

MS&AD Insurance Group Holdings, Inc.

MS&AD INSURANCE GROUP



Fiscal 2023 Second Information meeting

Friday, November 24, 2023

MS&AD Insurance Group Holdings, Inc.

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MS&AD Group Overview

Holding company

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

Domestic Non-Life

MS&AD Mitsui Sumitomo Insurance 

MS&AD Aioi Nissay Dowa Insurance 

MS&AD Mitsui Direct General Insurance  

Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance 

MS&AD Mitsui Sumitomo Primary Life Insurance  個人年金は、未来への贈りもの。

International

Non-Life Insurance

Regional Business

Asia

Europe

Americas

Telematics and Mobility

Head Office Reinsurance

Life Insurance

Digital and Risk Related Services

Financial Services

■ Abbreviations of company names used in this presentation

MS&AD Holdings, Holding Company	⇒	MS&AD Insurance Group Holdings, Inc.
MS&AD	⇒	MS&AD Insurance Group
MSI	⇒	Mitsui Sumitomo Insurance Co., Ltd.
ADI	⇒	Aioi Nissay Dowa Insurance Co., Ltd.
Mitsui Direct General, MD	⇒	Mitsui Direct General Insurance Co., Ltd.
MSI Aioi Life, MSA Life	⇒	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
MSI Primary Life, MSP Life	⇒	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
InterRisk, IRRC	⇒	MS&AD InterRisk Research & Consulting, Inc.
MS&AD Ventures	⇒	MS&AD Ventures, Inc.
MS&AD Business Service	⇒	MS&AD Business Service Co., Ltd.
MS&AD Systems	⇒	MS&AD Systems Company, Limited
Mitsui Sumitomo Insurance Capital	⇒	MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd
Mitsui Sumitomo DS Asset Management	⇒	Sumitomo Mitsui DS Asset Management Company, Limited
Mitsui Sumitomo Insurance Care Network	⇒	Mitsui Sumitomo Insurance Care Network Co., Ltd.
MS Amlin	⇒	Sum of business segments including AUL, MS Re, AISE and ACS <ul style="list-style-type: none"> • AUL (=MS Amlin Underwriting Limited) • MS Re(=MS Reinsurance[†]) [†]:The brand name of MS Amlin AG from Sep 2022 • AISE(=MS Amlin Insurance SE) • ACS(=MS Amlin Corporate Services Limit)
MSMM	⇒	Mitsui Sumitomo Marine Management (U.S.A.), Inc.
MSR	⇒	MSR Capital Partners, LLC
MS Transverse	⇒	Transverse Insurance Group, LLC
Aioi	⇒	Aioi Insurance Co., Ltd.
NDI	⇒	Nissay Dowa General Insurance Co., Ltd.

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.

Our Group's Response to Fraudulent Insurance Claims concerning BIGMOTOR Co., Ltd. and Price Fixing Issues

1. Regarding Our Response to Fraudulent Insurance Claims concerning BIGMOTOR Co., Ltd. ("BM ")

Customer response	<ul style="list-style-type: none">• We conducted a review of approximately 70,000 cases that we have introduced in the past to confirm whether there is a suspicion of fraudulent claims.• If fraudulent claims are confirmed, we provide explanations to customers and reconfirm our intention to apply insurance. We inform customers whose fraudulent claims were not confirmed of the results of the investigation.• Agent contracts with BM will be cancelled at the end of November, and the insurance contracts will be handled responsibly by our Group agents.
Reinforcing measures for fraudulent claims prevention	<ul style="list-style-type: none">• Checks through spot presence in image surveys and reinforcement of image submission rules• Improvement of fraudulent claim detection skills by formulating checking procedures based on the methods identified this time• Verification of the appropriateness of reviewing and evaluating quality standards at partner factories• Review of repair shop referral system and strengthening of internal control for verification of systems for detecting fraudulent claims

2. Regarding Our Response to Price Fixing Issues

Status of investigation	<ul style="list-style-type: none">• Established an Investigation Committee including outside counsel to conduct a rigorous investigation of all officers and employees• As a result of the investigation, multiple cases inappropriate in light of the Antimonopoly Act were identified (reported to the Financial Services Agency).• Continued investigation by the Investigation Committee for full clarification
Countermeasures	<ul style="list-style-type: none">• Thorough employee education and agent training for compliance with the Antimonopoly Law• Clarification of rules and strengthening of checking system for proper operation of coinsurance• Strengthening risk management system for early detection of legal violations

3. Strengthening the System for Complying with Laws and Regulations to meet Customer Expectations

- Strengthen systems to meet customer expectations, focusing on legal and conduct-related risks
- Utilizing the expertise of outside experts to share events that may have an impact on customers with the Group, confirm that countermeasures are functioning adequately, and take necessary measures (establish cross-group meetings and strengthen risk management systems)

Key Points of Today's Presentation

I. Summary of FY2023 Interim Financial Results and Full-Year Outlook, Shareholder Return

Summary of Interim Financial Results	<ul style="list-style-type: none">Group Adjusted Profit increased 72.1 billion yen year-on-year to 112.0 billion yen mainly due to a decrease in COVID-19-related losses in domestic non-life, an increase in investment profit, and a decrease of natural catastrophes in overseas subsidiaries and a decrease of Russia Ukraine related losses.
Full-year Outlook	<ul style="list-style-type: none">Group Adjusted Profit outlook for the full year was revised to 280.0 billion yen, down 70.0 billion yen from the initial forecast, in light of an increase in natural catastrophes in Japan and an increase in incurred losses due to rising inflation, an increase in natural catastrophe losses at ADI's international business and a deterioration in earnings at ADI's European subsidiaries.
Shareholder Return	<ul style="list-style-type: none">The interim dividend for FY2023 is 120 yen, an increase of +20 yen from the previous fiscal year. Annual dividend is expected to increase by 40 yen to 240 yen.We have also decided to carry out a share buyback of maximum 10.0 billion yen.

II. Progress of Medium-term Management Plan (2022-2025) and Initiatives to Enhance Corporate Value

Progress of Medium-term Management Plan (2022-2025)	<ul style="list-style-type: none">Profitability improvement initiatives are progressing steadily. In response to the deterioration of the domestic non-life insurance loss ratio, we have taken measures such as raising the automobile and fire rates, strengthening measures against large accidents, and bringing forward the sale of strategic equity holdings. As a result, we have not changed our Group Adjusted Profit outlook for FY2025 of 440.0 billion yen to 470.0 billion yen, IFRS net profit target of 470.0 billion yen to 500.0 billion yen, and Adjusted ROE target of stable 10% or higher.
Initiatives for Corporate Value Enhancement	<ul style="list-style-type: none">We aim to enhance our corporate value by raising ROE through profit growth and reducing the capital cost ratio through reducing profit volatility.

I. FY2023 1H Results and Revised Full-year Forecast

1. Progress Toward Numerical Management Targets and Forecast (Summary)

- Group Adjusted Profit for 1H was 112.0 billion yen, up 72.1 billion yen^{†1} year on year. Domestic non-life insurance posted higher profits due to a decrease in COVID-19-related losses and an increase in investment profits. Domestic life insurance posted lower profits mainly due to an increase in provision of policy reserves for foreign currency insurance at MSP Life. For the international business, profits increased due to a significant increase in MS Amlin as well as a decrease of natural catastrophe losses and a decrease of Russia-Ukraine related losses.
- The full-year forecast for Group Adjusted Profit is 280.0 billion yen, down 70.0 billion yen from the initial forecast. The domestic non-life insurance is down 41.0 billion yen, due to an increase in losses from natural catastrophes, voluntary automobile insurance non-cat losses and large losses in the first half of the year. The international business is revised to 94.0 billion yen, down 30.0 billion yen, mainly due to an increase in natural catastrophe losses and a deterioration in earnings at ADI's European subsidiary, although the initial plan for MS Amlin is expected to be achieved.

(¥bn)

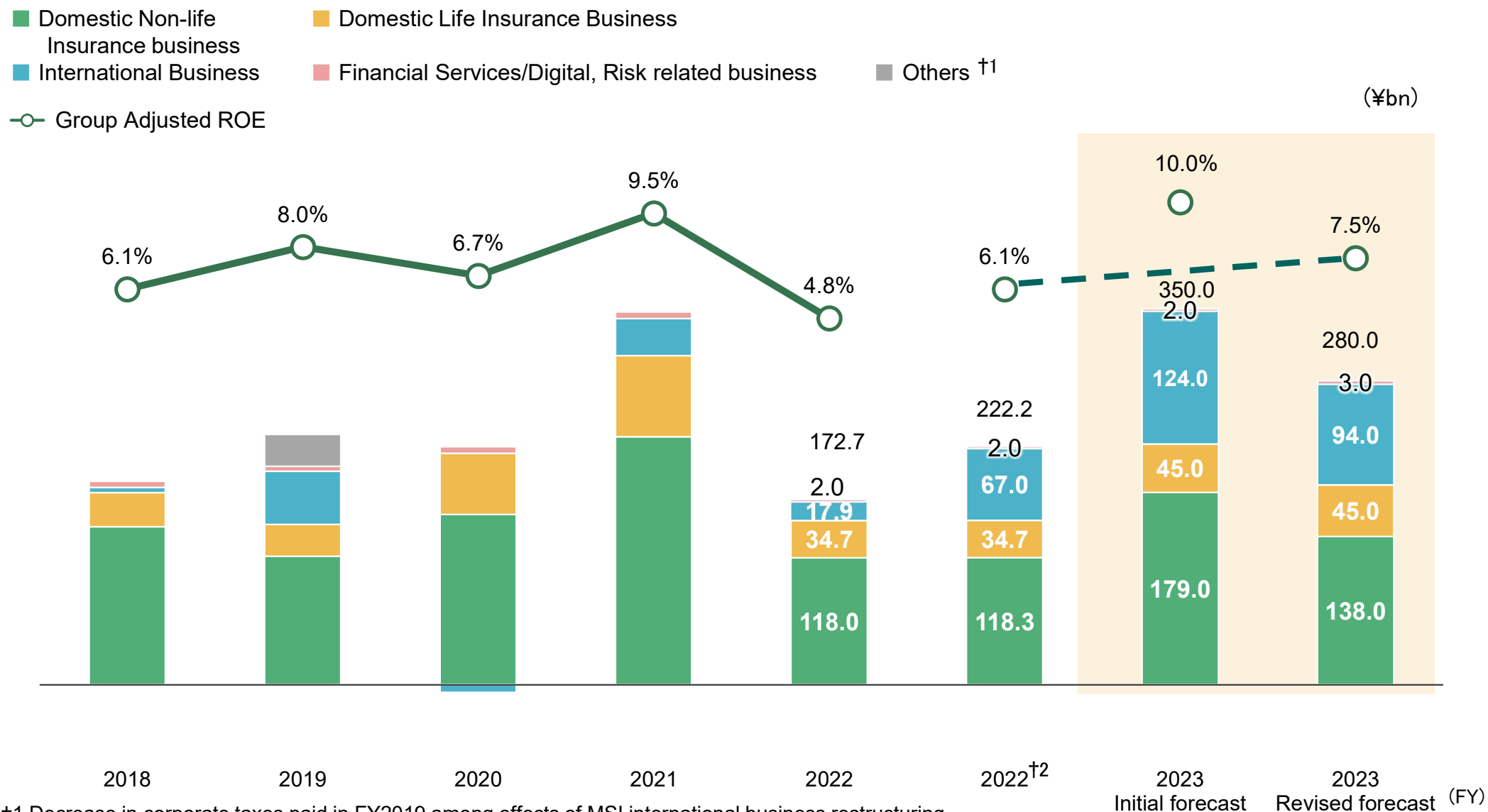
	Interim results			FY2023 Full-year forecast		
	FY2022 1H	FY2023 1H	YoY	Revised forecast	YoY	Change from the initial forecast
Group Adjusted Profit	39.8	112.0	72.1	280.0	57.7	- 70.0
Domestic non-life insurance business	26.9	63.5	36.5	138.0	19.6	- 41.0
(excluding gain/loss from sale of strategic equity holdings)	(-1.5)	(16.6)	(18.2)	(46.0)	(17.2)	(-85.0)
Domestic life insurance business	16.6	8.7	- 7.9	45.0	10.2	-
International business	- 3.7	37.9	41.6	94.0	26.9	- 30.0
Financial services business/ Risk-related services business	0.0	1.8	1.8	3.0	0.9	1.0
Group Adjusted ROE	-	-	-	7.5%	1.4pp	-2.5pp
Net Income/Losses	- 1.1	87.5	88.6	280.0	68.9	- 20.0
Consolidated net premiums written	2,096.2	2,270.0	173.7	4,162.0	228.7	78.0
Life insurance premiums^{†2} (gross premiums)	772.4	891.2	118.8	1,581.0	- 126.5	100.0

†1 Compared to figures before retroactive application of IFRS17, +104.5 billion yen.

†2 Gross premiums income is for domestic life insurance subsidiaries only.

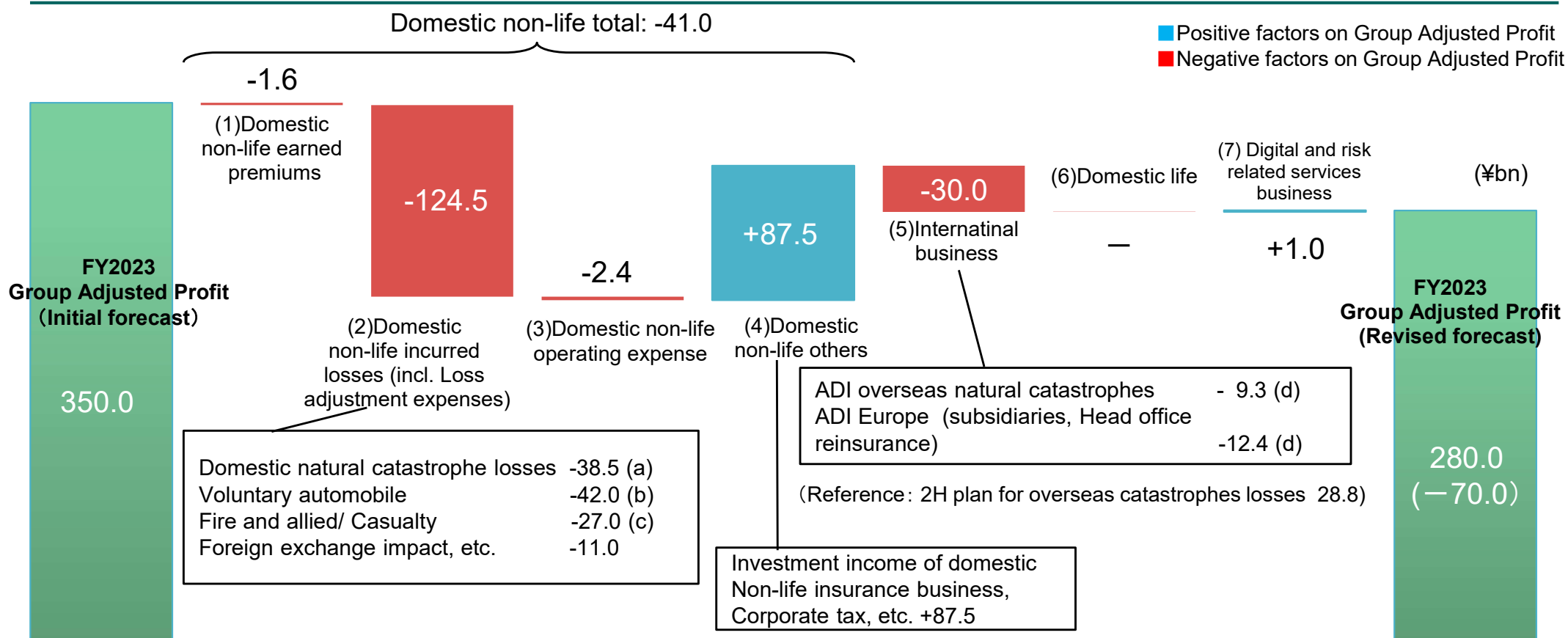
2. Progress Toward Numerical Management Targets and Forecast

Group Adjusted Profit and Group Adjusted ROE



3. Downward Revision Factors for FY2023 Full-year Forecast

Group Adjusted Profit



Major downward factors

(a) Domestic natural catastrophe losses	The annual plan was revised upward, taking into account the results of 1H and the current occurrence trend. 2H plan is 25.0 billion yen.
(b) Voluntary automobile	Revised upward annual loss projections to account for trends in average payout per claim (Unit cost of labor and parts) including a review of accident frequency and the impact of inflation
(c) Fire and allied/Casualty	Revised annual losses conservatively considering the occurrence of large losses
(d) ADI International business	Revised downward to take account the natural catastrophes of 1H (Typhoon Mawar in Guam, Hawaii Wildfires) and deterioration in profitability of Europe (subsidiaries in Europe, Head office reinsurance)

4. Shareholder Return

- Shareholder return policy is remain unchanged. We strive to maximize shareholder return by increasing profit.

Shareholder Return Policy

- Provide shareholder return based on shareholder dividends and share buyback by adopting a benchmark of 50% of Group Adjusted Profit[†] by FY2024 and 50% of the base profit for shareholder return[†] in FY2025
- Provide additional returns in an agile and flexible manner, in light of market trends, the business environment, capital status and other factors

Basic Return

Before IFRS
(FY2022-2024)

50% of Group Adjusted Profit

After IFRS
(FY2025)

50% of the base profit for
shareholder return



Additional Return

Guidelines for considering Additional Return

- When ESR constantly exceeds the upper limit of the target range
- To keep stable returns when profits decline due to a large-scale natural catastrophe etc.
- When no efficient growth investments are expected to be carried out
- When it is determined that capital efficiency improvements are required

Shareholder Return

For FY 2023

Dividends

240 yen for the annual dividend (forecast)
(+40 yen year on year and unchanged from the initial forecast)
of the above , 120 yen is the interim dividend (+20 yen year on year))

Share Buybacks

10.0 billion yen (maximum)
as the share buybacks(resolved on 17th Nov 2023)

[†]See the page 94 regarding definition of Group Adjusted Profit and the base profit for shareholder return.

II. Medium-term management plan (2022-2025) Progress and Efforts to Increase Corporate Value

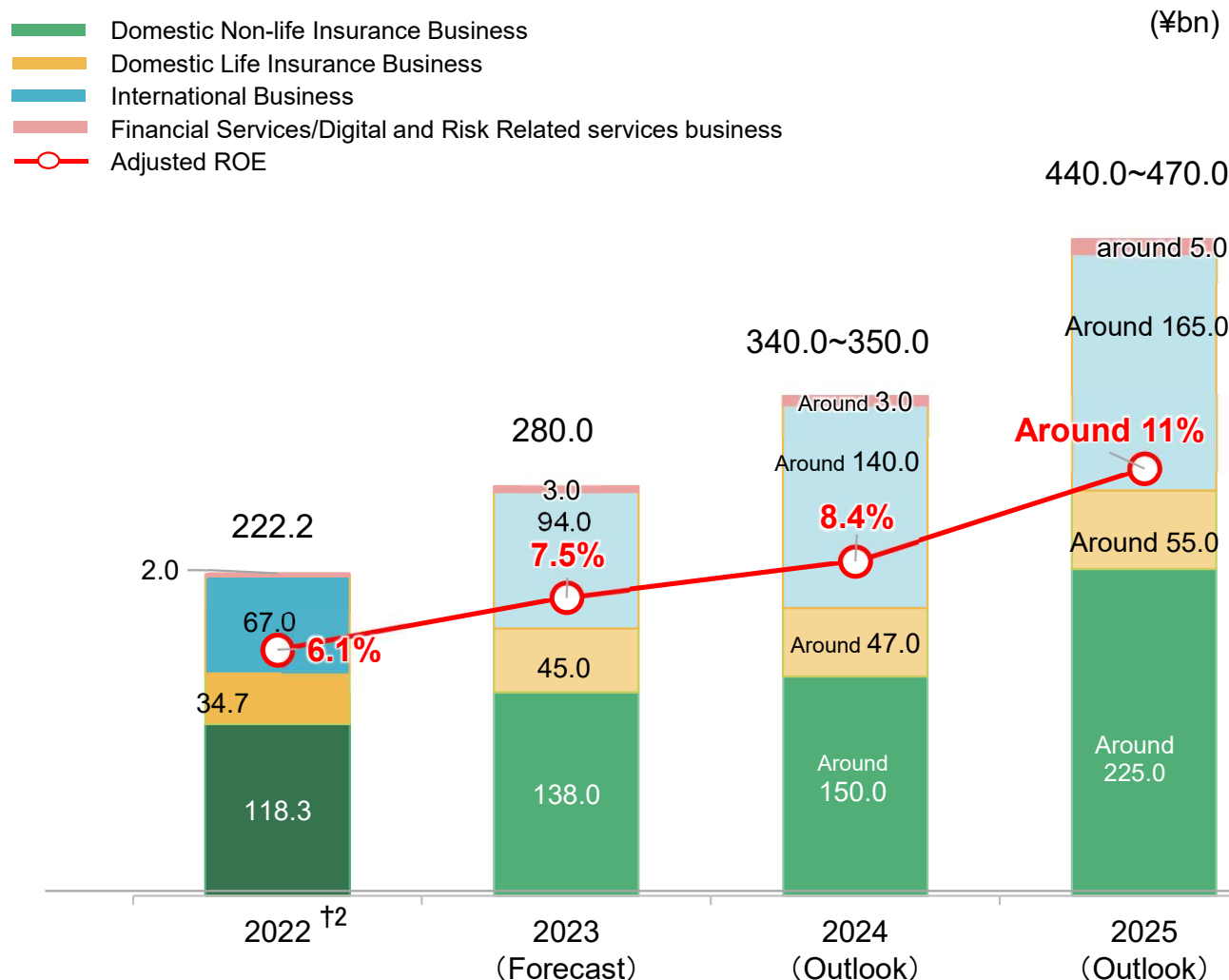
- 1. Medium-term management plan (2022-2025) Progress**
2. Initiatives to Improve Corporate Value

1. Medium-term management plan (2022-2025) Progress

(1) Outlook for Quantitative Targets

- There are no changes to our FY2025 targets of net income on an IFRS basis of 470.0-500.0 billion yen and stable achievement of Adjusted ROE on an IFRS basis^{†1} of 10% or higher.
- Adoption of IFRS is planned in FY2025.

Group Adjusted Profit / Adjusted ROE (Japan GAAP)



IFRS net income, Adjusted ROE

Medium-Term Management Plan target

470.0-500.0

(¥bn)

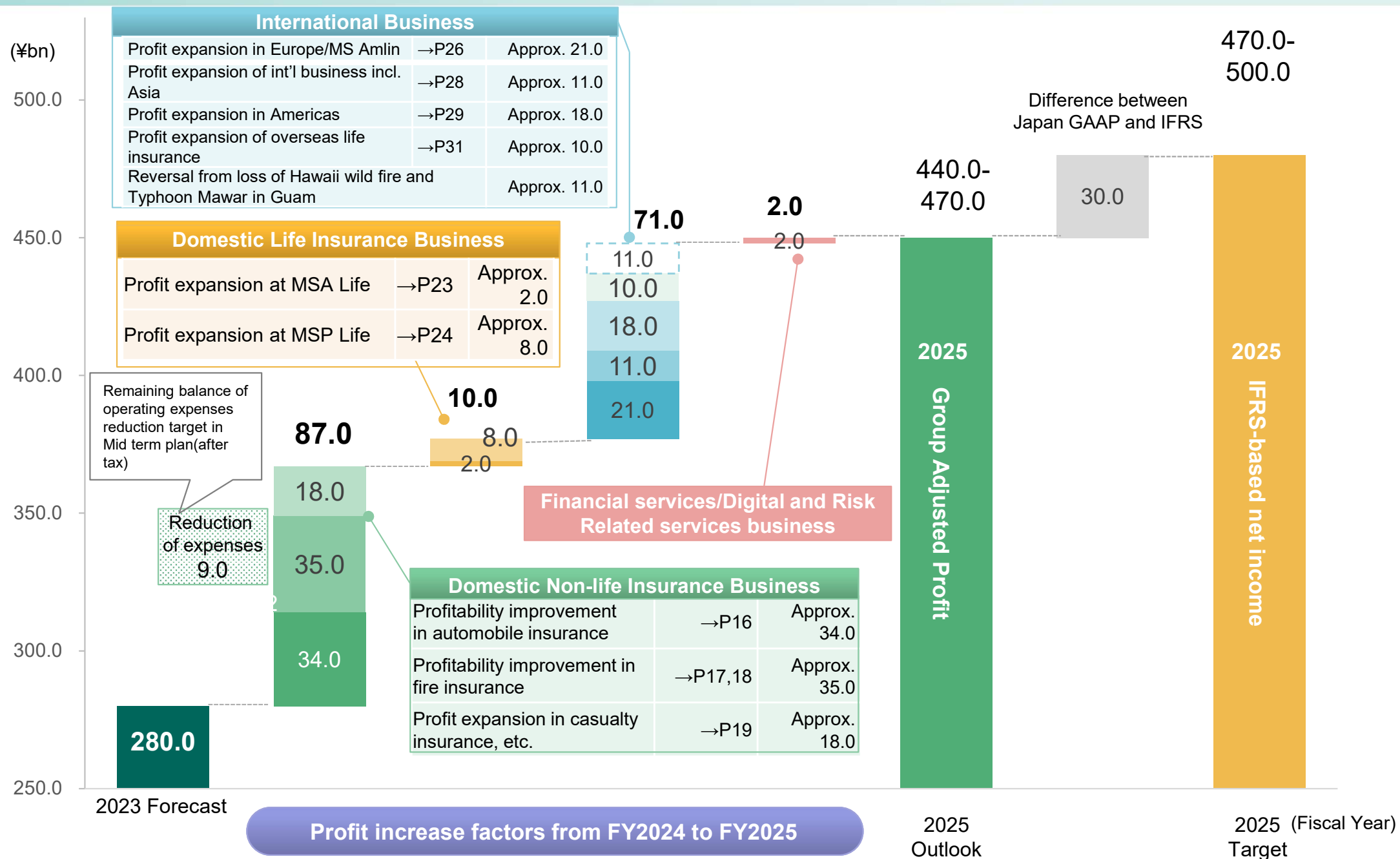
Around 11%

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

^{†2} Retrospective application of IFRS17 base figure

1. Medium-term management plan (2022-2025) Progress

(2) Structure for Achieving FY2023-FY2025 Profit Target



II. Medium-term management plan (2022-2025) Progress and Efforts to Increase Corporate Value

1. Medium-term management plan (2022-2025) Progress
2. **Initiatives to Improve Corporate Value**

2. Corporate Value Enhancement Initiatives (1) Domestic Non-Life Insurance Business

(i) Key Initiatives

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

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

Key Initiatives

Improve profitability of voluntary automobile insurance

- In the first half of FY2023, the frequency of accidents continued to increase due to an increase in traffic volume, and average payout per claim for property and vehicles due to inflation.
- The loss ratio is expected to decrease in the following fiscal year due to the effect of the rate revision in January 2024 (approx. 3% increase).

Expand sales of casualty insurance

- The domestic casualty insurance market has grown to a size comparable to fire insurance
- Strengthen sales of profitable products for SMEs
- Strengthen profitability by promoting measures against large losses

Improve profitability of fire insurance

- Strengthen proposal activities for contracts with high risk, such as accident-prone industries and environments that are prone to large losses
- Expand sales of profitable products with revised rates from October 2022

Reduction of operating expense ratio, 1 Platform Strategy

- Utilize the effect of system investments
- Promote the further integration of middle and back-office departments at two major companies through the 1 Platform Strategy to accelerate reduction in operating expenses ratio

2. Corporate Value Enhancement Initiatives (1) Domestic Non-Life Insurance Business

(ii) Improvement of Automobile Insurance Profitability

Domestic Non-life
Insurance Business

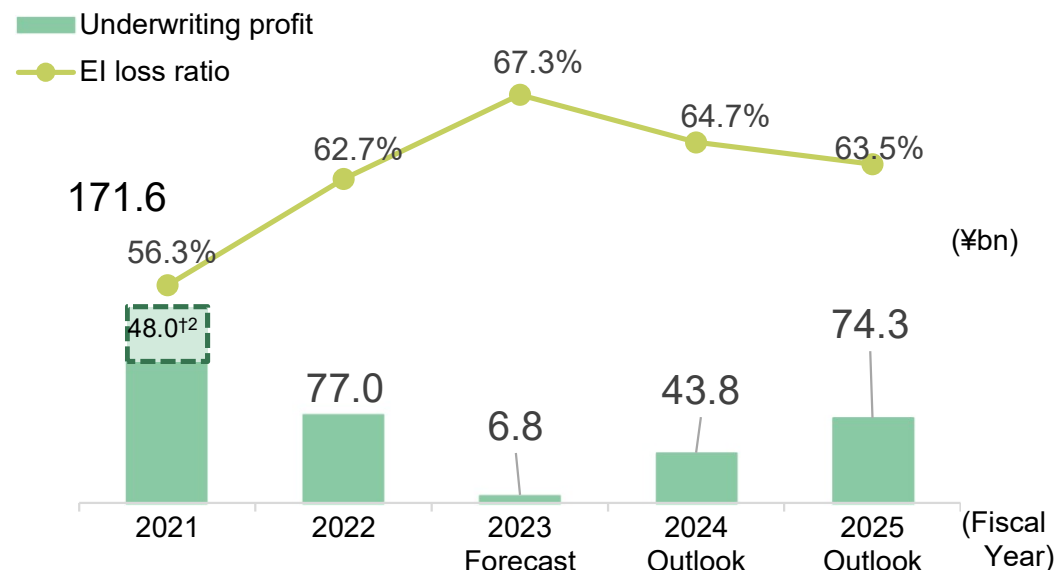
Domestic Life
Insurance Business

International
Business

Other

- In the first half of FY2023, the frequency of accidents continued to increase due to an increase in traffic volume, and average payout per claim for property and vehicles continued to increase due to inflation.
- The loss ratio is expected to decrease in the following fiscal year due to the effect of the rate revision in January 2024 (approx. 3% increase).

Outlook for E/I loss ratio and Underwriting Profit^{†1}



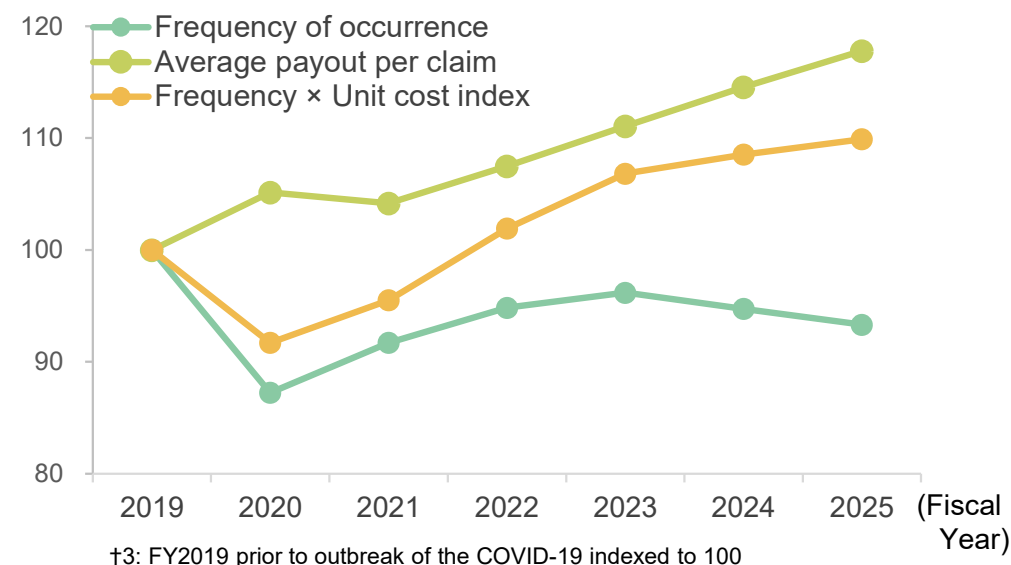
†1: Simple sum of MSI and ADI (incl. nat. cat., excl. ADI overseas)

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

Frequency of occurrence

- Increase continued in the first half of FY2023 due to increase in traffic.
- A downward trend of about 1.5% is expected due to the spread of ASV etc. from the second half of FY2023 onward.

Outlook for Accident Frequency of Occurrence and Average Payout Per Claim^{†3}



†3: FY2019 prior to outbreak of the COVID-19 indexed to 100

Average payout per claim

- Increase continued in the first half of FY2023 due to the increase in the unit cost of parts and the impact of inflation.
- From the second half of FY2023, an upward trend of the unit cost of parts and labor cost is expected. Due to an increase in property and vehicle damage coverage, we expect 1.6% in total.
- In addition to the above trend, there is an upward trend of due to the impact of inflation. We expect about 1.9% in total for the time being and the index will be gradually decreasing and 1.2% is expected in FY2025.

2. Corporate Value Enhancement Initiatives (1) Domestic Non-Life Insurance Business

(iii) Improvement of Fire Insurance Profitability – 1

Domestic Non-life
Insurance Business

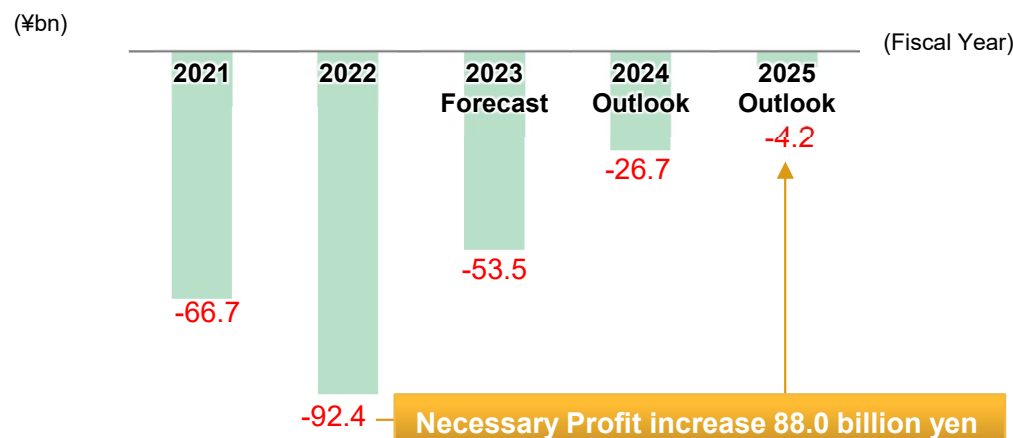
Domestic Life
Insurance Business

International
Business

Other

- The improvement of the portfolio through the past revision of products and rates has been steady progressing.
- We aim to achieve profitability by various measures, despite the impact of the hardening reinsurance market.

Outlook for Underwriting Profit^{†1} in Domestic Fire Insurance Business



Achievement structure

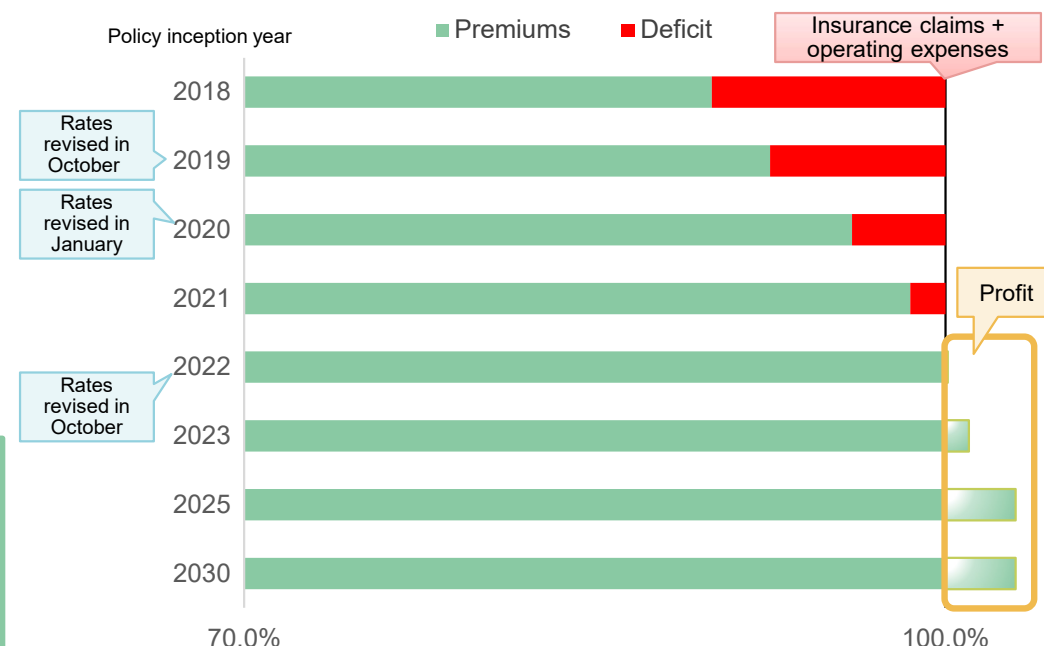
- Effect of products, rate revision Approx. 40.0 billion yen
- Measures high loss ratio cases, etc. Approx. 15.0 billion yen

Other profit increase factor

- Rebound from one off factor (Covid 19 etc.) Approx. 27.0 billion yen
 - Operation expense reduction Approx. 6.0 billion yen
- Total Approx. 88.0 billion yen

Improvement of Personal Fire^{†2} Policy Portfolio

Image ^{†3} of Profitability of Each Policy
(Proportion of policies in which premiums cover “insurance claims plus operating expenses”)



As a result of rate revisions in Oct 2022, profitable policies are expected to account for around 40% of all policies in 2025. We will be able to secure the profit in overall fire insurance line in FY2026

† 1 Before reflection of catastrophe reserve

† 2 Percentages of the policies for main personal fire products (GK Sumai Insurance, Tough Sumai Insurance and My Home Pitatto) applying its product rates. Based on aggregation of trial calculation results of MSI and ADI respectively.

† 3 This is an image and the lengths of the bars in the chart are not based on actual data, etc.

2. Corporate Value Enhancement Initiatives (1) Domestic Non-Life Insurance Business

(iii) Improvement of Fire Insurance Profitability – 2

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- The profitability improvement initiatives in the corporate fire sector are progressing steadily at a faster pace than planned.
- We will continue to steadily promote various initiatives to achieve the improvement target by FY2025.

Measures against large losses and profitability improvement for corporate fire insurance

Progress of corporate fire profitability improvement

Progress

- Strengthen proposal activities for contracts with high risk, such as accident-prone industries and environments that are prone to large losses
⇒ Proposal for loss prevention and mitigation measures, risk analysis using data, etc.
- Proposals for the introduction of accident prevention measures and the review of insurance contracts, has been adopted in many cases and efforts in collaboration with the client have steadily progressed.
⇒ Prospect a loss reduction effect exceeding the plan

Examples

- Reduced underwriting risk by introducing underwriting limits, deductibles and reducing our company's market share for policyholders in high-risk industries
- Reduced insurance period (from 3 years to 1 year) to enable flexible review of conditions in line with risk situation.
- Including loss prevention and mitigation support menus at the time of renewal guidance, conducting risk surveys by InterRisk, and proposing new water sprinkling facilities and temperature measurement sensors etc.

Initiatives for domestic large losses

Individual measures for high-loss contracts	<ul style="list-style-type: none"> • Review the conditions at renewal of high-loss-ratio contracts ⇒Applying conditions and rates reflecting risk conditions • Proposals for loss prevention and mitigation using InterRisk
Improvement of contract portfolio	<ul style="list-style-type: none"> • Reflecting new rates when renewing contracts ⇒Steady improvement in corporate fire contract portfolio
Line size control	<ul style="list-style-type: none"> • Thorough underwriting policy with line size (insurance payout limit) in mind for each insurance contract and appropriate control of underwriting risk

Strengthen initiatives in the overseas Japanese clients market

Strict underwriting	<ul style="list-style-type: none"> • Strict underwriting based on the characteristics of each underwriting region (high-risk industries, natural catcatastrophes, etc.), promoting portfolio improvement and line size control
Strengthen group collaboration efforts	<ul style="list-style-type: none"> • Promoting appropriate risk sharing with overseas subsidiaries by controlling the facultative reinsurance ratio to the head office and strengthening domestic and overseas cooperation, such as sharing underwriting know-how and mutual utilization of capacity

2. Corporate Value Enhancement Initiatives (1) Domestic Non-life Insurance Business

(iv) Expansion of casualty insurance sales

Domestic Non-life
Insurance Business

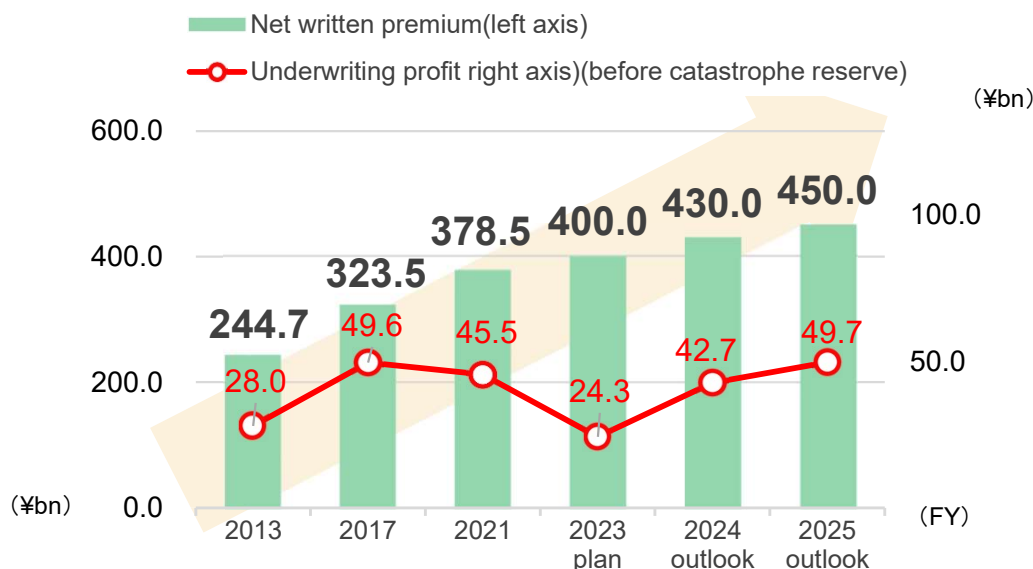
Domestic Life
Insurance Business

International
Business

Other

- We will steadily promote casualty Insurance, whose market is expanding.
- We will enhance profitability by promoting measures against large losses and strengthen sales of packaged products for small and medium-sized enterprises.

Top and Bottom line of casualty insurance



Strengthen measures for high loss ratio cases in order to improve profitability

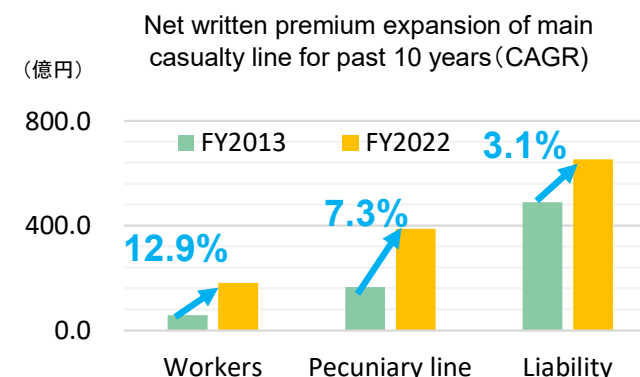
Measure for high loss ratio cases	<ul style="list-style-type: none"> Review of rate and conditions for high loss ratio cases at renewals ⇒ Apply proper rate and condition in line with risks
Line size control	<ul style="list-style-type: none"> Ensure the underwriting guideline including line size control (Limit of liability) per policy and control the volatility
Prudent underwriting for overseas risks	<ul style="list-style-type: none"> Disciplined underwriting of overseas risks (overseas PL, etc.) for domestic policies and overseas Japanese contracts, as well as domestic risks, to improve conditions and rates, and to promote line size control

Strategy for casualty insurance market

Domestic casualty insurance market (FY2022)[†]

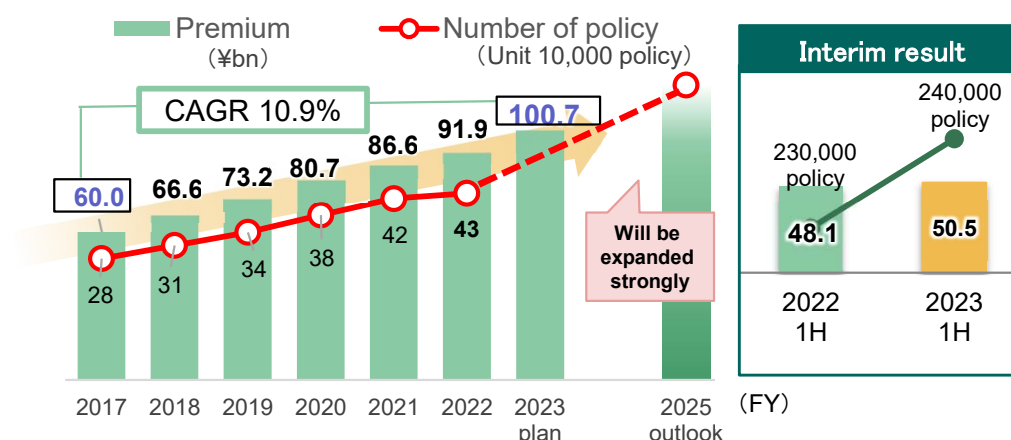
Approx.
¥1.7 trillion

Almost same size as fire insurance (approx. ¥1.9 trillion)



- Addressing potential digital and cyber growth risks
- Strengthening sales by packaging key products including liability insurance, worker's compensation and etc.

Sales progress of packaged products for SME



[†] Total premium of member companies of the Japan Non-Life Insurance Association (Source: Japan Non-Life Insurance Association HP)

2. Corporate Value Enhancement Initiatives (1) Domestic Non-life Insurance Business (v) Operating Expenses Reduction

Domestic Non-life
Insurance Business

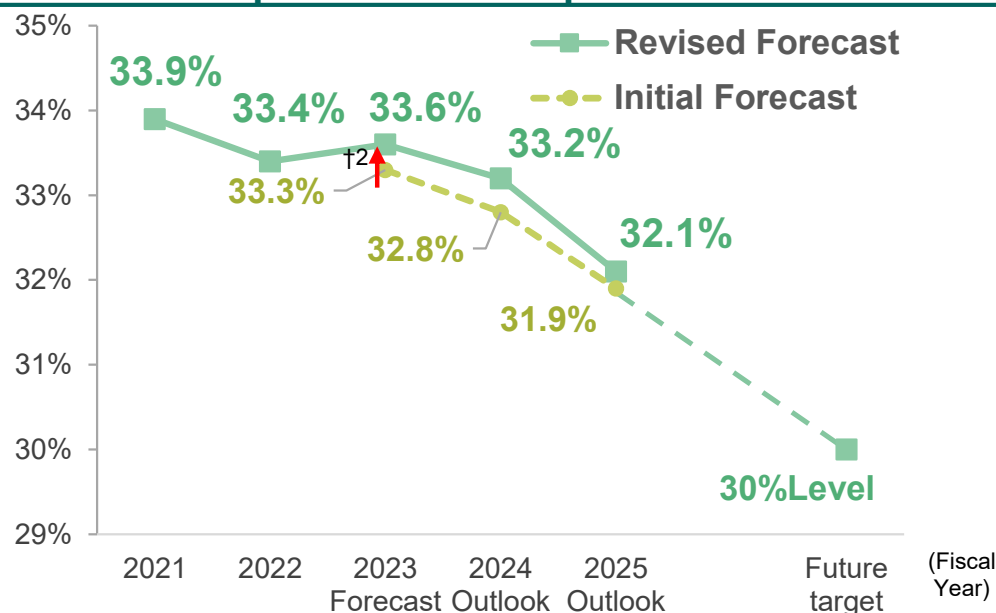
Domestic Life
Insurance Business

International
Business

Other

- Steady progress in reducing the expense ratio at two core domestic non-life insurance companies.
- We will make steady progress in various initiatives to achieve the 30% target level for the expense ratio.

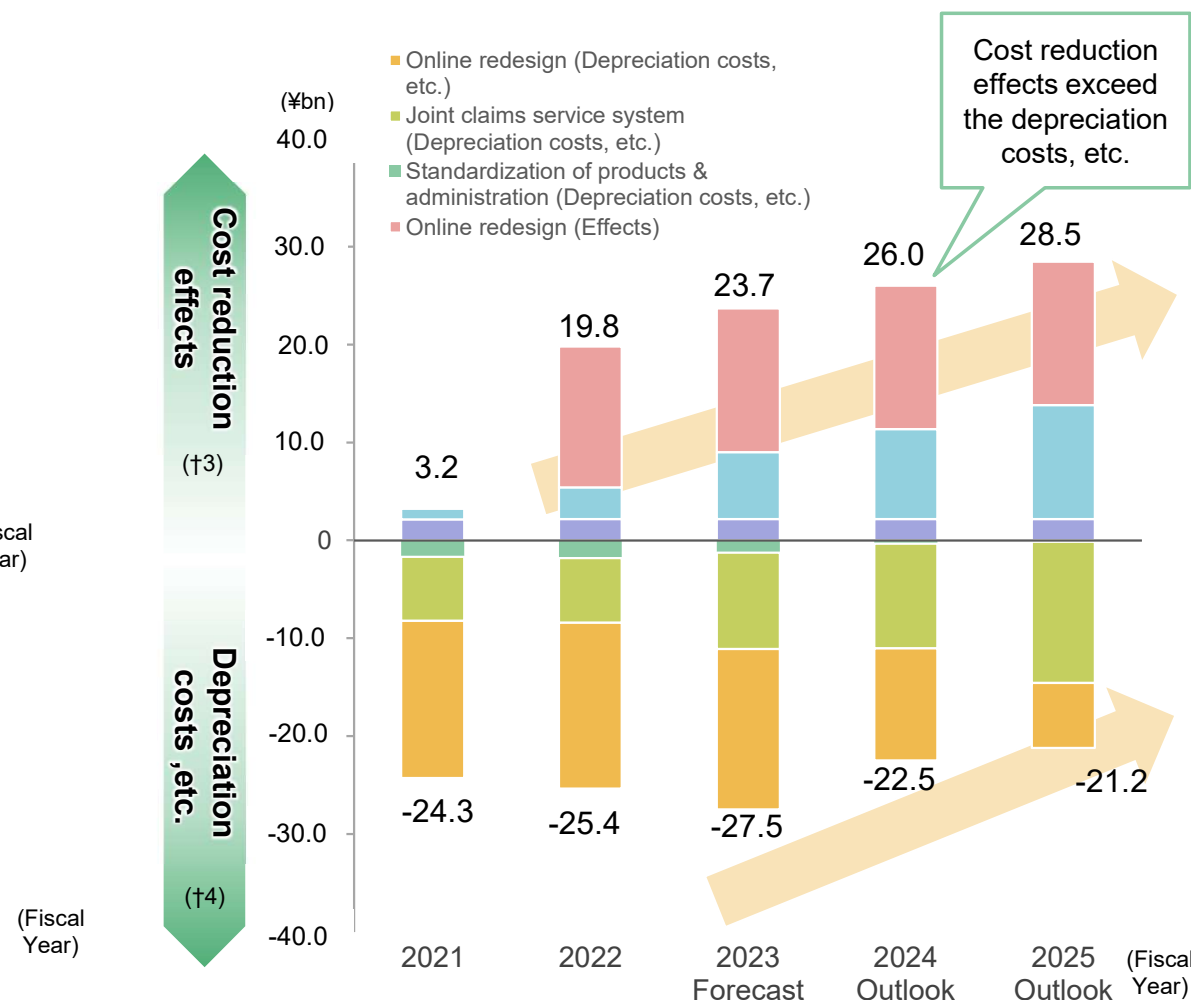
Improvement of expense ratio^{†1}



†1 Sum of non-consolidated figures of MSI and ADI (excl. EQ and CALI)

†2 Reflect the inflation effect

Effects of large-scale system investments

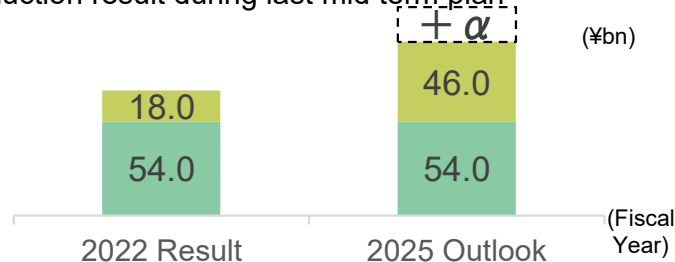


†3 Conversion of expected workload reductions due to business streamlining into expenses

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

Additional expense reduction (vs FY2019)

- Additional reduction during mid term plan(2022-2025)
- Reduction in FY 2022 and reduction plan until FY2025
- Reduction result during last mid term plan



2. Corporate Value Enhancement Initiatives (1) Domestic Non-life Insurance Business

(vi) Promotion of One Platform Strategy

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- The progress in cost reductions has been generally progressing steadily 72% compared to target, mid-term management plans.
- We are maximizing efficiency and improving operational quality by promoting the One Platform strategy.



Progress in reducing operating expenses For Mid term management plan ^{†1}

	Mid-term plan targets ^{†1} (~FY2025)	Outlook of cumulative reduction 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	-9.0 billion yen	90%
Total	-46.0 billion Yen	-33.0 billion yen	72%

^{†1} 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 billion yen.

One Platform Strategy

Target after integrated management of head office function (Excerpt)

Product	Product development under 1 platform, integrated management of profitability improvement.
Claims	Joint management or similar structure of claim acceptance/Claim adjuster management Standardization of claim handling following to BRIDGE(Claim system/ADI join in FY2025)
Operation	Integrated management of MSI and ADI Unification of MS&AD Business Service's operational line
System	Integrated management of quality, development and management by four companies (MSI, ADI, Holding and MS&AD Systems)
Human Resources	Standardization of HR regulation outline, HR system and BPO operations
General Affairs	Integrated management of MSI/ADI/Holdings and Department system, Standardization of BPO operations
Real estate	Integrated management of MSI/ADI/Holdings, Standardization of BPO operations
Accounting	Integrated management of accounting, settlement planning, expenses and claim payment in MSI and ADI
Public Relations	Integrated management of MSI/ADI/Holdings (excluding press related issues)
Data Management	Integrated management of MSI/ADI/Holdings
Reinsurance	Standardization of next generation IT system study, information management of policy data and booking data.
Asset management	Leveraging Common Platform (MSR)/Investment Information Sharing/development of human asset collaboration/ Building a House View at the Global Level

2. Corporate Value Enhancement Initiatives (2) Domestic Life Insurance Business

(i) Key Initiatives

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- Promoting cross-selling between two life insurance companies and non-life insurance companies through mutual utilization of customer base as our Group's strength, and strengthening customer approaches by taking advantage of the sales bases (channels) of the two life insurance companies.
- Providing products and services that can contribute to solving social issues in the 100-year life, such as extending healthy life expectancy and asset life expectancy.

Key Initiatives

Expanding Profits of MSA Life	Expanding Profits of MSP Life
<ul style="list-style-type: none"> ● Demonstration of Group Synergy <ul style="list-style-type: none"> ▪ Strengthening of cross-selling at non-life agents 	<ul style="list-style-type: none"> ● Demonstration of Group Synergy
<p>Strengthening tie-up sales of MSP Life Products in MSA Life's agent network (Selling at approximately 500 agents[†] of MSA Life)</p>	
<ul style="list-style-type: none"> ● Enhancement of customer approach by leveraging strengths <ul style="list-style-type: none"> ▪ In the large employee market, the online complete solicitation system is highly rated. In the SME market, MSA Life is targeting existing clients of MSI and ADI. ● Expansion of investment income <ul style="list-style-type: none"> ▪ Accumulation of higher-return assets ● Provision of products and services that contribute to solving social issues <ul style="list-style-type: none"> ▪ Provision of MSA Care, which packages various healthcare services 	<ul style="list-style-type: none"> ● Enhancement of customer approach by leveraging strengths <ul style="list-style-type: none"> ▪ Strengthening the leading position in OTC sales through the provision of highly unique products and training to support consultings sales for agents ● Expansion of investment income <ul style="list-style-type: none"> ▪ Take advantage of the features of stable foreign currency investments ▪ Diversify investment targets based on appropriate investment risk management ● Provision of products and services that contribute to solving social issues <ul style="list-style-type: none"> ▪ Provision of products to develop new markets, such as equal-payment products that contribute to long-term investments for the asset-building class

†: As of the end of September 2023

2. Corporate Value Enhancement Initiatives (2) Domestic Life Insurance Business

(ii) MSA Life

Domestic Non-life
Insurance Business

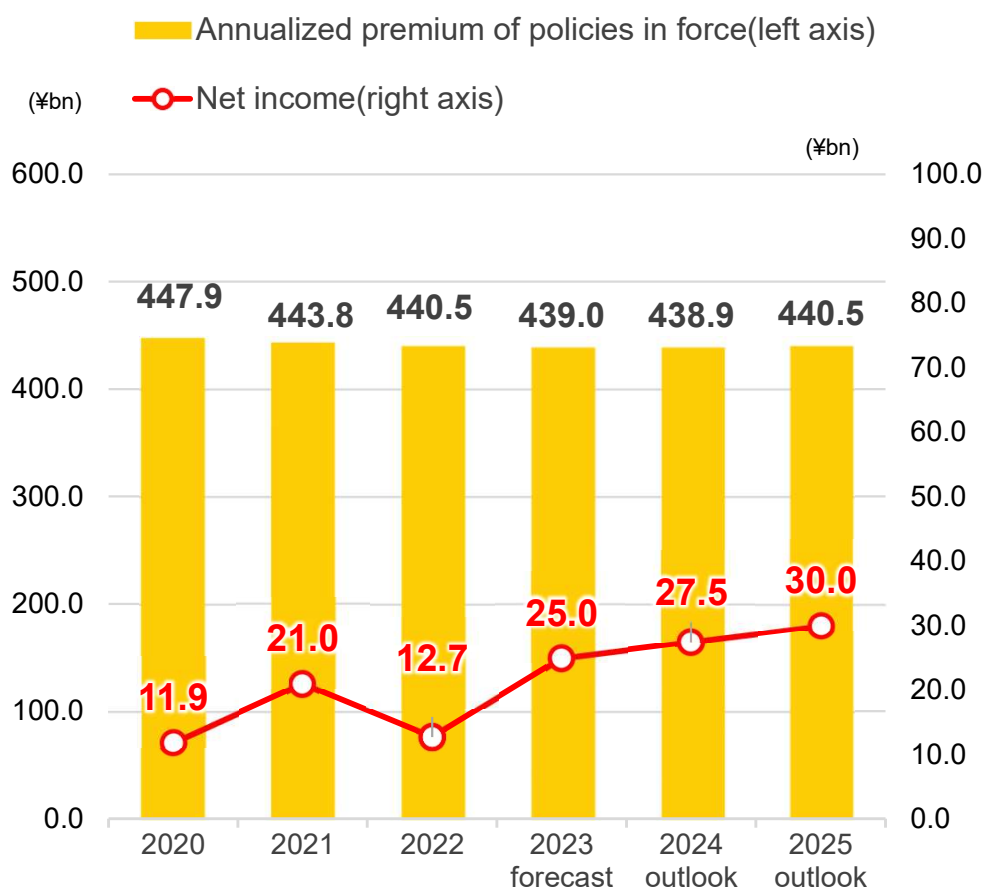
Domestic Life
Insurance Business

International
Business

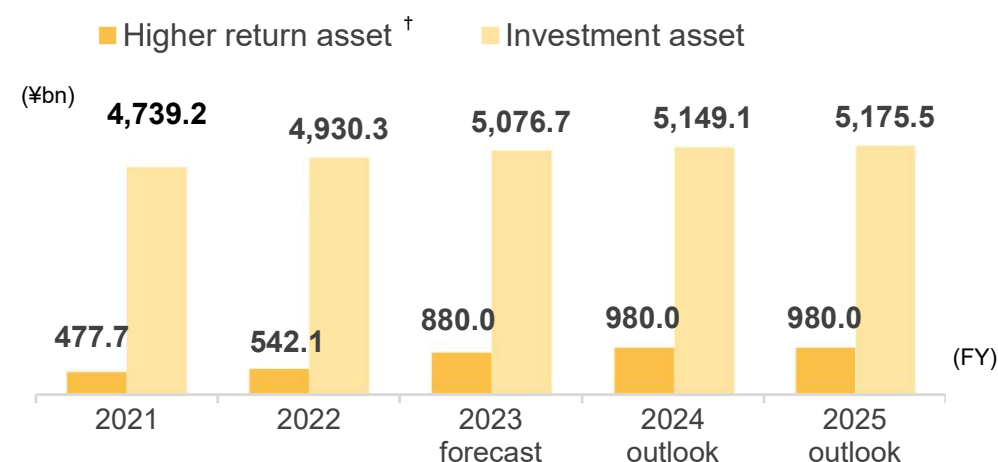
Other

- We aim to achieve a profitable portfolio through the accumulation of protection-type products. In the future, profits will expand as the number of policies in force grows.
- We will expand profits by expanding the number of markets and customers, reducing operating expenses, and expanding investment profits.

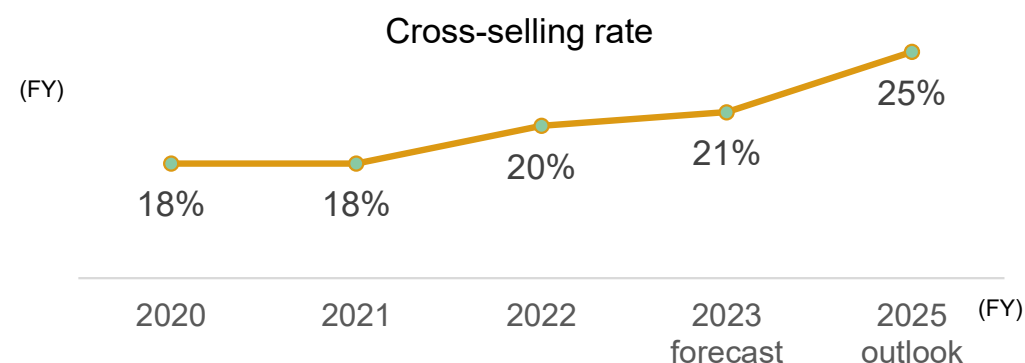
Growth of policies in force and the bottom line



Expansion of investment asset



Expansion of cross-selling



† Higher return asset : see page 32

2. Corporate Value Enhancement Initiatives (2) Domestic Life Insurance Business

(iii) MSP Life

Domestic Non-life
Insurance Business

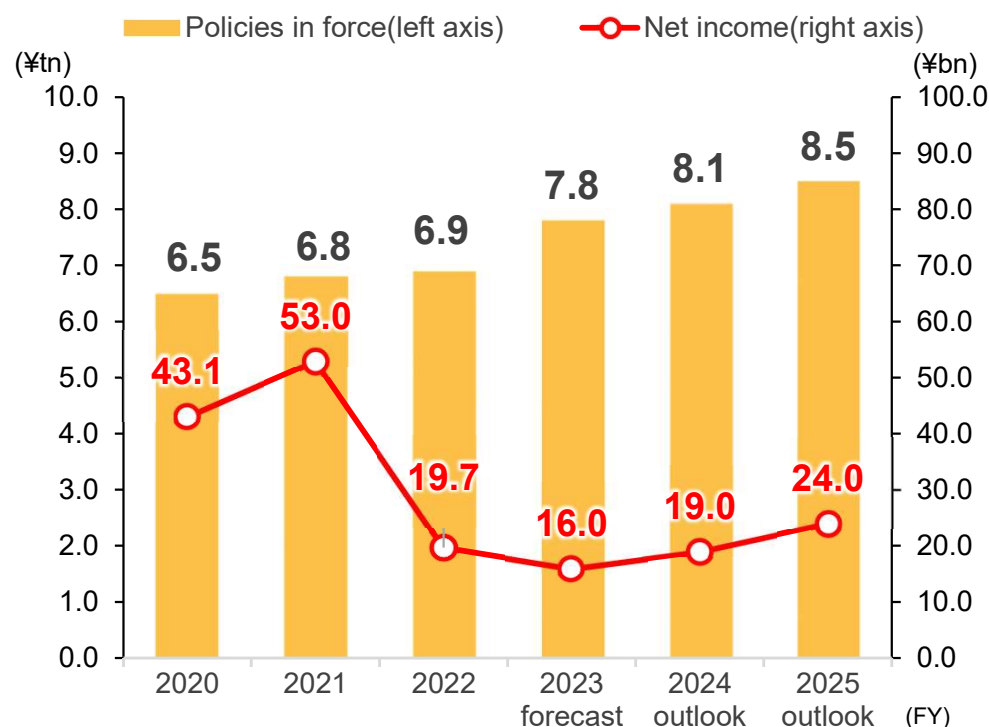
Domestic Life
Insurance Business

International
Business

Other

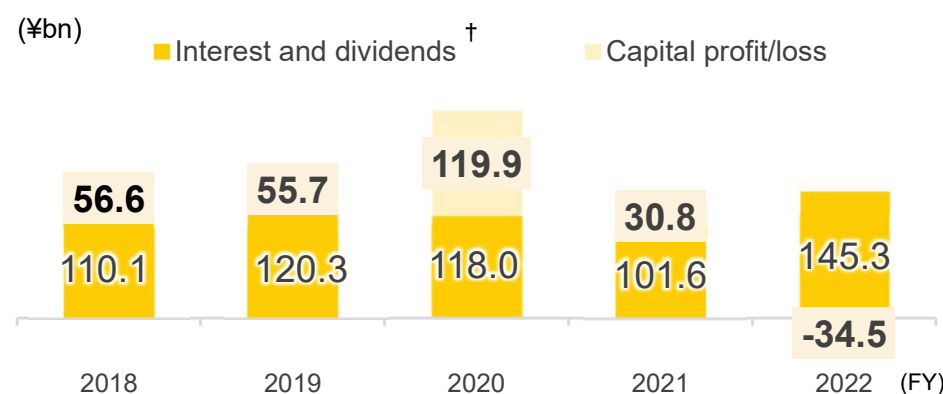
- Policies in force steadily expanded. We plan to expand profits by increasing profit margins as the number of policies in force grows.
- Interim net income was -8.6 billion yen due to the impact of a sharp rise in interest rates and an increase in agent's commission burden as sales expand.

Growth of policies in force and the bottom line



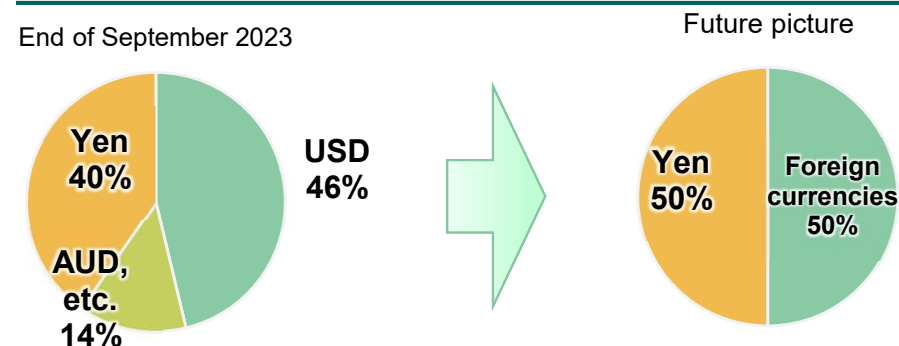
- Interim net income was -8.6 billion yen, but the top line expanded more than expected and core businesses remained strong.
- For the full year, profit of 16.0 billion yen is expected, unchanged from its initial plan, due to the steady contribution of profit margins and other factors and risk control such as the use of hedge accounting for fluctuations in interest rates and foreign exchange rates.

Expansion of investment profit



- There is a trend of growing profit margins, as the policies in force steadily increase.

Portfolio target



- In the future, we will review the product mix based on customer needs, and as a result, the yen and foreign currencies are expected to be balanced

† Include income gain portion of money trusts investment income

2. Corporate Value Enhancement Initiatives (3) International Business

(i) Key Initiatives

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- MS Amlin shifts from remediation to profitable growth whilst maintaining disciplined underwriting approach.
- In Asia we will seek to grow by seizing profitable opportunities through further use of digital distribution channels and responding to the rise of new mobility solutions such as EVs.
- In the United States, we are strategically focusing on growing our non-Japanese customer base, agilely developing local markets and actively pursuing group-wide synergies.
- ADI's international business will prioritize profitability remediation and conducting a thorough review of its business portfolio.

Profitable growth of MS Amlin

- Leverage the hard market conditions to increase rates and grow profitable lines of business whilst upholding underwriting discipline
- Strengthen ALM in response to accounting standard changes to reduce profit volatility from interest rate fluctuations
- Continue delivery of IT modernization and operational efficiency initiatives

Expansion of profits in the Americas

- Execute MS Transverse's group integration while strategically leveraging competitive advantages to drive business expansion
- Expand business footprint and revenue streams through strategic partnerships with major wholesalers within the MGA sector
- Continuously evaluate the potential for investment in specialty insurance companies and MGAs

Capturing growth in Asia

- Foster strategic alliances and partnerships with local partner companies, financial institutions, and influential local platformers boasting strong customer bases
- Seize opportunities for growth in the retail insurance market by strategically entering markets poised for expansion, including EV mobility and the burgeoning medical and health sectors
- Maintain a proactive stance on business investments, with a targeted emphasis on reinforcing retail sales in Asia, where the expansion of the middle-income population aligns with anticipated market growth

Bottom-line focus of ADI international business

- The Toyota Retail Business achieved increased net premiums in each country by developing new products and services such as telematics. In Europe, where the loss ratio has been increasing, our goal is to restore profitability through a combination of rate adjustments and reinforced measures against theft
- For inward reinsurance business, we aim to improve profitability while reducing exposure to natural catastrophes. This will be achieved by capitalizing on opportunities for higher profits arising from the expansion of profitable lines of business during the hard market.
- Comprehensively reassess overseas local businesses that are not expected to recover their earnings potential.

2. Corporate Value Enhancement Initiatives (3) International Business

(ii) Profitable growth of MS Amlin

Domestic Non-life
Insurance Business

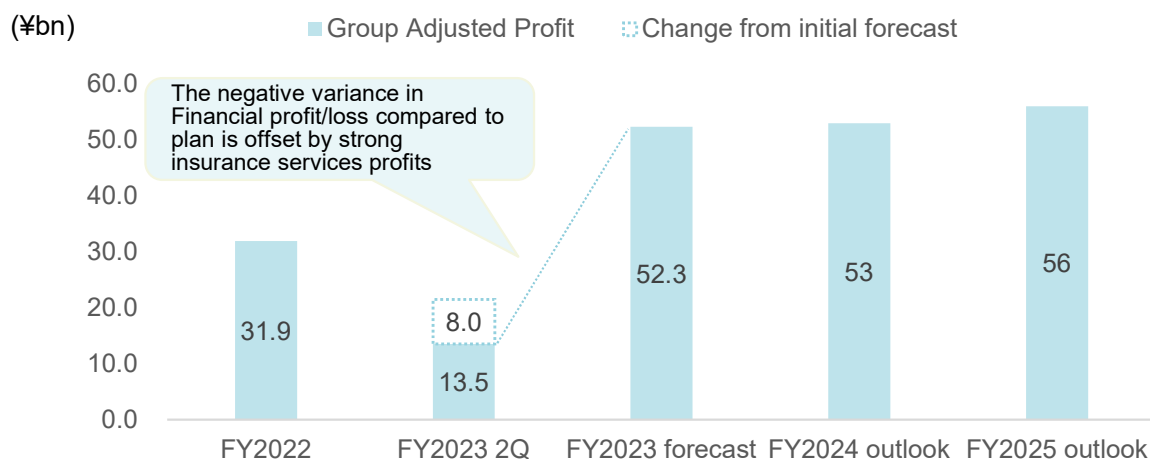
Domestic Life
Insurance Business

International
Business

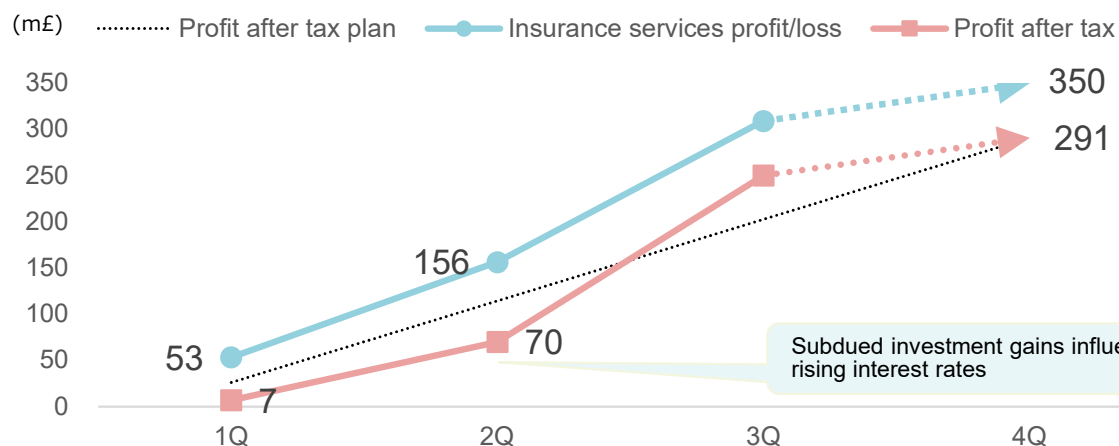
Other

- Net premiums written increased by 187.9 billion yen year-on-year mainly owing to elevated premium rates driven by market hardening and strategic growth in profitable lines of business and clients.
- We expect to achieve group adjusted profit of 52.3 billion yen for the full year driven by strong top-line performance under hardening market conditions and growth initiatives, increase in insurance services profit following reserve releases reflecting favorable loss development, and improved financial profit resulting from better bond performance.

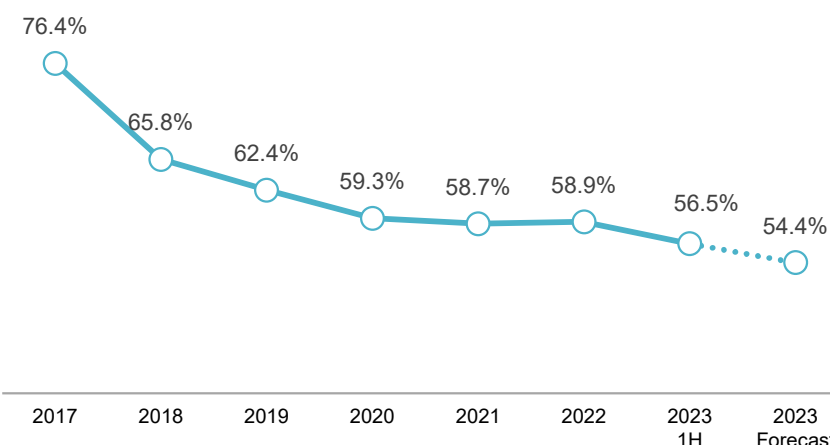
Summary of financial results and outlook



FY2023 financial results



Improvement in non-cat loss ratio^{†1}



^{†1} Excluding the impact from Covid-19 and Russia/Ukraine related losses
2023 forecasts for the first half and full year exclude the impact from discounting liabilities

Large natural catastrophe losses (before discounting)^{†2}

		(m£)	
FY2022	FY2023 revised forecast	YoY	Change from initial
180	183	3	-66

^{†2} Gross losses over US\$20 million

2. Corporate Value Enhancement Initiatives (3) International Business

(ii) Profit expansion at MS Amlin(Asset management)

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

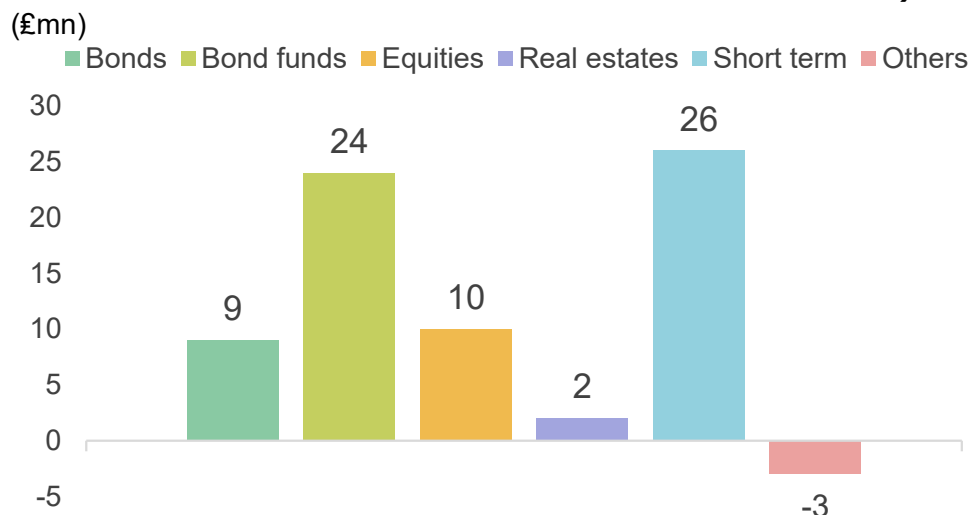
- In the January-June period, investment profit/loss was £68 million. In the high interest rate environment, the earnings of bond funds and short-term management remained strong, while the price of ordinary bonds, whose balance was increased to promote ALM, declined due to the rise in interest rates.
- The full-year forecast for January-December is £166 million due to continued strong bond funds and short-term investments.

Investment Profit/Loss

2023 Jan to June

£68 million

(net investment return: 1.0%
before annual rate conversion)



FY2023 Annual forecast

£166 million

(net investment return: 2.6%)

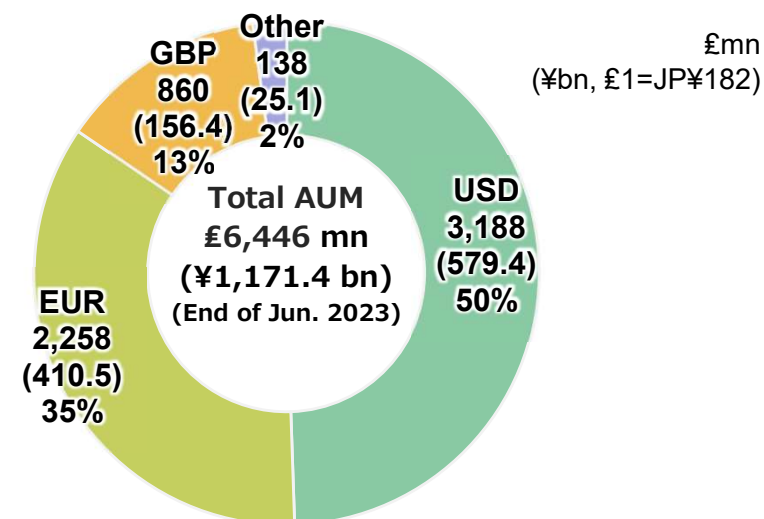
NB Bond funds are funds whose basic strategy is to sell high-priced bonds and purchase low-priced bonds. We will take credit risks while controlling losses caused by overall rises in interest rates.

Percentage of bonds by credit rating[†]

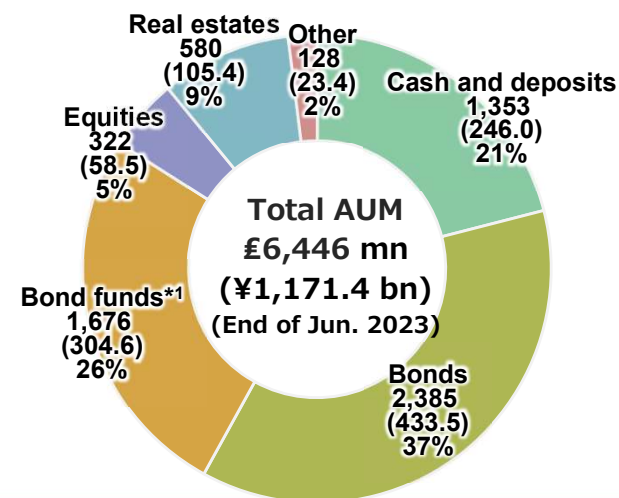


[†] includes derivatives.

Investment Assets Breakdown by Currency



Investment Assets Breakdown by Assets



2. Corporate Value Enhancement Initiatives (3) International Business

(iii) Capturing growth in Asia

Domestic Non-life Insurance Business

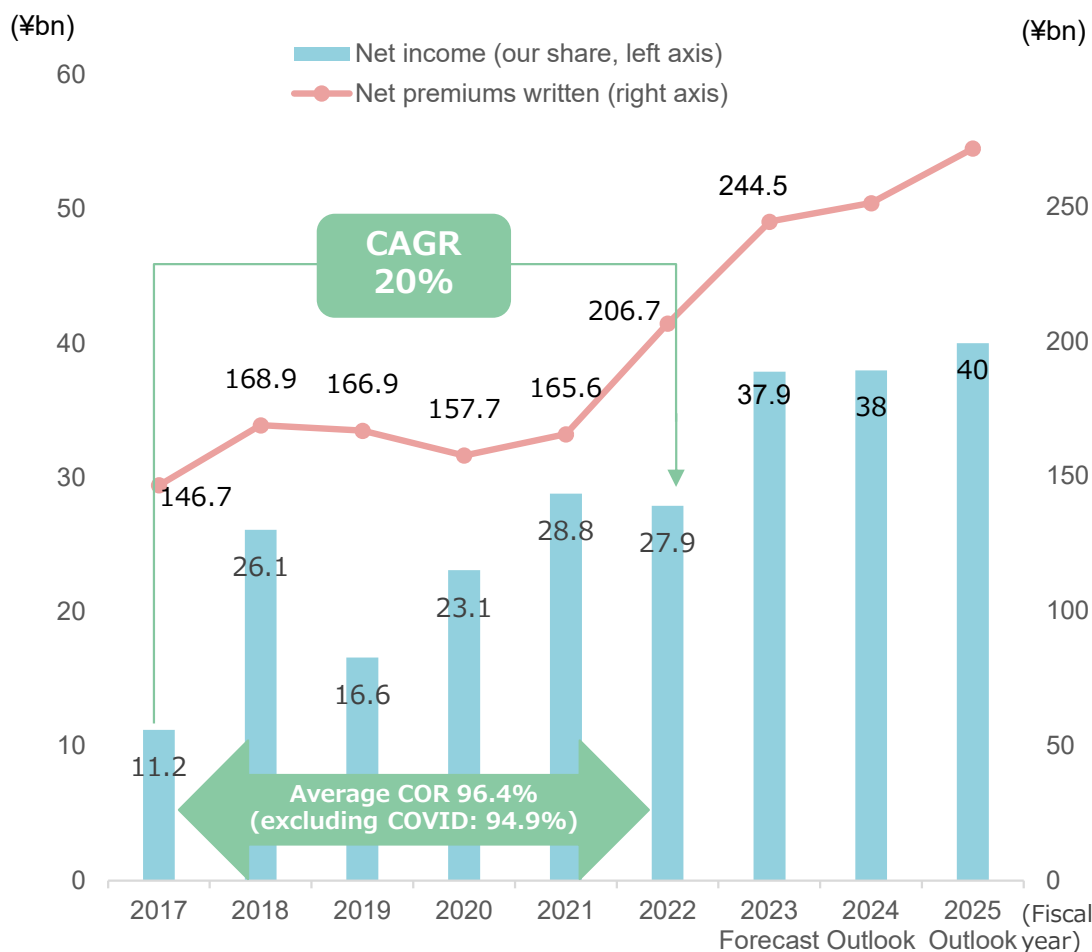
Domestic Life Insurance Business

International Business

Other

- As only non-life insurance group in the 10 ASEAN countries as direct insurer, we have the largest presence in the region in terms of gross premiums.
- By utilizing extensive network and strong business foundation, we will promote growth initiatives in the highly profitable retail sector and the corporate sector, taking advantage of group synergies. Continue further growth strategies, including in-organic investment, to realize significant growth.

Net premiums written and net income[†]



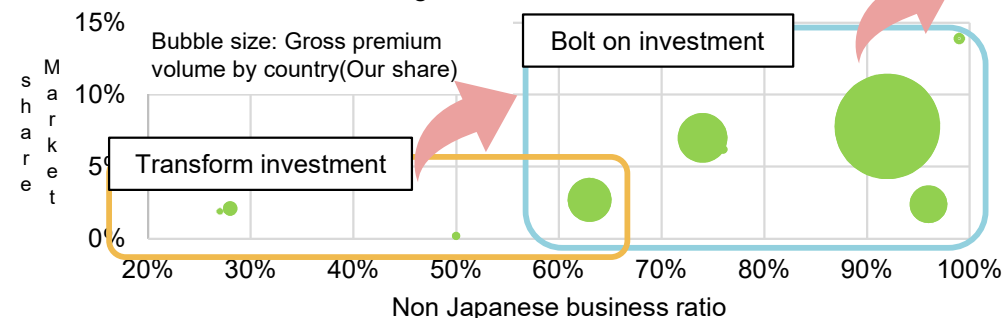
[†] Subsidiaries and affiliates accounted for by the equity method in Asia (excluding Oceania). Does not include overseas branches.

Key Initiatives

Earnings opportunities	Strategy direction
Digitalization of purchasing	Promote embedded insurance with platform providers that have customer contacts
New mobility	<ul style="list-style-type: none"> Promote utilization of telematics insurance driving data Establish sales structure through development of on-line only products
Expansion of medical and health needs	Establish an insurance-integrated service and sales system through cooperation with health care service providers such as Web medical services

Business investment

Countries with a low non-Japanese share and a low market share will see a transform investment to change the existing structure, while countries with a certain non-Japanese business ratio and a certain market share will see bolt-on investment based on existing businesses.



2. Corporate Value Enhancement Initiatives (3) International Business

(iv) Expansion of profits in the Americas

Domestic Non-life
Insurance Business

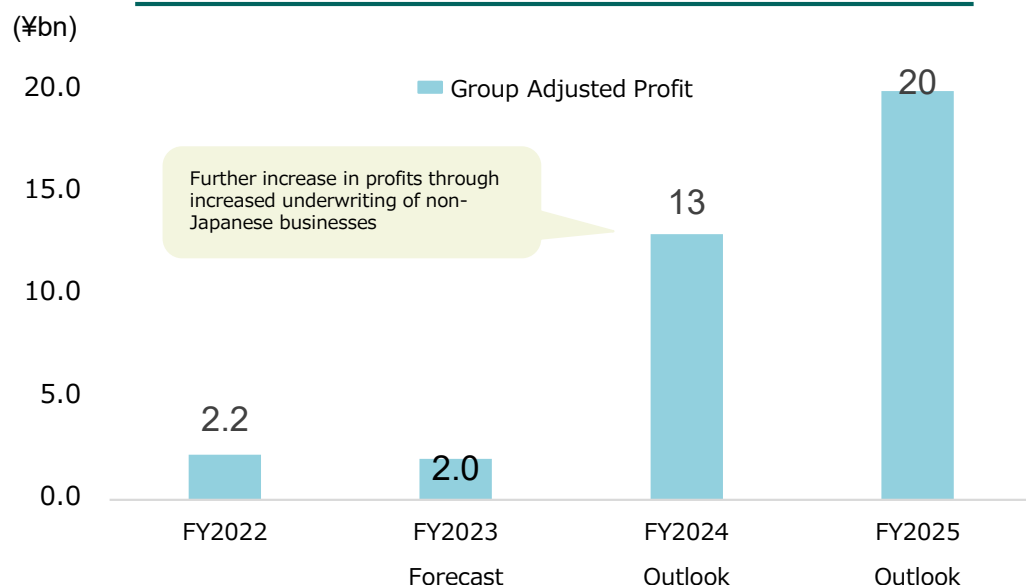
Domestic Life
Insurance Business

International
Business

Other

- In January 2023, we acquired Transverse, a fronting company in the U.S. MGA^{†1} market, and reorganized our business structure to expand our local business.
- Under the new structure, we will enhance business efficiency and increase profit opportunities through group synergies, and consider capital allocation and investment opportunities in businesses with high growth prospects, focusing on strengthening transactions with MGAs.

Summary of business results and outlook in Americas^{†2}



January 2023

June 2023

Acquired Transverse

Changes in the U.S.
Business Structure

Started partnership with AMWINS,
a major wholesaler

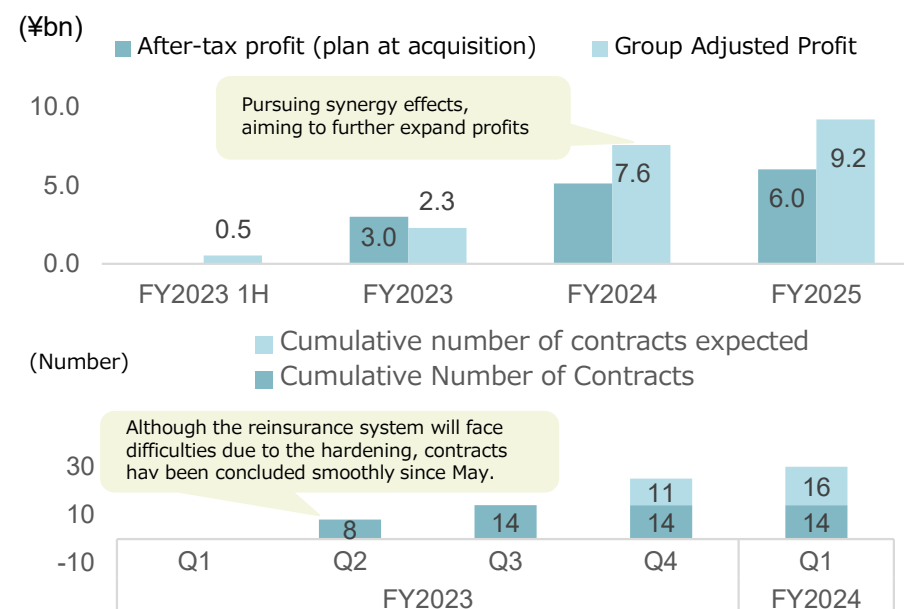


^{†1} MGA: An abbreviation for Managing General Agent. It is entrusted with the authority of insurance companies and is responsible for a wide range of business such as insurance underwriting, contract management, reinsurance arrangement, and insurance claim assessment.

^{†2} Total figure of MSI's business in Americas

^{†3} AM Best

Overview of Transverse results and outlook



Major Initiatives

- MS Transverse will steadily expand its business by taking advantage of its competitive advantage based on its high financial rating^{†3} and enhancing the trust of business partners through its strict underwriting policy.
- MSMM will aim to expand its business and earnings by expanding its underwriting through MGA and by selling new products with a high level of sales in profitability, taking advantage of its strengthened business promotion system.
- Consider business investment opportunities in specialty insurance companies and MGA-related businesses

2. Corporate Value Enhancement Initiatives (3) international Business

(v) ADI international business

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

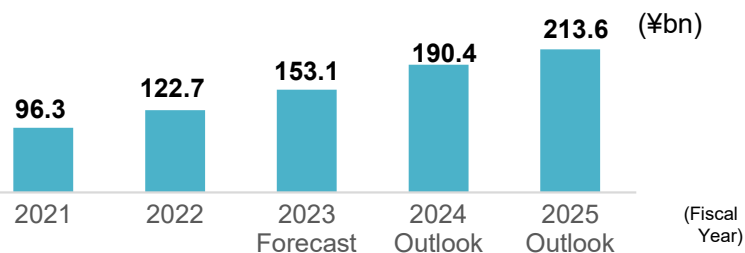
International
Business

Other

Toyota retail business

Focus on voluntary automobile insurance business in Toyota's new car sales market

Net premiums written



Group Adjusted Profit

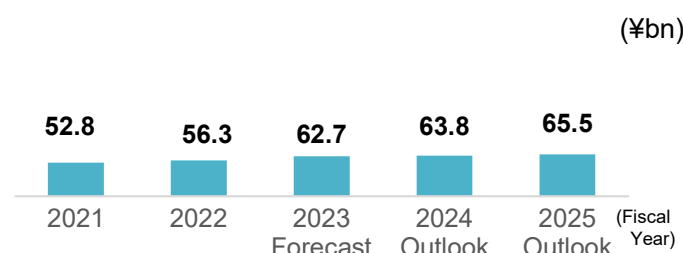


- Roll out new products and services in Europe, Thailand, and other countries in the telematics and Case/MaaS fields, primarily in the new voluntary automobile insurance
- Upfront investment to secure superiority by providing scoring services using acquired data
- In Thailand, net premiums written are expanding steadily as telematics insurance expansion helped us reach the top 10.
- In Europe, loss ratio has been deteriorated due to rising prices and frequent thefts. We are raising rates and working with Toyota to prevent theft and reduce costs.

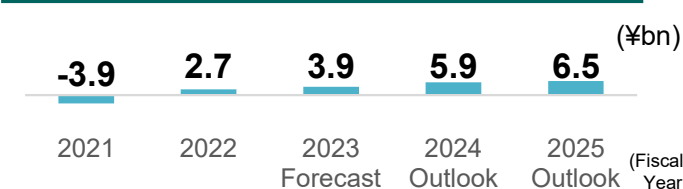
Head office reinsurance

Business model to capture profits through integrated management of reinsurance inward/outward with selected partner reinsurers

Net premiums written



Group Adjusted Profit

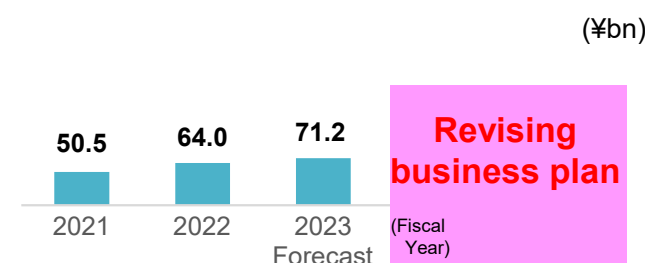


- Improve earnings by the expansion of sale of profitable non-cat lines and taking the opportunity for profit growth through hard markets
- Continuously control natural catastrophes risk and appropriately control the risk amount in accordance with market cycles

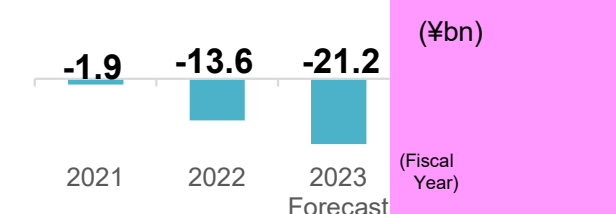
Overseas local, etc

Business for Japanese clients and local business overseas other than those listed on the left

Net premiums written



Group Adjusted Profit



- We have been working to improve our bottom line, but it has become difficult to turn a profit during the period of our current medium-term management plan.
- In FY 2023, the deficit widened due to Typhoon Guam and the large-scale fire on Maui Island etc.,
- Considering a fundamental review, including withdrawal or drastic reduction of businesses that are unlikely to recover

Revising
business plan

3. International Business Corporate Value Enhancement Initiatives (3) international Business (vi) Growth of International Life Insurance Business

Domestic Non-life Insurance Business

Domestic Life Insurance Business

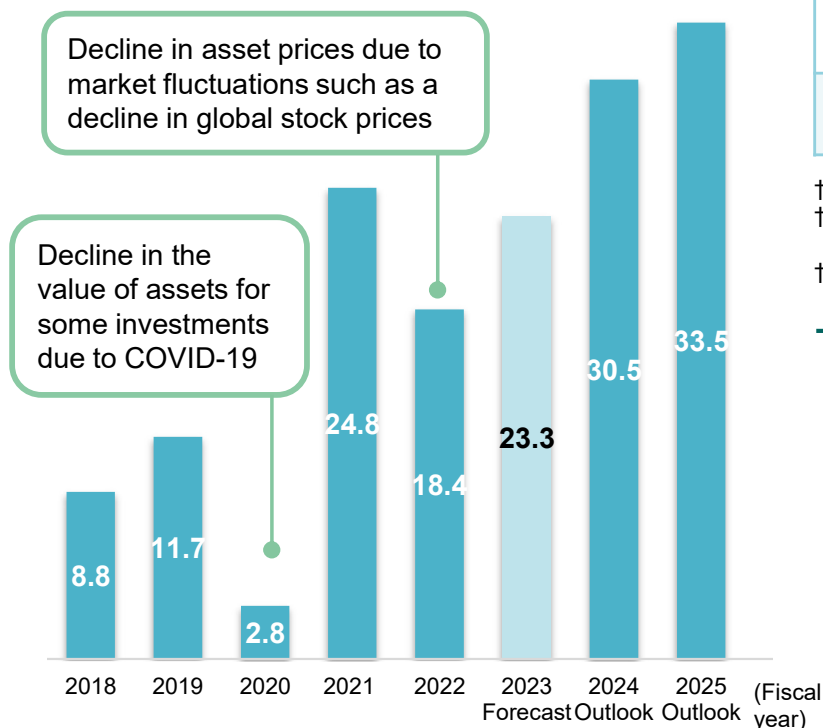
International Business

Other

- We are capturing growth in the Asian life insurance market and expanding corporate value through collaboration with leading banks and other partners with strong sales channels, especially in China and India with their large populations.
- In Australia and the United Kingdom, we aim to leverage its advantage as a market leader to increase steadily corporate value and capture cash flow.
- We will continue to explore the timing of investments in areas with high growth potential and profitability, including areas it has not yet entered.

Group Adjusted Profit

(Our share: ¥bn)



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 ^{†1}	
Australia (annuity insurance business) ...Average annual growth rate of 5.1% expected up to 2041 ^{†2}	
United Kingdom (closed book business) ...Potential market worth GBP 435 billion ^{†3}	

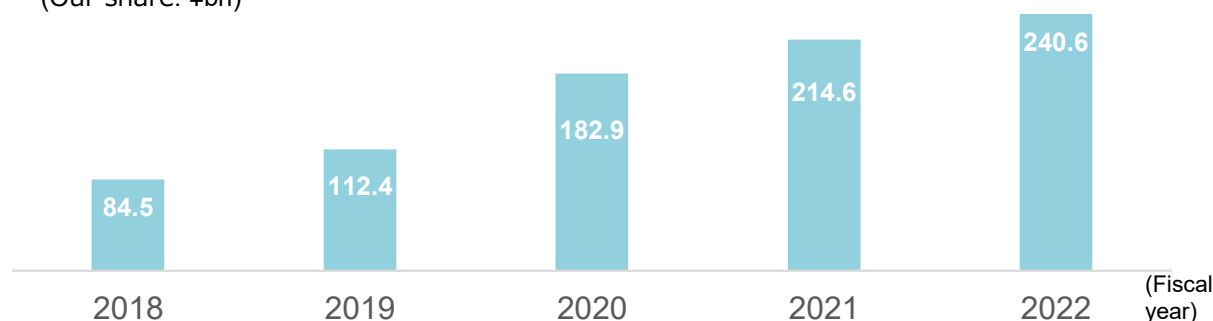
†1. Allianz Insurance Report 2021

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

†3. Based on Phoenix materials

EV^{†4}/Our share

(Our share: ¥bn)



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

2. Corporate Value Enhancement Initiatives (4) Asset Management – Key Initiatives (Expansion of Higher-Return Assets)

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- Due to the rise in global interest rates, profitability in asset management, mainly bonds, has greatly improved. Using a portion of the proceeds from the sale of strategic equity holdings, we have expanded our portfolio of assets (higher return asset) with relatively higher returns such as foreign bonds and alternatives.
- In addition to utilizing the Group Common Platform (MSR in USA), we will promote intra-group sharing of investment information and collaboration in human resource development to support the expansion of the balance and return of assets with expected returns.

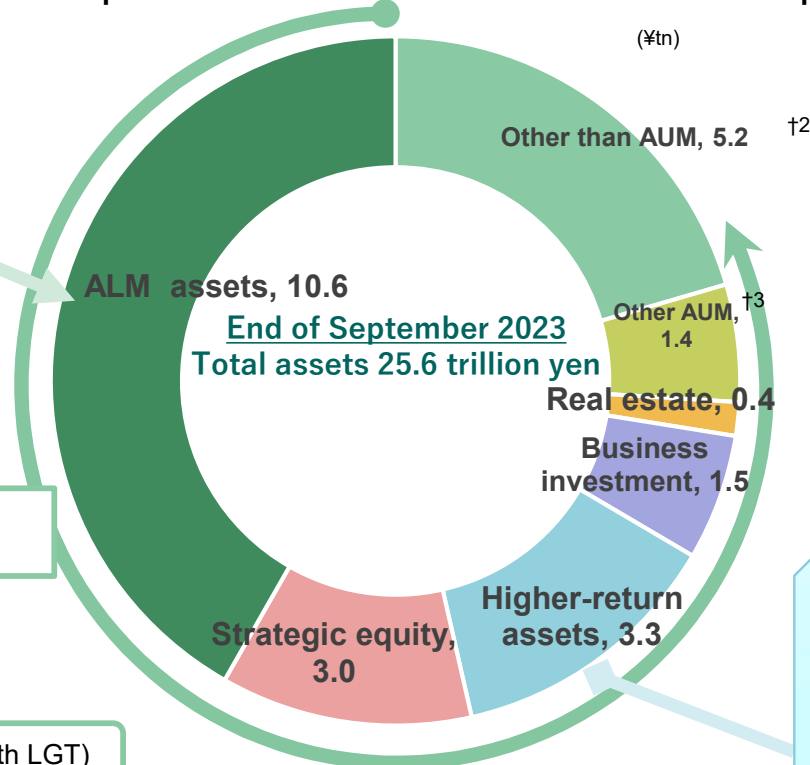
ALM-compliant assets 10.6 trillion yen

MSI, ADI, and MSA Life invested mainly in yen-denominated bonds and loans, while MSP Life invested mainly in foreign bonds in line with its foreign-currency-denominated liabilities. ALM asset management takes some credit risk

[Main source of income] Credit risk

*Interest rate and exchange rate risks are in principle offset with liabilities

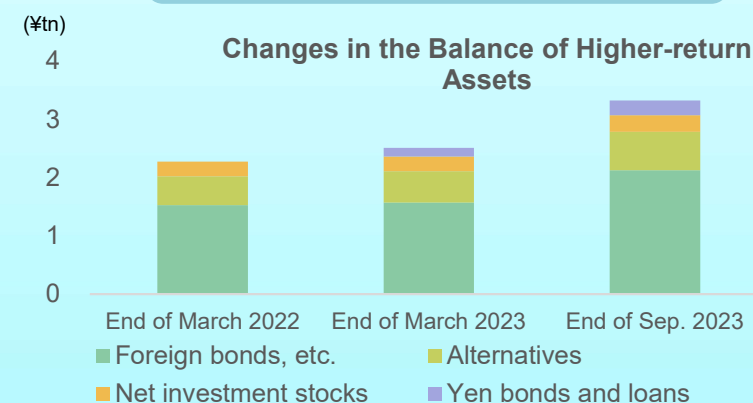
AUM^{†1}
20.4 trillion yen



Higher-return assets 3.3 trillion yen^{†4}

Expand allocation to alternative assets such as overseas private equity, which are expected to be risk-diversified, high-yield and low-volatility, in addition to liquid foreign bonds and net investment stocks as standby funds for business investment

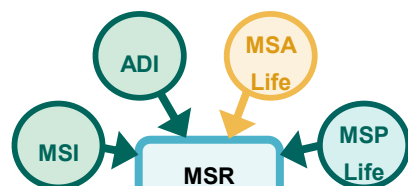
[Main Sources of Revenue]
Credit Risk, Interest Rate Risk, Equity Risk



US MSR Corporation (investment JV with LGT)



=>See P33 for details.



Global market

Support the investment of higher-return assets

Building a House View at the Global Level
Collaborating on Human Resources Development

^{†1} Simple sum of the 5 domestic group companies

^{†2} Tangible fixed assets, intangible fixed assets, goodwill, special account of MSP Life, etc

^{†3} Short-term funds other than ALM-compliant assets

^{†4} MSP Life counts only the portion of assets exceeding liabilities. From April 2023, approximately 400.0 billion yen of hedged foreign bonds of ADI were reclassified as higher return assets.

2. Corporate Value Enhancement Initiatives (4) Asset Management – Key Initiatives (MSR's higher-return assets)

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- Focusing on overseas credit investments such as foreign corporate bonds and overseas private equity investments, we have consolidated investment information, highly specialized personnel, and knowledge of Group companies in the U.S. MSR
- We utilize MSR as a hub for expansion of assets expected to generate revenue (higher-return assets), with the aim of strengthening asset management capabilities across the Group and creating Group synergies.

MSR Overview

Investment JV with Swiss investment firm LGT Capital Partners (investment assets: US\$95 billion)

Year of Establishment	January 2022
Equity ratio	MSI 85% / LGT 15%
Personnel structure	Directors: 4 (One of them is CEO of LGT's US subsidiary) Expatriates: 12 persons with expertise in overseas investment from the holding company and 4 Group companies
Investment assets	Foreign corporate bonds, alternatives (Overseas PE, overseas PD, GP investment, real estate, infrastructure), etc.

Foreign corporate bonds

- Increase the depth of overseas credit analysis for the entire Group by consolidating and centrally managing the universe of investment targets managed by MSI, MSA Life, etc.

Group Balance 2.3 trillion yen (most portion: outsourced)

Overseas PD

- Loans to unlisted midsize companies with sound financial conditions (EBITDA of US \$100 million or less)
- Adjustable interest rate and resistant to interest rate risk. A collateralized relative transaction.

Group Balance 90.0 billion yen

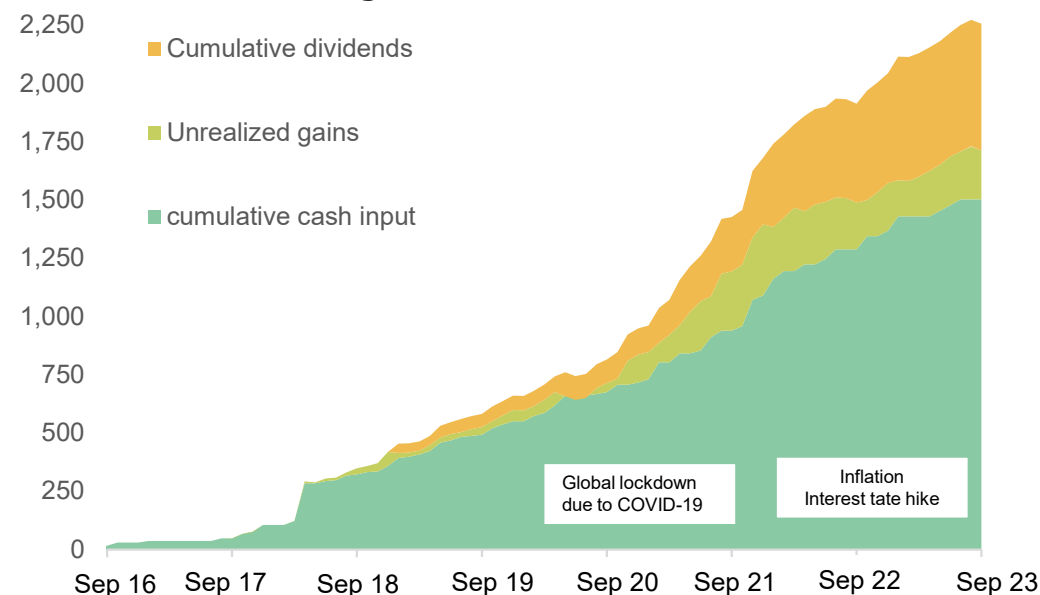
Overseas PE

Group balance about 350.0 billion yen

- Since 2016, our Group's overseas PE investment balance has expanded
- Utilizing the resources of LGT, we set a commitment limit of approximately US\$300 million for 10 to 15 funds per year, mainly for EU/US buyouts, and increase the balance while diversifying time
- At the corporate level, we invested in approximately 1,000 companies (115 companies listed or sold)
- Remaining profitable despite COVID-19 and trends in inflation and interest rate hikes
- As shown in the graph below, the annualized return (MSI share) of overseas private equity between 2016 and 2023 remained steady at 16.1%

(US \$1 million)
2,500

Progress in overseas PE investment



2. Corporate Value Enhancement Initiatives (5) Lowering of Capital Cost Ratio

(i) Reduction of Overseas Natural Catastrophe Risk

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

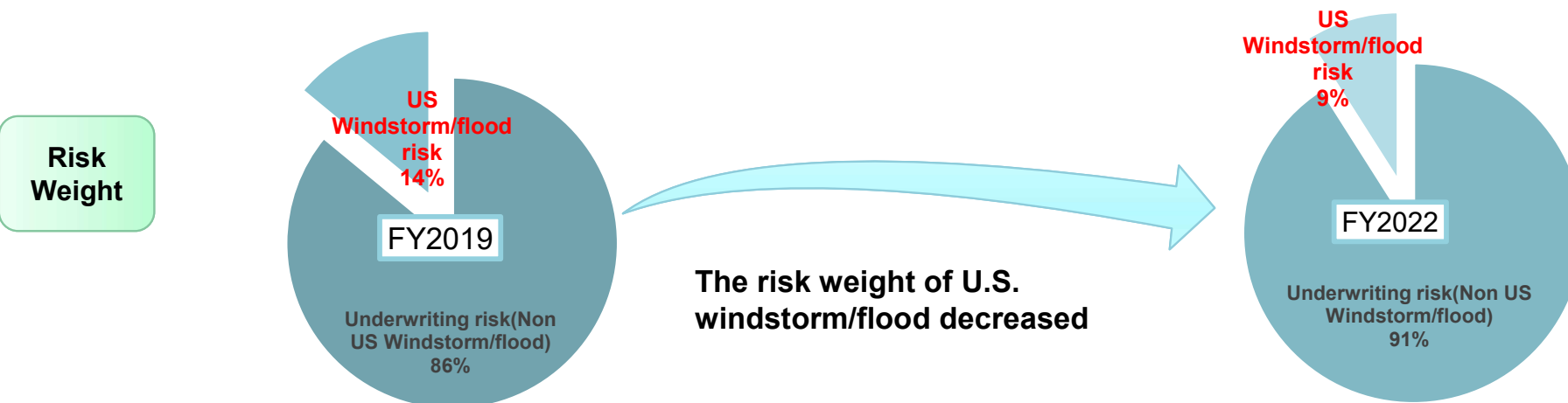
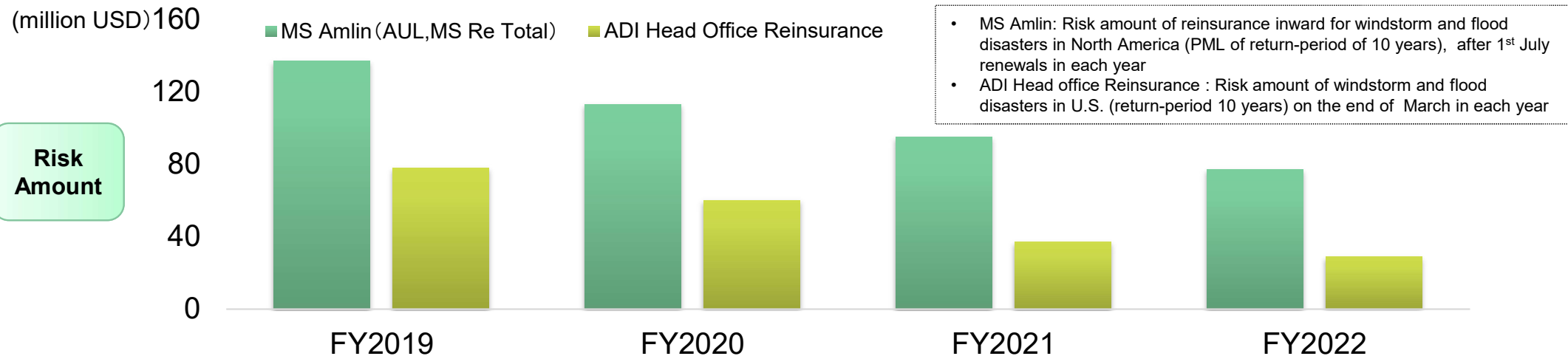
International
Business

Other

- Continue to reduce overseas natural catastrophe risk (U.S. windstorm and flood risk) and reduce profit volatility.
- Since FY 2019, the weight of U.S. windstorm and flood risk in insurance underwriting risks has also decreased.
- We have had a stress scenario[†] in which a series of large-scale hurricanes occur in the U.S. and confirmed that the impact on Group adjusted profit in FY 2023 has been lower than in the past.

[†] Assuming a series of hurricane in Northeast and South Carolina where hurricane damage has been extensive.

U.S. Windstorm and Flood Risk Index (Return period 10 years)



2. Corporate Value Enhancement Initiatives (5) Lowering of Capital Cost Ratio

(ii) Measures for non-catastrophe risks

Domestic Non-life Insurance Business

Domestic Life Insurance Business

International Business

Other

- Within the domestic non-life insurance sector, our focus is on minimizing volatility through ERM practices while increasing the sales of products with consistent and stable profitability.
- For AUL and MS Re, our strategy involves mitigating exposure from natural catastrophes risks while establishing a resilient revenue foundation by growing profitable non-cat business.

Domestic Non-Life Insurance Business

Reducing volatility through enhanced ERM

Implementing measures to mitigate earnings volatility, particularly in casualty and fire insurance where profitability tends to be less stable.

Major Measures	Fire	Casualty
Management and tightening of underwriting for long-term risks	<ul style="list-style-type: none"> Eliminate extended policies and reduce the maximum policy period to five years 	<ul style="list-style-type: none"> Tighten underwriting discipline for long-tail risks, including liability risks
Enhanced measures to mitigate large losses	<ul style="list-style-type: none"> Develop underwriting guidelines and implement robust measures to mitigate large losses 	
Insurance premium optimization for high-risk policies	<ul style="list-style-type: none"> Risk-specific rates for flood risks Increased rates for older properties 	<ul style="list-style-type: none"> Adjust rates to adequately reflect risk, even in the absence of accidents

Expanding sales of products with stable profitability

- Expand sales of products characterized by stable and profitable returns through effective risk diversification strategies

Products with high ROR

Package products for SMEs

Promote the sale of supplementary coverage for household goods within fire insurance policies

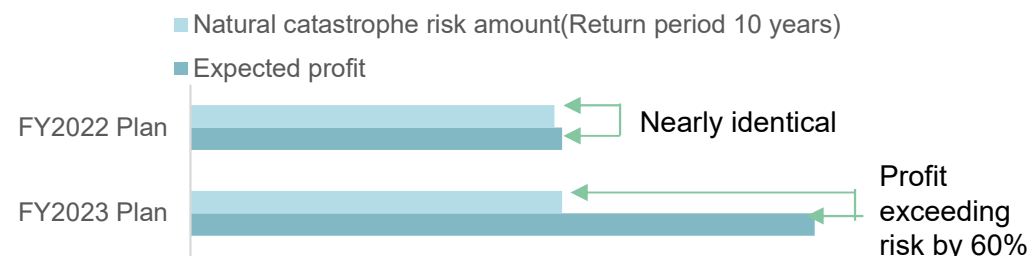
Casualty insurance such as workers compensation insurance

etc.

International Business

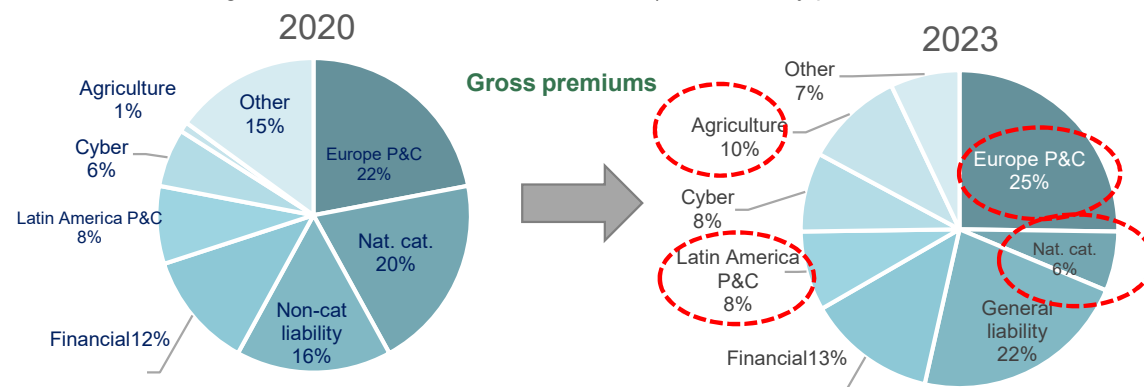
Portfolio optimization at AUL

- Stabilize and expand earnings by increasing rates in response to the hardening market, and balanced expansion of profitable lines of business while maintaining underwriting discipline.
- Completed transfer of prior year liabilities to third party to mitigate the risk associated with prior year reserves.



Portfolio optimization at MS Re

- Reduce underwriting natural catastrophe risks while promoting multi-line transactions with cedants
- Balance composition of portfolio to generate stable earnings (Europe P&C, Agriculture, Latin America P&C, & others) and diversify portfolio.



2. Initiatives to increase corporate value (5) Lowering of Capital Cost Ratio

(iii) Accelerate reduction of Strategic Equity Holdings

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

Accelerated reduction in strategic equity holdings

Reduction target

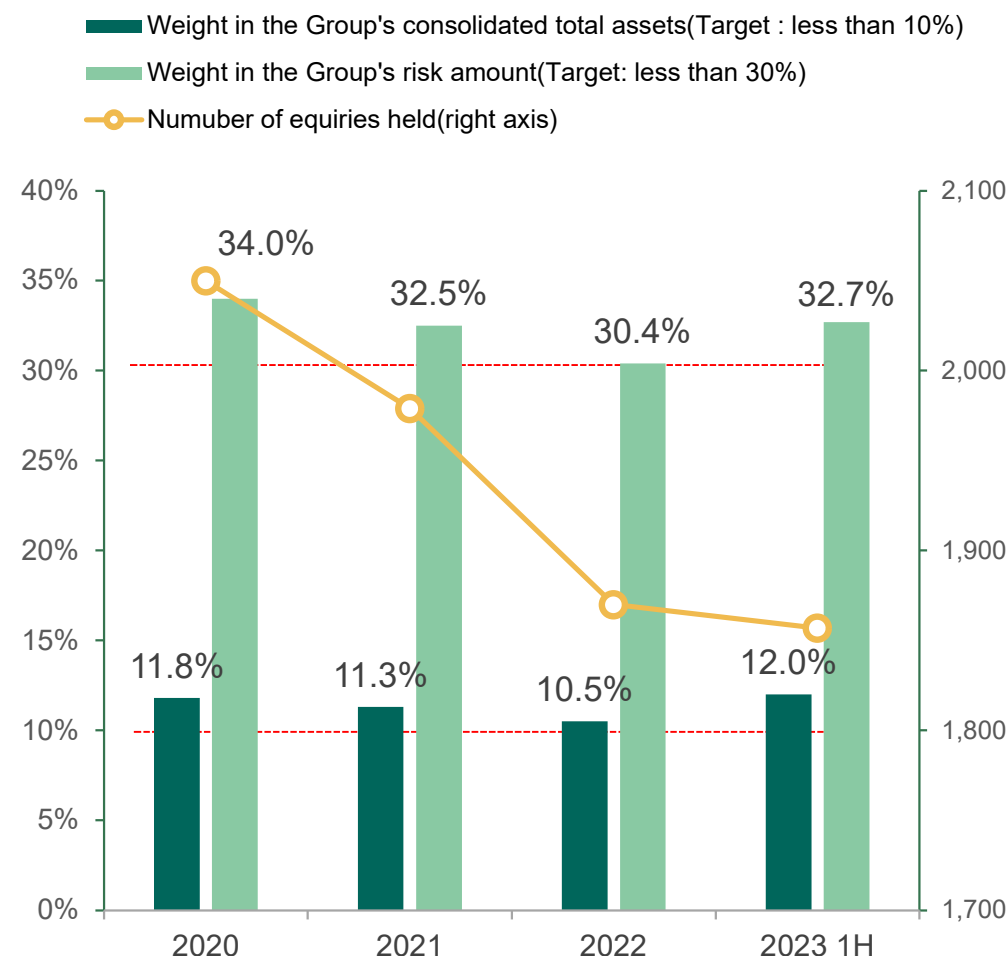
- Reduced mid-term management plan(2022-2025) by 600.0 billion yen over 4 years (Increased from 400.0 billion yen of initial target)
- We will continue the same level of reduction in the next mid-term management plan and aim to halve fair value's balance compared to the end of September 2022 (around 20% of IFRS net assets)

Reduction Results and Prospects (based on fair value)

	Reduction
FY 2022 results	206.6 billion yen
Results for the first half of FY2023	113.8 billion yen
Forecast for the second half of FY2023	Approx. 90 billion yen
Estimated cumulative reduction for 2 years	Approx. 410.0 billion yen

Progress rate : 68%
against mid-term management plan
reduction target 600 billion yen

Strategic equity holdings's weight in Group's consolidate total asset and Group's risk amount



2. Corporate Value Enhancement Initiatives (6) Advancing business management

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- Business investment is oriented toward M&A for the geographic and categorical diversification and expansion of the business portfolio.
- We promote the sophistication of business management and allocate capital flexibly to businesses with high capital efficiency.

Implementation of growth strategies and risk diversification through business investment

Investment policy

- Do we share values and company philosophy?
- Can we expect group synergy by having a sales base and know-how that can be seen in business scale expansion and high profitability?
- Can it contribute to the improvement of capital efficiency by diversifying our portfolio geographically and by line?
- Can we achieve a sufficient investment effect by taking into account the hurdle rate set on the basis of capital costs?

Business investment targets

- United States : MGA and specialty insurance companies
- Asia : Investments to strengthen and expand the retail business

Sophisticated business management and flexible capital flows

Subject to review

- Continued inability to generate sufficient returns relative to cost of capital
- Lack of synergies and other contributions to the Group
- Lack of success in the markets where we operate

Aiming to improve capital efficiency by reinvesting in existing and growing businesses with high profitability

MITSUI SUMITOMO INSURANCE Care Network Co., Ltd.

Business transfer
in June 2023

三井住友海上ケアネット
MS&AD MS&ADインシュアランスグループ

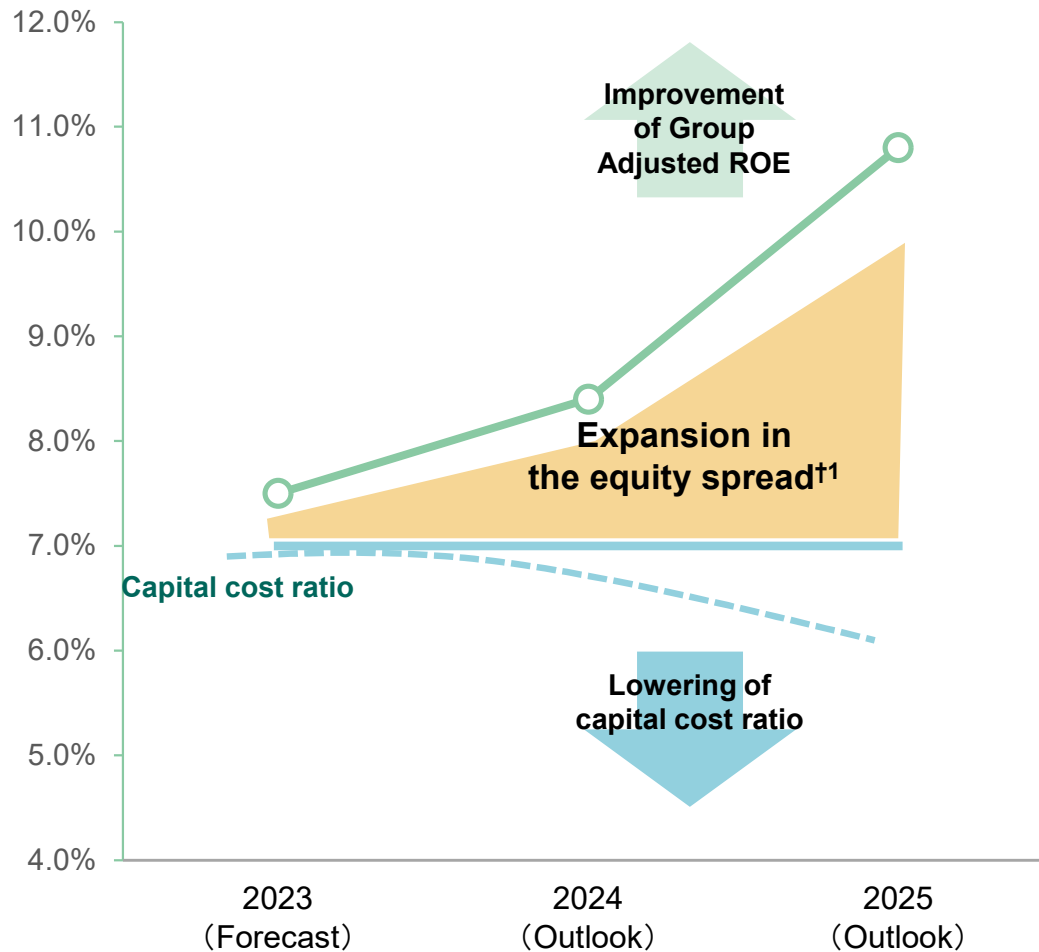
In September 2023, we announced
that the retail business will be transferred
to the co-insurance scheme



Mitsui Sumitomo Seguros
A Member of MS&AD INSURANCE GROUP

Summary

- Aim to increase corporate value by continuously raising ROE through profit growth and reducing the cost of capital ratio by reducing the volatility of profits and net assets.



†1 Equity spread: Group Adjusted ROE minus capital cost ratio

†2 Estimated that 50% of the expanded profit will be used for shareholder returns

Improvement of Gup Adjusted ROE Effect^{†2}

- Domestic Non Life Insurance Total +1.7pp
 - Profitability improvement in automobile insurance
 - Profitability improvement in fire insurance
 - Sales expansion of casualty insurance
 - Reduction of expense ratio
- Expansion of profit in Domestic Life Insurance Business +0.1pp
- Expansion of profit in international business +1.5pp
- Expansion of investment profit included in above items

Reduction of capital cost ratio

- Reduction of overseas catastrophe risk Control of profit volatility
- Selection of non catastrophe risks Control of profit volatility
- Acceleration of reduction of strategic equity holdings Control of Net asset volatility

Advanced business management

- Withdrawal from Mitsui Sumitomo Insurance Care Network (Nursing care services business)
- Plan to shift the retail business in Brazil to a coinsurance scheme
- Disciplined business investment

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(Reference)

I Group's Current Status

1. Premium income
2. Bottom Line and ROE(on a Financial Accounting Basis)
3. Impact of Foreign Exchange Rate Fluctuations on Earnings
(on Earnings Forecast for FY2023)
4. Progress of Basic Strategies(Value/Transformation/Synergy)
5. MS&AD Values Strategies (CSVxDX)

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

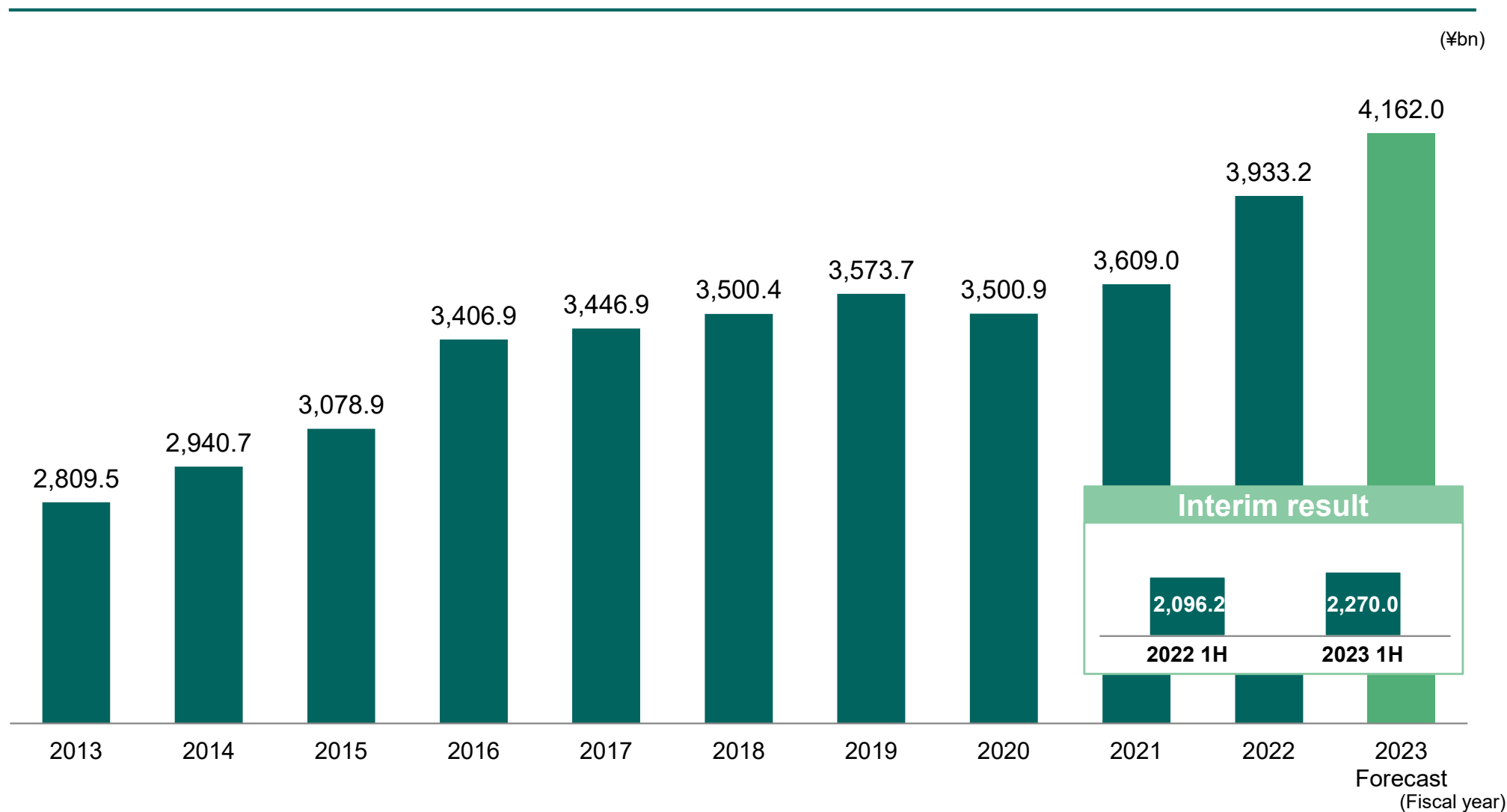
IV Shareholder Return and Stock Price-Related Indices

I. Group's Current Status

1. Premium income
2. Bottom Line and ROE(on a Financial Accounting Basis)
3. Impact of Foreign Exchange Rate Fluctuations on Earnings
(on Earnings Forecast for FY2023)
4. Progress of Basic Strategies(Value/Transformation/Synergy)
5. MS&AD Values Strategies (CSVxDX)

1. Premium Income (1) Consolidated Net Premiums Written

Consolidated Net Premiums Written [†]



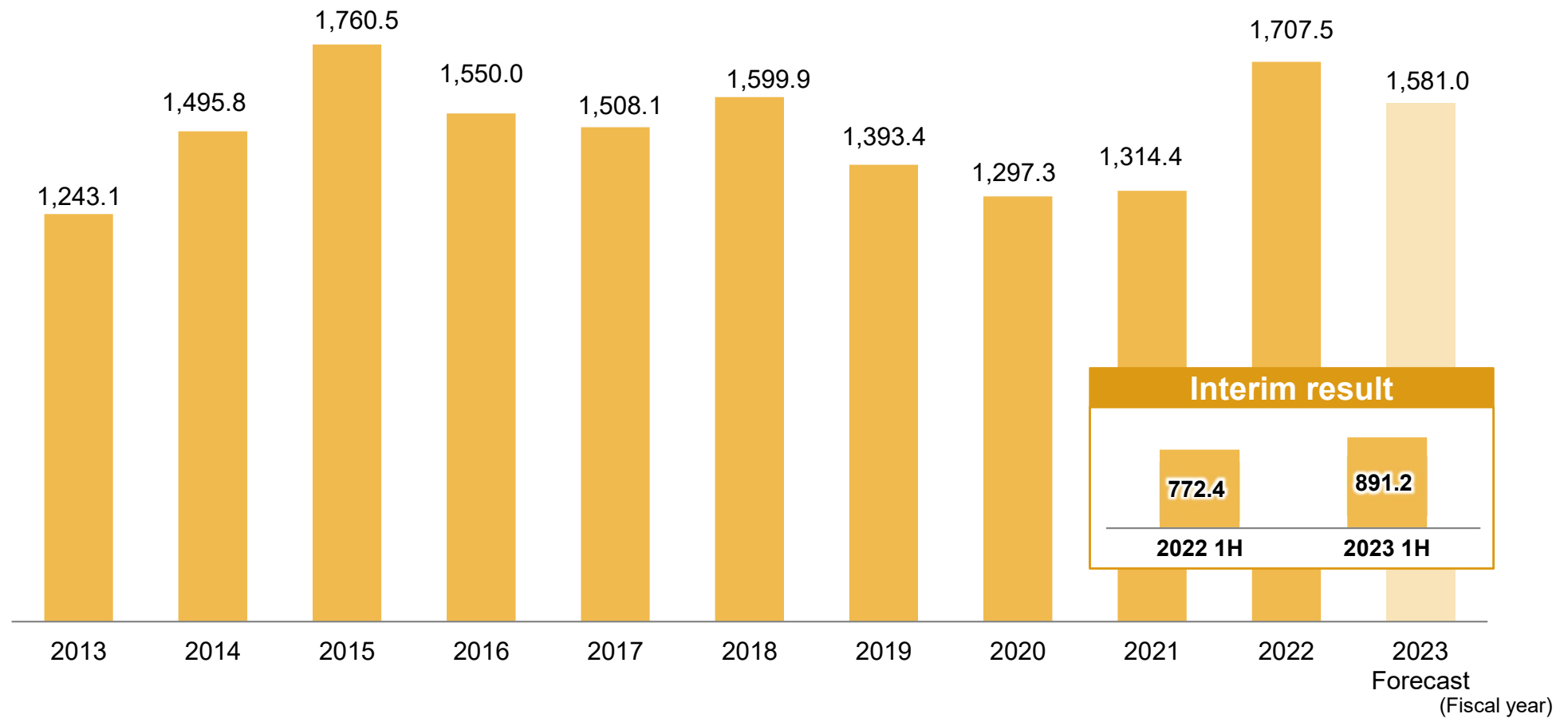
[†] Net premiums written exclude the good results return premiums of the ModoRich auto insurance product.

NB IFRS17 retroactively applied for the figures of FY2022.

1. Premium Income (2) Domestic life insurance Premiums (Gross Premiums Written)

Life insurance: Premiums (gross premiums written) [†]

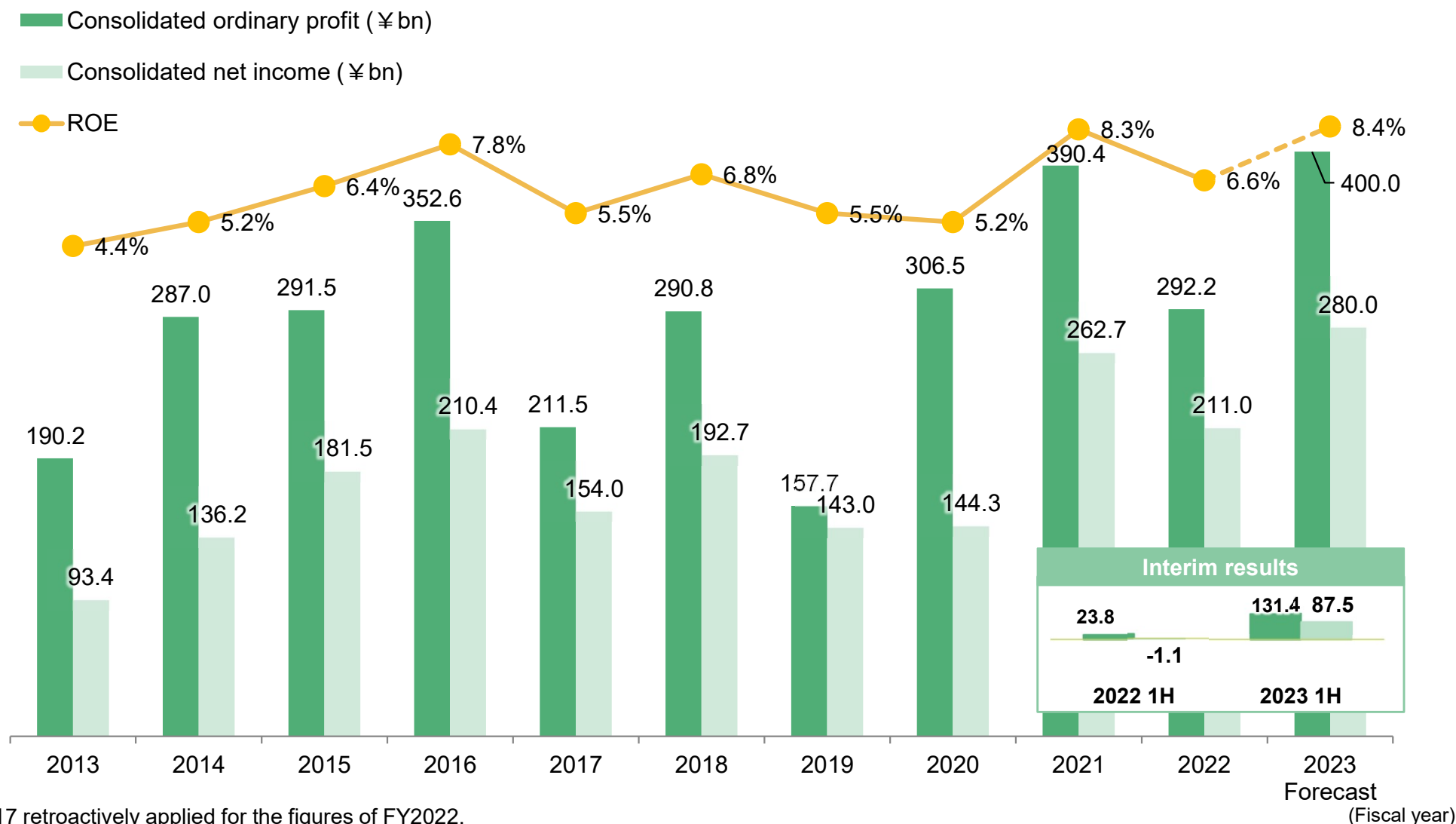
(¥bn)



[†] 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 Forecast for FY2023)

5% yen's depreciation
against all currencies

■ Impact of 5% JPY depreciation on profits

Impact on net income		increase by approx. ¥+3.0 billion
● Increase in profits of overseas subsidiaries		increase by approx. ¥+1.5 billion
● Domestic non-life insurance subsidiaries		increase by approx. ¥-1.0 billion
Change in valuation of foreign currency deposits and exchange gain/loss on currency hedge positions, etc. Increase in claims reserve in foreign currency		
● Increase of amortization of goodwill and others in foreign currency		decrease by approx. ¥-0.5 billion
● Increase of profit margin, decrease of policy reserve provisions at MSP Life, etc†2		increase by approx. ¥+3.0 billion
The impact on Group Adjusted Profit excluding an increase of amortization of goodwill and others in foreign currency		increase by approx. ¥+3.5 billion

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

Impact on net income and Group Adjusted Profit	
● Increase in interest for new investment bonds†1	increase by approx. ¥+0.3 billion

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

Impact on net income and Group Adjusted Profit	
● Increase in interest for new investment bonds/loans†2	increase by approx. ¥+0.6 billion

NB Impact of foreign exchange and interest rate effects associated with changes in MSP Life's assets and liabilities are not included in the above.

†1 Planned amount of new investment in domestic bonds for the second half of FY2023:

approx. 250 billion yen (MSI, ADI, MSA Life and MSP Life) x 0.5% x 0.5 (half-year interest rate) x 0.5 (assuming a level investment in the second half)

†2 Planned amount of new investment in foreign bonds for the second half of FY2023:

approx. 470 billion yen (MSI, ADI, MSA Life and MSP Life) x 0.5% x 0.5 (interest rate for half a year) x 0.5 (assuming a level investment in the second half)

4. Progress of Basic Strategies (Value/Transformation/Synergy)

- The three basic strategies of Value, Transformation and Synergy have generally made steady progress.

Value (Value creation)

- **Promotion of MS&AD Value strategy (CSV x DX)**
 - Positioning MS&AD InterRisk as the core of our Group's risk management services utilizing digital technologies and data, we are working to develop and provide services before and after insurance coverage such as MS&AD Cyber Risk Finder, etc.
 - Advancing the development of products and services before and after insurance coverage, as well as developing and starting to utilize the Group data linkage infrastructure to support such development
- **Strengthening of the revenue base**
 - Deterioration of fire insurance profitability due to the increasing severity and frequency of natural disasters, as well as deterioration of profitability in voluntary automobile insurance due to continued inflation, etc.
 - Taking full advantage of the effects of product and rate revisions, as well as managing the progress of expansion of the top line and underwriting measures

Transformation (Business reforms)

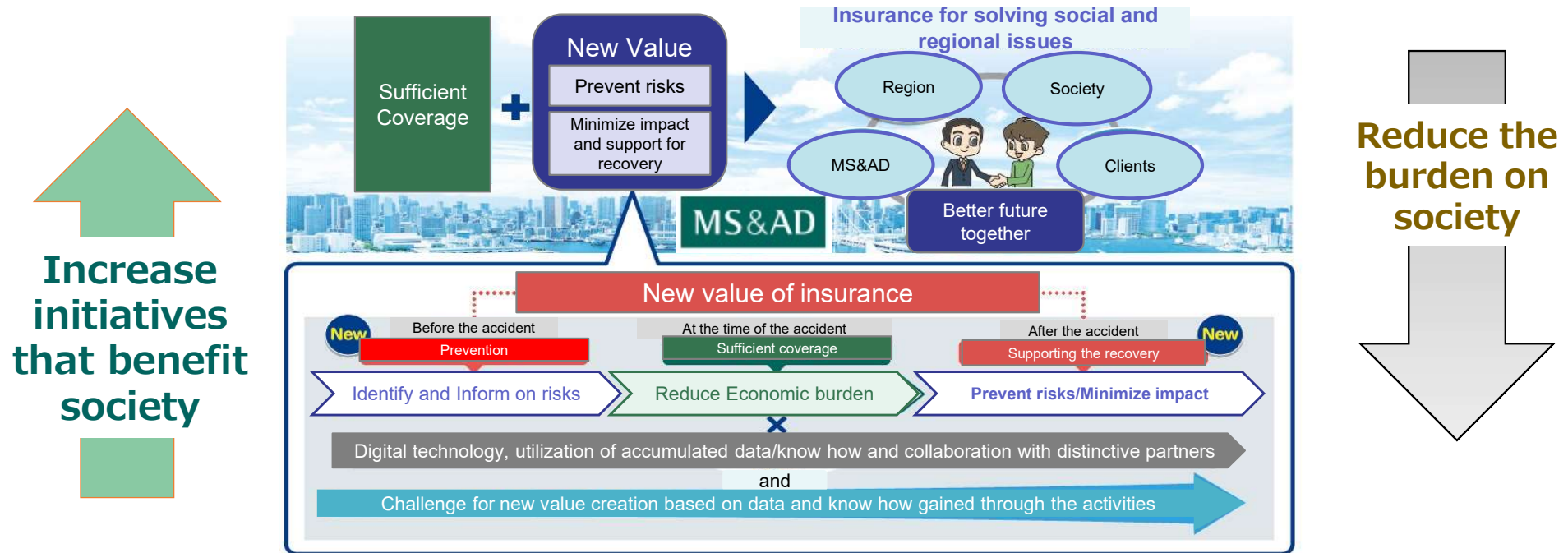
- **Business portfolio transformation**
 - Recovery and expansion of MS Amlin's profitability
 - Expansion of MS Transverse into the North American market
 - Plan to improve Toyota retail business 's earnings, particularly ADI Europe
- **Product portfolio transformation**
 - Promotion of measures to strengthen profitability of fire insurance and casualty insurance on the two axes of "Revision of products and rates that contribute to the bottom line and provision of products for new risks and new market" and "Reinforcement of line size control and underwriting with rapid effect"
- **Risk portfolio transformation**
 - As of the end of September 2023, the amount of strategic equity reduction was 113.8 billion yen, making steady progress. We expect a reduction of 90.0 billion yen in the second half of FY2023, and will accelerate the reduction by upward revision from its annual reduction plan of 133.0 billion yen.

Synergy (Demonstration of Group synergy)

- **Promotion of One Platform strategy**
 - Starting in April 2024, integrated management of 3 companies(holding companies, MSI and ADI), or 2 companies(MSI and ADI) , in order to further promote efficiency and quality improvement of head office functions
- **Group synergy**
 - Promotion of cross-selling of life and non-life insurance at non-life agents
 - MSP Life developed and started sales of new products for MSA Life's agents
- **Global synergy**
 - MSI and ADI collaborated in China, Vietnam, and Indonesia and promoted top line expansion and loss ratio improvement
 - MSI achieved the infrastructure improvements planned in the TENKAI project (know-how sharing at the head office and overseas entities)
 - ADI work to maximize global synergies based on the knowledge accumulated in telematics voluntary automobile insurance in addition to Toyota retail business.

5. MS&AD Value Strategy (CSV×DX)

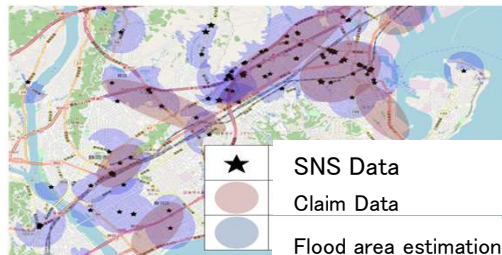
- Through the creation of shared value with society (CSV initiatives), we aim to realize a resilient and sustainable society. In insurance arrangement, we provide products and services that meet the needs of society, while considering issues and risks that negatively affect society and the global environment.



Developed new products and services to address Climate Change, preserve and restore Natural capital and biodiversity, and social issues

Flooding area estimation using SNS data

Development of an algorithm that can quickly identify flooding-damaged areas using SNS information in the event of a flood



Collaboration with automated driving car operator

Invested "T2", a company aiming to commercialize the self-driving truck business, for new risk and product development



Display AI-analyzed SNS information on a map

On cmap, the function of SNS information such as incidents and the posting function of risk information have been newly added in addition to disaster information.



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
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6. Asset Management

1. Domestic Non-life Insurance Business

(1) Group Adjusted Profit

Domestic Non-life
Insurance Business

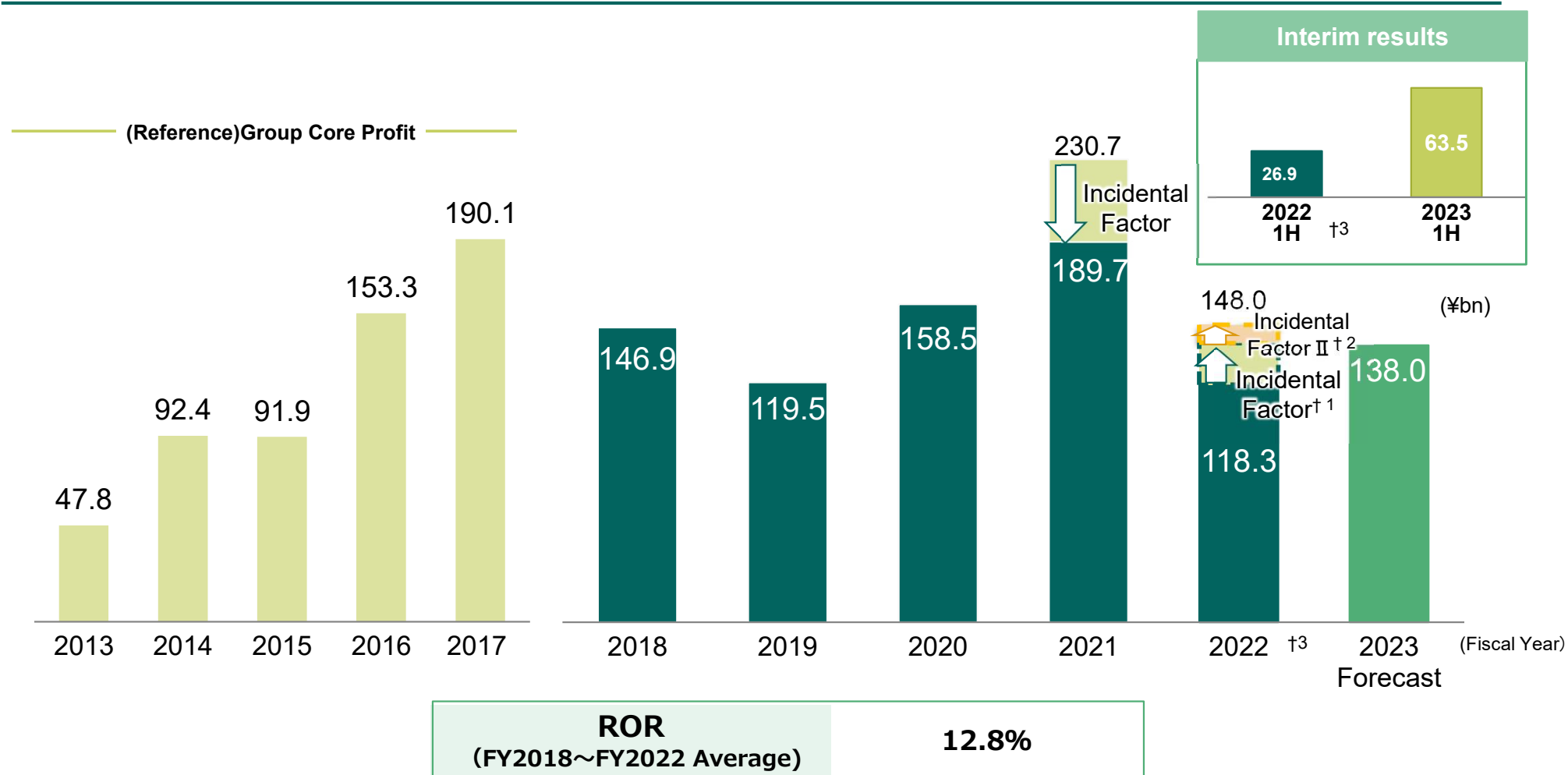
Domestic Life
Insurance Business

International
Business

Other

- The groups adjusted profit increased by 36.5 billion yen year-on-year to 63.5 billion yen, mainly due to a decrease in losses related to COVID19 and an increase in profit on asset management. The FY2023 forecast is 138.0 billion, an increase of 20.0 billion yen year-on-year.

Group Adjusted Profit



†1 Transient: Covid19 losses: -21.0 billion yen

†2 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, Accelerated sale of strategic equity holdings: +54.0 billion yen

†3 IFRS17 retroactively applied for the figures

1. Domestic Non-Life Insurance Business

(2) Net Premiums Written by Class of Business

Domestic Non-life Insurance Business

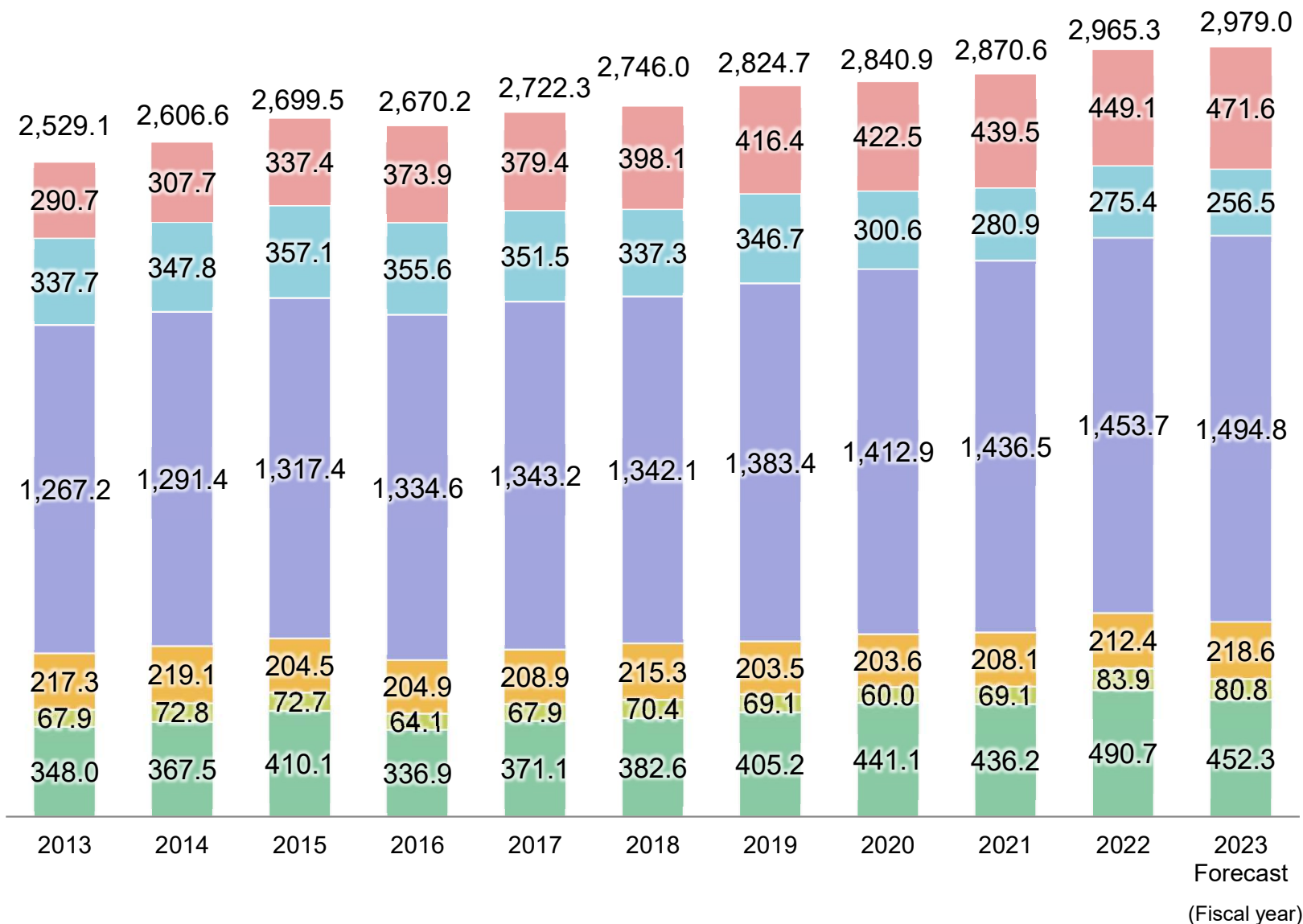
Domestic Life Insurance Business

International Business

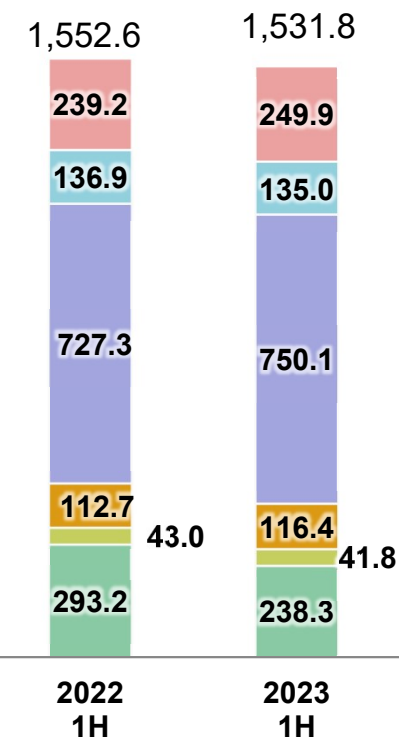
Other

■ Fire and Allied ■ Marine ■ Personal accident ■ Voluntary Auto ■ CALI ■ Other

(¥bn)



Interim results



† Simple sums of non-consolidated figures for MSI and ADI

1. Domestic Non-life Insurance Business

(3) Underwriting Profit/Loss by Line of Business

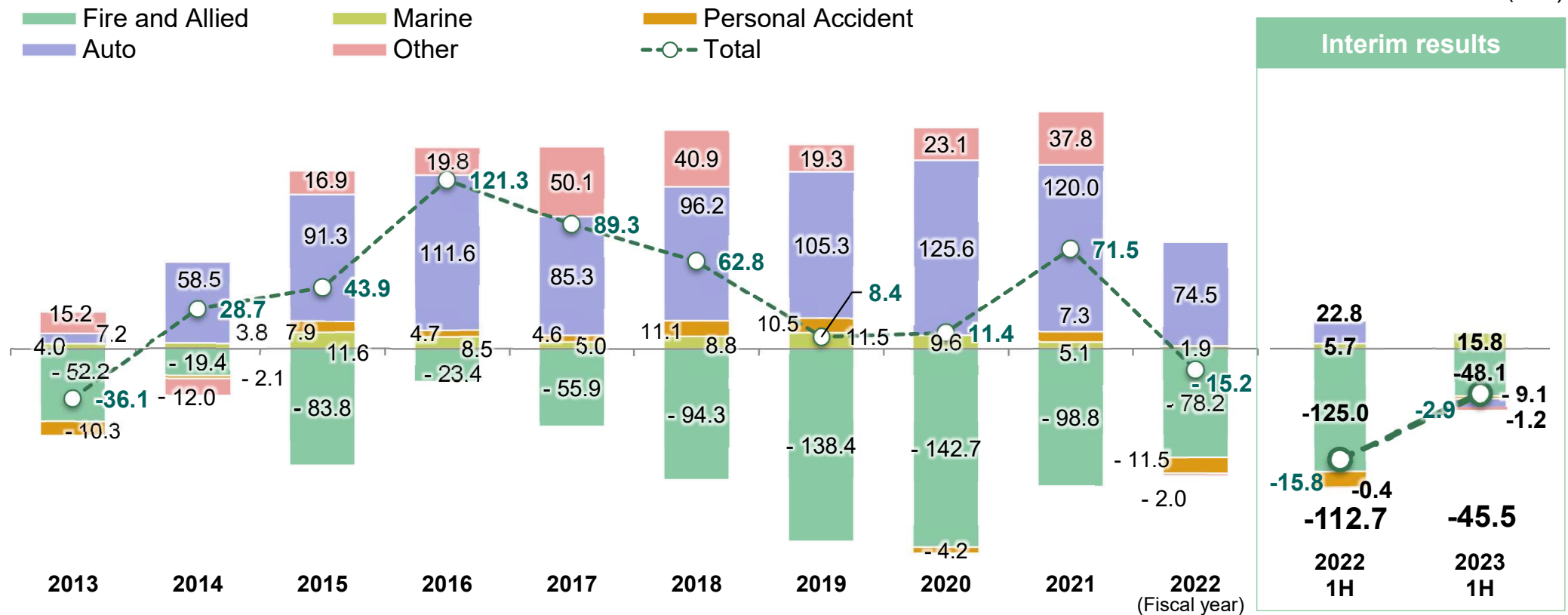
Domestic Non-life Insurance Business

Domestic Life Insurance Business

International Business

Other

(¥bn)



Item/Fiscal Year		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 Forecast
Underwriting Profit		-36.1	28.7	43.9	121.3	89.3	62.8	8.4	11.4	71.5	-15.2	28.0
Net reversal of catastrophe reserve (profit impact)		3.0	-31.3	-81.6	-81.8	-44.6	79.8	-33.3	-65.3	-73.7	38.8	67.3
Underwriting profit (before reflecting catastrophe reserves)		-39.1	60.1	125.6	203.1	133.9	-16.9	41.8	76.7	145.3	-54.1	-39.3
Impact of natural catastrophes ^{†1} (ref.)		-96.3	-27.2	-68.1	-51.0	-118.8	-235.3	-122.9	-85.0	-77.2	-115.5	-151.2

† Simple sums of non-consolidated figures for MSI and ADI.

†1 The figures show incurred losses occurred domestic and overseas for MSI and ADI from FY2017. From FY2019 to FY2021, "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

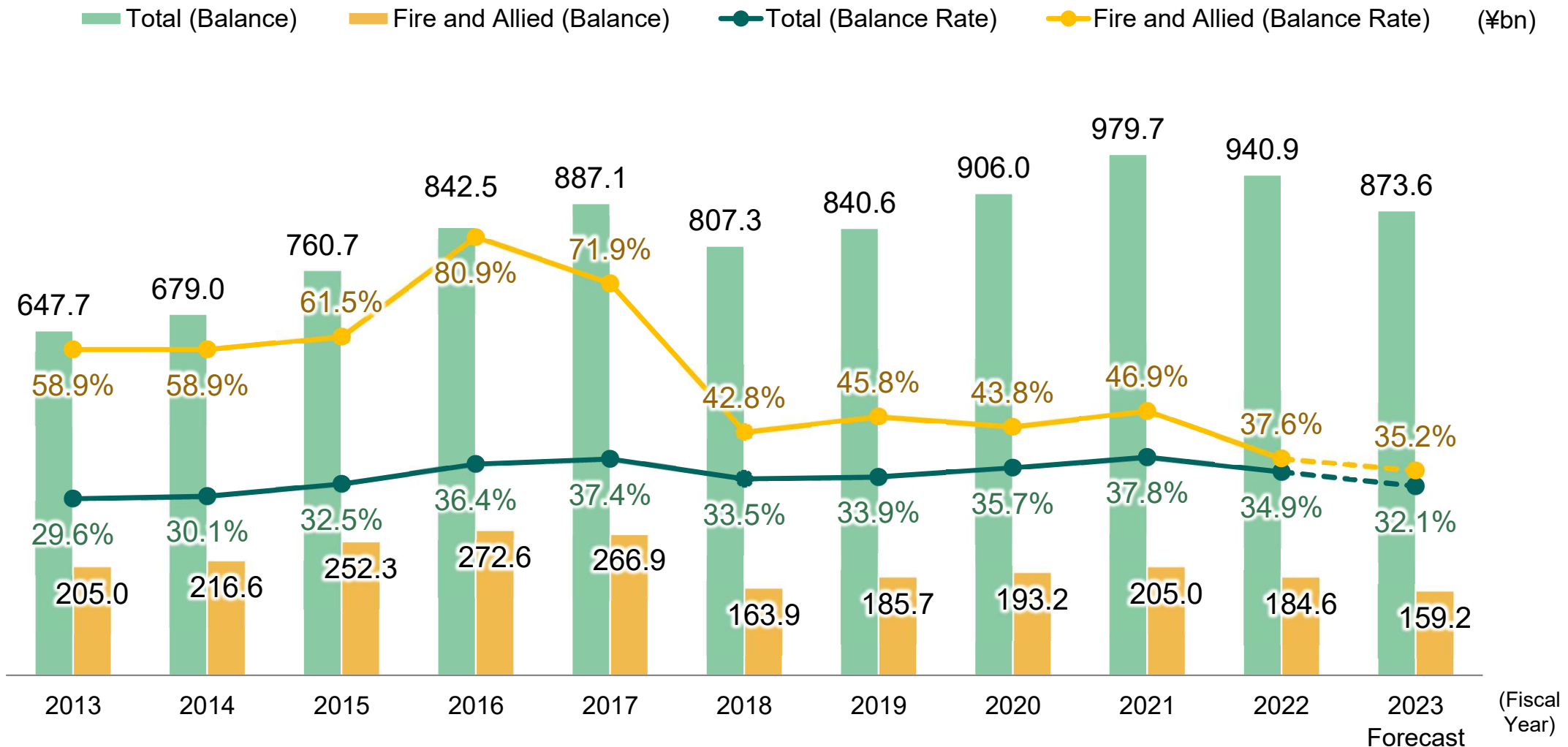
(4) Balance in Catastrophe Reserve

Domestic Non-life Insurance Business

Domestic Life Insurance Business

International Business

Other



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)

1. Domestic Non-life Insurance Business

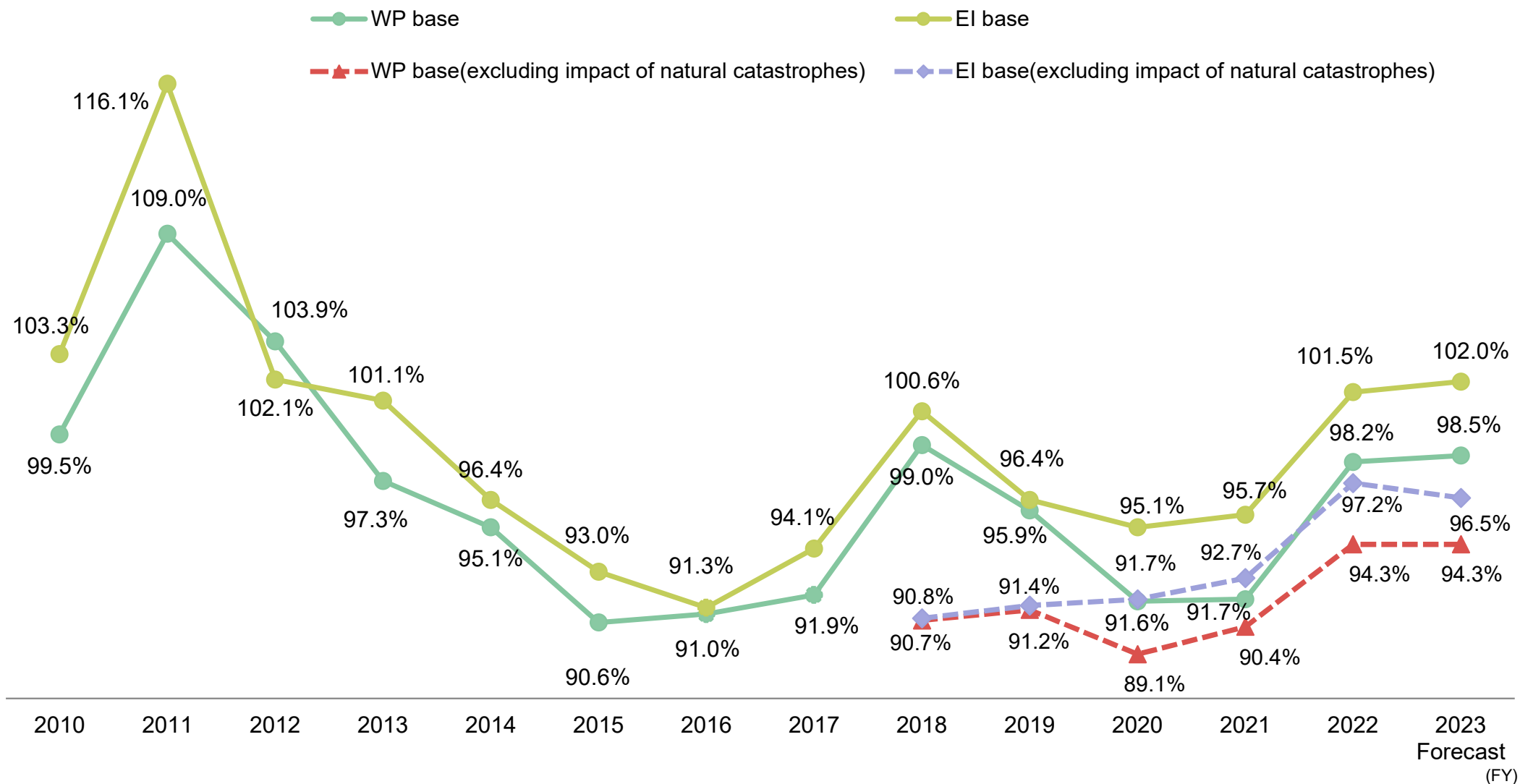
(5) Trends in Combined Ratio

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 Sompo, and Nissay Dowa are simply combined.)

NB Residential Earthquake Insurance and CALI were excluded on WP basis and EI basis.

1. Domestic Non-Life Insurance Business

(6) Combined Ratio (WP) Trends (Industry)

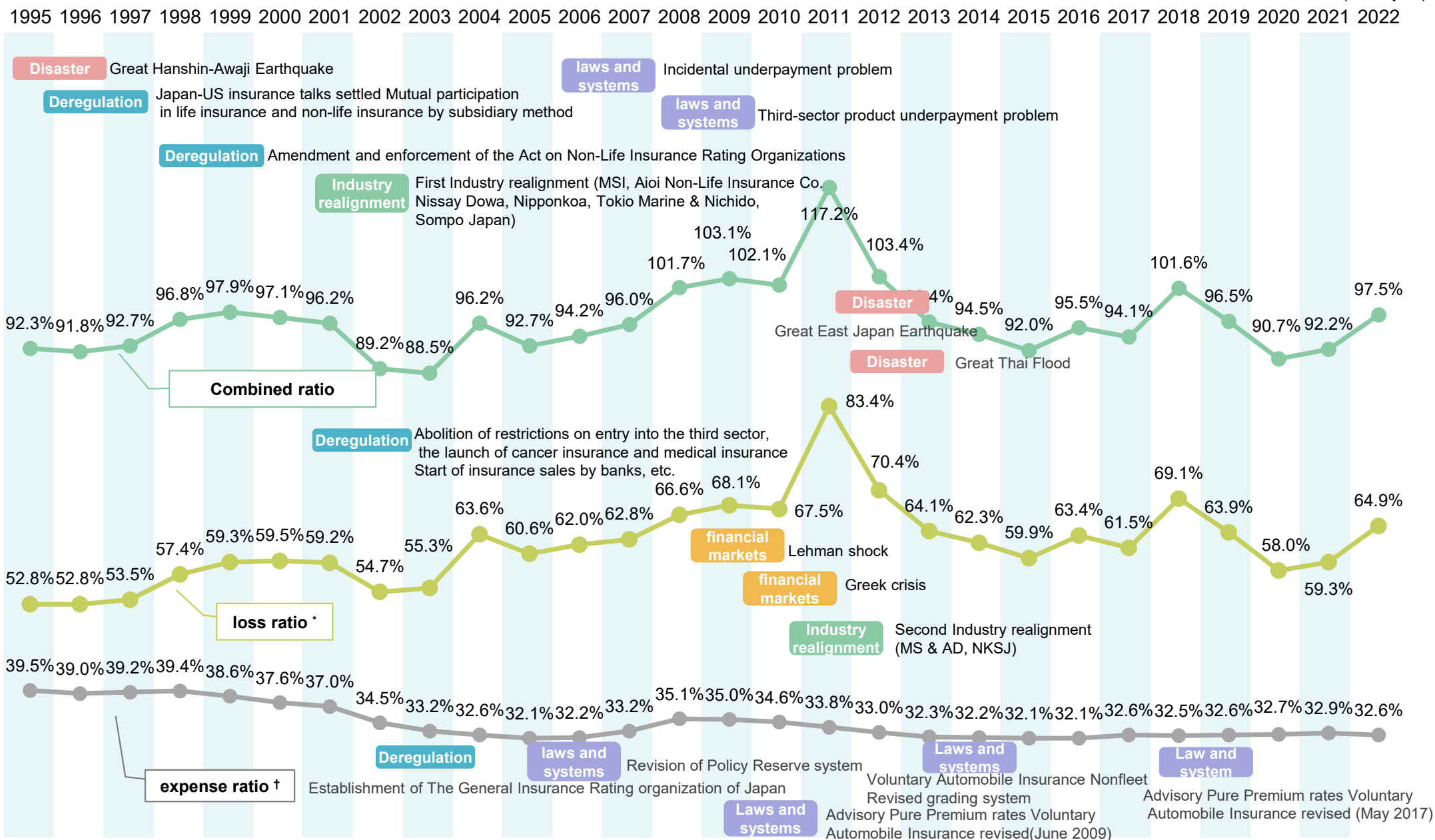
Domestic Non-life Insurance Business

Domestic Life Insurance Business

International Business

Other

(Fiscal year)



† 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

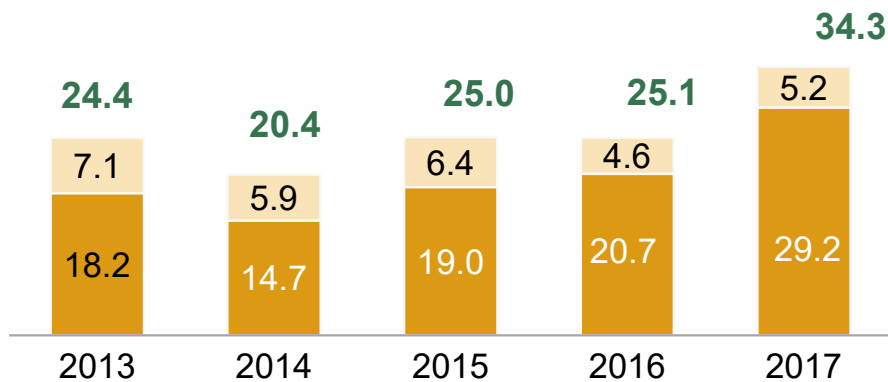
Group adjusted profit

(Reference) Group core profit

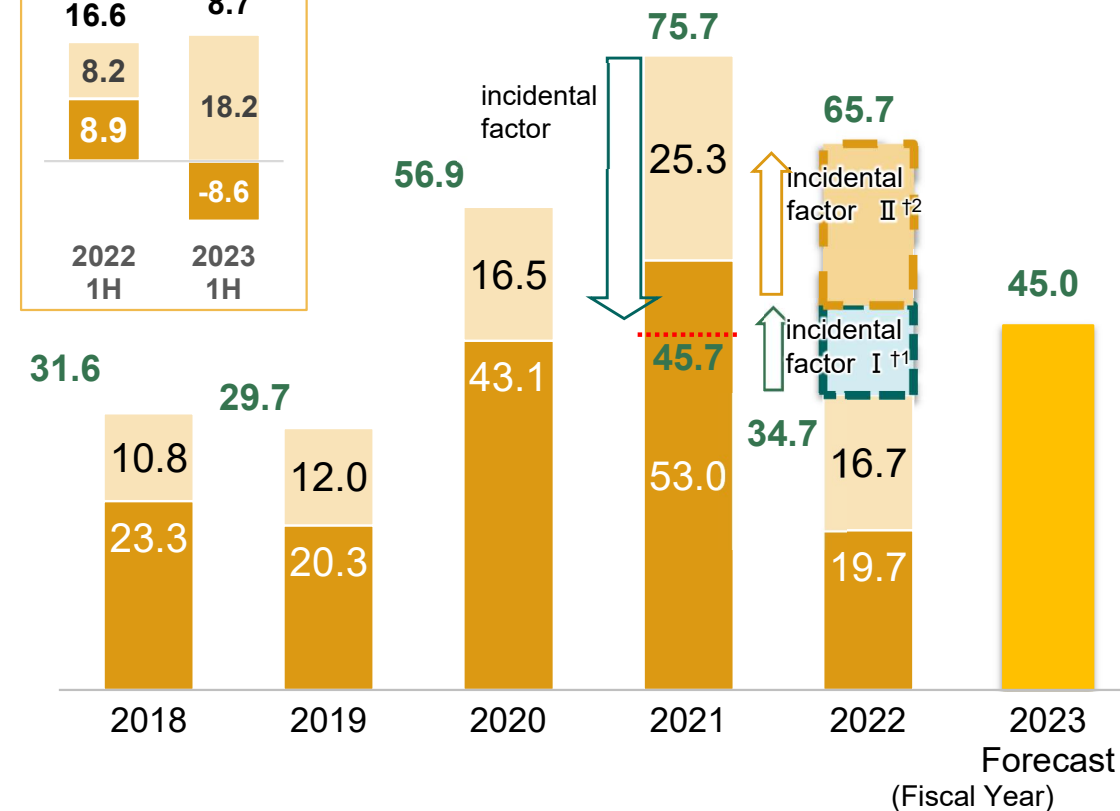
Group Adjusted Profit*

(¥bn)

- MSI Aioi Life
- MSI Primary Life



Interim results	
16.6	8.7
8.2	18.2
8.9	-8.6
2022 1H	2023 1H



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

†1 Transient: Covid19 impact -11.0 billion yen

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

ROR
(2018 to 2022 average)

8.5%

2. Domestic life insurance business (2) MSI Aioi Life (Amount of Policies and Annualized Premiums)

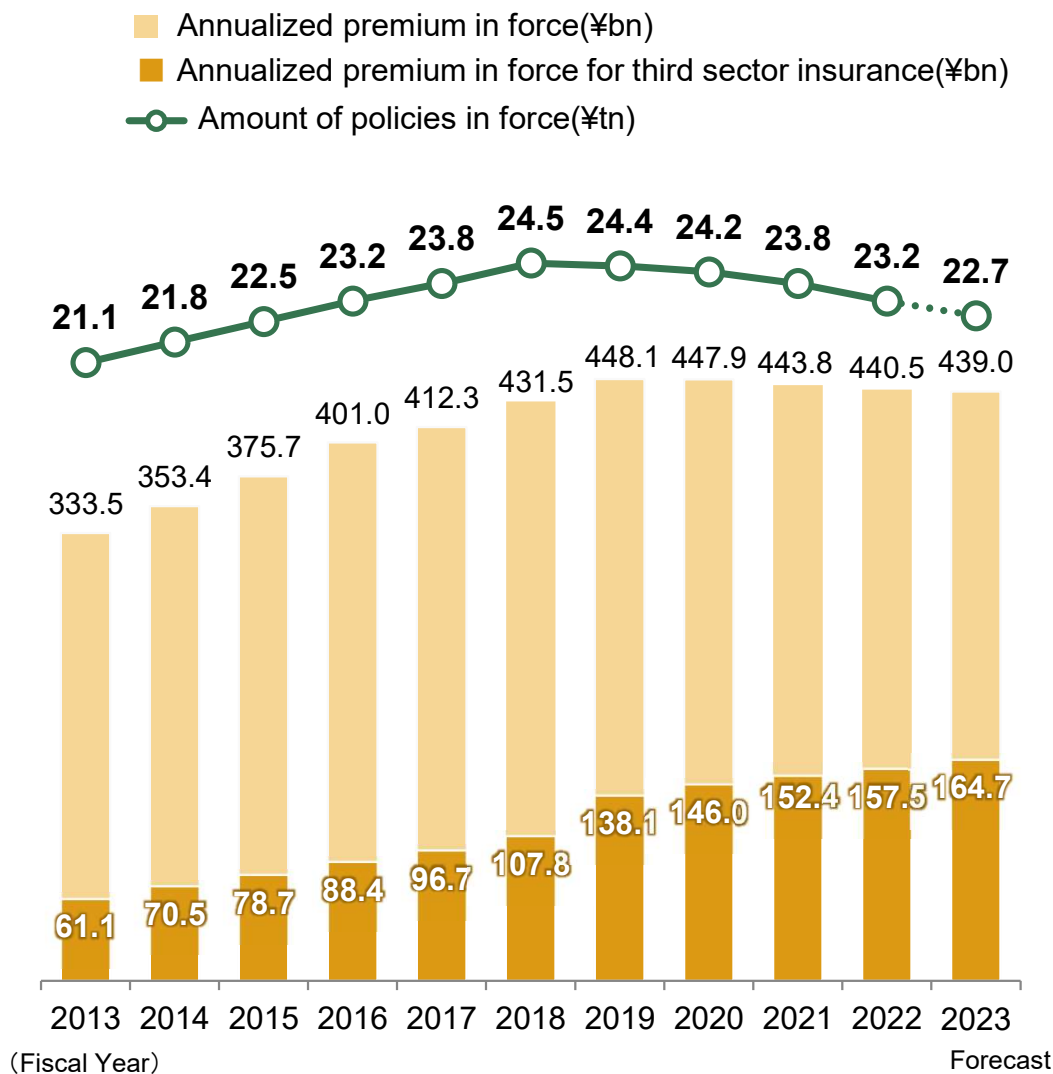
Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

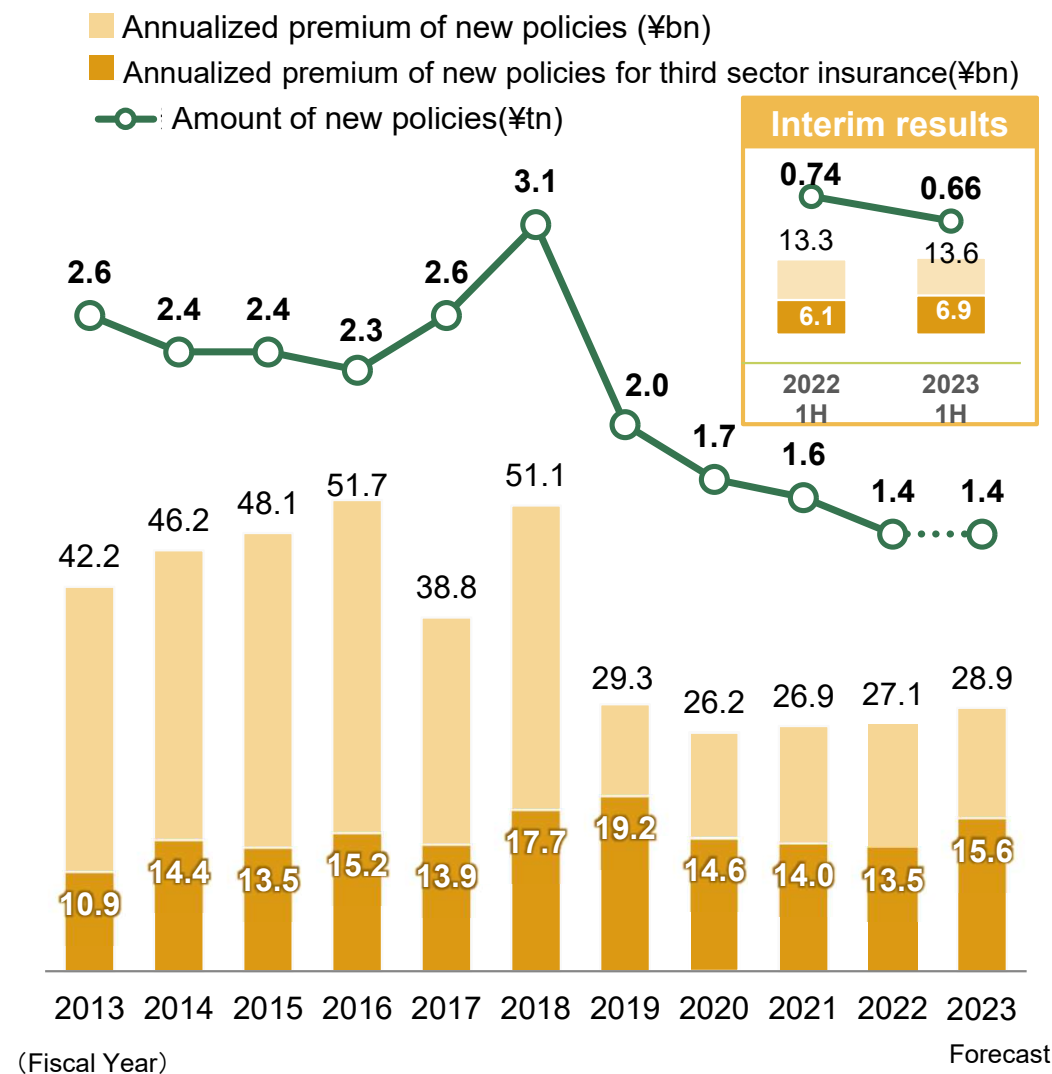
International
Business

Other

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



Amount of New policies and Annualized Premiums of New Policies



2. Domestic Life Insurance Business (3) MSI Primary Life

(Premiums and Amount of Policies in Force and Net income)

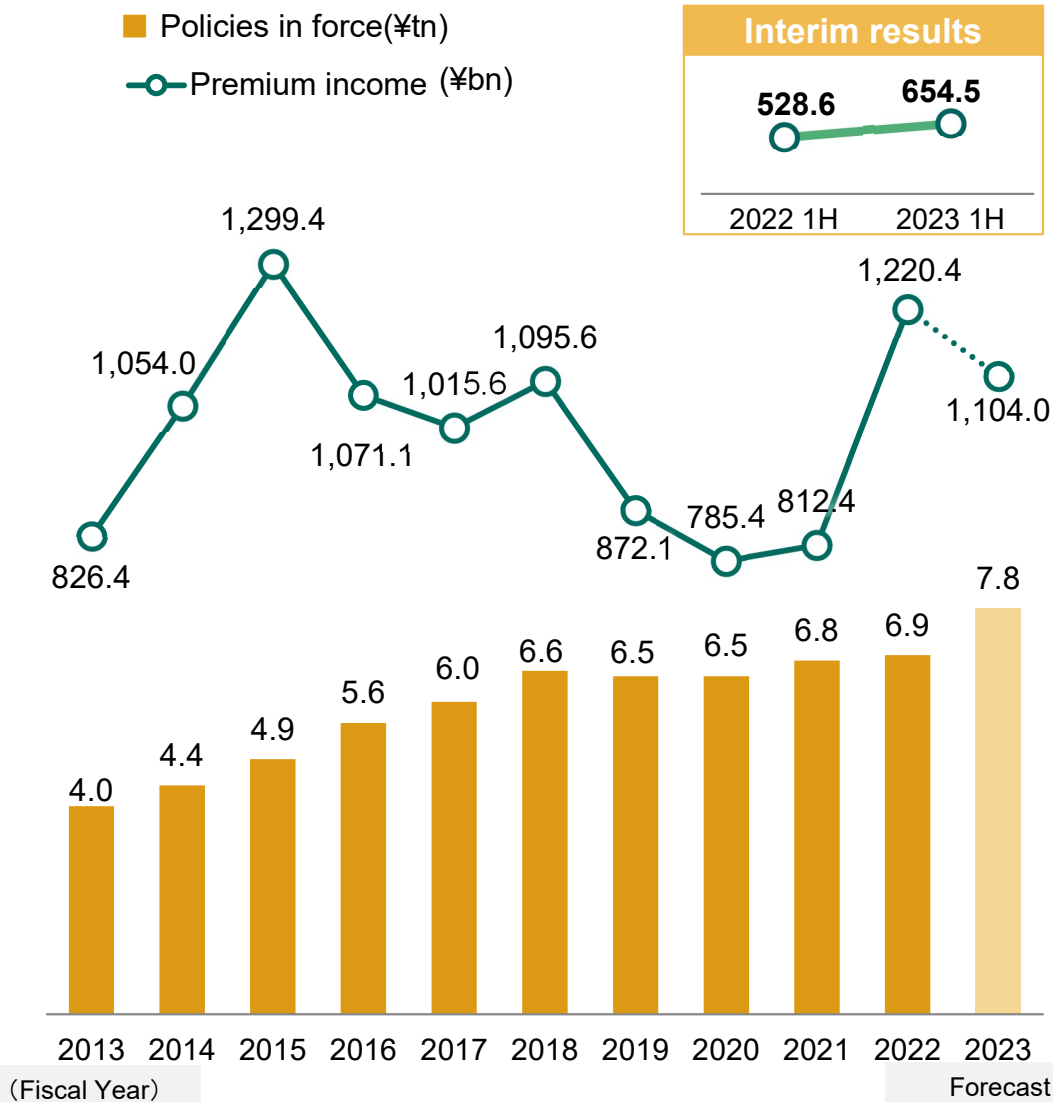
Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

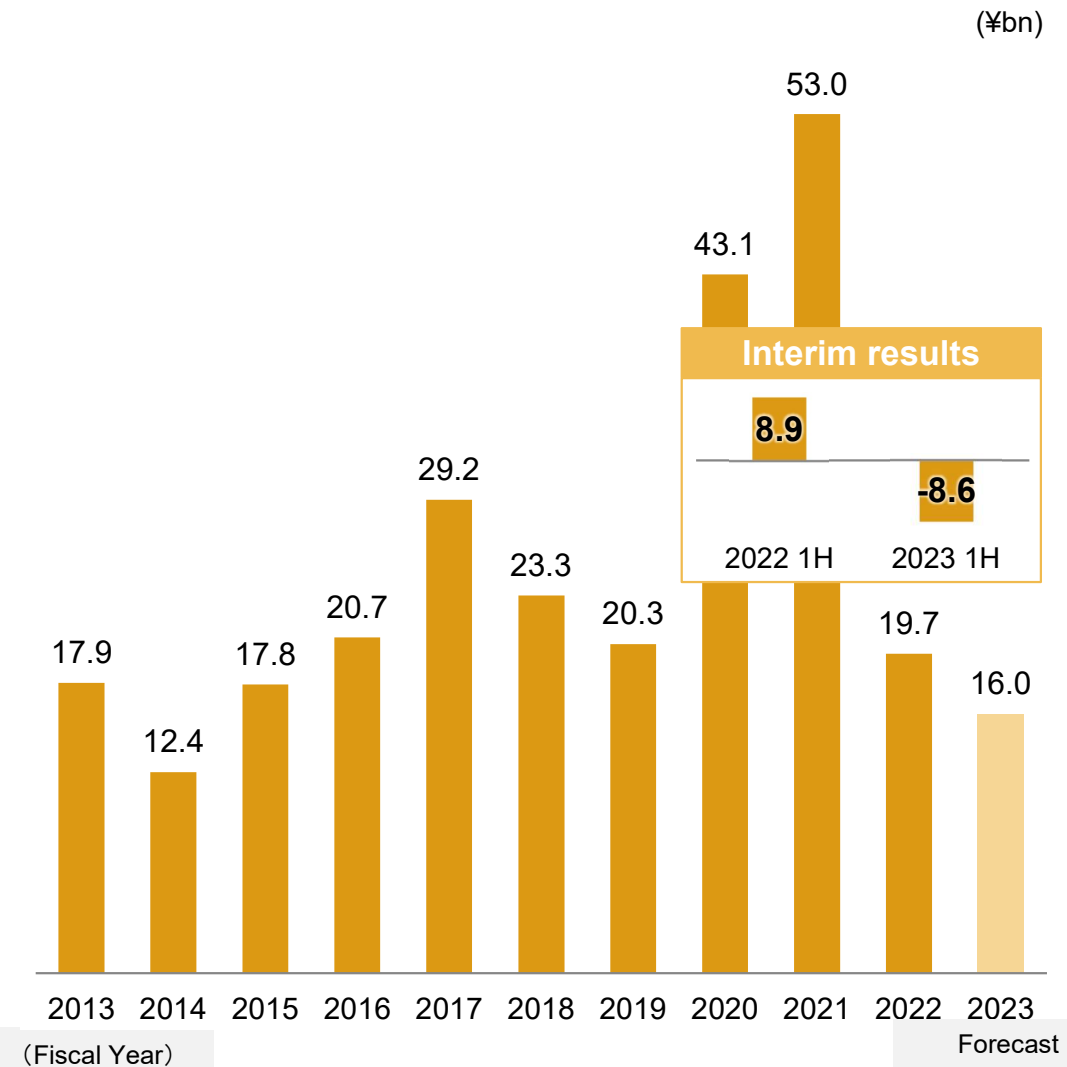
International
Business

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 2022

Domestic Non-life
Insurance Business

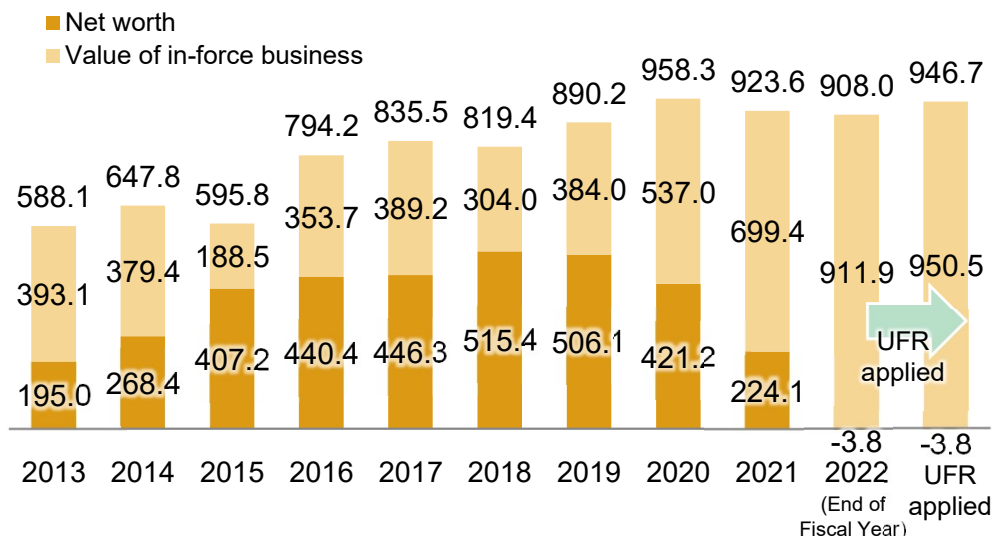
Domestic Life
Insurance Business

International
Business

Other

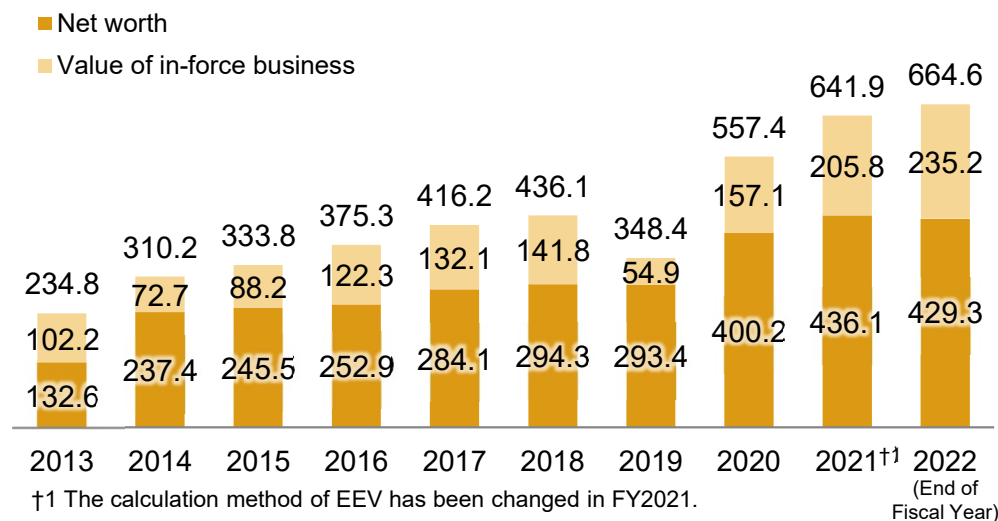
MSI Aioi Life

(¥bn)



MSI Primary Life

(¥bn)



■ Changes from previous year (¥bn)

■ EEV Sensitivity (at March 31, 2023, ¥bn)

Factor	Change	Assumptions	Change
Opening adjustments	-11.0	Risk-free yield curve Up 50bp	-38.2
New business in reporting year	51.2	Risk-free yield curve Down 50bp	25.4
Expected existing business contribution at the risk free rate	9.9	Equity and real estate values Down 10%	-3.5
Expected existing business contribution above risk free rate	7.7	Maintenance expenses Down 10%	32.5
Operating experience variances	-12.1	Surrender and lapse rates Down 10%	9.9
Changes in operating assumptions	-48.2	Mortality and morbidity rates for life insurance Down 5%	58.5
Economic variances and changes to economic assumptions	-13.3	Mortality and morbidity rates for annuity Down 5%	-0.1
Closing Adjustment	0.2	Equity and property implied volatility Up 25%	0.0
Total	-15.5	Swaption implied volatility Up 25%	-33.2
		Required capital set at statutory minimum level	8.6
		Applying an Ultimate Forward Rate (UFR) to extrapolate long term interest rates	38.6

■ Changes from previous year (¥bn)

■ EEV Sensitivity (at March 31, 2023, ¥bn)

Factor	Change	Assumptions	Change
Opening adjustments	-21.1	Reference yield curve Up 50bp	-22.5
New business in reporting year	4.8	Reference yield curve Down 50bp	28.7
Expected existing business contribution at the reference rate	3.3	Equity and real estate values Down 10%	-3.1
Expected existing business contribution above reference rate	1.7	Maintenance expenses Down 10%	6.8
Operating experience variances	0.3	Surrender and lapse rates Down 10%	-0.5
Changes in operating assumptions	-2.5	Mortality and morbidity rates for life insurance Down 5%	2.4
Economic variances and changes to economic assumptions	36.0	Mortality and morbidity rates for annuity Down 5%	-0.8
Total	22.6	Equity and property implied volatility Up 25%	-1.5
		Swaption implied volatility Up 25%	-2.3
		Required capital set at statutory minimum level	5.5
		Nil reflecting excess spread	-140.9

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

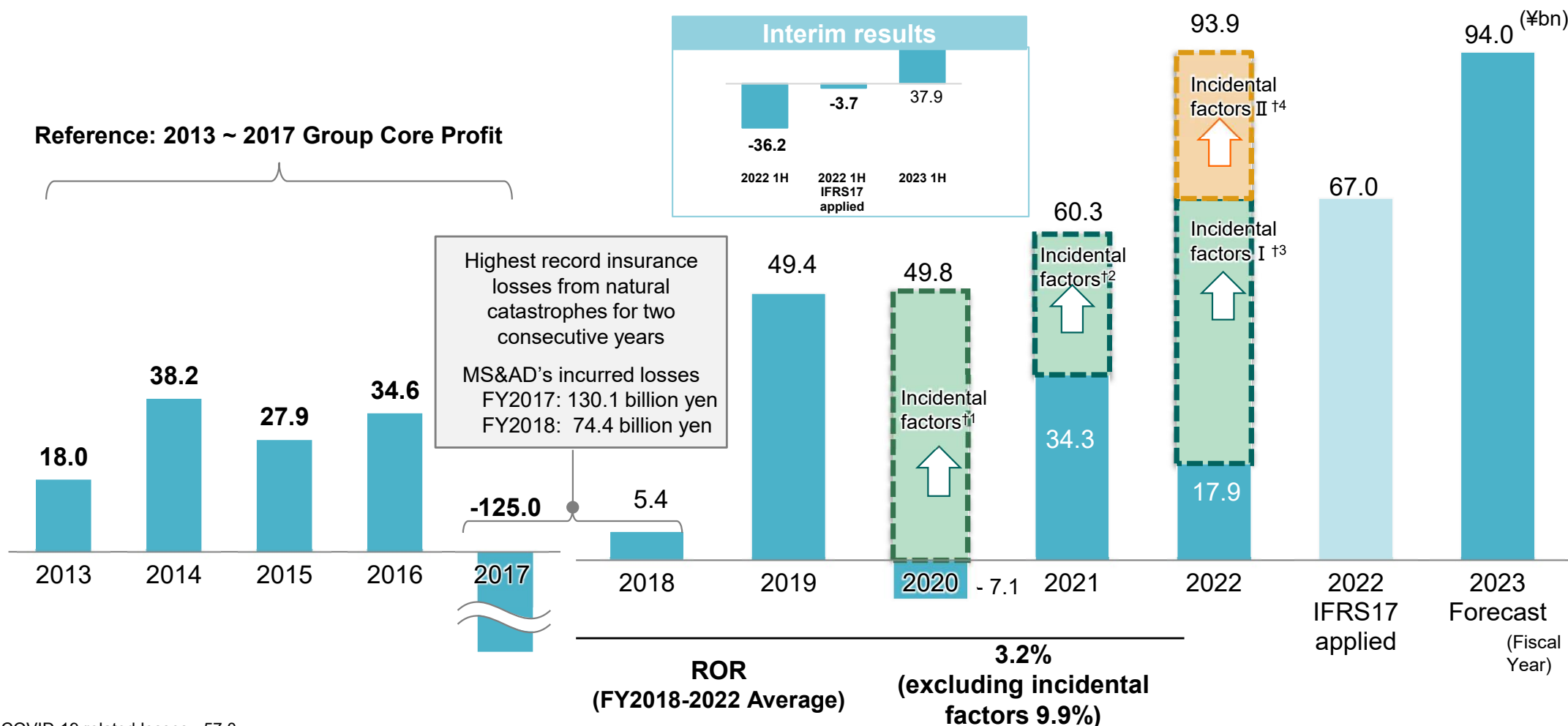
Domestic Life
Insurance Business

International
Business

Other

- In the first half of FY2023, group adjusted profit increased by 41.6 billion yen year-on-year to 37.9 billion yen, mainly due to an increase in insurance premiums of MS Amlin group companies, a decrease in losses related to Russia and Ukraine, favorable Asian loss ratio and rebound from Covid19 losses in the previous fiscal year. The full-year forecast for FY2023 is expected to be 94.0 billion yen, up 26.9 billion yen from the previous fiscal year.

Group Adjusted Profit



†1 COVID-19 related losses: -57.0

†2 Excess amount over overseas catastrophe budget: -26.0 billion yen

†3 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

†4 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^{†1}

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

■ Net premiums written (Non-life insurance)

(¥bn)

	FY2022 1H	FY2023 1H		FY2023 Full Year (Revised Forecast)		
	Result	Result	YoY change	Forecast	YoY change	Change from the initial
Total Overseas Business ^{†2}	665.9	916.8	250.8	1,515.2	295.7	121.8
Asia	185.2	216.2	31.0	433.7	52.1	17.5
Europe	412.7	619.2	206.4	898.4	203.1	84.6
Americas	42.9	53.2	10.2	123.3	33.7	14.0
head office reinsurance business	26.9	29.6	2.6	62.7	6.4	6.0

■ Group adjusted profit

	FY2022 1H	FY2023 1H		FY2023 Full Year (Revised Forecast)		
	Result	Result	YoY change	Forecast	YoY change	Change from the initial
Total Overseas Business ^{†2}	-3.7	37.9	41.6	94.0	26.9	-30.0
Asia	11.4	22.8	11.4	39.7	3.5	1.6
Europe	-17.7	2.8	20.6	41.0	23.3	-8.0
Americas	-2.4	-7.5	-5.0	-9.0	-10.5	-18.5
Head Office Reinsurance Business	-7.6	1.2	8.9	3.9	1.1	-0.8
Overseas life insurance business	11.4	13.9	2.4	23.1	12.2	-6.1

†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.

Figures after retroactive application of IFRS17

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

II. Basic information on Each Business Domain

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

4. Digital and Risk Related Services Business

(1) Key Strategies

Domestic Non-life
Insurance Business

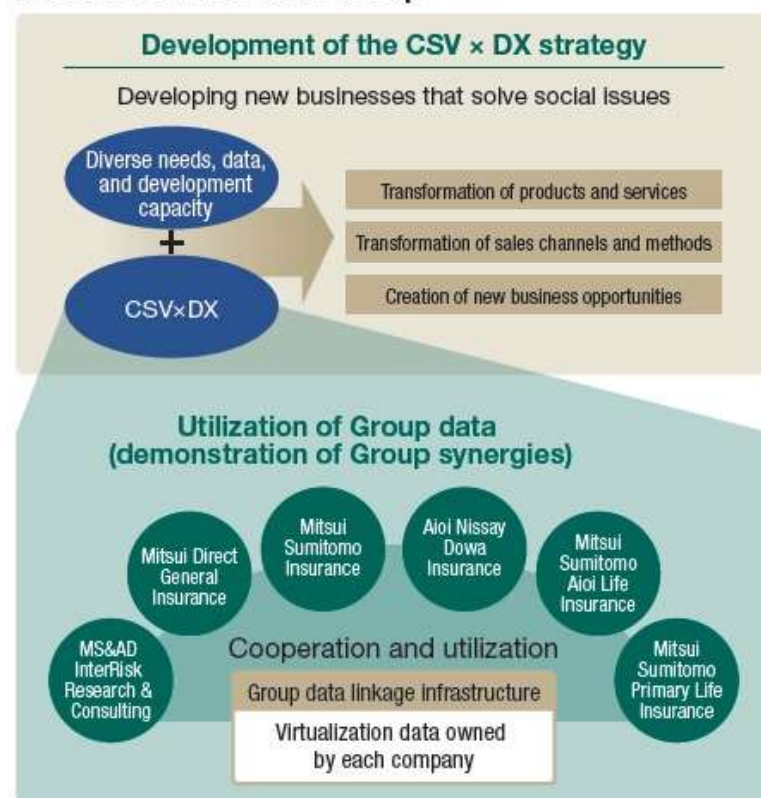
Domestic Life
Insurance Business

International
Business

Other

- The Group aims to create new solutions and upgrade existing ones by utilizing the Group Data Integration Infrastructure, which seamlessly shares data among Group companies.

Positioning of Group Data Linkage Infrastructure in the Group

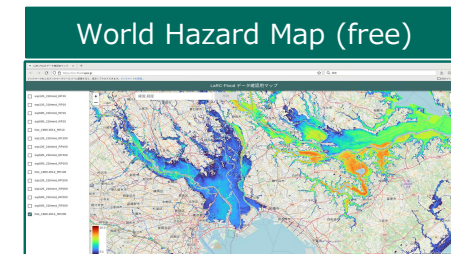


- We have developed and promoted the use of the Group Data Linkage Platform to share the data held by Group companies securely and speedily.
- The platform will be used and applied in a variety of fields, including natural catastrophe response and healthcare.

Examples of Providing Solutions

Flood Risk Finder

- Hazard maps that visualize future flood risks are freely available to the public worldwide (consulting services using hazard maps with advanced specifications have also been launched).



AI Assessment of Accident Risk

- The risk of traffic accidents is evaluated and visualized for the first time in the world by combining data such as road structure, driving data, and human flow. The risk of traffic accidents can be confirmed from a map.

< Visualization Image >



4. Digital and Risk Related Services Business

(2) Digital-Related Investment

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

Results of Startup Investment

MS&AD

MS&AD VENTURES

- ✓ As of the end of September 2023, we invested in **104** startup companies.
- ✓ **162** demonstration experiments for business development
- ✓ **43** business alliances between business units and startup companies including investment partners

Strengthening the Group's customer contact points,
developing new products, strengthening underwriting, etc

Selection as DX Stock

The company was selected as one of the 2023 Digital Transformation Stocks (DX Stocks) in recognition of its efforts to provide new solutions utilizing data and digital technology and to strengthen DX infrastructure.



Development of Digital Human Resources

Number of digital human resources

As of April 2023
about
3,600 people



FY2025 target
about
7,000 people

Cooperation with educational institutions

MS&AD Digital Academy

MS&AD Digital College from Kyoto



Information
Networking for
Innovation and Design

Collaboration with INIAD
(Faculty of Information Networking for
Innovation and Design, Toyo University)



京都先端科学大学

Cooperation with the Kyoto University
of Advanced Science (KUAS)

Data Science Training

Development of data scientists
in the field of medicine



滋賀大学

Cooperation with Shiga University



国立大学法人
東京医科歯科大学

Collaboration with
Tokyo Medical and Dental University

Developing the ability to think about business

Digital Innovation Challenge Program

- Solicitation ideas to contribute to the theme set each year

FY2023 Theme

Provision of values before and after
compensation(guarantee)and solve
our three key issues.



Approx.
6,500
Applications
In total

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

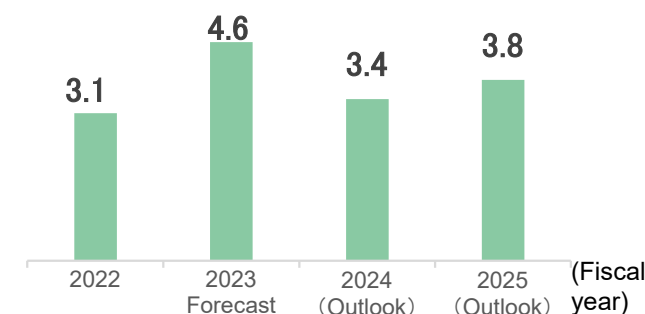
- Provide diverse products and services that go beyond insurance and make a stable contribution to revenue by leveraging the Group's comprehensive strength in terms of domestic sales and overseas business units to expand business in light of social issues, environmental changes and customer needs.

Asset building- related business

- **Financial services for individuals and local economies**
 - Providing comprehensive financial services to the employee 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^{†1}
 - World-class LCP^{†2} fund management^{†3}
 - Consideration of capital tie-ups with overseas asset management companies
- **Variable annuity reinsurance (FinRe^{†4})**
 - Group utilization of hedging technology and product development

Group adjusted profit (¥bn)

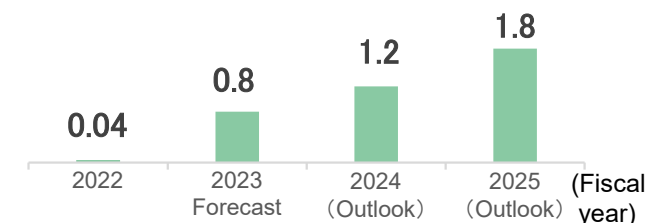
2023 1H 3.3 billion yen



Provision of risk solutions contributing to ESG

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

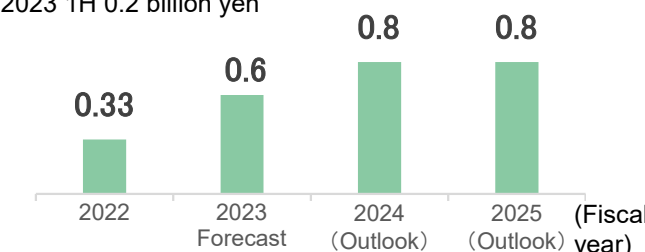
2023 1H 0.4 billion yen



Response to changes in social environment

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

2023 1H 0.2 billion yen



^{†1} Sumitomo Mitsui DS Asset Management Company, Limited

^{†2} Leadenhall Capital Partners LLP (LCP)

^{†3} ILS fund managed by LCP (4th in the world)

^{†4} MS Financial Reinsurance Limited ^{†5} Insurance-linked securities: Collective term for securitization products which transfer natural catastrophe risks and other insurance risks to capital markets

^{†6} MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.

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 (non-consolidated total of five domestic companies)

(¥bn)

Total of 5 companies (Non-consolidated total basis)	Total assets of 5 companies (As of September 2023)		Higher-return assets	MSI	ADI	MSA Life	MSP Life General account
	Fair value	Composition ratio	Market value	Market value	Market value	Market value	Market value
Short-term funds, etc.	2,204.6	11%	0.0	677.7	265.6	317.9	939.0
Yen-denominated bonds and loans	6,345.1	31%	256.0	1,578.0	839.6	3,642.0	242.4
Hedged foreign bonds	804.3	4%	694.4	127.7	401.8	209.6	65.2
Foreign bonds, etc.	4,965.6	24%	1,428.9	372.4	278.4	265.3	4,049.5
Domestic equity(pure investment)	49.4	0%	49.4	37.8	1.0	10.6	0.0
Foreign equity (pure investment)	235.3	1%	235.3	82.3	142.6	10.5	0.0
Alternatives	745.2	4%	656.7	389.9	136.2	39.3	179.8
Strategic equity holdings	3,095.0	15%	0.0	2,145.7	949.3	0.0	0.0
Other (overseas business investments, etc.)	1,571.5	8%	0.0	1,405.8	164.6	1.0	0.0
Real estate	402.5	2%	0.0	185.1	216.9	0.3	0.0
Domestic Total	20,418.4	100%	3,320.8	7,002.2	3,396.0	4,496.4	5,476.0

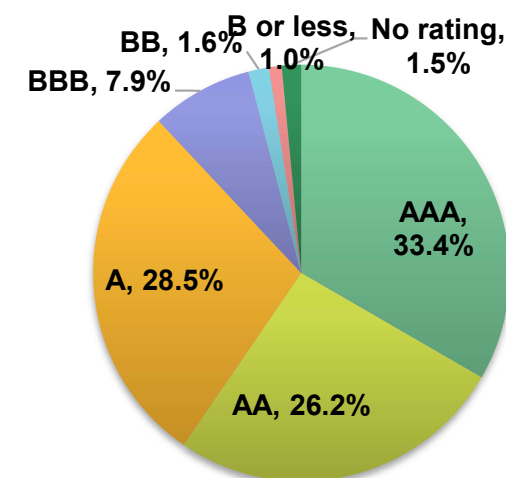
Total assets (by overseas entity)

(¥bn)

(Management Accounting Base)	Region, Entity	Total assets (as of June 30, 2023)
MSI		2,351.8
	EU (excluding MS Amlin)	100.7
	MS Amlin	1,171.4
	Americas	200.7
	Asia and Oceania	879.1
ADI		171.5
	Europe	99.1
	Americas	12.1
	Asia and Oceania	60.3
MSI+ADI		2,523.3

Allocation by Rating (as of September 2023)[†]

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



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

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

Investment profit/loss (April-September 2023)

(¥bn)

	Results	Vs. plan	YoY
Total of 3 domestic non-life insurance companies	141.2	+37.7	+16.2
Net interest dividends	98.6	+10.0	+6.7
Capital gains and losses, etc.	49.6	+27.9	+9.9
Investment expenses	-6.9	-0.3	-0.3
MSA Life	31.2	+4.0	+2.9
MSP Life (Total Assets and Liabilities) †1	25.9	-10.9	+9.3

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

Interest rate and foreign exchange rate sensitivity (End of September 2023)

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

(¥bn)

	Total for MS&AD Group	Total for Non-Life Insurers ^{†3}	Total for Domestic Life Insurers
100 bps rise in yen interest rates	+119.7	+60.7	+40.5
100 bps rise in US dollar interest rates	-107.4	-60.2	-47.2
10% rise in the yen against all currencies	-348.1	-244.1	-82.5
10% rise in the yen against the US dollar	-190.6	-149.3	-41.7
10% rise in the yen against the Euro	-22.0	-18.4	-3.6
10% rise in the yen against the British Pound	-34.2	-21.7	+0.2

†3 Includes overseas subsidiaries

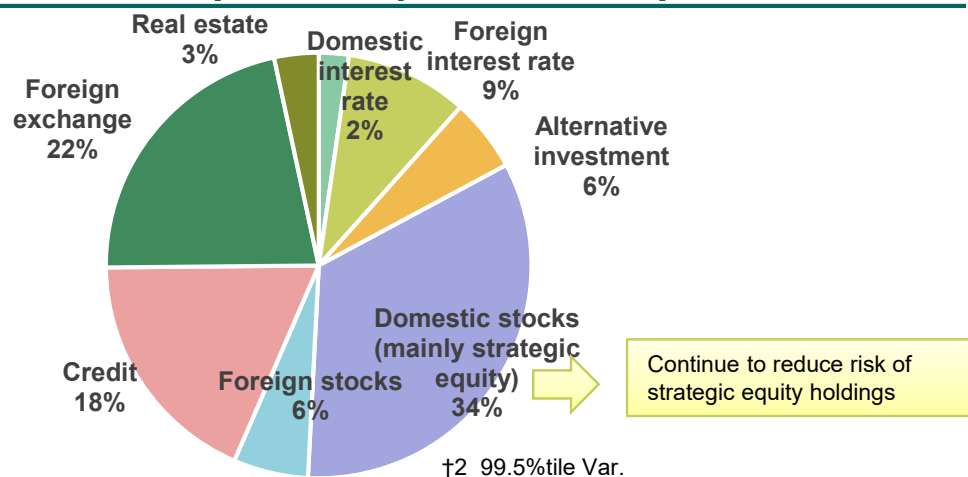
Domestic Non-life Insurance Business

Domestic Life Insurance Business

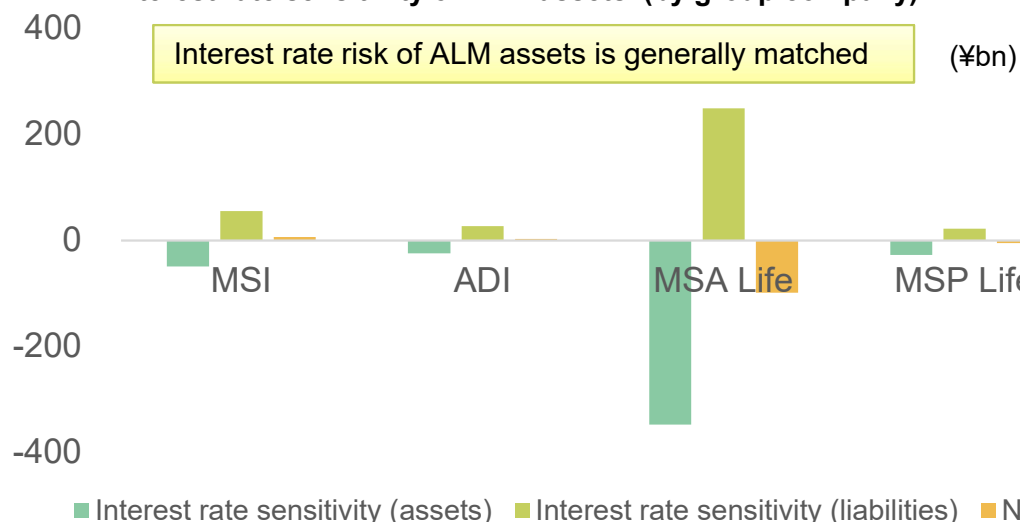
International Business

Other

Asset management risk amount (End of September 2023) †2



Interest rate sensitivity of ALM assets (by group company) †4



†4 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 \$

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.

Green: exceeded the target / Yellow: below the target but recoverable / Red: target revision needed



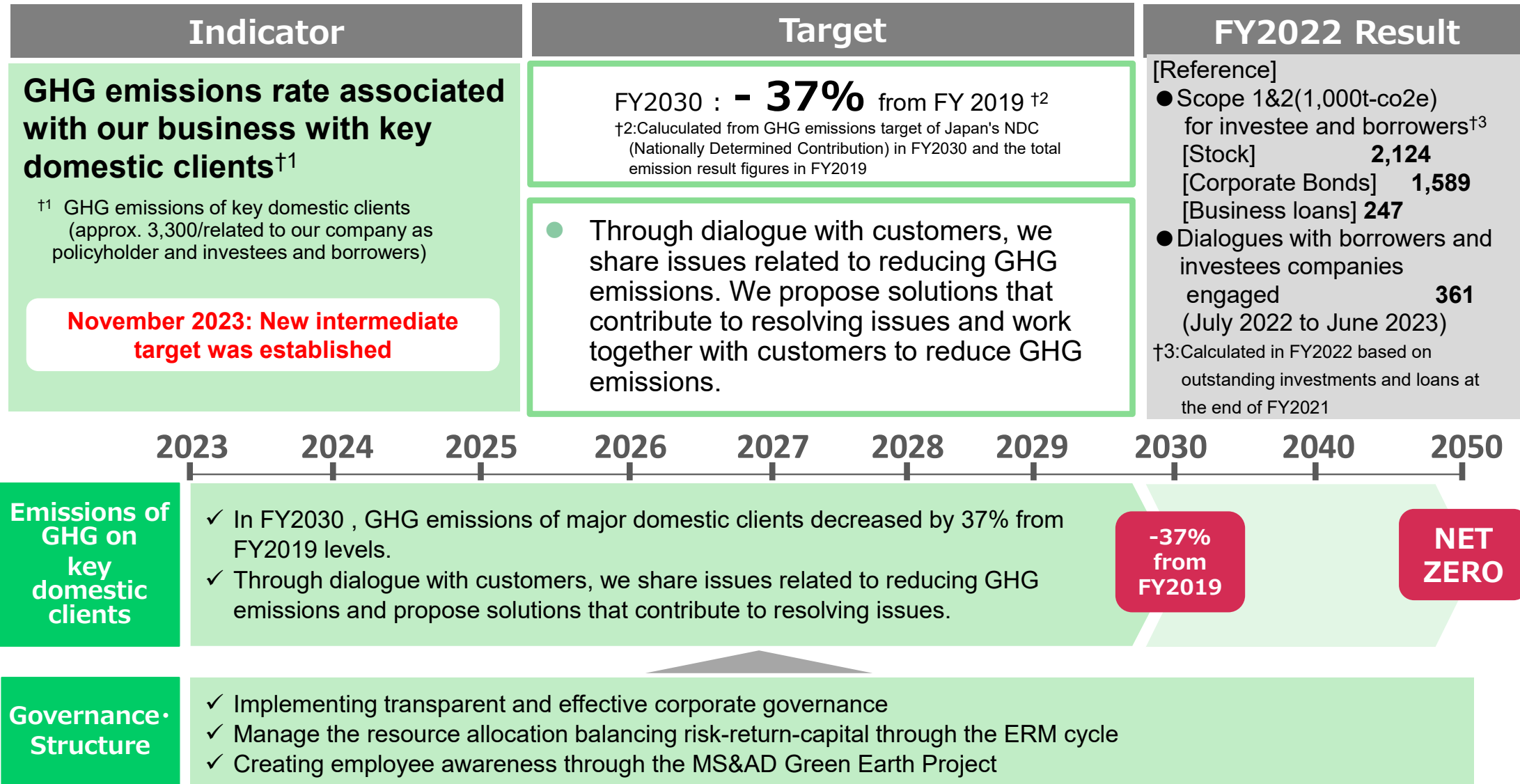
Key Issues	KPI Progress	Target	FY2022 Results	Rating
<p>Symbiosis with the global environment (Planetary Health)</p>	Greenhouse gas reduction rate (vs. FY2019)	FY2030: - 50% FY2050: Net Zero	-26.8% (Scope 1+2)	
	Renewable energy usage rate	FY2030: 60% FY2050: 100%	21.1%	
	FY2025 Premium growth rate of products which contribute to decarbonization and a circular economy (e.g., carbon neutral support clause)	Annual average: 18%	17.9%	
<p>Safe and secure society (Resilience)</p>	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%	29.4%	
	FY2025 Instances of support for the resolution of issues faced by regional companies (e.g., seminars on regional revitalization)	10,000 instances a year	12,349	
<p>Happiness of diverse people (Well-being)</p>	FY2025 Instances of support for companies' action on human rights (e.g., harassment prevention consulting)	1,000 instances a year	1,111	
	FY2025 Number of policies in force for asset-building products to support longevity (e.g., tontine annuity insurance)	100,000	50,000	
	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	2.17 million	

NB KPI data was re-calculated and updated from the figure disclosed on May 2023.

1. Sustainability Initiatives

(2) Climate Change Initiatives

- We have established target Indicators to achieve NET ZERO by 2050. On 21st November 2023, we established a new Interim target to reduce greenhouse gas(GHG) emissions by 37% (compared to FY2019) at our major clients in Japan by FY2030. Through dialogue with our clients, we will work to reduce GHG emissions throughout society through partnerships.

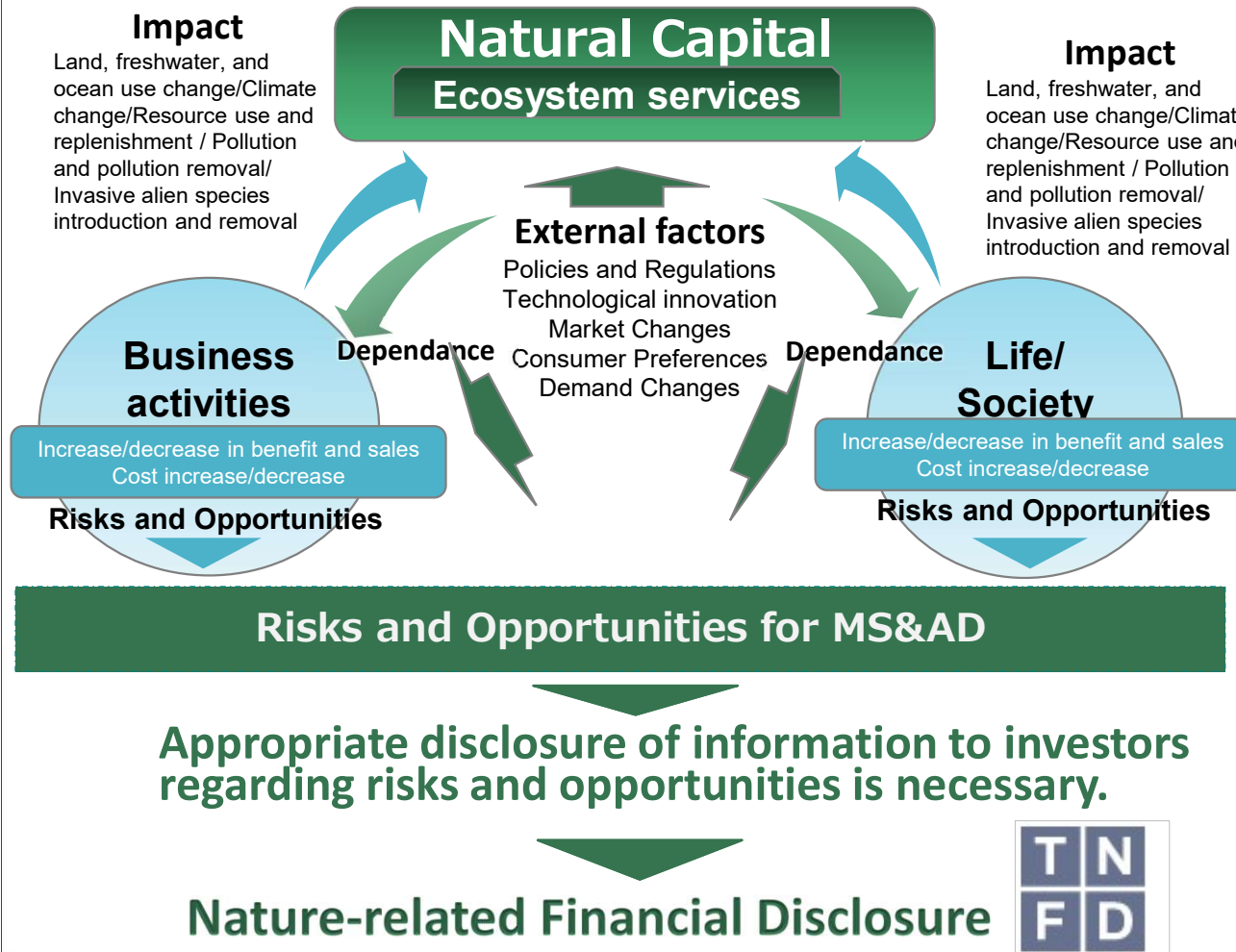


1. Sustainability Initiatives

(3) Natural Capital and Biodiversity Initiatives

- The initiatives against climate change, natural capital/biodiversity are top priority that determines the medium to long-term sustainability of business activities, and we have also made it a priority issue
- Our colleague participates in the Task force on Nature-related Financial Disclosure (TNFD). We issued a report in August based on the beta version disclosure recommendations. In addition, we were the first non-life insurance company in Japan to declare that we will make disclosures in line with the first version of TNFD disclosure recommendations released in September.

As the Nature Positive Finance Alliance (FANPS) to support corporate sustainability,
Started providing support services for TNFD response



FANPS Member



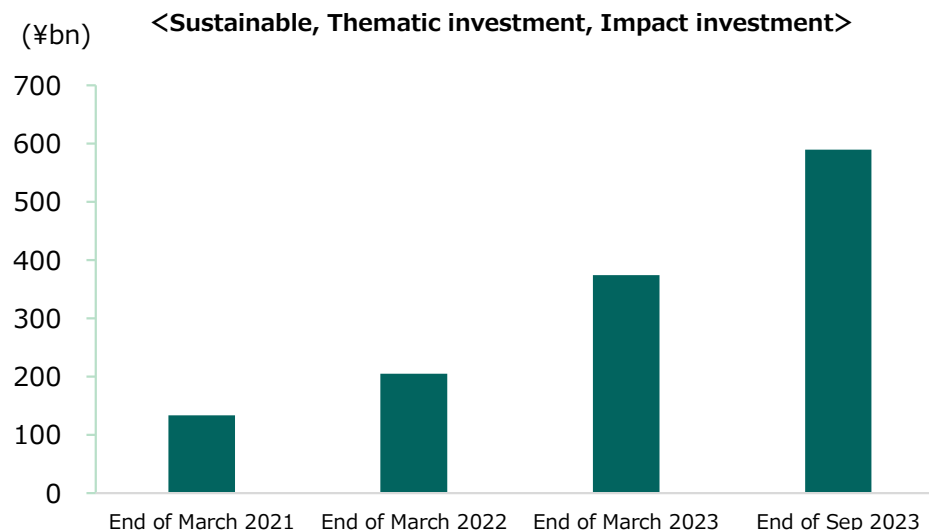
1. Sustainability Initiatives

(4) Strengthening ESG Investment Initiatives

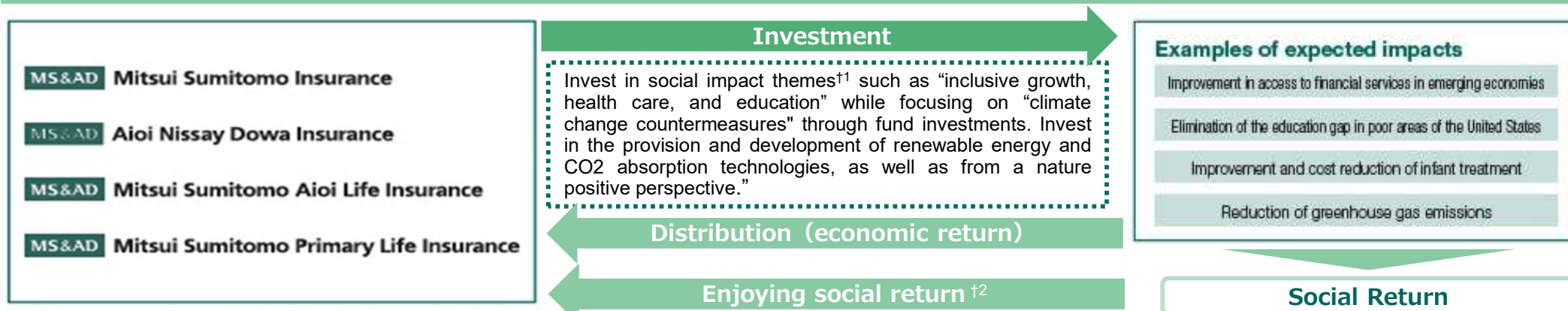
- As a signatory of principles for responsible investment (PRI), we have established investment and loan processes that take ESG factors into consideration and engaged in constructive dialogue. In addition, profitability is committed to high-quality investments and loans that contribute to the environment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

ESG investment and loan initiatives	Content	Target assets	Investment and loan balance
Integration			
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	16.2 trillion yen [†]
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	8.6 trillion yen
Engagement			
Engagement	Conduct dialogue centered on stewardship activities	stock	1.1 trillion yen
Positive Impact			
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	589.1 billion yen
Impact investing	Investment in themes such as healthcare and education, focusing on climate change	Private equity	

[†] The scope excludes cash deposits, real estate, and funds that also fund other investors.



Through group-wide impact investments, we aim to achieve economic returns and create environmental and social impacts.



^{†1} Investment through a Group-specific investment vehicle. Managed by MSR (investment ratio: MS85%, LGT 15%), An investment (asset management) JV in New York, LGT a management company in Switzerland, is one of the global leaders in the ESG field

^{†2} Achievement of SDGs and realization of a sustainable society.

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.

Green: exceeded the target
Yellow: below the target but recoverable
Red: target revision needed



Item	KPI	Target	FY2022	Status
Employee engagement	Employee satisfaction(Pride in work)	Current level or higher(FY2021 : 4.4pp)	4.4pp	
	Employee satisfaction(Working with motivation)	Current level or higher(FY2021 : 4.6pp)	4.6pp	
Item	KPI	FY2025 Target	FY2022	Status
Human asset portfolio	Digital human asset	7,000 persons	3,601 persons	
	Employees for int'l business	1,200 persons	1,129 persons	
Item	KPI	FY2030 Target	FY2022	Status
Maximizing employees' abilities, skills and motivation	Percentage of female managers	30.0%	19.5% _(2023,4/1)	
	Percentage of female line managers	15.0%	12.9% _(2023,4/1)	
	Percentage of Male childcare leave taking	100%	92.5%	
	Duration of Male childcare leave	4 weeks	8.1days	
Item	KPI	FY2030 Target	FY2022	Status
Productivity improvement	Personnel Expense rate	8.5%	9.2%	

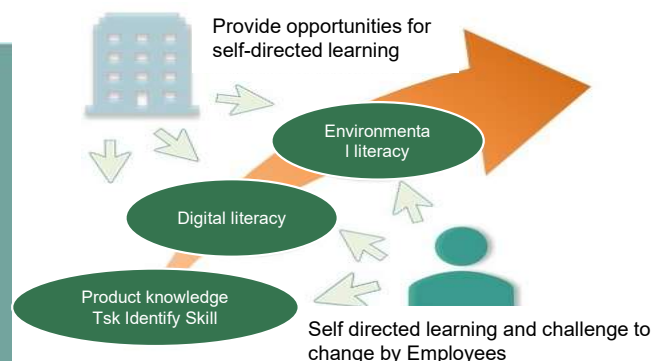
※ KPI data was re-calculated and updated from the figure disclosed on May 2023

2. Human Assets Initiatives

(2) Human Asset Improvement Initiatives

- By implementing our human assets strategy, we will continuously seek talent that acts autonomously, takes on the challenges of change, and creates new value and innovation by instilling an open and flat organization where diverse human assets can maximize their strengths and individualities.

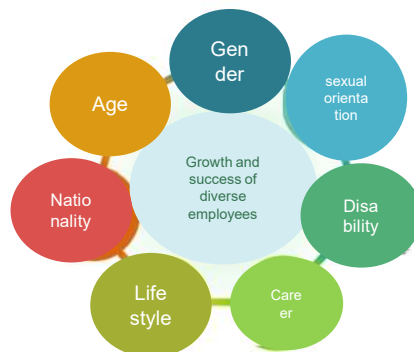
Major Strategies



Human resources are the Group's greatest asset and the driving force for enhancing corporate value

Linkage between the basic strategies and the human resource strategy

Taking full advantage of the diversity that is the Group's strength



Development of an optimum human resource portfolio

Reskilling and recurrent training

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

Retention and active participation of specialist human resources

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

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

Development of an attractive workplace environment

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

Diversity, Equity, and Inclusion

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

Health and productivity management

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

III. Sytem Supporting Value Creation

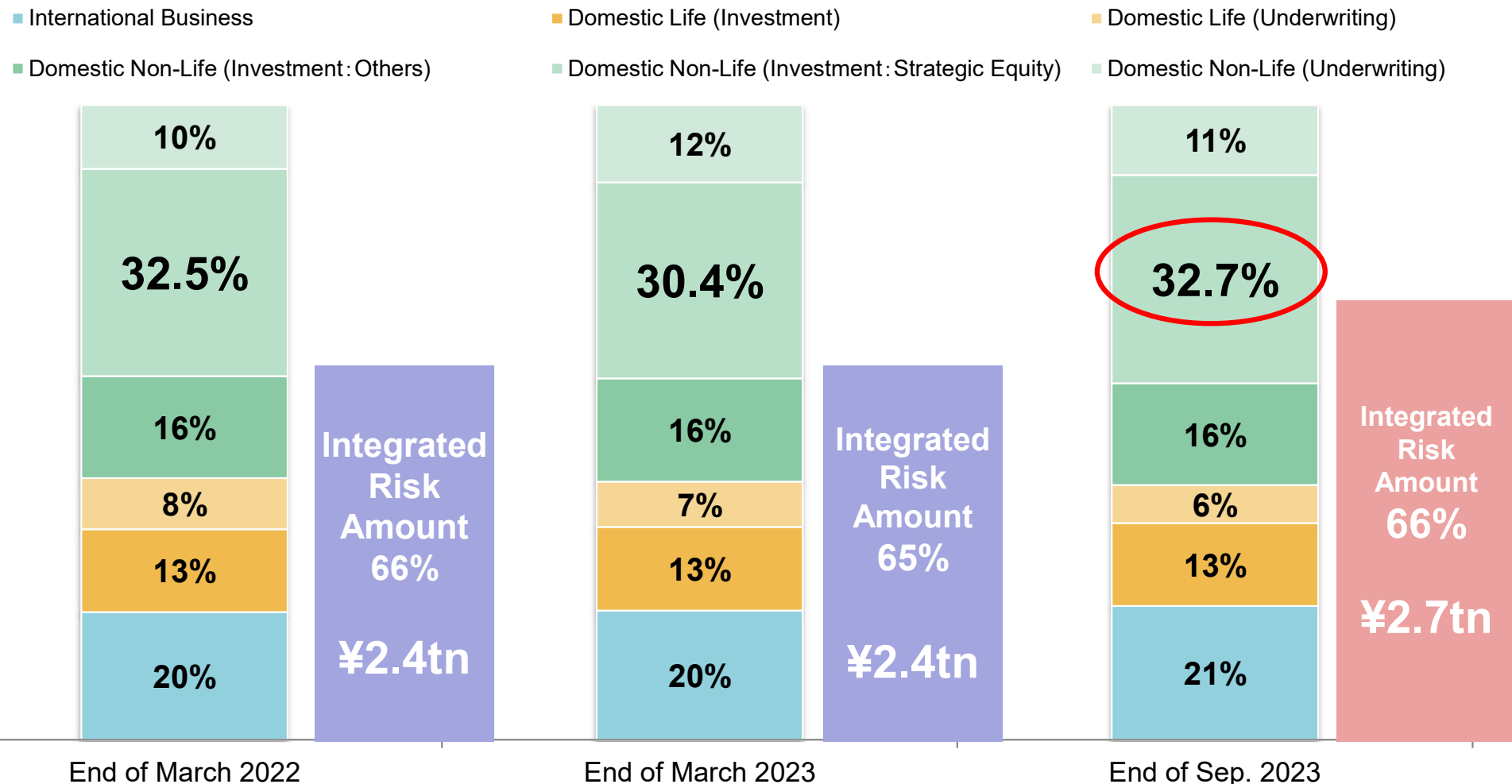
1. Sustainability Initiatives
2. Human Assets Initiatives
- 3. ERM**

3. ERM

(1) Ensuring Financial Soundness (Risk Portfolio)

- Although strategic equity holdings was reduced by 113.8 billion yen in the first half of FY2023, the ratio of strategic equity holdings to the amount of risk at the end of September 2023 increased to 32.7% due to an increase in fair value of the strategic equity holdings by a rise in domestic stock prices. (Target : less than 30%)

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.

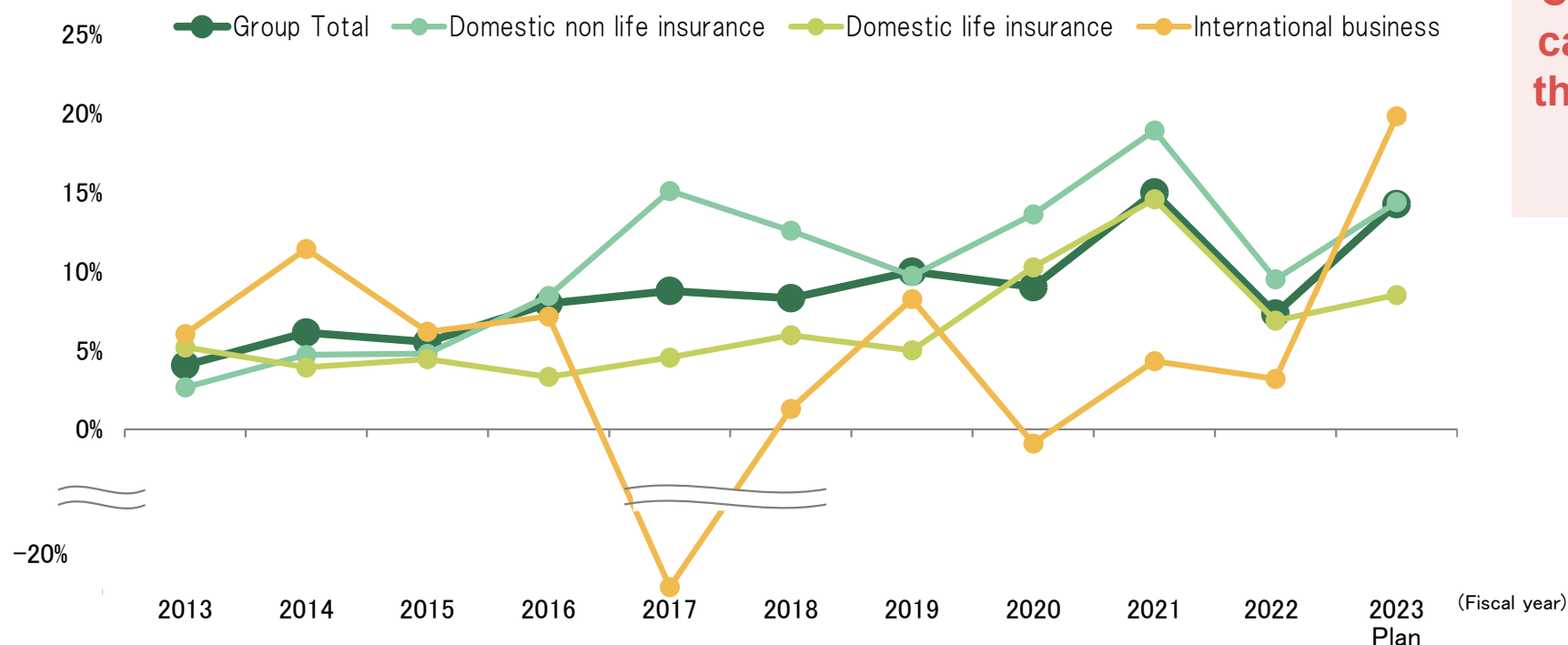
Capital efficiency	Profitability (Return on Risks)	Solvency
Group Adjusted ROE ^{†1}	ROR	1/ESR
$\frac{\text{Return (Group Adjusted Profit } ^{\dagger 1})}{\text{Capital (Adjusted net assets } ^{\dagger 1})}$	$\frac{\text{Return (Group Adjusted Profit)}}{\text{Risk (integrated risk amount } ^{\dagger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

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

Monitor ESR periodically [Appropriate level]

ESR 180%~250%

ROR improvement



Controlling the capital level on the assumption of ensuring soundness

^{† 1} Calculation method of Group Adjusted ROE, Group Adjusted Profit and Adjusted Net Assets is on p.98.

^{† 2} Integrated risk amount represents the maximum amount of losses that are likely to be encountered once in 200 years. It is marked to market value.

^{† 3} Net asset value: Adjusted net assets + unrealized insurance liabilities + other equity liabilities, etc. .

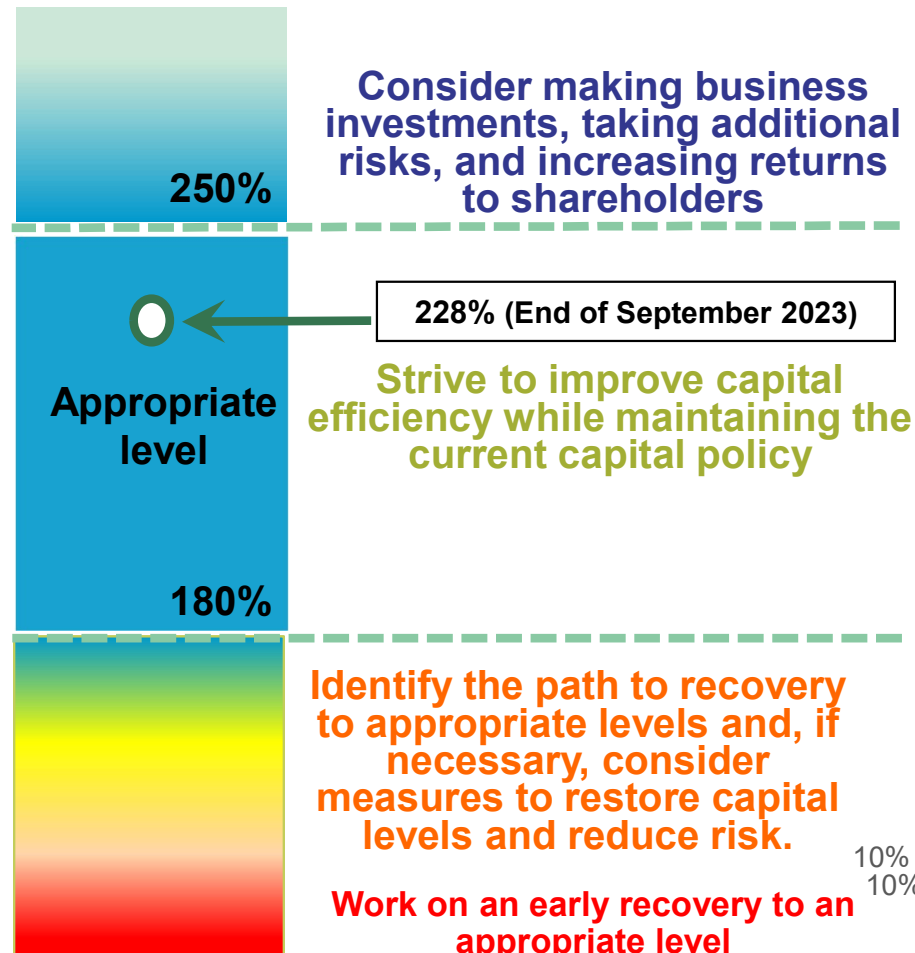
3. Capital Situation and Shareholder Return

(3) ESR Situation

- ESR is indicating soundness and within target range

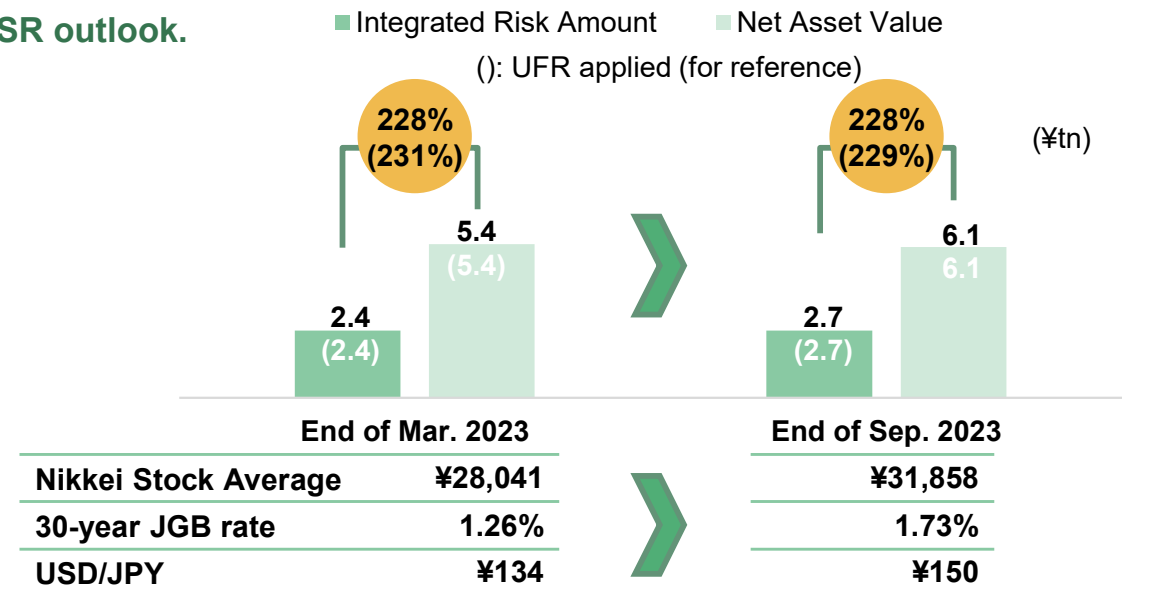
Status of ESR[†]

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

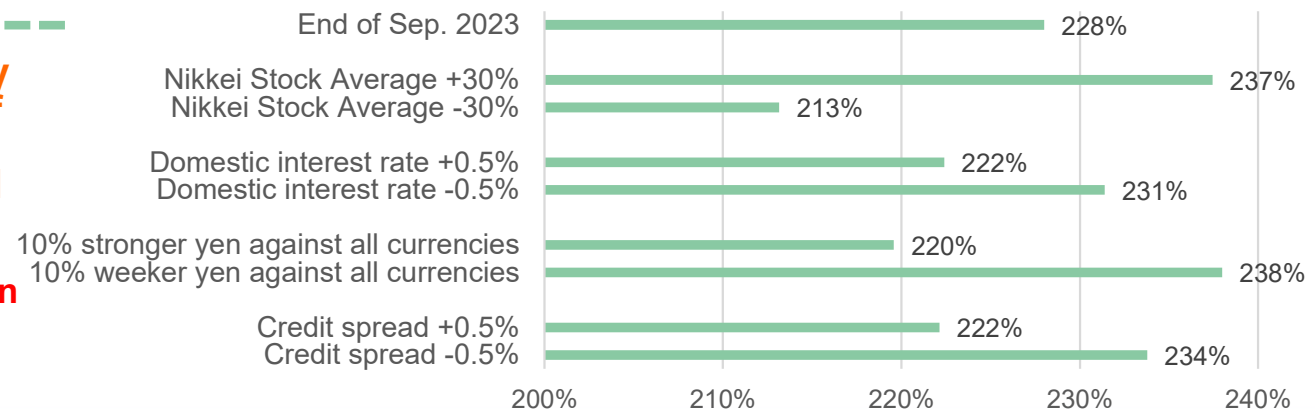


[†] ESR: Economic Solvency Ratio (Economic Value-based Solvency Ratio)
Calculated based on 99.5% confidence level

ESR Trend



Impact of market price fluctuation on ESR (as of end of Sep. 2023)



3. ERM

(4) Sales of Strategic Equity Holdings

- Against the 4 year reduction target for Midium-term management plan (2022-2025) we sold 320.5 billion yen sold in 1.5 years up to the first half of FY2023

Actual Sales

Actual sales before business integration (FY2003†~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	(Subtotal) 320.5	
		FY2023 1H	113.8		
Total				2,612.0	

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

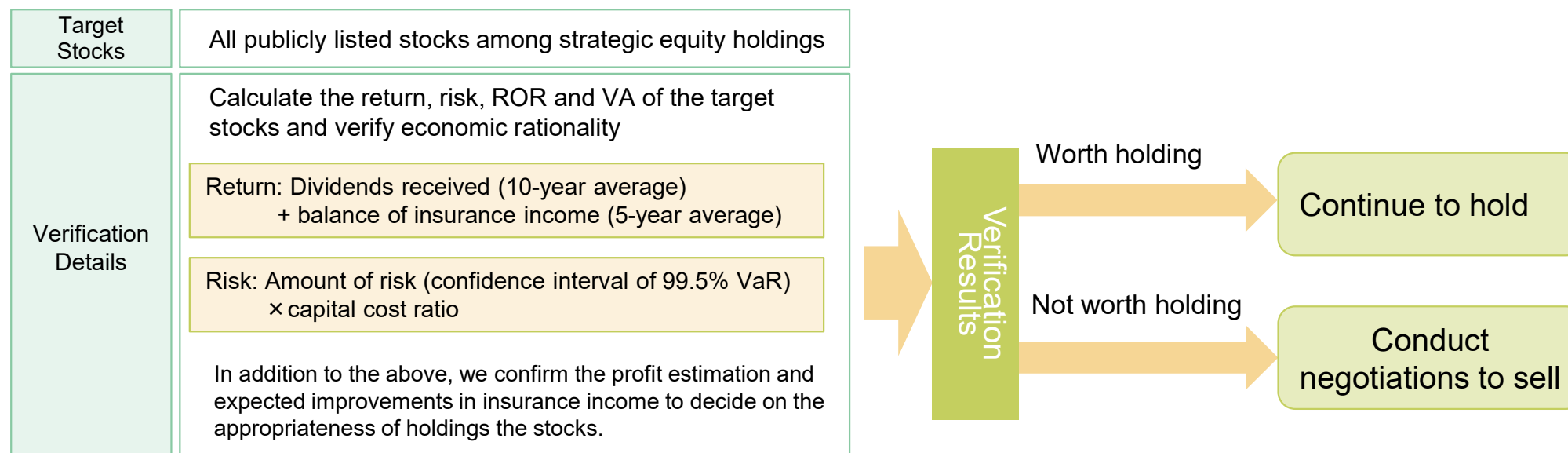
3. ERM

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

Verifying the Appropriateness of Strategic Equity Holdings

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

Verification Method in FY2023



Dialogues Held and Results of Exercising Voting Rights

Dialogues held (July 2022 to June 2023)

	MSI	ADI	Total (simple sum)
Number of companies with dialogue	202 companies	159 companies	361 companies

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

	MSI	ADI	Total (simple sum)
Number of disapprovers of company proposals (number of company proposals)	19 (2,187)	21 (1,514)	40 (3,701)

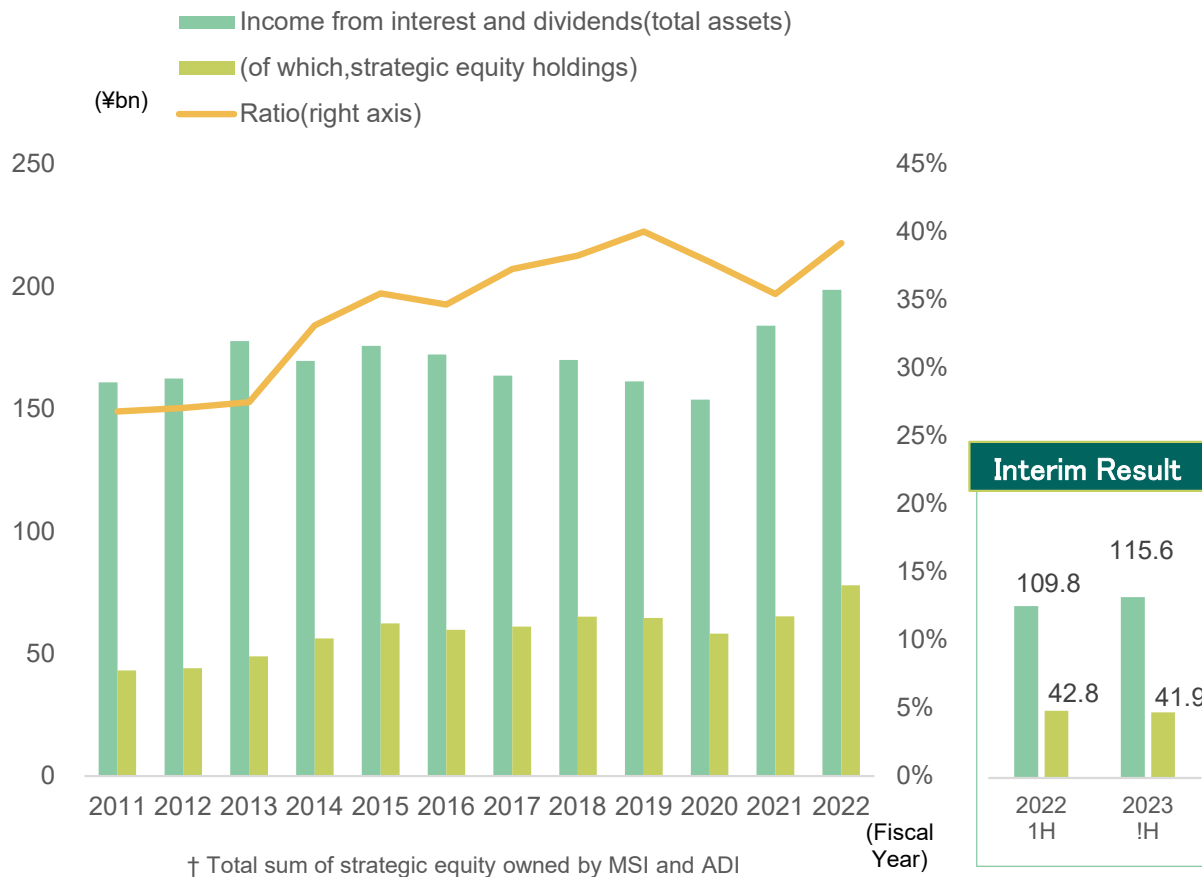
3. ERM

(6) Investment Performance of Strategic Equity Holdings

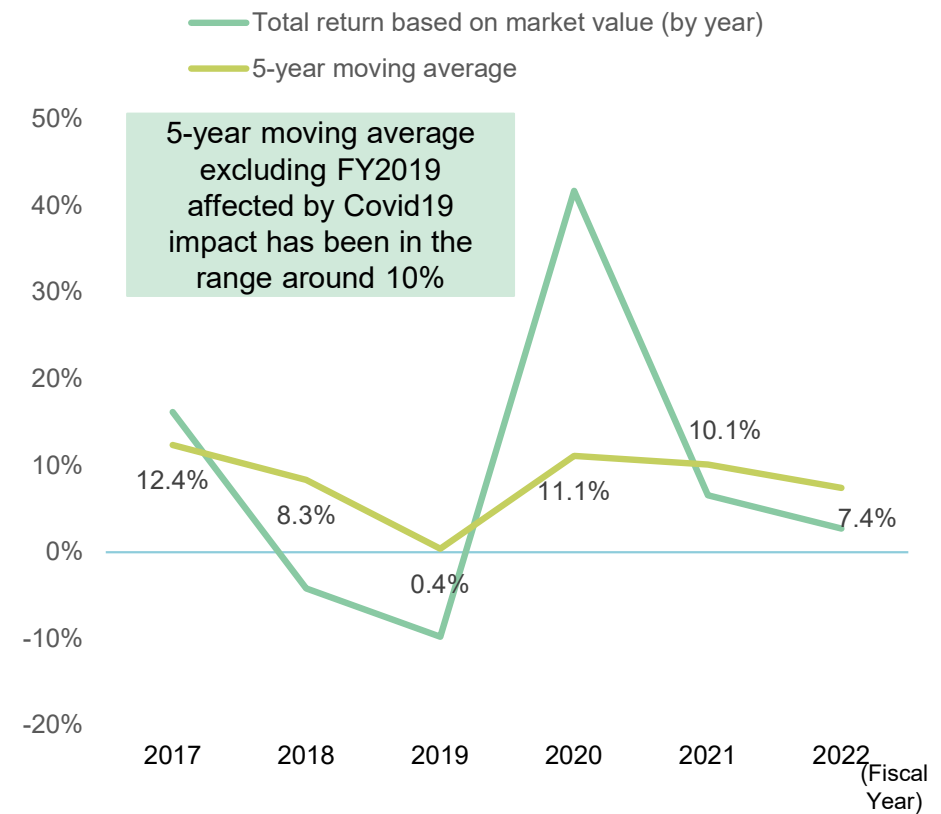
(Dividends, Total return based on market value)

- Dividends from strategic equity holdings† were stable at around 60.0 billion yen, with income from interests and dividends accounting for a rising percentage. In addition, even after the transition to IFRS, strategic equity holdings remain an asset that helps ensure stable investment profit.
- 5-year moving average of the total return based on market value from strategic equity holdings has been in the range between 0.4% to 12.4%.

Dividends from strategic equity holdings

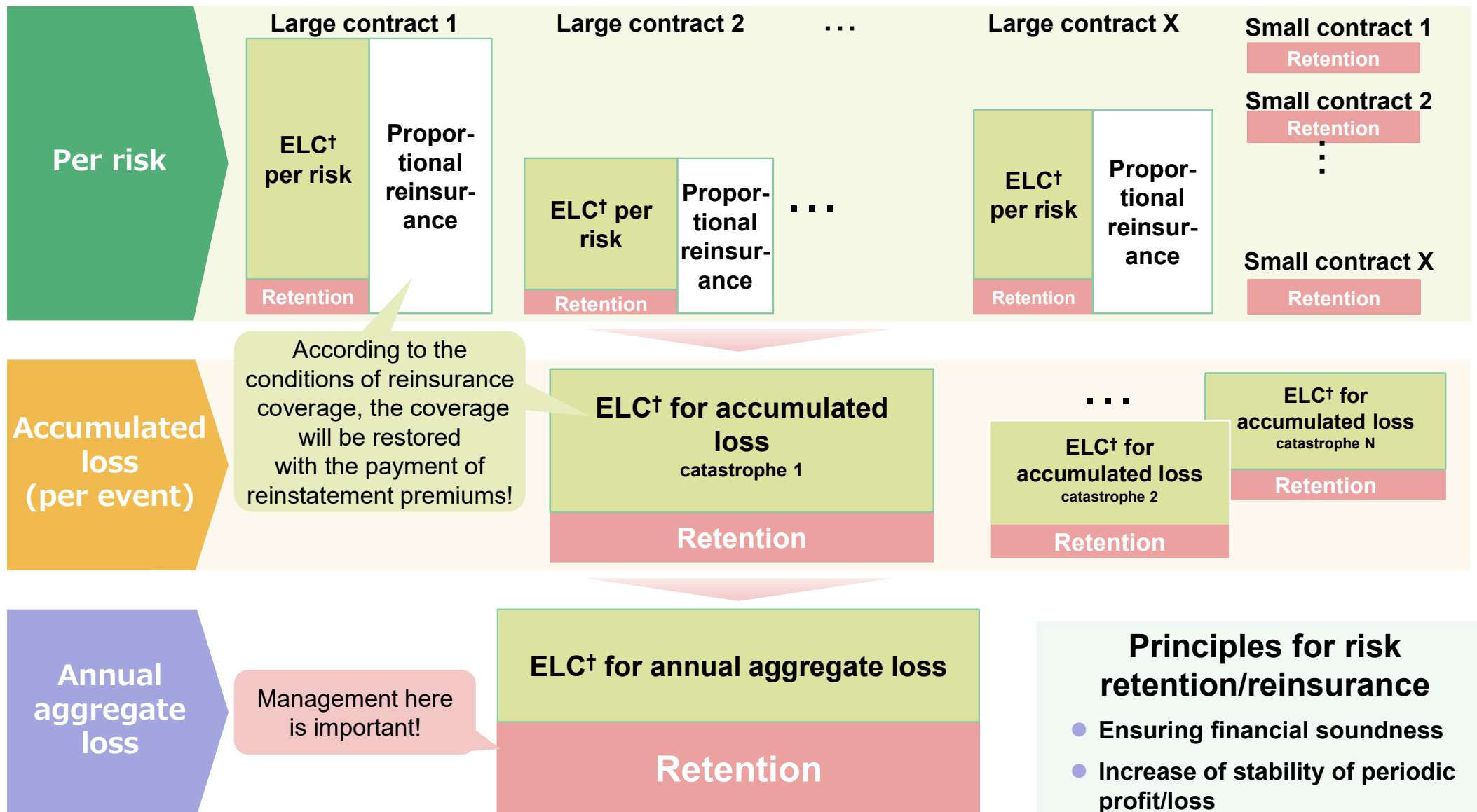


Total return based on market value of strategic equity holdings



<Reference>

Image of Risk Retention/Reinsurance for Natural Catastrophe Risk



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

Principles for risk retention/reinsurance

- Ensuring financial soundness
- Increase of stability of periodic profit/loss
- Improvement of return on risk

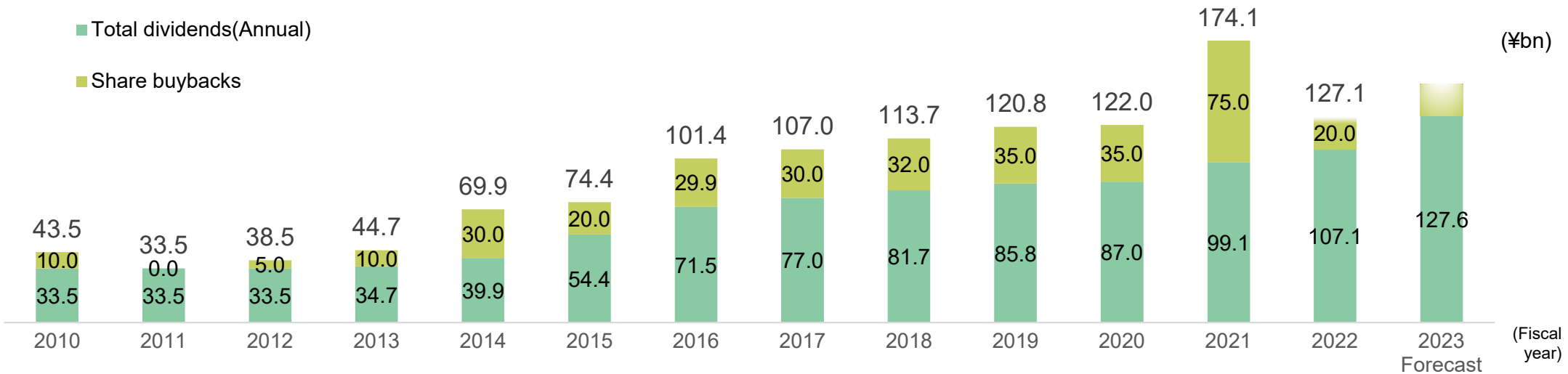
IV. Shareholder Return and Stock Price-Related Indices

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	Total	FY2023 forecast
Group Adjusted Profit*1	14.5	-87.5	87.4	94.8	155.7	147.5	213.7	105.1	189.8	233.1	214.6	347.1	172.7	1,888.5	280.0
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	1,170.6	—
Shareholder return ratio†1	300%	-	44%	47%	45%	50%	47%	102%	60%	52%	57%	50%	74%	62%	—
DOE†2									2.9%	3.3%	3.1%	3.1%	3.6%	—	—
Returns per share (yen)	69.8	54.0	62.0	72.0	113.5	122.5	169.1	180.6	193.3	207.8	217.0	315.4	237.1	—	—



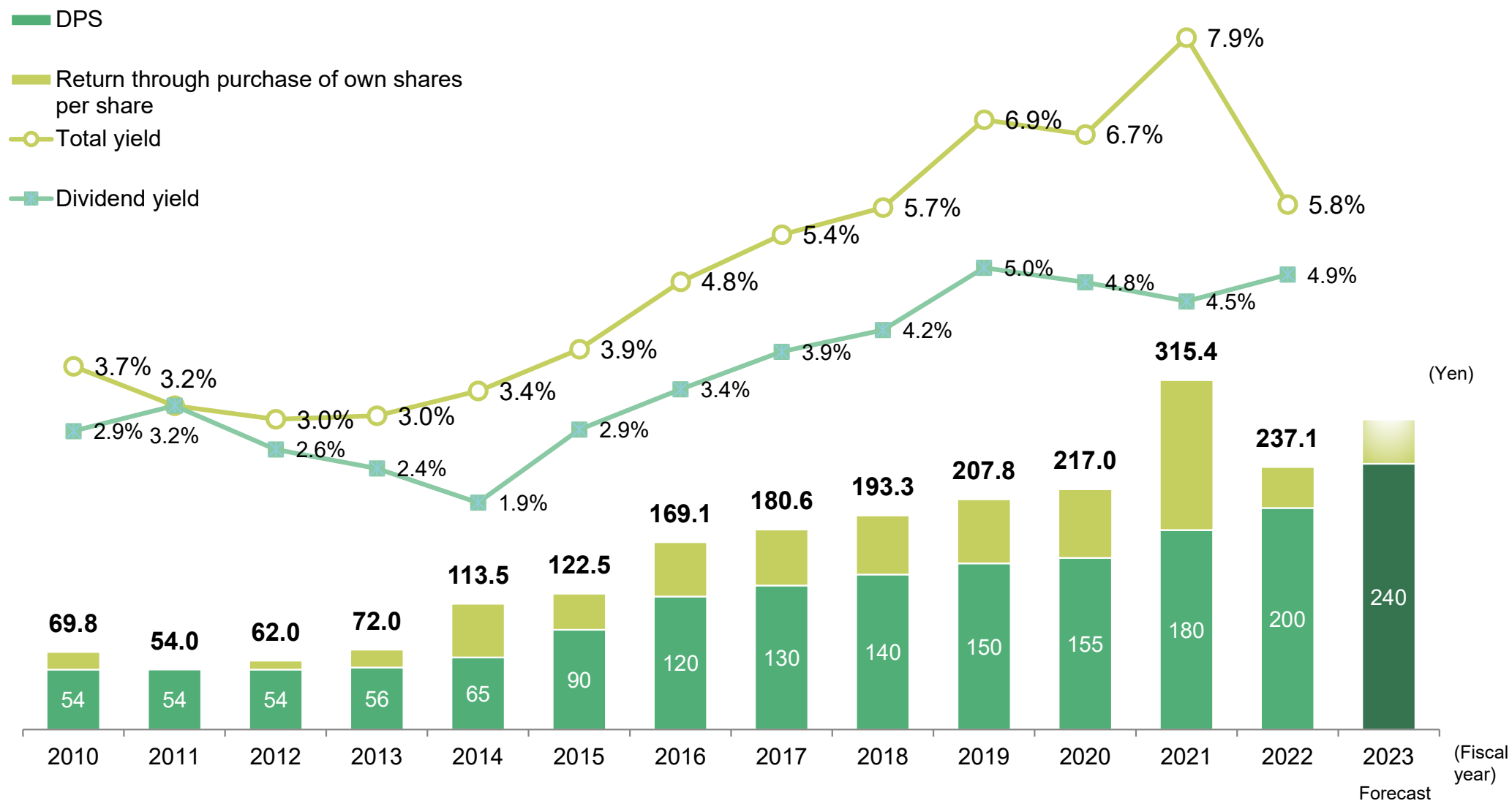
†1 Figures until FY2017 are Group Core Profit. Please refer to p.93 for the method of calculating the single-year shareholder return ratio.

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

Shareholder Return

(2) Total Payout Per Share, Total Yield, and Dividend 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 1H
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	87.5 FY forecast 280.0
Earnings per share (EPS) (¥)	8.68	-272.49	134.46	150.58	221.34	298.72	350.94	260.04	328.72	248.36	255.79	474.52	299.80	164.29 FY forecast 526.83
Stock price (closing price) (¥)	1,894	1,699	2,066	2,364	3,370	3,136	3,540	3,355	3,370	3,025	3,249	3,978	4,106	5,495
Rate of change†	-27.0%	-10.3%	21.6%	14.4%	42.6%	-6.9%	12.9%	-5.2%	0.4%	-10.2%	7.4%	22.4%	3.2%	33.8%
(For reference) TOPIX Rate of change†	-11.2%	-1.7%	21.1%	16.3%	28.3%	-12.7%	12.3%	13.5%	-7.3%	-11.8%	39.3%	-0.4%	2.9%	16.0%
Book-value per share (BPS) (¥)	2,597.19	2,400.48	3,215.33	3,646.22	4,911.40	4,469.58	4,572.82	4,964.64	4,712.11	4,308.37	5,525.42	5,955.21	5,633.94	6,746.93
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	0.81
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	10.43

† 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”

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

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 1H of FY2023

(¥bn)

$$\begin{aligned}
 \text{Group Adjusted Profit} &= \text{Consolidated interim net income} + \text{Provision for catastrophe loss reserve and others} - \text{Other incidental factors}^{\dagger 4} + \text{Equity in earnings of non-consolidated group companies} \\
 112.0 &= 87.5 + 2.7 - 21.4 + 0.2
 \end{aligned}$$

†4 Amortization of goodwill and others: -17.4 billion yen

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

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

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

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

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

MS&AD

MS&AD Holdings

Inquiries

**Corporate Communications and Investor Relations Dept.
MS&AD Insurance Group Holdings, Inc.**

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