

**MS&AD Holdings**

**MS&AD** INSURANCE GROUP

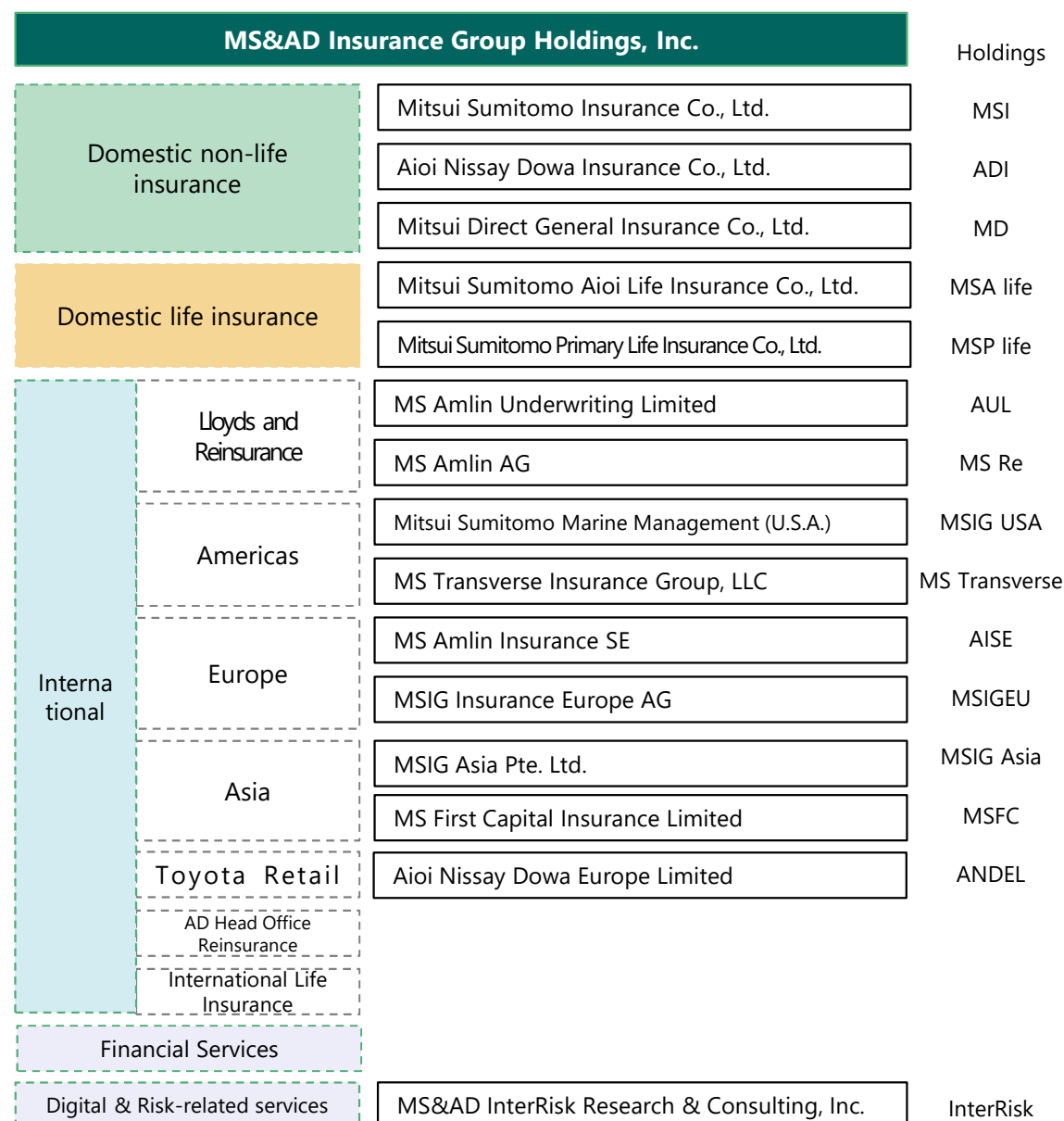
# **Fiscal 2024 First Information meeting**

May 27, 2024 (Monday)

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## Key Subsidiaries and Affiliates of MS&AD Insurance Group (Abbreviations)



# Key Points of Today's Presentation

## Sales of Strategic Equity Holdings and Efficient Use of Capital for Growth

<b>Business Improvement Plan</b>	<ul style="list-style-type: none"> <li>We will revisit our Mission, Vision, and Value, and transform ourselves into a company that pursues the best interests of our customers.</li> <li>In order to foster a conducive competitive environment, we will implement measures to prevent recurrence, such as reduction of strategic holdings to ZERO, reassessing our support for clients' core businesses, and reviewing secondment criteria.</li> </ul>
<b>Strategic equity holdings reduction and efficient use of capital</b>	<ul style="list-style-type: none"> <li>Strategic equity holdings will be reduced to zero by the end of FY2029.</li> <li>The proceeds from the selling will be allocated to growth investments, with 50% of the Group adjusted profit of the proceeds returned to shareholders.</li> </ul>

## Review of FY2023 Results and Stage 1 of Medium-Term Management Plan (2022-2025)

<b>Summary of financial results</b>	<ul style="list-style-type: none"> <li>The Group's adjusted profit was record high, 379.9 billion yen.</li> <li>The ESR was sufficiently healthy at 229%.</li> <li>The annual dividends increased by 70 yen to 270 yen, 50 billion yen worth of share buybacks (Of these, 10 billion share buyback was already executed). The company will also carry out share buybacks worth 150 billion yen as an additional return to shareholders.</li> </ul>
<b>Review of Stage 1</b>	<ul style="list-style-type: none"> <li>Net premiums written grew at a CAGR of 8.7% and Group's adjusted profit at a CAGR of 12.1%.</li> <li>Developed key strategies: Value, Transformation, Synergy. key foundation initiatives: Sustainability, Quality, Human Assets, ERM</li> </ul>

## Initiatives to Enhance Corporate Value in Stage 2 of Medium-Term Management Plan

<b>Major Business Style Transformation</b>	<ul style="list-style-type: none"> <li>Develop "Changing the value we provide" "Changing business structure" "Changing productivity and profitability"</li> <li>Raised the Group's adjusted profit target to 760.0 billion yen in FY2025 through accelerated reduction of strategic equity holdings</li> </ul>
<b>Action on Cost of Capital and Stock Price Conscious Management</b>	<ul style="list-style-type: none"> <li>Enhancement of the Group's ROE and reduction of our capital costs to facilitate the sustainable expansion of our corporate value</li> <li>Increase of ROE through the enhancement of business portfolio management, in addition to the growth of profits in existing businesses</li> <li>Reduce the capital cost by strategic equity holdings to ZERO and control of natural catastrophe risks.</li> </ul>

## Prudence 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.

## Formulation of Business Improvement Plans

- In December 2023, Mitsui Sumitomo Insurance (MSI) and Aioi Nissay Dowa Insurance (ADI) formulated the following business improvement plans in response to a business improvement order issued by the Financial Services Agency pursuant to the Insurance Business Act regarding price-fixing issues in the corporate insurance operations.

### Key Points of MSI and ADI's Business Improvement Plans

- Revisit our Management Philosophy(Mission), Management Vision(Vision), and Action Guidelines(Value) (hereinafter referred to as "MVV") and transform ourselves into a company that pursues the best interests of our customers

Foster conducive competitive environment	Establish appropriate sales promotion system	Establish appropriate insurance underwriting management system	Establish legal compliance system
<ul style="list-style-type: none"> <li>■ Correction of competitive factors                             <ul style="list-style-type: none"> <li>• Further reduction of strategic equity holdings</li> <li>• Reassessment of our support for clients' core businesses and our secondment criteria</li> </ul> </li> <li>■ Optimization of coinsurance management                             <ul style="list-style-type: none"> <li>• Review of coinsurance and corporate agency practices</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Review of evaluation criteria                             <ul style="list-style-type: none"> <li>• Review of evaluation criteria for sales departments</li> <li>• Appropriate management of individual evaluation</li> </ul> </li> <li>■ Strengthening of corporate sales division structure                             <ul style="list-style-type: none"> <li>• Establishment of new support organizations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Fundamental enhancement of profitability management                             <ul style="list-style-type: none"> <li>• Sophistication of insurance underwriting operations</li> <li>• Rate management based on risk</li> </ul> </li> <li>■ Review of evaluation criteria for sales division</li> <li>■ Review of appropriateness of insurance premiums, etc. for corporate customers</li> </ul>	<ul style="list-style-type: none"> <li>■ Effectiveness of three-line management</li> <li>■ Strengthening of legal and conduct risk detection capabilities of the second line</li> <li>■ Enhancement of proposal functions of the third line</li> </ul>
<ul style="list-style-type: none"> <li>■ Message from top management and MVV penetration</li> <li>■ Review of personnel systems and personnel evaluation systems</li> <li>■ Revitalization of internal communications</li> </ul>		<ul style="list-style-type: none"> <li>■ Enhancement of functioning of board of directors</li> <li>■ Strengthening of audits by corporate auditors</li> </ul>	

[Progress report on business improvement plan]

Progress of the business improvement plans will be reported to the Financial Services Agency every three months until its completion.

### Initiatives at Holdings

- Reinforcement of governance by implementing a system to appropriately control management of all Group companies.
- Oversight and guidance of implementation of MSI and ADI's business improvement plans.

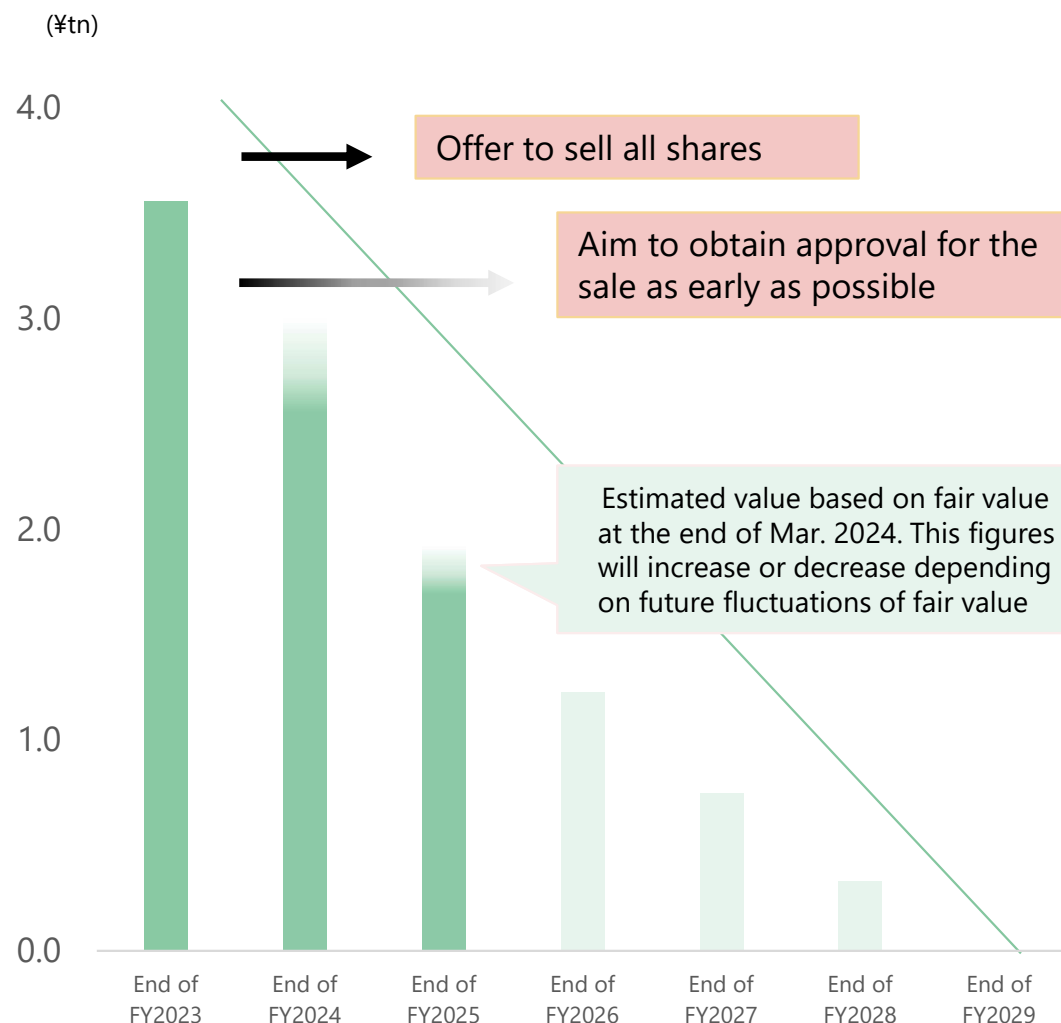


See page 17 for details.

## **I. Sales of Strategic Equity Holdings and Efficient use of Capital for Growth**

# 1. Pace and Process of Reduction of Strategic Equity Holdings

## Balance of Strategic Equity Holdings (outlook)



- We will accelerate the reduction of strategic equity holdings as early as possible aiming for a balance of zero by FY2029.
- We may consider the reallocation of the fund from some strategic equity holdings to business investment and pure investments from the viewpoint of optimizing our investment portfolio.
- Shares held as pure investments will be bought or sold solely by the judgment of the asset investment department.
- The status of reduction will be disclosed in a timely manner at future IR meetings.

## 2. Uses of Proceeds from Sales of Strategic Equity Holdings

- Proceeds from the sales of strategic equity holdings will be allocated to business investments, asset management, IT system and DX-related investments.
- 50% of Group adjusted profit including the gain on sale of strategic equity holdings will be returned to shareholders in line with shareholder return policy.

### Allocation image



### 3. Shareholder Return Policy

- Dividends and share buyback shall be basically implemented based on 50% of Group adjusted profit and dividends will not be lower than the previous year's result.
- The special dividends will be returned based on the impact of accelerated sales of strategic equity holdings.

#### Shareholder Return Policy

Basic Return		Additional Return	
<b>Total amount of return</b>	50% of Group adjusted profit	<div> <b>Conditions for Considering Additional Return</b> <ul style="list-style-type: none"> <li>• When ESR constantly exceeds the upper limit of the target range</li> <li>• To keep stable returns when profits decline due to a large-scale natural catastrophe etc.</li> <li>• When no efficient growth investments are expected to be carried out</li> <li>• When it is determined that capital efficiency improvements are required</li> </ul> </div>	
<b>Dividends</b>	Breakdown <ul style="list-style-type: none"> <li>• Ordinary dividends: Calculate based on Group adjusted profit excluding accelerated sales of strategic equity holdings</li> <li>• Special dividends: Provide for the period of sales of strategic equity holdings (maximum six years) against Group adjusted profit from acceleration of sales of strategic equity holdings</li> </ul> Not lower than the previous year's dividends		
<b>Share buyback</b>	Share buyback amount = Total shareholder return – total dividends		



## **II. Review of FY2023 Results and Stage 1 of Medium-Term Management Plan (2022-2025)**

# 1. Review of FY2023 Results and Stage 1(2022-2023) of Medium-Term Management Plan

## FY2023 Results

**4,261.7 billion yen**  
Consolidated net premiums written  
+8.4% YoY

**379.9 billion yen**  
Group adjusted profit  
+71.0% YoY

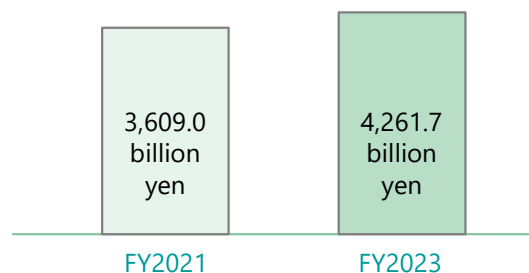
**9.0%**  
Group adjusted ROE  
+2.9pp YoY

**229%**  
ESR  
+1pp YoY

NB: YoY of FY2023 results shows the comparison to FY2022 results after retrospective application of IFRS.

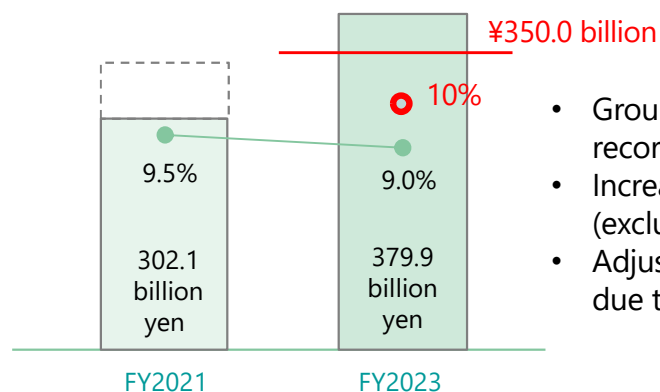
## Achievements during "Stage 1"

Non-life insurance: Consolidated net premiums written



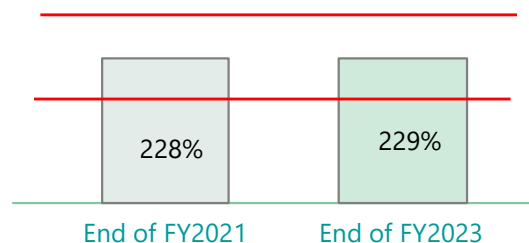
- Increased by 652.7 billion yen compared with the FY2021 (CAGR of 8.7%), mainly due to increase at overseas subsidiaries.

Group adjusted profit and adjusted ROE



- Group adjusted profit of 379.9 billion yen was record high.
- Increased by 77.8 billion yen from the FY2021 (excluding special factors) (CAGR of 12.1%).
- Adjusted ROE fell short of the plan of 10.0% mainly due to an increase in net assets.

ESR



- Hovered in target range of 180-250% throughout the period.
- Stood at 229% at the end of FY2023.

## 2. Progress Toward Numerical Management Targets and Forecast (Summary)

- Group adjusted profit in FY2023 increased by 157.7 billion yen year-on-year to 379.9 billion yen
- Group adjusted profit in FY2024 is expected to increase by 250.0 billion yen year-on-year to 630.0 billion yen

	(¥bn)			
	FY2022 Result <sup>+1</sup>	FY2023 Result	FY2024 Forecast	YoY
Group Adjusted Profit	222.2	379.9	630.0	250.0
Domestic non-life insurance business	118.3	186.7	428.0	241.2
(excluding gain/loss from sale of strategic equity holdings)	29.8	58.9	41.0	-17.9
Domestic life insurance business	34.7	49.7	48.0	- 1.7
International business	67.0	139.5	153.0	13.4
Financial services business/ Risk-related services business	2.0	4.0	1.0	- 3.0
Group Adjusted ROE	6.1%	9.0%	13.0%	4.0pp
Net Income/Losses	211.0	369.2	610.0	240.7
Consolidated net premiums written	3,933.2	4,261.7	4,600.0	338.2
Life insurance premiums <sup>+2</sup> (gross premiums)	1,707.5	1,827.3	1,671.0	- 156.3

<sup>+1</sup> Retroactive application of IFRS17 base.

<sup>+2</sup> Gross premiums income is for domestic life insurance subsidiaries only.

### 3. Review of Stage 1 (FY2022–2023)

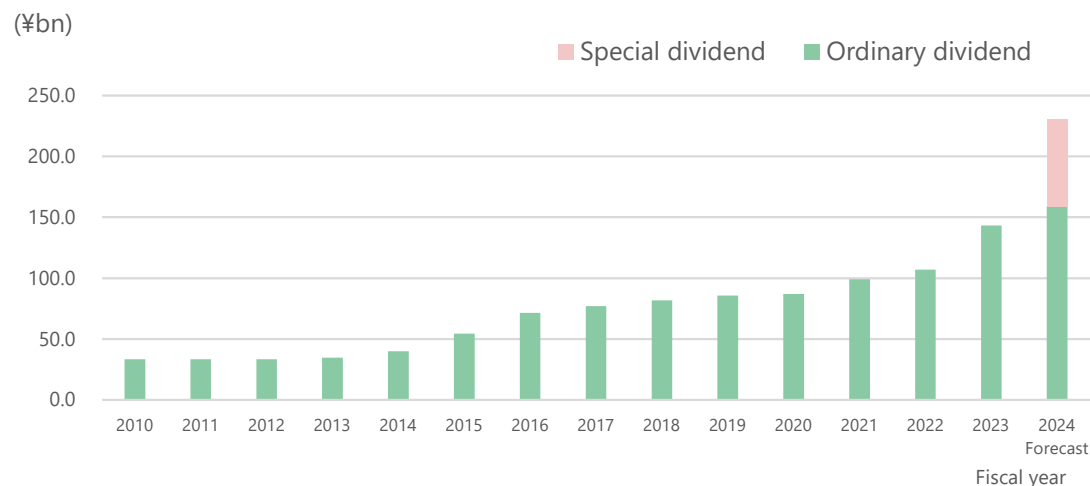
- In pursuit of our goal to operate as a corporate group that contributes to a resilient and sustainable society, we have implemented three key strategies(Value, Transformation, Synergy) and four foundation initiatives(Sustainability, Quality, Human Assets, ERM).

Three key strategies	<b>Value</b> (Value creation)	<ul style="list-style-type: none"> <li>• Despite efforts to enhance profits in the domestic non-life insurance business, our profitability has declined due to changes in the business environment.</li> <li>• Develop and deliver the services of “before and after coverage”</li> </ul>
	<b>Transformation</b> (Business reforms)	<ul style="list-style-type: none"> <li>• Restore and expand MS Amlin's profits. Develop our business in the U.S. market by investing in MS Transverse</li> <li>• Accumulate higher-return assets (foreign bonds, foreign stocks, alternatives, etc.)</li> </ul>
	<b>Synergy</b> (Demonstration of group synergy)	<ul style="list-style-type: none"> <li>• Promote One Platform strategy</li> <li>• Promote cross-selling between life and non-life insurance companies, and between two life insurance companies (MSA Life/MSP Life)</li> <li>• Implement initiatives to deploy know-how both domestically and internationally</li> </ul>
Four fundamental initiatives	<b>Sustainability</b>	<ul style="list-style-type: none"> <li>• Enhance sustainability-related disclosures such as greenhouse gas reduction targets and TCFD/TNFD reports</li> <li>• Implement initiatives to conserve and restore the natural environment through the MS&amp;AD Green Earth Project</li> </ul>
	<b>Quality</b>	<ul style="list-style-type: none"> <li>• Enhance activities that connect customer feedback to product and service improvements</li> <li>• Acknowledge our involvement in price-fixing and fraudulent billing and take steps to reinforce customer-focused business operations</li> </ul>
	<b>Human assets</b>	<ul style="list-style-type: none"> <li>• Encourage personnel changes among Group companies, human assets development, and career development support.</li> <li>• Build a pipeline to promote women into executive and management positions</li> </ul>
	<b>ERM</b>	<ul style="list-style-type: none"> <li>• Raise the target of strategic equi holdings reduction</li> <li>• Monitor each business segment’s performance and capital efficiency initiatives.</li> <li>• Withdraw from or change directions in inefficient businesses to achieve the ROE target.</li> <li>• Improve natural catastrophe risk management</li> </ul>

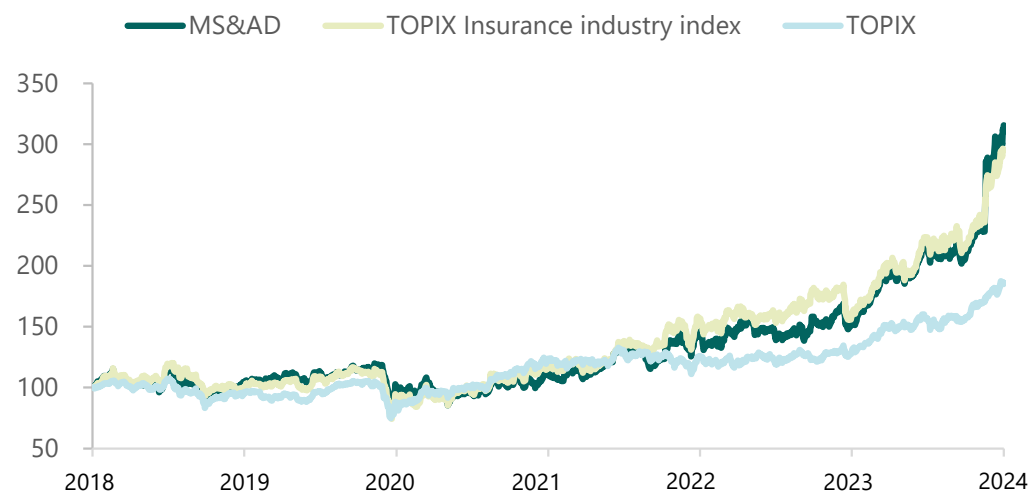
## 4. Shareholder Return

<b>FY2023</b>	<b>Dividends</b>	270 yen for the annual dividends (+70 yen year-on-year, exceeding forecast by 30 yen) Interim dividends 120 yen, year-end dividends 150 yen NB: Stock split from one share of common stock to three shares was implemented on April 1, 2024. The annual dividend of 270 yen is equal to 90 yen after the stock split.
	<b>Share buybacks</b>	<ul style="list-style-type: none"> <li>Share buybacks of up to 50.0 billion yen as basic return (Of these, 10.0 billion yen has been already executed.)</li> <li>Share buybacks of up to 150.0 billion yen as additional return was determined on 20th Mar 2024 (For capital level adjustment)</li> </ul>
<b>FY2024 forecast</b>	<b>Dividends</b>	145 yen for the annual dividends Ordinary dividend: 100 yen per year, Special dividend: 45 yen per year (out of gains elevated by the accelerated reduction of strategic equity holdings)

### Dividends by Year



[Reference] TSR (Index based on end of Mar 2018)

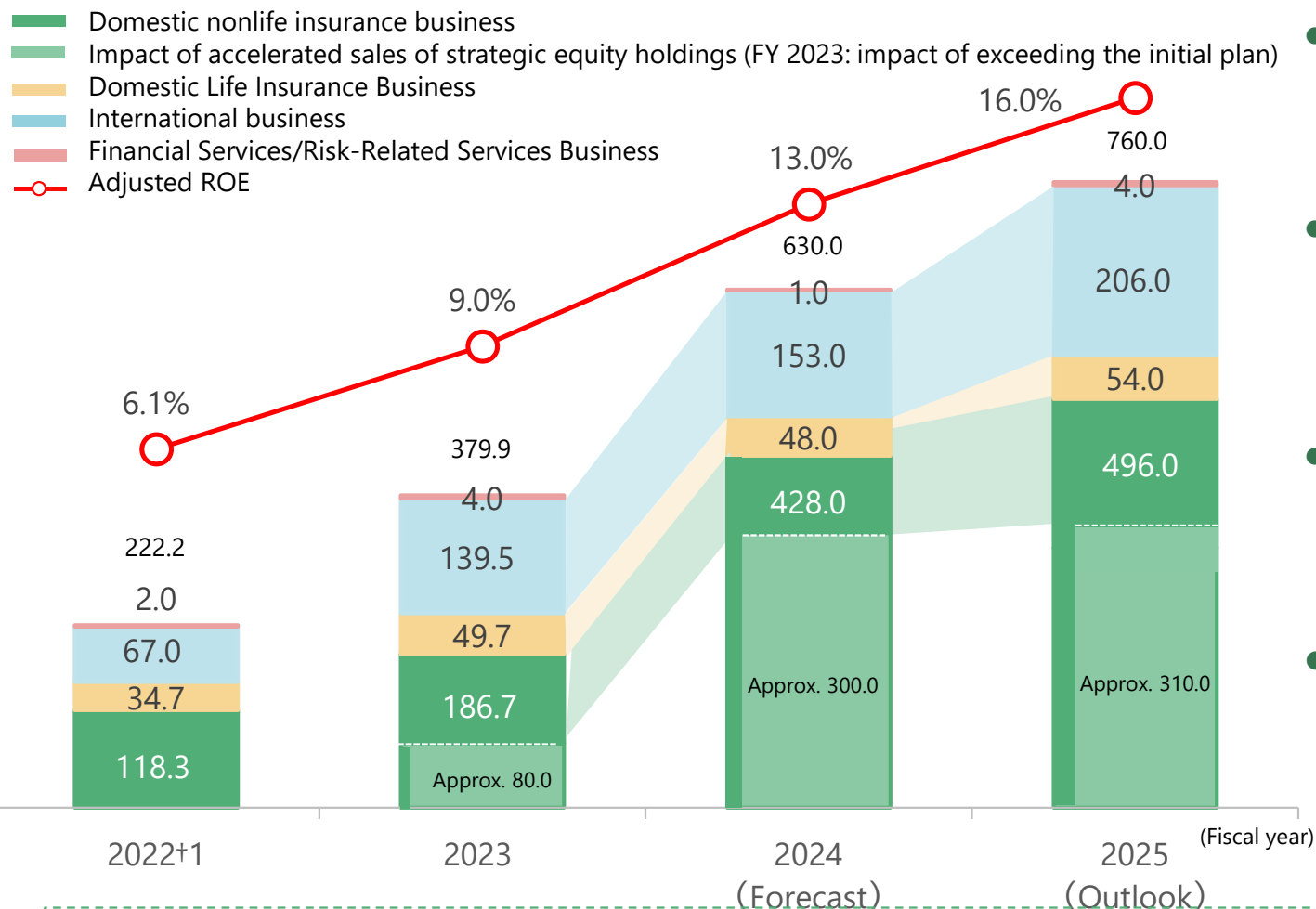


### **III. Initiatives to Enhance Corporate Value in Stage 2 of Medium-Term Management Plan(2022-2025)**

- 1. Progress in Medium-Term Management Plan (2022-2025)**
2. Overview of Business Transformation Initiatives
3. Action on Cost of Capital and Stock Price Conscious Management
4. Initiatives by Business

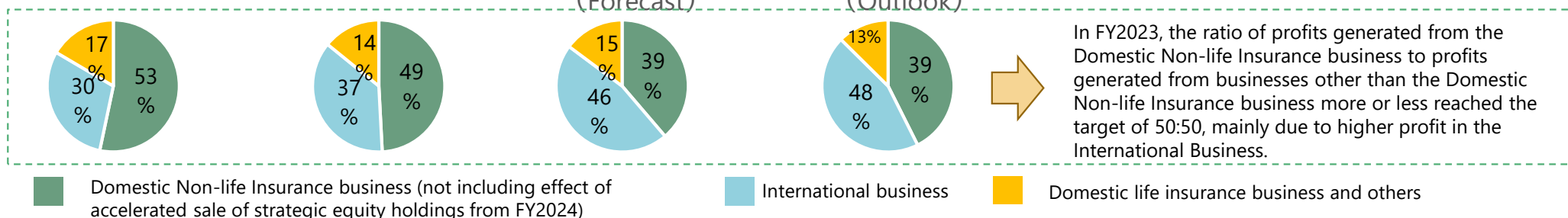
# 1. Progress in Medium-Term Management Plan (2022-2025)

## Group Adjusted Profit and Adjusted ROE



- In view of the accelerated sale of strategic equity holdings, Group adjusted profit is expected to reach 630.0 billion yen in FY2024 and 760.0 billion yen in FY2025.
- Increased domestic natural catastrophe forecast of FY2024 by 45.0 billion yen compared to the previous fiscal year, taking into account the effects of hailstorms that occurred in Hyogo Prefecture in April 2024
- The impact of bond replacement has been factored at MSI, ADI and MSA Life. (This is classified as special factor and not reflected to Group adjusted profit).
- The application of IFRS has been postponed to the end of FY2025.

\*1 Figures after retroactive application of IFRS17



### III. Initiatives to Enhance Corporate Value in Stage 2 of Medium-Term Management Plan(2022-2025)

1. Progress in Medium-Term Management Plan (2022-2025)
- 2. Overview of Business Transformation Initiatives**
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## 2. Overview of Business Transformation Initiatives

### (1) Major Business Style Transformation

- Review the current business procedure and proceed with a major business style transformation of "Transformation of Value Provided," "Transformation of Business Structure," and "Transformation of Productivity and profitability."

#### Transformation of value provision

- **Establishing an appropriate competitive environment**  
Stop holding strategic equity holdings and excessive support for core business of the clients,  
Rebuild the relations with agent,  
Review external secondment rule
- **Strengthening the ability to propose risk solutions**  
Enhance "Essential functions of insurance" + "Before and after coverage solutions"
- **Appropriate business promotion structure**  
Shift from topline oriented management and strengthen underwriting



Provide customers and society with valuable products and services

#### Transformation of business structure

- **Investment for growth through the fund from sales of strategic equity holdings**  
Build the diversified business portfolio through growth of international business
- **Enhance business management**  
Improve capital efficiency through the improvement of performance and identification of unprofitable businesses
- **Investment in digital area and human resources**  
DX investment such as generative AI,  
Investment to reskilling in order to improve the productivity per employee



Improve the capital efficiency by diversified portfolio

#### Transformation of productivity and profitability

- **Profitability Improvement of Domestic non-life insurance business**  
Profitability improvement in voluntary automobile insurance and fire insurance  
Profit expansion in casualty Insurance
- **Completion of One Platform Strategy**  
Promotion of integrated management of head office functions and expansion to the Group
- **Promotion of paperless and digitalization**
- **Strengthening asset management**  
Enhancing asset management capabilities changing market environment



Sustainable growth through the improvement in profitability

## 2. Overview of Business Transformation Initiatives

### (2) Strengthening of Group Governance

- In response to the administrative sanctions imposed on MSI and ADI, we will build a stronger Group-wide governance structure.

**Restore customer trust through implementation of business improvement plan and recurrence-prevention measures**

**Strengthen legal compliance system and foster customer-focused corporate culture**

**Adapt to changes in business environment swiftly and effectively**



#### **Reinforcement of Management Committee functions**

- **Establishment of the Group Risk Management Committee** to facilitate the detection and autonomous response to inherent risks.
- **Improvement of collaboration among audit and supervisory board members** across the Group by establishing a forum for constructive dialogue.
- Reinforcement of the system to ensure that important management matters are **reported to the holding company in a timely and appropriate manner**. This includes defining the matters to be reported by the operating companies to the holding company.
- Participation of full-time officers of the holding company in **management meetings of the group companies**.

#### **Reinforcement of 2<sup>nd</sup> and 3<sup>rd</sup> line defense**

- 2<sup>nd</sup> line (administrative division) detects the signs of latent risk and monitors compliance status of Line 1.
- 3<sup>rd</sup> line (internal audit division) monitors operation of the group companies and builds a system for making suggestions to management.

### III. Initiatives to Enhance Corporate Value in Stage 2 of Medium-Term Management Plan(2022-2025)

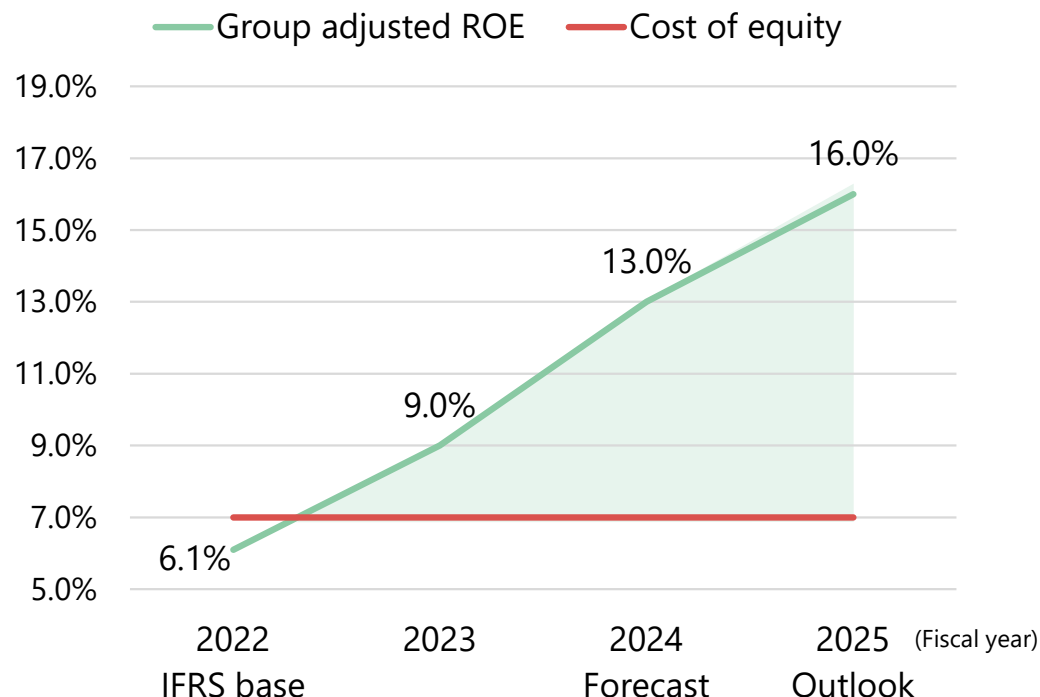
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### 3. Actions on Conscious of Capital Costs and Stock Prices

#### (1) Summary

- For the sustainable improvement of shareholder value, we will work on improving Group adjusted ROE and achieving our target of a stable adjusted ROE of 10% or higher.

#### Group Adjusted ROE and Equity Spread



#### Cost of equity ratio

Risk-free rate + Beta (β) sensitivity × Market risk premium = Cost of equity ratio

Based on 10-year JGB interest rate

Risk of MS&AD stock price

Determined based on historical stock market returns

7%

#### Initiatives to Expand the Equity Spread

##### ROE improvement

- Review and restructure business portfolio
- Improve the profitability of existing businesses
- Maintain an adequate level of capital

##### Lowering cost of capital

- Reduce volatility of profit and net assets
- Make active disclosures and engage in dialogue with the market

#### Adjusted ROE factor analysis

##### Adjusted ROE

Group adjusted profit

Adjusted net assets

##### ROR

Group adjusted profit

Integrated risk amount

##### ESR management

Integrated risk amount

Net asset value

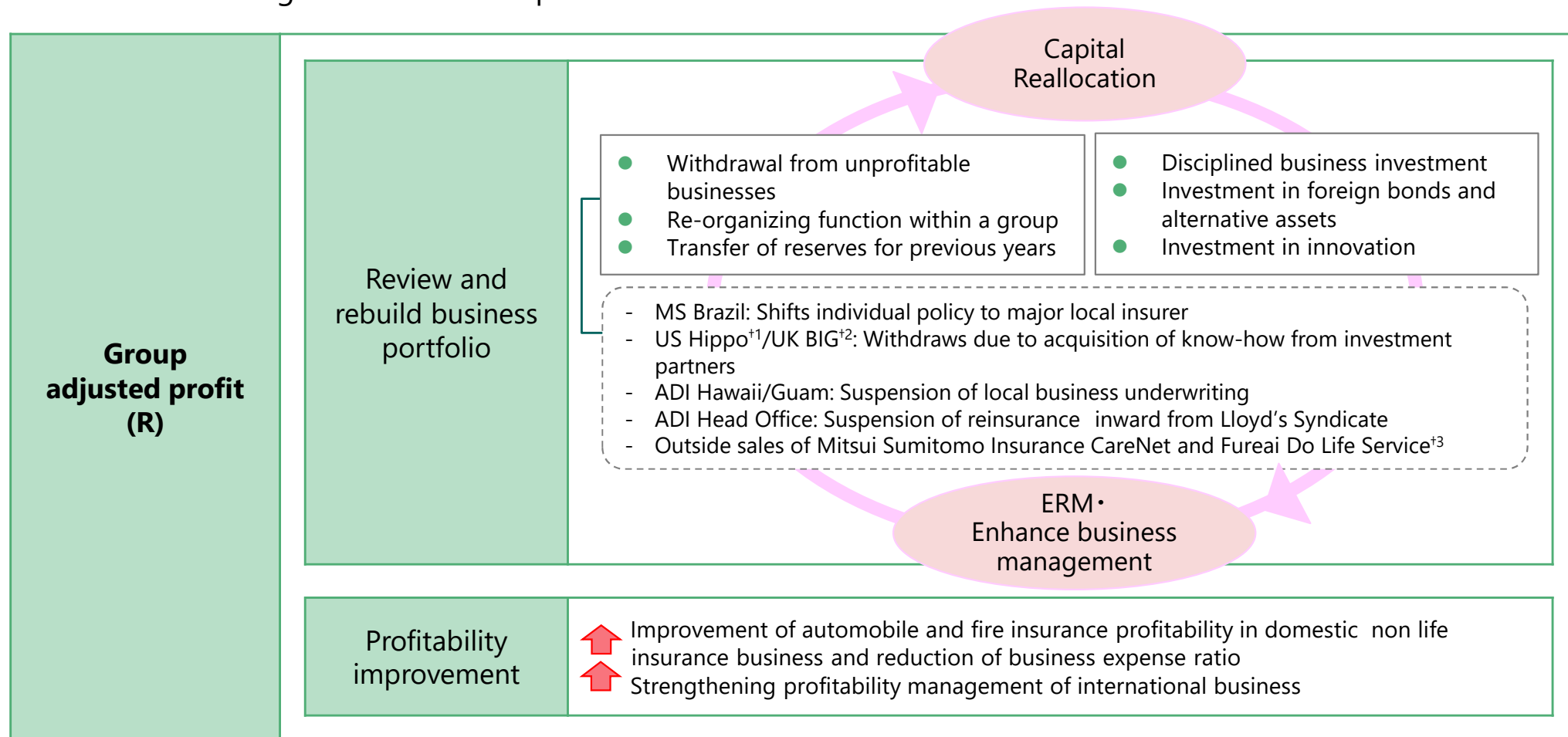
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### 3. Actions on Conscious of Capital Costs and Stock Prices

#### (2) ROE improvement

- Enhance the management of business portfolios by strengthening business management and reallocate capital to areas where higher returns are expected



**Adjusted net assets(E)**



Maintenance of appropriate capital levels (Additional shareholder returns for capital level adjustment purposes)

†1: Insurtech in U.S.    †2: Telematics automobile insurance company in UK    †3: Withdrawal from domestic nursing business

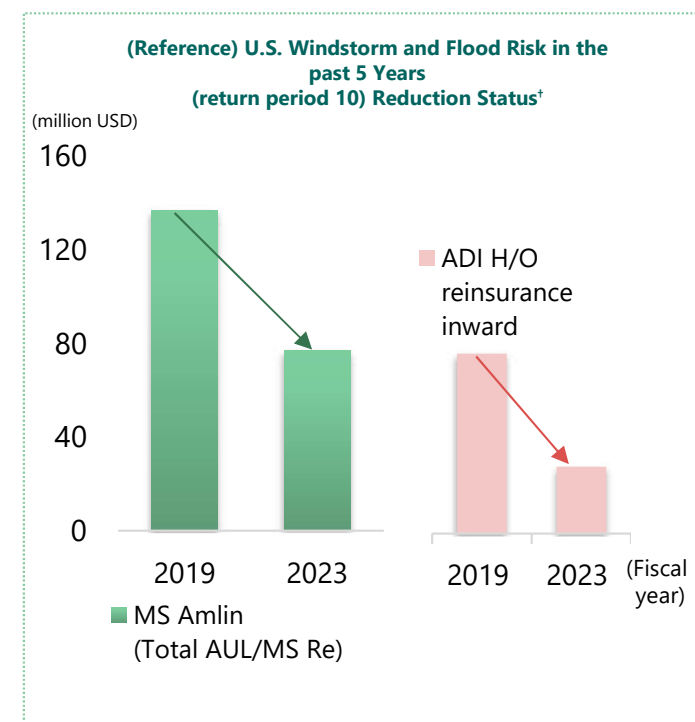
### 3. Actions on Conscious of Capital Costs and Stock Prices

#### (3) Lowering cost of capital

- Reduce capital cost by reducing the volatility of profits and net assets

#### Major Initiatives

<b>Domestic stock risk</b>	<ul style="list-style-type: none"> <li>• Reduce strategic equity holdings to zero. Plan to hold some of it as a net investment, but it will no longer be the group's maximum risk.</li> </ul>
<b>Natural catastrophe risk</b>	<p>[Domestic natural catastrophes]</p> <ul style="list-style-type: none"> <li>• Continued reinsurance arrangement with emphasis on stability of profit and loss</li> <li>• Maintain the common annual aggregate cover between MSI and ADI in order to cope with large domestic natural catastrophes</li> <li>• Control retention level for windstorm and flood risk</li> <li>• Strengthen response to secondary perils such as hail disasters, etc.</li> </ul> <p>[Overseas natural catastrophes]</p> <ul style="list-style-type: none"> <li>• Continue to reduce the volume of natural catastrophe risk</li> <li>• Natural catastrophe risks may be carefully selected and accepted, if the risk falls within the risk appetite and can be used as leverage to accept non-natural catastrophe risks.</li> </ul>



NB:MS Amlin: Risk amount of reinsurance inward for windstorm and flood disasters in North America (Return period 10 years, Data after 1<sup>st</sup> July renewals in each year)

ADI H/O Reinsurance Inward: Risk amount of windstorm and flood disasters in U.S.(Return period 10 years, Data on 31<sup>st</sup> March in each year)

### **III. Initiatives to Enhance Corporate Value in Stage 2 of Medium-Term Management Plan(2022-2025)**

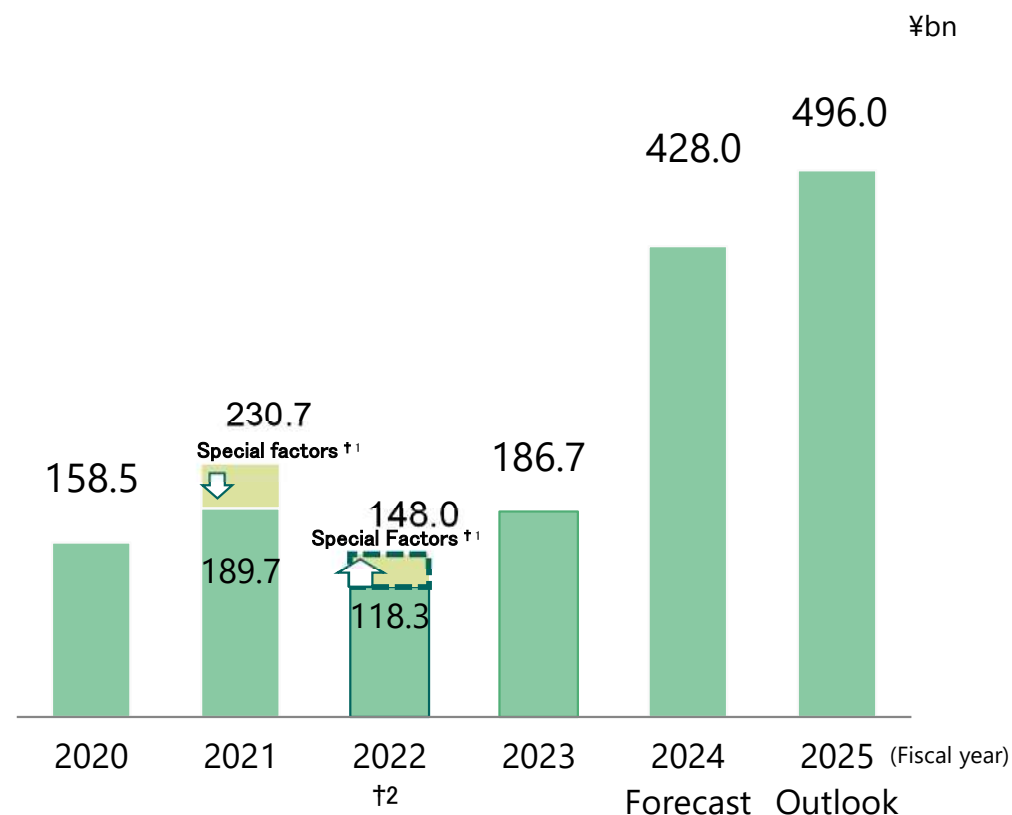
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## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business

### (1) Key Strategies

- Despite the effects of natural catastrophes and accelerating inflation, we will continue to promote improvement in profitability, revolutionize our business style, and continue to grow strongly as core business.

### Group Adjusted Profit in domestic non life insurance



†1: After deducting one-off and specific profit increase/decrease factor

†2: Figures after retroactive application of IFRS17

### Major Initiatives

Voluntary automobile insurance profitability improvement	<ul style="list-style-type: none"> <li>Accelerate improvement in profitability by strengthening sales of telematics insurance, taking measures against secondary perils (hailstorms, etc.), and eliminating fraudulent claims.</li> <li>Monitor profitability and consider rate revisions as necessary.</li> </ul>
Fire insurance profitability improvement	<ul style="list-style-type: none"> <li>Become profitable in FY2026</li> <li>Profitable contracts ratio will exceed 50% in FY2024 and improvement of the portfolio will be expected/</li> <li>Steady progress in earnings improvement initiatives</li> </ul>
Sales expansion of casualty insurance	<ul style="list-style-type: none"> <li>Strengthen sales of profitability's high profitability products for SME market</li> <li>Increase IBNR such as liability insurance and progress in profitability improvement initiatives</li> </ul>
Advantages in cargo/hull insurance	<ul style="list-style-type: none"> <li>Maintain and expand high profitability of marine insurance (Cargo and Hull insurance) backed with world top level business volume and know-how</li> </ul>
Expense ratio reduction	<ul style="list-style-type: none"> <li>Promote initiatives to reduce operating expense ratios driven by the "One Platform Strategy"</li> <li>Accelerate cost reductions through productivity changes</li> </ul>
Enhancing Value provided	<ul style="list-style-type: none"> <li>In addition to the essential insurance coverage functions, digital services are also used to enhance the provision of value before and after compensation.</li> <li>Transform business processes around full digitalization of procedures</li> <li>Strengthen the use of AI in business processes</li> </ul>

## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business

### (i) Profit Improvement in Voluntary Automobile Insurance

Domestic Non-life Insurance Business

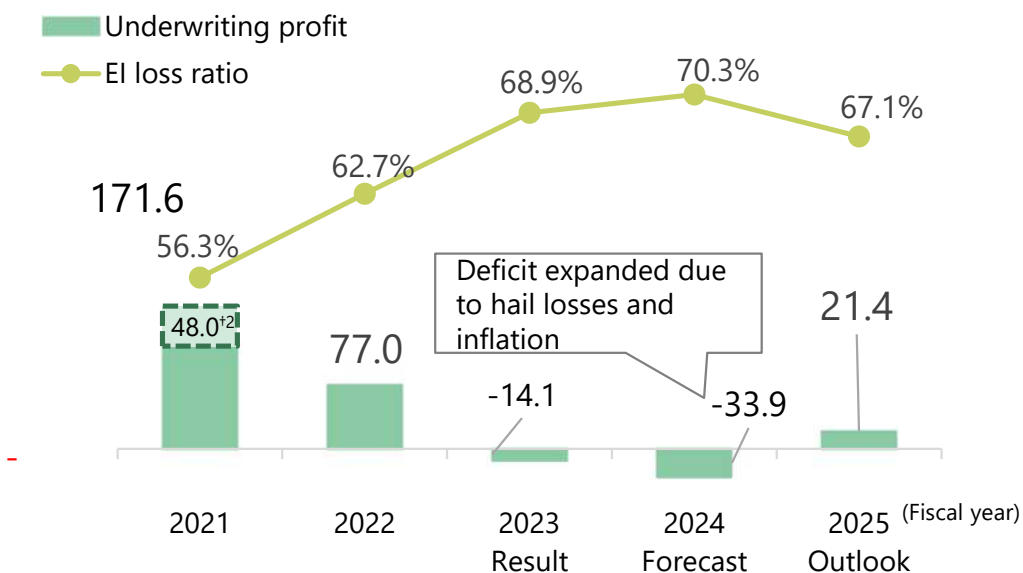
Domestic Life Insurance Business

International Business

Other

- Continue to closely monitor the loss ratio and consider further rate revisions depending on profitability
- Strengthen response to secondary perils

#### Outlook for E/I loss ratio and Underwriting profit<sup>+1</sup>



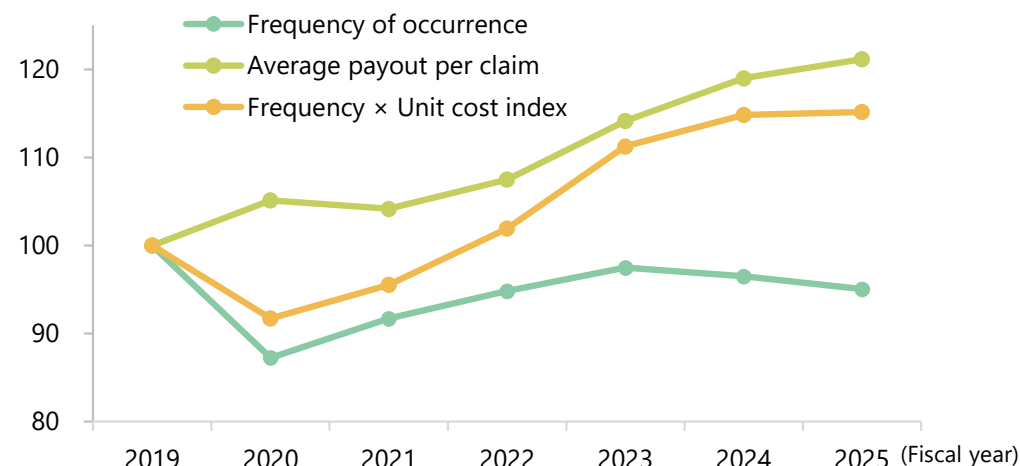
<sup>+1</sup>: Simple sum of MSI and ADI (incl. nat. cat., excl. ADI overseas)

<sup>+2</sup>: Incidental factors (decrease in automobile insurance losses: +35.0 billion yen, reversal of the initial year balance +13.0 billion yen)

#### Status of rate revision

- 3% rate increase in January 2024
- Keep a close eye on the effects on the loss ratio after April 2024, and consider the timing of rate revisions and the amount of price increases in the future depending on the situation.

#### Outlook for Frequency of Accident occurrence and Average payout per claim<sup>+3</sup>



<sup>+3</sup>: Exponentiation of fiscal 2019 before the coronavirus outbreak to 100

#### Frequency of occurrence

- In FY2023, Frequency of occurrence increased in the entire fiscal year due to the increase in traffic volume,
- From FY2024, a gradual decline is expected due to the ASVs, spread

#### Average payout per claim

- In FY2023, the upward trend in labor costs and parts costs and the impact of inflation continued
- From FY2024, the upward trend in labor costs, parts costs and the impact of inflation will be continued

## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business

### (ii) Profit Improvement in Voluntary Automobile Insurance

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

- Implementing the following four measures to improve profitability in voluntary automobile insurance

#### Appropriate insurance underwriting and payout

- Underwriting**

To ensure appropriate underwriting of fleet contracts, etc. collect statistical data and risk-related information and utilize InterRisk's expertise.

- Claims**

Ensure improvement of the quality by monitoring partner factories, inspection of damage at the time of delivery of the damaged cars and confirmation of repairs based on the repair standard contracts.

#### Accelerating sales of telematics insurance

- Accelerating sales of telematics insurance (including policies with a drive recorder)**

Telematics auto insurance has been observed to reduce accident rates by 20%. We aim to reduce the accident rate through sales promotion

Working with automakers to sell its own telematics voluntary automobile insurance to the connected car market, which is expanding its lineup of vehicles.

#### Enhanced response to secondary perils

- Enhanced response to secondary perils**

Launched an alert service to give policyholders advance notices of hailstorms in some areas, following a demonstration trial.

**1** Received Hailstorm alert SMS



**2** Protect the car against hailstorm with hail blanket



#### Efforts to reduce traffic accidents and advanced detection of fraudulent claims

- Initiatives to reduce traffic accidents utilization data analysis**

Providing the services to local governments to help reduce accidents

- Traffic safety EBPM support service, accident risk AI assessment,
- Road surface condition monitoring system, driving recorder road

Opening of traffic safety maps for local governments showing areas where accidents occur to agent and strengthening agent's efforts to solve social issues.

- Advanced of fraudulent claim detection**

Improve fraud detection skills of technical adjusters. Develop on-site check without prior notice, advanced AI fraud detection system, etc.

## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business

### (iii) Improvement of Profit of Fire Insurance

Domestic Non-life Insurance Business

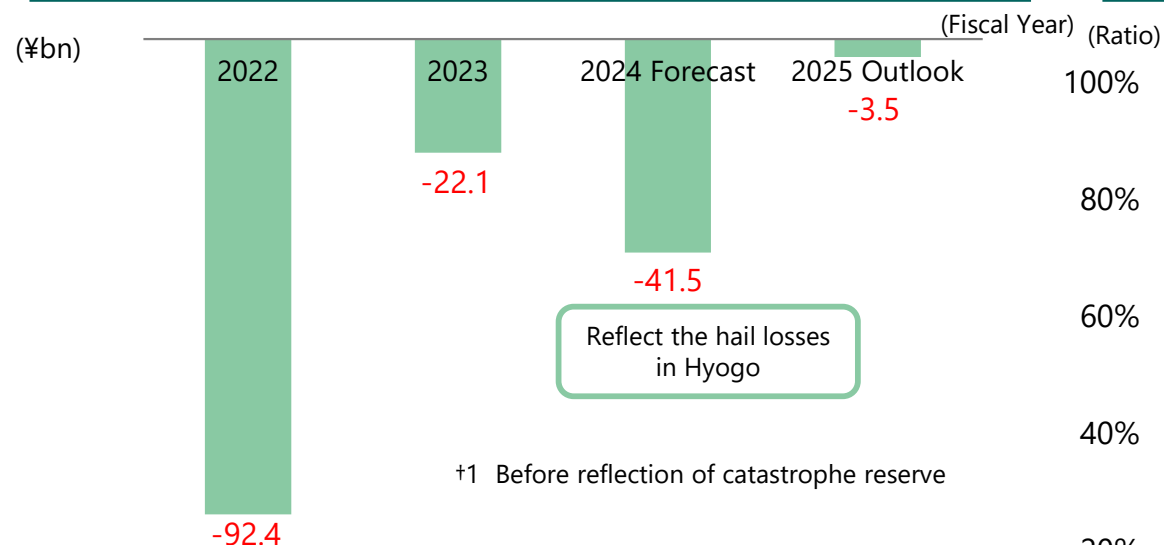
Domestic Life Insurance Business

International Business

Other

- Improvement of the portfolio through the revision of products and rates in the past has been progressing steadily.
- The book becomes profit in FY2026.

#### Outlook for Underwriting Profit<sup>†1</sup> in Domestic Fire Insurance Business



#### Initiatives to Improve Profitability

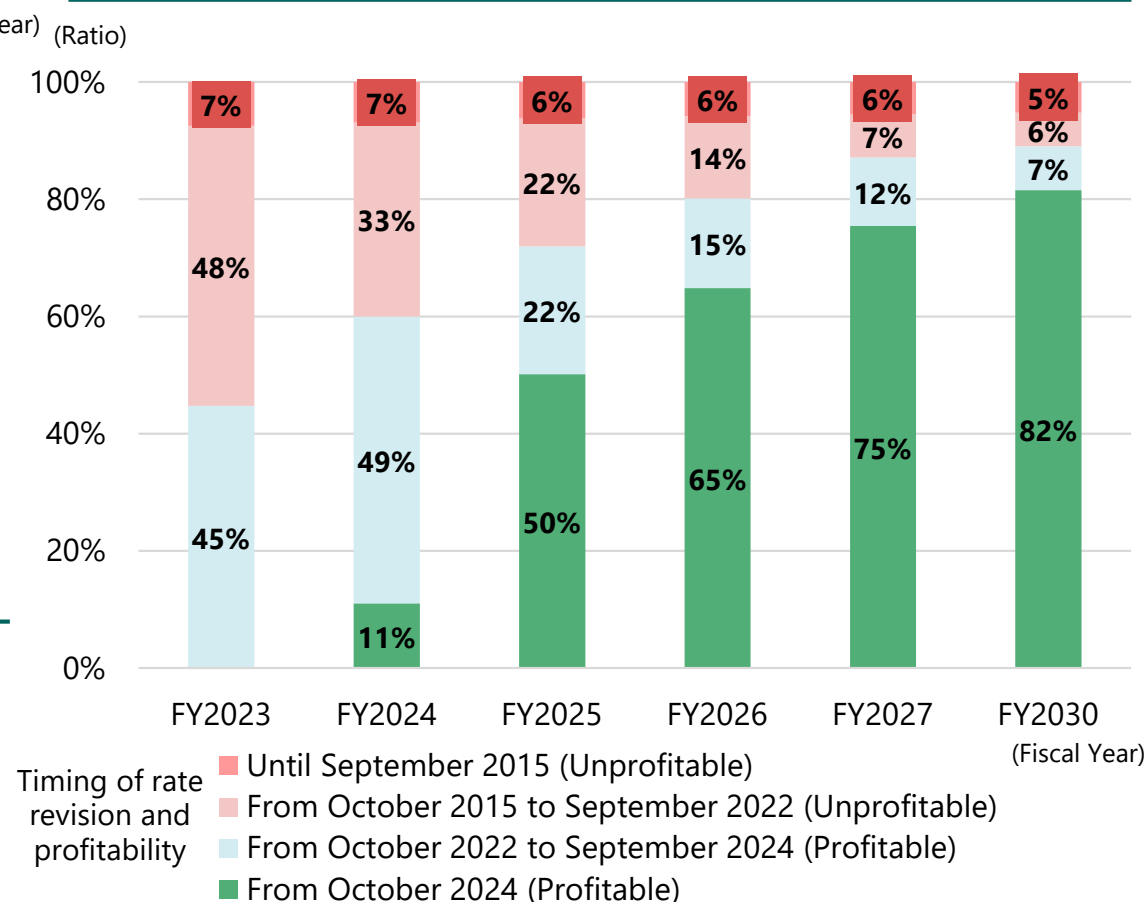
##### Corporate

- Shorten insurance period and review rate in the event of worsening losses.
- Propose measures based on sensor data analysis and use InterRisk risk surveys, etc.

##### Individual

- Raise the unit cost table for insurance amount calculation table in response to inflation.
- Send alerts to prevent damage from frozen water pipes to customers in the Hokkaido region as a measure to address secondary peril, etc.

#### Policy Portfolio by Rate Revision



- The proportion of profitable policies commencing since the October 2022 revision has increased steadily and the portfolio has improved.

## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business

### (iv) Expansion of Casualty Insurance

Domestic Non-life Insurance Business

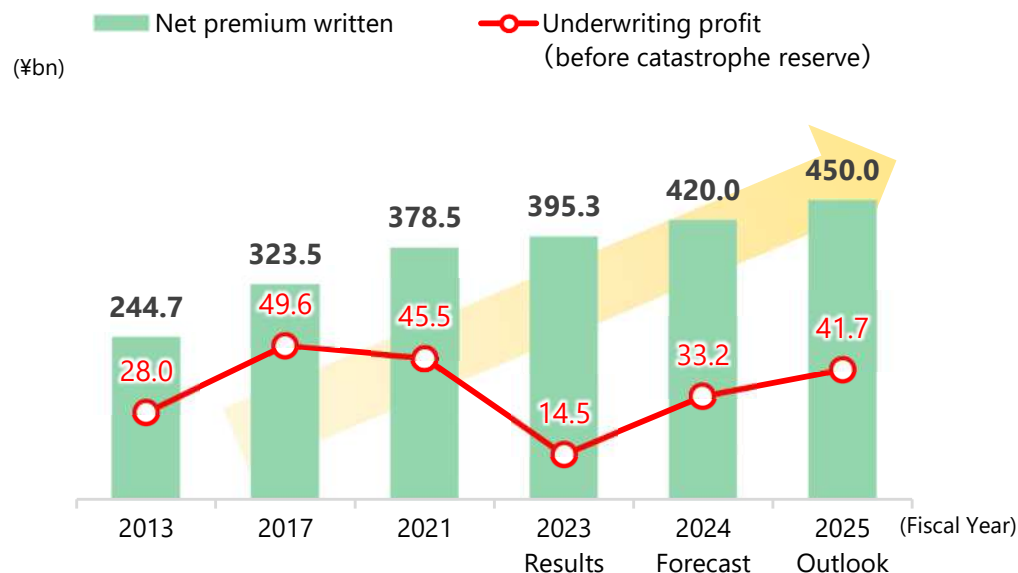
Domestic Life Insurance Business

International Business

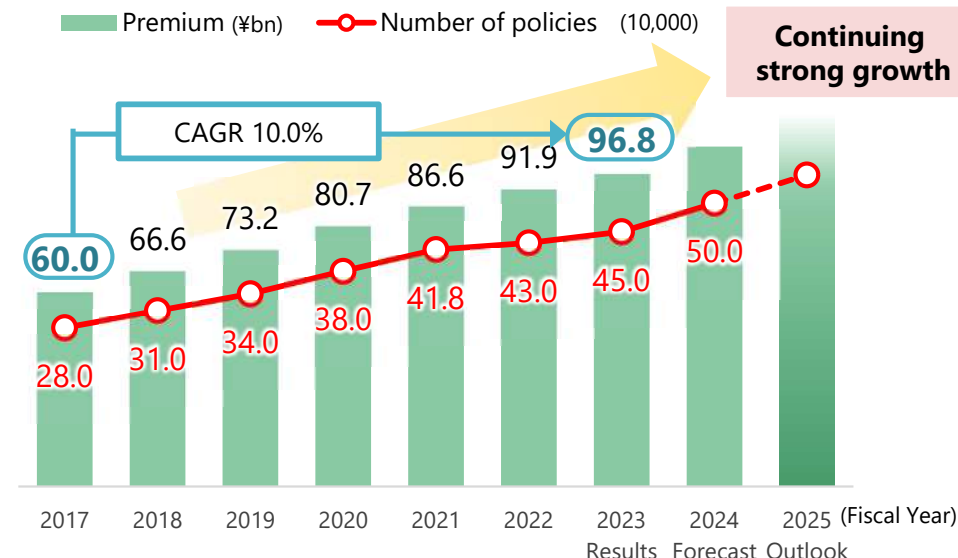
Other

- The top line is growing steadily. We will accelerate sales of packaged products for small and medium-sized enterprises that have both strong growth potential and profitability.
- For liability insurance products, we are improving underwriting conditions and also increasing the IBNR provision for past years as a measure against large losses.

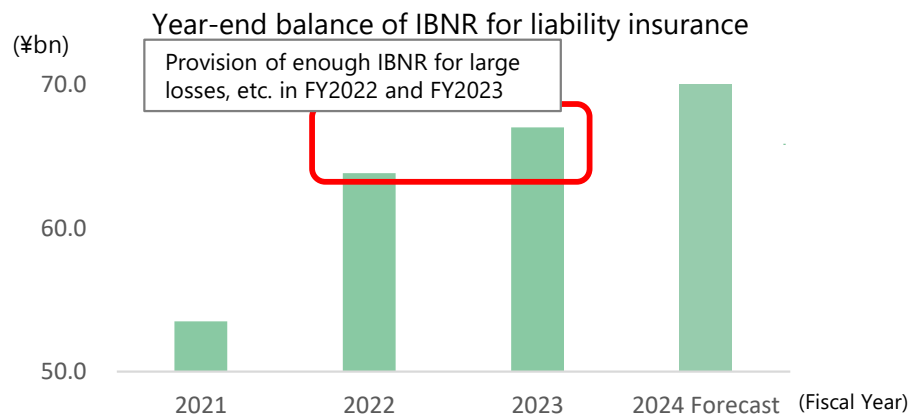
#### Top Line and Bottom Line of Casualty Insurance



#### Strengthen Sales of Packaged Products for Small-to-Medium-Sized Companies



#### Increase in IBNR provision against large losses, etc. of liability insurance



- In view of large losses, the effect of inflation and other circumstances, we are increasing IBNR provision for past years to ensure adequate reserves.
- Policies underwritten in the most recent underwriting years are more stable thanks to initiatives to improve the balance such as line size control.

## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business (v) Advantage in Marine Class (Cargo/Hull)

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

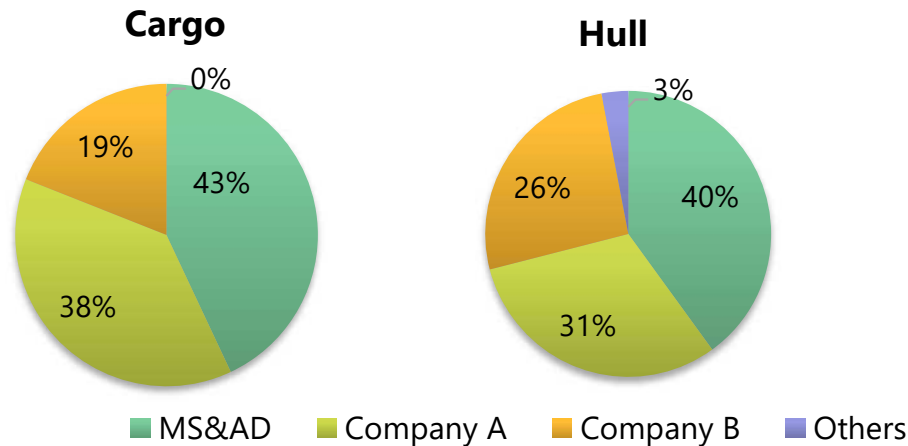
International  
Business

Other

- Large market share and our strength and stable profitability in marine class

### GWP share in the domestic market<sup>†1</sup>

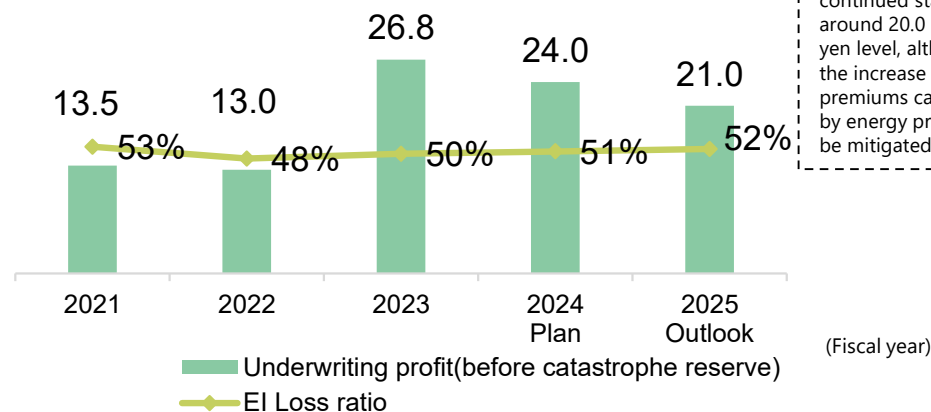
- MS&AD has kept both largest market share of both cargo and hull insurance in Japan.



<sup>†1</sup>:Source: Preliminary report of the Japan Non-Life Insurance Association(FY2023)

### Underwriting Profits and EI Loss ratio<sup>†2</sup>

(¥bn)



The profit has been continued stably around 20.0 billion yen level, although the increase in premiums caused by energy prices will be mitigated.

<sup>†2</sup>:Sum of cargo insurance and hull insurance of MSI and ADI

### Strategy

#### Cargo insurance :Maintain and Expand High profitability and Growth

- Ensure stable profit through high-quality underwriting
- Leverage high-quality logistics risk management with extensive experience and know-how from dealing with global companies
- Expanding sales of profitable products<sup>†3</sup> for small and medium-sized enterprises.

<sup>†3</sup>: Package insurance of bailee's liability insurance, comprehensive inland transit insurance,etc

#### Hull Insurance : Develop Top level Risk management in hull insurance and offshore project

- Focus on hull insurance backed by years of underwriting know-how and offshore energy development-related insurance.
- Provide new loss prevention, loss mitigation services in collaboration with academic institutions and start-up companies.
- Develop risk management service for offshore wind power plant, etc.

## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business

### (vi) Operating Expenses Reduction- I

Domestic Non-life  
Insurance Business

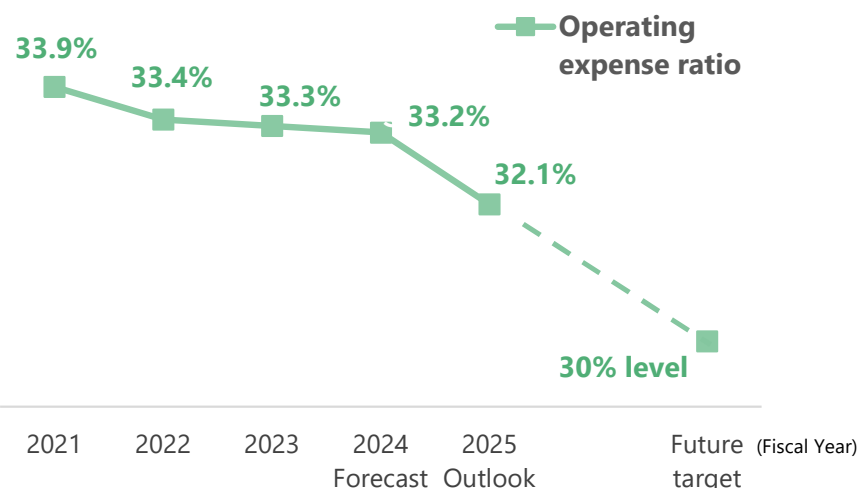
Domestic Life  
Insurance Business

International  
Business

Other

- Initiatives to reduce the operating expense ratio are progressing steadily driven by the “One Platform Strategy”.
- The operating expense ratio is falling steadily towards the 30% level and we will push ahead with initiatives to further reduce costs by transforming productivity.

#### Outlook of Operating Expense Ratio<sup>†</sup>



<sup>†</sup> Sum of non-consolidated figures of MSI and ADI

#### Accelerated Cost Reduction through the Transformation of Productivity

- Pursue transformation of business processes and further promoting the shift to paperless and digitization.
- Reduce customization during system development in line with the “Fit to Standard” strategy of adapting the business process to the system and also use the cloud and new technologies to scale back system assets.

#### “One Platform Strategy”

- Achieve improvement in efficiency comparable to a merger between MSI and ADI by implementing standardization, collaboration and integration between MSI and ADI in relation to head office functions and functions common to the two companies.
- Achieve higher levels of efficiency and sophistication through consolidation of corporate domains into holding company and consolidation of back office functions through BPO.

Specific initiatives	
Products	<ul style="list-style-type: none"> <li>Clarification of operations to be integrated at MSI and ADI and commencement of integrated office operation in FY2024</li> </ul>
Claims front line	<ul style="list-style-type: none"> <li>Standardization of business processes of MSI and ADI through convergence under ADI's claims system from FY2025</li> <li>Increased level of joint investigation(vehicle and medical)</li> </ul>
Contact center	<ul style="list-style-type: none"> <li>Collaboration through integration of functions, including Integration of management operations, with all staff serving concurrently at both MS and Ad, in principle</li> <li>Commencement of integrated operation in Osaka and phased rollout of integrated operation</li> </ul>
Investment	<ul style="list-style-type: none"> <li>Use of common platform (MSR<sup>†</sup>), sharing of investment information, sharing of human asset development policy, skills, etc.</li> </ul>
Corporate area	<ul style="list-style-type: none"> <li>Establishment of integrated operation in areas such as human resources, general affairs, real estate, public relations, compliance, audits, risk management, international supervisory, information systems, etc.</li> <li>Expansion in scope of integrated operation to include human asset development, telecommunications, etc.</li> </ul>

<sup>†</sup>: MSR Capital Partners LLP: See P46

## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business (vi) Operating Expenses Reduction—II

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

- The operating cost reduction progress is 74% against the initial target in medium-term management plan.

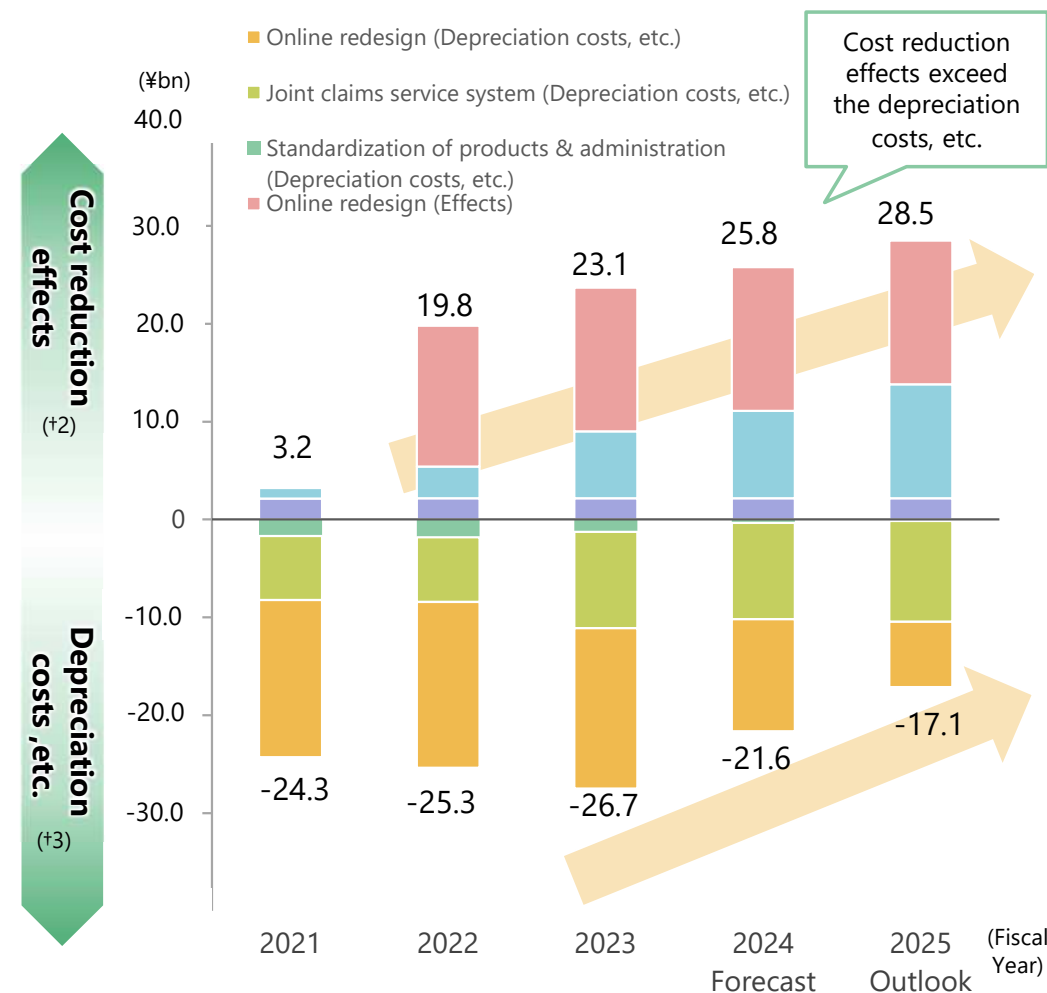
### Progress in reducing operating expenses for Mid term management plan <sup>†1</sup>

	Mid-term plan targets <sup>†1</sup> (~FY2025)	Cumulative reduction results by FY2023	Reduction target progress rate
Personnel expenses	-20.0 billion yen	-17.0 billion yen	85%
Non- personnel expenses	-16.0 billion yen	-7.0 billion yen	44%
Other	-10.0 billion Yen	-10.0 billion yen	100%
<b>Total</b>	<b>-46.0 billion Yen</b>	<b>-34.0 billion yen</b>	<b>74%</b>

<sup>†1</sup>:Reduction target established when medium-term management plan was formulated

- We planned to reduce by 100.0 billion yen by FY2025 from FY2019, 54.0 billion yen was reduced during the previous medium-term management plan period and the remainder of target to be reduced is 46.0 billion yen.

### Effects of large-scale system investments



<sup>†2</sup> Conversion of expected workload reductions due to business streamlining into expenses

<sup>†3</sup> Including depreciation and amortization + system development costs / operating costs (expense processing amount), costs to deal with aging servers

## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business(vii) Strengthening Value Provision (Provision of Value Before and After Compensation)

Domestic Non-life Insurance Business

Domestic Life Insurance Business

International Business

Other

- Strengthening our risk solutions before and after compensation to deliver value aligned with our customers' best interests

### Risk solutions before and after compensation

- Seamless products and services, including pre- and post-compensation, along with compensation for economic losses



- Rapid development of services that contribute to solving various social issues (Reference) Examples of prevention, recovery, and other services provided before and after compensation

#### Environment and decarbonization

- Simple CO2 calculation tool
- Solar panels and storage batteries for residential use

#### natural catastrophe countermeasures and loss prevention

- Disaster prevention alert service
- Disaster prevention dashboard

#### Cyber technology

- Cyber security services
- Remote monitoring system for refrigeration equipment

#### Health support

- Health management support app for employees
- Stress check system

#### Common to all solutions

- Risk analysis service

### Examples

- Prioritizing services for risks with high social needs, such as preparation for natural catastrophes such as hailstorms and implementing cyber risk countermeasures

#### Counter measures to freezing of water supply and drainage pipes

Preventing accidents by sending alerts in advance to the clients where accidents are expected to occur through winter accident prediction AI developed on the basis of freeze-fracture accident data on pipes

	Without alert	Sent alert	
Accident rate	1.94%	1.20%	→ 40% down
Claim	¥0.63 billion	¥0.19 billion	→ ¥0.4 billion down

#### Support for security measures against cyber risks

(Service name: MS&AD Cyber Risk Finder)

- Provision of a cyber attack damage estimation and a security diagnosis report based on basic information such as the company's names and its email domains.
- Notification of system flaws that could lead to a attack on vulnerability

## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business (vii) Strengthening Value Provision (Business Process Reform)

Domestic Non-life  
Insurance Business

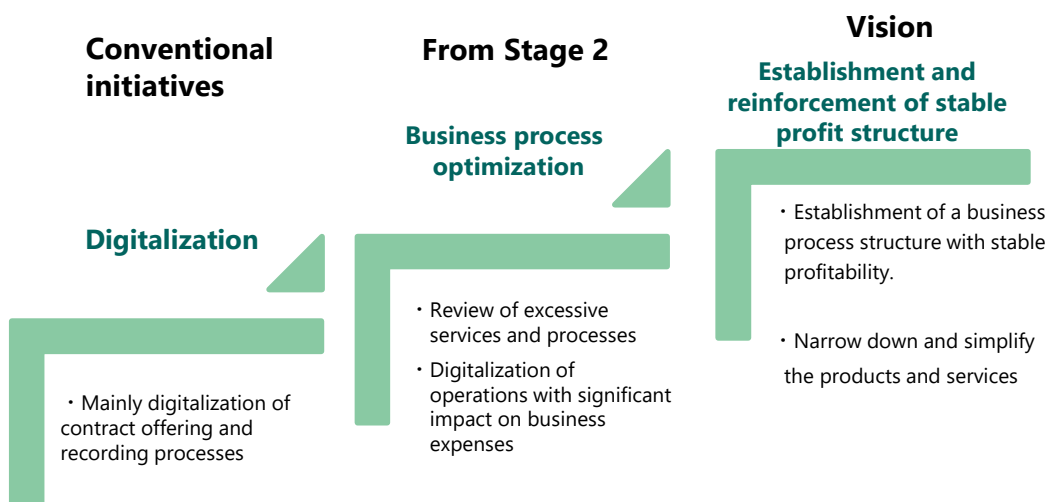
Domestic Life  
Insurance Business

International  
Business

Other

- Major reforms in business processes, with a focus on fully digitalizing procedures

### Business Process Reform



### Key Issues

#### Optimization of service levels

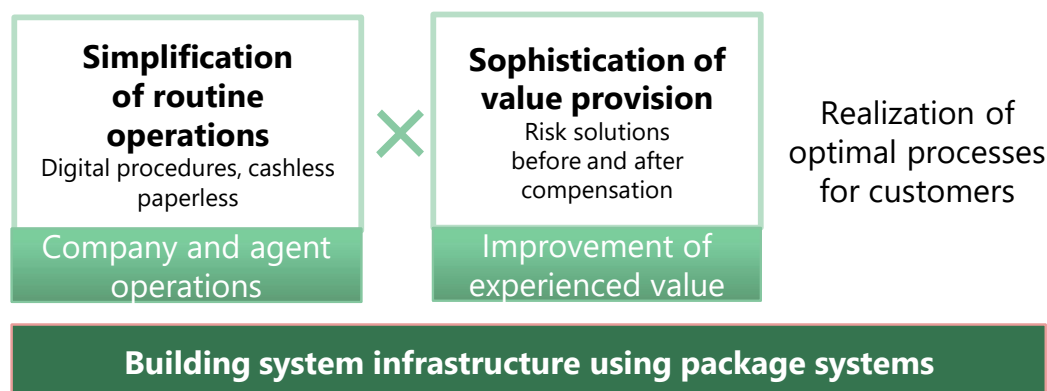
- Optimize application procedures, premium collection methods, and responses to inquiries (Review excessive services and processes, etc.)
- Review inefficient operations for both agents and employees. Reduce system investment and maintenance costs

#### Cost structure reform

- Improve our ability to respond to environmental changes, such as the impact of natural catastrophes and continued inflation.
- Control fixed costs and implement a flexible cost structure

### Specific measures

- Business process reform through full digitalization of processes



Aim to simplify and automate products, services, procedures, by focusing on the customer's needs

Operations will be shifted from "Procedures" to "Value provision"

Focus on market expansion and community contributions with the extra capacity and time created

## 4. Initiatives by Business (1) Domestic Non-Life Insurance Business

### (vii) Strengthening Value Provision (Promotion of AI Utilization)

Domestic Non-life Insurance Business

Domestic Life Insurance Business

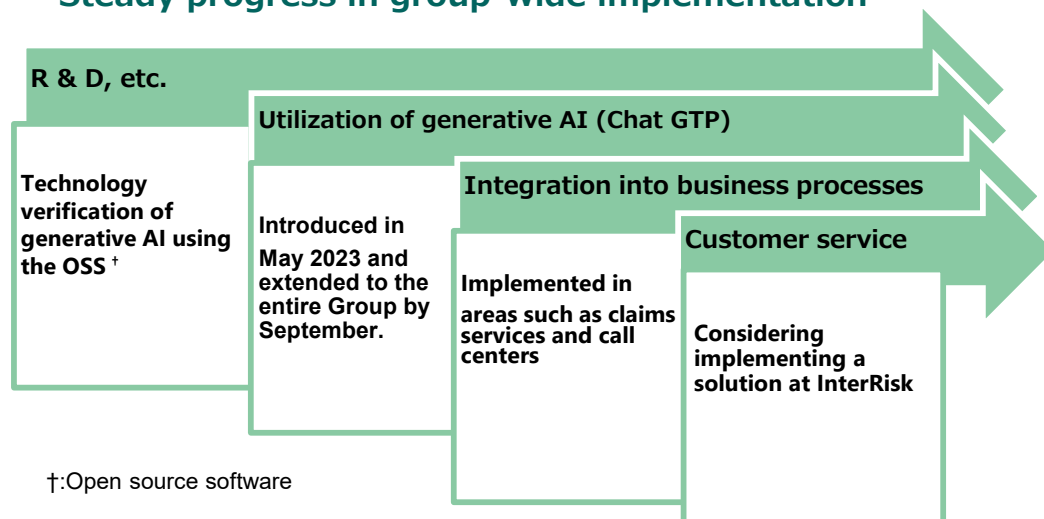
International Business

Other

- Group-wide promotion of AI utilization. The domestic non-life insurance operation has begun integrating generative AI into its operational processes.
- Focusing on developing core digital human assets and promote the use of AI while sharing expertise across the Group

#### Promotion of AI utilization

##### Steady progress in group-wide implementation



#### Human assets development In-Group development

Human assets development	<ul style="list-style-type: none"> <li>Fostering AI evangelists</li> <li>Added a generative AI curriculum to the MS&amp;AD Digital Academy, an employee training program in collaboration with INIAD (Toyo University's Faculty of Information Networking for Innovation and Design).</li> </ul>	
In-Group development	<ul style="list-style-type: none"> <li>Formed a generative AI support unit within the holding company.</li> <li>Reinforcing in-house tool development through the use of advanced technologies</li> </ul>	
Open innovation	<ul style="list-style-type: none"> <li>The <b>Business Innovation Challenge Program</b>, the Group's open innovation program, solicited ideas for the utilization of generative AI (Chat GPT).</li> </ul>	

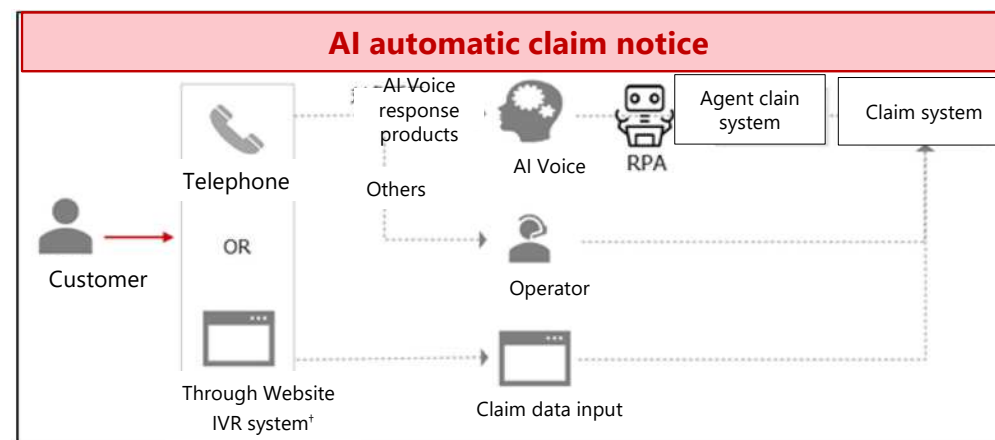
#### Examples of application to business processes

##### Application to claims service

- Efficient creation of conversation records has been made possible by converting telephone voice data into text and combining it with the summarization function of the generative AI. Expect to reduce workload of 290,000 hours.
- Consider the possibility to implement a system that utilizes AI to detect fake photos as a countermeasure against fraudulent claims.

##### Application to call centers

- Introduced AI voice for part of the claims handling process, making it possible to respond to customers without waiting time even when there is a rush of claims due to natural catastrophes, etc.



†:IVR=Interactive Voice Response

## 4. Initiatives by Business (2) Domestic Life Insurance Business (i) Key Strategies

Domestic Non-life  
Insurance Business

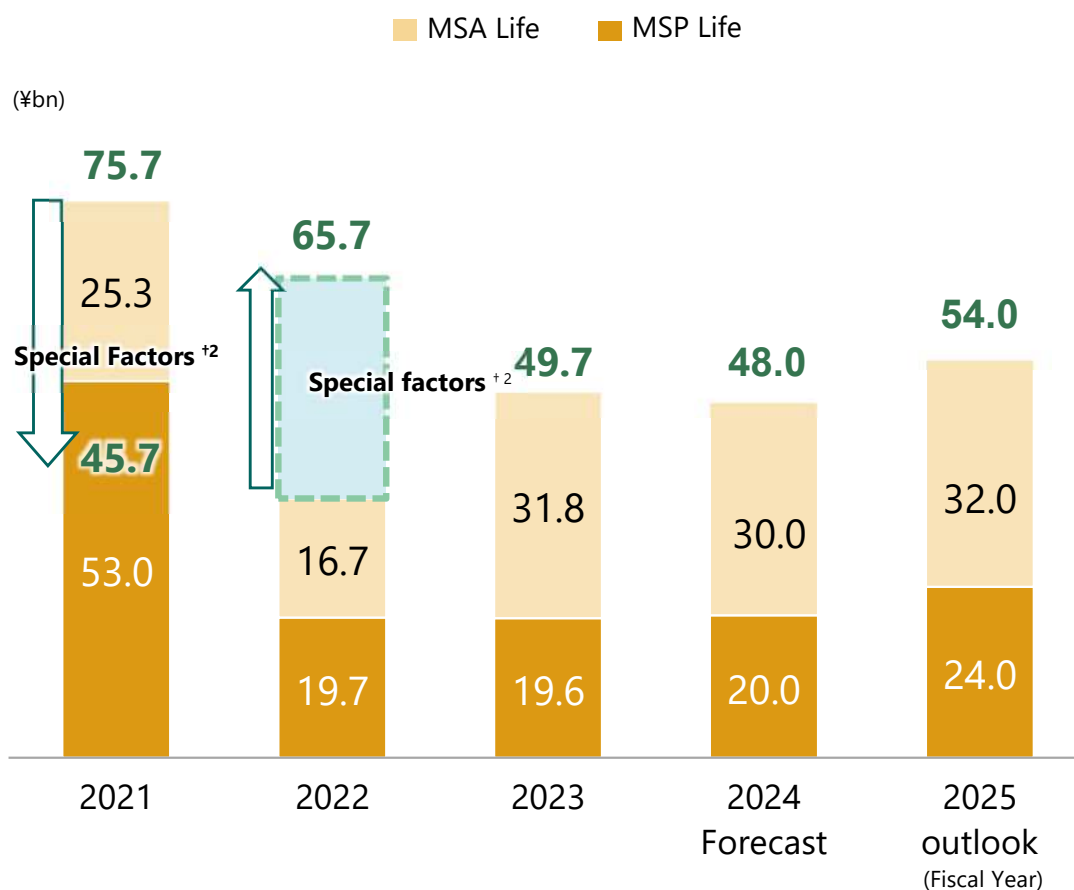
Domestic Life  
Insurance Business

International  
Business

Other

- Promoting the cross-selling between life / non-life, two life insurance companies, and Reinforcement of customer approach taking advantage of the firmly established sales channels of life insurance companies
- Providing products and services that can contribute to solving social issues of "Century of living to 100", such as extending healthy life expectancy and asset life expectancy

### Domestic Life Insurance Group Adjusted Profit <sup>†1</sup>



<sup>†1</sup>: Total value of life insurance business includes purchase balance adjustment, etc.

<sup>†2</sup>: Transient or individual profit change factors

### Key Initiatives

Demonstration of Group Synergy	<ul style="list-style-type: none"> <li>• (MSA Life) Strengthen sales of life insurance through non-life insurance agent</li> <li>• Strengthen sales of MSP Life products in MSA Life's agent network</li> </ul>
Strengthen customer approach by leveraging strengths	<ul style="list-style-type: none"> <li>• (MSA Life) Strengthen integrated operation between life and non-life to accelerate cross-selling in employee market and developing SMEs</li> <li>• (MSP Life) Solidify leading positions with support for financial institutions agents</li> </ul>
Expansion of investment income	<ul style="list-style-type: none"> <li>• Accumulation of higher return asset and upgrading of ALM</li> </ul>
Provision of products and services that contribute to solving social issues	<ul style="list-style-type: none"> <li>• (MSA Life) Expansion of "MSA Care," which provides both insurance coverage and health care services before and after insurance coverage.</li> <li>• (MSP Life) Development of unique products that meet a wide range of needs such as asset building, asset utilization, and asset inheritance</li> </ul>

## 4. Initiatives by Business (2) Domestic Life Insurance Business (ii) MSA Life

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

- MSA Life will contribute to the Group's risk diversification and stable profit expansion by leveraging one of Japan's largest non-life insurance agent networks and customer base and demonstrating strong proposal capabilities combining protection-type and asset-building products with healthcare services.

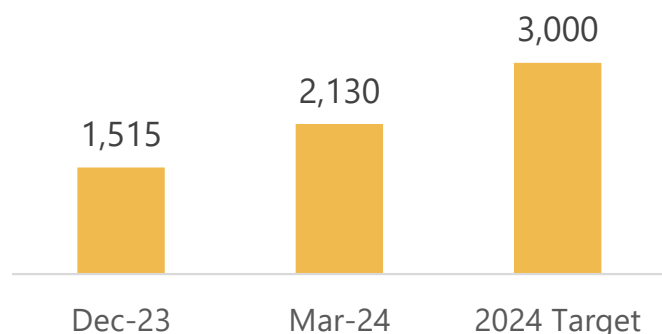
### Key Initiatives

- Promotion of cross-selling by non-life agents
- Development and cultivation of employee market, where Group nonlife insurance companies have an advantage
- Strengthening of services before and after coverage and protection (health care service "MSA Care") and improvement of customer experience value

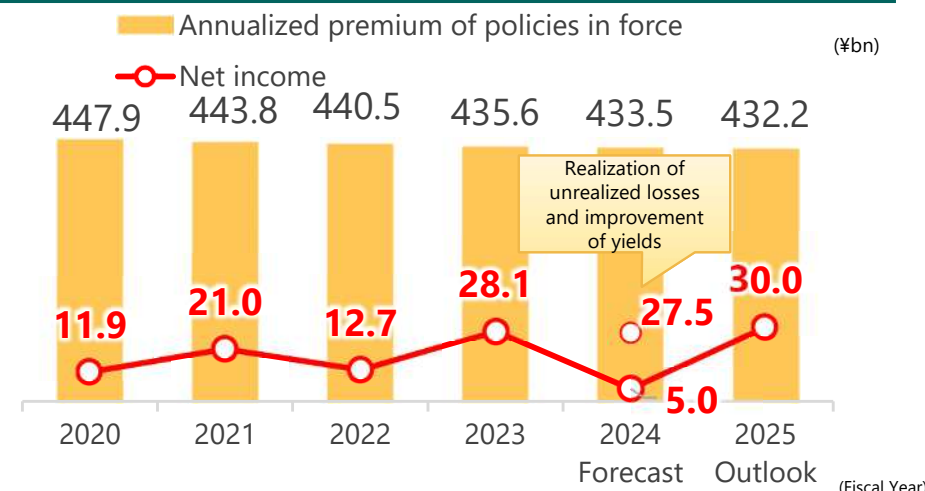
### Development and Cultivation of Corporate Customers Through MSA Care

- Develop and cultivate the SME market through the integrated provision of coverage and protection and services after coverage and protection (made available to corporate customers from September 2023).

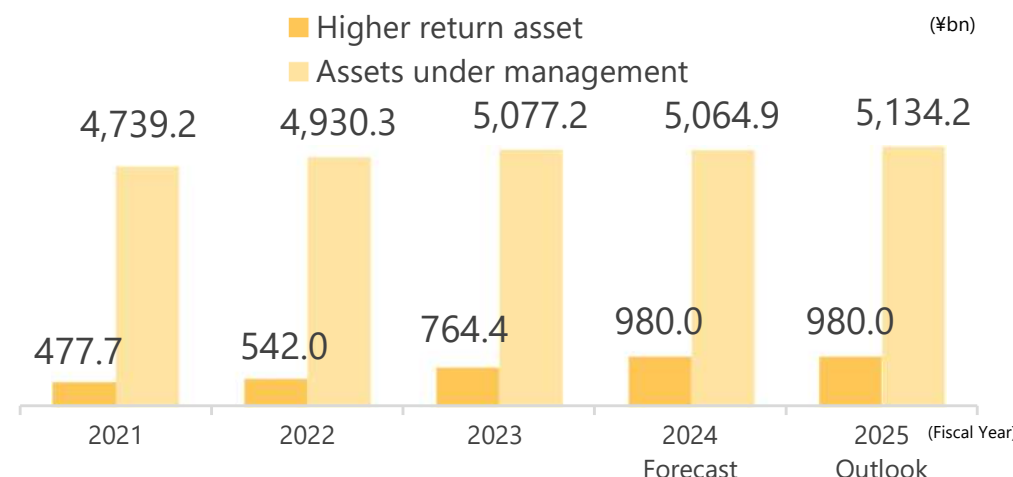
Number of enterprises using MSA Care



### Growth of Policies in Force and the Bottom Line



### Expansion of Assets under Management



## 4. Initiatives by Business (2) Domestic Life Insurance Business (iii) MSP Life

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

- MSP Life will grow further by leveraging its strong product development capabilities to provide a wide range of customers (those building assets, those using assets and those who inherit assets) with the products they need through the optimum channels.
- It will focus on ERM including diversification of products and asset management and sophistication of ALM and contribute to the stable Group profit.

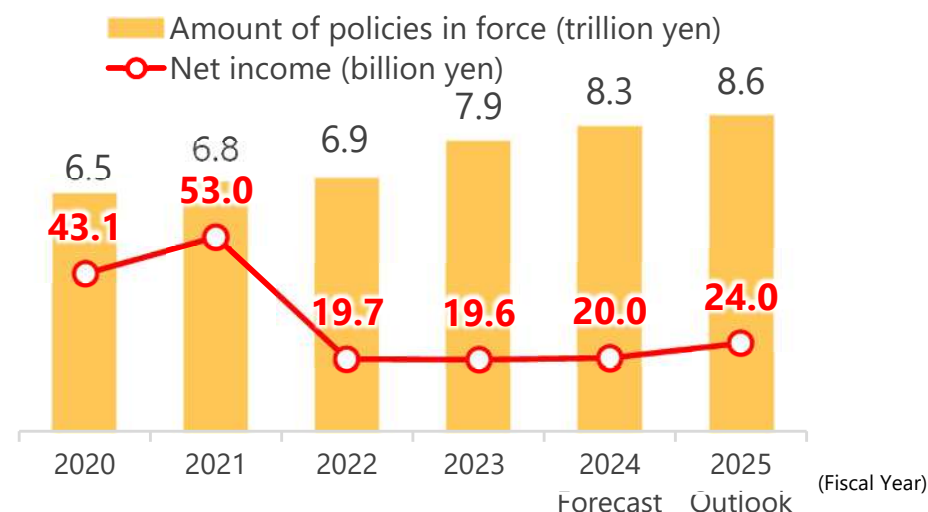
### Key Initiatives

- Reinforcement of leading position through further cultivation of over-the-counter sales by financial institutions, which is a core business domain
- Development of asset building market through increased sales of level premium products

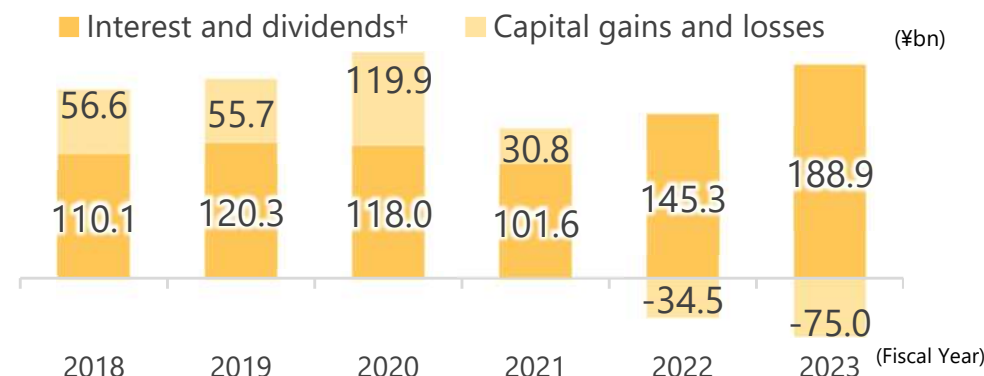
### Foreign Currency Denominated Single Premium Insurance

- With respect to the FSA's indication of issues with short-term cancellation and changes of target-type insurance, pursue the best interests of customers.
- (1) Develop sales management systems for agents and strengthen insurance agent guidance
- (2) Thoroughly implement product governance.
- (3) Strengthen after-sales service to lengthen period policies are held.

### Growth of Policies in Force and the Net Income



### Expansion of Investment Profit



NB: Include income gain portion of money trusts investment income

## 4. Initiatives by Business (3) International Business (i) Key Strategy

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

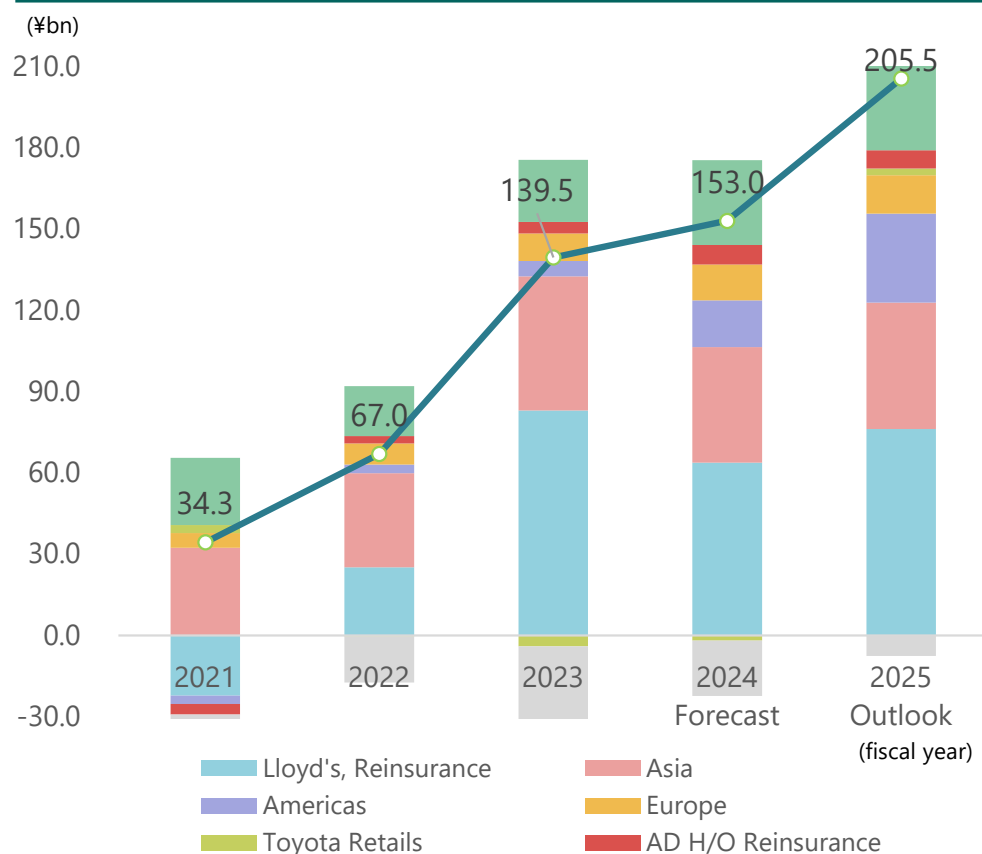
International  
Business

Other

### Strategy Overview

- The International Business significantly contributes to the diversification of the Group's revenue sources and risk spread, and will consider business investment in order to expand our business in addition to organic growth.
- In particular, we will seek expansion in North America where business scale is relatively small, and the non-life insurance in Asia where the MSIG brand is reasonably established.
- While aiming for growth and enhancing business volume, led by Lloyd's and Reinsurance, we will reinforce the oversight of performances and actively restructure loss-making businesses.
- ADI international business will focus its resources on Toyota Retail and its related business in order to improve efficiency and profitability as a group.

### Group Adjusted Profit of the International Business



NB: Figures from FY2022 are after application of IFRS17 base  
ADI international business is not included in the segment of Asia, Americas and Europe

### Segment Characteristics

<b>Lloyd's &amp; Reinsurance</b>	The strength lies in underwriting global risks in the Lloyd's (AUL) and reinsurance (MS Re) . We have restored the profitability through disciplined underwriting and natural catastrophe risk control.
<b>Americas</b>	We have been focusing on businesses targeting Japanese clients, and will actively expand the local business, moving forward.
<b>Europe</b>	The strength lies in underwriting for local companies in the primary markets such as Germany and France.
<b>Asia</b>	We are the only non-life insurance group underwriting in all 10 ASEAN countries, ranking No.1 in total insurance premiums in the region. The strength lies in the relationships we have built with partners in each country and the presence of the MSIG brand.
<b>Toyota Retail</b>	In cooperation with Toyota Group, we provide car insurance and related products / services at car dealerships, primarily in Europe, Australia, China and Thailand.
<b>AD Head Office Reinsurance</b>	We generate profits by seamlessly co-operating reinsurance and retrocession with selected partner reinsurers.
<b>International Life Insurance</b>	Primarily in Asia, we partner with financial conglomerates with bank channels to tap into the growing life insurance market. This strategy, with its low risk correlation with non-life insurance, helps stabilize group profit with minimal capital.

## 4. Initiatives by Business (3) International Business (ii) Lloyd's (AUL)

Domestic Non-life  
Insurance Business

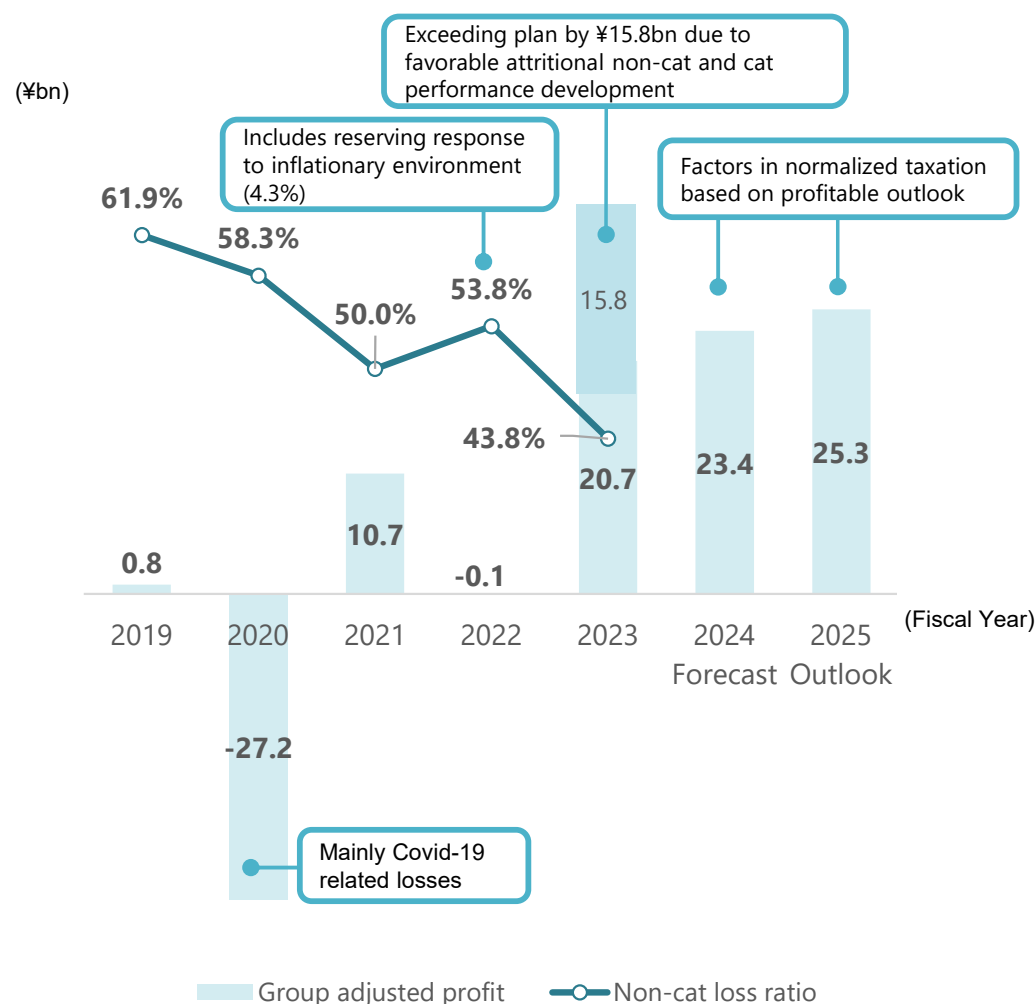
Domestic Life  
Insurance Business

International  
Business

Other

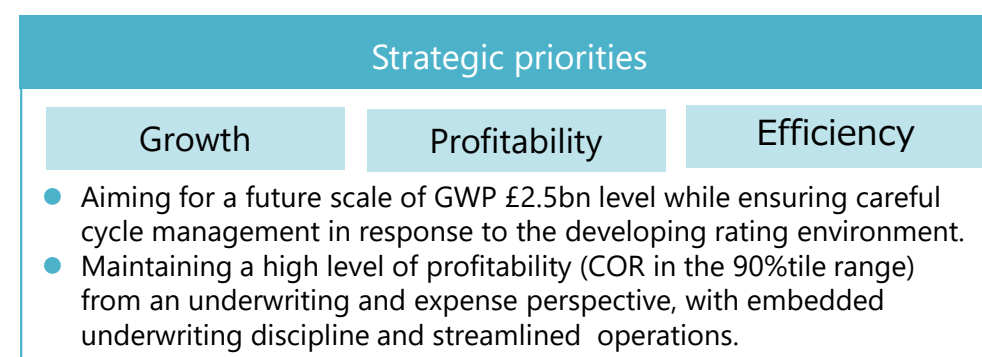
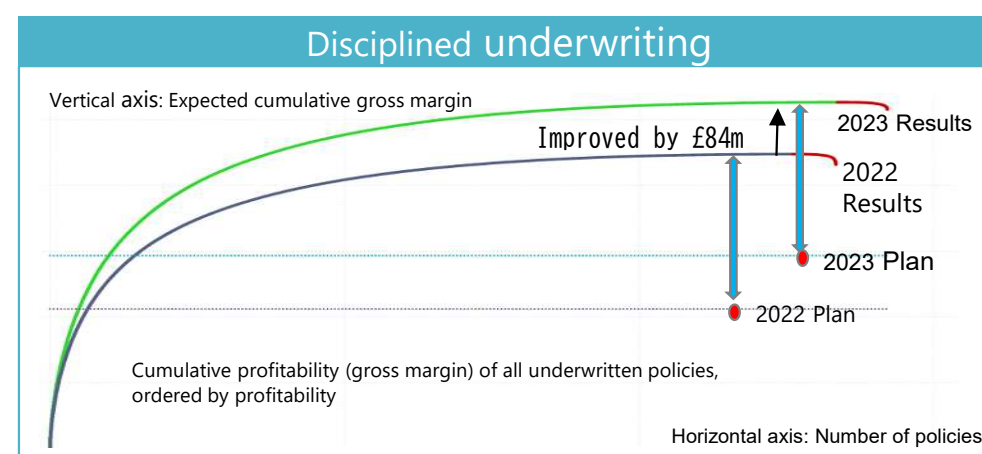
- Profitable growth through existing business lines, particularly in casualty (Insurance & Reinsurance)
- Diversified portfolio that can absorb cat and non-cat loss volatility and allows for nuanced, mid-plan course correction if required
- Robust cycle management embedded in performance management to respond to evolving market conditions with agility, ensuring sustained profitability

### Performance Summary



NB: After FY2022 figures are based on IFRS17

### Building a top-tier Lloyd's syndicate



## 4. Initiatives by Business (3) International Business (iii) Reinsurance (MS Re)

Domestic Non-life  
Insurance Business

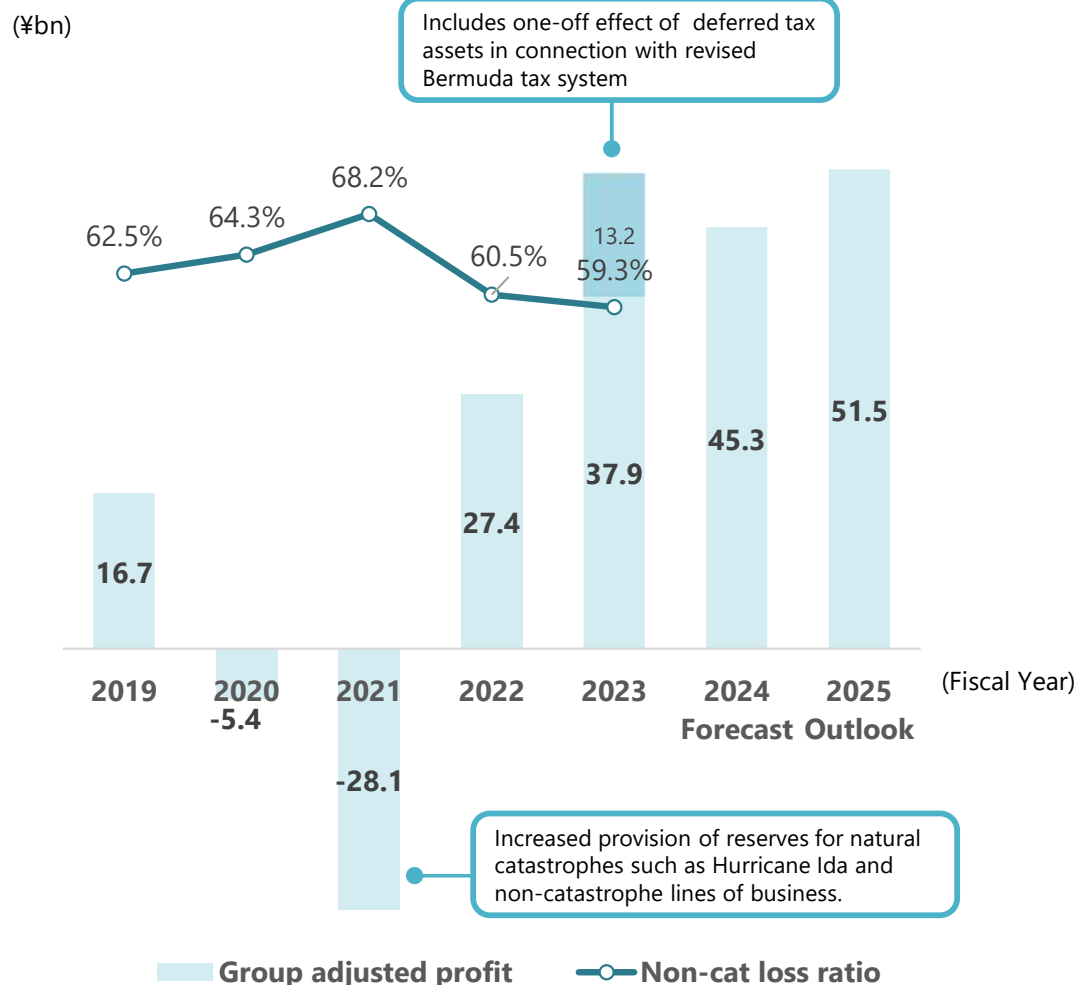
Domestic Life  
Insurance Business

International  
Business

Other

- Continue to build a diversified and well-balanced portfolio and move to a phase of further business expansion with well-managed clients.
- Accelerate growth by taking advantage of increased recognition and competitiveness through the penetration of the MS Reinsurance brand and the upgrades of credit rating.

### Performance Summary



NB: After FY2022 figures are based on IFRS17

### Enhancing Competitiveness through Increased Brand Recognition and Credibility

The company has been clearly and successfully conveying its strategy to the market after its rebranding in 2022, and was highly rated by insurer and brokers for its "clarity of strategy" and "expertise" +

MS Reinsurance

Expansion of business and improvement of attractiveness in professional recruitment by increased brand recognition

\*†:Source : NMG P&C Reinsurance Study 2023

The Financial Strength Rating was upgraded from to A+ in April 2024. Rating agencies appreciated "Achieving financial target, Improving Financial Soundness, and Risks Management"



- Realize further portfolio diversification such as multi-line transaction with major global insurers.
- Significantly improved market presence enables new businesses with major insurers and expansion of business with existing excellent insurers in line with our own risk appetite.

## 4. Initiatives by Business (3) International Business (iv) Asia

Domestic Non-life  
Insurance Business

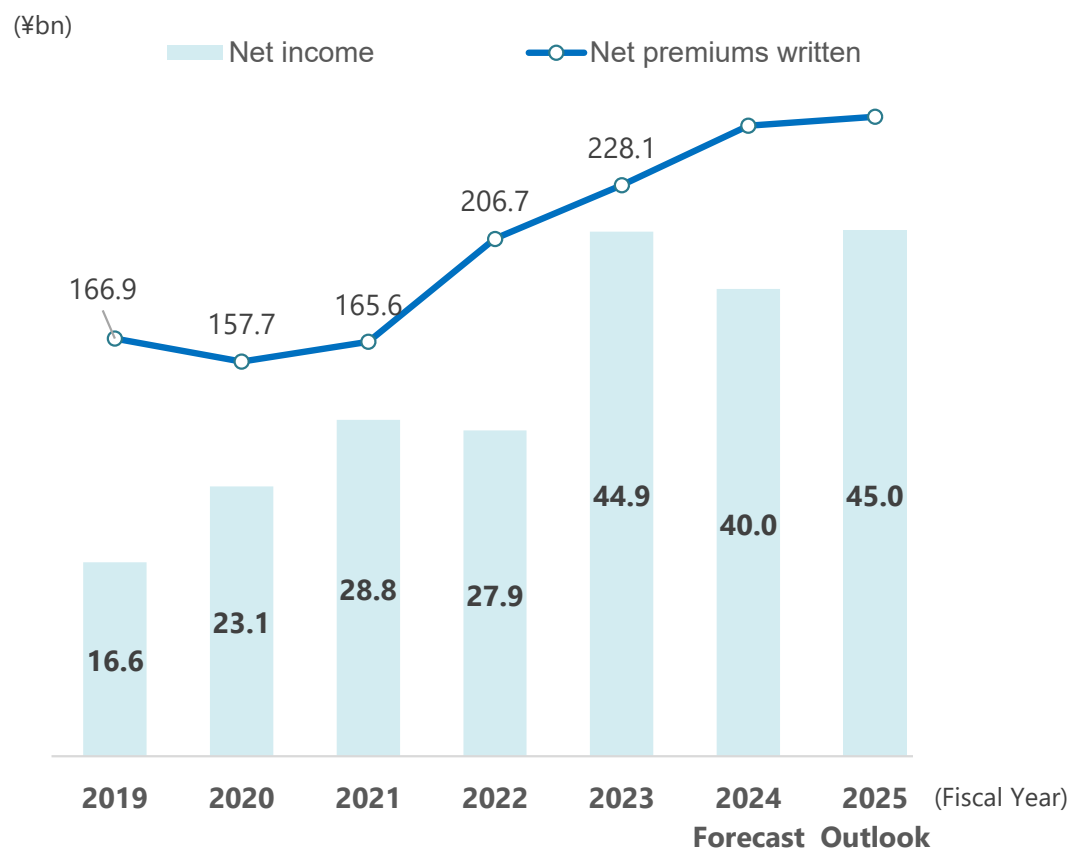
Domestic Life  
Insurance Business

International  
Business

Other

- With a broad and strong business base covering ASEAN, India, and China, we will prioritize market development in the retail sector, where there is considerable room for growth. We will diversify our sales channels to adapt to changes in society and consumers, and strengthen cooperation with platform providers, etc.
- We will consider business alliances and business investment that will speed up the capture of business opportunities.

### Net Premiums Written and Net Income<sup>†</sup>



<sup>†</sup>: Subsidiaries and equity-method affiliates in Asia (excluding countries in Oceania). Not including overseas office.  
After FY2022 figures are based on IFRS17

### Key Initiatives

Access opportunities of "population x growth x changes in society and consumers" through "expansion of sales channels x product development x collaboration with different industries, etc." and achieve remarkable growth in the retail sector.

Expansion of sales channels  
(Platform provider, etc.)

New products and services

Cooperation with different  
industries, etc.  
(health care, cyber, etc.)



New Mobility



Medical and Health Needs



Digitization of Purchasing

### Diversifying sales channels (Platform provider etc.)

While streamlining traditional sales channels, we are expanding the collaboration with platform providers etc.



MSIG

Embedded  
Insurance

<E-Commerce>

Company A

Insurance is also simultaneously paid for, simply by ticking the checkbox at the time of product purchase.



Furniture



Smartphone

## 4. Initiatives by Business (3) International Business (v) Americas

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

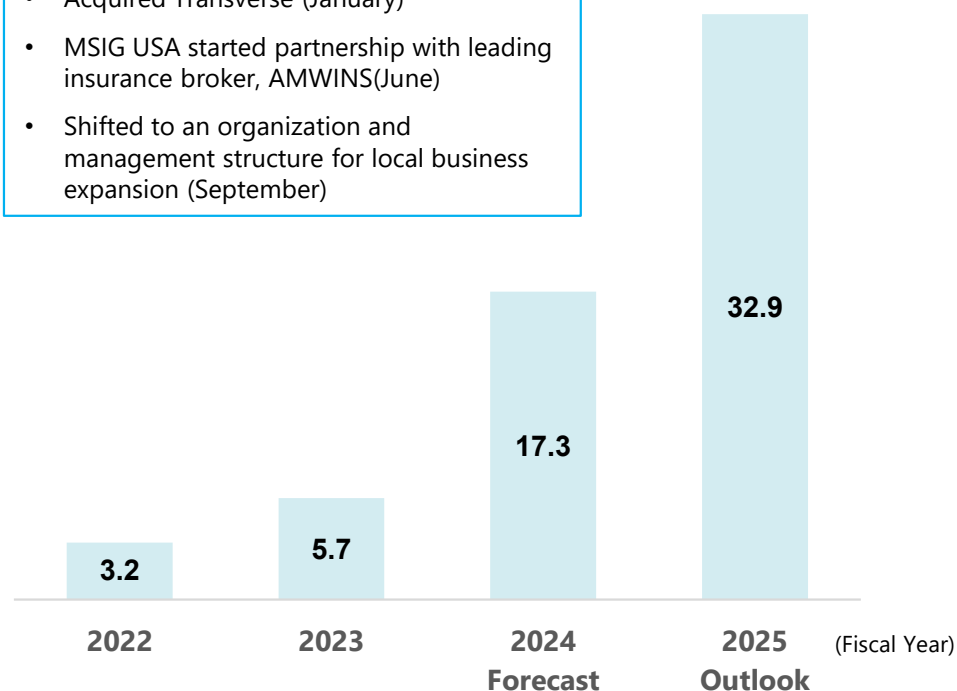
- We have started to shift from a business centered on Japanese clients to expanding the local market, aiming to diversify and increase our sources of revenue.
- At MS Transverse, we leverage our network with MGA<sup>†1</sup> and strict underwriting policies to boost profits. We also target the specialty insurance companies for investment, as they are less competitive and have a low correlation with natural disaster risks.

### Group Adjusted Profit<sup>†2</sup>

(¥bn)

#### Strengthened U.S. growth base in 2023

- Acquired Transverse (January)
- MSIG USA started partnership with leading insurance broker, AMWINS(June)
- Shifted to an organization and management structure for local business expansion (September)



<sup>†1</sup> An abbreviation for Managing General Agent. It is entrusted with authority of insurance companies and is responsible for a wide range of business such as insurance underwriting, contract management, reinsurance management, and insurance claim assessment.

<sup>†2</sup> Figures based on IFRS17

### Key business entities in the United States

MSIG USA	<ul style="list-style-type: none"> <li>• Strengthen profitability of Japanese businesses</li> <li>• Start entering local businesses through partnerships with AMWINS and major brokers</li> </ul>
MS Transverse	<ul style="list-style-type: none"> <li>• Expand business opportunities with MGA</li> <li>• Capture local businesses as a fronting company</li> </ul>

### Business expansion of MS Transverse

Despite initial delays due to the hardening of the reinsurance market, we anticipate growth overperforming the plan at the time of acquisition from 2024 onwards.

■ Profit after tax (plan at acquisition) ■ Group adjusted profit



## 4. Initiatives by Business (3) International Business (vi) Europe

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

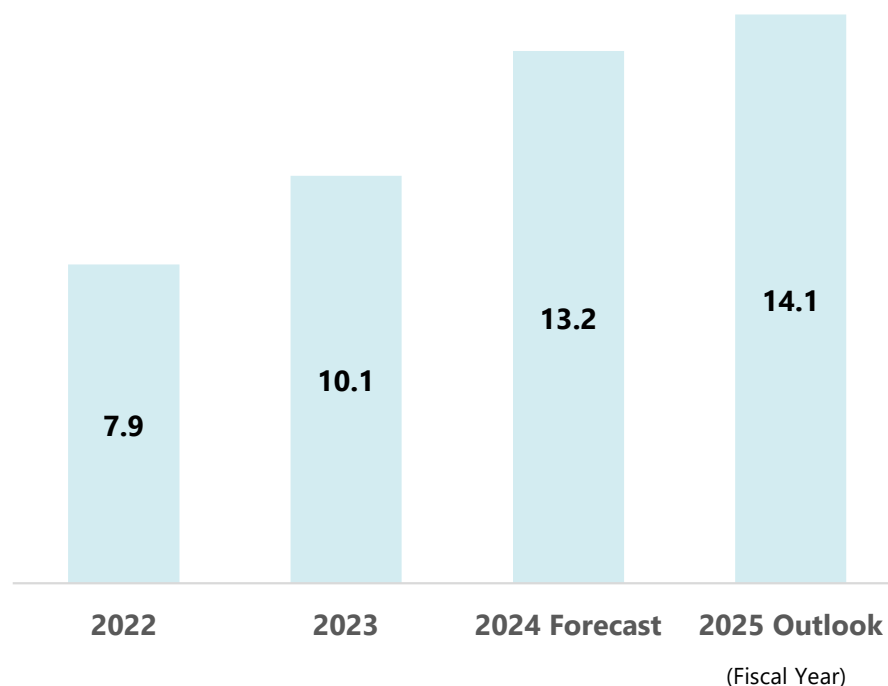
International  
Business

Other

- Leveraging our strengths in the local business market, we ensure stable profits while increasing profitability through operational efficiency.
- We will continuously work on building business foundations and exploring investment opportunities in EMEA.

### Group Adjusted Profit

(¥bn)



NB: After FY2022 figures are based on IFRS17

### Key business entities in continental Europe

AISE	<ul style="list-style-type: none"> <li>• Strength in the SME market and marine insurance</li> <li>• High market share in marine markets in the Netherlands and Belgium, focus on niche categories such as liability</li> <li>• Headquartered in Belgium</li> </ul>
MSIGEU	<ul style="list-style-type: none"> <li>• Strength in the large corporate market, with transactions with about 70% of listed companies in Germany and France.</li> <li>• Headquartered in Germany</li> </ul>

### Key Initiatives

- Further deepening the local enterprise market by demonstrating the strengths of the two distinctive companies, continuing appropriate risk selection, and collaborating in the marine field.
- Pursuing synergies through common back-office functions
- Strengthening the complementary relationship in terms of region, product, and service with our major insurance company partners.
  - Central and Eastern Europe: Generali
  - Africa : AXA, Bryte<sup>+1</sup>, ICEA LION<sup>+2</sup>
- Examining business investment opportunities that contribute to risk diversification and stable earnings

<sup>+1</sup> Bryte Insurance Company Limited

<sup>+2</sup> ICEA LION General Insurance Company Limited

## 4. Initiatives by Business (3) International Business (vii) Toyota Retail and ADI Head Office Reinsurance

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

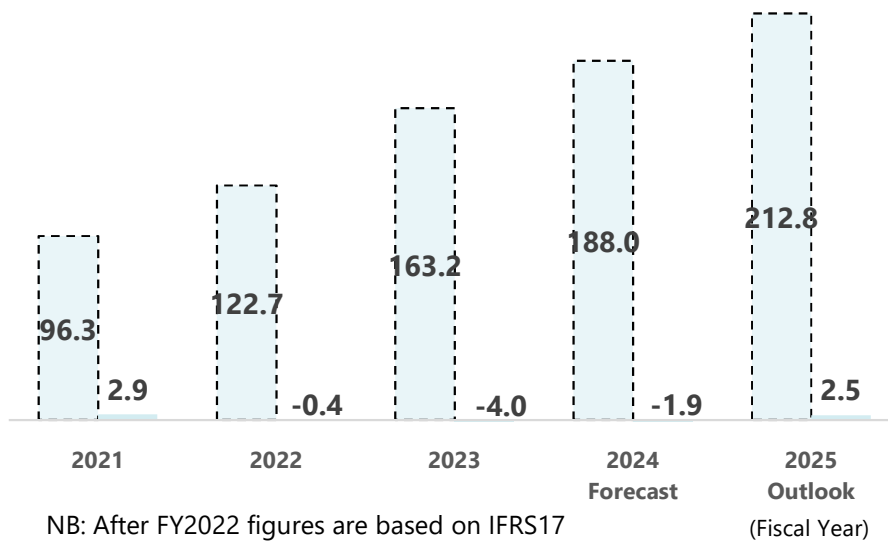
Other

### Toyota Retail

We will focus on improving the profitability through disciplined underwriting, tactical rate setting, and loss reduction initiatives. Additionally, we will further amplify our collaboration with the Toyota Group.

#### Summary of Financial Results and Key Initiatives

(¥bn)    Net premium written    Group adjusted profit



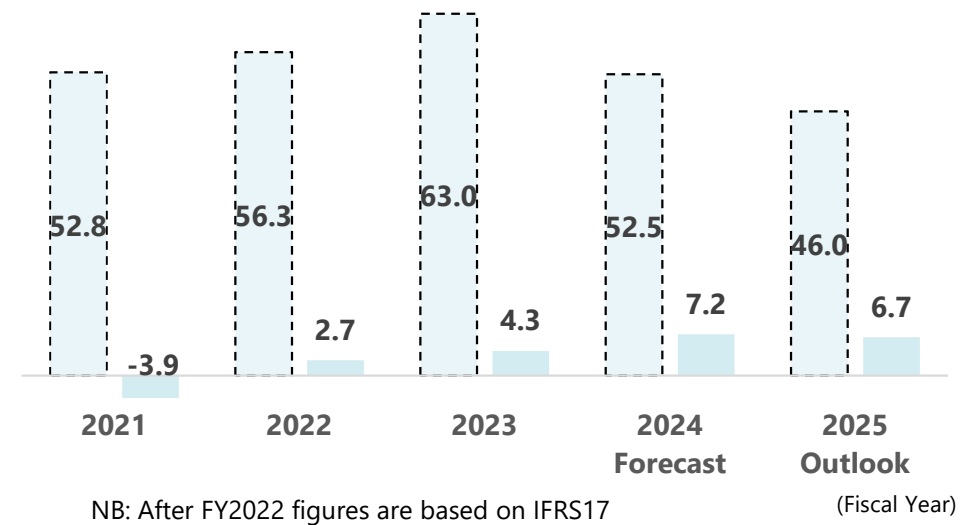
- Loss ratio worsened in FY 2023 due to inflation, an increase in the number of thefts, and natural catastrophe (hailstorms).
- Considering inflation and loss trends, we will raise premium rates and work with Toyota on theft prevention and cost reduction.
- We will further develop the cutting-edge connected mobility insurance in conjunction with Toyota's transformation into a mobility company.

### AD Head office reinsurance

We will aim to stabilize and improve our financial performance by further enhancing portfolio diversification.

#### Summary of Financial Results and Key Initiatives

(¥bn)    Net Premiums Written    Group adjusted profit



- Control of overseas natural catastrophe risks. Continue to appropriately control risks.
- Increase profitability through the expansion of non-cat profitable risks.

## 4. Initiatives by Business (3) International Business (viii) International Life Insurance Business

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

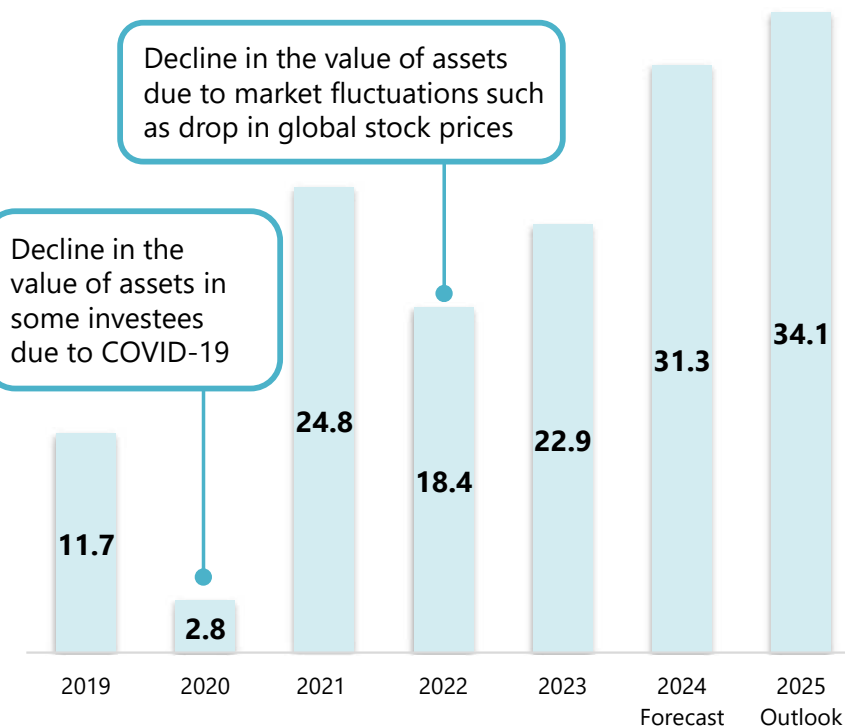
International  
Business

Other

- Focusing on populous countries like China and India, we aim to capture the growth of the Asian life insurance market and expand corporate value in partnership with state-owned enterprises and major conglomerates owning effective sales channels, inclusive of banks.
- In Australia and the UK, we aim to steadily increase corporate value and expect cash flow contribution by investing in market leaders.

### Group Adjusted Profit

(¥bn)



NB: After FY2022 figures are based on IFRS17

(Fiscal year)

### Growth in the life insurance market

Life insurance market	Partners
China, India, Malaysia, Indonesia Average annual growth rate of 10.7% expected up to 2031 <sup>†1</sup>	
Australia (annuity insurance business) Average annual growth rate of 5.1% expected up to 2041 <sup>†2</sup>	
Large market in UK(GBP3tn level/pension and asset building business) with high growth ratio of GBP150bn per year <sup>†3</sup>	

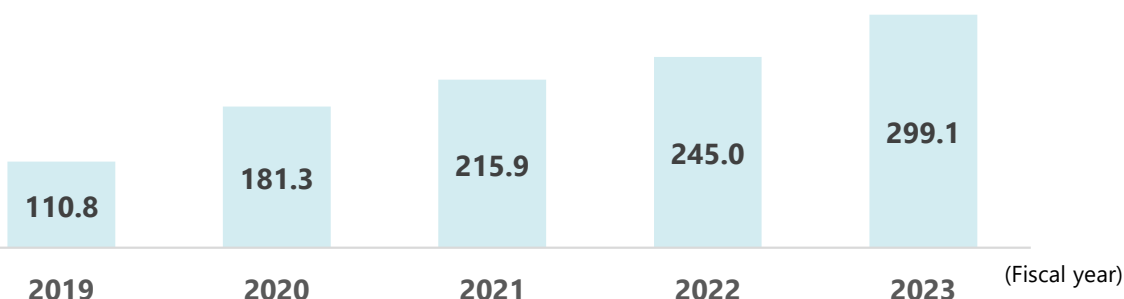
†1. Source: Allianz Insurance Report 2021

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

†3. Source : Based on Phoenix materials

### EV<sup>†4</sup> / Our share

(¥bn)



†4 Total of only the affiliated companies for which EV is calculated (four Asian life insurance companies).

## 4. Initiatives by Business (4) Asset Management Strategy (i) Overall Strategy

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

### Basic strategy

- Build a portfolio that can increase net asset value, taking into account periodic profit/loss and currency diversification, based on the premise of securing ALM and liquidity.
- Aim for outperform market returns by enhancing credit risk-taking.
- Improve the accuracy of economic environment forecasts and flexibly adjust positions

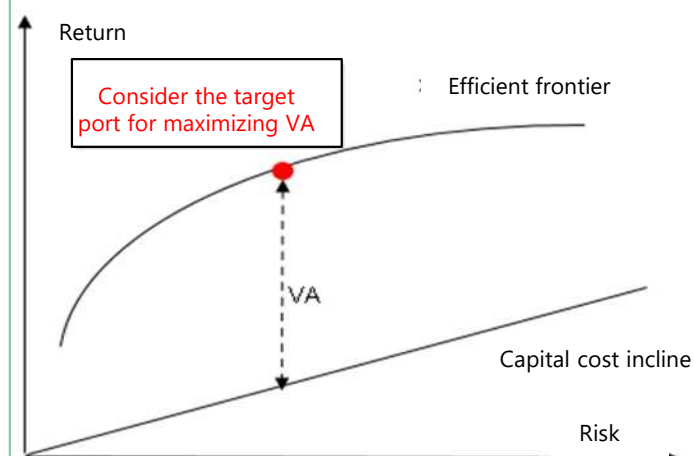
### Environmental change in Stage 2

Zero strategic equity holdings

### Economy and markets outlook (House view)

Domestic interest rates: Upward trend due to monetary policy  
U.S. interest rates: Downward trend due to interest rate cuts  
Foreign exchange: A pause in yen depreciation due to narrowing interest rate differentials

### Reivew asset allocation



Domestic listed  
stocks

Inclusion of domestic listed stocks is necessary for maximizing the VA of the asset management portfolio. Select companies that are expected to enhance corporate value in the long term. Index portfolio will be one of the options.

Foreign bonds

In addition to traditional portfolios that focus on investment-grade corporate bonds, select stocks by assessing their ability to be redeemed by CFs, regardless of their rating.

Private Asset

Accelerate PD and real estate investments in addition to overseas PE investment

Earn investment income exceeding interest and dividends income from strategic equity holdings (approximately 70.0 billion yen per year)

## 4. Initiatives by Business (4) investment Strategy (ii) Platform Development

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

### To ensure the capability of credit risk-taking

- Complement and strengthen investment skills required through human resource development, external promotion, and capital tie-up

<b>Domestic listed stocks</b>	Development and external recruitment of internal human resources
<b>Foreign corporate bonds</b>	Promote alliances with investment companies that have strong overseas credit risk analysis capabilities
<b>Private Assets</b>	Investment Management by Major Investment Areas MSR <sup>+1</sup> takes the lead in PE areas

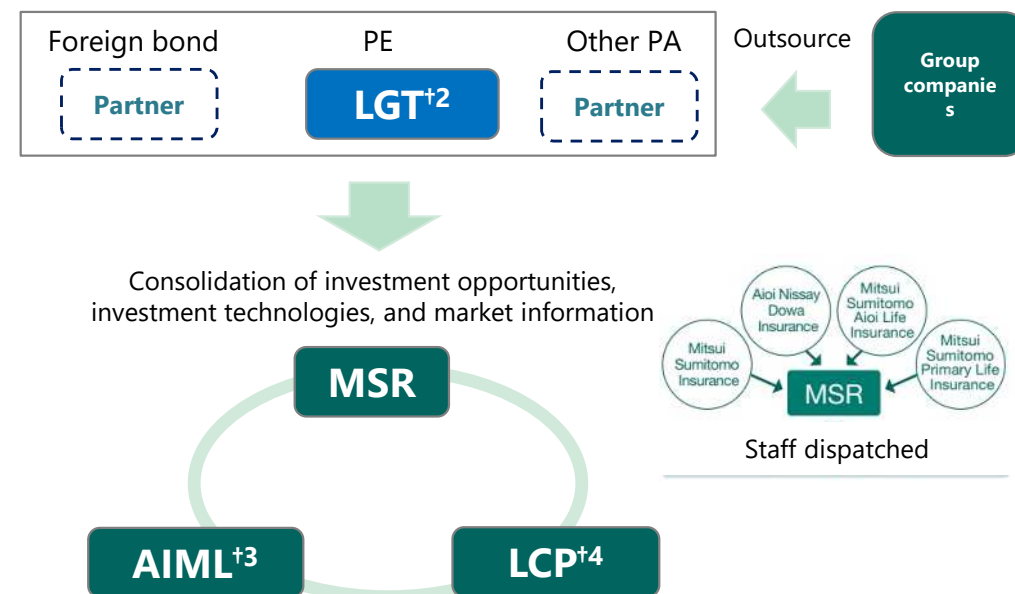
### To strengthen the management of asset management risks

- To upgrade the management of position adjustments based on macroeconomic and monetary policy forecasts
- Strengthen management of crisis warning signs in private assets

#### U.S. Commercial Real Estate Loans

- Held as "money trusts"
- 341.3 billion yen outstanding as of March 31, 2024
- 20% or less of offices, 70% or less of LTV
- Limited impact on earnings

### Global investment structure



- MSR <sup>+1</sup>, a subsidiary established in New York in January 2022 with the joint investment of LGT, a management company, in Switzerland, is a hub for group collaboration, and personnel from each group company are dispatched to manage expected profit assets.
- Together with AIML <sup>+2</sup>, a investment company of the MS Amlin Group, and LCP <sup>+3</sup>, a fund management company that invests in ILS (insurance-linked securities), it is developed as a global investment platform.

<sup>+1</sup> MSR Capital Partners, LLP

<sup>+2</sup> JGT Capital Patners AG

<sup>+3</sup> MS Amlin Investment Limited

<sup>+4</sup> Leadenhall Capital Partners, LLP

## 4. Initiatives by Business (4) Asset Management Strategy (iii) Structure of Asset Management Portfolio after Sale of Strategic Equity Holdings

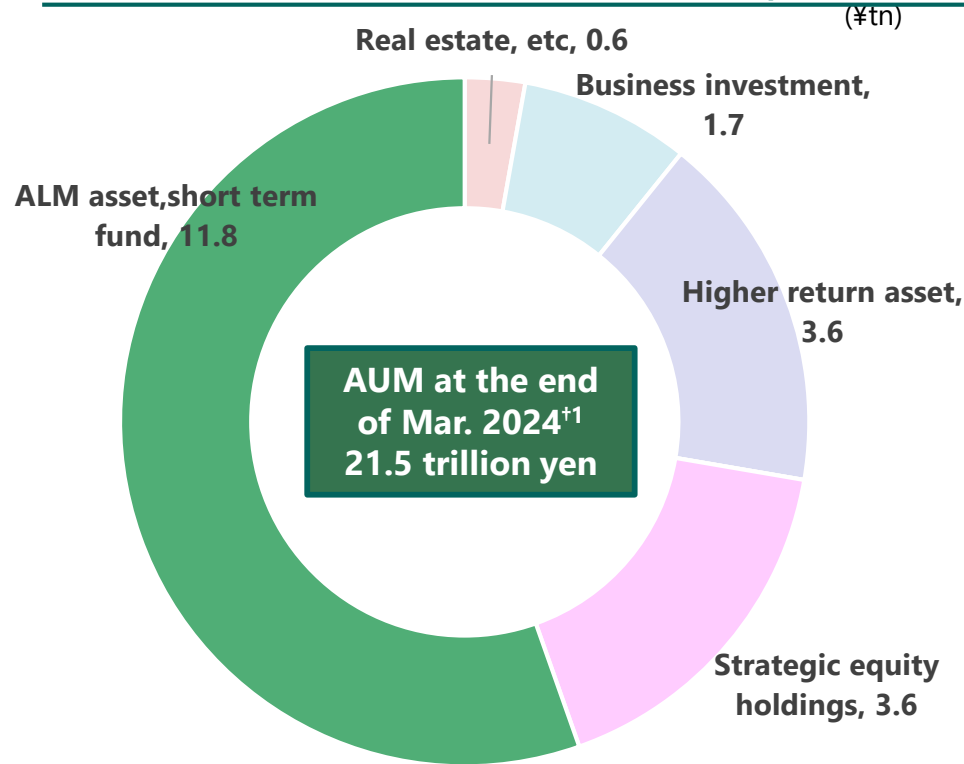
Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

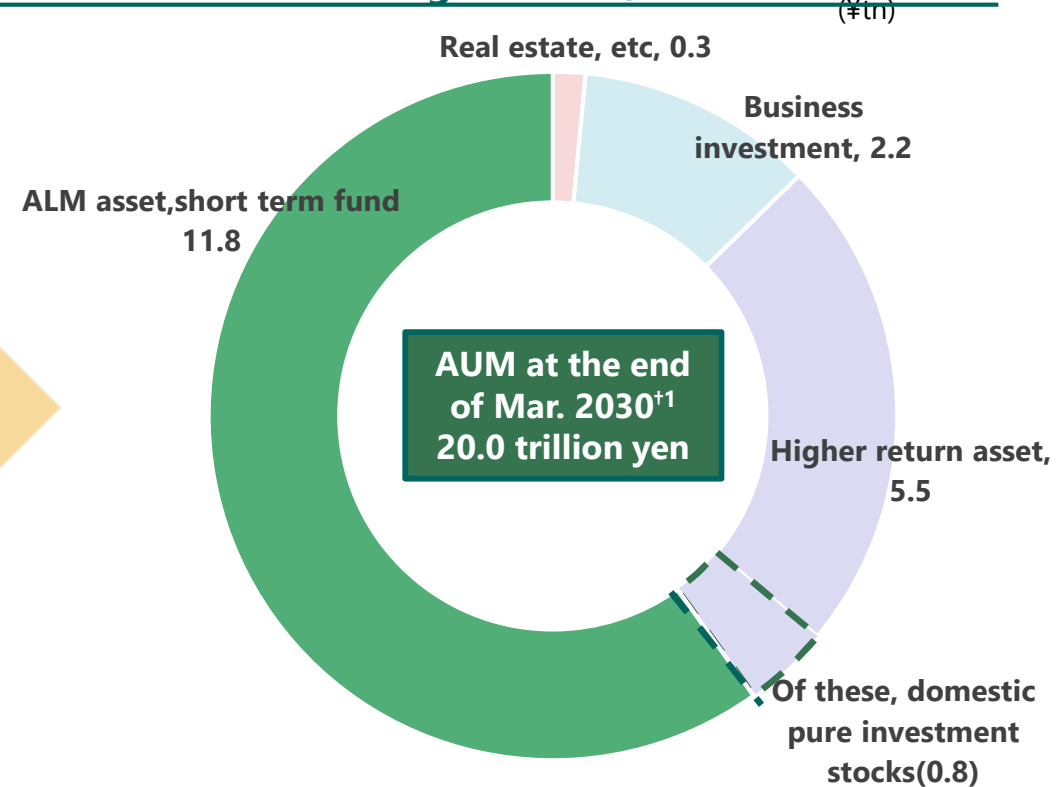
International  
Business

Other

### Asset Under Management (At the end of Mar 2024)



### Asset Under Management (Image in 2030)



#### ALM assets(including short term assets)

- Assets under management mainly consist of yen-denominated bonds and loans at MSI, ADI and MSA Life and foreign bonds in line with foreign-currency denominated liabilities at MSP Life.
- ALM assets involve a certain amount of credit risk.
- Interest and foreign currency risks are offset with liabilities, in principle.

#### Higher return asset(3.6 to 5.5 trillion yen<sup>†2</sup>)

- We will increase allocations to alternative assets such as overseas PE that promise risk diversification, high yields and low volatility, in addition to foreign bonds and equities (pure investment) with high liquidity.

<sup>†1</sup>: Simple sum of 5 domestic group companies on a non-consolidated basis, assuming tax and shareholder return of 1.5 trillion yen (from March 31, 2024 to March 31, 2030)

<sup>†2</sup>: MSP Life accounts only for assets exceeding liabilities.

## **(Reference)**

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

1. Premium Income
2. Bottom Line and ROE(on a Financial Accounting Basis)
3. Impact of Foreign Exchange/Interest Rate Fluctuation on Earnings(FY2024 Forecast)

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

1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Digital and Risk related Services Business
5. Financial Services Business
6. Asset Management

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

1. Sustainability Initiatives
2. Human Asset Initiatives
3. ERM

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

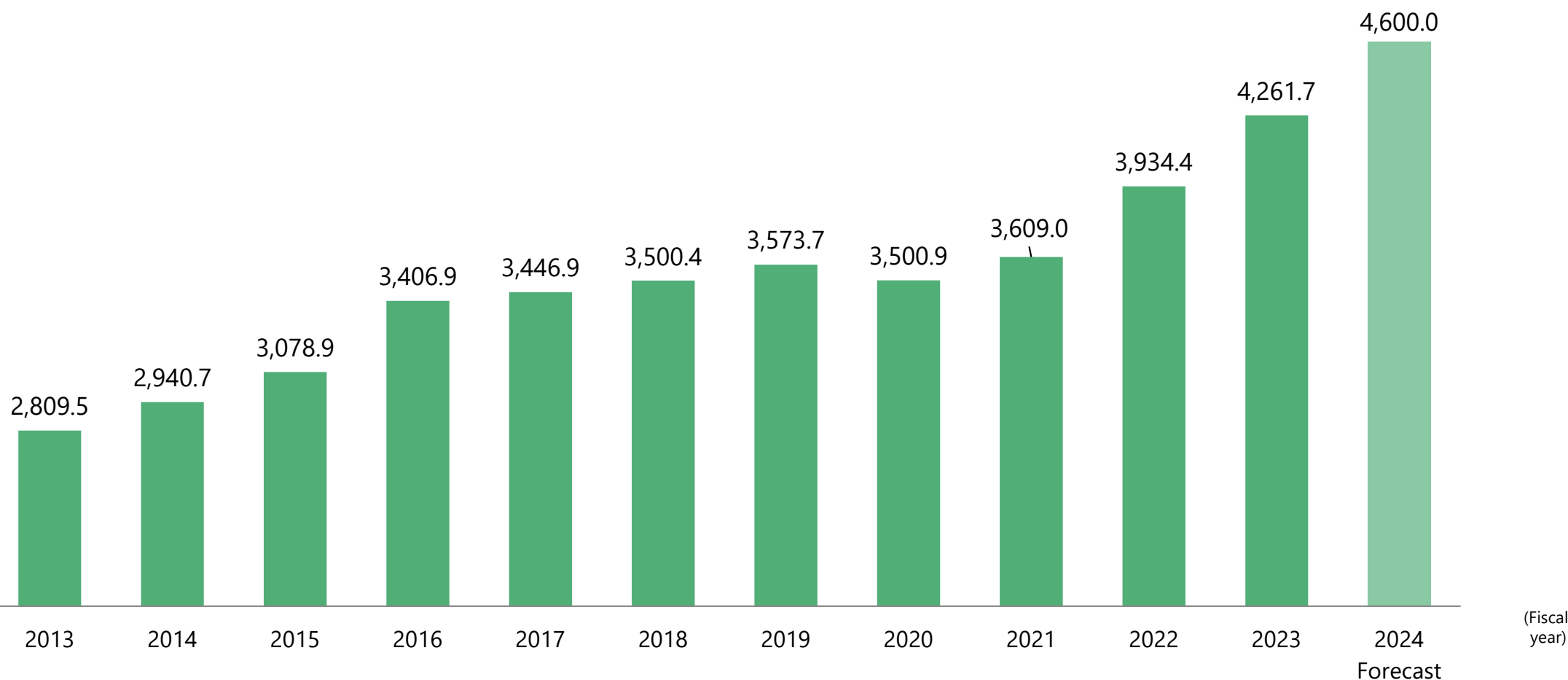
## **I. Group's Current Status**

1. Premium Income
2. Bottom Line and ROE(on a Financial Accounting Basis)
3. Impact of Foreign Exchange/Interest Rate Fluctuation on Earnings(FY2024 Forecast)

## 1. Premium Income (1) Consolidated Net Premiums Written

### Consolidated Net Premiums Written \*

(¥bn)



NB: Net premiums written exclude the good results return premiums of the ModoRich auto insurance product.

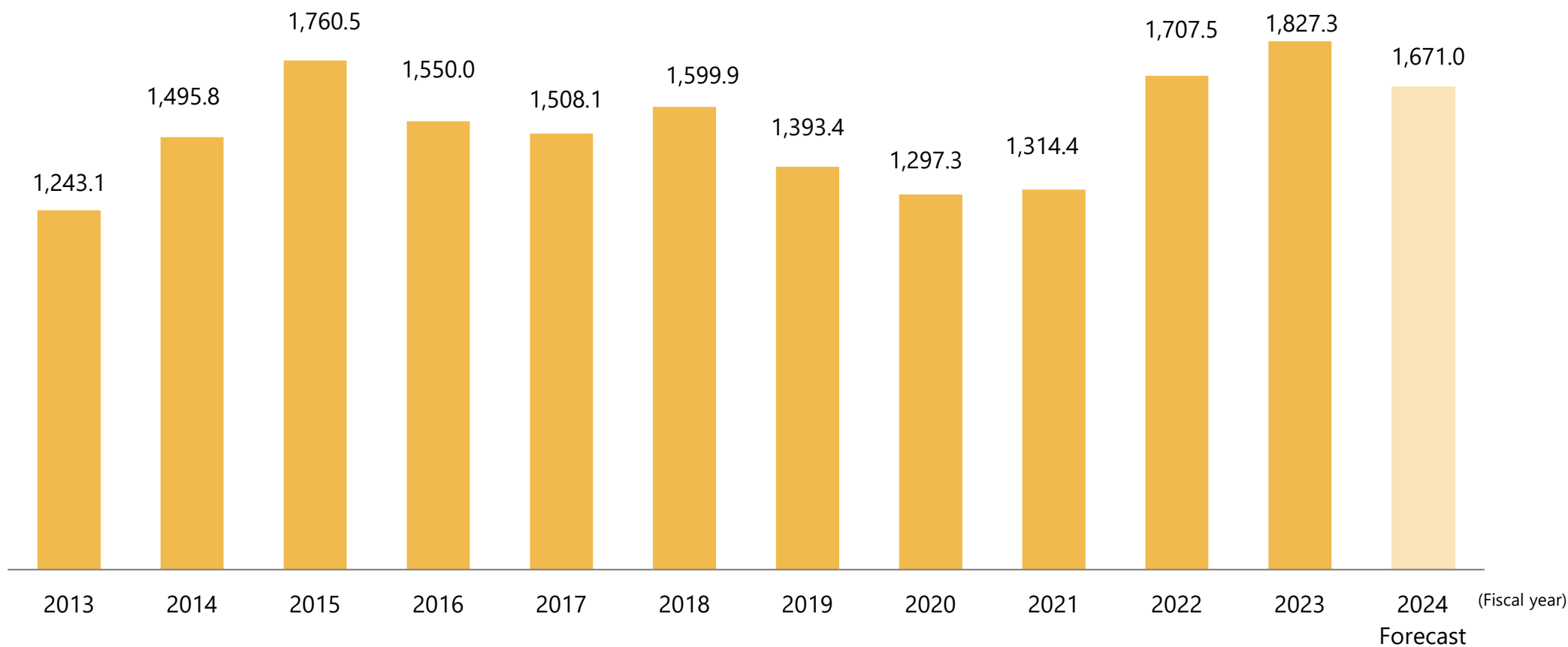
NB: FY2022 figures are retrospective application of IFRS17 base

# 1. Premium Income

## (2) Domestic life insurance Premiums (Gross Premiums Written)

### Life insurance: Premiums (gross premiums written) <sup>†</sup>

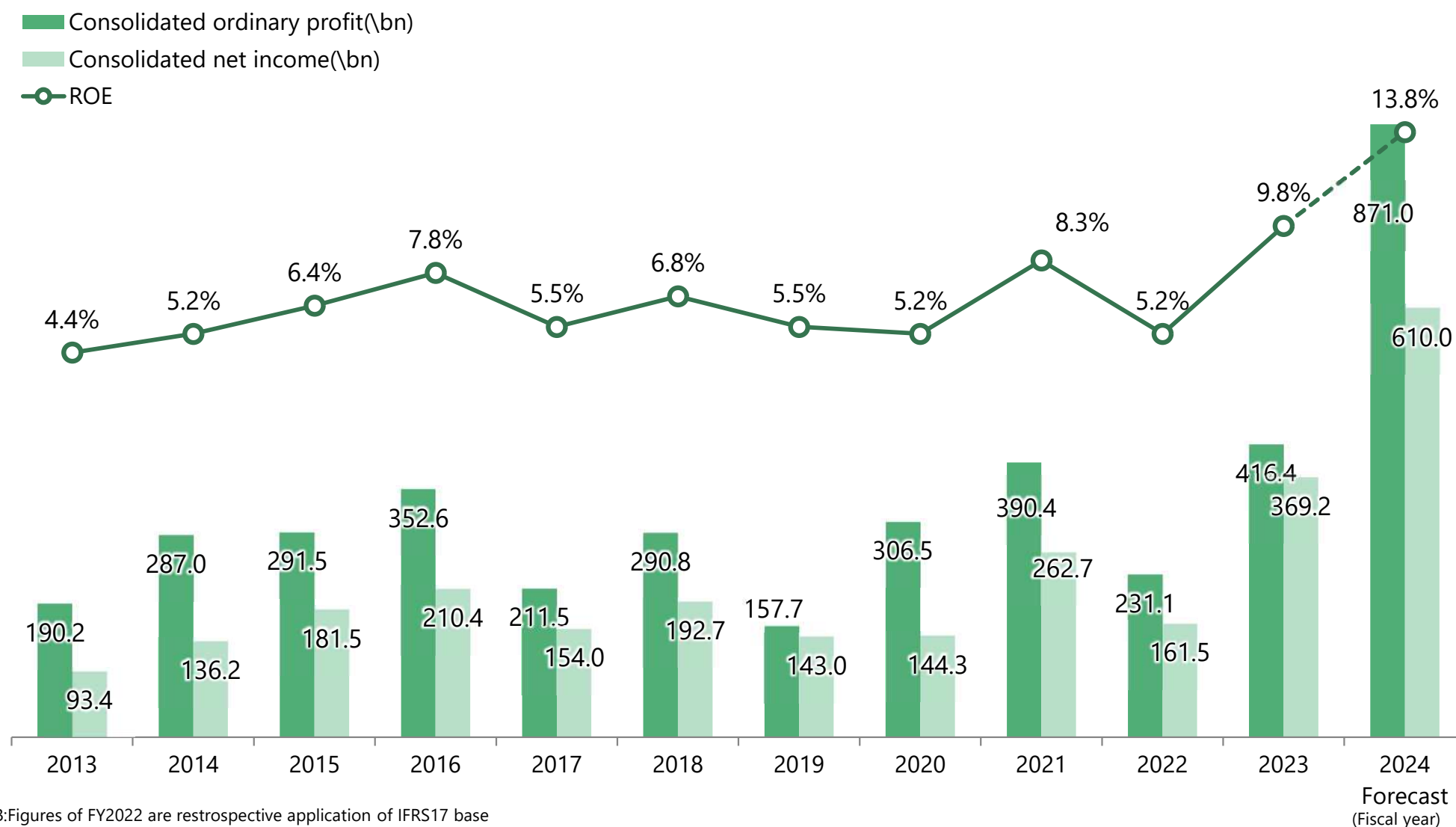
(¥bn)



NB: Premiums (gross premiums written) are for domestic life insurance subsidiaries only


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

### Consolidated Ordinary Profit, Net Income and ROE



### 3. Impact of Foreign Exchange/Interest Rate Fluctuation on Earnings (FY2024 Forecast)

#### Impact of 5% JPY depreciation on profits(All currencies 5% weaker yen)

<b>Impact on net income</b>	increase by approx. ¥+13.0 billion
● Increase in profits of overseas subsidiaries	increase by approx. ¥+8.0 billion
● Domestic non-life insurance subsidiaries	increase by approx. ¥+0.5 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. ¥-1.5 billion
● Increase of profit margin of domestic life insurance subsidiaries	increase by approx. ¥+6.0 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. ¥+14.5 billion</b>

#### Impact of 0.5% rise in JPY interest rate on profits

<b>Impact on net income and Group Adjusted Profit</b>	
● Increase in interest for new investment bonds/loans <sup>†1</sup>	increase by approx. ¥+0.5 billion

#### Impact of 0.5% rise in overseas interest rate on profits

<b>Impact on net income and Group Adjusted Profit</b>	
● Increase in interest for new investment bonds/loans <sup>†2</sup>	increase by approx. ¥+0.7 billion

NB: The foreign exchange and interest rate impacts associated with fair value changes in MSP Life's assets and liabilities are not included in the above.

<sup>†1</sup> : Planned amount of new investment in domestic bonds in FY2024: approximately 200.0 billion yen (Total of MSI, ADI, MSA Life and MSP Life) × 0.5% × 0.5 (assuming a level investment)

<sup>†2</sup> : Planned amount of new investment in foreign bonds in FY2024: approximately 280.0 billion yen (Total of MSI, ADI, MSA Life and MSP Life) × 0.5% × 0.5 (assuming a level investment)

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

1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Digital and Risk Related Services Business
5. Financial Services Business
6. Asset Management

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

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

2. Domestic Life Insurance Business

3. International Business

4. Digital and Risk Related Services Business

5. Financial Services Business

6. Asset Management

# 1. Domestic Non-life Insurance Business

## (1) Group Adjusted Profit

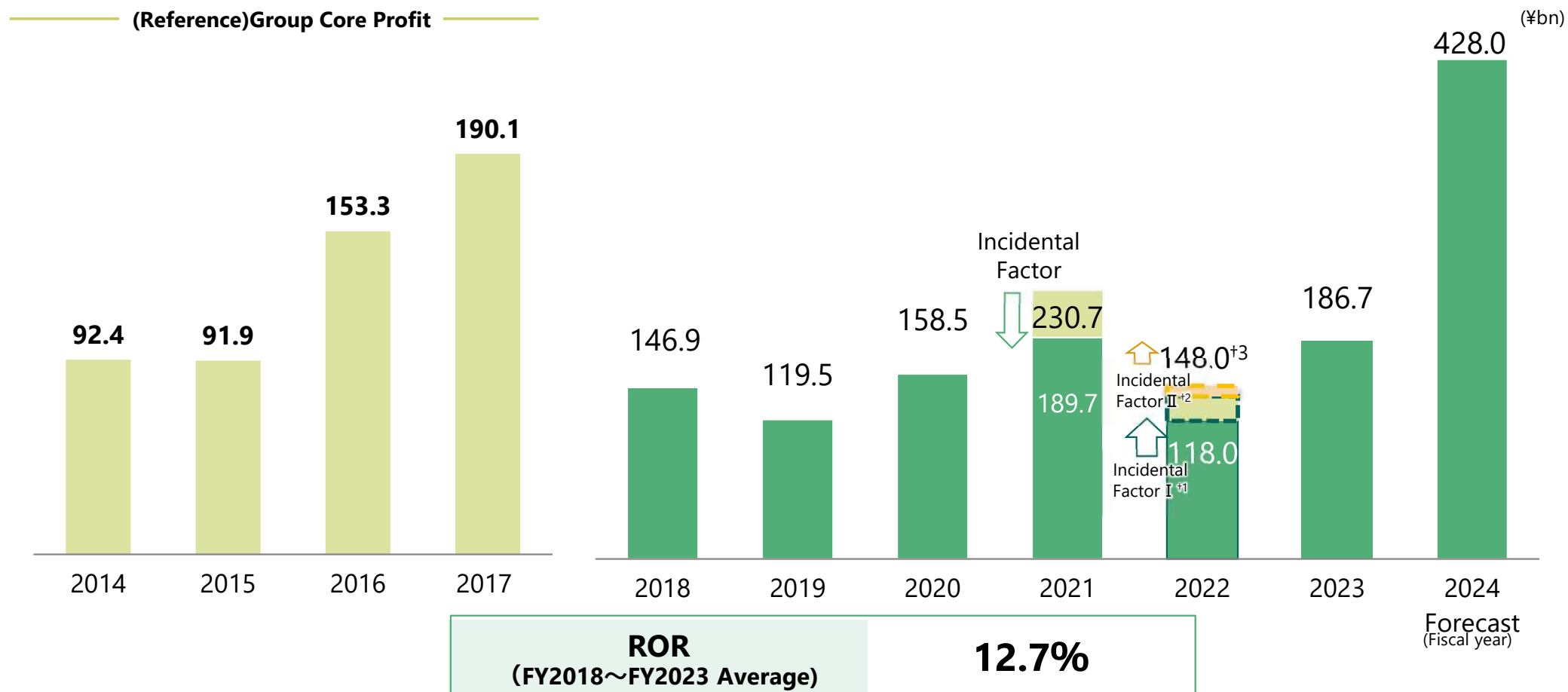
Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

### Group Adjusted Profit



<sup>+1</sup> Transient: Covid19 losses: -21.0 billion yen

<sup>+2</sup> Non-Transient: Increase reserve provision for inflation: -6.0 billion yen, Nat Cat fluctuation impact/upward from initial forecast: -18.0 billion yen, Large losses increase: -39.0 billion yen, Acceleration of strategic equity holdings: +54.0 billion yen

<sup>+3</sup> Figures after retrospective application of IFRS17

# 1. Domestic Non-Life Insurance Business

## (2) Net Premiums Written by Class of Business

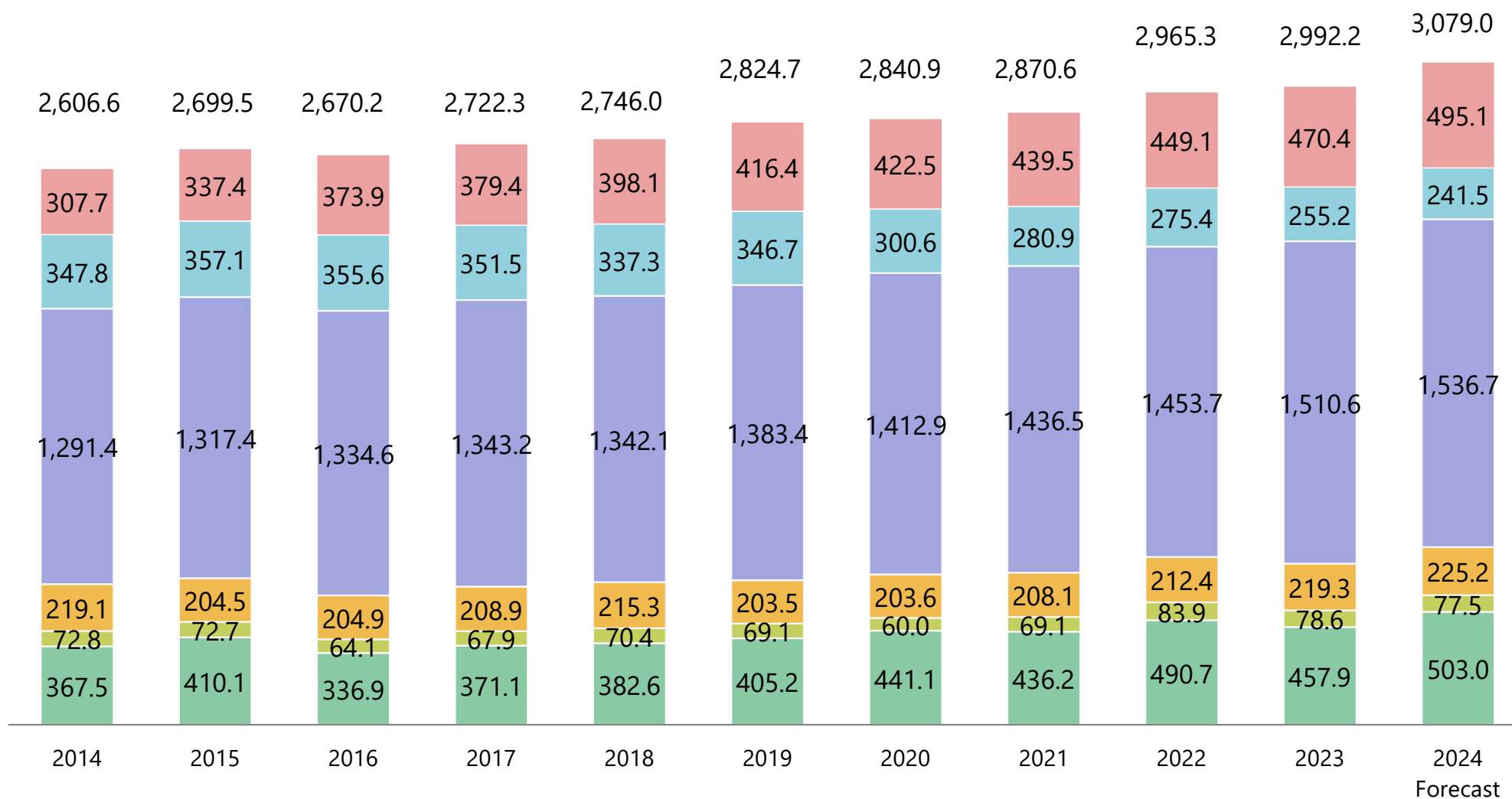
Domestic Non-life Insurance Business

Domestic Life Insurance Business

International Business

Other

■ Fire and Allied ■ Marine ■ Personal accident ■ Voluntary Auto ■ CALI ■ Other (¥bn)



NB: Simple sums of non-consolidated figures for MSI and ADI

(Fiscal year)

# 1. Domestic Non-life Insurance Business

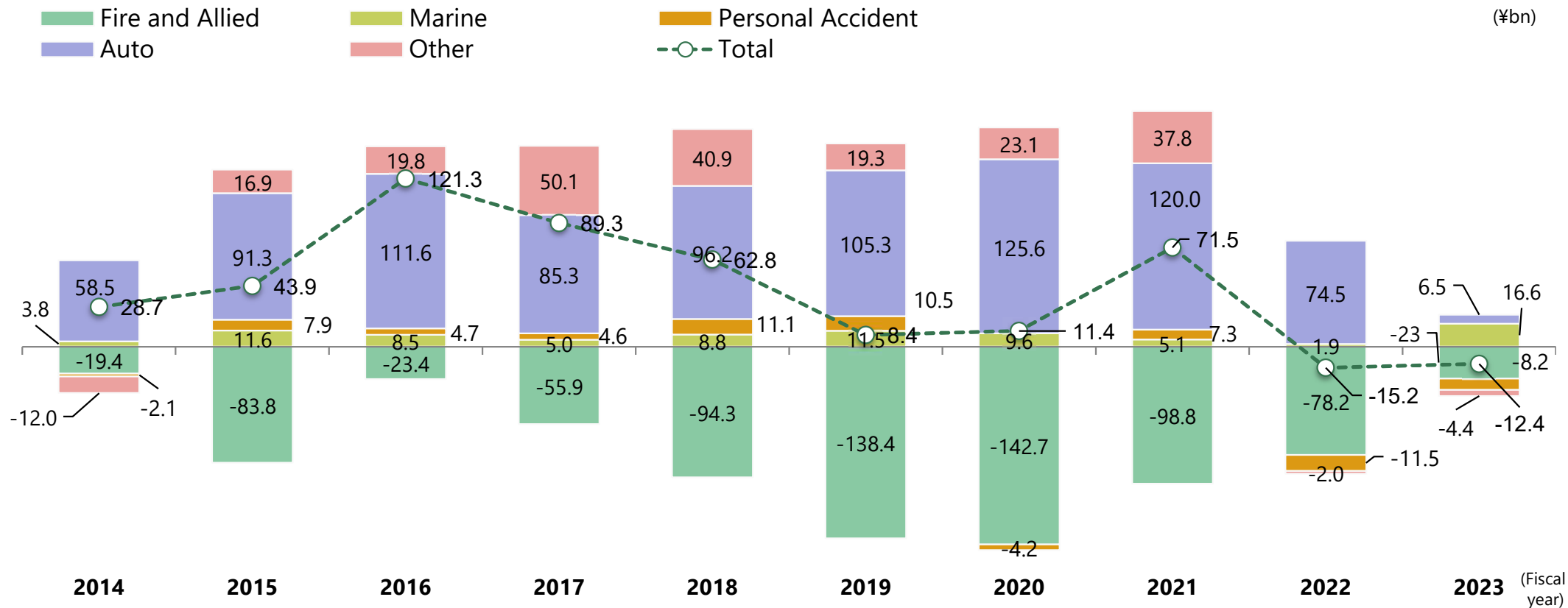
## (3) Underwriting Profit/Loss by Line of Business

Domestic Non-life Insurance Business

Domestic Life Insurance Business

International Business

Other



Item/Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Forecast
<b>Underwriting Profit</b>	<b>28.7</b>	<b>43.9</b>	<b>121.3</b>	<b>89.3</b>	<b>62.8</b>	<b>8.4</b>	<b>11.4</b>	<b>71.5</b>	<b>-15.2</b>	<b>-12.4</b>	<b>76.0</b>
Net reversal of catastrophe reserve (profit impact)	-31.3	-81.6	-81.8	-44.6	79.8	-33.3	-65.3	-73.7	38.8	45.9	105.8
Underwriting profit (before reflecting catastrophe reserves)	60.1	125.6	203.1	133.9	-16.9	41.8	76.7	145.3	-54.1	-58.4	-29.8
Impact of natural catastrophes <sup>†1</sup> (ref.)	-27.2	-68.1	-51.0	-118.8	-235.3	-122.9	-85.0	-77.2	-115.5	-135.0	-172.5

NB: 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

## (4) Balance in Catastrophe Reserve

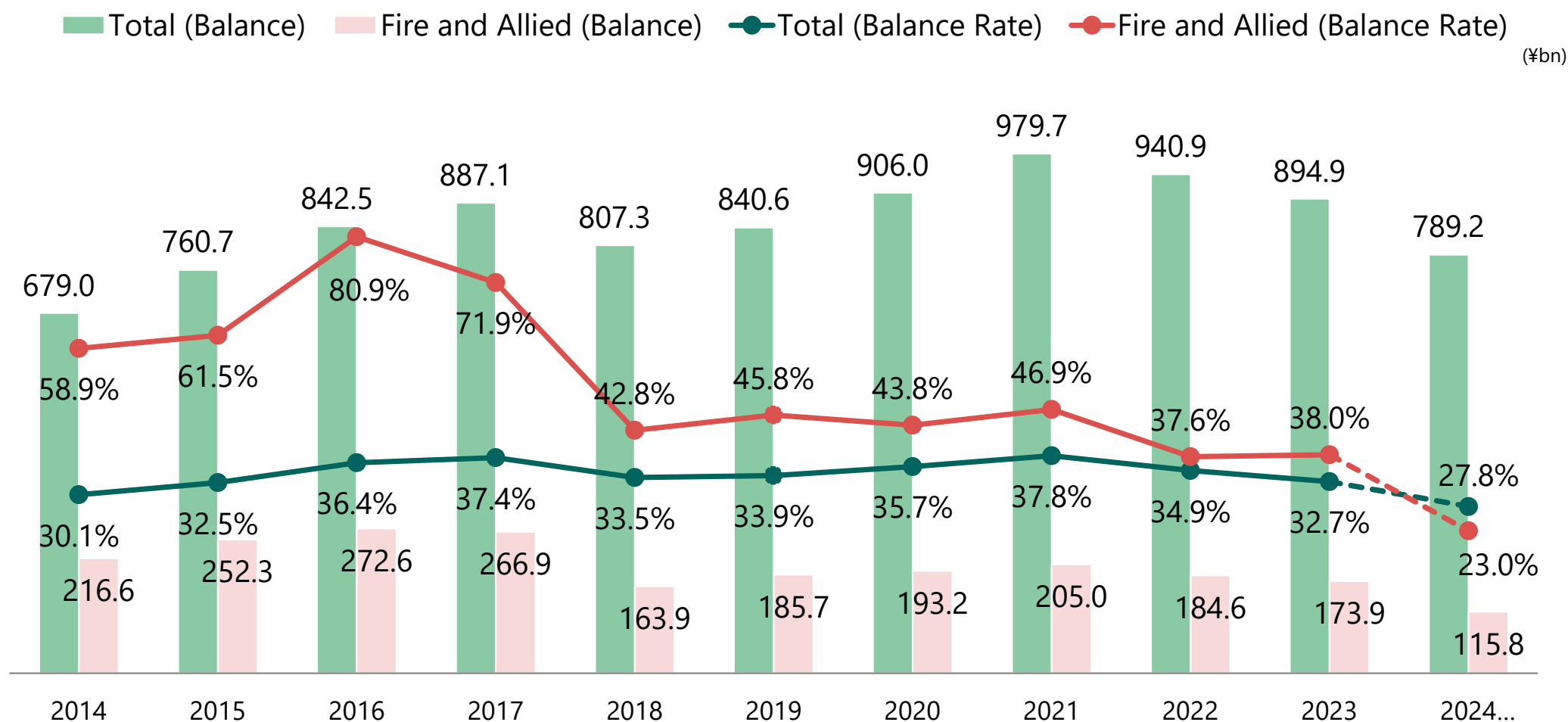
Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

### Catastrophe reserve Balance



NB: Simple sum of non-consolidated figures for MSI and ADI

NB: Balance ratio = Balance of Catastrophe reserve / Net Premiums Written (excluding Residential Earthquake Insurance and CALI)

(Fiscal year)

# 1. Domestic Non-life Insurance Business

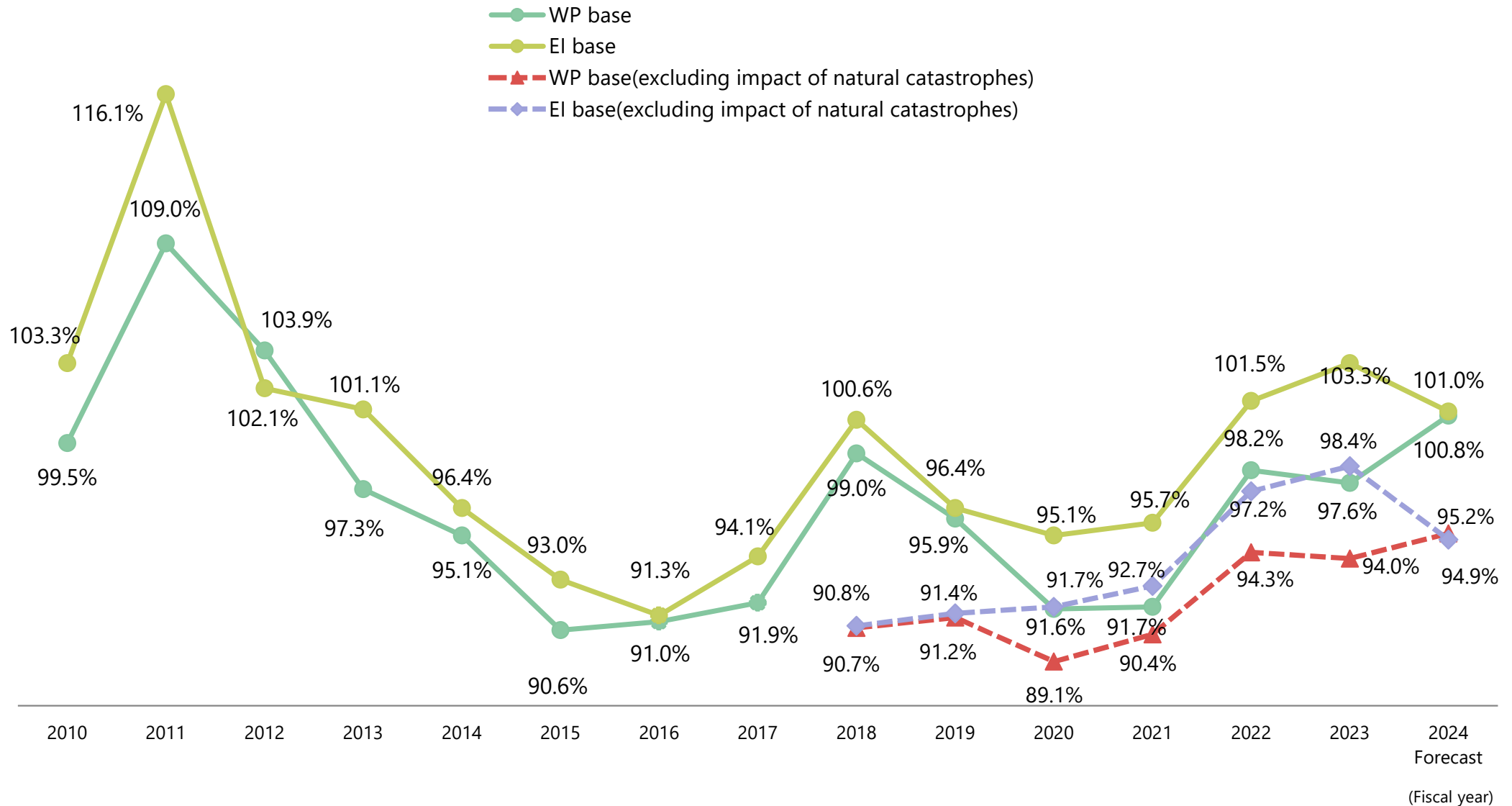
## (5) Trends in Combined Ratio

Domestic Non-life Insurance Business

Domestic Life Insurance Business

International Business

Other

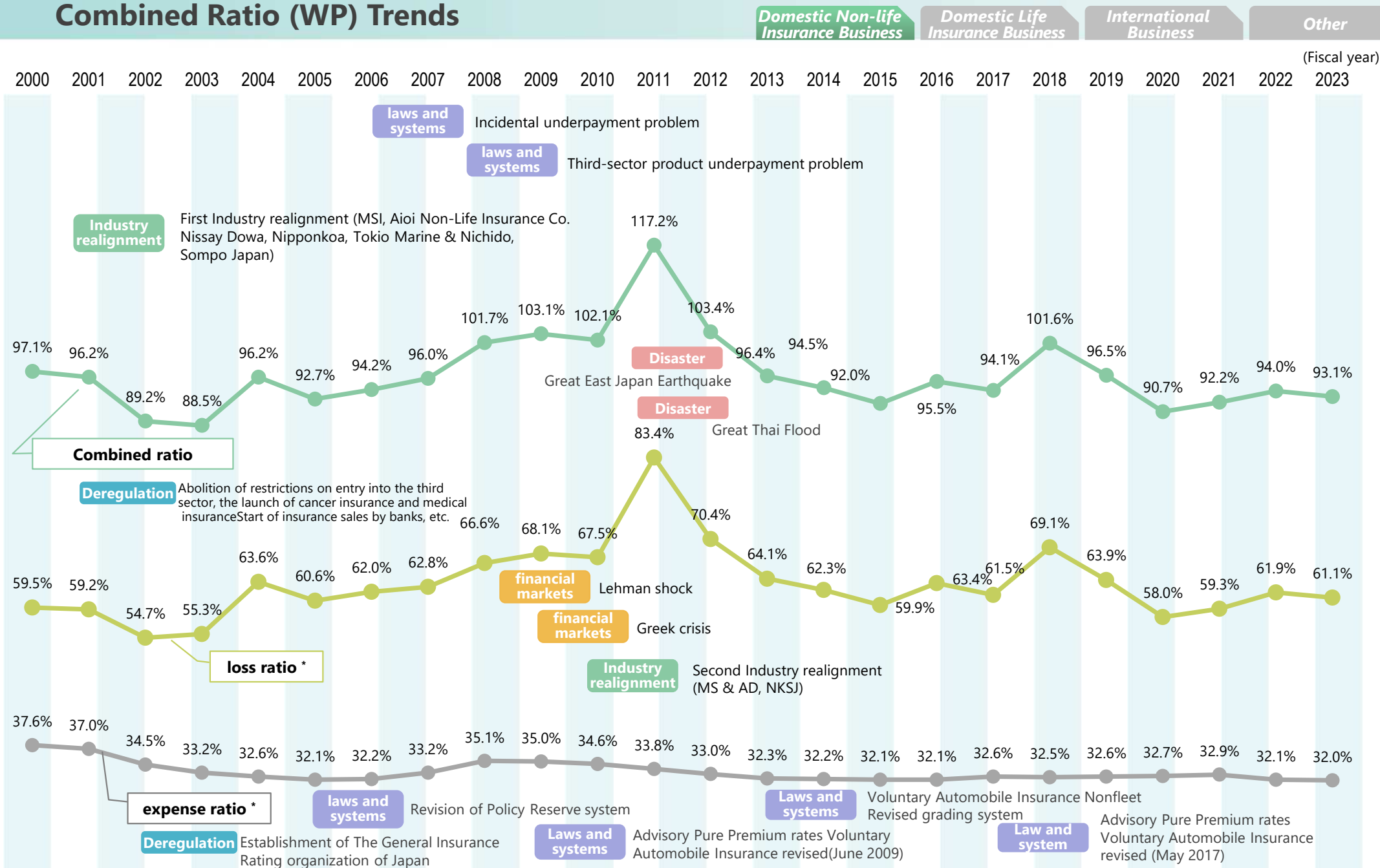


NB: Simple sum of non-consolidated figures for MSI and ADI. (In fiscal 2010, the non-consolidated figures for MSI, Aioi Insurance, and Nissay Dowa Genearl Insurance are simply combined.)

NB: All categories on WP basis, Residential Earthquake Insurance and CALI excluding EI basis

# 1. Domestic Non-Life Insurance Business (6) Non-Life Insurance Industry

## Combined Ratio (WP) Trends



NB:Source: Loss ratio and business expense ratios are based on data from the General Insurance Association of Japan

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

1. Domestic Non-life Insurance Business

**2. Domestic Life Insurance Business**

3. International Business

4. Digital and Risk Related Services Business

5. Financial Services Business

6. Asset Management

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

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

### Group adjusted profit

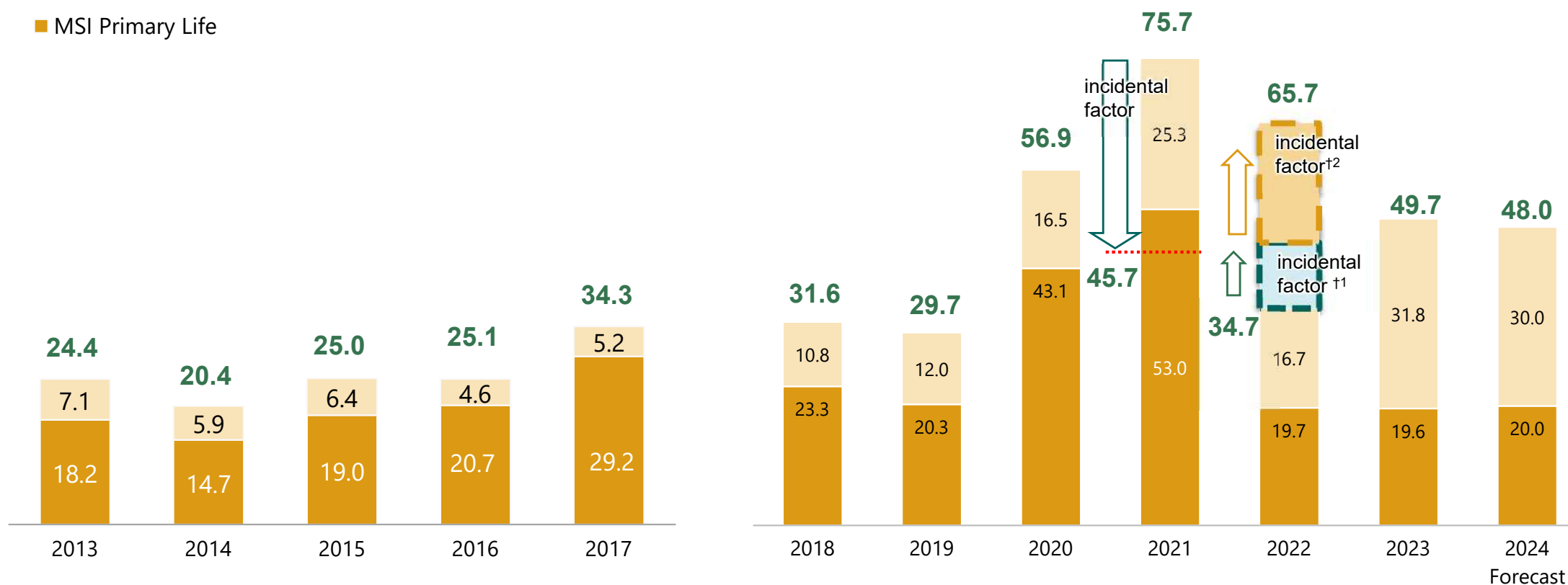
(Reference) Group core profit

Group Adjusted Profit\*

(¥bn)

MSI Aioi Life

MSI Primary Life



NB: Total value of life insurance business includes purchase differential adjustment, etc.

†1 Transient: Covid19 impact -11.0 billion yen

†2 Non-Transient: Increase in MS Primary Life's foreign currency standard Policy Reserve, etc. -20.0 billion yen

**ROR**  
(2019 to 2023 average)

**9.2%**

(Fiscal Year)

## 2. Domestic life insurance business (2) MSA Life (Amount of Policies and Annualized Premiums)

Domestic Non-life Insurance Business

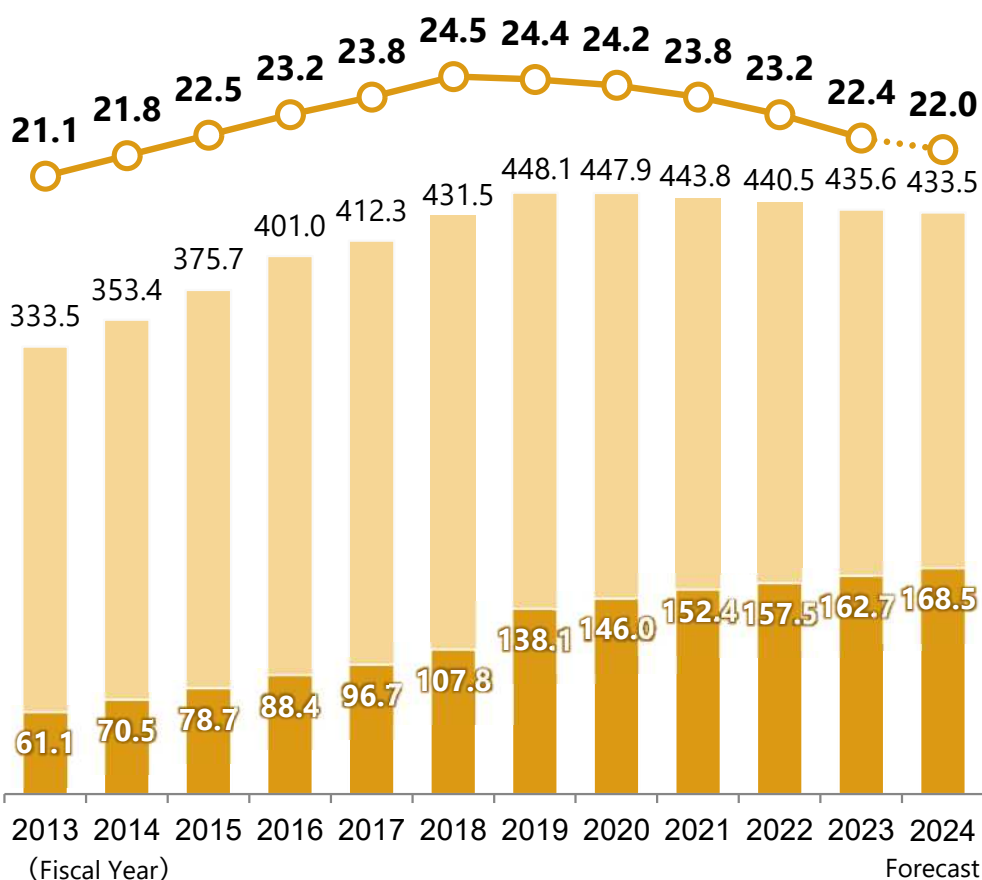
Domestic Life Insurance Business

International Business

Other

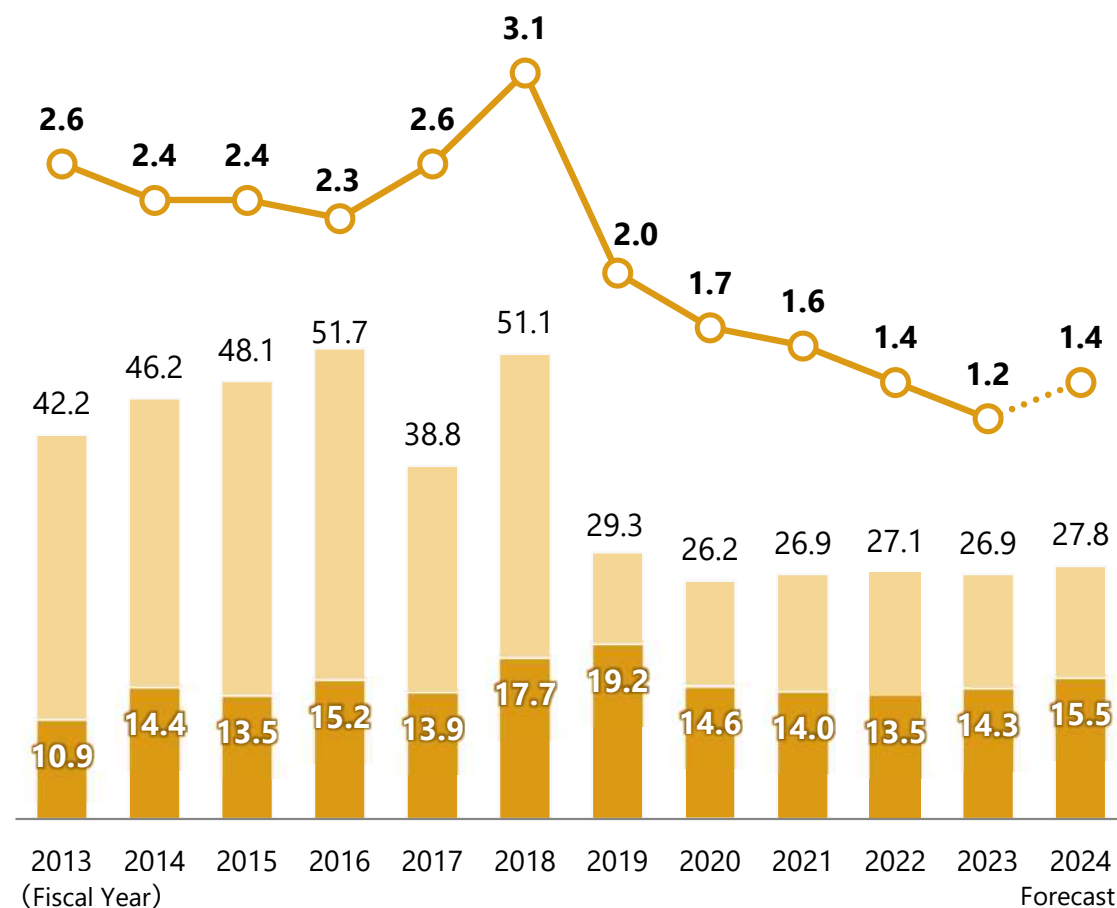
### Amount of New Policies in Force and Annualized Premiums of New Policies in Force

- Annualized premium in force (¥bn)
- Annualized premium in force for third sector insurance (¥bn)
- Amount of policies in force (¥tn)



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

- Annualized premium of new policies (¥bn)
- Annualized premium of new policies for third sector insurance (¥bn)
- Amount of new policies (¥tn)



## 2. Domestic Life Insurance Business (3) MSP Life (Premiums and Amount of Policies in Force and Net income)

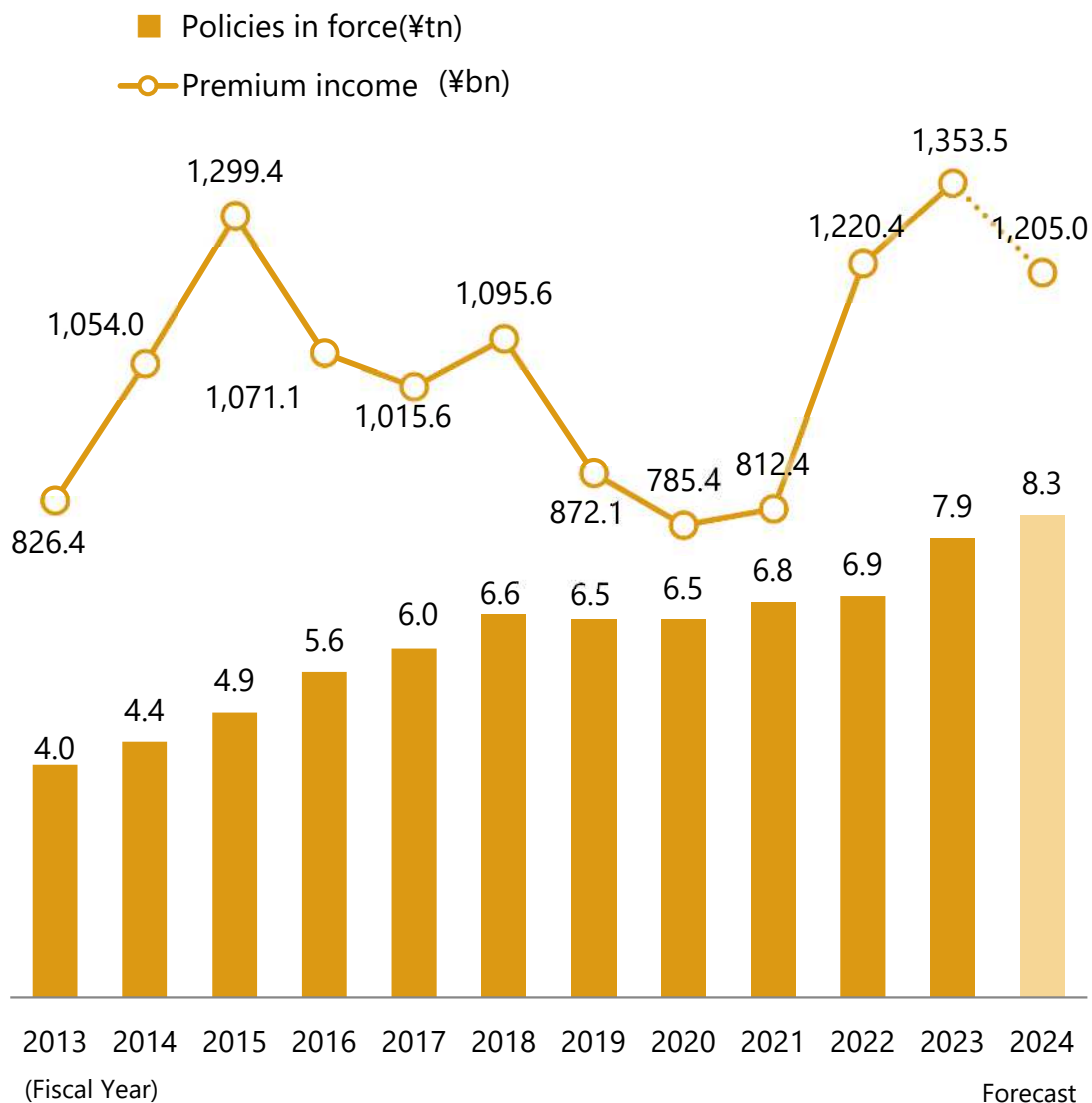
Domestic Non-life Insurance Business

Domestic Life Insurance Business

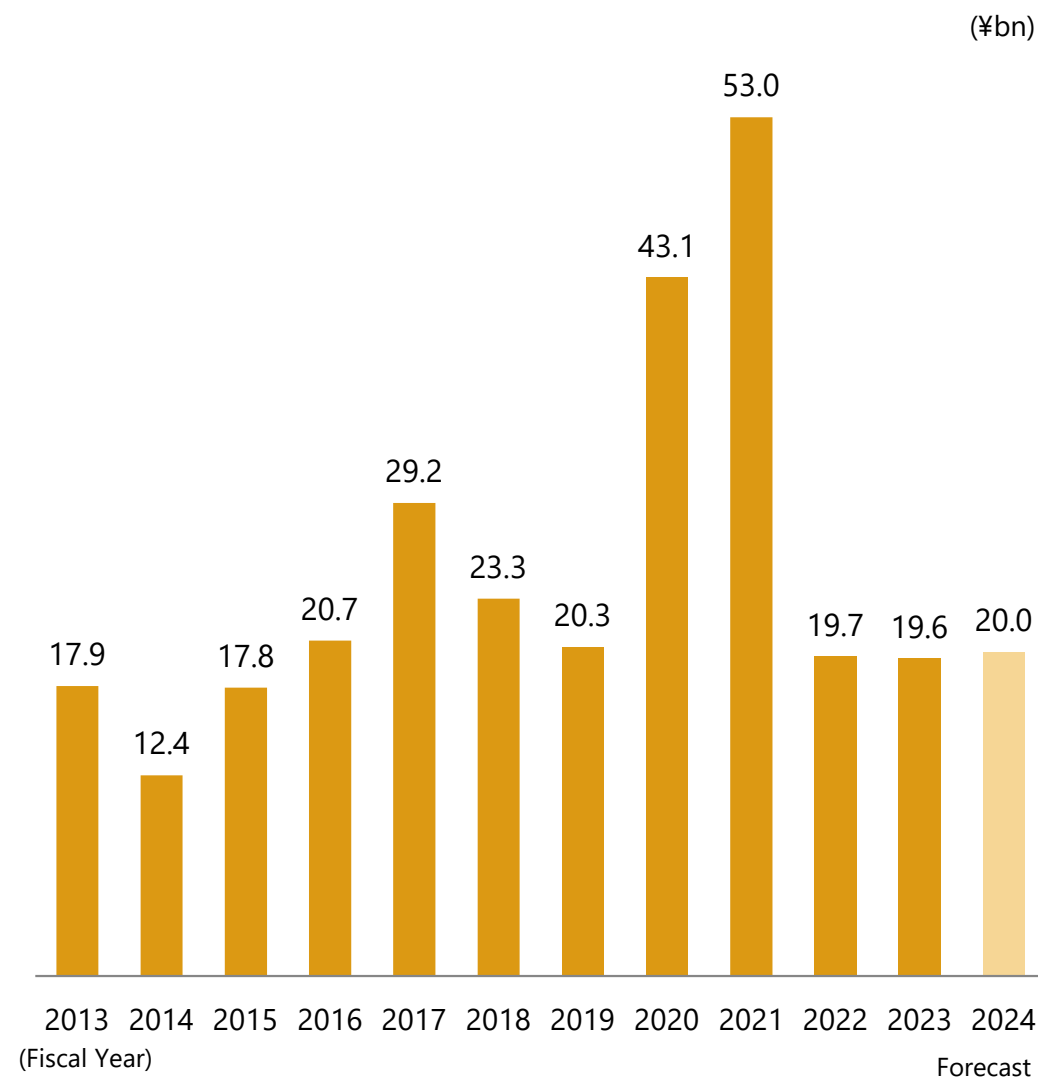
International Business

Other

### Premium income and Amount of policies in force



### Net income



## 2. Domestic Life Insurance Business (4) Embedded Value (EEV) from the End of FY2013 to the End of FY2023

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

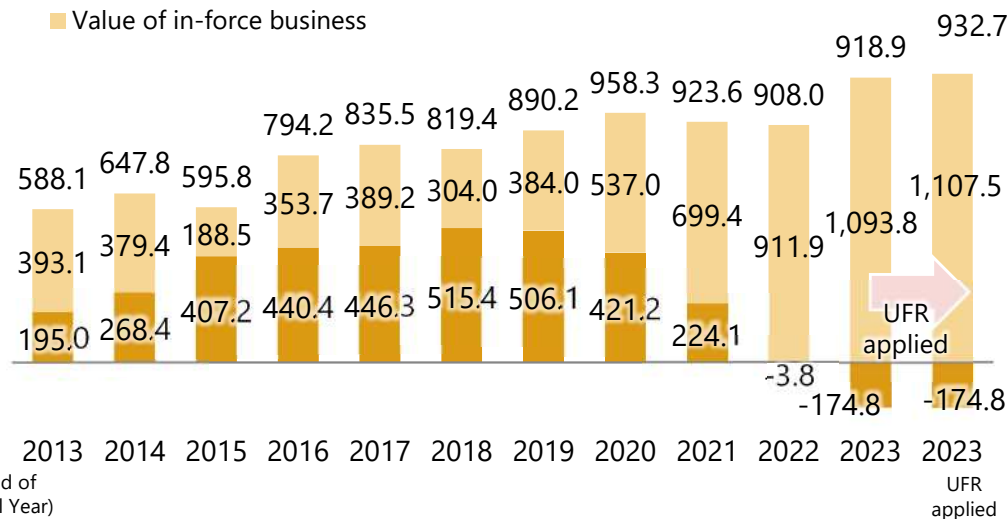
International  
Business

Other

### MSA Life

(¥bn)

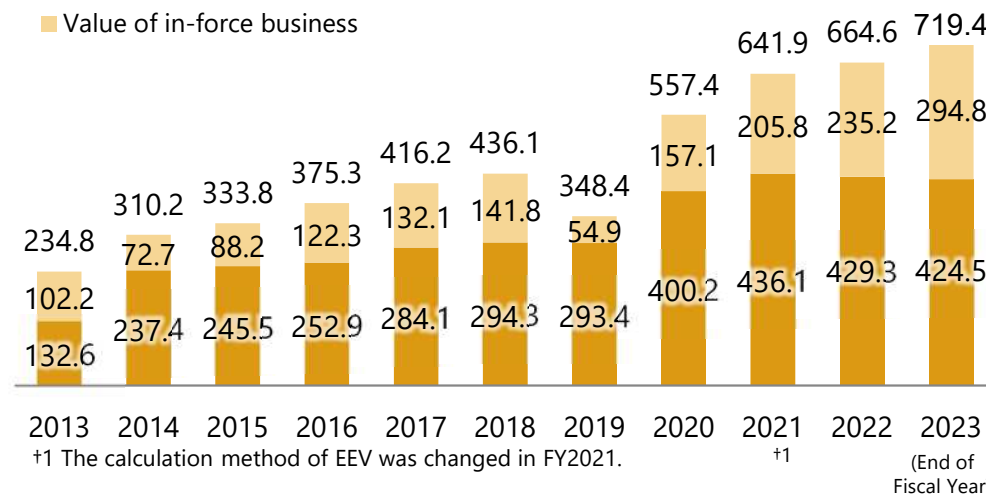
■ Net worth  
■ Value of in-force business



### MSP Life

(¥bn)

■ Net worth  
■ Value of in-force business



#### ■ Changes from previous year (¥bn)

Factor	Change
Opening adjustments	-5.0
New business in reporting year	46.6
Expected existing business contribution at the risk free rate	9.6
Expected existing business contribution above risk free rate	7.2
Operating experience variances	-4.3
Changes in operating assumptions	-49.7
Economic variances and changes to economic assumptions	6.5
Closing Adjustment	-0.0
Total	10.9

#### ■ EEV Sensitivity (at March 31, 2024, ¥bn)

Assumptions	Change
Risk-free yield curve Up 50bp	-59.1
Risk-free yield curve Down 50bp	52.4
Equity and real estate values Down 10%	-5.8
Maintenance expenses Down 10%	34.7
Surrender and lapse rates Down 10%	19.0
Mortality and morbidity rates for life insurance Down 5%	56.7
Mortality and morbidity rates for annuity Down 5%	-0.1
Equity and property implied volatility Up 25%	0.0
Swaption implied volatility Up 25%	-24.7
Required capital set at statutory minimum level	12.5
Applying an Ultimate Forward Rate (UFR) to extrapolate long term interest rates	13.7

#### ■ Changes from previous year (¥bn)

Factor	Change
Opening adjustments	-6.8
New business in reporting year	0.9
Expected existing business contribution at the reference rate	4.5
Expected existing business contribution above reference rate	2.4
Operating experience variances	0.1
Changes in operating assumptions	-11.3
Economic variances and changes to economic assumptions	64.8
Total	54.7

#### ■ EEV Sensitivity (at March 31, 2024, ¥bn)

Assumptions	Change
Reference yield curve Up 50bp	-5.1
Reference yield curve Down 50bp	5.1
Equity and real estate values Down 10%	-1.9
Maintenance expenses Down 10%	7.1
Surrender and lapse rates Down 10%	-2.3
Mortality and morbidity rates for life insurance Down 5%	3.8
Mortality and morbidity rates for annuity Down 5%	-1.0
Equity and property implied volatility Up 25%	-1.4
Swaption implied volatility Up 25%	-2.7
Required capital set at statutory minimum level	8.8
Nil reflecting excess spread	-116.7

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

1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business

### **3. International Business**

4. Digital and Risk Related Services Business
5. Financial Services Business
6. Asset Management

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

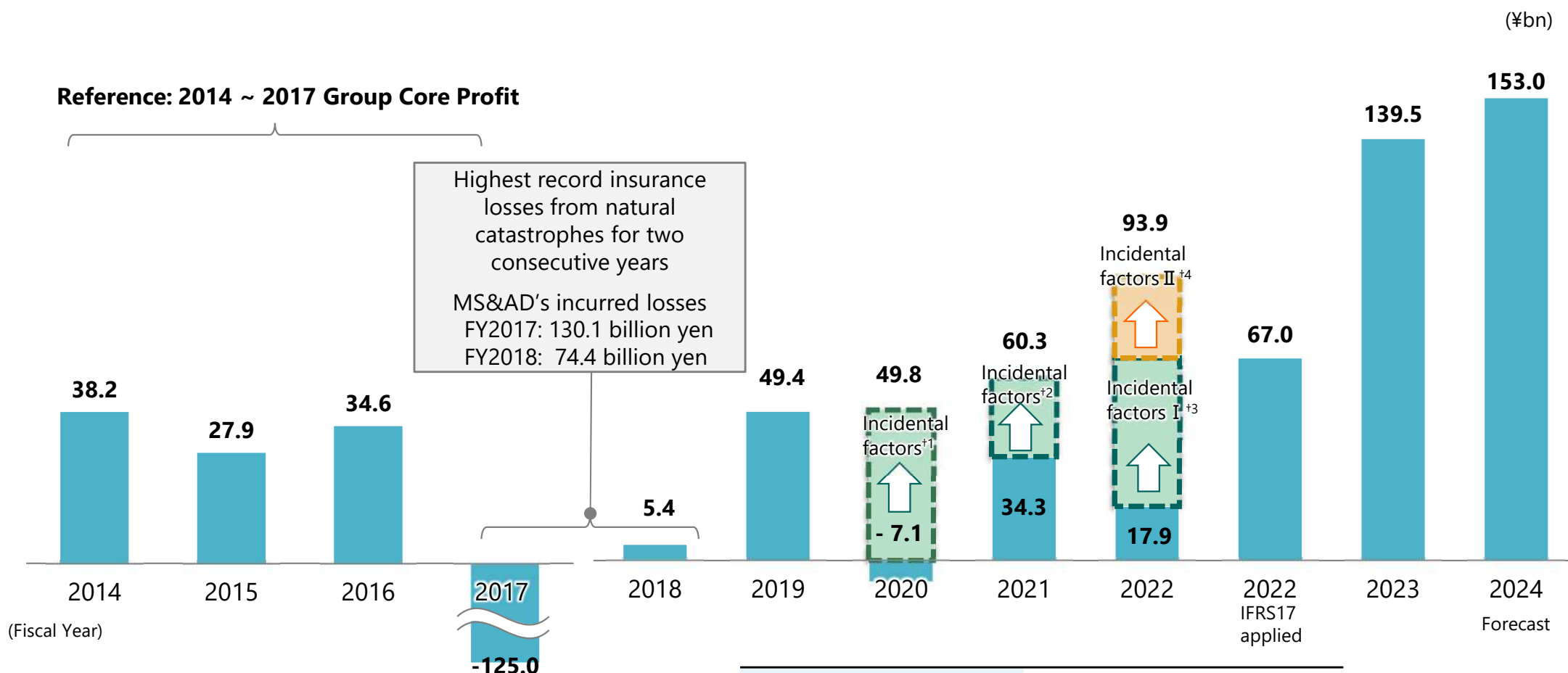
Domestic non-life  
insurance business

Domestic life  
insurance business

International  
business

Other

## Group Adjusted Profit



<sup>†1</sup> COVID-19 related losses: -57.0 billion yen

<sup>†2</sup> Excess amount over overseas catastrophe budget: -26.0 billion yen

<sup>†3</sup> Transient : Russia-Ukraine impact: -16.0 billion yen, Covid19: -20.0 billion yen,

Market fluctuation impact: -31.0 billion yen (MS Amlin investment : -19.0 billion yen, International Life Insurance Business : -12.0 billion yen), Sales of real estate assets in Taiwan : 18.0 billion yen

<sup>†4</sup> Non-Transient : Increase IBNR provision for inflation: -18.0 billion yen, Nat Cat fluctuation impact/upward from initial forecast: -6.0 billion yen, Large losses increase: -3.0 billion yen

### 3. International Business ( 2 )Net Premiums Written and Group Adjusted Profit<sup>†1</sup>

Domestic non-life  
insurance business

Domestic life  
insurance business

International  
business

Other

#### ■ Net premiums written (Non-life insurance)

(¥bn)

	FY2023		FY2024	
	Result	YoY change	Forecast	YoY change
Total International Business <sup>†2</sup>	1,620.3	400.8	1,827.1	206.7
Lloyd's • Reinsurance	674.3	209.7	794.4	120.1
AUL	263.4	61.5	295.7	32.2
MS Re	409.7	147.7	495.5	85.7
Asia	338.0	40.7	384.1	46.0
Europe	201.0	53.3	203.3	2.2
Americas	107.4	35.0	157.4	49.9
Toyota Retails	163.2	40.5	188.0	24.9
Head office reinsurance business	63.0	6.7	52.5	-10.5

#### ■ Group adjusted profit

(¥bn)

	FY2023		FY2024	
	Result	YoY change	Forecast	YoY change
Total International Business <sup>†2</sup>	139.5	72.4	153.0	13.4
Lloyd's • Reinsurance	83.0	58.2	63.7	-19.4
AUL	36.5	36.6	23.4	-13.0
MS Re	51.1	23.6	45.3	-5.7
Asia	49.5	14.7	42.7	-6.8
Europe	10.1	2.1	13.2	3.0
Americas	5.7	2.5	17.3	11.5
Toyota Retails	-4.0	-3.6	-1.9	2.1
Head office reinsurance business	4.3	1.6	7.2	2.8
International life insurance business	22.9	12.1	31.3	8.3

†1 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.

†2 Figures in "Total International Business" 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. Digital and Risk Related Services Business**
5. Financial Services Business
6. Asset Management

## 4. Digital and Risk Related Services Business

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

As a "platform provider of risk resolution", we are strengthening our risk management services such as before-after coverage and consulting led by InterRisk, to create new business opportunities.

### Digital and Risk Related Services Business

#### <Digital and Risk area>

- Digital Innovation
  - Achieving increased revenue by developing products and services to provide new value before and after insurance compensation.
  - Utilizing the insights gained through startup investments by MS&AD Ventures Inc. across the entire group etc.
- Risk consulting
  - Providing risk consulting services as a group, with InterRisk at its center
  - Expanding revenue through the development of software equipped with our risk consulting service insights.

#### <Assistance services area>

- Road Assistance
  - Arranging and dispatching roadside service providers quickly in case of car and driving troubles or accidents of our customers
- Housing Assistance
  - Providing "24 hours a day, 365 days a year" services in case of home-related troubles or accidents of our customers.

- We have sold "Mitsui Sumitomo Insurance Care Network" and "Fureai Do Life Services" and withdrawn from the nursing care business.

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

1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Digital and Risk Related Services Business

### **5. Financial Services Business**

6. Asset Management

## 5. Financial Services Business

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

- 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.

### Asset building- related business

#### ● Financial services for individuals and local economies

- Providing comprehensive financial services to the workplace market (100 year life lounge)
- Strengthening profitability of defined contribution pension business
- Support for asset building in cooperation with regional financial institutions

#### ● Asset management

- Strengthening profitability of SMDAM<sup>+1</sup>
- World-class LCP<sup>+2</sup> fund management<sup>+3</sup>
- Consideration of capital tie-ups with overseas asset management companies

#### ● Variable annuity reinsurance (FinRe<sup>+4</sup>)

- Group utilization of hedging technology and product development

#### ● Weather derivatives, etc.

- Strengthening sales system through collaboration with product divisions and overseas bases

#### ● Insurance-linked securities (ILS<sup>+5</sup>)

- SMDAM fund investment advisory
- LCP fund sales support for domestic investors

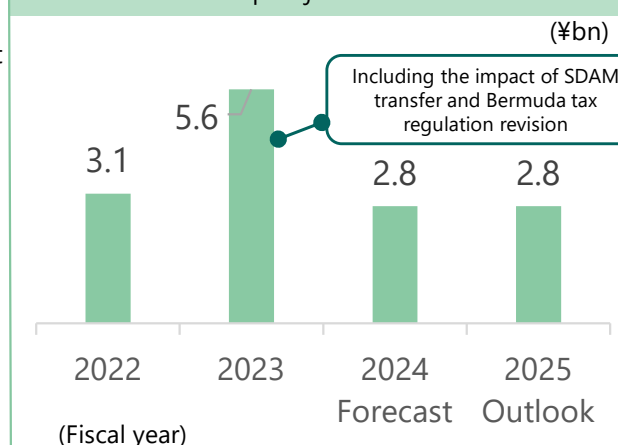
#### ● Small business investment (venture investment)

- Expanding investments by taking advantage of changes in the social environment through MSI Capital<sup>+6</sup>

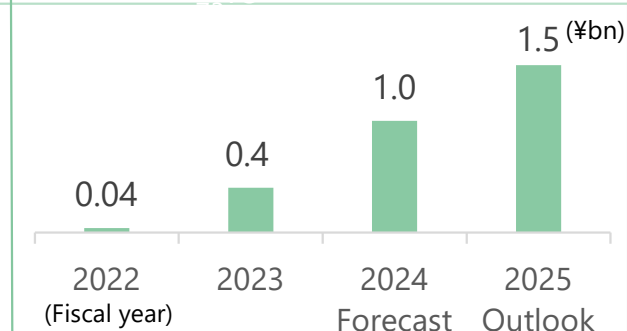
#### ● Impact investment

- Development of new products and services by accumulating knowledge of market environments and methods

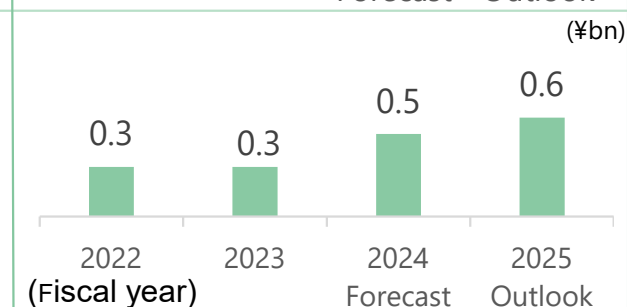
Group Adjusted Profit



### Provision of risk solutions contributing to ESG



### Response to changes in social environment



<sup>+1</sup> Sumitomo Mitsui DS Asset Management Company, Limited

<sup>+2</sup> Leadenhall Capital Partners LLP (LCP)

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

<sup>+4</sup> MS Financial Reinsurance Limited <sup>+5</sup> Insurance-linked securities: Collective term for securitization products which transfer natural catastrophe risks and other insurance risks to capital markets

<sup>+6</sup> MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.

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

1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Digital and Risk Related Services Business
5. Financial Services Business
- 6. Asset Management**

## 6. Asset Management (1) Group Asset Management (i) (Total Assets and Allocation by Rating)

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

### Total assets<sup>†1</sup> (Non-consolidated total of five domestic companies/End of March 2024)

Asset class	Total assets of 5 companies)		Higher-return assets	MSI	ADI	MSA Life	MSP Life General account	(¥bn)
	Fair value	Composition ratio	Market value	Market value	Market value	Market value	Market value	
Short-term funds, etc.	2,100.1	10%	0.0	570.2	272.7	234.5	1,016.4	
Yen-denominated bonds and loans	6,439.6	30%	247.1	1,581.5	812.6	3,644.3	361.6	
Hedged foreign bonds	1,001.8	5%	870.1	204.5	437.6	274.0	85.6	
Foreign bonds, etc.	5,018.9	23%	1,532.0	254.7	313.5	307.0	4,143.8	
Domestic equity(pure investment)	81.8	0%	81.8	59.7	2.3	19.9	0.0	
Foreign equity (pure investment)	288.5	1%	288.4	80.8	194.9	12.8	0.0	
Alternatives	822.7	4%	725.3	414.0	152.3	47.8	208.7	
Strategic equity holdings	3,655.9	17%	0.0	2,566.4	1,089.5	0.0	0.0	
Other (overseas business investments, etc.)	1,710.6	8%	0.0	1,529.6	179.9	1.0	0.0	
Real estate	394.6	2%	0.0	178.1	216.1	0.3	0.0	
Domestic Total	21,514.5	100%	3,744.7	7,439.5	3,671.3	4,541.5	5,816.0	

### Total assets<sup>†1</sup>(by overseas entity)

(¥bn)

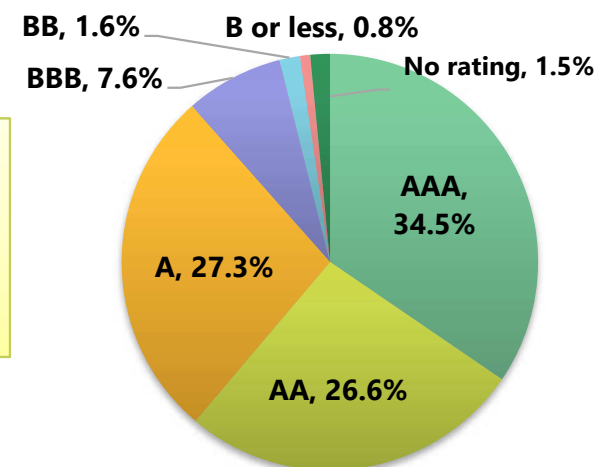
(Management Accounting Base)	Region, Entity	Total assets (as of December 31, 2023)
MSI	EU (excluding MS Amlin)	118.6
	MS Amlin	1,265.7
	Americas	219.0
	Asia and Oceania	911.0
		2,514.3
ADI	Europe	133.3
	Americas	13.8
	Asia and Oceania	64.7
		211.8
MSI+ADI		2,726.1

†1: Management accounting base †2: MSI, ADI, MSA Life, MSP Life, MD

†3: Figures for credit by internal rating for total credit management by individual issuers (Aggregate bonds, loans, etc., based on market value)

### Allocation by Rating (as of March 2024)<sup>†3</sup>

Maintaining a portfolio with high creditworthiness, with investment grade bonds and other assets rated BBB or higher accounting for 95% or more



## 6. Asset Management (1) Group Asset Management (ii) (Investment Profit, Risk Amount, Sensitivity, etc.)

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

Other

### Investment profit/loss<sup>†1</sup> (FY2023)

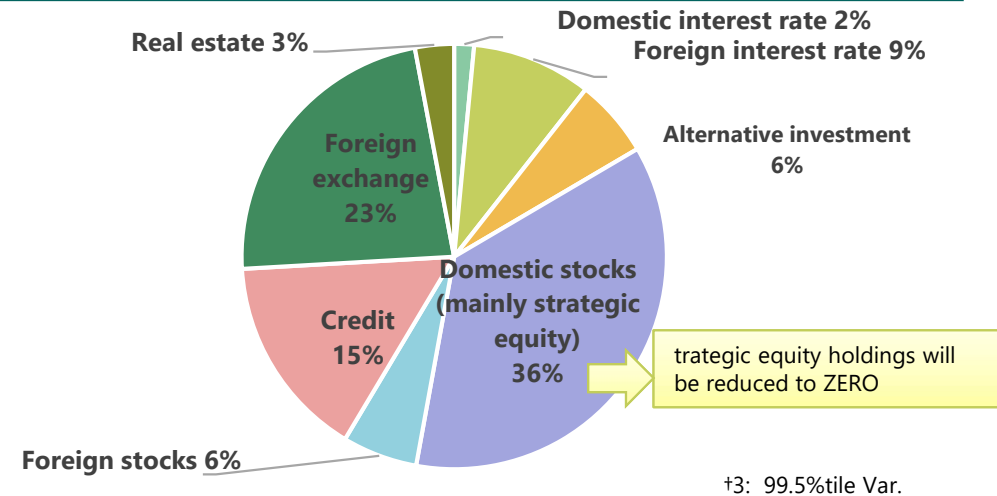
(¥bn)

	Results	Vs. plan	YoY
<b>Total of 3 domestic non-life insurance companies</b>	319.6	+69.9	+89.0
<b>Net interest dividends</b>	195.6	+23.0	+32.2
<b>Capital gains and losses, etc.</b>	138.9	+47.6	+57.5
<b>Investment expenses</b>	-14.9	-0.7	-0.7
<b>MSA Life</b>	60.6	-0.3	+5.8
<b>MSP Life (Total Assets and Liabilities)<sup>†2</sup></b>	35.2	-56.3	-8.4

†1 :Management accounting base

†2: Investment profit/loss (general account) total assets and liabilities for management accounting

### Asset management risk amount (End of March 2024)<sup>†3</sup>



### Interest rate and foreign exchange rate sensitivity (End of March 2024)

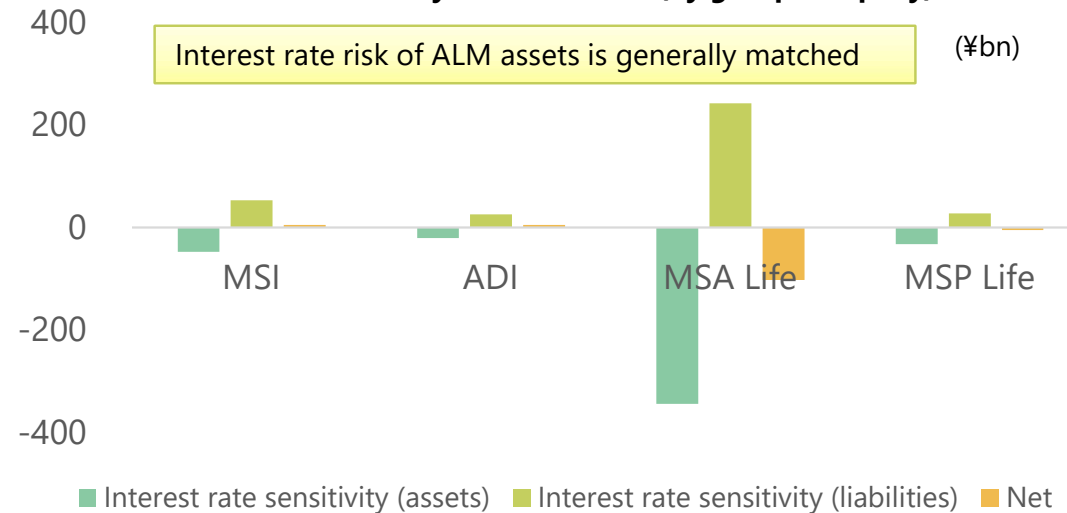
#### Interest rate and foreign exchange sensitivity (impact on Group Net Asset Value)

(¥bn)

	Total for MS&AD Group	Total for Non-Life Insurers <sup>†4</sup>	Total for Domestic Life Insurers
100 bps rise in yen interest rates	+93.4	+56.5	+20.5
100 bps rise in US dollar interest rates	-93.5	-53.9	-39.7
10% rise in the yen against all currencies	-398.5	-275.4	-97.9
10% rise in the yen against the US dollar	-220.4	-165.0	-54.7
10% rise in the yen against the Euro	-28.1	-24.2	-4.0
10% rise in the yen against the British Pound	-42.1	-26.8	+0.0

†4: Includes overseas subsidiaries

#### Interest rate sensitivity of ALM assets (by group company)<sup>†5</sup>



†5 Interest rate sensitivity is the amount of change in market value when interest rates rise 0.5%.  
MSP Life: simple sum of interest rate sensitivity of ALM assets in US\$ and Australian \$

## 6. Asset Management (2) MS Amlin<sup>†1</sup>

Domestic Non-life  
Insurance Business

Domestic Life  
Insurance Business

International  
Business

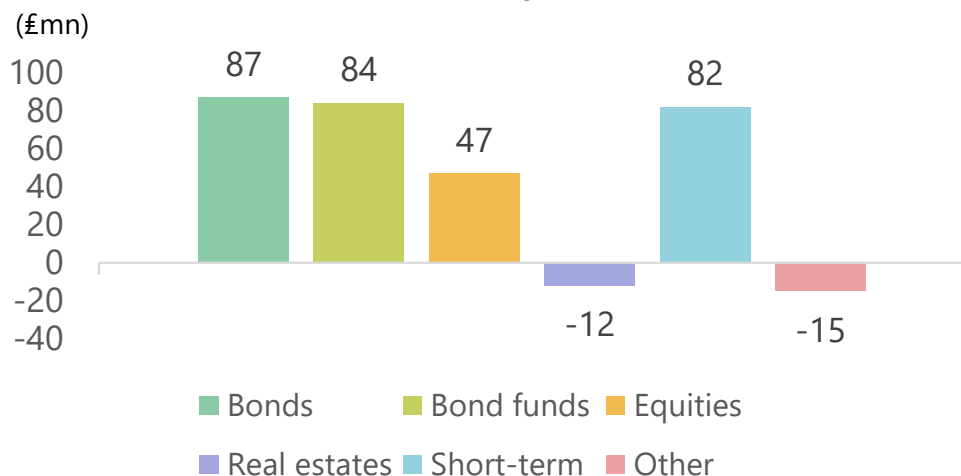
Other

- Investment profit FY2023 (Jan.to Dec. 2023) amounted to £273mn, mainly due to the rise in fair value of bonds and equities
- FY2024 forecast is expected to be £238mn, based on the expected yield level of the financial market environment at the end of December 2023

### Investment Profit/Loss

2023 Jan-Dec

£273 million (net investment return: 4.1%)

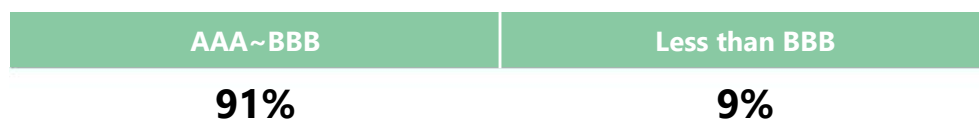


NB: Bond funds are funds whose basic strategy is to sell high-priced bonds and purchase low-priced bonds. We will take credit risks while controlling losses caused by overall rises in interest rates

2024 Forecast

£238 million (net investment return: 3.4%)

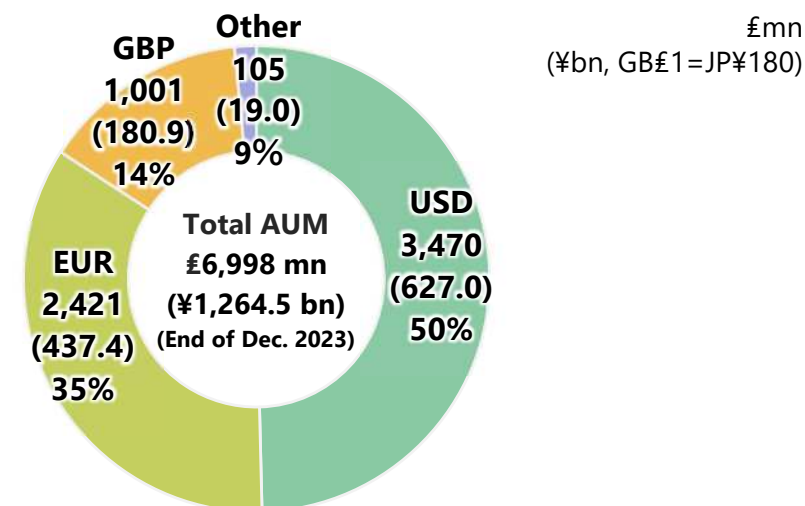
### Percentage of bonds by credit rating<sup>†2</sup>



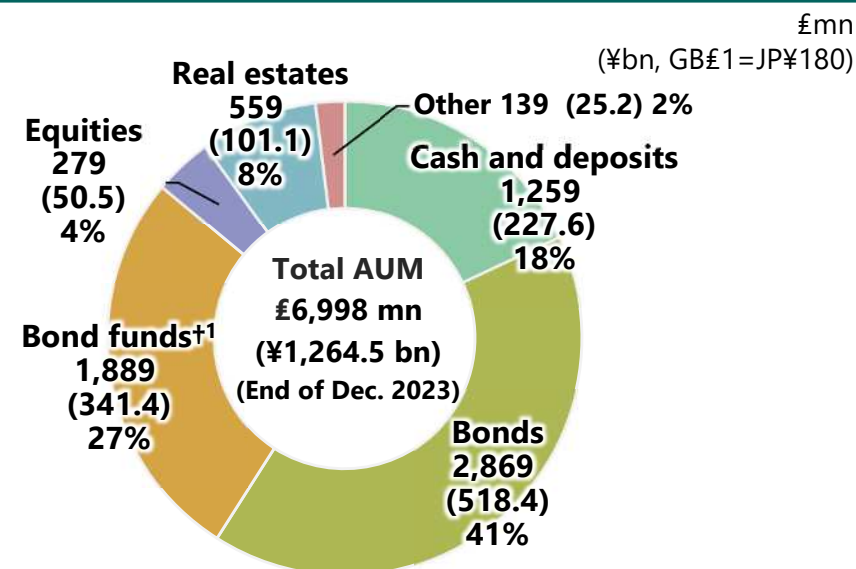
<sup>†1</sup> The sum of each Amlin business, mainly AUL, MS Re, AISE and ACS

<sup>†2</sup> Including derivative transactions

### Investment Assets Breakdown by Currency



### Investment Assets Breakdown by Assets



### **III. Sytem Supporting Value Creation**

1. Sustainability Initiatives
2. Human Assets Initiatives
3. ERM

### **III. Sytem Supporting Value Creation**

- 1. Sustainability Initiatives**
2. Human Assets Initiatives
3. ERM

# 1. Sustainability Initiatives (1) KPI Progress

- We have set sustainability as one of the foundations that support the Medium-Term Management Plan's basic strategies and set KPIs for each priority issue in order to become "a corporate group that supports a resilient and sustainable society". The progress has generally been steady.

Key Issues	KPI Progress		Target	End of March 2024
<b>Symbiosis with the global environment (Planetary Health)</b>	Greenhouse gas reduction rate (vs. FY2019)		FY2030: - 50% FY2050: Net Zero	-26.8% (End of Mar,2023)
	Renewable energy usage rate		FY2030: 60% FY2050: 100%	21.1% (End of Ma r , 2023)
	FY2025	Premium growth rate of products which contribute to decarbonization and a circular economy (e.g., carbon neutral support clause)	Annual average: 18%	17.9% (End of Mar 2023)
<b>Safe and secure society (Resilience)</b>	FY2025	Rate of increase in the number of policies for products that contribute to the enhancement of resilient society e.g.,cybersecurity insurance)	Annual average: 20%	17.6%
	FY2025	Instances of support for the resolution of issues faced by regional companies (e.g., seminars on regional revitalization)	10,000 instances a year	11,892
<b>Happiness of diverse people (Well-being)</b>	FY2025	Instances of support for companies' action on human rights (e.g., harassment prevention consulting)	1,000 instances a year	1,047
	FY2025	Number of policies in force for asset-building products to support longevity (e.g., tontine annuity insurance)	100,000	70,000
	FY2025	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	2.22 million

# 1. Sustainability Initiatives (2) Climate change, Natural capital, and Biodiversity

- Addressing climate change toward "2050 Net ZERO target" and promoting initiatives to maintain the sustainability of natural capital and biodiversity for a nature-positive society

## Response to climate change

**Greenhouse Gases (GHG) <sup>†1</sup> target emissions reduction rate  
(compared to the end of FY 2019)**

2030	2050
△37%	<b>Net Zero</b>

<sup>†1</sup> GHG emissions of key domestic clients  
(approx. 3,300/related to our company as policyholder and investees and borrowers)

### Major measures

- Development and sales expansion of products and services that contribute to adaptation to climate change, decarbonization of society, and a circular economy

### Examples

- Flood risk finder**  
Global flood risk analysis from risk management in areas without hazard maps to future impacts of climate change
- Natural disaster risk quantitative assessment service**  
In partnership with Jupiter Intelligence, considering climate change quantitative assessment of future risks such as heavy rain and heatwaves
- Carbon Neutral Support (CNS)**  
Consulting to support initiatives to reduce greenhouse gas emissions

## Natural capital's biodiversity initiatives

### Status of Initiatives

- As the first TNFD Early Adopter<sup>†2</sup> in the Japanese non-life insurance industry, actively promote the initiatives.
- Providing nature-related information disclosure support services in line with the TNFD(=Taskforce on Nature-related Financial Disclosure)

<sup>†2</sup>: TNFD Early Adopter : The company which announced the adoption and reporting of the TNFD Disclosure Proposal, a framework for disclosure of nature-related financial information

### MS&AD Green Earth Project

Promoting conservation and restoration of the natural environment, reduction of environmental impact, disaster prevention and reduction, and regional revitalization

Kuma River Watershed  
"Green Watershed"  
flood control project

Promoting Green Watershed Flood Control to realize safety and security while living in harmony with the natural environment

Minamisanriku-cho  
"INOCHI-MEGURU-  
MACHI Project"

Support for community development utilizing the natural circulation of the sea by regenerating seagrass beds that continue to decline

"Beautiful Satoyama  
and Healthy Water  
Cycle Project" in the  
Inbanuma Basin

Contributing to the improvement of storage, water purification, and preservation of biodiversity functions through conservation and restoration of the wetland environment in Yatsu

# 1. Sustainability Initiatives (3) ESG Investments

- As a signatory of principles for responsible investment (PRI), we have established investment and loan processes that take ESG factors into consideration and engaged in constructive dialogue. In addition, profitability is committed to high-quality investments and loans that contribute to the environment and society.

## Overview of the Group's ESG Investments and Loans

Integration of Investment and Loan Processes		Target Asset Class	Investment and Loan Balance
Reflection of the response to the Group's "business activities considering sustainability"	Screening specific uses of funds and industries without investments and loans, and making prudent decisions on whether to engage in transactions from the perspectives of responding to climate change, improving the sustainability of natural capital, and respecting human rights	All asset under management	¥17.1 trillion <sup>†</sup>
Incorporation of the Group's priority issues into the research	Focusing on "CO2 emissions," "deforestation," "water risk," and "human rights violations," evaluations by ESG evaluation companies and international initiatives (such as CDP) are used for investment decisions and monitoring.	Corporate bonds. Stocks and loans	¥9.3 trillion
Constructive Dialogue (Engagement)		Target Asset Class	Investment and Loan Balance
Engagement	Conduct dialogue centered on stewardship activities	stock	2.9 trillion yen
Integration of Investment and Loan Processes		Target Asset Class	Investment and Loan Balance
Sustainable/thematic investing	ESG issues, investments, and loans in themes such as renewable energy (e.g., solar, wind, hydrogen), green transition finance (greenhouse gas reduction), and regional revitalization	Bonds, stocks, loans, and private equity	722.9 billion yen
Impact investing	Investment in themes such as healthcare and education, focusing on climate change,	Private equity	

<sup>†</sup> : Excludes cash and deposits, real estate holdings, and funds with investment funds of other investors

### **III. Sytem Supporting Value Creation**

1. Sustainability Initiatives
- 2. Human Assets Initiatives**
3. ERM

## 2. Human Assets Initiatives (1) KPI Progress

- Promote human assets initiatives as one of the foundations supporting Medium-Term Management Plan 's basic strategy and set KPIs as key items.

Item	KPI	Target	FY2023
Employee engagement	Employee satisfaction(Pride in work)	Last year level or higher (FY2022 : 4.4pt)	<b>4.4pt</b>
	Employee satisfaction(Working with motivation)	Last year level or higher (FY2022 : 4.6pt)	<b>4.7pt</b>

Item	KPI	FY2025 Target	April 1,2024
Human asset portfolio	Digital human assets	7,000 persons	<b>5,814 persons</b>
	Employees for int'l business	1,200 persons	<b>1,189 persons</b>

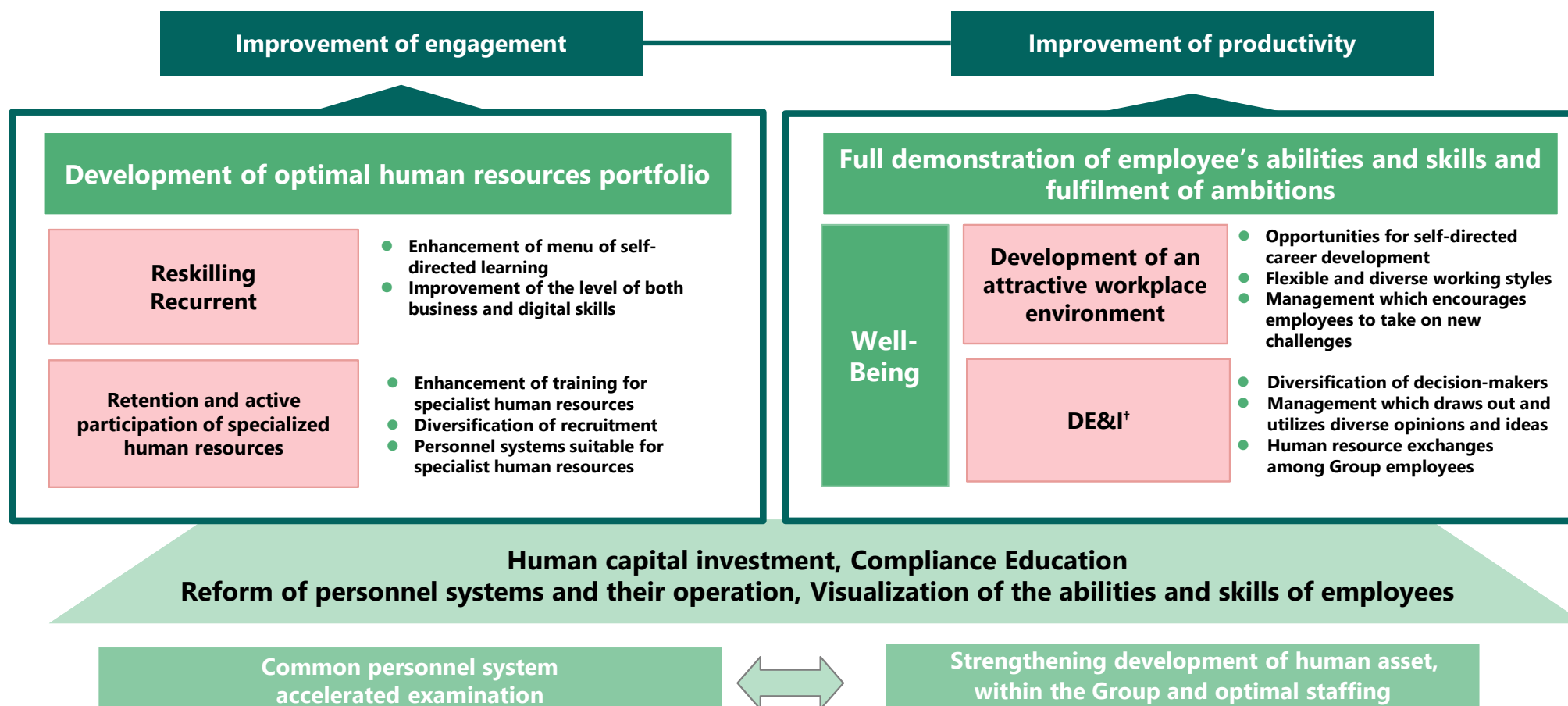
Item	KPI	FY2030 Target	April 1,2024
Maximizing employees' abilities, skills and motivation	Percentage of female managers	30.0%	<b>21.6%</b>
	Percentage of female line managers	15.0%	<b>18.4%</b>
	Percentage of Male childcare leave taking	100%	<b>87.6%</b>
	Duration of Male childcare leave	4 weeks	<b>11.5 days</b>

Item	KPI	FY2030 Target	April 1,2024
Productivity improvement	Personnel Expense rate	8.5%	<b>9.2%</b>

## 2. Human Assets Initiatives (2) Enhancement of human capital

- Develop an environment that maximizes diverse human assets's capabilities, skills, and motivation in order to achieve both engagement and productivity improvement

### Initiatives to Improve the Group's human assets



<sup>†</sup>: Incorporating an equity perspective into Diversity & Inclusion (D&I) and promoting it as DE&I

### **III. Sytem Supporting Value Creation**

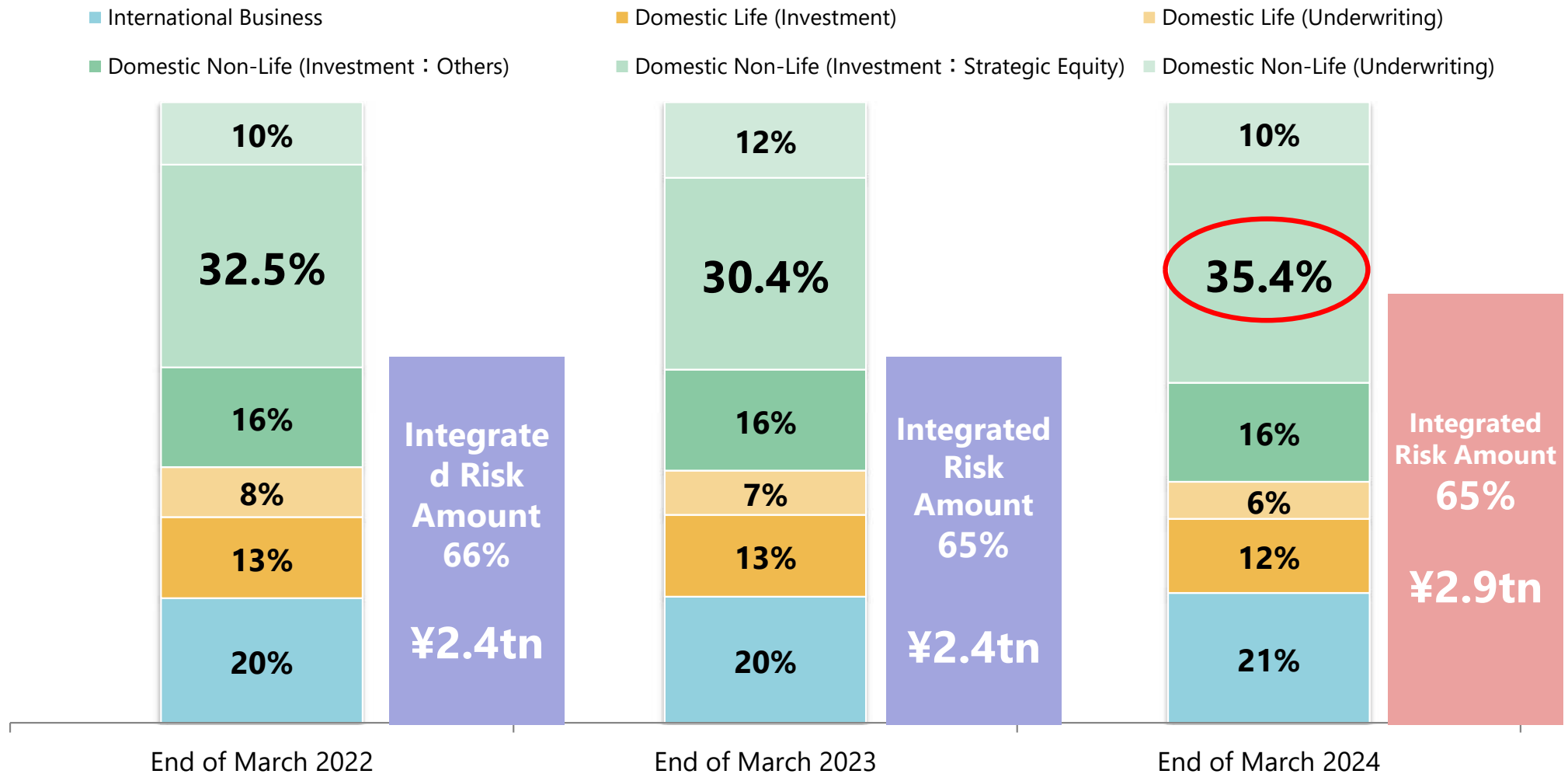
1. Sustainability Initiatives
2. Human Assets Initiatives
- 3. ERM**

### 3. ERM

#### (1) Ensuring Financial Soundness (Risk Portfolio)

- Although strategic equity holdings was reduced by 244.2 billion yen in FY2023, the ratio of strategic equity holdings to the amount of integrated risk at the end of March 2024 increased to 35.4% (Target : less than 30%) due to an increase in fair value of the rise in domestic stock prices.

#### Risk Portfolio



### 3. ERM

#### (2) Improvement of Profitability (ROR Monitoring)

- We monitor ROR at each business and each company and promote initiatives for improving ROR.

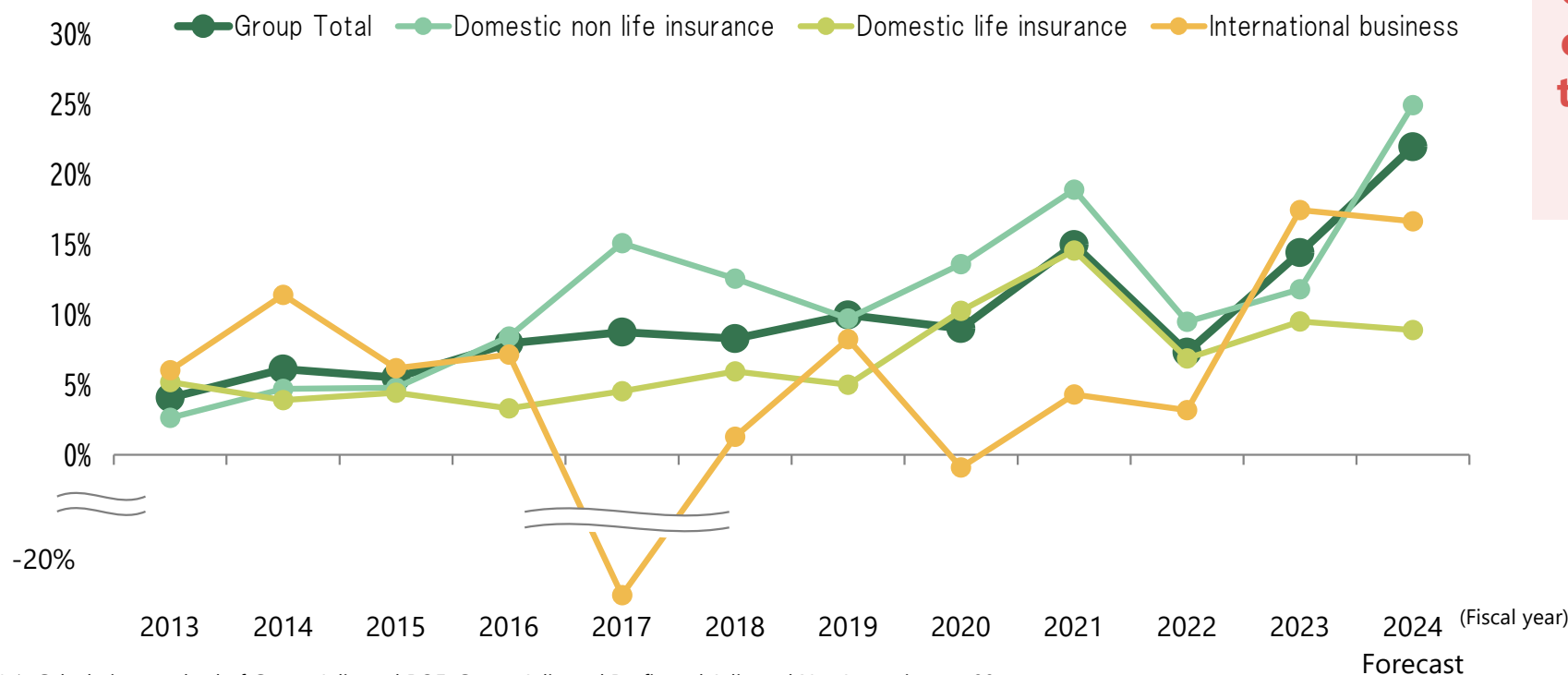
Capital efficiency	Profitability (Return on Risks)	Solvency
<b>Group Adjusted ROE <sup>†1</sup></b>	<b>ROR</b>	<b>1/ESR</b>
$\frac{\text{Return (Group Adjusted Profit}^{†1}\text{)}}{\text{Capital (Adjusted net assets}^{†1}\text{)}}$	$\frac{\text{Return (Group Adjusted Profit)}}{\text{Risk (integrated risk amount}^{†2}\text{)}}$	$\frac{\text{Risk (Integrated risk amount)}}{\text{Capital (Net Asset Value}^{†3}\text{)}}$

$$\left[ \frac{\text{Return (Group Adjusted Profit}^{†1}\text{)}}{\text{Capital (Adjusted net assets}^{†1}\text{)}} \right] \div \left[ \frac{\text{Return (Group Adjusted Profit)}}{\text{Risk (integrated risk amount}^{†2}\text{)}} \right] \times \left[ \frac{\text{Risk (Integrated risk amount)}}{\text{Capital (Net Asset Value}^{†3}\text{)}} \right]$$

Monitor ESR periodically [Appropriate range]

**ESR 180%~250%**

#### ROR Improvement



**Controlling the capital level on the assumption of ensuring soundness**

<sup>†1</sup> Calculation method of Group Adjusted ROE, Group Adjusted Profit and Adjusted Net Assets is on p.98.

<sup>†2</sup> 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.

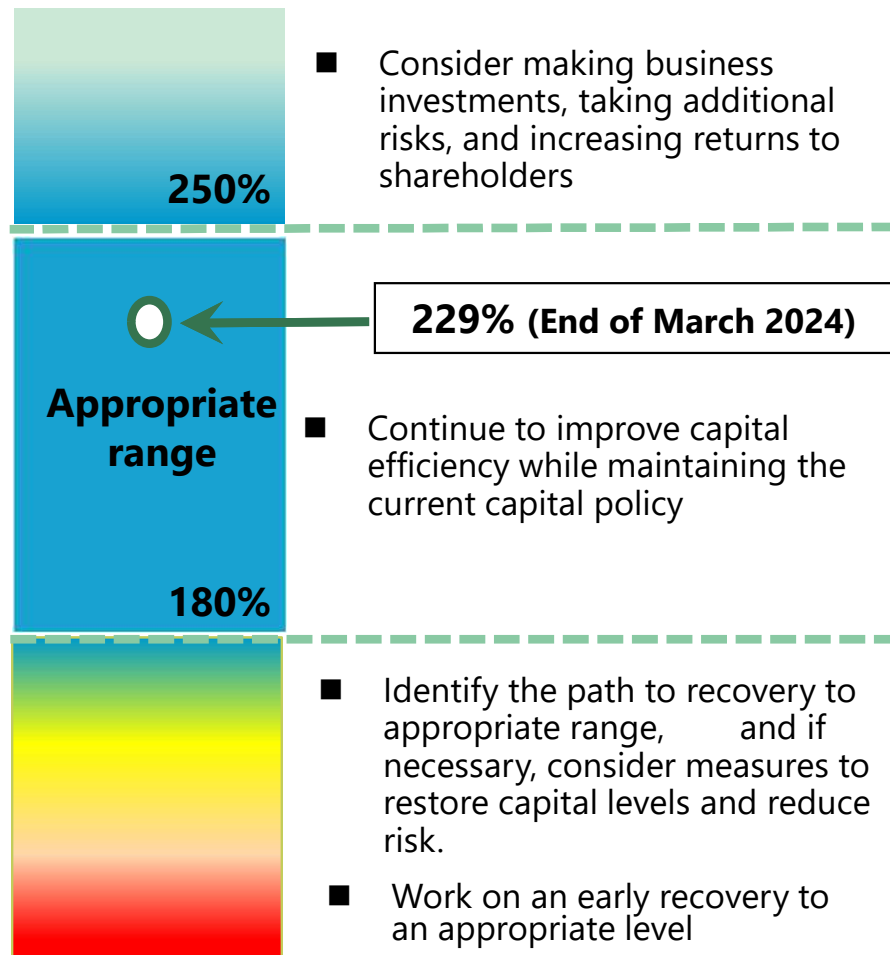
<sup>†3</sup> Net asset value: Adjusted net assets + unrealized insurance liabilities + other equity liabilities, etc. .

### 3. ERM

#### (3) ESR Status

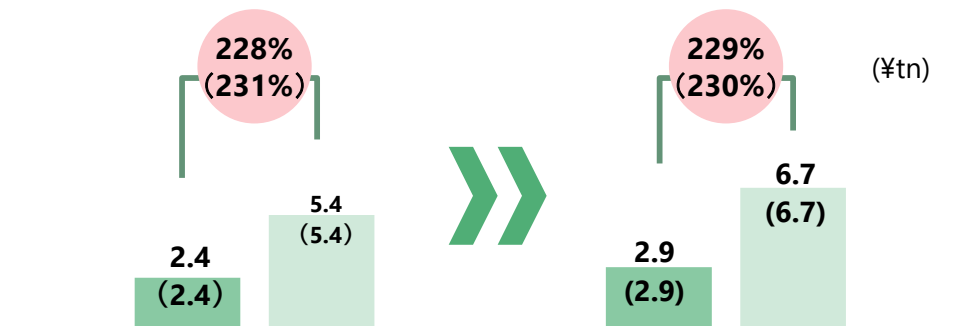
- ESR indicating soundness is within the target range.

#### Status of ESR<sup>†</sup>



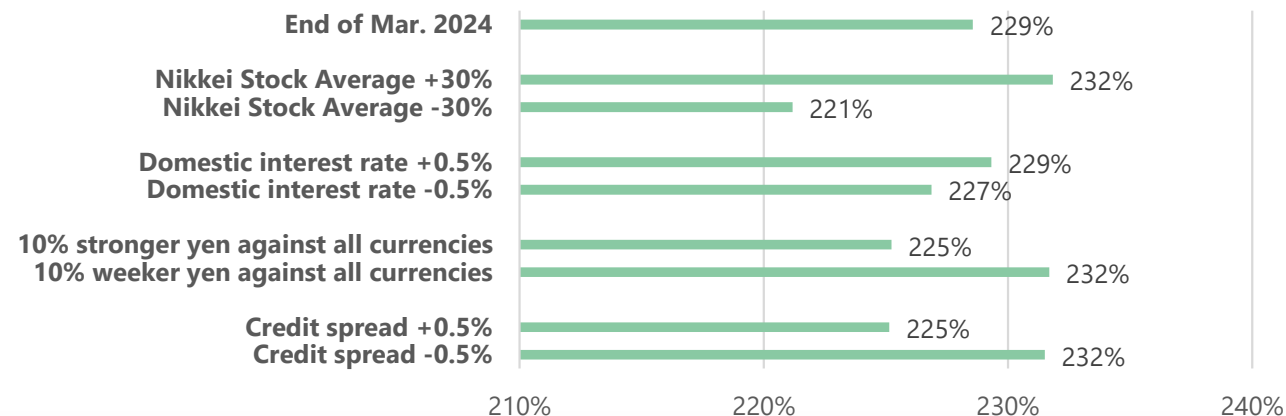
#### ESR Trend

Integrated Risk Amount   Net Asset Value   ( ): UFR applied



	End of Mar. 2023	End of Mar. 2024
Nikkei Stock Average	¥28,041	¥40,369
30-year JGB yield	1.26%	1.82%
USD/JPY	¥134	¥151

#### Impact of market price fluctuation on ESR (as of the end of Mar. 2024)



<sup>†</sup> ESR: Economic Solvency Ratio (Economic Value-based Solvency Ratio)  
Calculated based on 99.5% confidence level

### 3. ERM

#### (4) Sales of Strategic Equity Holdings

- Against the 4 year reduction target of 600.0 billion yen for Midium-term management plan (2022-2025) , we have sold 450.9 billion yen in 2 years up to the end of FY2023

#### Actual Sales

Actual sales before business integration (FY2003 <sup>†</sup> ~FY2009)				800.7 (¥bn)	
MSI & ADI	New Frontier 2013	FY2010	88.3	88.3	
		FY2011	88.7		
		FY2012	114.1		
		FY2013	173.5	(Sub-total) 376.4	
	Next Challenge 2017	FY2014	91.0		
		FY2015	181.1		
		FY2016	133.0		
		FY2017	151.3	(Sub-total) 556.6	
	Vision 2021	FY2018	136.7	Total from FY2017	620.8
		FY2019	111.8		
		FY2020	102.7		
		FY2021	118.1		
	Mid-term Plan 2022-2025	FY2022	206.6		
		FY2023	244.2	(Subtotal) 450.9	
Total			2,742.4		

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

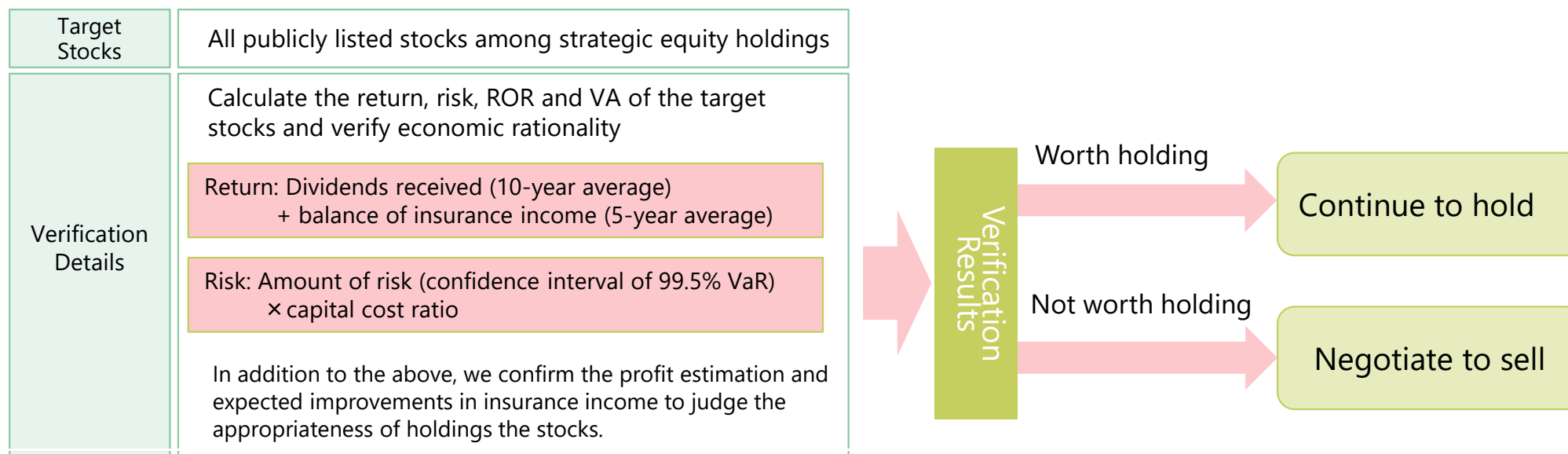
### 3. ERM

#### (5) Verifying the Rationality of Strategic Equity Holdings and Stewardship Activities

##### Verifying the Rationality of Strategic Equity Holdings

- With regard to strategic equity holdings, we verify the rationality of holdings for each individual stock in terms of whether the benefits to holding are consistent with the capital costs, and confirm the results at Board of Directors meetings.
- According to the results of the FY2023 verification, 86% of investee companies on a stock count basis and 90% on a market value basis achieved the rationality target.

##### Verification Method in FY2023



##### Dialogues with investees and Results of Exercising Voting Rights

###### ■ Dialogues (July 2022 to June 2023)

	MSI	ADI	Total (simple sum)
<b>Number of companies</b>	202 companies	159 companies	<b>361 companies</b>

###### ■ Results of exercising voting rights (July 2022 to June 2023)

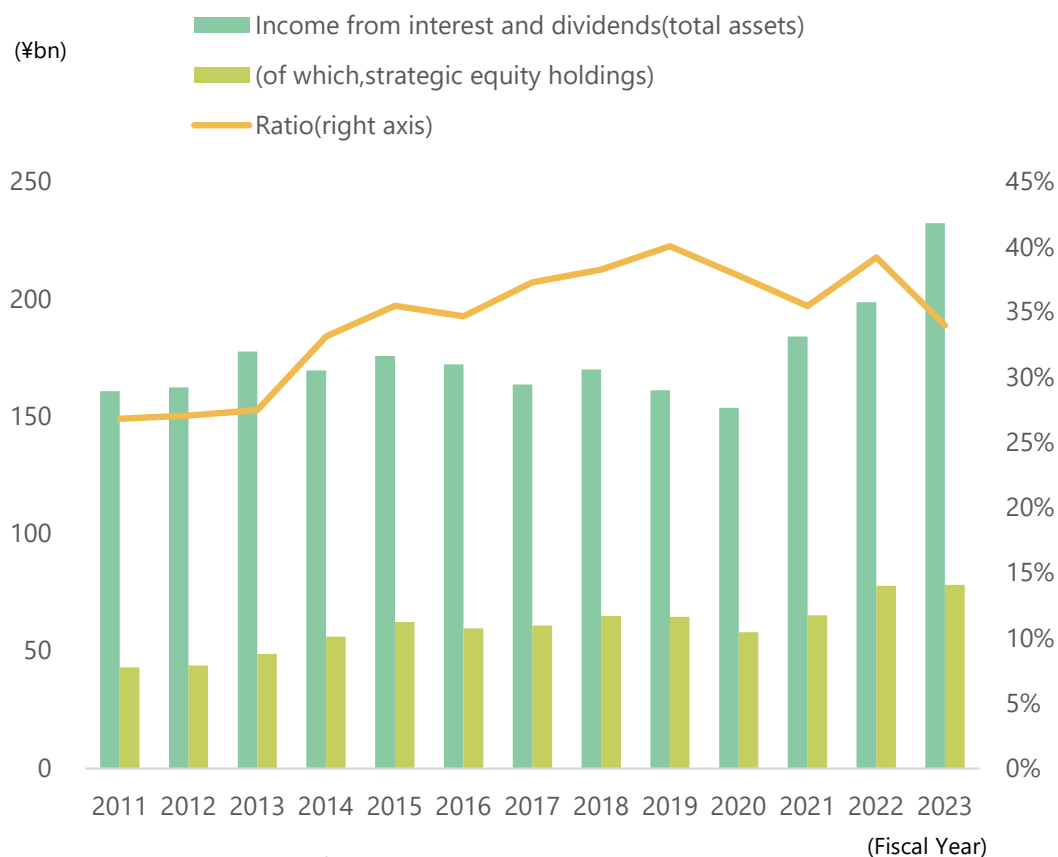
	MSI	ADI	Total (simple sum)
<b>Number of disapproves of company proposals (number of company proposals)</b>	19 (2,187)	21 (1,514)	<b>40 (3,701)</b>

### 3. ERM

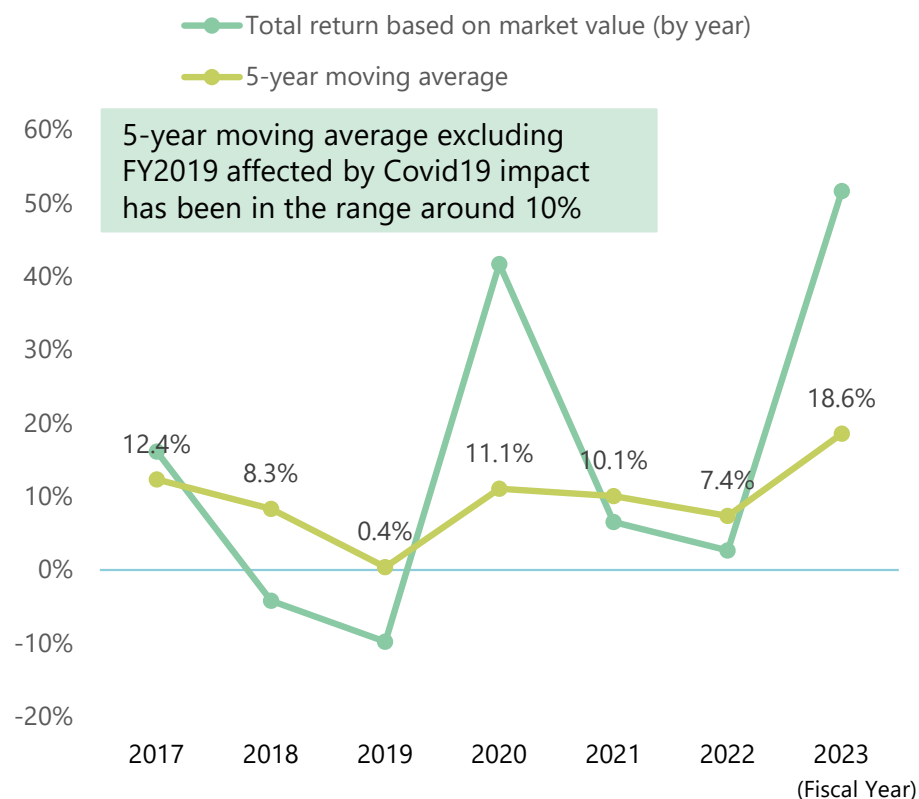
#### (6) Investment Performance of Strategic Equity Holdings (Dividends, Total return based on market value)

- Dividends from strategic equity holdings<sup>†</sup> has been stable at around 60.0 billion yen
- 5-year moving average of the total return based on market value from strategic equity holdings has been in the range between 0.4% to 12.4%.

##### Dividends from strategic equity holdings

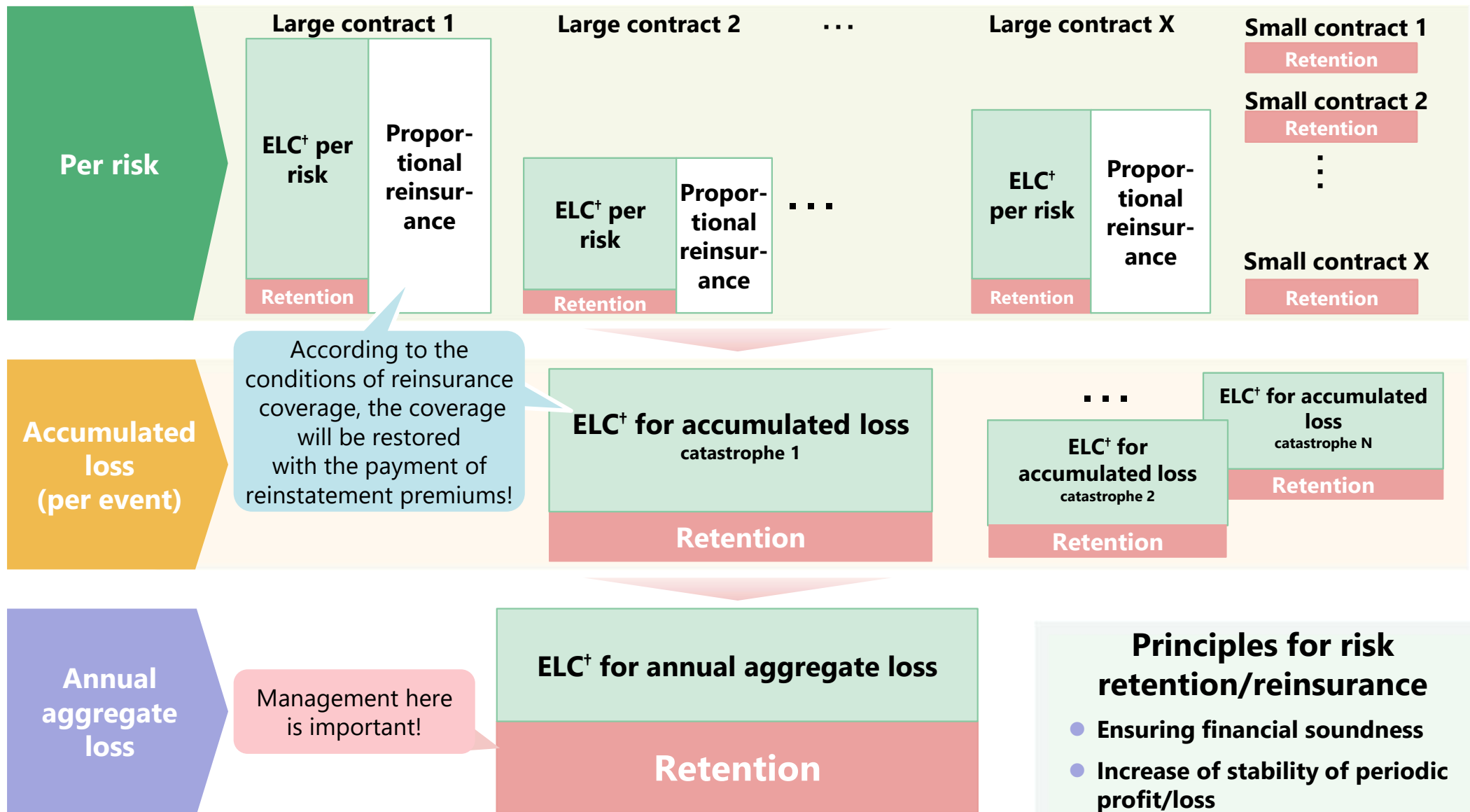


##### Total return based on market value of strategic equity holdings



## <Reference>

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



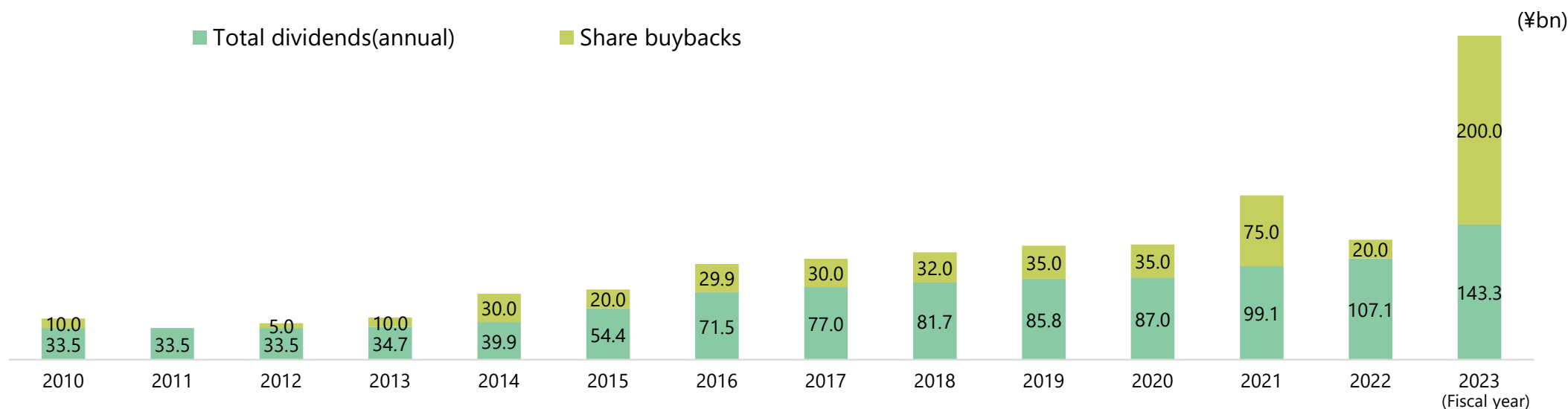
<sup>†</sup> ELC (excess of loss cover):  
Reinsurance policy for collection of the excess portion over a certain amount of loss

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

# Shareholder Return (1) Past Shareholder Return by Year

## Shareholder Return by Year

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Group Adjusted Profit <sup>†1</sup>	14.5	-87.5	87.4	94.8	155.7	147.5	213.7	105.1	189.8	233.1	214.6	347.1	172.7	379.9	2,268.4
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	127.1	343.3	1,513.9
Shareholder return ratio <sup>*1</sup>	300%	-	44%	47%	45%	50%	47%	102%	60%	52%	57%	50%	74%	90%	66%
DOE <sup>†2</sup>									2.9%	3.3%	3.1%	3.1%	3.6%	3.2%	—
Returns per share (yen)	23.2	18.0	20.6	24.0	37.8	40.8	56.3	60.2	64.4	69.2	72.3	105.1	79.0	215.5	—

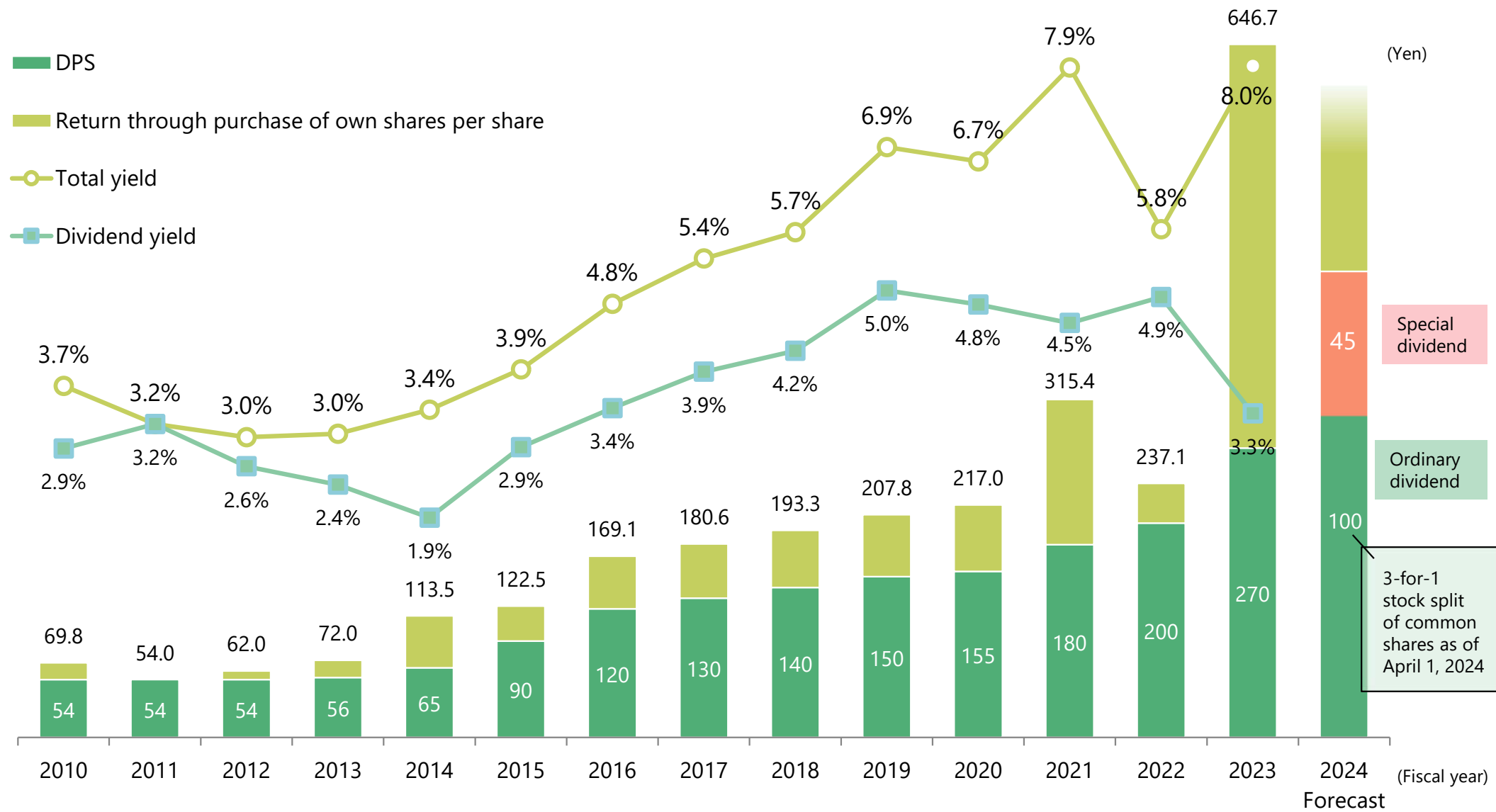


<sup>†1</sup> Figures until FY2017 are Group Core Profit. Please refer to p.98 for the method of calculating the single-year shareholder return ratio.

<sup>†2</sup> DOE: Dividend on equity = Annual dividends (interim dividends, year-end dividends, etc.) ÷ Net assets less non-controlling interests

# Shareholder Return (2) Total Payout Per Share, Total Yield, and Dividends Yield

## Total Payout per share, Total Yield, and Dividend Yield



## 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	End of FY2022	End of FY2023
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	161.5	369.2
Earnings per share (EPS) (¥)	2.89	- 90.83	44.82	50.19	73.78	99.57	116.98	86.68	109.57	82.78	85.26	158.17	99.93	231.83
Stock price (closing price) (¥)	631	566	688	788	1,123	1,045	1,180	1,118	1,123	1,008	1,083	1,326	1,368	2,711
Rate of change <sup>+</sup>	-27.0%	-10.3%	21.6%	14.4%	42.6%	-6.9%	12.9%	-5.2%	0.4%	-10.2%	7.4%	22.4%	3.2%	98.1%
(For reference) TOPIX Rate of change <sup>+</sup>	-11.2%	-1.7%	21.1%	16.3%	28.3%	-12.7%	12.3%	13.5%	-7.3%	-11.8%	39.3%	-0.4%	2.9%	38.2%
Book-value per share (BPS) (¥)	865.73	800.16	1,071.77	1,215.40	1,637.13	1,489.86	1,524.27	1,654.88	1,570.70	1,436.12	1,841.80	1,985.07	1,877.98	2,817.00
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	0.73	0.96
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	13.70	11.69

NB: The rate of change is the rate of 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”

$$\begin{aligned}
 \text{Group Adjusted ROE} &= \frac{\text{Group Adjusted Profit}}{\text{Adjusted Net Assets (Average of beginning and ending amounts of B/S)}} \\
 \text{Group Adjusted Profit} &= \text{Consolidated net income} + \text{Provision}^{+2} \text{ for catastrophe loss reserve and others}^{+1} - \text{Other incidental factors (amortization of goodwill and other intangible fixed assets and others)} + \text{Equity in earnings of non-consolidated group companies} \\
 \text{Adjusted Net Assets} &= \text{Consolidated net assets}^{+3} + \text{Catastrophe loss reserve and others}^{+1} - \text{Goodwill and other intangible fixed assets}
 \end{aligned}$$

NB: 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 Total Payout Ratio”

$$\text{Total Payout Ratio} = \frac{\text{Dividends for the current fiscal year (To be paid in December of the year and in June of the next year)} + \text{Value of share buybacks determined by the day of the annual general meeting of shareholders in the next fiscal year}}{\text{Group Adjusted Profit of the current fiscal year}}$$

NB: Return 50% profit to shareholders through dividends and share buybacks. Moreover, we will flexibly and tactically implement additional returns based on market trends, the business environment, capital conditions and other factors.

## Group Adjusted Profit for FY2023

(¥bn)

$$\begin{aligned}
 \text{Group Adjusted Profit} &= \text{Consolidated net income} + \text{Provision for catastrophe loss reserve and others} - \text{Other incidental factors}^{+4} + \text{Equity in earnings of non-consolidated group companies} \\
 379.9 &= 369.2 + (-26.8) - (-36.5) + 0.9
 \end{aligned}$$

+4 Amortization of goodwill and others: -36.5 billion yen

**(Reference)****Major differences between IFRS net income and Group adjusted profit for FY2025 outlook d**

(¥bn)

Profit related items	IFRS Net income	(Reference) Group adjusted profit
<b>Consolidated Net income (Japan-GAAP)</b>	<b>688.0</b>	<b>688.0</b>
Catastrophe reserve, etc profit/loss	33.0	33.0
Impairment of goodwill and other intangible assets		—
Amortization of goodwill	26.0	26.0
Amortization of other intangible assets		11.0
Gain/losses on sales of strategic equity, etc	-417.0	
Impact of market fluctuations <sup>†1</sup>	—	
Gain/losses on onerous contracts <sup>†2</sup>	47.0	
Others(other than above) <sup>†3</sup>	73.0	2.0
	<b>IFRS Net income 450.0</b>	<b>Group adjusted profit 760.0</b>

†1: Changes in fair value of investment trusts(e.g.: FVPL) and foreign currency bonds

†2:Gains/Losses on additional liabilities for contracts for which Insurance premiums cannot cover future insurance payment.

†3: Differences in accounting standards mainly related to insurance liabilities, etc.

**MS&AD**

**MS&AD Holdings**

**Inquiries**

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MS&AD Insurance Group Holdings, Inc.**