion.

## Promoting sales of telematics-based insurance\*3

- Number of sales made in FY2021 (the past one year) was 1,740,000

(Number of sales in FY2020 was 860,000)

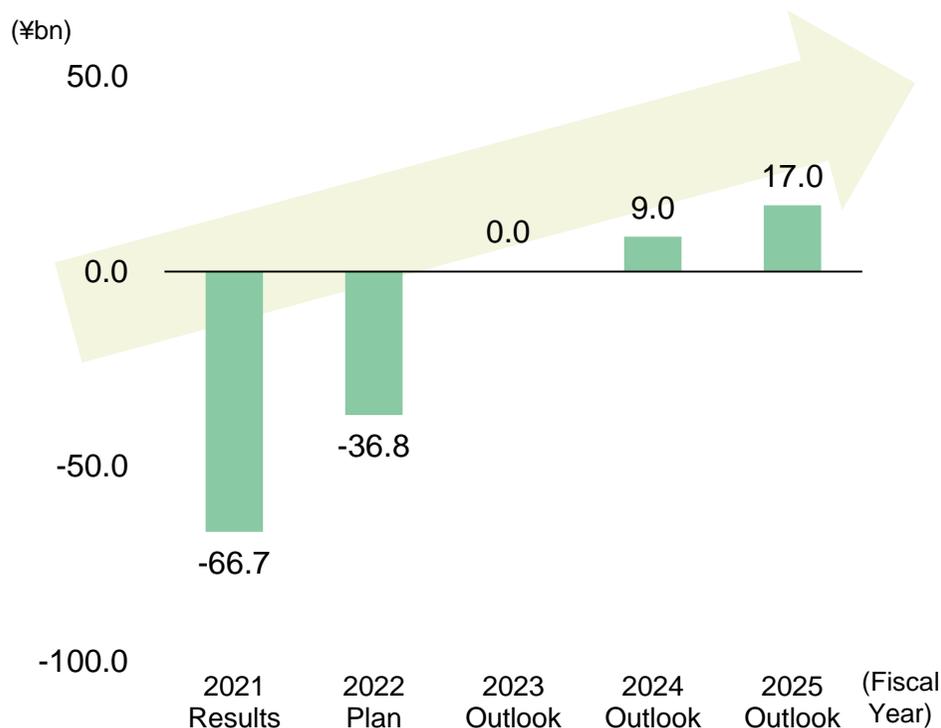
\*3 Simple sum of MSI and ADI



# 1. Domestic Non-Life Insurance Business: (3) Improve Profitability in Fire Insurance

- Product and rate revisions are scheduled for October 2022 with the aims of enhancing earning power and improving product competitiveness
- Aim to return insurance underwriting to profitability early on during the medium-term management plan.

## Outlook for underwriting profit for domestic fire (before reflection of the catastrophe reserve)\*1



\*1. Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance (Management accounting basis. Excludes overseas fire insurance such as head office reinsurance). Differs from financial accounting basis figures listed under "Outlook for improving profitability of fire insurance" on page 24 of the Fiscal 2021 First Information Meeting materials.

## Overview of product and rate revisions (scheduled for October 2022)

### Key points of product and rate revisions

- Insurance rate revisions: Revisions will be implemented in light of the revised reference loss rate and loss ratio results.
  - <Personal fire>
    - Raise overall rate level with a focus on old construction which carries a higher loss ratio.
    - Enhance price competitiveness for new construction, recent construction and property, which carry favorable loss ratios.
  - <Corporate fire>
    - Raise overall rate levels and long-term indexes to improve underwriting results
    - Enhance price competitiveness in lines of business with favorable loss ratios
- Revisions to standard agent commission rates
- Shorten the maximum insurance period from 10 years to 5 years
- Sub-divide water damage rates as part of corporate fire insurance for SMEs, etc.

### Effects of rate revisions

(timing of revisions: October 2019, January 2021, October 2022)

### ■ Outlook for increase in underwriting profit (before reflecting the catastrophe reserve)\*2

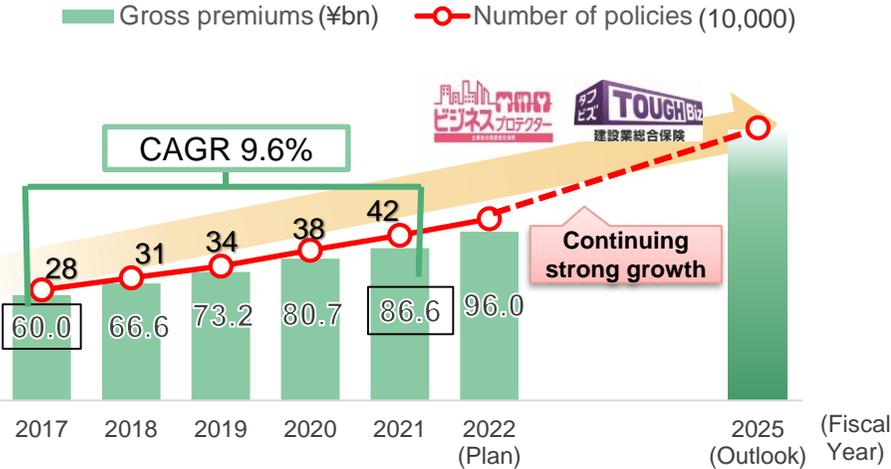
Fiscal Year	2021	2022	2023	2025	Final
Cumulative Effects (¥bn)	17.0	26.0	45.0	55.0	89.0

\*2. Simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance (cumulative basis, rounded down below ¥1 billion)

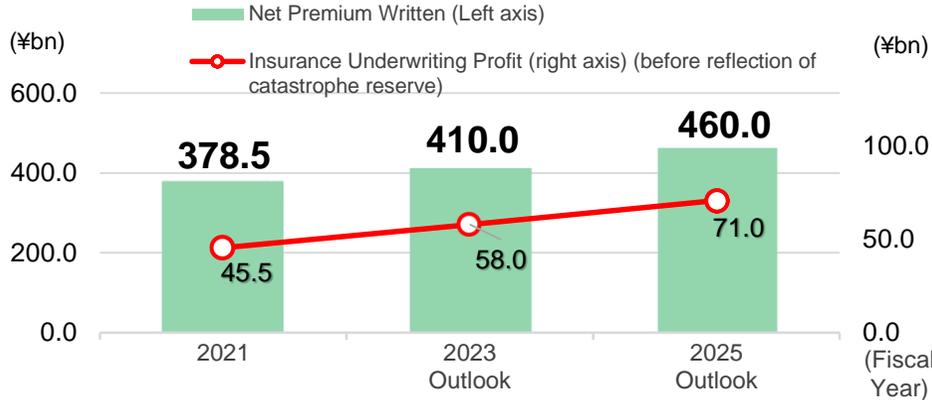
# 1. Domestic Non-Life Insurance Business: (4) Expansion of Casualty Insurance

- Achieve steady growth in casualty insurance, a growth driver of the domestic non-life insurance business.
- In market expanding with the advance of technology, strengthen the response to new risks and expand business domains.

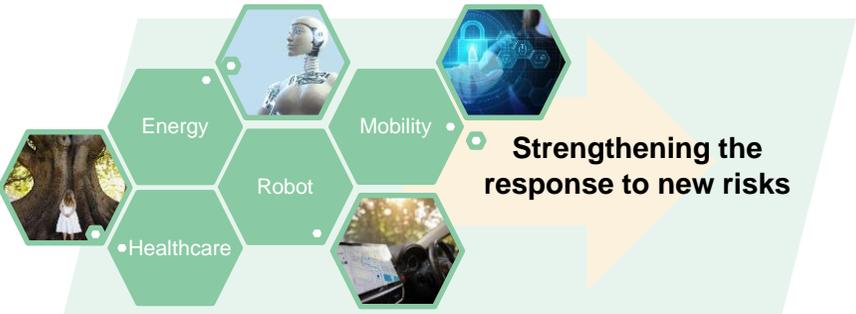
## Sales of Packaged Insurance for Small to Medium Sized Companies\*



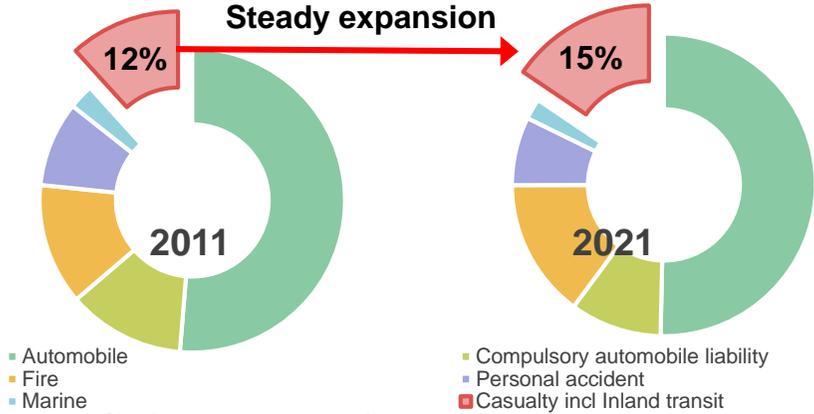
## Outlook for net premiums written and underwriting profit\*



## Markets expanding due to technological advances



## Percentage of net premiums written\*

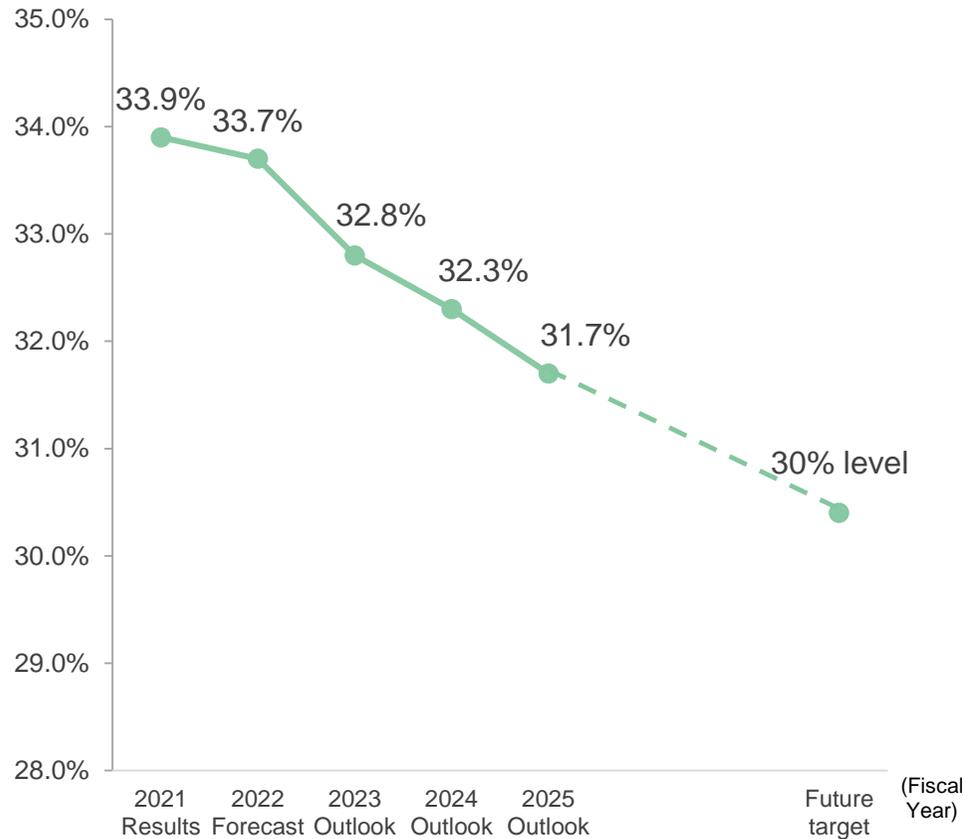


\* Simple two-company sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

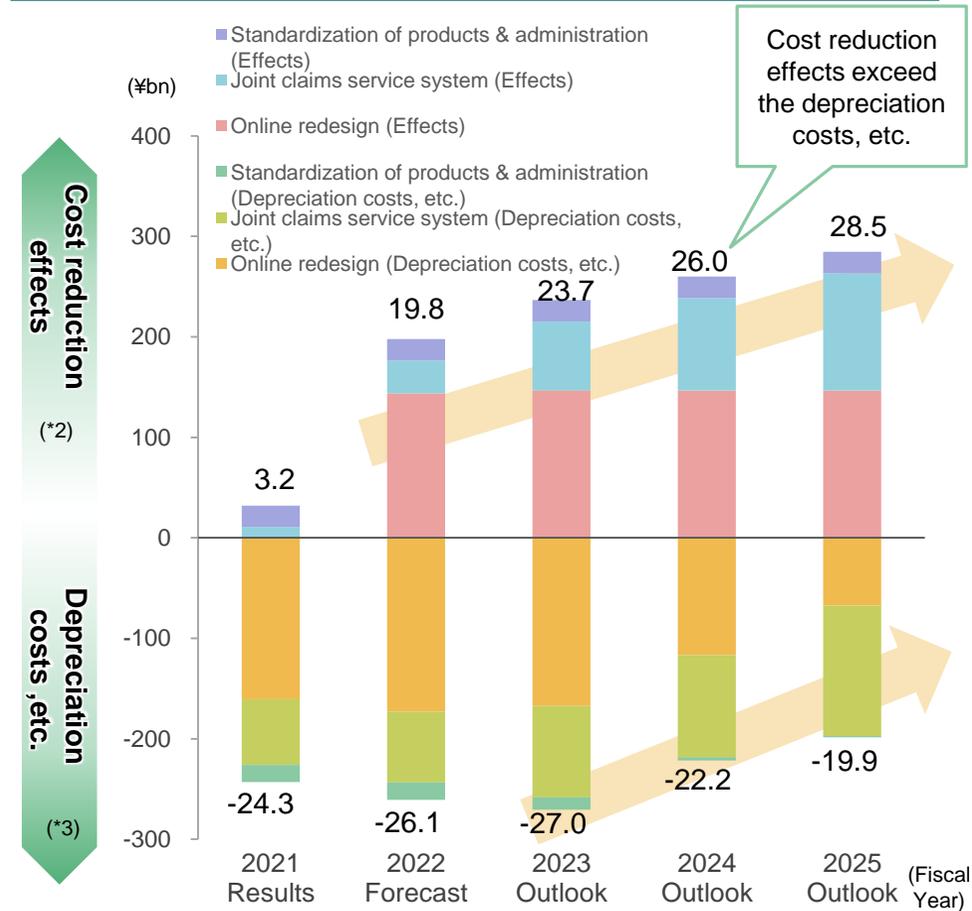
# 1. Domestic Non-life Insurance Business: (5) Expense Reduction

- From FY2024, the cost reduction effects of large-scale system investment will exceed depreciation and other costs, accelerating the improvement of the expense ratio.
- We will make steady progress in various initiatives to achieve the 30% target level for the expense ratio.

## Improvement of expense ratio (\*1)



## Effects of large-scale system investments

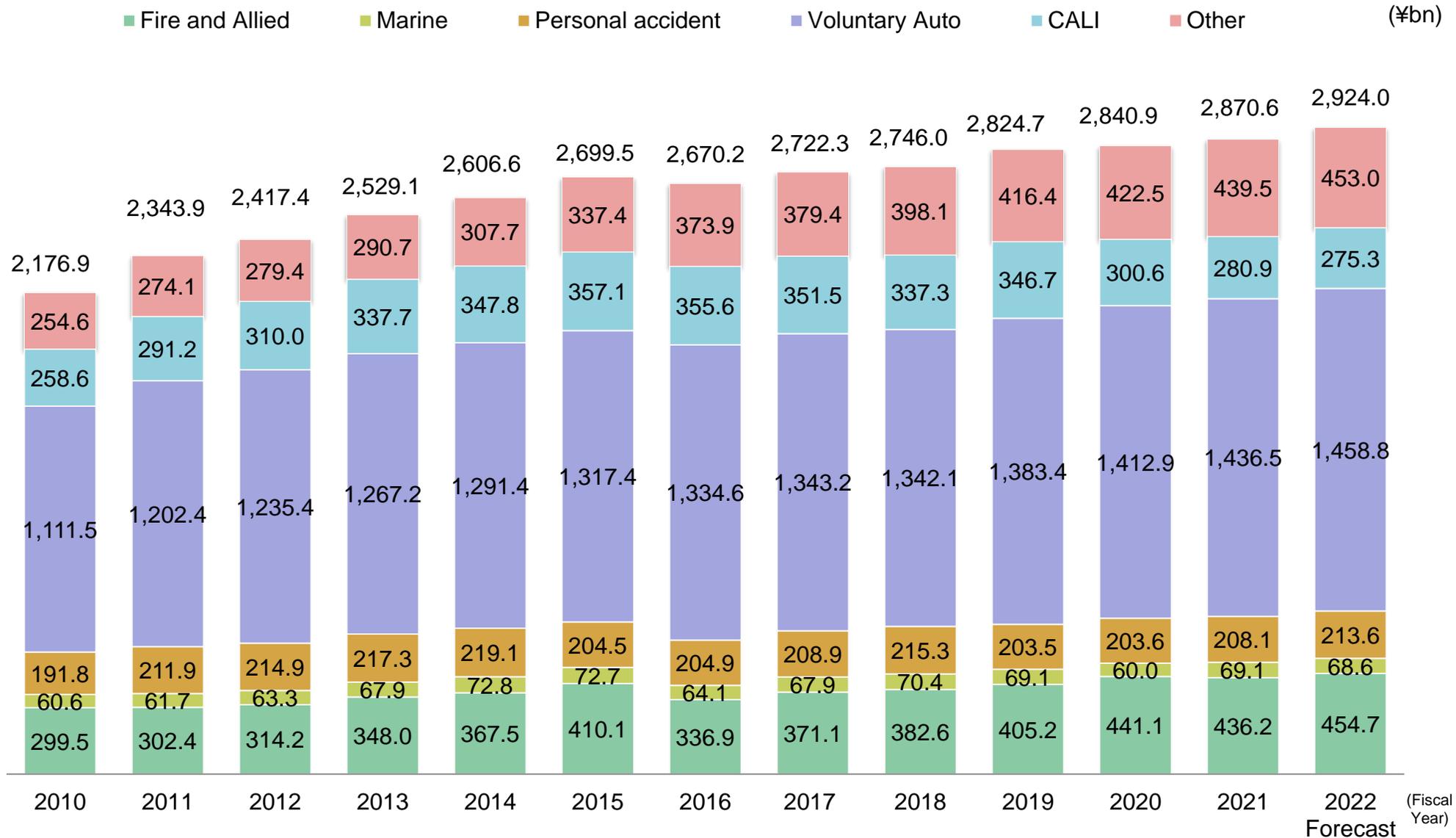


\*1 Sum of non-consolidated figures of MSI and ADI

\*2 Conversion of expected workload reductions due to business streamlining into expenses

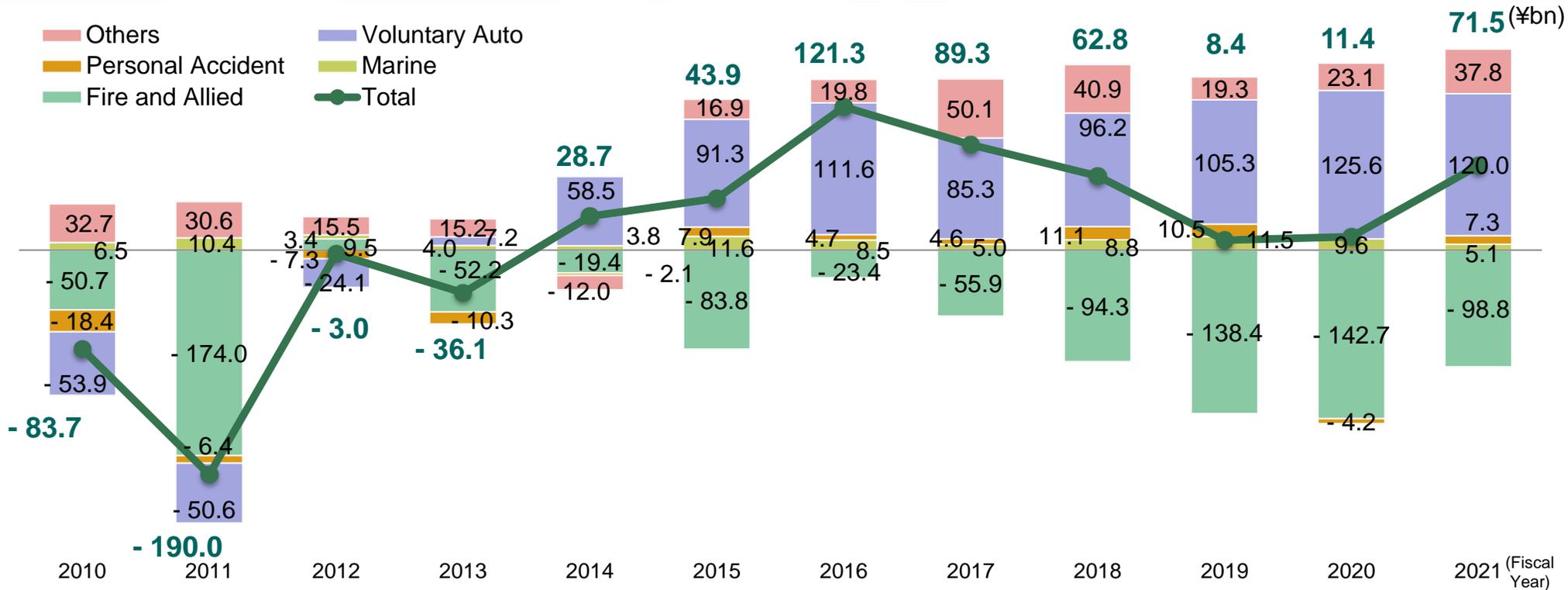
\*3 Including depreciation and amortization + system development costs / operating costs (expense processing amount), costs to deal with aging servers

# 1. Domestic Non-Life Insurance Business: (6) Net Premiums Written by Class of Business



\* Simple sums of non-consolidated figures for MSI and ADI ( For FY 2010, simple sums of non-consolidated figures for MSI, Aioi and NDI).

# 1. Domestic Non-Life Insurance Business: (7) Underwriting Profit/Loss by Class of Business



Item/Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 Forecast
<b>Underwriting Profit</b>	-83.7	-190.0	-3.0	-36.1	28.7	43.9	121.3	89.3	62.8	8.4	11.4	71.5	105.0
Net reversal of catastrophe reserve (profit impact)	-0.0	139.5	41.9	3.0	-31.3	-81.6	-81.8	-44.6	79.8	-33.3	-65.3	-73.7	-23.3
Underwriting profit (before reflecting catastrophe reserves)	-83.7	-329.5	-44.9	-39.1	60.1	125.6	203.1	133.9	-16.9	41.8	76.7	145.3	128.3
Impact of natural catastrophes*1 (ref.)	-65.9	-311.5	-55.1	-96.3	-27.2	-68.1	-51.0	-118.8	-235.3	-122.9	-85.0	-77.2	-85.0

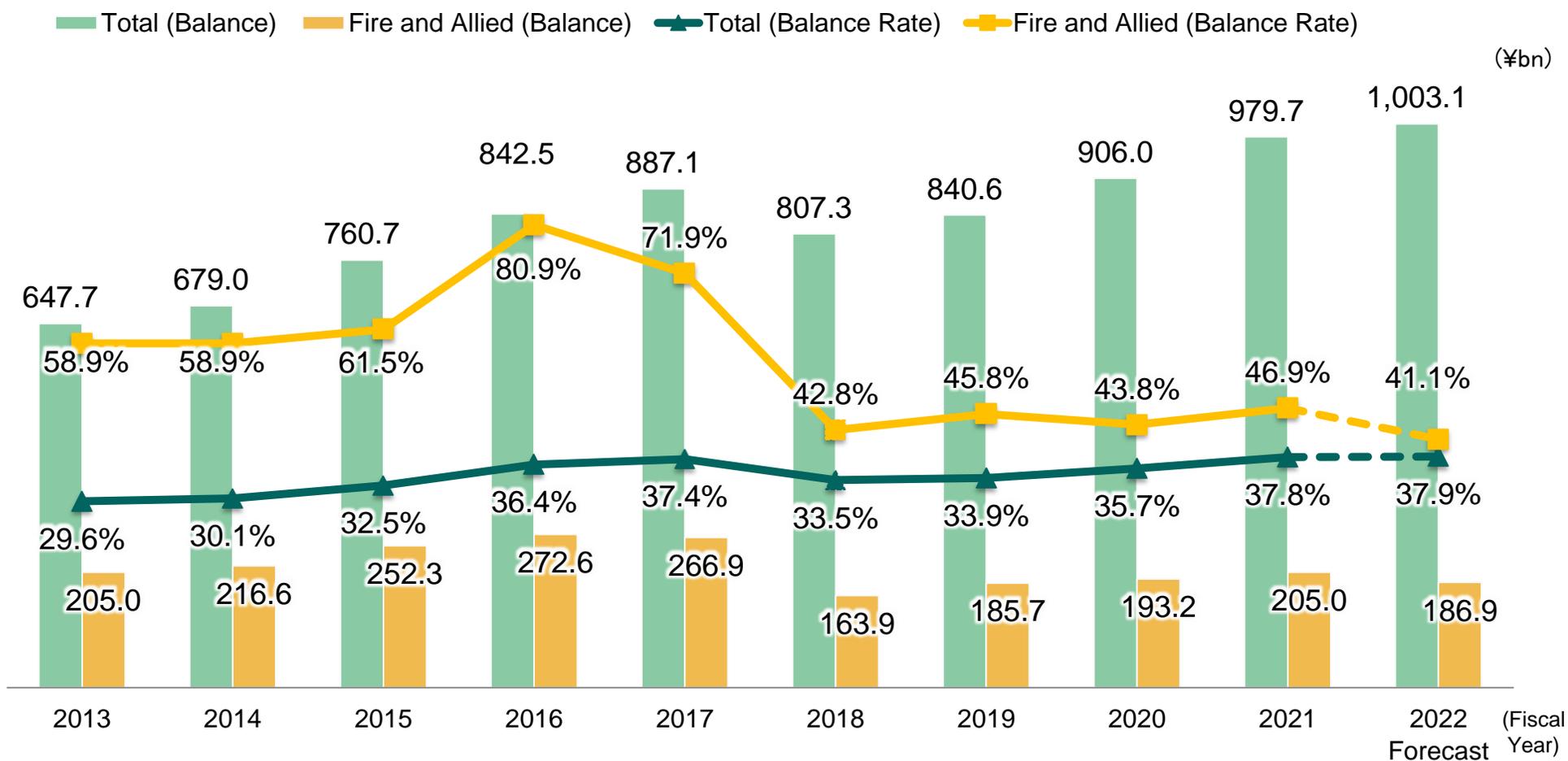
\* Simple sums of non-consolidated figures for MSI and ADI. ( For FY 2010, simple sums of non-consolidated figures for MSI, Aioi and NDI).

\*1 The figures show incurred losses occurred domestic and overseas for MSI and ADI from FY2017. From FY2019, "Impact of natural catastrophes" means incurred loss from domestic and overseas natural catastrophes in the each year deducting the collected amount of Cat Bonds related to natural catastrophes in FY 2018.

# 1. Domestic Non-Life Insurance Business: (8) Balance of Catastrophe Reserve

- The provision ratio of fire insurance in FY2022 is 10% for MSI and 15% for ADI.

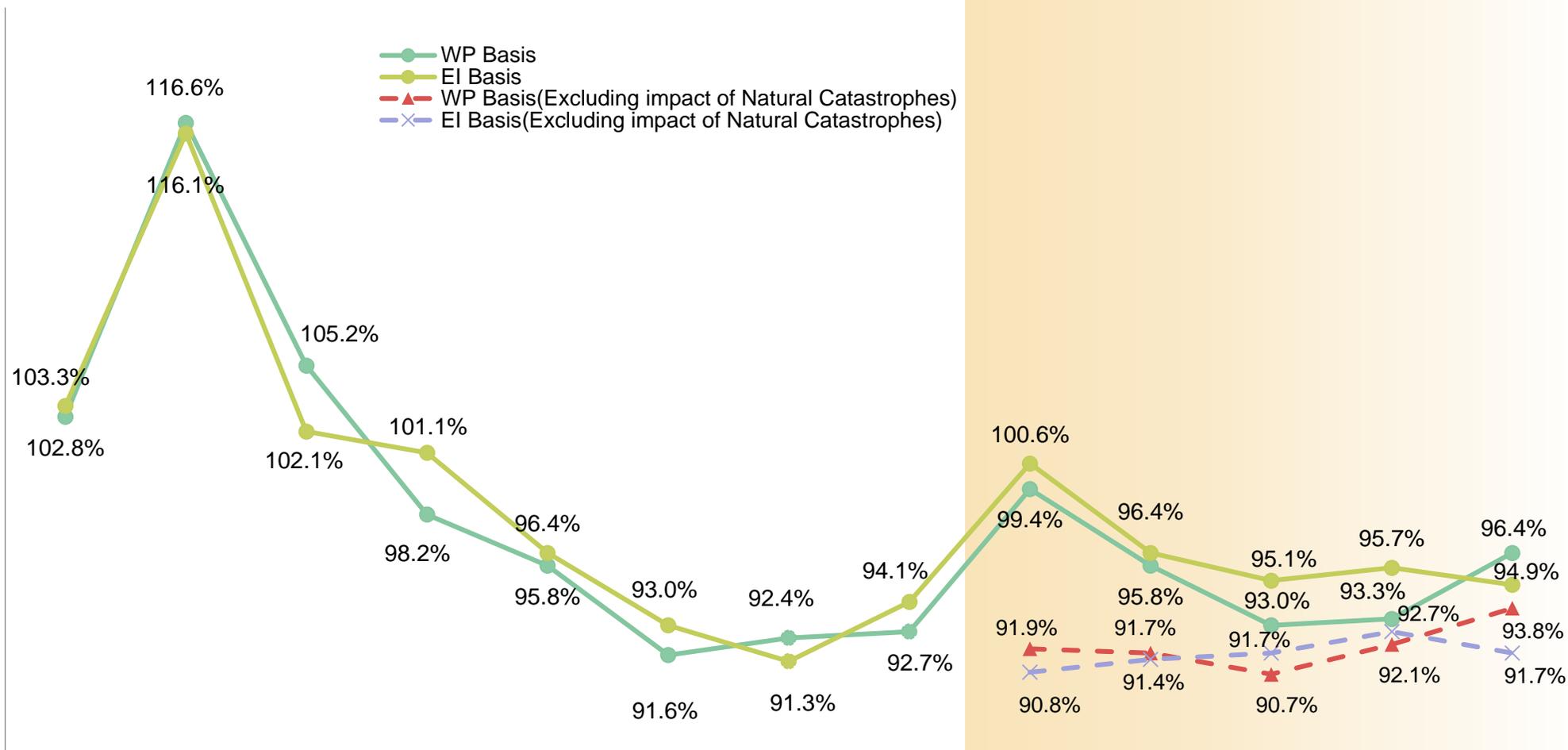
## Balance of Catastrophe Reserve



\* Simple sum of MSI and ADI

\* Balance Rate = Balance of catastrophe reserve / Net premiums written (excluding residential earthquake and CALI)

# 1. Domestic Non-Life Insurance Business: (9) Combined Ratio



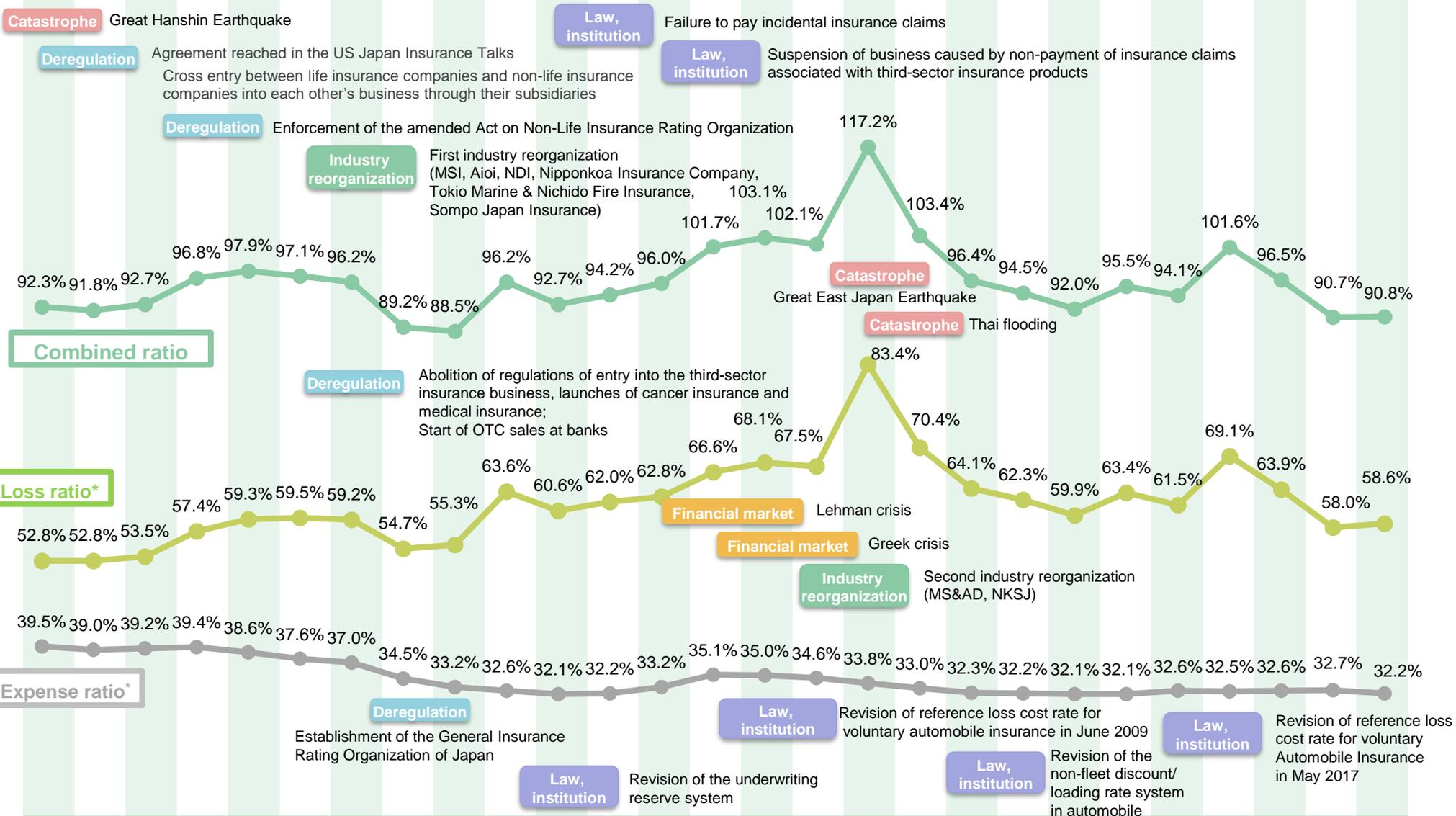
- Simple sums of non-consolidated figures for MSI and ADI (For FY 2010, simple sums of non-consolidated figures for MSI, Aioi and NDI).
- W/P: all lines, E/I: excludes residential earthquake insurance and CALI.

Forecast  
(Fiscal Year)

# 1. Domestic Non-Life Insurance Business: (10) Combined Ratio (WP) in the Domestic Non-Life Insurance Industry

(Fiscal Year)

1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021



\*Source of Loss ratio and Expense ratio: The General Insurance Association of Japan. Figures for FY2021 are as of September 2021.

## **II. Basic Information on Each Business Domain**

1. Domestic Non-life Insurance Business
- 2. Domestic Life Insurance Business**
3. International Business
4. Asset Management

## 2. Domestic Life Insurance Business: (1) Group Adjusted Profit

- Group Adjusted Profit in FY2021 rose ¥18.7 billion year on year to ¥75.7 billion.

### Group Adjusted Profit

<Reference> Group Core Profit

(¥ bn)

New Frontier  
2013

Next Challenge 2017

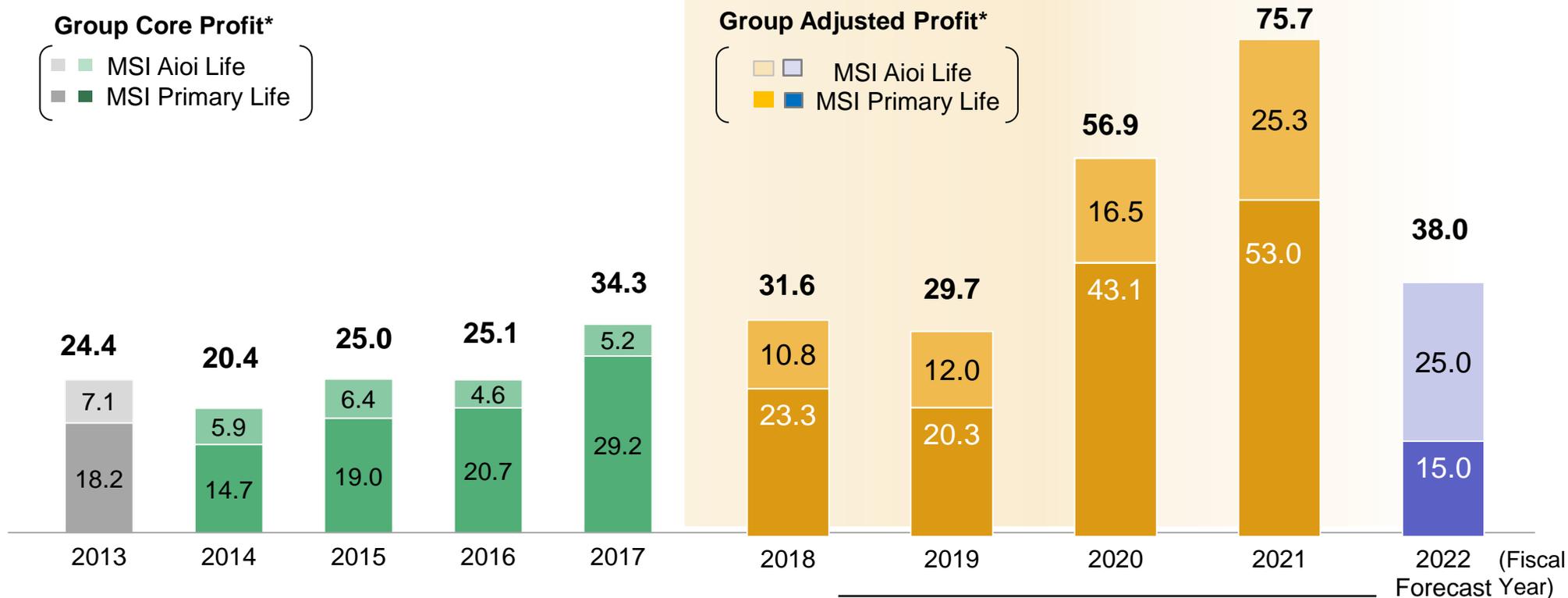
Vision 2021

Plan  
2022-2025

Group Core Profit\*



Group Adjusted Profit\*



\* Total of life insurance business includes purchase difference adjustment etc.

**ROR**  
(Average for FY2018-2021)

**8.9%**

## 2. Domestic Life Insurance Business: (2) MSI Aioi Life Growth Strategy

- Integrated operation of life and non-life insurance based on Japan's largest customer base and agent network maintained by the Group's two core non-life insurance companies
- Development of products and services that respond to increasingly diverse environmental changes and needs, and which are highly valued by a variety of customers

### Growth Strategies

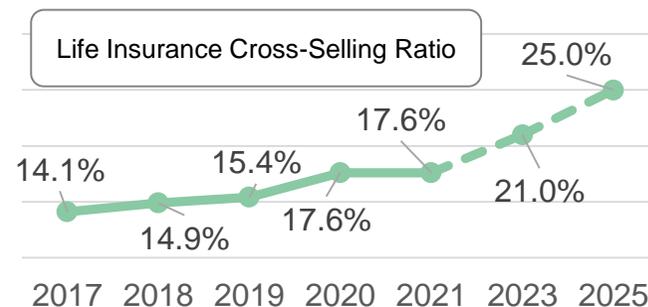
Creating shared value with society and creating a virtuous cycle that leads to sustainable growth by placing customer satisfaction as the starting point of our activities and earning the gratitude, excitement, and trust of many customers

#### 1) Products/Services

- Contributing to solving social issues
- Development leveraging Group synergy
- Strengthening policy maintenance functions (dealing with gaps in coverage, etc.)
- Developing more sophisticated underwriting adapted to the social environment

#### 2) Sales/Channel

- More in-depth cross-selling
- Pursuing the markets for workplace insurance and SMEs in greater depth
- Revising the sales structure and enhancing the skills of human resources
- Expanding points of contact with customers through the use of digital technologies



\* From FY2020 onwards, the above number of MSA Life in-force policy holders includes those that come under the transition of long-term policies in the third sector

#### 3) DX

- Full-scale roll out of CSV × DX (healthcare platform)
- Improve value of the customer experience (soliciting business in non-face-to-face situations, web services)
- Enhance sales capabilities with the utilization of digital technologies, promote business reforms

#### 4) Earnings structure innovation

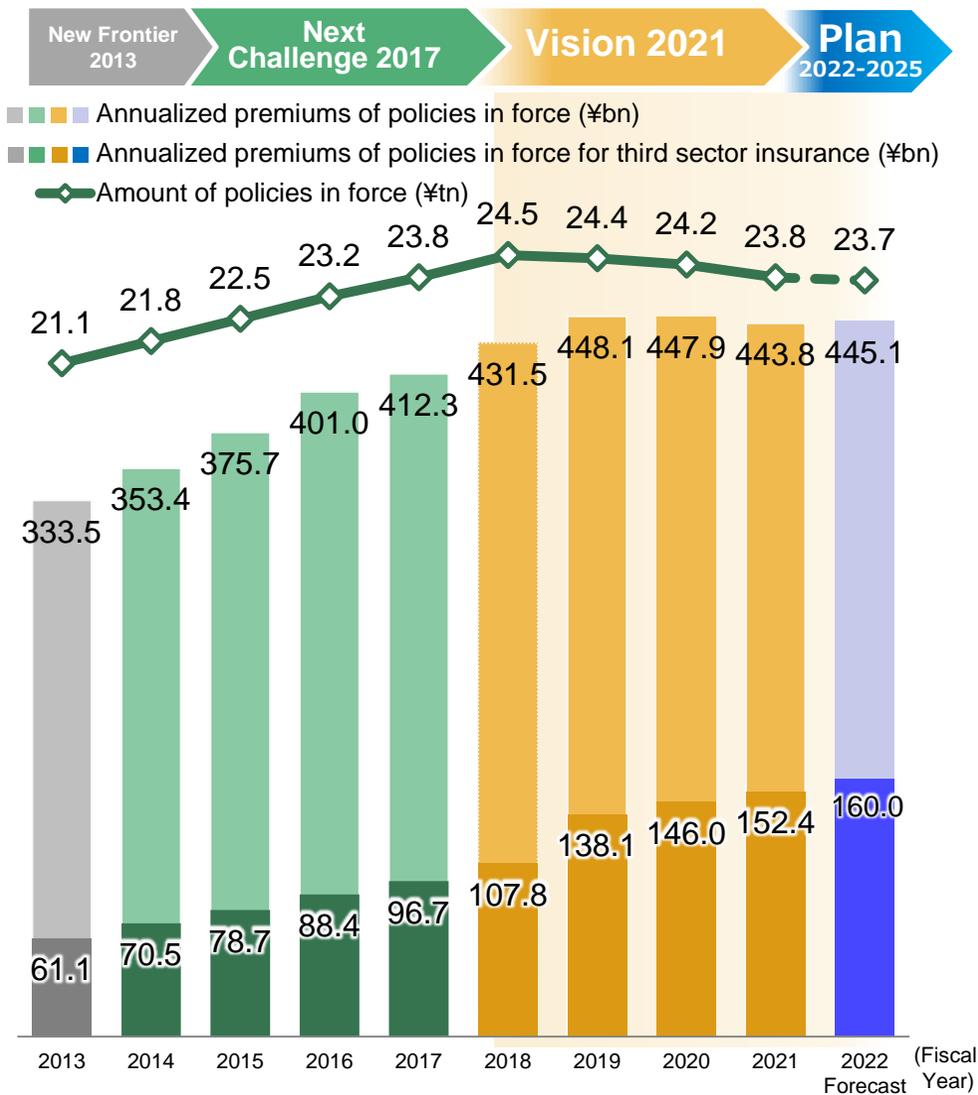
- Conduct from-scratch review of business expenses, etc.
- Accelerate growth investments
- Improve productivity through work style reforms and shift to core work duties

#### 5) Asset Management

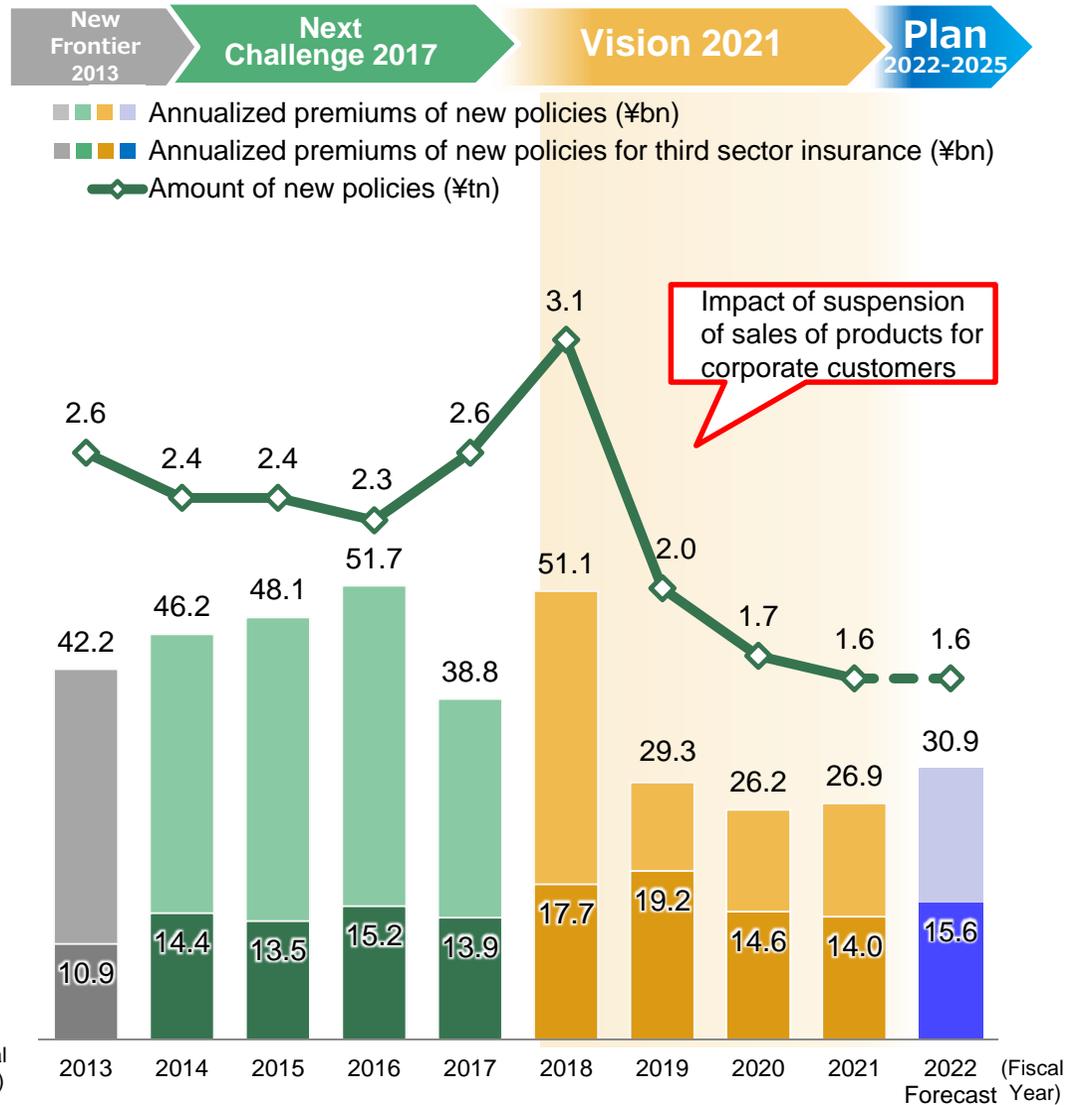
- Maintain resilience against interest rate risks
- Expand revenue from higher-return assets
- Promote ESG investment
- Improve and upgrade the investment management system

## 2. Domestic Life Insurance Business: (3) MSI Aoi Life (Amount of Policies and Annualized Premiums)

### Amount of Policies in Force and Annualized Premiums of Policies in Force



### Amount of New Policies and Annualized Premiums of New Policies



## 2. Domestic Life Insurance Business: (4) MSI Primary Life Growth Strategy

- Based on a Customer Focused approach, provide high quality products and services by promoting CSV × DX and developing highly efficient business processes
- Increase the top line and steadily build up the number of policies in force through the development and provision of highly unique products and the further expansion of the sales base
- Improve ROR based on solid investment risk management and enhance product profitability by also reflecting changes in the business environment

### Growth Vision

**Product × Sales Mix**  
(Product and channel optimization)

Solve social issues and enhance corporate value by using individually optimized channels to provide the products needed by a wide range of customers, including asset formation, asset utilization and asset succession classes of customers.

#### Key Measure 1) Sales

- ◆ Establishment of a sales style that combines the skills and experiences of individual sales employees with objective data analysis and utilization
- ◆ Provide detailed support to solve the myriad issues faced by agents in order to become the most trusted partner of agents

#### Key Measure 2) Products

- ◆ Development of products that will support extension of the life of customers' assets and healthy life expectancy
  - Provision of functions and services that meet increasingly diverse customer needs
  - Development of level premium payment and installment payment-based products to develop the asset formation market

#### Key Measure 3) Asset Management

- ◆ Diversify investment management to improve ROR, and develop a more sophisticated investment risk management and monitoring structure
- ◆ Develop asset portfolios that strike a balance between generating investment income and contributing to social issues (expanded ESG investment)

#### Key Measure 4) Customer service

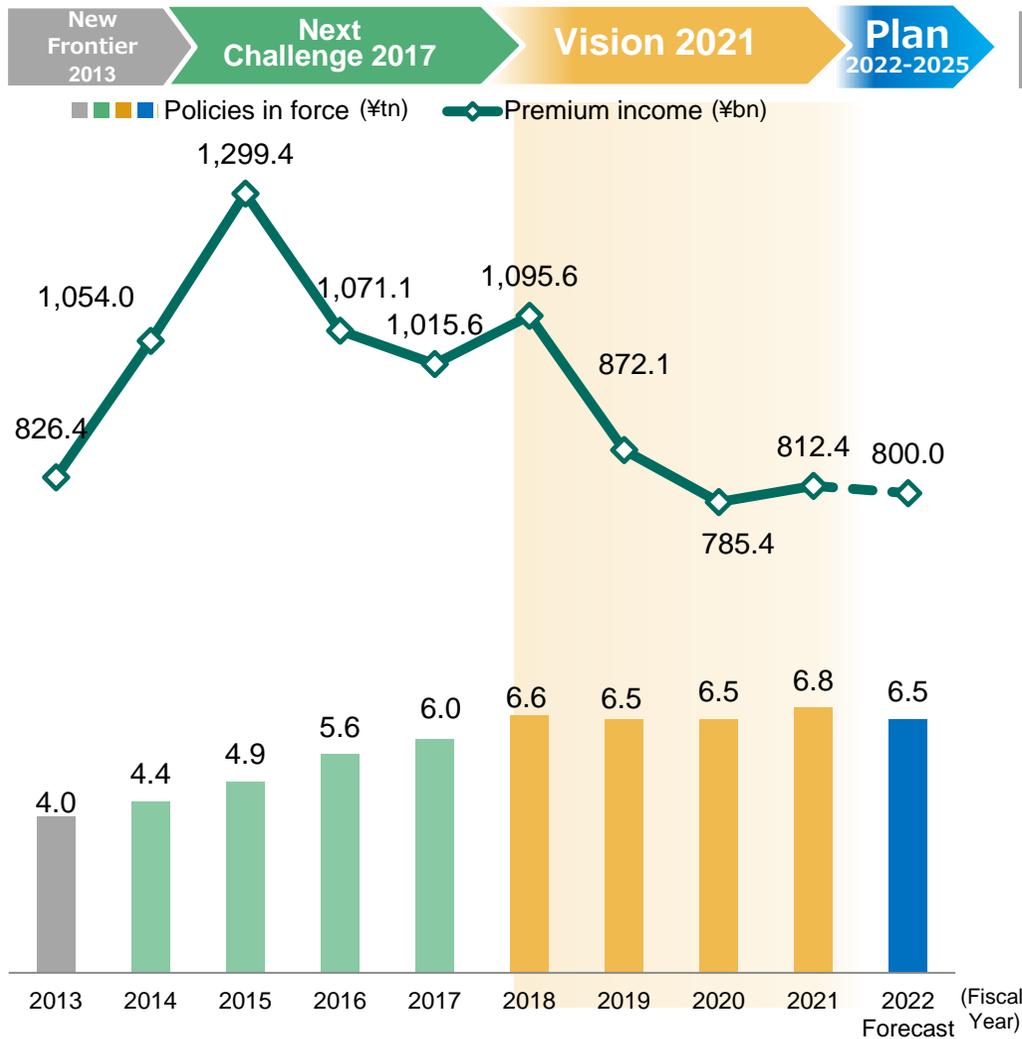
- ◆ Regard the steps from receiving an inquiry to the completion of procedures as a series of processes, and develop highly convenient procedures and methods that are reflective of customer needs
- ◆ Develop a customer service system utilizing digital technologies in order to improve customer satisfaction and streamline business

#### Key Measure 5) DX

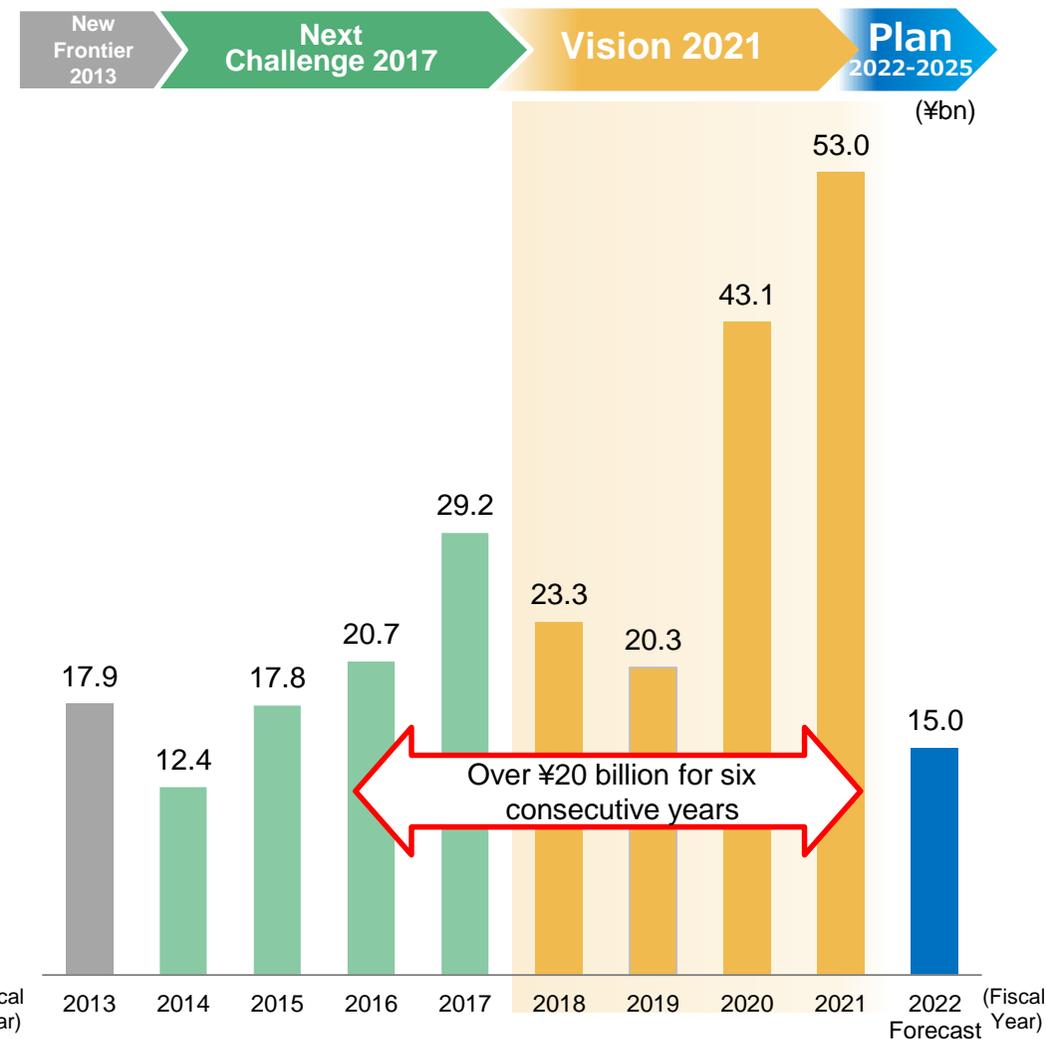
- ◆ Improve the efficiency of existing businesses with the utilization of DX, and consider new services aimed at elderly and asset formation class customers
- ◆ Utilize new technologies to "create value with stakeholders (CSV)" and "enhance earning power"

## 2. Domestic Life Insurance Business: (5) MSI Primary Life (Premium Income, Amount of Policies in Force and Net Income)

### Premium Income and Amount of Policies in Force



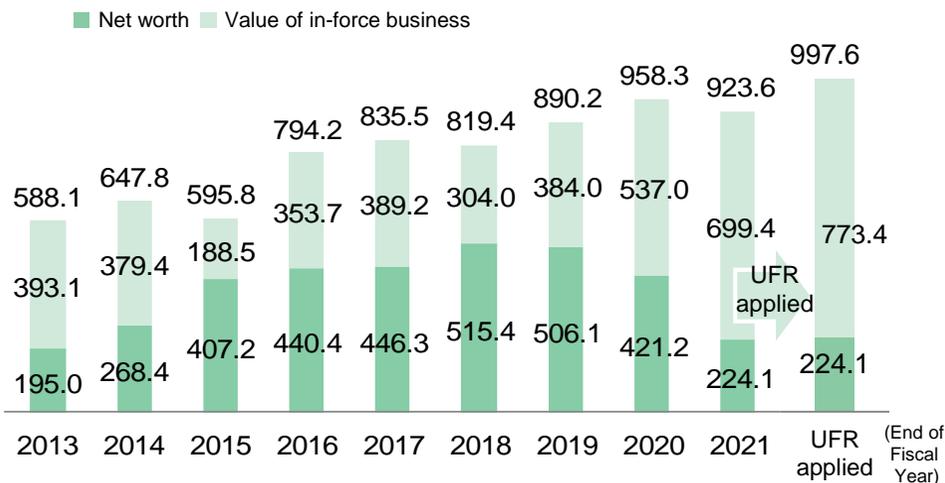
### Net Income



## 2. Domestic Life Insurance Business: (6) Embedded Value (EEV) from the End of FY2013 to the End of FY2021

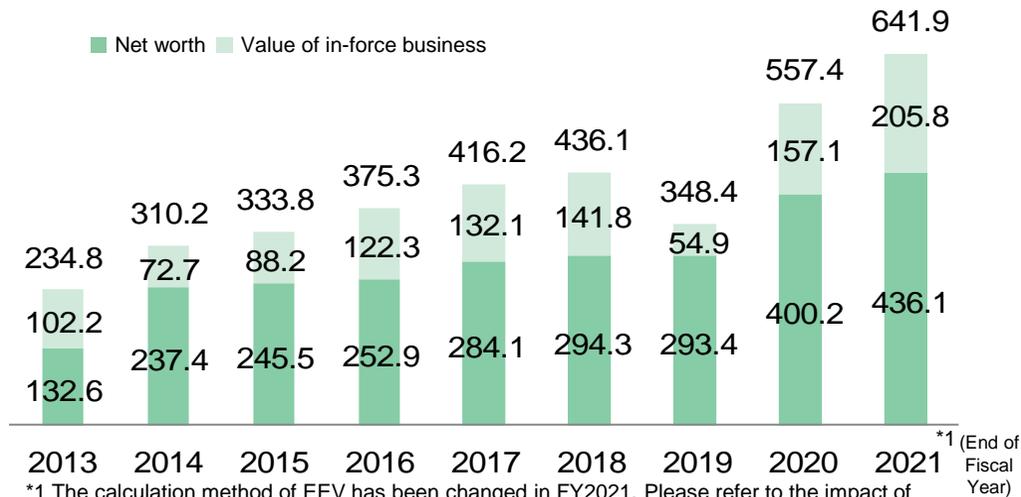
### MSI Aioi Life

(¥bn)



### MSI Primary Life

(¥bn)



#### Changes in FY2021 (¥bn)

Factor	Change
Opening adjustments	-4.6
New business in reporting year	54.5
Expected existing business contribution at the risk free rate	5.3
Expected existing business contribution above risk free rate	6.3
Operating experience variances	-2.1
Changes in operating assumptions	12.4
Economic variances and changes to economic assumptions	-32.8
Closing Adjustment	-73.7
Total	-34.7

#### EEV Sensitivity

(at March 31, 2022, ¥bn)

Assumptions	Change
Risk-free yield curve Up 50bp	-50.4
Risk-free yield curve Down 50bp	38.0
Equity and real estate values Down 10%	-3.7
Maintenance expenses Down 10%	29.0
Surrender and lapse rates Down 10%	-7.0
Mortality and morbidity rates for life insurance Down 5%	58.0
Mortality and morbidity rates for annuity Down 5%	-0.1
Equity and property implied volatility Up 25%	0.0
Swaption implied volatility Up 25%	-48.2
Required capital set at statutory minimum level	6.3
Applying an Ultimate Forward Rate (UFR) to extrapolate long term interest rates	73.9

#### Changes in FY2021 (¥bn)

Factor	Change
Opening adjustments	-23.5
New business in reporting year	13.0
Expected existing business contribution at the reference rate	1.6
Expected existing business contribution above reference rate	1.9
Operating experience variances	-0.3
Changes in operating assumptions	-3.0
Economic variances and changes to economic assumptions	60.5
Impact of EEV calculation method change *2	46.1
Total	84.5

\*2 Excluding the fluctuation part of new business

#### EEV Sensitivity

(at March 31, 2022, ¥bn)

Assumptions	Change
Reference yield curve Up 50bp	-9.8
Reference yield curve Down 50bp	9.2
Equity and real estate values Down 10%	-3.1
Maintenance expenses Down 10%	7.1
Surrender and lapse rates Down 10%	-0.7
Mortality and morbidity rates for life insurance Down 5%	1.6
Mortality and morbidity rates for annuity Down 5%	-1.0
Equity and property implied volatility Up 25%	-2.1
Swaption implied volatility Up 25%	-1.6
Required capital set at statutory minimum level	2.4
Nil reflecting excess spread	-88.5

## **II. Basic Information on Each Business Domain**

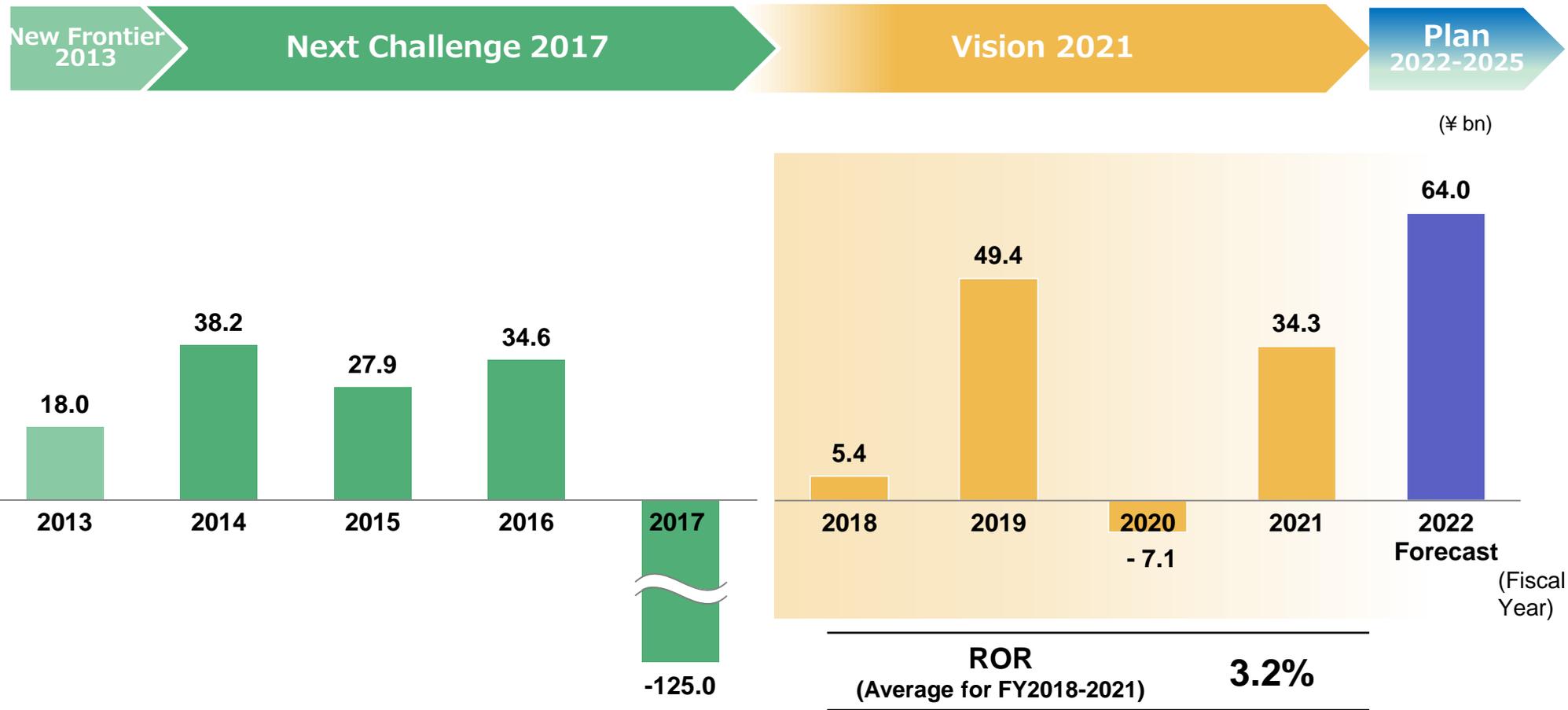
1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business
- 3. International Business**
4. Asset Management

### 3. International Business: (1) Group Adjusted Profit

- Group Adjusted Profit in FY2021 increased substantially mainly due to an increase in the international life insurance and a lesser impact of COVID-19, despite an increase in natural catastrophe losses. The forecast for FY2022 is ¥64.0 billion (up ¥29.6 billion year on year).

#### Group Adjusted Profit

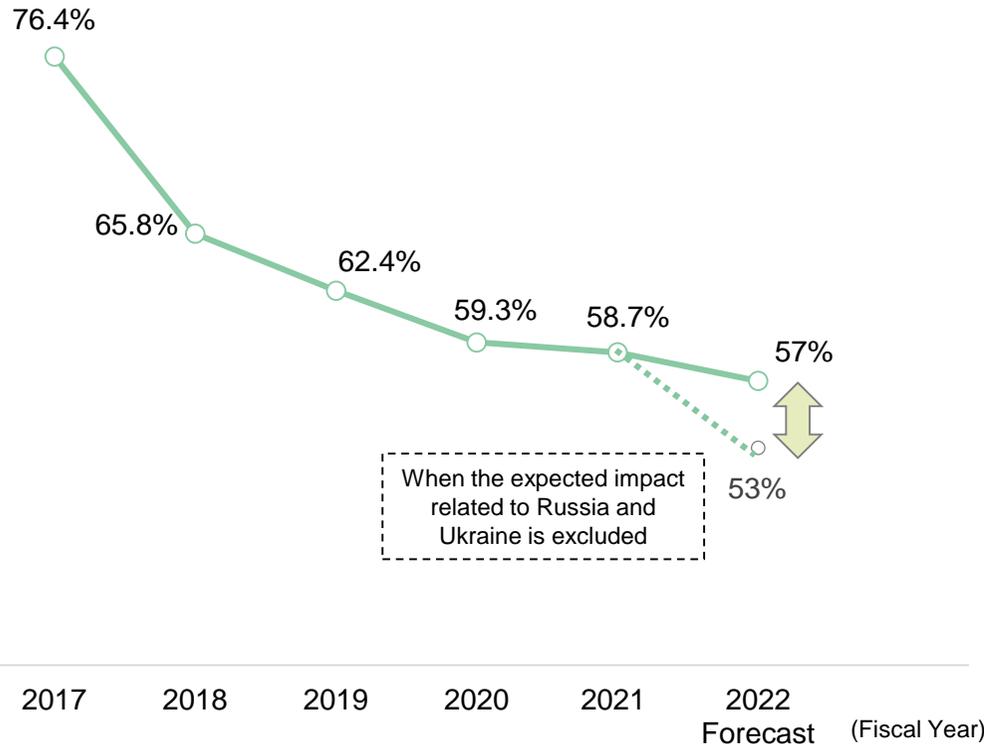
<Reference> Group Core Profit



# 3. International Business: (2) MS Amlin: Measures to Improve Profitability and Medium-term Management Plan

- Continue with efforts to restore earning power by controlling earning volatility due to natural disasters, making strict selections in underwriting, raising rates, and so on.
- In FY2021, in addition to increasing reserves for prior year policies for engineering and US liability lines, reserves were increased in anticipation of the risk of worsening conditions due to inflation and other factors. (Third-party verification of the sufficiency of reserve levels was also conducted)
- Through these initiatives, a further improvement of the loss ratio in non-cat lines is expected from FY2022 and beyond.

Improvement of Loss Ratio in Non-cat Lines\*



\* On basis that excludes the impact due to COVID-19

Initiatives for the Medium-term Management Plan toward 2025

## ● Reduce volatility from natural disasters

- Further reduce net risk amount and expand profitable non-cat lines
- Developing more sophisticated catastrophe risk management (setting rates in light of loss trends in recent years, revising methods for setting target values)

## ● Build a highly profitable portfolio

### Lloyd's Business (AUL)

- Raise profits in the overall portfolio through the thorough pursuit of profitability (KPI management with an emphasis on ROR)
- Expand specialty lines (marine, engineering, etc.)

### <Reinsurance Business (AAG)>

- Expand profits from highly specialized non-cat lines by enhancing the underwriting structure

## ● Reductions to operating expenses

- Business outsourcing
- System and infrastructure improvements

Insurance underwriting profit +JPY 57 billion  
(Comparison with FY2021)

# 3. International Business: (3) Asia Business

- We operate in all markets as the world's only non-life insurance group to have offices in every ASEAN country (No. 1 in the region by gross premiums written).
- We promote growth initiatives with a focus on the highly profitable retail sector in all parts of Asia based on the models of a quality, well-diversified portfolio.

## Position in ASEAN

No. 1 in the ASEAN region in terms of gross premiums written\*1

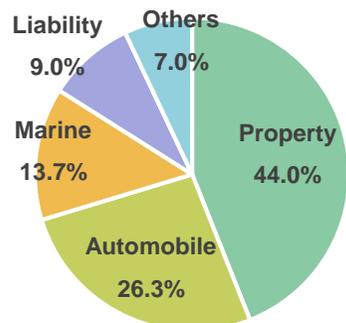


MS&AD  
Approx. ¥202.0 billion

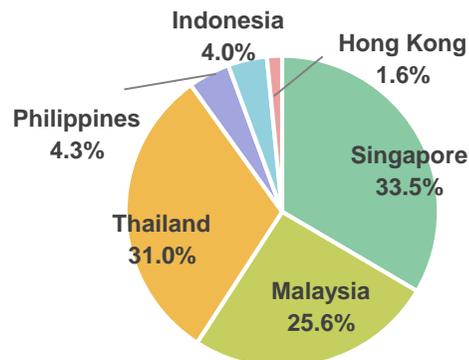
## ASEAN Portfolio Structure

Well diversified and High quality portfolio

### Underwriting Profit\*2

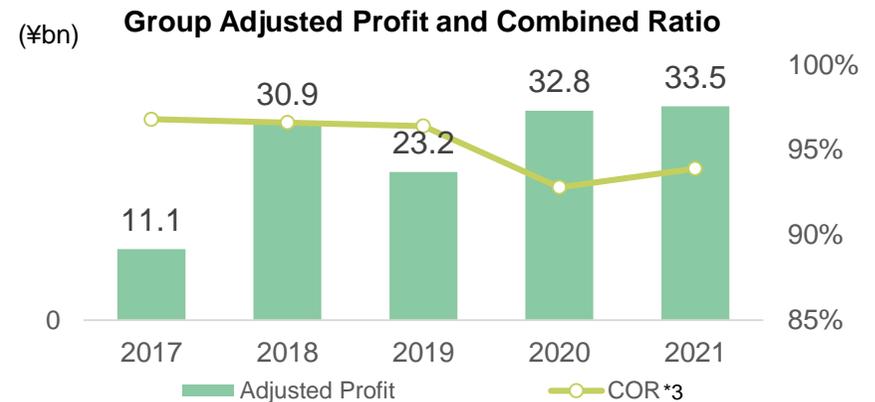


### Group Adjusted Profit



## Profitability in Asia

Stable high profitability



## Growth Strategies in Asia

- In-depth pursuit of the retail market: alliances with financial institutions and platform holders, business investment, etc.
- Strengthening earning power: underwriting management + expense management + operation management
- Pursuing Group synergy: Promotion of the TENKAI project (Sharing know-how and skills globally)
- Support for social issues: Climate change, poverty, etc.

\*1. Sum of gross written premiums for Singapore, Malaysia, Thailand, Indonesia, the Philippines and Vietnam, based on MS&AD research (estimated, excluding reinsurance companies)

\*2. Total for Singapore, Malaysia, Vietnam, Thailand and Hong Kong

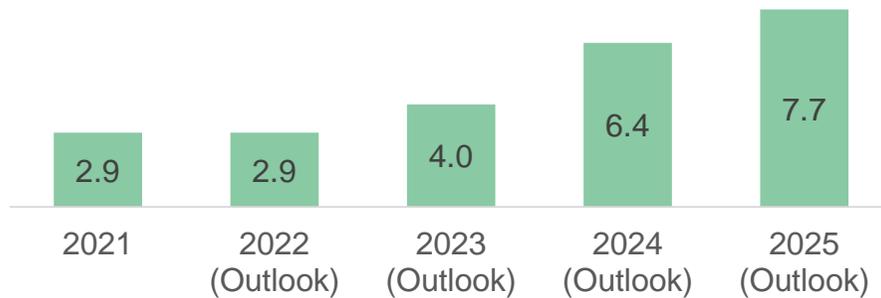
\*3. Figures on simple sum basis for Asian (excluding Oceania) consolidated subsidiaries and equity method affiliates.

# 3. International Business: (4) Toyota Retail Business Initiative / Overseas Telematics-based Insurance

- In the automobile insurance-related field and CASE/mobility-related risk and service field, mainly concerning Toyota, new businesses and endeavors with new partners are being promoted globally.

## Group Adjusted Profit of the Toyota Retail Business

(¥ bn)



## Expansion in the US

### Promoting initiatives through TIMS (JV with Toyota Group)\*3

#### Data business

- Expanding data business in conjunction with the Toyota Connected Strategy

#### Telematics services

- Promotion of insurance strategies that are in complete accord with Toyota's policies and measures

#### Toyota value chain

- Evolution of the TIMS algorithm
- Development of Toyota brand insurance

## Expansion in Europe and Africa

#### Utilization of MGAs\*1

- Fleet expansion of Connected car
- Acquisition of underwriting know-how

#### Alliance with Mind Foundry\*2

- Automation, enhancement and optimization of insurance operations utilizing AI

## Expansion in Asia-Pacific

#### China and Southeast Asia

- Development of products and services to handle electric vehicles (BEVs) and charging infrastructure

#### Australia and NZ

- Fleet development utilizing MGAs and KINTO\*4

\*1 A general agent having the function of an insurance company other than insurance underwriting.

\*2 A spin-out company of the University of Oxford, which provides an AI development platform.

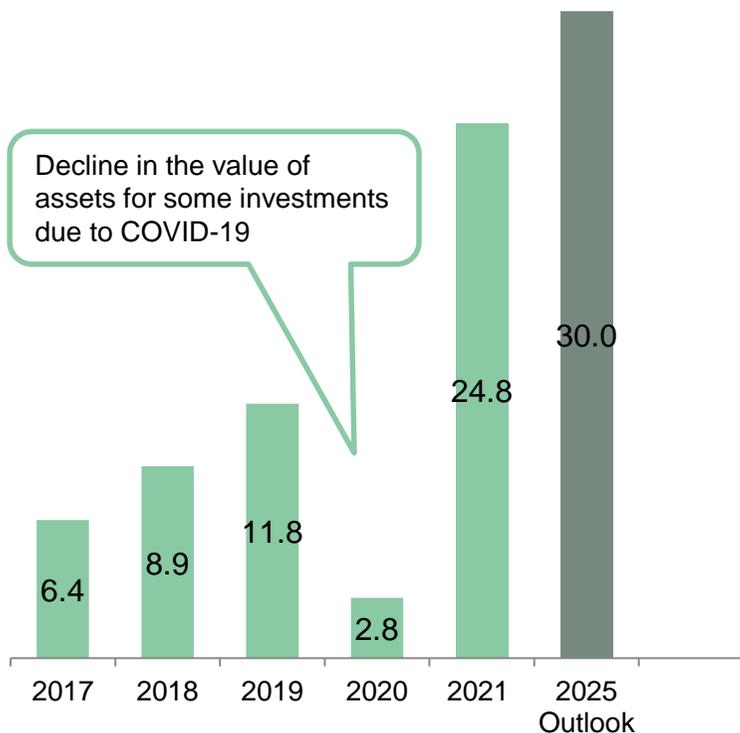
\*3 Toyota Insurance Management Solutions USA, LLC

\*4 Toyota's monthly flat payment service, which combines the vehicle base price and maintenance cost

### 3. International Business: (5) Growth of the International Life Insurance Business

- Despite a temporary decline in profit in FY2020 due to the COVID-19 pandemic, investment in life insurance in China was completed in FY2021, resulting in a significant increase in profit.
- Organic growth is also expected going forward, particularly in high-growth ASEAN countries, East Asia and India.
- If good opportunities that promise high return emerge, business investment will also be considered together with these activities.

#### Group Adjusted Profit



(Group holdings: ¥bn)

#### Premium Growth Rate in the Life Insurance Market

Life Insurance Market	Outline
China, India, Malaysia, Indonesia 	Average annual growth rate of 10.7% expected up to 2031*1
Individual annuity insurance in Australia 	Average annual growth rate of 5.1% expected up to 2041*2
UK-based closed book business 	Potential market worth GBP 480 billion*3

\*1. Allianz Insurance Report 2021

\*2. Size of the Australian superannuation market (calculated based on Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041)

\*3. Based on Phoenix materials

### 3. International Business: (6) Net Premiums Written and Group Adjusted Profit

#### Net Premiums Written (Non-life insurance)

(¥bn)

	FY2021		FY2022 (Forecast)	
		YoY change		YoY change
<b>International Business Total<sup>*1</sup></b>	<b>935.2</b>	<b>104.0</b>	<b>1,051.1</b>	<b>115.8</b>
<b>Asia</b>	<b>302.3</b>	<b>23.4</b>	<b>353.0</b>	<b>50.6</b>
<b>Europe</b>	<b>520.0</b>	<b>75.0</b>	<b>571.7</b>	<b>51.6</b>
<b>Americas</b>	<b>62.2</b>	<b>6.0</b>	<b>78.6</b>	<b>16.4</b>
<b>Head Office Reinsurance</b>	<b>52.8</b>	<b>-0.0</b>	<b>50.0</b>	<b>- 2.8</b>

#### Group Adjusted Profit

(¥bn)

	FY2021		FY2022 (Forecast)	
		YoY change		YoY change
<b>International Business Total<sup>*1</sup></b>	<b>34.3</b>	<b>41.4</b>	<b>64.0</b>	<b>29.6</b>
<b>Asia</b>	<b>33.5</b>	<b>0.7</b>	<b>32.7</b>	<b>- 0.8</b>
<b>Europe</b>	<b>- 14.2</b>	<b>29.2</b>	<b>5.3</b>	<b>19.5</b>
<b>Americas</b>	<b>- 3.4</b>	<b>- 7.7</b>	<b>0.9</b>	<b>4.4</b>
<b>Head Office Reinsurance</b>	<b>- 3.6</b>	<b>- 3.2</b>	<b>3.4</b>	<b>7.1</b>
<b>International Life Insurance</b>	<b>24.8</b>	<b>21.9</b>	<b>24.9</b>	<b>0.0</b>

\* International Business: Business results of overseas consolidated subsidiaries and equity-method affiliates plus the business results of overseas branches of non-life insurance companies, overseas non-consolidated subsidiaries, and non-life insurance companies' head office reinsurance.

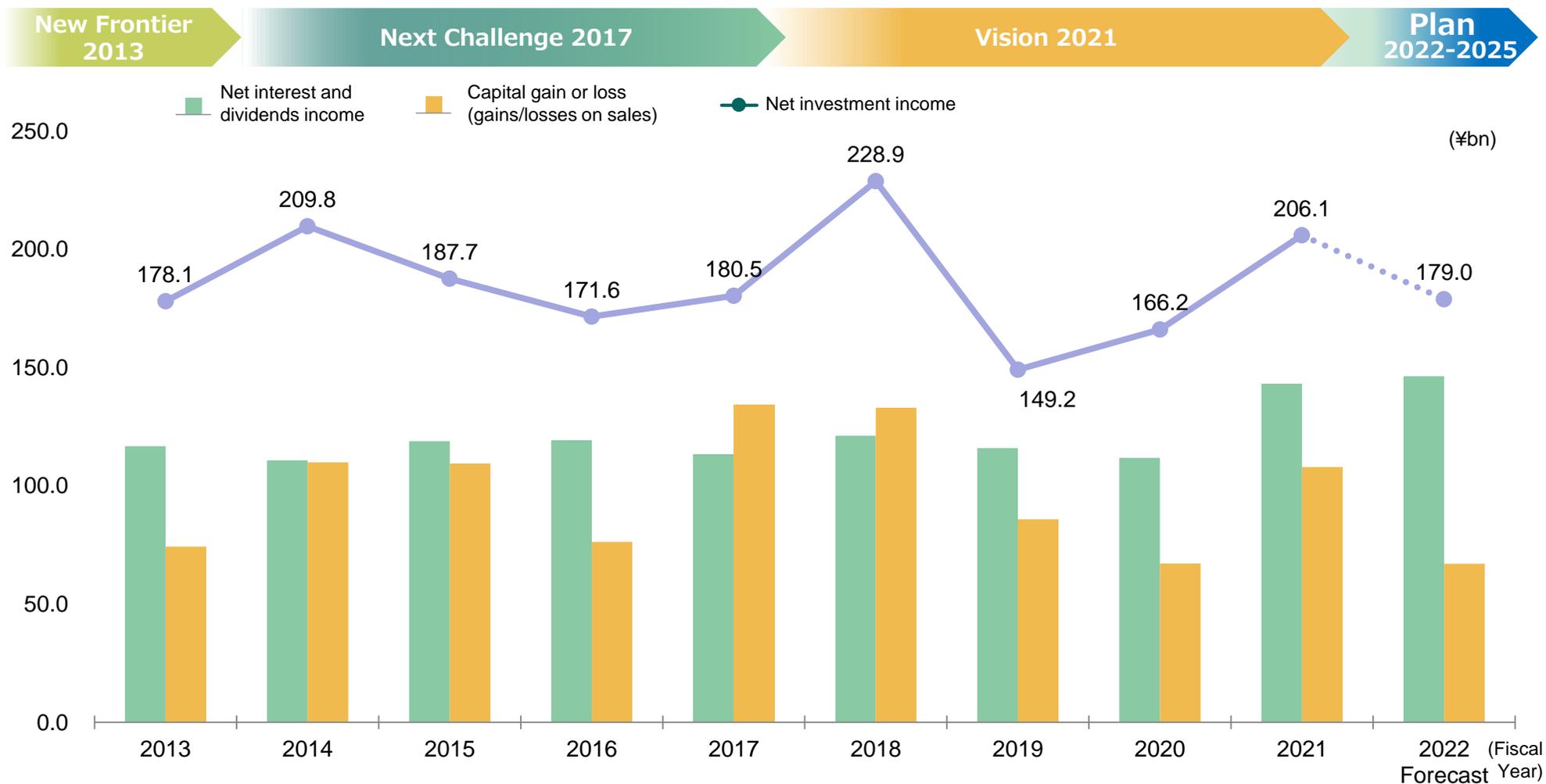
\*1 Figures in "International Business Total" include head office adjustments and other factors and are not equal to the sum of figures for each region and each business.

## **II. Basic Information on Each Business Domain**

1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business
3. International Business
- 4. Asset Management**

# 4. Asset Management: (1) Net Investment Income (Domestic Non-Life Insurance Business)

## Net Investment Income

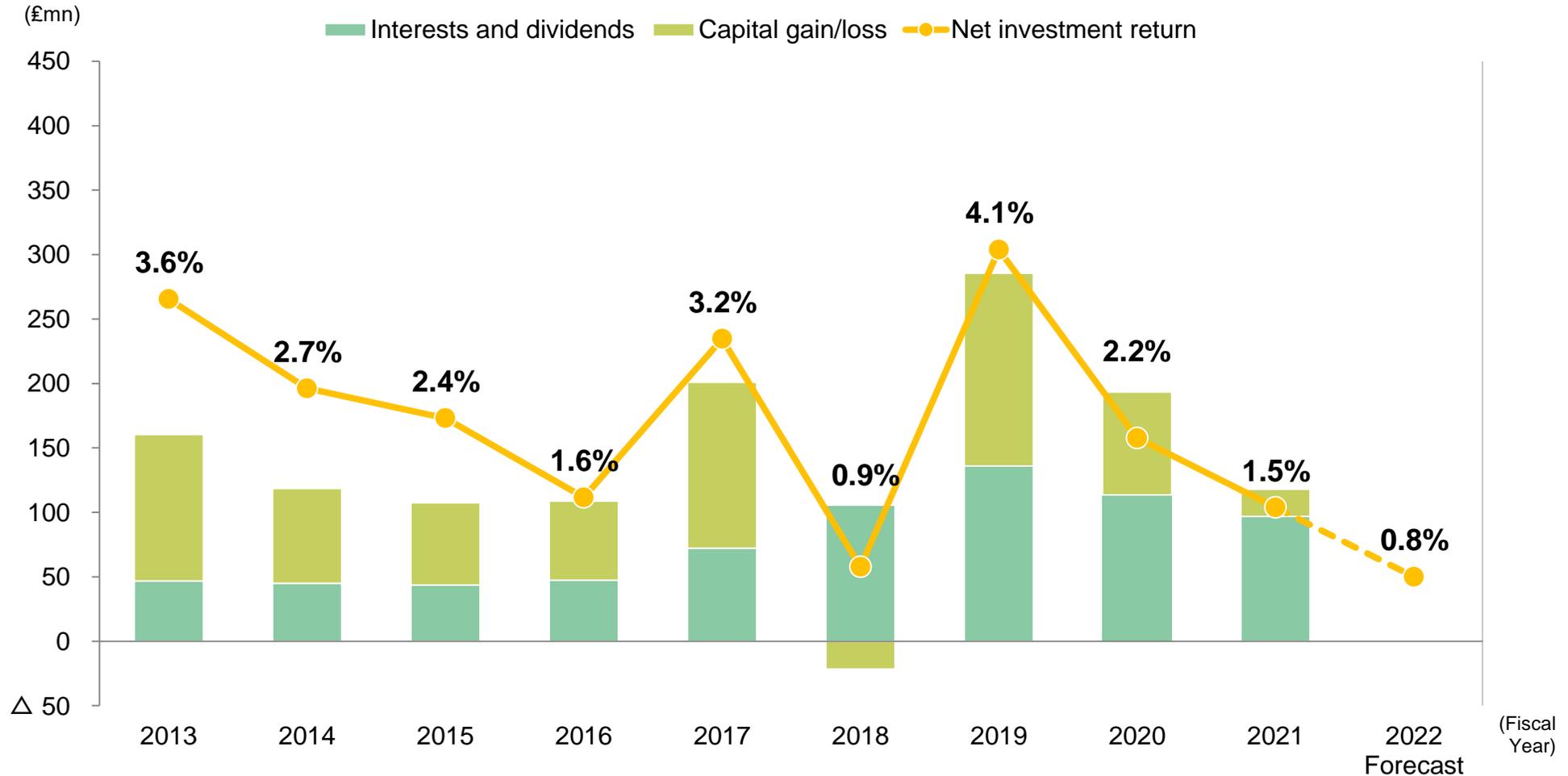


\* Simple sum of MSI (non-consolidated) and ADI (non-consolidated)

\* In FY2014, capital gain or loss (gains/losses on sales of securities) includes ¥63.0 bn of gains for additional provision for reserve for price fluctuation.

## 4. Asset Management: (2) Net Investment Return (MS Amlin)

### Net Investment Return

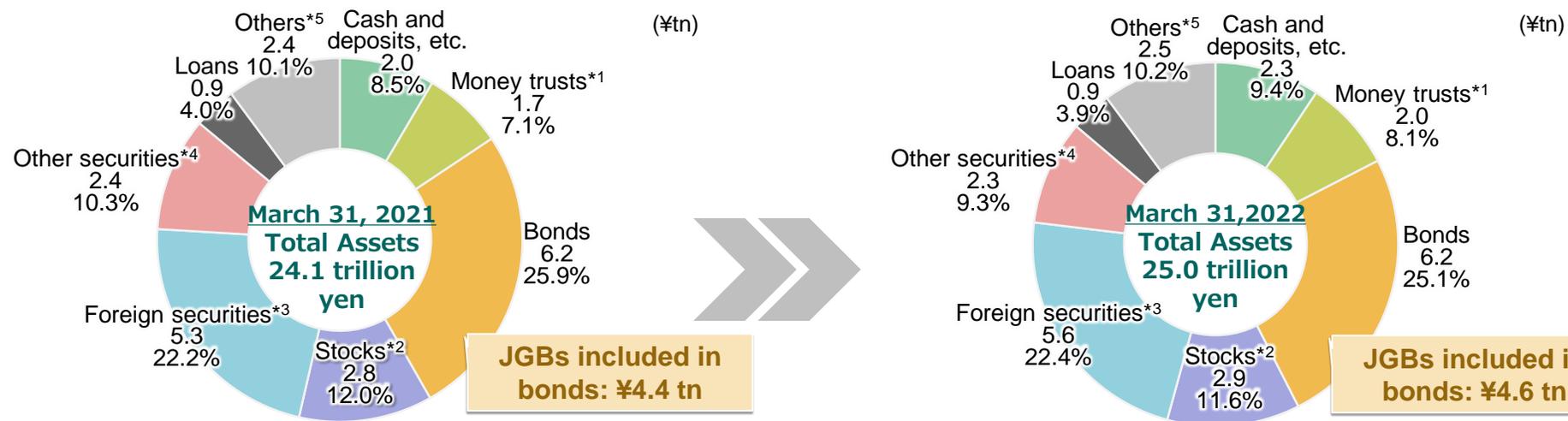


\* MS Amlin's local basis, before deduction of asset management fee.

## 4. Asset Management:

### (3) Consolidated Total Assets and Asset Allocation (MS&AD Insurance Group)

#### Asset allocation (on a consolidated total assets basis)



#### Interest rate and foreign exchange rate sensitivity\*6 (as of Mar. 31, 2022) (¥bn)

	Total for MS&AD Group	Total for Non-Life Insurers*7	Total for Domestic Life Insurers
100 bps rise in yen interest rates	+125.2	+60.6	+42.8
100 bps rise in US dollar interest rates	-77.2	-52.7	-24.5
10% rise in the yen against all currencies	-287.3	-182.6	-79.8
10% rise in the yen against the US dollar	-141.4	-107.5	-33.7
10% rise in the yen against the Euro	-27.2	-21.6	-5.6
10% rise in the yen against the British Pound	-23.5	-6.1	-2.2

#### Percent distribution by rating\*9 (as of Mar. 31, 2022)

AAA ~ BBB	Less than BBB, no rating
96.2%	3.8%

#### Net investment for Higher-Return Assets\*8 (FY2021) (¥bn)

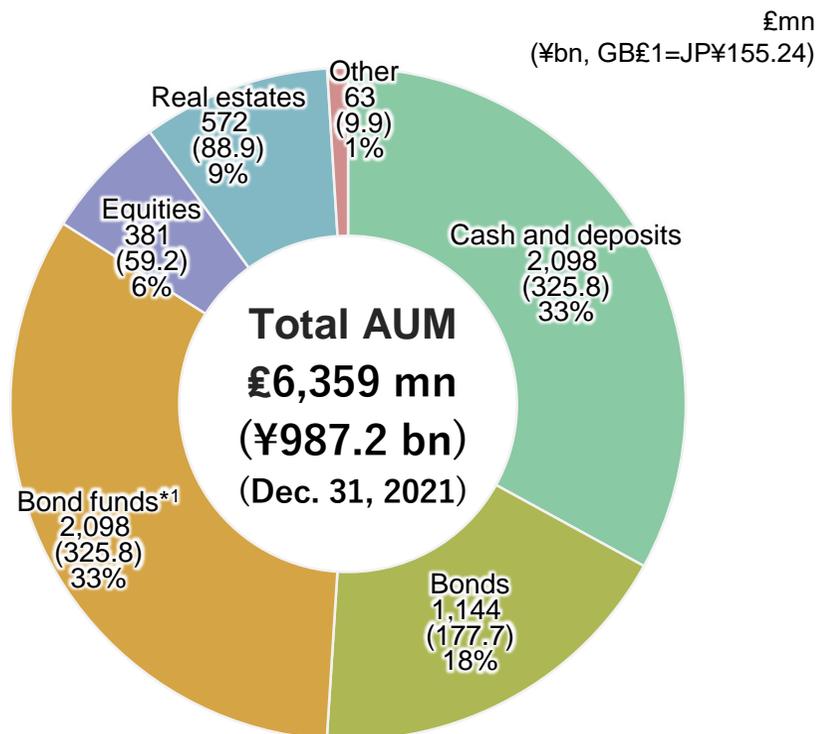
Total for MSI, ADI, MSA Life, MSP Life	Foreign bonds (no currency hedge)	Foreign stocks	Alternative assets
+ 86.0	-27.2	+17.5	+95.7

- \*1 Mainly assets corresponding to liabilities of domestic life insurance companies
- \*2 Strategic equity holdings and shares held purely for investment purpose. See p.102 for details of the ratio of strategic equity holdings.
- \*3 Foreign securities held by domestic insurance companies and securities held by foreign insurance subsidiaries
- \*4 Mainly special account assets of domestic life insurance companies
- \*5 Mainly tangible fixed assets, intangible fixed assets and goodwill
- \*6 Impact on difference between assets and liabilities (surplus)
- \*7 Including overseas subsidiaries
- \*8 Net Investment amount (purchase – sales/redemption) for assets having higher expected return, Total for MSI, ADI, MSI Aioi Life and MSP Life
- \*9 Aggregated figures for credit by internal rating for total credit management by individual issuers (market value, consolidated). Excluding loans to our group, reinsurance, and guarantee credits.

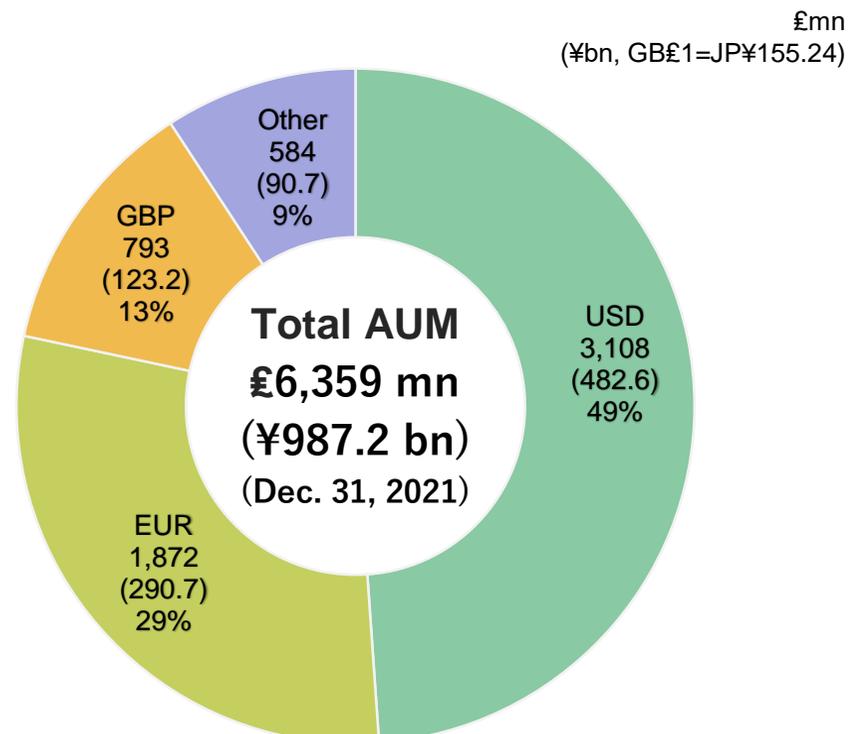
## 4. Asset Management:

### (4) Asset Breakdown by Asset and Currency (MS Amlin) (December 31, 2021)

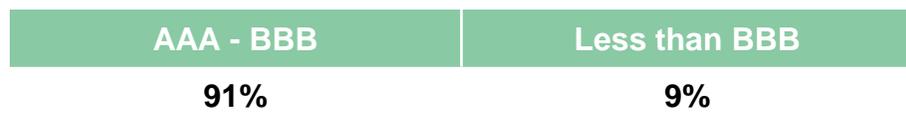
#### Investment Assets Breakdown by Assets



#### Investment Assets Breakdown by Currency



#### Credit Ratings



\* The above break down includes derivatives.

\*1 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.

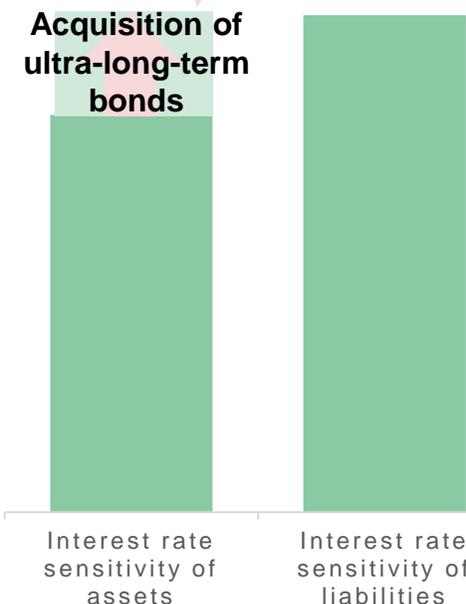
## 4. Asset Management:

### (5) Reducing Interest Rate Risks at MSI Aioi Life

● By expanding investment in ultra-long-term bonds, we will promote comprehensive asset and liability management (ALM) and aim to establish a stable portfolio that is not affected by interest rate fluctuations.

- There is a difference in the interest rate sensitivity\*<sup>1</sup> of our held bonds (assets) and ultra-long-term policies such as whole life insurance (liabilities), where the sensitivity of the liabilities is greater than the assets, posing a significant interest rate risk. We will work to align the interest rate sensitivity of assets and liabilities and improve the hedge ratio\*<sup>2</sup>.

- In addition to investing in ultra-long-term bonds with new funds, we replaced bonds that have shorter maturities with ultra-long-term bonds. As a result, the hedge ratio at the end of FY2021 became almost 100%.
- Going forward, we will transition from interest rate risk “reduction” to interest rate risk “control.”



#### Improvements in hedge ratio at MSI Aioi Life

FY2019-end	FY2020-end	FY2021-end
Approx. 60%	Approx. 80%	<b>Approx. 100%</b>

#### Reduction in Group-wide ESR volatility

	FY2019-end	FY2020-end	FY2021-end
ESR	186%	235%	228%
Degree of ESR fluctuation when domestic interest rates change $\pm 0.5\%$	46pp	27pp	12pp

\*1 Interest rate sensitivity: The change in market value when interest rates change 0.5%

\*2 Hedge ratio: Calculated by dividing the interest rate sensitivity of assets by the interest rate sensitivity of liabilities. At 100%, interest rate fluctuations in assets and liabilities are hedged.

## 4. Asset Management: (6) Total Assets and Asset Allocation (MSI / ADI)

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	As of Mar 31, 2021		As of Mar 31, 2022		As of Mar 31, 2021		As of Mar 31, 2022	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	6,595.2	100.0%	6,887.5	100.0%	3,250.4	100.0%	3,215.1	100.0%
Deposits, etc.	490.4	7.4%	764.0	11.1%	203.7	6.3%	158.3	4.9%
Bonds	1,507.8	22.9%	1,351.7	19.6%	787.3	24.2%	775.2	24.1%
of which, JGBs	843.6	12.8%	701.4	10.2%	449.1	13.8%	430.5	13.4%
Foreign securities	2,014.7	30.5%	2,106.7	30.6%	801.8	24.7%	865.3	26.9%
Foreign bonds	298.1	4.5%	264.6	3.8%	523.6	16.1%	557.9	17.4%
Foreign stocks	1,364.3	20.7%	1,403.5	20.4%	85.3	2.6%	84.6	2.6%
Foreign investment trusts, etc.	352.3	5.3%	438.4	6.4%	192.8	5.9%	222.7	6.9%
Stocks	1,893.6	28.7%	1,968.5	28.6%	952.1	29.3%	888.3	27.6%
Other securities	78.1	1.2%	97.2	1.4%	102.0	3.1%	114.7	3.6%
Loans	423.3	6.4%	410.6	6.0%	232.9	7.2%	245.7	7.6%
Land & buildings	187.0	2.8%	188.6	2.7%	170.3	5.2%	167.2	5.2%

\* Based on financial statement categorization

## 4. Asset Management: (7) Total Assets and Asset Allocation (MSI Aioi Life / MSI Primary Life)

(¥bn)

	MSI Aioi Life				MSI Primary Life (General account)			
	As of Mar 31, 2021		As of Mar 31, 2022		As of Mar 31, 2021		As of Mar 31, 2022	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	4,448.0	100.0%	4,780.4	100.0%	4,863.2	100.0%	5,031.1	100.0%
Deposits etc.	74.8	1.7%	107.4	2.2%	900.4	18.5%	835.2	16.6%
Bonds	4,006.0	90.1%	4,225.8	88.4%	79.9	1.6%	75.1	1.5%
of which, JGBs	3,077.2	69.2%	3,499.1	73.2%	14.4	0.3%	19.2	0.4%
Foreign securities	253.5	5.7%	315.2	6.6%	1,901.8	39.1%	1,789.0	35.6%
Money trusts	-	-	-	-	1,710.4	35.2%	2,035.7	40.5%
Stocks	0.7	0.0%	1.0	0.0%	-	-	-	-
Other securities	53.4	1.2%	71.5	1.5%	6.0	0.1%	6.9	0.1%
Loans	58.8	1.3%	58.9	1.2%	264.1	5.4%	288.6	5.7%
Land & buildings	0.4	0.0%	0.3	0.0%	0.3	0.0%	0.2	0.0%

\*Based on financial statement categorization

## **III. Systems Supporting Value Creation**

1. Sustainability Initiatives
2. Stewardship
3. ERM

## **III. Systems Supporting Value Creation**

- 1. Sustainability Initiatives**
2. Stewardship Activities
3. ERM

# 1. Sustainability Initiatives : (1) CSV Initiatives (i) Products and Services



## Products and services that lead to solutions

- Sale of carbon neutrality support clauses
- Comprehensive cover insurance for mega solar power plants
- Comprehensive small wind power generation compensation plan
- Comprehensive offshore wind power generation system compensation
- Quantitative climate change impact assessment service for TCFD
- ESG investment-related package services
- Consulting services against environmental risk
- “LaRC – Flood project” - prediction map of flooding frequency changes due to climate change
- Consulting services on biodiversity
- SDGs promotion support services
- J-Credit Support Insurance for local governments ... and more



## Products and services that lead to solutions

- Cyber security insurance
- RisTech-based data analysis service for corporates
- Comprehensive compensation plan for smartphone payment service providers
- Compensation plan for sharing economy-based business
- Telematics automobile insurance
- Claims services utilizing telematics technologies, AI, etc.
- Voluntary automobile insurance for autonomous driving vehicles that utilize electromagnetic induction lines, helping to provide solutions to regional traffic issues
- Comprehensive drone compensation insurance
- Consulting services against earthquake and tsunami risk
- Provision of “cmap” real-time damage forecast ... and more

# 1. Sustainability Initiatives : (1) CSV Initiatives (i) Products and Services



## Products and services that lead to solutions

- Health and Productivity Management Support Insurance
- Health management consulting services
- Social contribution clause
- Tontine pension plans supporting future asset building
- Dementia Kobe Model
- Displaying barrier-free information in the “cmap” application
- Human rights risk management support services
- Smart office business (India)
- Providing residential fire insurance to indigenous people in Malaysia ...and more

## New feature in “cmap” (disaster prevention & mitigation app): Barrier-free information

<Available in Japanese only>  
Scan this QR code to access the “cmap” website



### WheelLog!

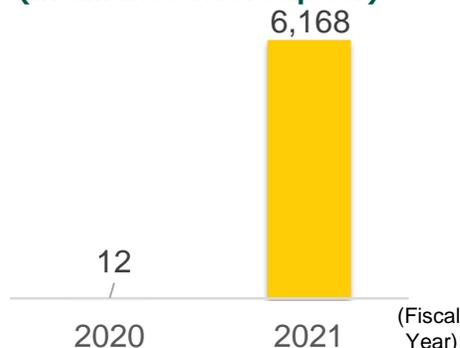


# 1. Sustainability Initiatives : (1) CSV Initiatives (ii) CSV Impact

## Planetary Health

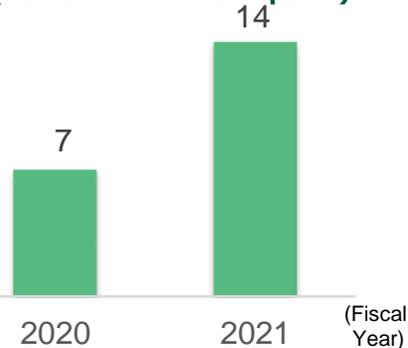
### Impact for society

Number of sites where the TCFD-oriented quantitative climate change impact assessment has been conducted (in alliance with Jupiter)



### Impact for MS&AD

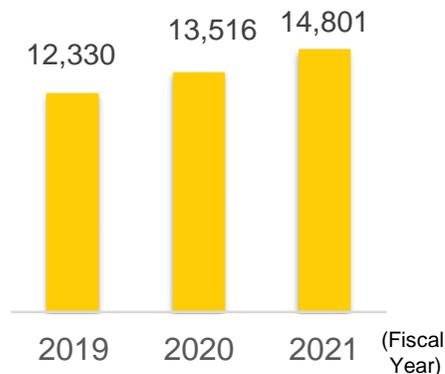
Number of companies that have received the TCFD-oriented quantitative climate change impact assessment service (in alliance with Jupiter)



## Resilience

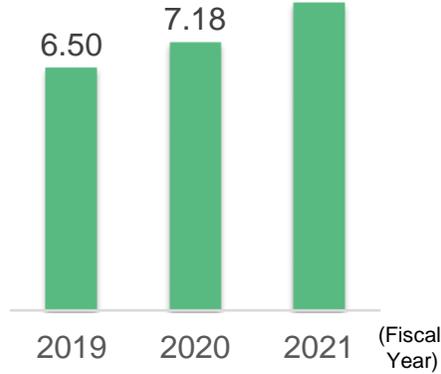
### Impact for society

Number of corporations and organizations protected from cyber risks



### Impact for MS&AD

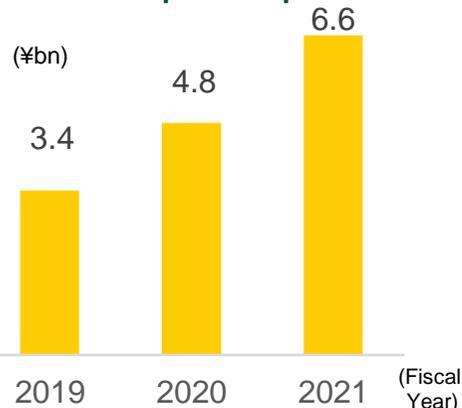
Net premiums written for cyber risk insurance (¥bn)



## Well-being

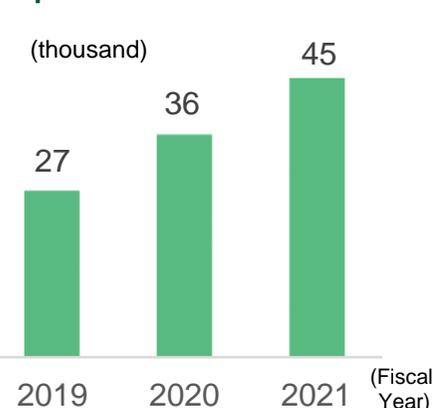
### Impact for society

Total amount received for tontine pension plans (¥bn)



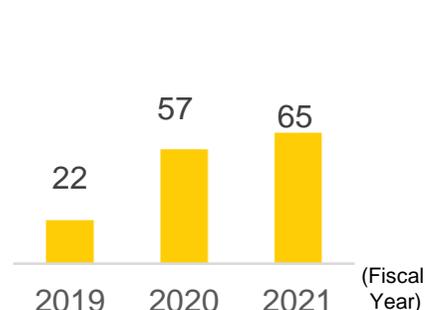
### Impact for MS&AD

Number of tontine pension plan account holders (thousand)



### Impact for society

Number of homes covered by insurance and provided to indigenous people (cumulative)



### Impact for MS&AD

Fire insurance premiums for indigenous people housing (MYR)



# 1. Sustainability Initiatives: (2) Responding to Climate Change

Implement initiatives with stakeholders to achieve net zero by 2050

**Net ZERO**  
Response to climate change

**Nature Positive**  
Strive to improve the sustainability  
of natural capital

## ■ Achieving Net Zero by 2050

Monitoring Indicators	FY2030 Target	FY2050 Target
Greenhouse gas emissions reduction rate	50% reduction (vs FY2019)	Net Zero

- Provision of climate change risk analysis service by InterRisk
- Development and provision of carbon neutrality support riders that cover the additional costs of using new decarbonization-oriented equipment when performing repairs on a damaged building, etc.

## ■ Highly rated by external organizations

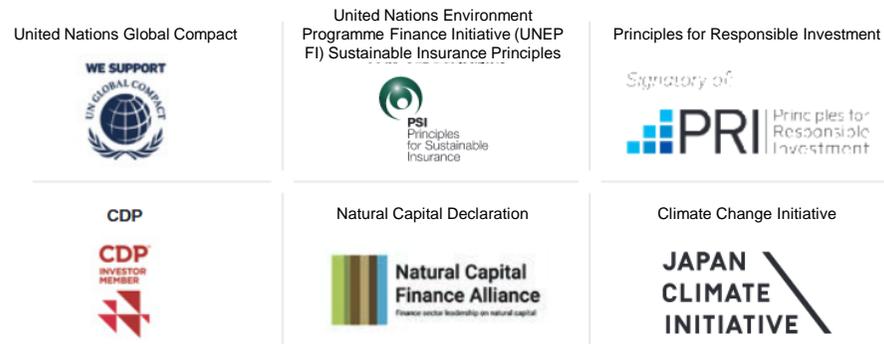
- For the fifth consecutive year, MS&AD was selected in the A List of companies engaged in the most outstanding action on climate change in the Climate Change 2021 Questionnaire conducted by CDP, an international nonprofit environmental organization. .

## ■ Information disclosures in compliance with international standards

- Disclosure of scenario analysis related to the impact of climate change on MS&AD's business in accordance with the TCFD standards
- We participate in the Taskforce on Nature-Related Financial Disclosures (TNFD) and promote nature-related information disclosures as a TNDF member.

## ■ Participation in Initiatives

- Participate in global initiatives and promote the creation shared value with society.



# 1. Sustainability Initiatives: (3) Promotion of ESG Investments and Loans

Promote ESG investment that considers medium-to-long-term return as well as CSV in accordance with the Principles for Responsible Investment



## Action to Promote ESG Investments and Loans

### Integrate into the investment and loan process (Integration)

- ◆ Negative screening  
Eliminate loans to and investments for new coal-fired power plants or companies manufacturing cluster munitions
- ◆ Incorporation into research  
Utilize external ESG information from ESG assessment companies and other such organizations

### Constructive dialogue (Engagement)

- ◆ Engaging in dialogue with a focus on stewardship

### Active contribution (Positive Impact)

- ◆ Sustainability and theme-based investment  
Investment in renewable energy and green/social bonds, etc.
- ◆ Impact investment<sup>\*1</sup>  
Investment themed after issues such as climate change<sup>\*2</sup>

## Future tasks

- More sophisticated ESG<sup>\*3</sup> investment and financing
  - Promote efforts to engage in dialogue that takes into account ESG elements, including climate change
  - Carry out impact investment and accumulate expertise
- Implement Group joint initiatives aiming for net zero carbon emissions by 2050
  - Measure greenhouse gas emissions of owned assets
  - Finance technologies and research to achieve a decarbonized society

\*1. Impact investment is a kind of investment that is designed to produce a measurable positive impact on the environment or society in addition to investment return.

\*2. In December 2021 a total of USD 50 million was invested in impact funds (LGT Crown Impact, TPG Rise Climate) on a joint Group basis

\*3. MS and AD respectively organized the team/group for ESG activity enhancement

### **III. Systems Supporting Value Creation**

1. Sustainability Initiatives
- 2. Stewardship Activities**
3. ERM

## 2. Stewardship Activities

### Dialogues Held and Results of Exercising Voting Rights

#### Dialogues held (July 2020 to June 2021)

	MSI	ADI	Total (simple sum)
<b>Number of companies</b>	179	135	<b>314</b>

#### Results of exercising voting rights (July 2020 to June 2021)

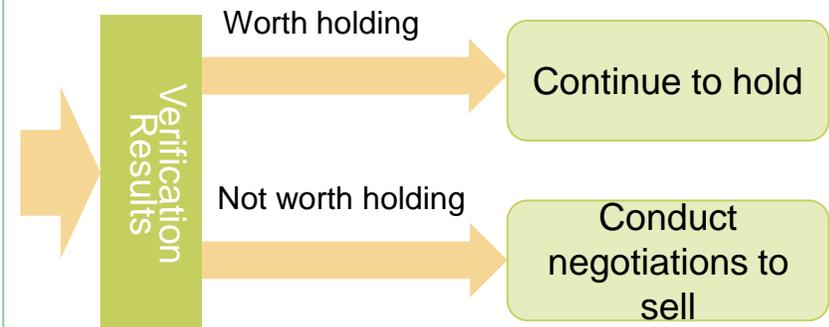
	MSI	ADI	Total (simple sum)
<b>Number of disagreements (Number of bills)</b>	4 (2,412)	3 (1,642)	<b>7 (4,054)</b>

### Verifying the Appropriateness of Strategic Equity Holdings

- With regard to strategic equity holdings, we verify the appropriateness of holdings for each individual stock in terms of whether the benefits to holding are consistent with the capital costs, and confirm the verification results at Board of Directors meetings.
- According to the results of the FY2021 verification, 85% of investee companies on a stock basis and 86% on a market value basis exceeded the rationality target.

#### Verification Method in FY2022

Target Stocks	All publicly listed stocks among strategic equity holdings
Verification Details	Calculate the return, risk, ROR and VA of the target stocks and verify economic rationality
	Return: Dividends received (10-year average) + balance of insurance income (5-year average)
	Risk: Amount of risk (confidence interval of 99.5% VaR) × capital cost ratio
	In addition to the above, we confirm the profit estimation and expected improvements in insurance income to decide on the appropriateness of holdings the stocks.

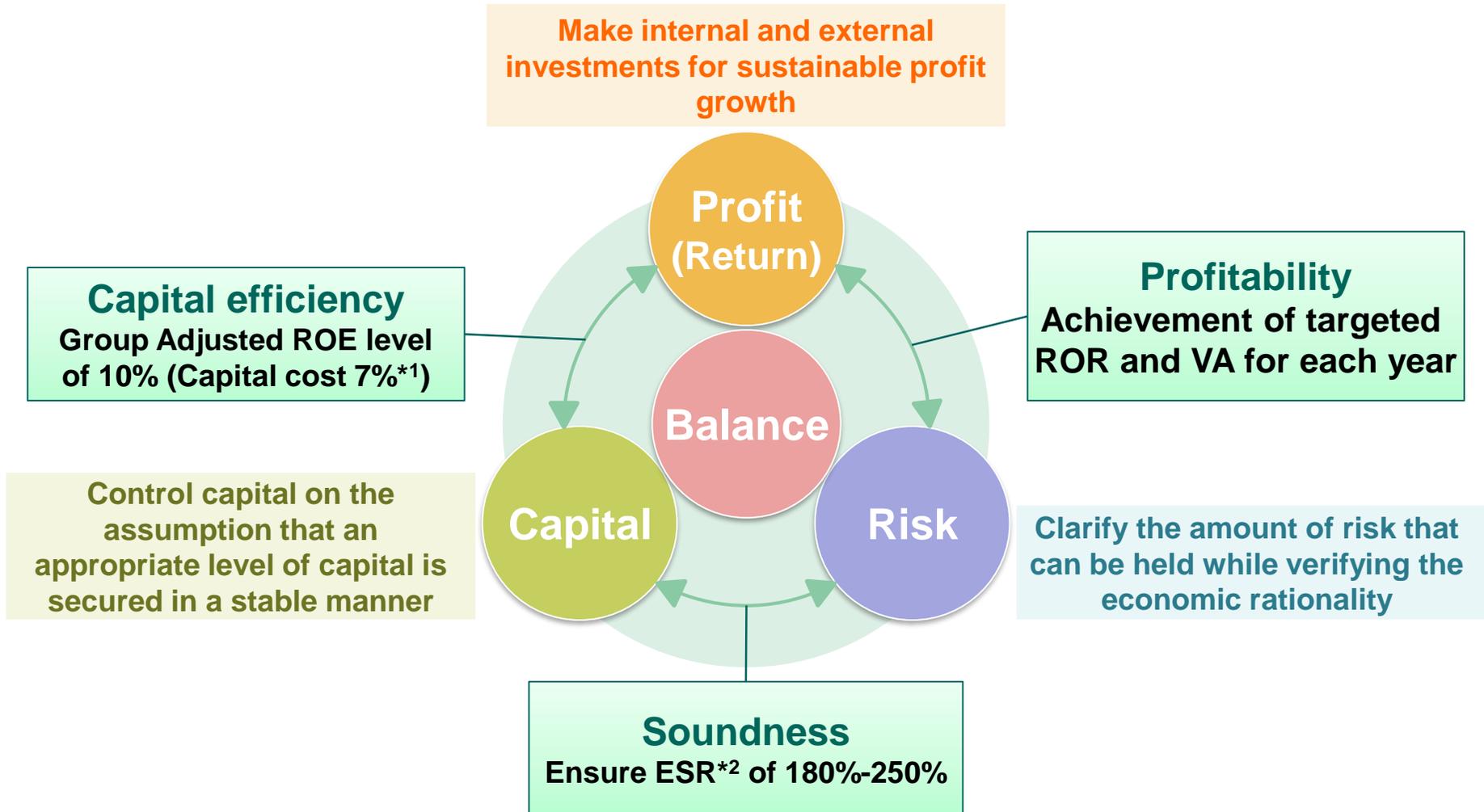


## **III. Systems Supporting Value Creation**

1. Sustainability Initiatives
2. Stewardship Activities
- 3. ERM**

### 3. ERM: (1) Enhancement of Capital Efficiency

- We aim to achieve a stable Group Adjusted ROE of at least 10% by improving ROR and managing the capital efficiently.

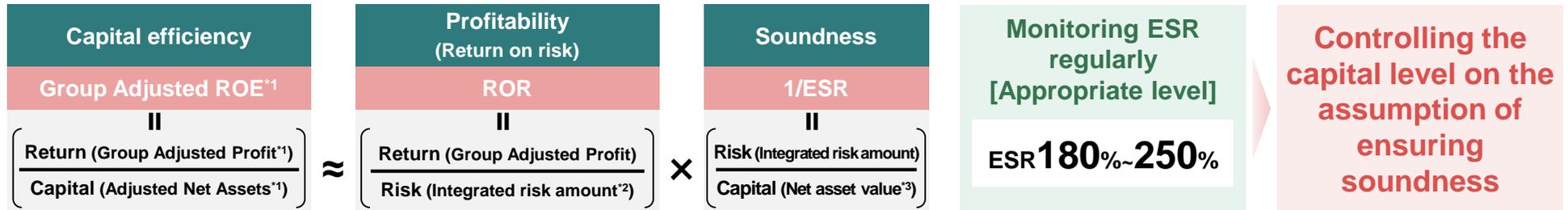


\*1: Estimate based on the Capital Asset Pricing Model

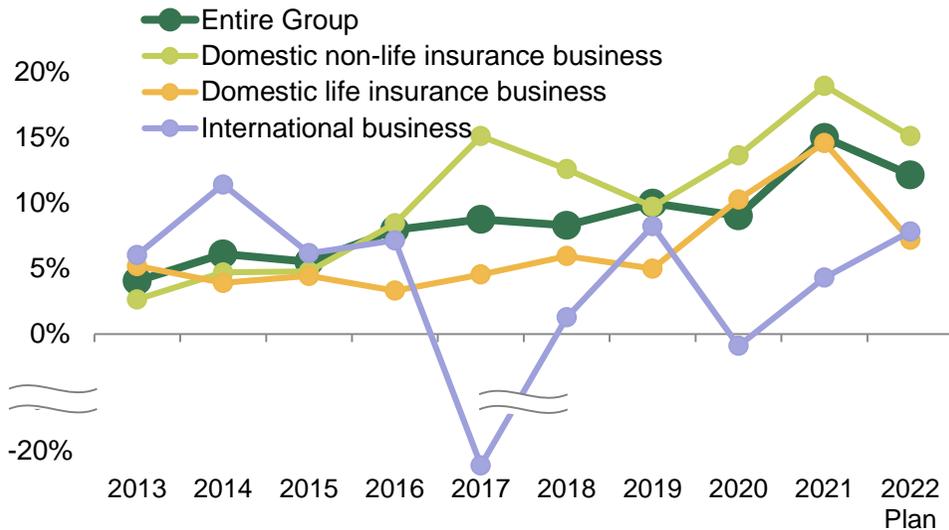
\*2: ESR: Economic Solvency Ratio (Economic Value-Based Solvency Ratio) = NAV/ Integrated risk amount

### 3. ERM: (2) Improvement of ROR

- The Group will monitor ROR at each business and each company and will promote initiatives for improving ROR.



#### Monitoring ROR



#### Initiatives for improvement of ROR

<b>Products, sales and initiatives management</b>	<b>Domestic non-life insurance</b>	More sophisticated risk and return management according to the characteristics of products. Specifically, strengthening profitability management for fire insurance which is highly affected by nat. cat. and large accidents.
	<b>MSI Aoi Life</b>	Assessing new policies ROR when products are developed and revised and a sales policy is formulated
	<b>MSI Primary Life</b>	Assessing the profitability of each product
<b>Asset management strategy</b>	Promoting diversified investment in assets with relatively high returns, while appropriately controlling risks	
<b>Retention/reinsurance policy</b>	Building retention and reinsurance schemes to improve profitability, while maintaining financial soundness and P/L stability; Controlling the net risk amount related to nat. cat.	

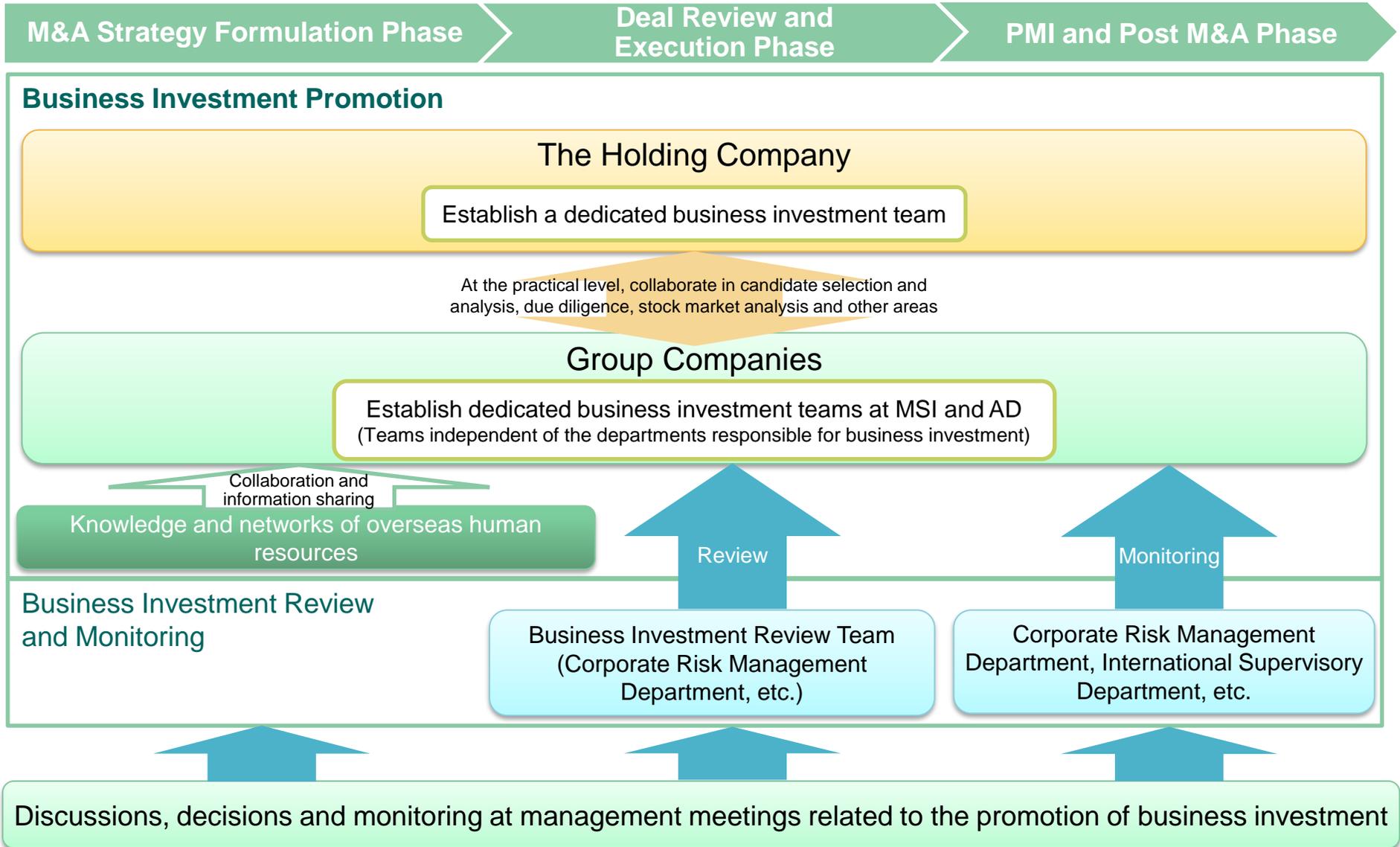
\*1: Calculation method of Group Adjusted ROE, Group Adjusted Profit and Adjusted Net Assets is on p.109.

\*2: Integrated risk amount represents the maximum amount of losses that are likely to be encountered once in 200 years. It is marked to market value.

\*3: Net asset value: Adjusted net assets + unrealized insurance liabilities + other equity liabilities, etc. .

### 3. ERM: (3) Strengthening the Business Investment Structure

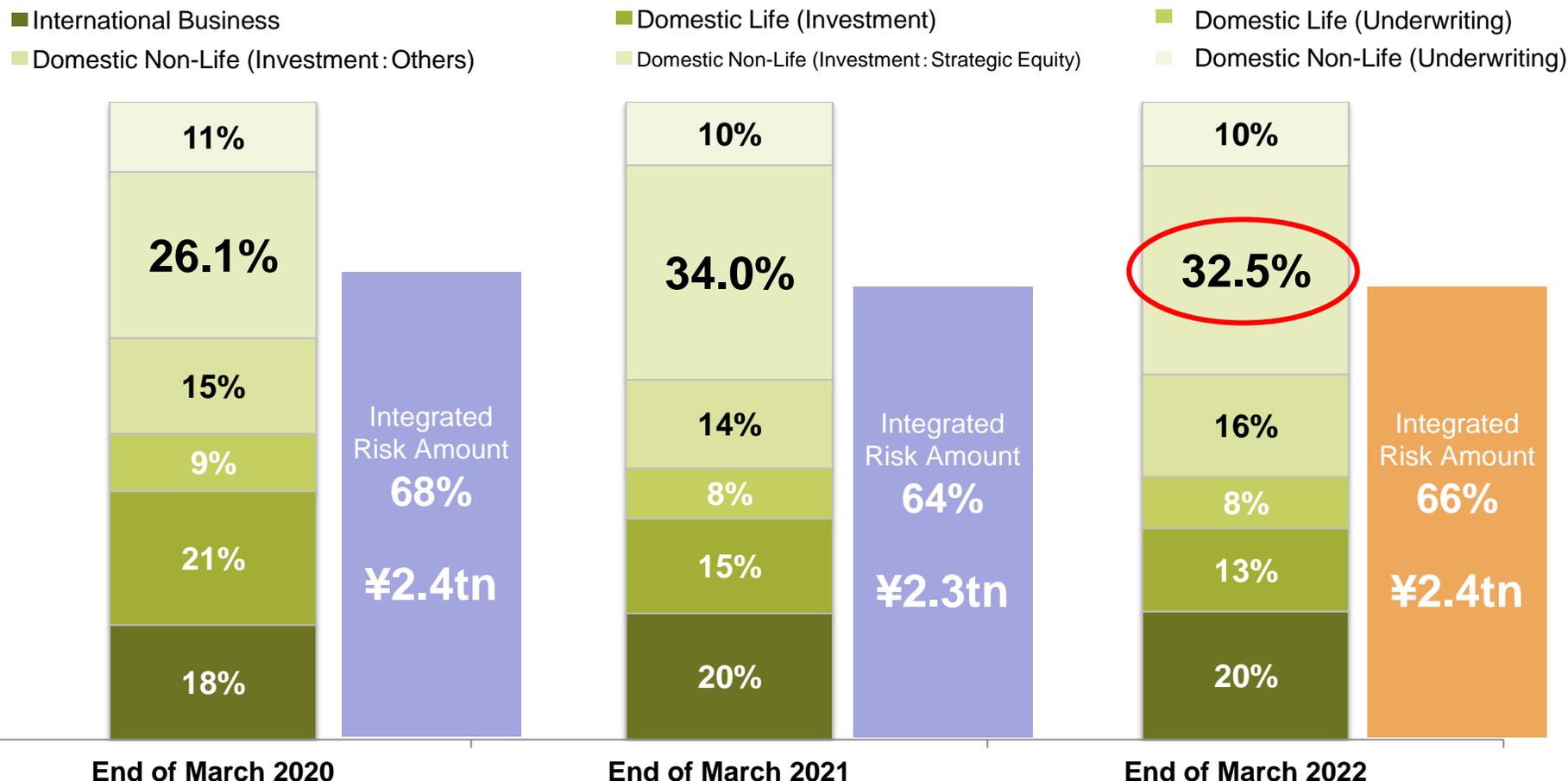
- Promote efficient and consistent business investments leading to expanded enterprise value on a Group basis.



### 3. ERM: (4) Ensuring Financial Soundness (Risk Portfolio)

- Although we reduced 118.1 billion yen of strategic equity holdings in FY2021 and the share in risk amount has decreased to 32.5% at the end of March 2022, it did not reach the target of 30% mainly due to the impact of rising stock prices.

#### Risk Portfolio

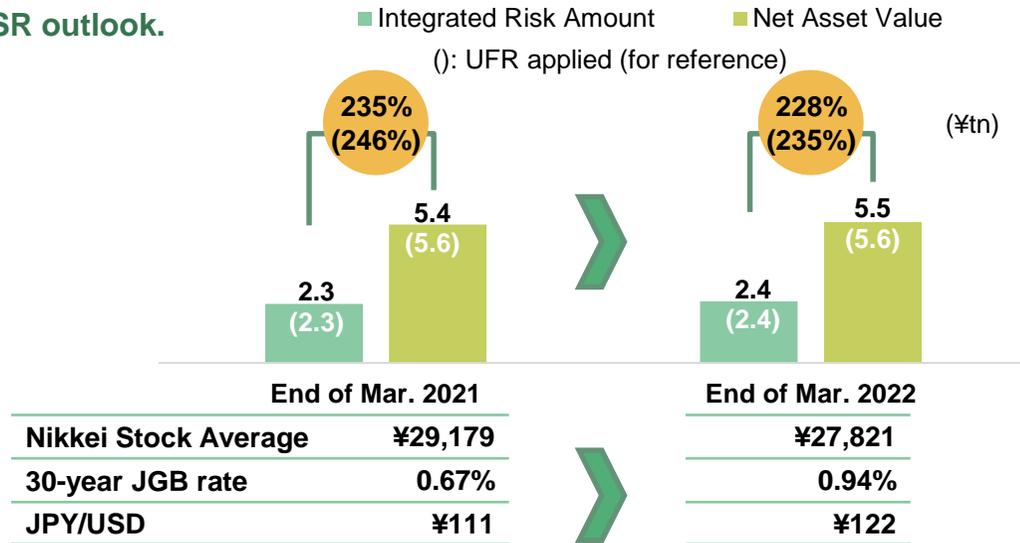
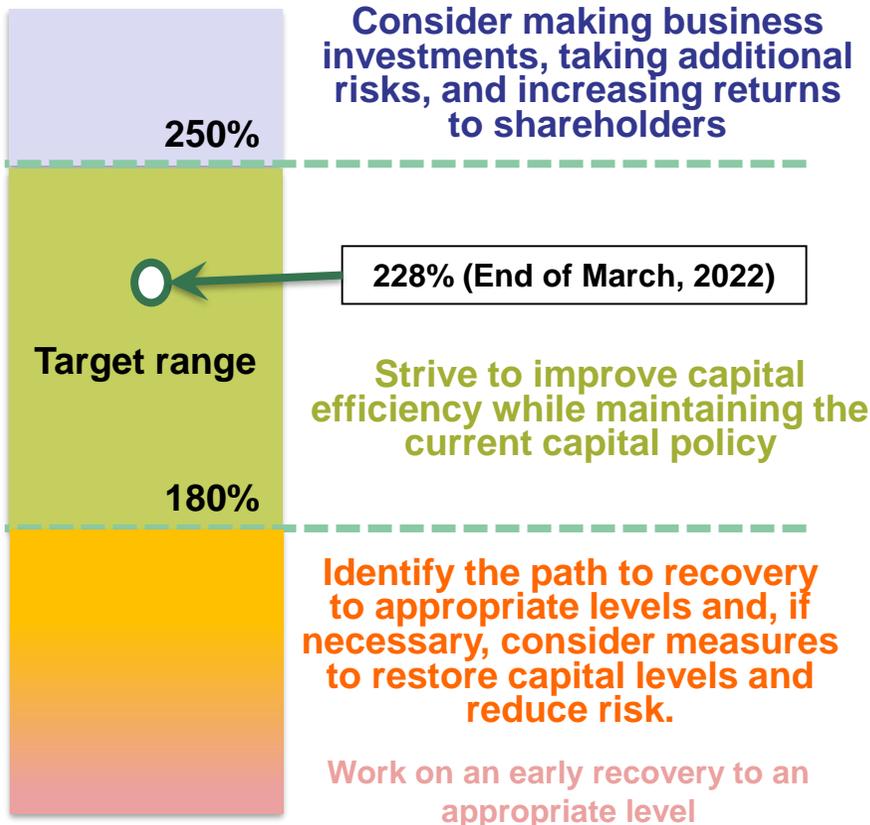


### 3. ERM: (5) ESR

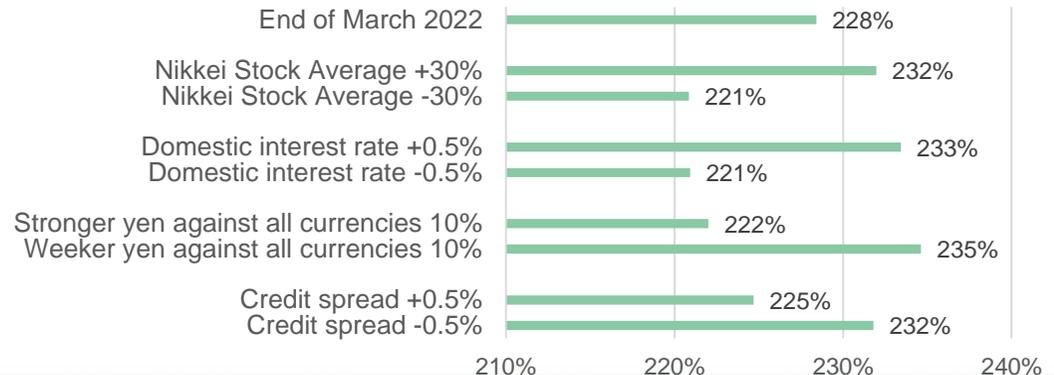
- Although the net asset value rose due to an increase in internal reserves, the yen depreciation and the rise in domestic interest rates, ESR at the end of March 2022 decreased to 228% (down by 7 points from the end of March 2021) due to redemption of subordinated bonds and enhanced risk measurement. An appropriate level of financial soundness is maintained.
- The impact at the end of March 2022 from the net asset value and enhanced risk measurement was -14 points.

#### ESR\* (Confidence level 99.5%)

The policy below is based on the medium- to long-term ESR outlook.



#### Impact of market price fluctuation on ESR (as of end of March 2022)



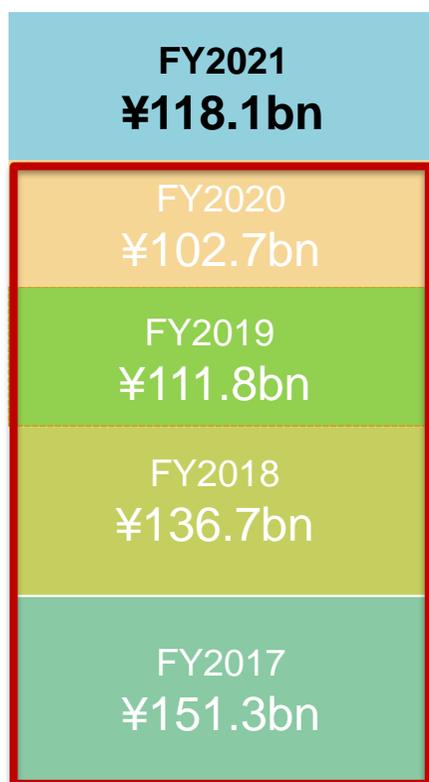
\* ESR: Economic Solvency Ratio (Economic Value-based Solvency Ratio)

### 3. ERM: (6) Sales of Strategic Equity Holdings

- ¥118.1 billion of strategic equity holdings were sold in FY2021, which brought the total to 124% of the target of ¥500.0 billion (FY2017 to FY2021).

#### Sales in Vision 2021

Total sales: **¥620.8bn**  
(vs. target: 124%)



Sales target for the previous management plan  
**¥500.0bn**<sup>\*1</sup>

Vision 2021

<sup>\*1</sup> Including FY2017

#### Actual Sales

				(¥bn)
Actual sales before business integration (FY2003 <sup>*2</sup> ~FY2009)				800.7
MS & AD	New Frontier 2013	FY2010	57.4	57.4
		FY2011	88.7	(Sub-total)
		FY2012	114.1	
		FY2013	173.5	376.4
	Next Challenge 2017	FY2014	91.0	(Sub-total)
		FY2015	181.1	
		FY2016	133.0	
		FY2017	151.3	
	Vision 2021	FY2018	136.7	Total from FY2017
		FY2019	111.8	
FY2020		102.7		
FY2021		118.1	620.8	
Total				2,260.5

<sup>\*2</sup> The figures for FY2003 to FY2009 are the simple sum of results for MSI, Aioi, and NDI. (Sales before FY2002 are not disclosed, since it is difficult to collect data in the same criteria from the entities before merger.)

#### Ratio of Strategic Equity Holdings in Consolidated Total Assets and Risk Amount

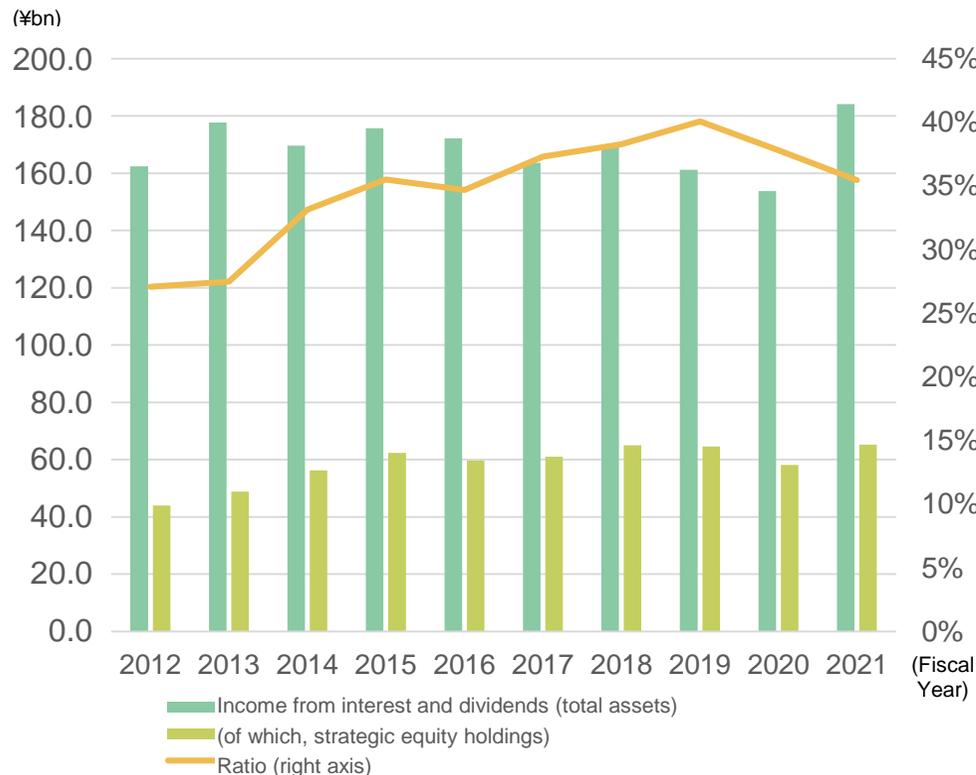
	March 2021	March 2022	Target
Fair value weight <sup>*3</sup> of strategic equity holdings in consolidated total assets	11.8%	11.3%	Less than 10%
Risk weight <sup>*3</sup> of strategic equity holdings in risk amount	34.0%	32.5%	Less than 30%

<sup>\*3</sup> Weight of all strategic equity holdings including unlisted stocks

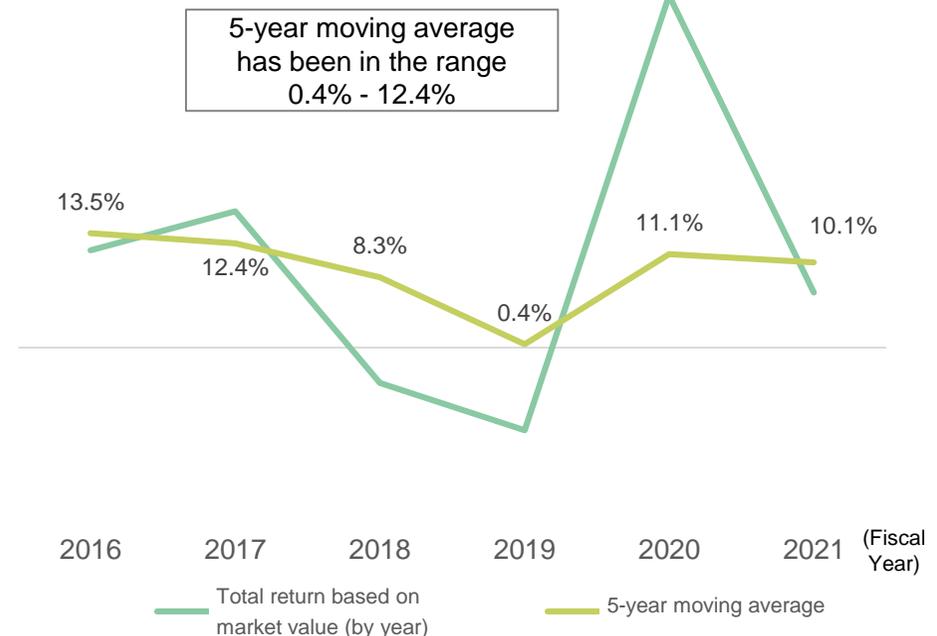
### 3. ERM: (7) Investment Performance of Strategic Equity Holdings (Dividends, total return based on market value)

- Dividends from strategic equity holdings were stable at around ¥60 billion, with income from interests and dividends accounting for a rising percentage. In addition, even after the transition to IFRS, strategic equity holdings remain an asset that helps ensure stable investment profit.
- 5-year moving average of the total return based on market value from strategic equity holdings has been in the range between 0.4% ~ 12.4%.

#### Change in dividends from strategic equity holdings



#### Total return based on market value of strategic equity holdings



### 3. ERM: (8) Strengthening Management of Natural Catastrophe Risks

- In light of the increasing frequency and severity of overseas natural catastrophes, in addition to strengthening the risk management, we will pursue initiatives to stabilize periodic profit.

#### Overseas natural catastrophe risk management

- This is managed as the Group's material risk of "large-scale natural catastrophes," with the necessary capital secured based on risks with a once-in-200-years probability of occurring.
- We conduct stress tests based on large-scale natural catastrophes such as hurricanes in the United States to verify our financial health.
- Management based on an annual process of setting upper limits for catastrophe risk, formulating and executing policies on inward and outward reinsurance to comply with those limits, and confirmation of the results

#### Response to climate change

- Manage climate change as a Group's material risk and continue to explore the ways to analyze how climate change impacts loss paid and other factors.
- Reflect the uncertainty of climate change risks to integrated risk evaluation(measurement period : 1 year).

#### Strengthening management of periodic profit fluctuation risks

- As with the management of financial soundness, set upper limits for catastrophe risk, formulate and execute policies and verify the results.



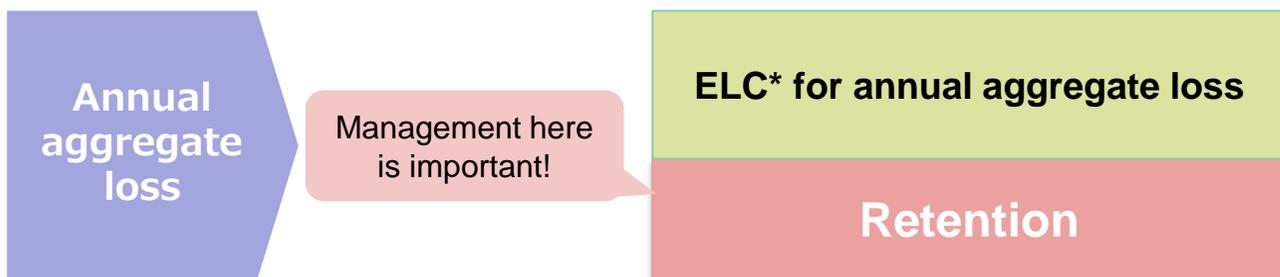
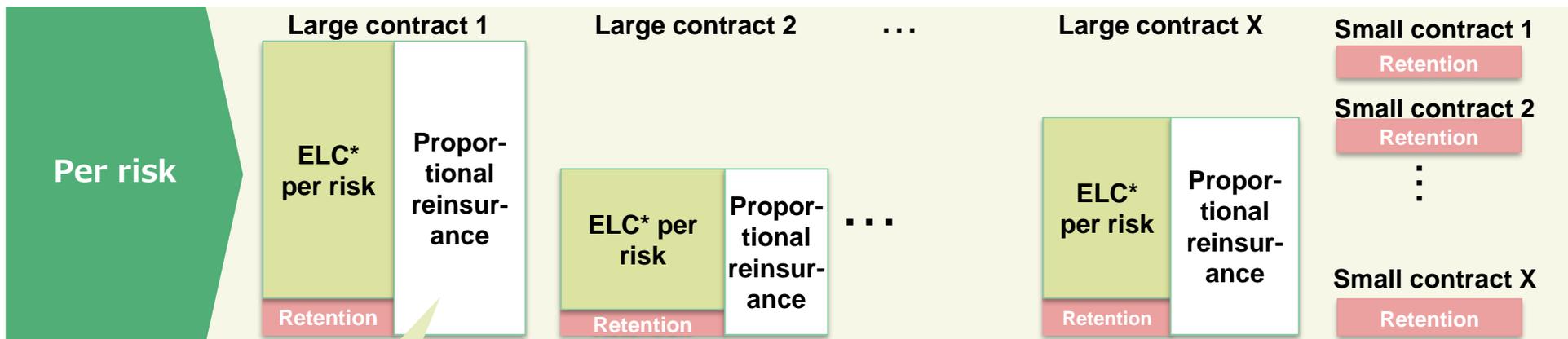
**We pursue action to stabilize periodic profit in light of the increasing frequency and severity of natural catastrophes**

**Examination of appropriate overseas natural catastrophe risk levels and control in light of catastrophe risk uncertainties**

**Reducing the impact on periodic profit by reducing, rearranging or diversifying the underwriting portfolio**

# <Reference>

## Image of Risk Retention/Reinsurance for Natural Catastrophe Risk



- Principles for risk retention/reinsurance**
- Ensuring financial soundness
  - Increase of stability of periodic profit/loss
  - Improvement of return on risk

\* ELC (excess of loss cover):  
Reinsurance policy for collection of the excess portion over a certain amount of loss

Advancing with you

**MS&AD Holdings**

**MS&AD** INSURANCE GROUP

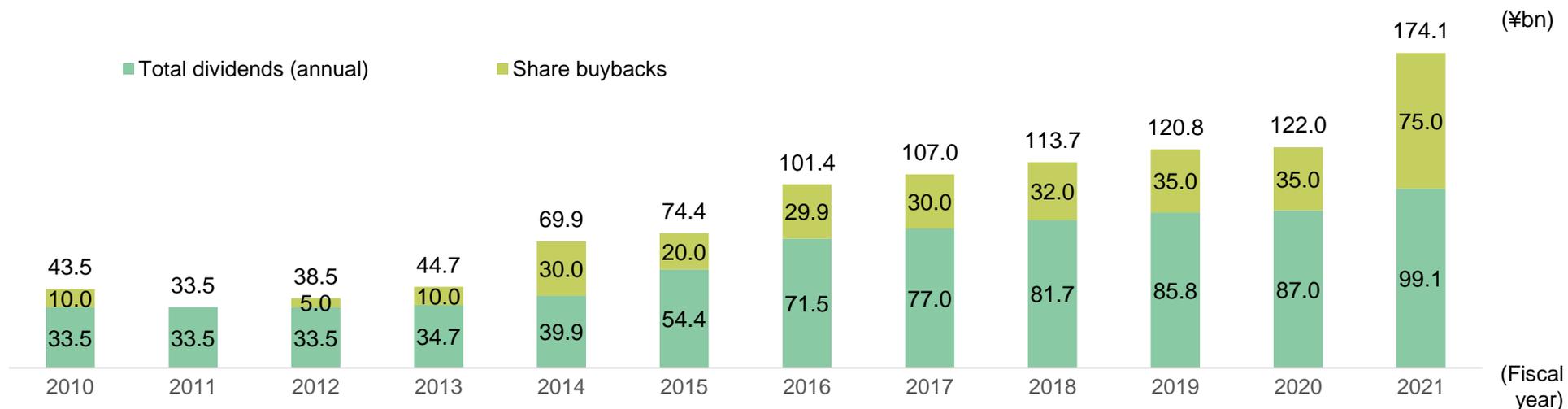
## **IV. Shareholder Return and Stock Price-related Indices**

# Past Shareholder Returns

## Shareholder Returns by Year

(¥bn)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Group Adjusted Profit*1	14.5	-87.5	87.4	94.8	155.7	147.5	213.7	105.1	189.8	233.1	214.6	347.1	1,715.8
Total returns	43.5	33.5	38.5	44.7	69.9	74.4	101.4	107.0	113.7	120.8	122.0	174.1	1,043.5
Shareholder return ratio	300%	-	44%	47%	45%	50%	47%	102%	60%	52%	57%	50%	61%
DOE*2									2.9%	3.3%	3.1%	3.1%	—
Returns per share (yen)	69.8	54.0	62.0	72.0	113.5	122.5	169.1	180.6	193.3	207.8	217.0	315.4	—



\*1 Figures until FY2017 are Group Core Profit. Please refer to p.109 for the method of calculating the single-year shareholder return ratio.

\*2 DOE: Dividend on equity = Annual dividend (interim dividend, year-end dividend, etc.) ÷ Net assets

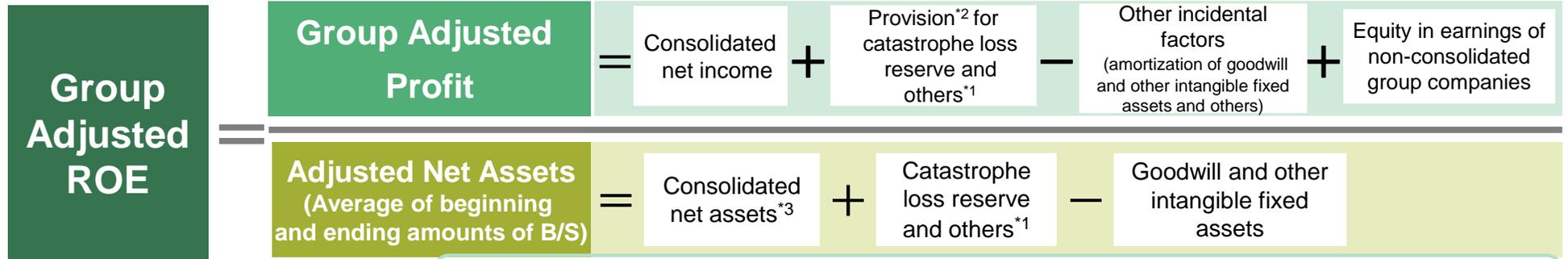
# Stock Price-Related Indices

	End of FY2010	End of FY2011	End of FY2012	End of FY2013	End of FY2014	End of FY2015	End of FY2016	End of FY2017	End of FY2018	End of FY2019	End of FY2020	End of FY2021
Net Income (¥bn)	5.4	-169.4	83.6	93.4	136.2	181.5	210.4	154.0	192.7	143.0	144.3	262.7
Earnings per share (EPS) (¥)	8.68	-272.49	134.46	150.58	221.34	298.72	350.94	260.04	328.72	248.36	255.79	474.52
Stock price (closing price) (¥)	1,894	1,699	2,066	2,364	3,370	3,136	3,540	3,355	3,370	3,025	3,249	3,978
Rate of change*	-27.0%	-10.3%	21.6%	14.4%	42.6%	-6.9%	12.9%	-5.2%	0.4%	-10.2%	7.4%	22.4%
(For reference) TOPIX Rate of change*	-11.2%	-1.7%	21.1%	16.3%	28.3%	-12.7%	12.3%	13.5%	-7.3%	-11.8%	39.3%	-0.4%
Book-value per share (BPS) (¥)	2,597.19	2,400.48	3,215.33	3,646.22	4,911.40	4,469.58	4,572.82	4,964.64	4,712.11	4,308.37	5,525.42	5,955.21
Price book-value ratio (PBR)	0.73	0.71	0.64	0.65	0.69	0.70	0.77	0.68	0.72	0.70	0.59	0.67
Price earnings ratio (PER)	218.20	—	15.36	15.70	15.23	10.50	10.08	12.90	10.25	12.18	12.70	8.38

\* Rate of change is a percentage change from the end of the previous fiscal year.

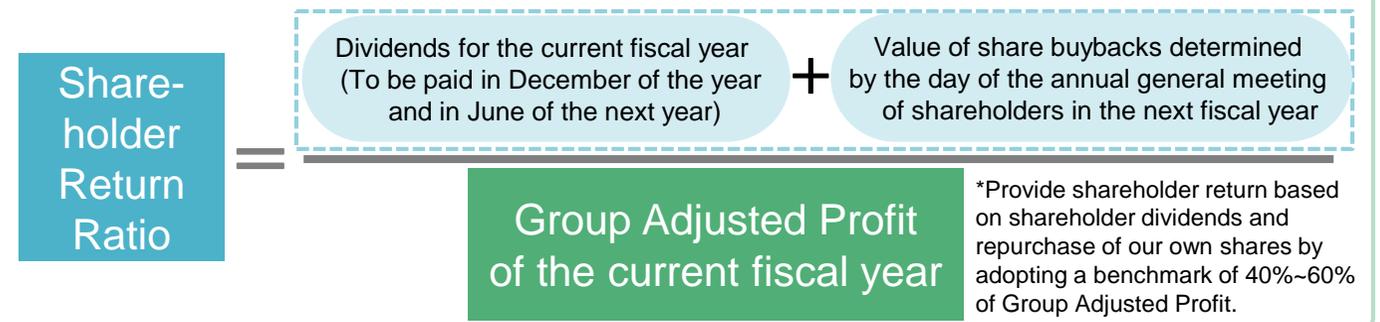
# Calculation Method of Group Adjusted Profit, Group Adjusted ROE, Shareholder Return Ratio and Adjusted Net Assets

## “Group Adjusted Profit”, “Adjusted Net Assets” and “Group Adjusted ROE”

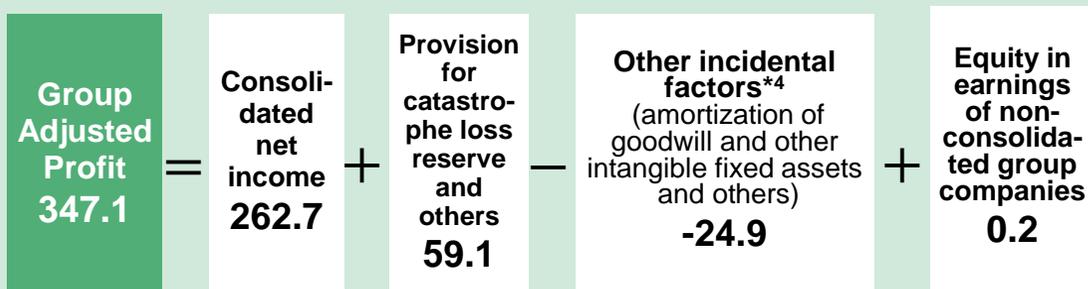


- \* Each adjustment amount is on an after-tax basis
- \*1 Catastrophe reserves, contingency reserves and reserve for price fluctuation of domestic non-life insurance business and MSI Aioi Life
- \*2 Subtraction in case of reversal
- \*3 Excluding non-controlling interests and stock acquisition rights

### “Single-Year Shareholder Return Ratio”

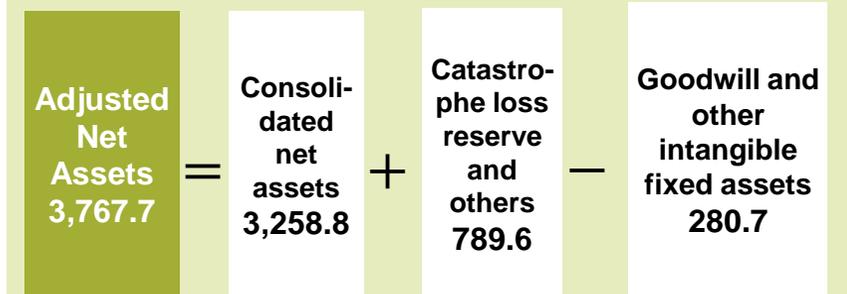


### Group Adjusted Profit for FY2021 (¥bn)



\*4 Amortization of goodwill and others: -¥25.2 billion

### Adjusted Net Assets for FY2021 (¥bn)



# (Reference) Major differences between IFRS net income and base profit for shareholder return from the previous standard

- Major differences between IFRS net income and base profit for shareholder return from the previous standard are as follows.

Profit-related items	Net Income (Japanese GAAP)	Group Adjusted Profit	IFRS net income	Base profit for shareholder return
Catastrophe reserve	●	×	×	×
Impairment of goodwill and other intangible assets	●	×	●	×
Amortization of goodwill	●	×	×	×
Amortization of other intangible assets	●	×	●	×
Gain on sales of strategic equity	●	●	×	●
Impact of market fluctuations*1	/		●	×
Deferred effects of new policy expenses			●	×
Losses on unfavorable contracts*2			●	×

\*1 Changes in the market value of investment trusts and stocks other than strategic equity, foreign exchange fluctuations in foreign bonds .

\*2 Gains or losses related to additional liabilities for policies for which future insurance payments, etc. cannot be covered by insurance premiums.