

Fiscal 2023 First Information meeting

May 25, 2023 (Thursday)

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MS&AD Group Overview

Holding company

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

Domestic Non-Life

MS&AD Mitsui Sumitomo Insurance 

MS&AD Aioi Nissay Dowa Insurance 

MS&AD Mitsui Direct General Insurance  

Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance 

MS&AD Mitsui Sumitomo Primary Life Insurance  

International

Non-Life Insurance

Regional Business

Asia

Europe

Americas

Telematics and Mobility

Head Office Reinsurance

Life Insurance

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.
- Mitsui Sumitomo Insurance Capital : MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.
- Mitsui Sumitomo DS Asset Management : Sumitomo Mitsui DS Asset Management Company, Limited
- MS Amlin : Sum of business segments including AUL, MS Re, AISE and ACS

AUL MS Amlin Underwriting Limited MS Re MS Reinsurance* AISE MS Amlin Insurance SE ACS MS Amlin Corporate Services Limited

*The brand name of MS Amlin AG from Oct 2022
- MSDH MS Distribution Holdings Inc.
- MS First Capital, MSFC : MS First Capital Insurance Limited
- U.S. holding company: MSIG Holdings(U.S.A.), Inc.
- MSIGIS: MSIG Insurance Services, Inc.
- MSMM : Mitsui Sumitomo Marine Management (U.S.A.), Inc
- MSR : MSR Capital Partners, LLC
- Transverse : Transverse Insurance Group, LLC
- Aioi : Aioi Insurance Co., Ltd.
- NDI : Nissay Dowa General Insurance Co., Ltd.

Caution About Forward-Looking Statements

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

Main Points of Today's Presentation

I. FY2022 Full- year Results

Summary of Financial Results	<ul style="list-style-type: none">Group Adjusted Profit was 172.7 billion yen. Due to the impact of natural catastrophes, COVID-19 and other factors, this was lower than the forecast at the beginning of the year (300.0 billion yen) but higher than the revised forecast (170.0 billion yen).
Shareholder Return	<ul style="list-style-type: none">The annual dividend for FY2022 : 200 yen, which is a 20-yen increase from the previous fiscal year.Share buybacks totaling a maximum of 20.0 billion yen.Our dividend forecast for FY2023 is an annual dividend of 240 yen, which is +40 yen increase year on year.

II. Forecast for FY2023 onward and Corporate Value Enhancement Initiatives

Forecast and Outlook for FY2023 onward	<ul style="list-style-type: none">The Group Adjusted Profit forecast for FY2023 is 350.0 billion yen, which has been revised downward from the target of 400.0 billion yen due to changes in the business environment after formulation of the Medium-Term Management Plan. The Group Adjusted ROE forecast is 10.0%.Initiatives to enhance profitability are making steady progress. By taking appropriate action in response to changes in the business environment, there are no changes to the qualitative targets for FY2025. We aim to achieve a stable adjusted ROE of at least 10%.
Corporate Value Enhancement Initiatives	<ul style="list-style-type: none">We are working to improve ROE through profit growth and higher efficiency and to lower the capital cost ratio by reducing risk, and we are striving to achieve stable expansion in the equity spread*.

* Equity spread: Group Adjusted ROE minus capital cost ratio

I. FY2022 Financial Result

1. FY2022 Financial Result Summary

3,934.4 billion yen
Consolidated Net Premiums
Written
+ 9.0% YoY

172.7 billion yen
Group Adjusted Profit
-50.2% YoY

4.8%
Group Adjusted ROE
-4.7 pp YoY

228%
ESR
±0 YoY

200 yen
Annual dividend per share
+ 20 yen YoY

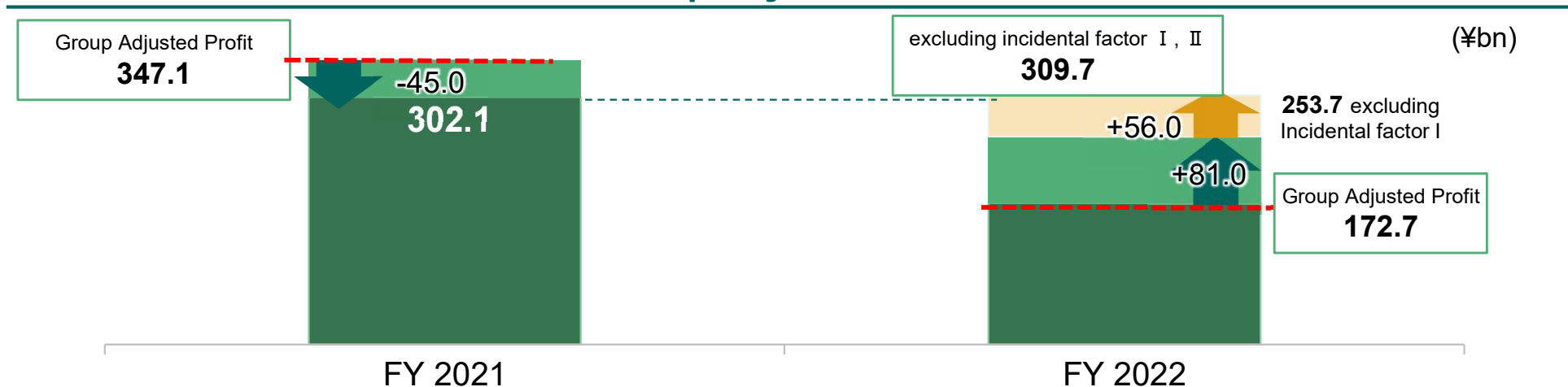
- Domestic non-life insurance increased by 3.2%, to 3,000.4 billion yen mainly due to an increase in fire insurance.
- Overseas subsidiaries increased by 19.6%, to 934.1 billion yen, excluding the impact of foreign exchange, mainly due to an increase in premium rates
- Premiums earned by domestic life insurance companies increased by 1,707.5 billion yen, mainly due to strong sales of foreign currency-denominated products in MSI Primary Life
- Domestic profit declined due to increased automobile losses and losses related to natural catastrophe and Covid19
- International business profit declined due to Covid19 and Russia Ukraine related losses and impact of financial market fluctuations in investment.
- MSI Aioi Life's profit declined mainly due to an increase in claim payment related to Covid19 and MSI Primary Life's provision of foreign currency standards policy reserve

Share buybacks to a maximum of 20.0 billion yen will be implemented(Announced on 19th May 2023)

2. FY2022 Group Adjusted Profit

- We achieved the FY2022 Group Adjusted Profit forecast mainly due to improvement of MS Amlin's underwriting profit, which offset negative factors such as losses from domestic and overseas natural catastrophes, the Russia-Ukraine situation and COVID-19, and financial market volatility.

Group Adjusted Profit



FY2021 Incidental factor	Impact
Decrease in domestic automobile losses due to reduced traffic	+25.0
Domestic nonlife insurance reversal of initial year balance	+16.0
MSI Primary Life profit increases due to weaker yen	+30.0
Upside of overseas natural catastrophe losses	-26.0
Total	+45.0

FY2022 incidental factor I (transient)	Initial forecast	Revised forecast	Impact
Losses related to Russia and Ukraine	-20.0	-16.0	-16.0
Impact of Covid19	-	-51.0	-52.0
Financial market volatility	-	-27.0	-31.0
Gain on sale of Taiwan property	-	16.0	18.0
Total	-20.0	-78.0	-81.0

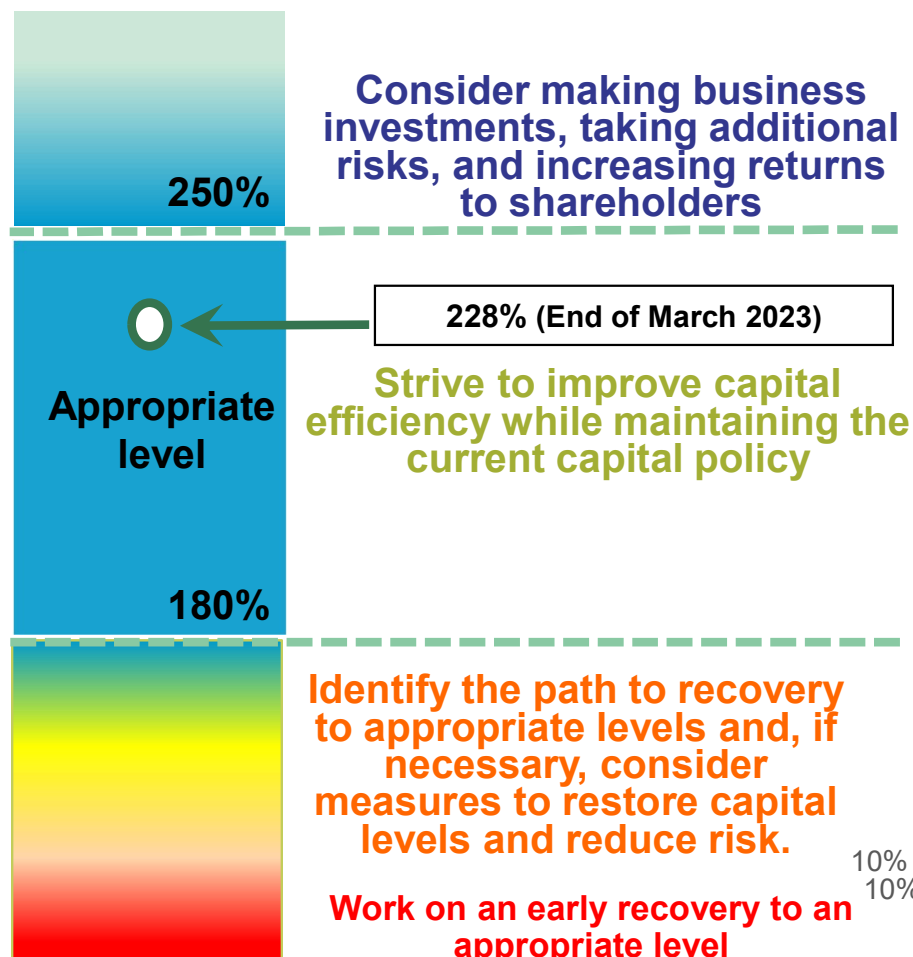
FY2022 incidental factor II (non-transient)	Initial forecast	Revised forecast	Impact
Increase in MSI Primary Life's foreign currency standard Policy Reserve, etc.	-6.0	-15.0	-20.0
Increase provision of IBNR against Inflation	-8.0	-8.0	-24.0
Upside of natural catastrophe and large losses	-	-72.0	-66.0
Accelerated sale of Strategic Equity Holdings	-	29.0	54.0
Total	-14.0	-66.0	-56.0

3. Capital Situation and Shareholder Return (1) ESR Situation

- ESR is indicating soundness and within target range

Status of ESR*

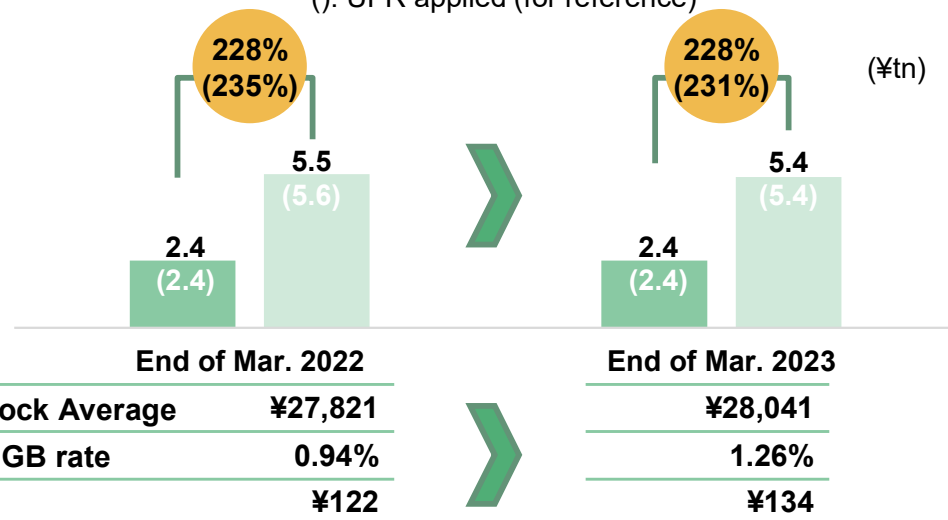
The policy below is based on the medium- to long-term ESR outlook.



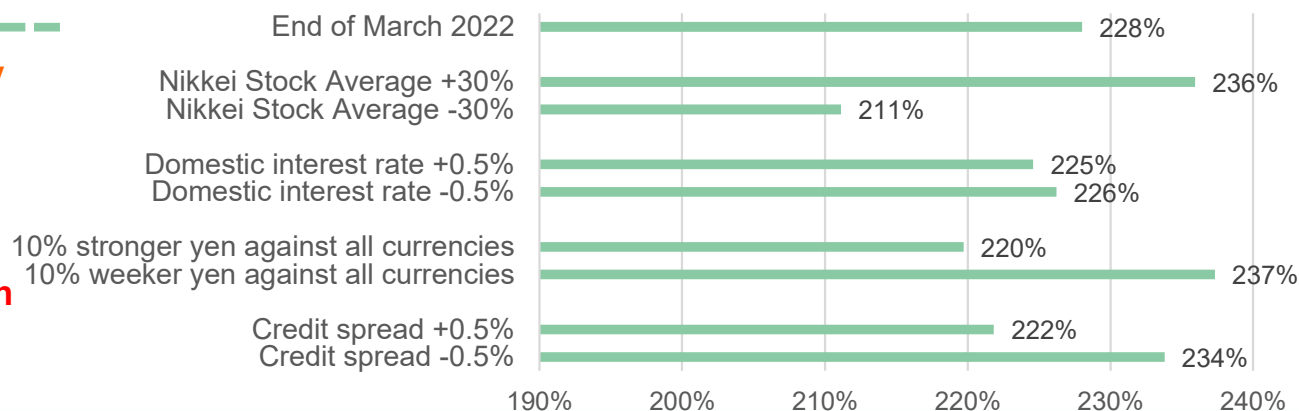
- ESR: Economic Solvency Ratio (Economic Value-based Solvency Ratio)
Calculated based on 99.5% confidence level

ESR Trend

■ Integrated Risk Amount ■ Net Asset Value
(): UFR applied (for reference)



Impact of market price fluctuation on ESR (as of end of Sep. 2022)



3. Capital Situation and Shareholder Return (2) Shareholder Return Policy

- Shareholder return policy is remain unchanged. Increase profit and maximize shareholder return.

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		+	Additional return	
Before IFRS (FY2022-2024)	50% of Group Adjusted Profit		Implemented promptly and flexibly	
After IFRS (FY2025)	50% of the base profit for shareholder return		Guidelines for considering additional return <ul style="list-style-type: none"> • When ESR permanently exceeds the upper limit of the target range • When maintaining stable returns during losses due to large-scale natural disasters, 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 2022	Dividends	Year-end dividend 100 yen, annual dividend 200 yen (year on year 20 yen increase)
	Share buybacks	Decided to purchase maximum 20 billion yen of own shares (Announced on 19 th May 2023)
For FY 2023	Dividends	Projected annual dividend of 240 yen

* See the page 99 regarding definition of Group Adjusted Profit and the base profit for shareholder return.

II. Financial Forecast and Outlook for FY2023 onward Corporate Value Enhancement Initiatives

- 1. Financial Forecast and Outlook for FY2023 onward**
2. Corporate Value Enhancement Initiatives

1. Qualitative Target of Medium-Term Management Plan (2022 -2025)

Aspiration for 2030

A corporate group that supports a resilient and sustainable society

Qualitative targets in the medium-term management plan

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





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

Story of Value Creation

1. Financial Forecast and Outlook for FY2023 onward

(1) Recognition of Business Environment Change

The Analysis of impact for environmental changes on FY2023 Group's Earnings Forecast

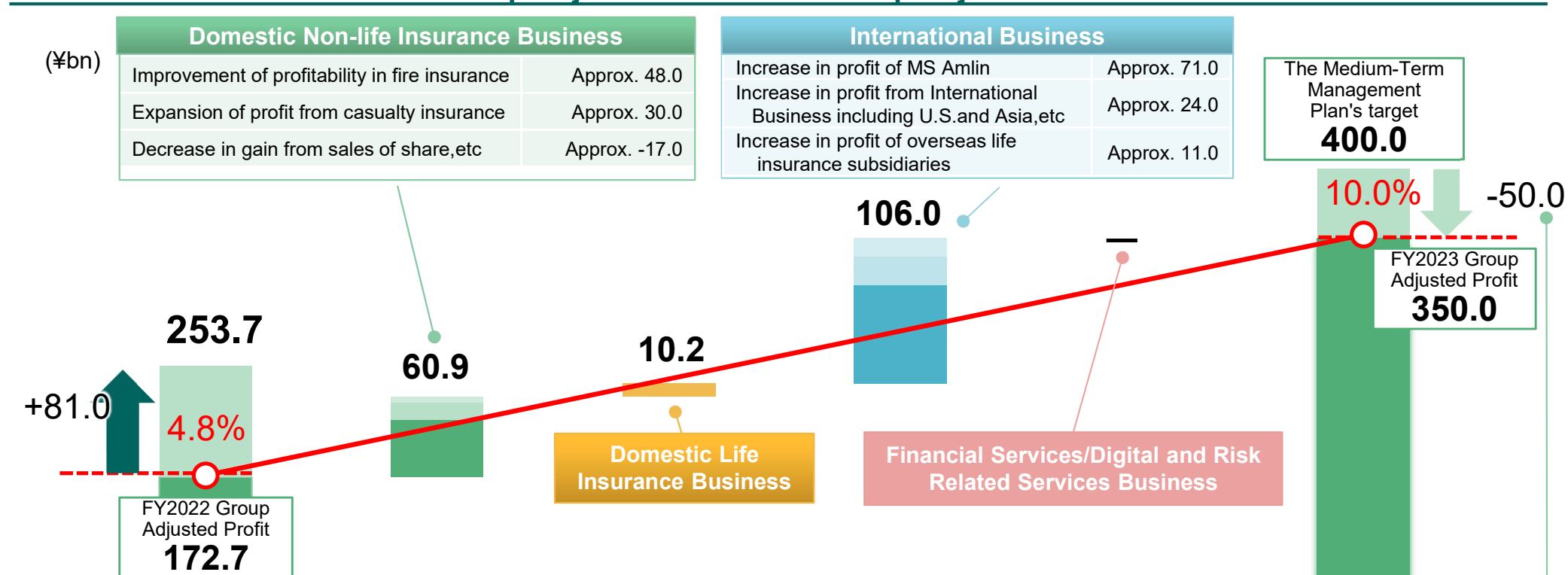
Environmental Change	Action in FY2022	Impact vs Mid-Term Plan target	Countermeasures FY2023 onward
 <p>Rising global inflation</p>	<ul style="list-style-type: none"> ✓ Rate optimization ✓ Provisions for IBNR against inflation 	-12.0 billion yen	<ul style="list-style-type: none"> ■ Covering losses by increasing insured amounts and, in the medium term, by raising premium rates
 <p>Labor shortages and wage increases</p>	<ul style="list-style-type: none"> ✓ Improvement of efficiency by using digital technology ✓ Continue to reduce operating expenses 	-5.0 billion yen	<ul style="list-style-type: none"> ■ Working to further improve productivity through implementation of the 1 PLATFORM strategy and other measures
 <p>Increase in frequency and severity of natural catastrophes and hardening of reinsurance market</p>	<ul style="list-style-type: none"> ✓ Oversees natural catastrophe risk reduction ✓ Additional provisions of domestic catastrophe reserve 	-12.0 billion yen	<ul style="list-style-type: none"> ■ Responding by reducing overseas natural catastrophe risk and raising premium rates
 <p>Changes in financial markets (sharp rise in interest rates, weak yen)</p>	<ul style="list-style-type: none"> ✓ Portfolio revision such as sales of foreign bonds, etc 	-9.0 billion yen	<ul style="list-style-type: none"> ■ Increased hedging costs were met through asset allocation adjustments, etc. ■ Monitoring for appropriate control of interest rate and foreign exchange risks
Increase in large losses	<ul style="list-style-type: none"> ✓ Measures for large losses ✓ Provisions of IBNR for increase of large losses and initial year balance 	-23.0 billion yen	<ul style="list-style-type: none"> ■ Continue to strengthen measures for large losses on fire and casualty insurance
Accelerated sales of Strategic Equity Holdings, etc.		+ 11.0 billion yen	
Total impact amount		-50.0 billion yen	

1. Financial Forecast and Outlook for FY2023 onward

(2) FY2023 Financial Result Forecast

- The FY2023 Group Adjusted Profit forecast is 350.0 billion yen, revision from the target of 400.0 billion yen at the time of the drafting of the Medium-Term Management Plan, largely due to changes in the business environment such as rising inflation and an increase in losses from natural catastrophes.

Group Adjusted Profit and Group Adjusted ROE



Incidental Factors I (Transient factor) in FY2022	Impact
Russia-Ukraine related losses	-16.0
Impact of COVID-19	-52.0
Financial market fluctuation	-31.0
Real estate assets sales in Taiwan	18.0
Total	-81.0

Downward factors for FY2023 Group Adjusted Profit target	Impact
Rising global inflation	-12.0
Labor shortage and wages increase	-5.0
Natural catastrophes increase, Hardening of re-insurance market	-12.0
Change of financial market (Increased hedging costs)	-9.0
Increased losses due to large accidents, etc.	-23.0
Acceleration of Sales of Strategic Equity Holdings, etc	+11.0
Total	-50.0

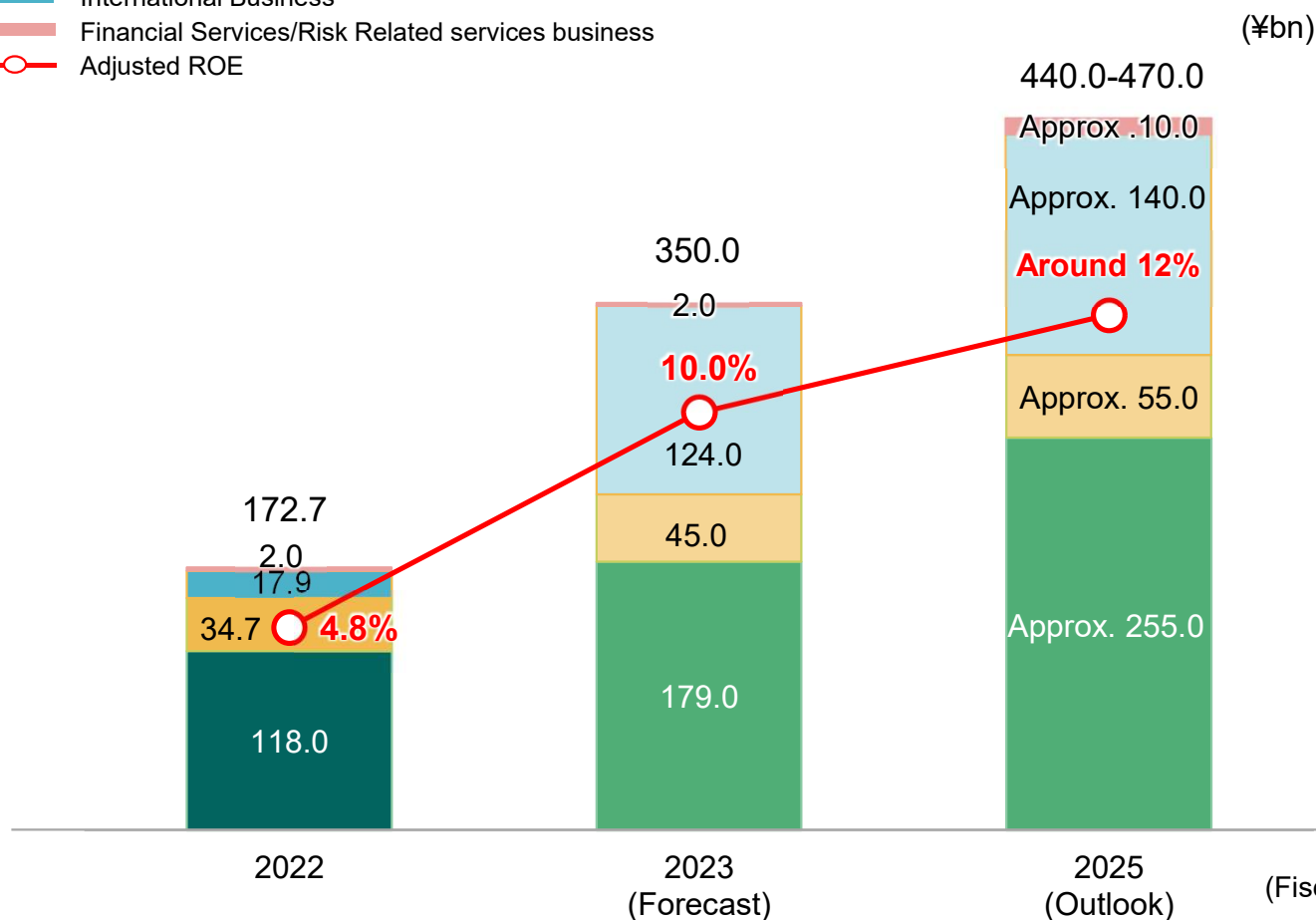
1. Financial Forecast and Outlook for FY2023 onward

(3) 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 of 10% or higher.
- The timing for adoption of IFRS has been changed from FY2024 to FY2025.

Group Adjusted Profit / Adjusted ROE (Japan GAAP)

- Domestic Non-life Insurance Business
- Domestic Life Insurance Business
- International Business
- Financial Services/Risk Related services business
- Adjusted ROE



IFRS net income, Adjusted ROE

Medium-Term Management Plan target

470.0-500.0 (¥bn)

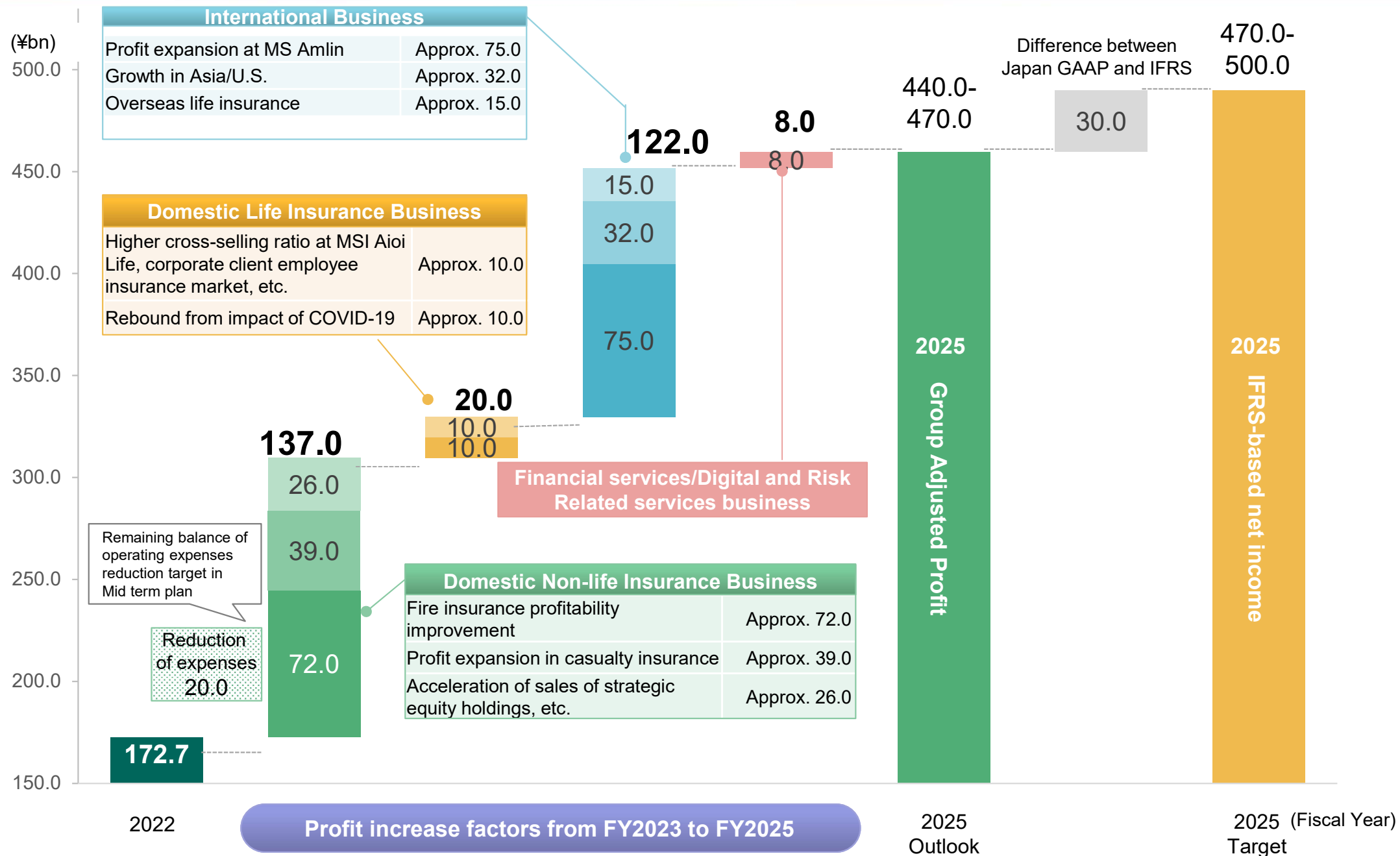
Around 12%

2025 (Target) (Fiscal Year)

* 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.)

1. Financial Forecast and Outlook for FY2023 onward

(4) Structure for Achieving FY2025 Profit Target

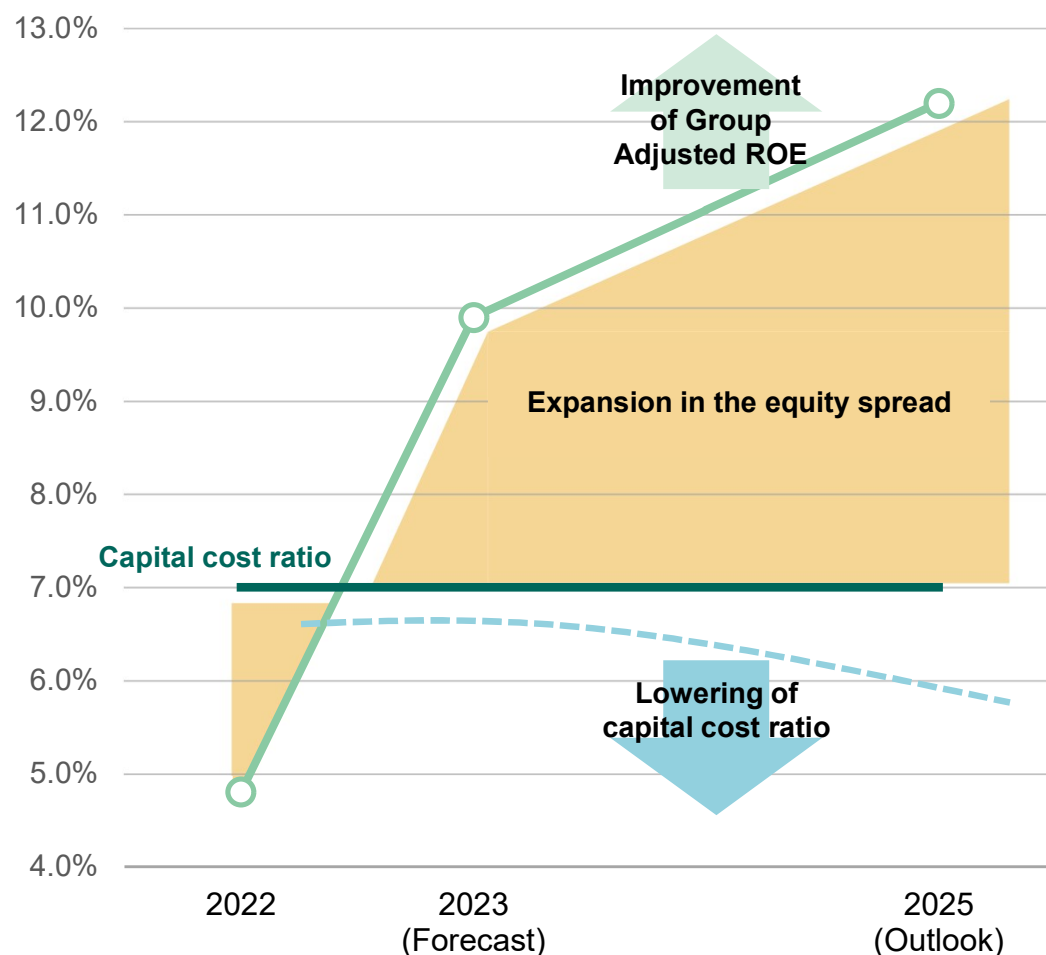


II. Financial Forecast and Outlook for FY2023 onward Corporate Value Enhancement Initiatives

1. Financial Forecast and Outlook for FY2023 onward
- 2. Corporate Value Enhancement Initiatives**

2. Overview of Corporate Value Enhancement Initiatives

- To achieve our FY2025 profit target, we are working to improve ROE through profit growth and higher efficiency and to lower the capital cost ratio by reducing risk, and we are striving for stable expansion in the equity spread*.



* Equity spread: Group Adjusted ROE minus capital cost ratio

Improvement of Group Adjusted ROE

- Expansion of profit in Domestic Non-life Insurance Business P.18-22
- Reduction of expense ratio P.23-24
- Expansion of profit in Domestic Life Insurance Business P.25
- Expansion of profit in international business P.26-29
- Expansion of investment profit P.30

More sophisticated business management P.31

Lowering of capital cost ratio

- Interest rate risk (action already taken) P.32
- Reduction of overseas catastrophe risk P.32
- Acceleration of reduction of strategic equity holdings P.33

Aiming for stable expansion in equity spread

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

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

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

Key Strategies

Maintain profit from voluntary automobile insurance

- Continue to expand the top-line as a pillar of revenue and maintain profitability.
- Expand telematics insurance, reflecting changes in the automotive industry (EVs, connected cars and other advances in CASE and MaaS).
- Enhance sales through of professional insurance agents and other channels by utilization of digital technologies.

Expand profit from casualty insurance

- Increase profits as a growth driver by responding to new risks
- Strengthen sales of products for SMEs.
- Develop new sales channels such as embedded insurance on e-commerce sites and expand cyber insurance
- Strengthen underwriting against large losses

Improve profitability of fire insurance

- Insurance underwriting profit to be positive during medium-term management plan.
- Expand sales of profitable products to which the rate increases from October 2022 onwards are applied.
(Effect of product and rate revisions)
- Strengthen underwriting standards for fire insurance of corporate clients and overseas Japanese client's business to improve profitability.
- Additional provision and IBNR in Catastrophe reserve for the future

Reduce operating expenses

- Enjoy the effect of system investments
- Promote the further integration of middle and back-office departments at two major companies through a One Platform Strategy to accelerate reductions in operating expenses.
- Reduce expenses through business style reforms based on digital technologies.

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

(ii) Voluntary Automobile Insurance Initiatives

Domestic Non-life Insurance Business

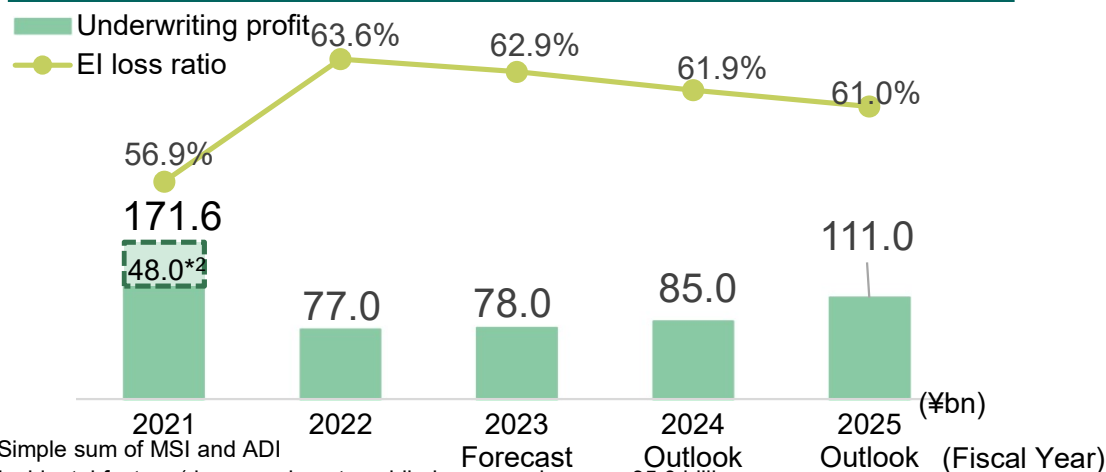
Domestic Life Insurance Business

International Business

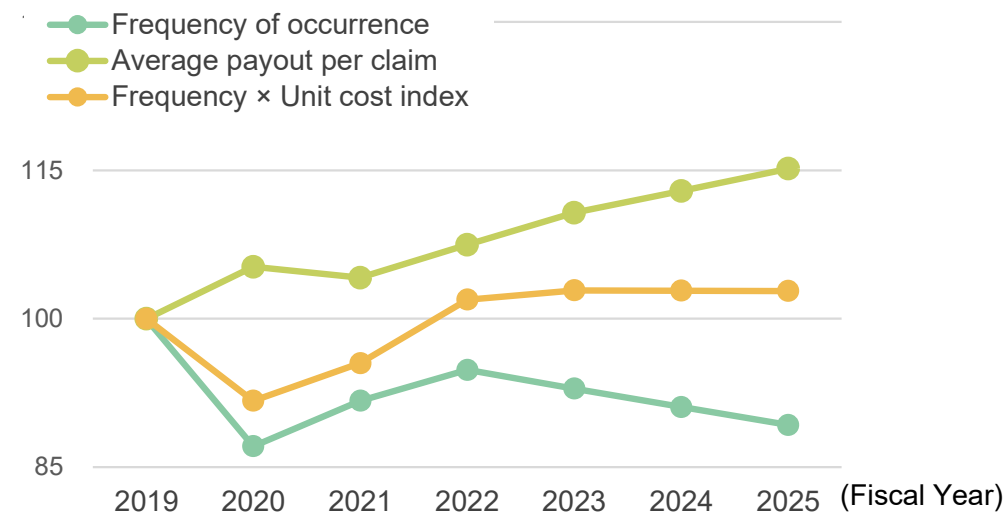
Other

- Although an inflation impact (a rise in average payout per claim) is expected from FY2023, EI loss ratio will decline toward FY2025 due to the spread of ASV(Advanced Safety Vehicle), a decrease in the frequency of occurrence due to the expansion of Telemarketing insurance, and measures* against losses at Toyota retail related reinsurance inward from overseas. *See the page64

Outlook for E/I loss ratio and Underwriting Profit*1



Outlook for Accident Occurrence Frequency and Average Payout Per Claim



Seek profit expansion by stepping up sales of telematics-based insurance, which has a more favorable loss ratio.

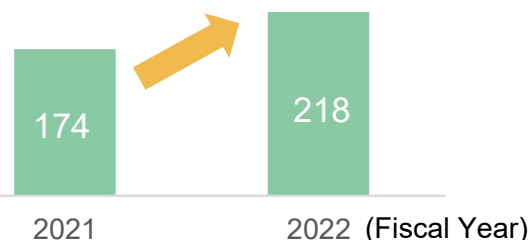


Drive recorder-based Mimamoru automobile insurance

Telematics Insurance Pioneer: Exceeded 2 million policies

Number of policies sold (10,000 policies)

Accident frequency is around 15% lower than with traditional voluntary automobile insurance.



Frequency of occurrence

- Increase in FY2022 following COVID-19 rebound.
- From FY2023 onward, a declining trend of around 2% is expected due to the spread of ASV.

Average payout per claim

- Rising trend of around 2% in property liability and vehicle damage due to rising unit prices of component and other factors.
- In FY2023, inflation is expected to push the average payout up by around 0.7% to 1.0%.

(Note) FY2019 prior to outbreak of the COVID-19 indexed to 100

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

(iii) Improvement of Fire Insurance Profitability

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

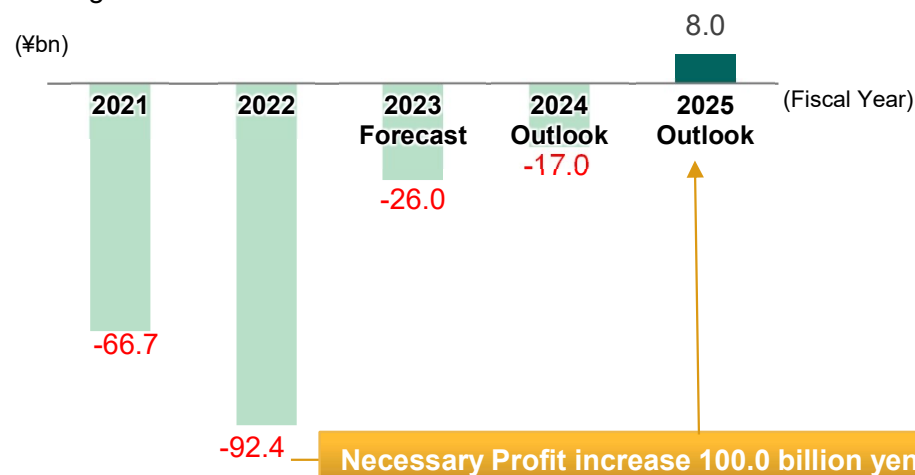
International
Business

Other

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

Outlook for Underwriting Profit*1 in Domestic Fire Insurance Business

- We expect to achieve profitability in FY2025, despite the impact of the hardening of the reinsurance market.



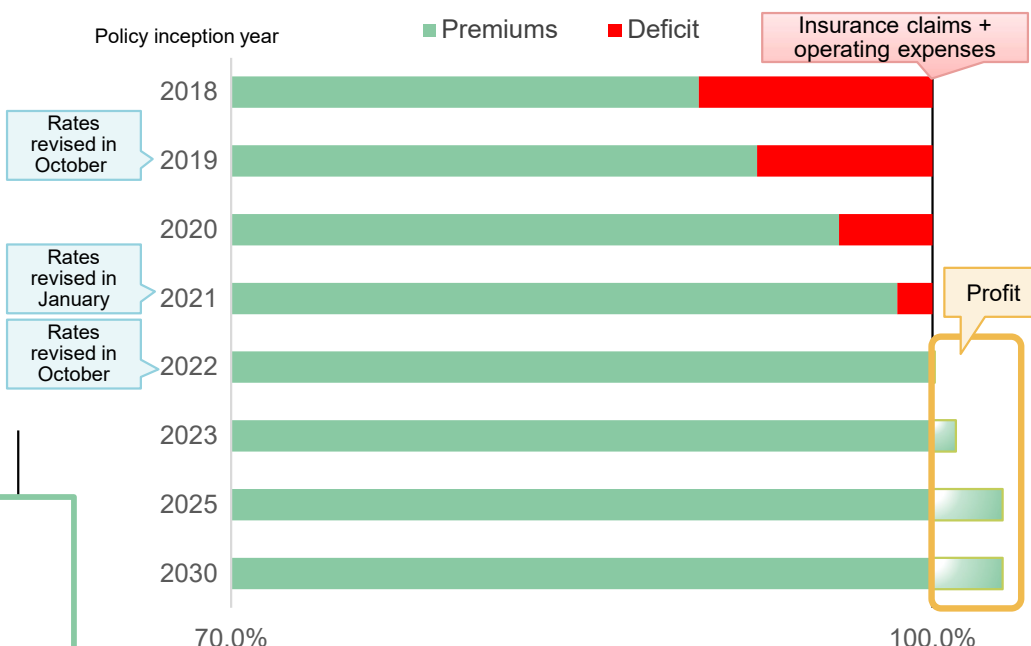
Achievement structure (Profit improvement amount in Main initiatives)

- Effect of products, rate revision Approx 28.0 billion yen
- Measures high loss ratio cases, etc. Approx 13.0 billion yen
- Optimization of the operation 59.0 billion yen

Total Approx. 100.0 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")



*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

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

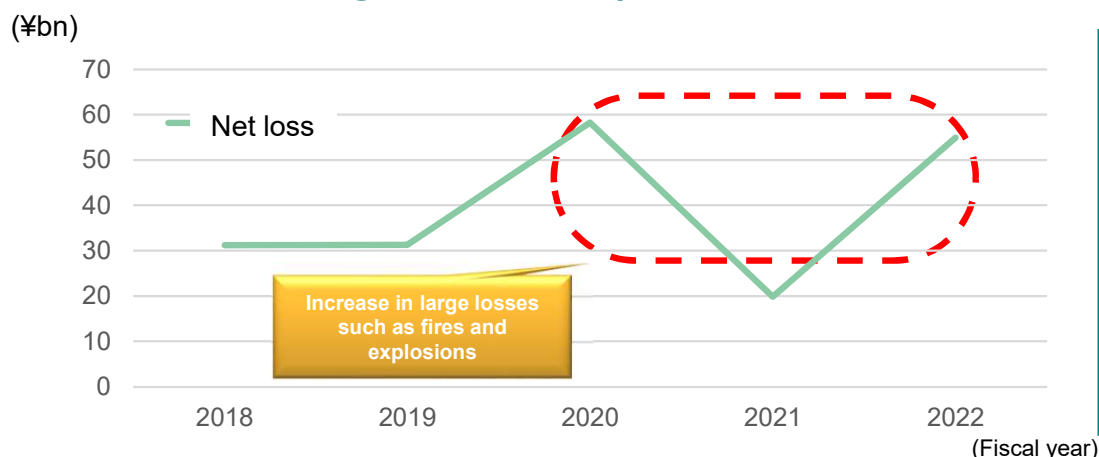
International
Business

Other

- In corporate fire insurance and overseas Japanese client market, we will further strengthen measures against large losses that have occurred frequently in recent years. We will further enhance profitability improvement by strengthening the line size control to reduce earnings volatility and by promoting disaster prevention and mitigation measures in collaboration with InterRisk.

Measures for improvement of profitability in corporate fire insurance and overseas Japanese client's market

Occurrence of large losses in corporate fire insurance*1



As many large losses occurred in FY2022 and the impact on period profit/loss has been increasing

Strengthening measures to achieve improvement in fire insurance profitability

*1 Aggregate for accidents of over 100 million yen in gross terms for MSI and ADI (Each company's figures are calculated on its own basis.)

*2 Reducing underwriting percentage and underwriting share to reduce volatility and improve portfolio quality.

*3 Recovery Pro is the Japanese subsidiary of Belfor Group (BELFOR Europe GmbH (Duisburg, Germany)), a global disaster recovery company.

Specific measures

Strengthening underwriting with a focus on capital costs

- **Strengthening the line size control***2 for risk cost reduction
- Revising underwriting conditions, including setting appropriate deductibles
- Detailing changes in risk conditions and setting appropriate premium rates
(Example: even if there is no accident, consider rate review if risk status changes)
- Review of overseas Japanese clients' underwriting conditions and decrease of a facultative reinsurance inward to head office

Further promotion of disaster prevention and mitigation efforts in collaboration with InterRisk and other companies

- Promotion of risk surveys by InterRisk (domestic and overseas)
- Strengthening **services before and after insurance coverage** to prevent the impact of losses and reduce the impact, including the use of Recovery Pro*3, an **investigation and recovery service for buildings damaged by fire, water, and other disasters**



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

(iv) Expansion of Casualty Insurance

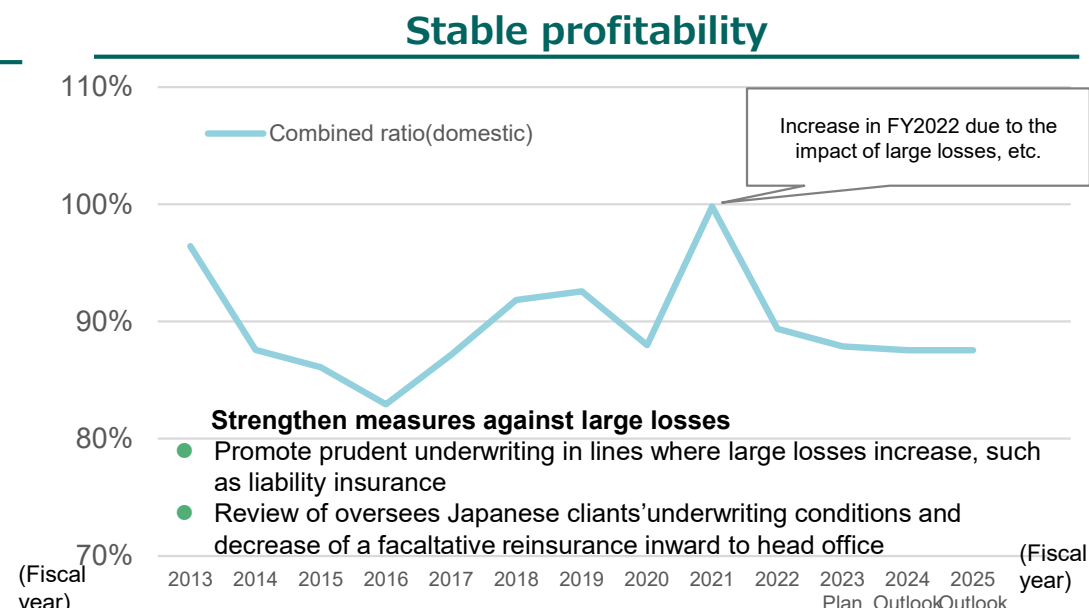
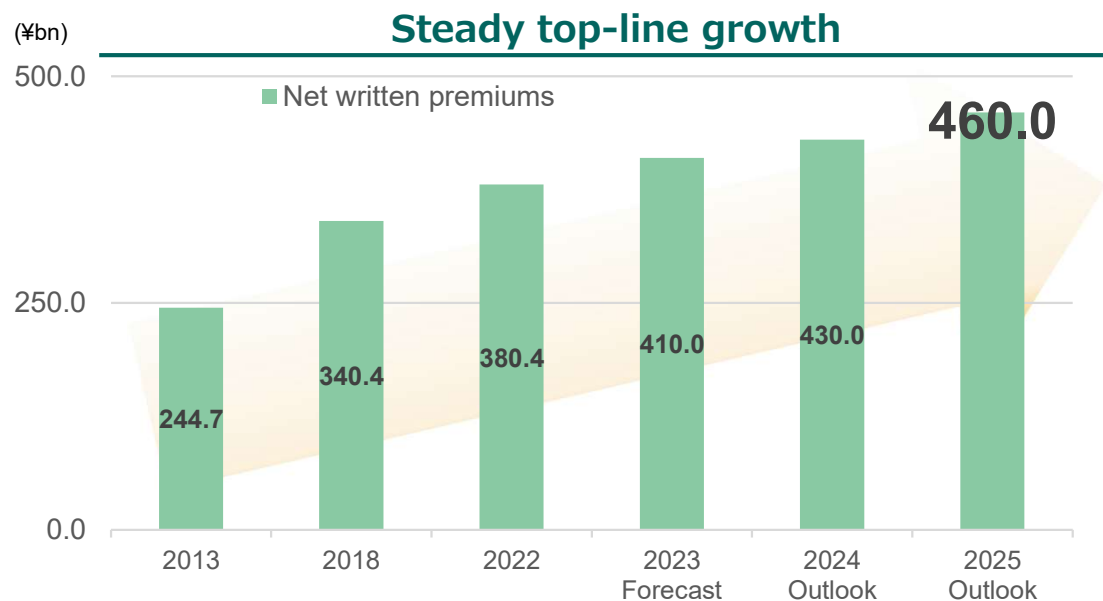
Domestic Non-life Insurance Business

Domestic Life Insurance Business

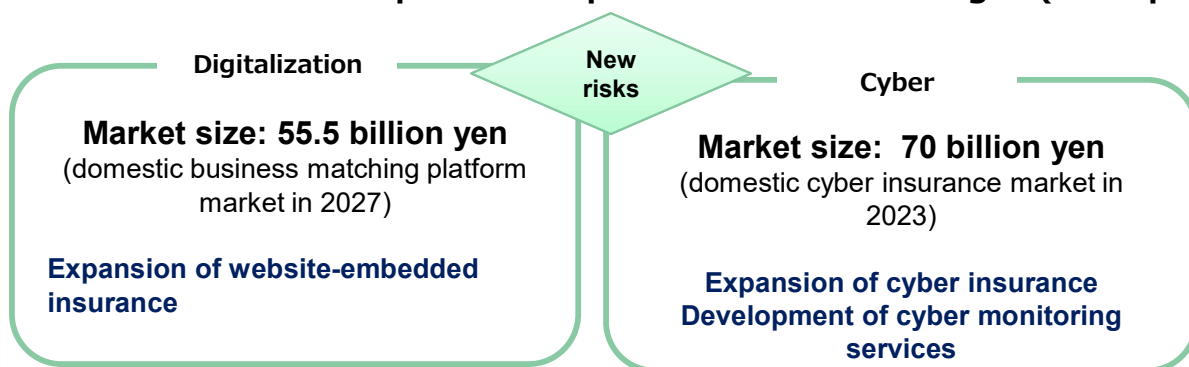
International Business

Other

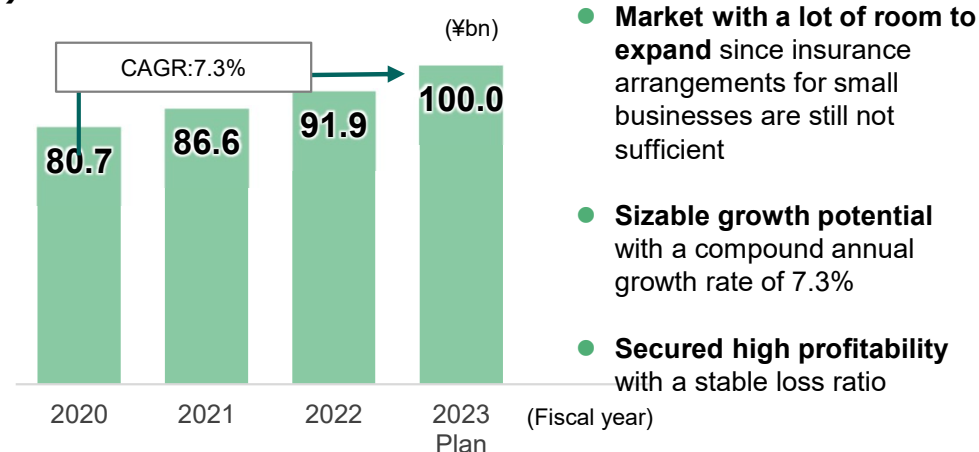
- The top line for casualty insurance has steadily expanded as a growth driver for domestic non-life insurance. We are maintaining high profitability and focus on this as the main line after voluntary automobile insurance.
- In addition to responding to new risks, we will strengthen sales of packaged products for small and medium-sized companies that are superior in terms of growth and profitability.



Business areas that expand in response to societal changes (examples)



Strengthening sales of packaged goods for small and medium-sized companies



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

Domestic Non-life Insurance Business

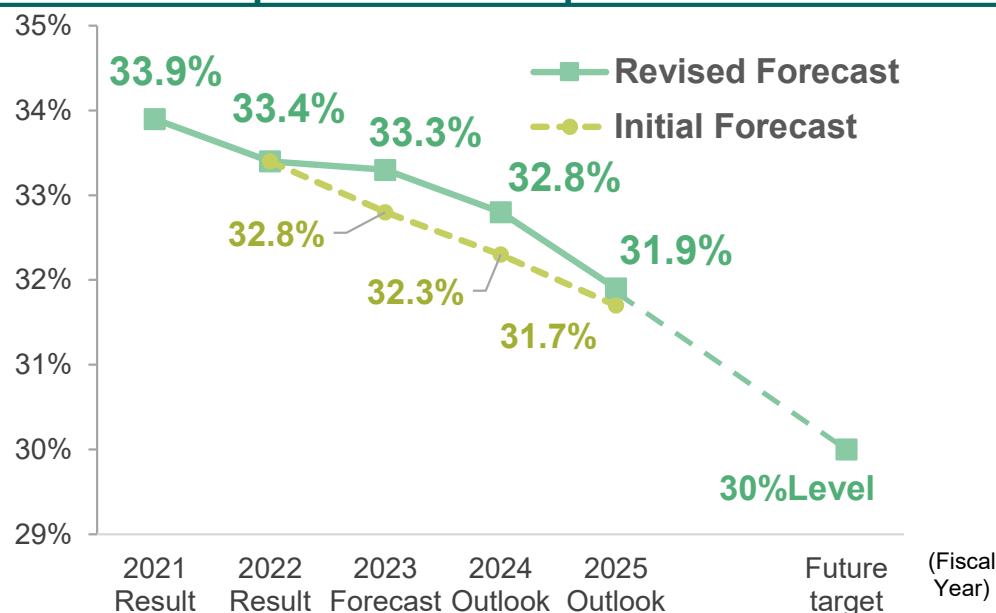
Domestic Life Insurance Business

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.

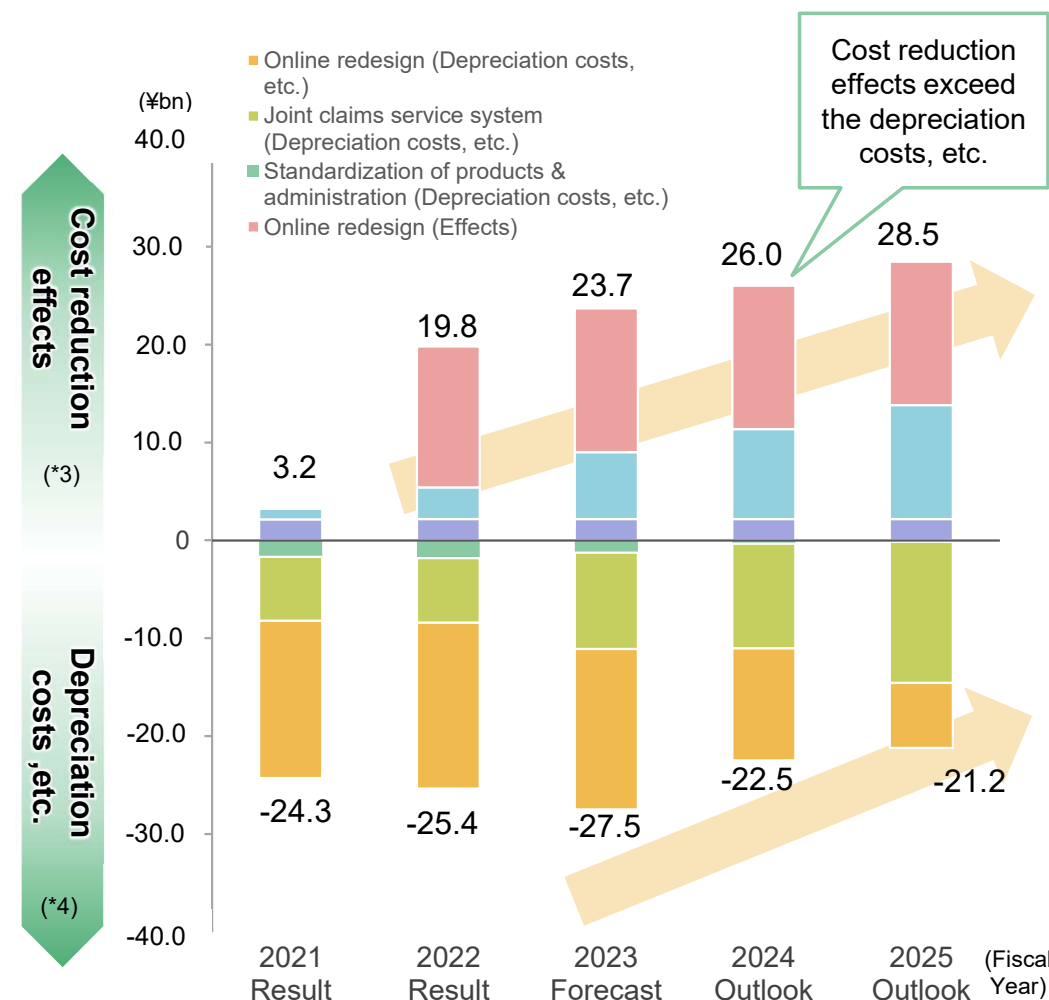
Improvement of expense ratio*1



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

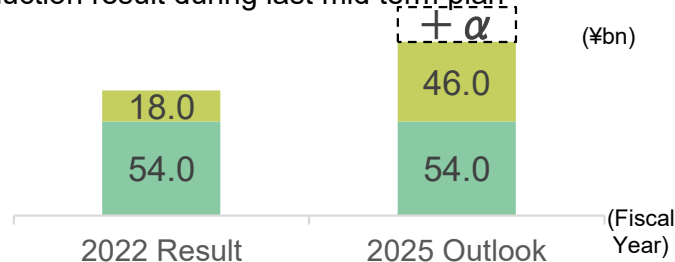
*2 The inflation effect for expense is included

Effects of large-scale system investments



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



*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

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

(6) Promotion of One Platform Strategy

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- The progress in cost reductions was steady at a rate of 39% compared to the target in the medium-term plan.
- We are maximizing efficiency and improving operational quality by promoting the One Platform strategy.



Standardization, collaboration
and integration

Progress in reducing operating expenses

	Mid-term plan targets (~FY2025)	FY2022 reduction results	Reduction target progress rate
Personnel expenses	-20.0 billion yen	-10.0 billion yen	50%
Non- personnel expenses	-16.0 billion yen	-4.0 billion yen	25%
Other	-10.0 billion yen	-4.0 billion yen	40%
Total	-46.0 billion yen	-18.0 billion yen	39%

One Platform Strategy

Progress and future initiatives (Excerpt)

Product	Start of office sharing during product development ("One Platform Development")
Claims	Partial SC office sharing started from October 2023
Operation	Reorganizing the MS&AD Business Services organization from company- to function-based and increasing outsourcing to the company
Reinsurance	Start of joint use of reinsurance system
Asset management	Expanding use of MSR Capital Partners, LLC as a common base for asset management overseas
Human resources	Building a Group-based human assets data infrastructure

Integrated management of head office functions and increased use of BPO* for routine operations

Start of integrated management in FY2023	Data management, human resources (development of human assets), Crisis management
	Promotion of DX in contact centers, risk management, industry response, etc.
BPO* expansion	Considering expanding the use of BPO* for routine operations, mainly in administrative and operation departments of the Head Office

*BPO: Business Process Outsourcing

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

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- Promote cross-selling between the life and non-life insurance company and the two life insurance companies through mutual utilization of the Group's strong customer base, and step up customer approaches utilizing the strong operating platforms (channels) of the two life insurance companies.
- Improve earning capacity through efforts such as expanding earnings, increasing business efficiency, and improving productivity.
- Provide products and services that can help solve social issues in the era of the 100-year life, including extending healthy life expectancy and extending asset life.

Key Strategies

Generate Group synergy between life insurance and non-life insurance and the two life insurance companies

MSA Life/MSI and ADI

- Step up cross-selling of life insurance and non-life insurance by non-life insurance agencies.
(At the end of FY 2021 c: cross selling rate* 19.5%, FY2022 20.1%)
- FY2025 target for cross-selling ratio of 25%)

MSA/MSP Life

- Increase cross-selling of MSP Life products by MSA Life.
(MSP Life's fourth largest sales channel)

Take advantage of strengths to step up customer approaches

MSA Life

- At large enterprises employee market, the online insurance sales system has a good reputation. Target enterprises that already hold policies with MS or AD in the SME market.

MSP Life

- Consolidate leading position in over-the-counter sales by financial institutions by providing unique products and training to support the consulting operations of agents.

Improve earnings by expanding investment income, etc.

MSA Life

- Increase the amount of return-expected assets accumulated by FY2025 from 800.0 billion yen to 980.0 billion yen.

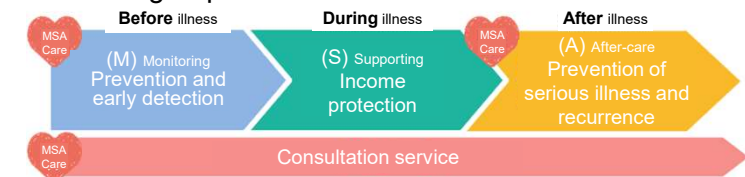
MSP Life

- Take advantage of stable inflows of foreign currency-denominated funds and the fact that foreign exchange risk is mainly borne by the policyholders and actively acquire overseas credit risk, etc. and diversify investment targets.

Provide products and services that help solve social issues

MSA/MSP Life

- Offer MSA Care, which combines various health care services as a package.
- Expect to provide MSA Care to group's clients



MSP Life

- Products which meet the needs of customers after lifetime gifting-oriented products
- Uniform payment products conducive to long-term investment for asset building

* The method for counting the number of life and non-life customers has been partially changed.

2. Corporate Value Enhancement Initiatives (3) International Business

(i) Key Strategies

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- In addition to continuing efforts to improve earnings, MS Amlin aims to incorporate market hardening and contribute to Group Adjusted Profit.
- In Asia, we reinforced our business growth foundation by collaborating with financial institutions and platform holders in addition to existing partners and tapping into the growth of the retail market.
- In the United States, the shift to a new business structure was completed in order to flexibly develop the market and pursue synergy between group companies.

Key Strategies

Expand profit at MS Amlin

- Develop structure for generating stable underwriting profit despite large-scale natural catastrophes and other unforeseeable events
- Reduce volatility from natural catastrophes
- Harness expertise to expand underwriting of non-cat lines with good loss ratio
- Further improve business efficiency

Business development with Asia's growth

- Strengthen the retail business in Asia (alliances and joint ventures with joint venture partners, financial institutions and platform holders, strengthening of sales channels)
- Strengthen competitiveness through utilization of digital technologies
- Implement Toyota related automobile insurance-related initiatives and telematics initiatives globally

International Life Insurance business growth

- In addition to capturing the growth of the Asian life insurance market, seek stable business expansion in the Australian pension market and the European closed-book market
- Explore potential investment opportunities with high investment efficiency

Profitability improvement in overseas investment

- In addition to investing in PE and foreign bonds with the MSR* in U.S. as a hub, the Group aims to improve profitability for the entire Group by utilizing the Asia Joint Fund and the MS Amlin Fund

Strengthen structure for business in the United States

- Acquired Transverse, a US-based fronting insurance carrier, as a business investment for the specialty and MGA-related business (start of consolidation in FY2023)
- As a result of acquisition, Transverse's rating was upgraded from A- to A, which will have positive effect on business promotion
- Shifted to new structure for business in the United States with a view to expanding business with non-Japanese clients.

*Established by MSI as investment subsidiary in New York in January 2022 in a joint venture with LGT/Swiss investment company.

2. Corporate Value Enhancement Initiatives (3) International Business

(ii) Expansion of Profit at MS Amlin

Domestic Non-life
Insurance Business

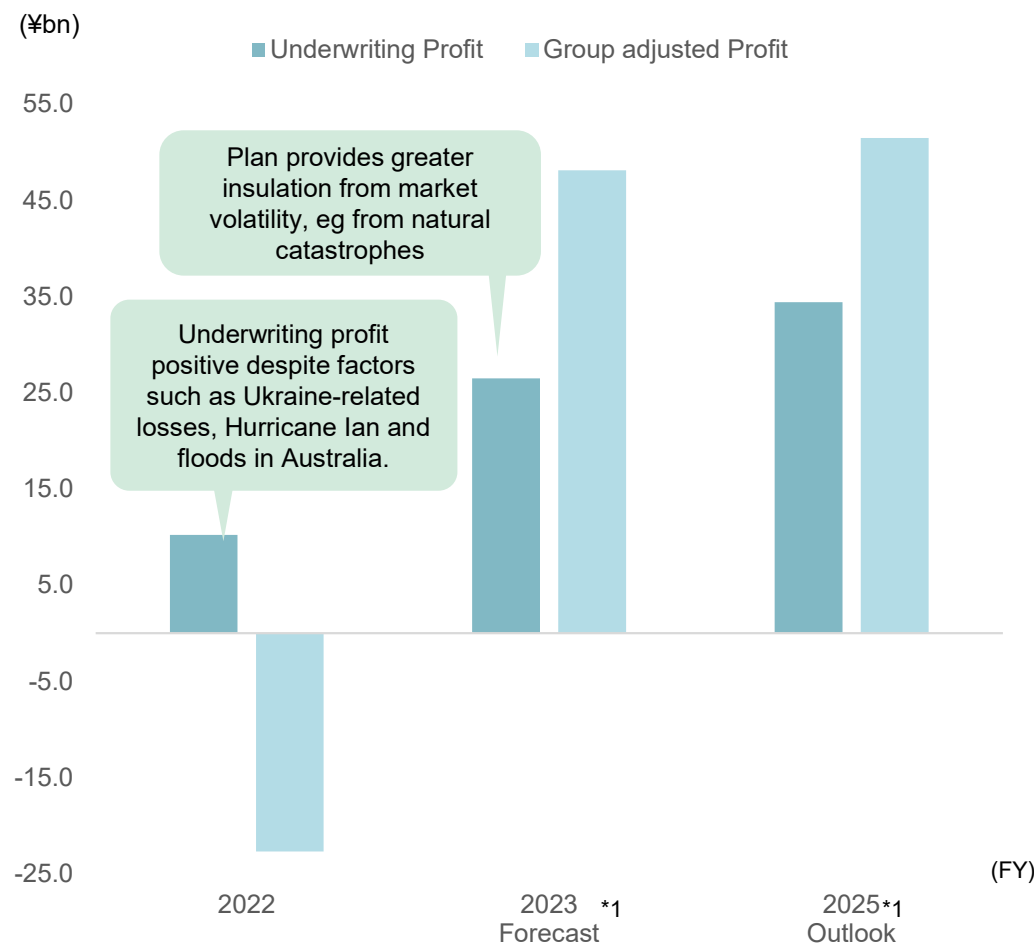
Domestic Life
Insurance Business

International
Business

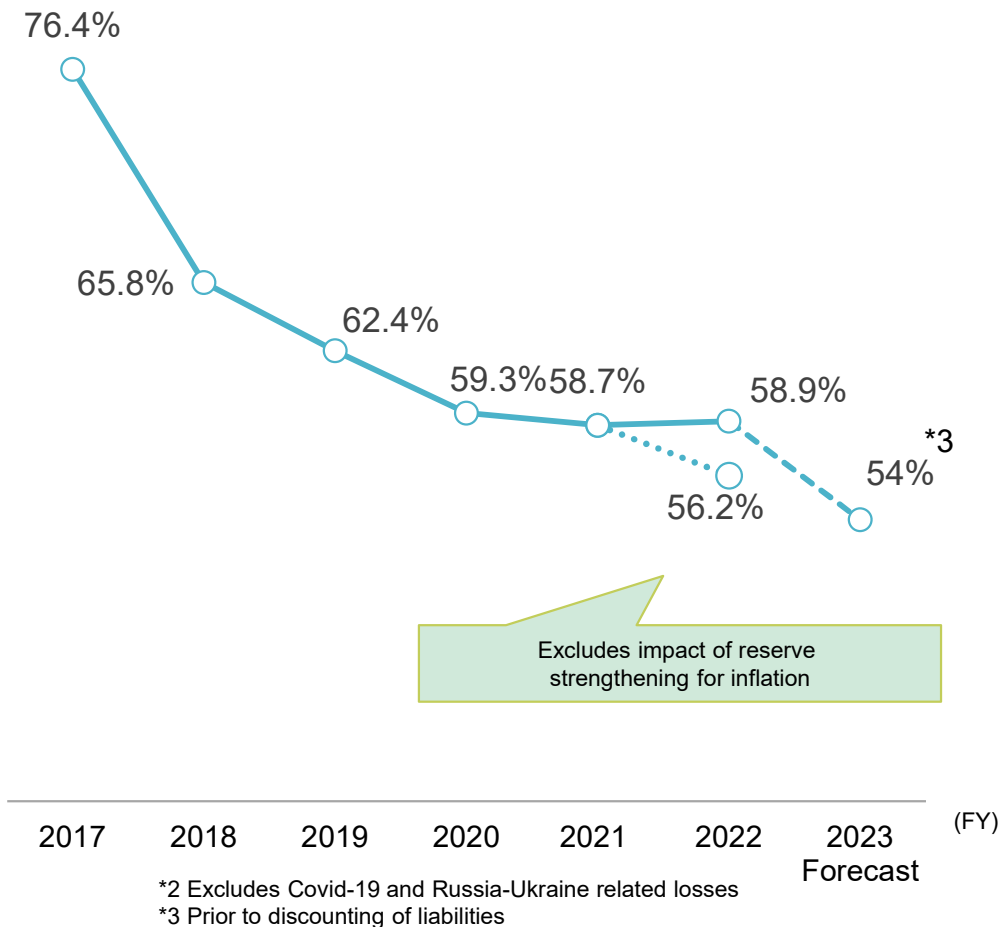
Other

- Achieved underwriting profit at all (re)insurance subsidiaries in FY2022 through measures such as the reduction of natural catastrophe risk and the expansion of non-cat lines with healthy loss ratios, in addition to the enhancement of profit improvement initiatives.
- The non-cat loss ratio in FY2022 remained in line with prior year, driven primarily by the ongoing impact of inflation; however, in FY2023, further improvement will be sought through the implementation of measures such as selective and dynamic changes to underwriting risk selection, to take advantage of hardening markets and positive rate movement, to drive higher levels of profitability and positively contribute to Group Adjusted Profit.

Performance Summary



Improvement of Loss Ratio in Non-cat Lines^{*2}



2. Corporate Value Enhancement Initiatives (3) International Business

(iii) AUL

Domestic Non-life
Insurance Business

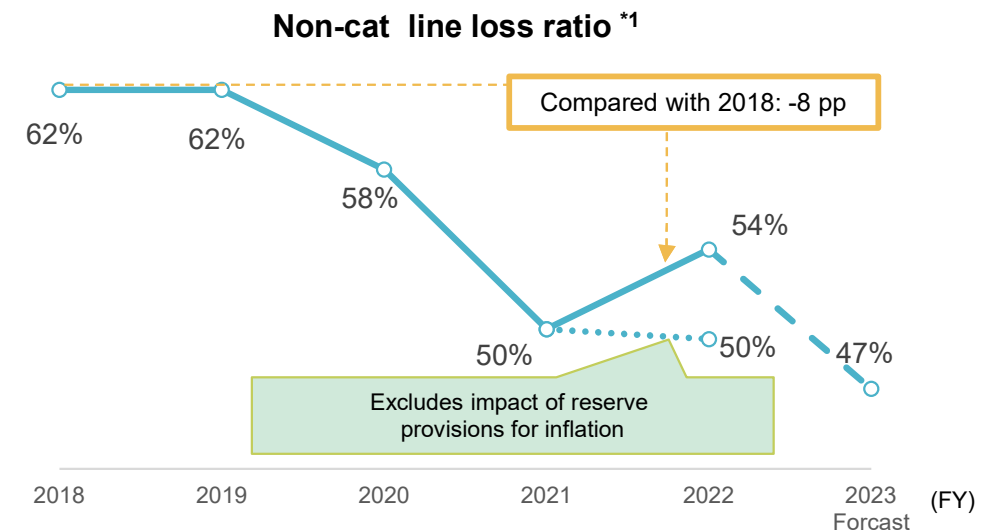
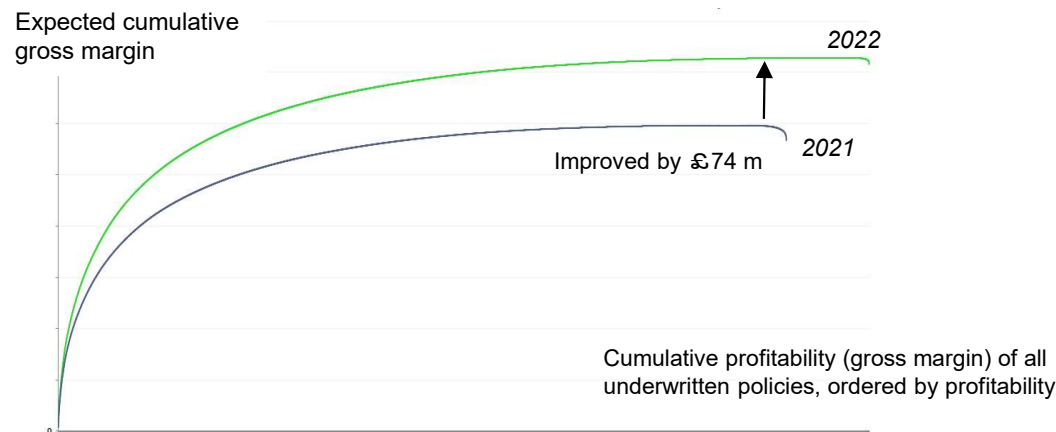
Domestic Life
Insurance Business

International
Business

Other

- As we continue to improve the quality of our portfolio, we are steadily seeing the positive effects of increased profitability in Non-cat lines.
- We remain on track to stabilize and expand profit through increased underwriting focusing on non-cat lines with healthy loss ratios in addition to a reduction in natural catastrophe risks.

Selective underwriting and improvement of profitability



^{*2} Excludes Covid-19 and Russia-Ukraine related losses

^{*3} Prior to discounting of liabilities

Reduction of natural catastrophe risk



2. Corporate Value Enhancement Initiatives (3) International Business

(iv) MS Re (MS Reinsurance)

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

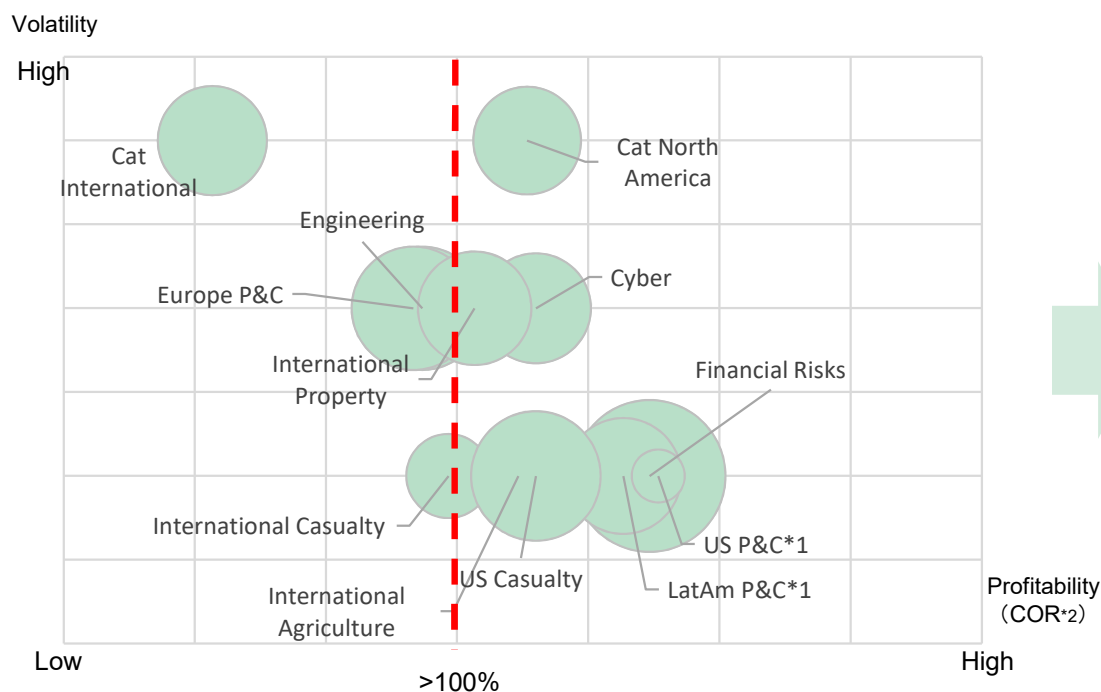
International
Business

Other

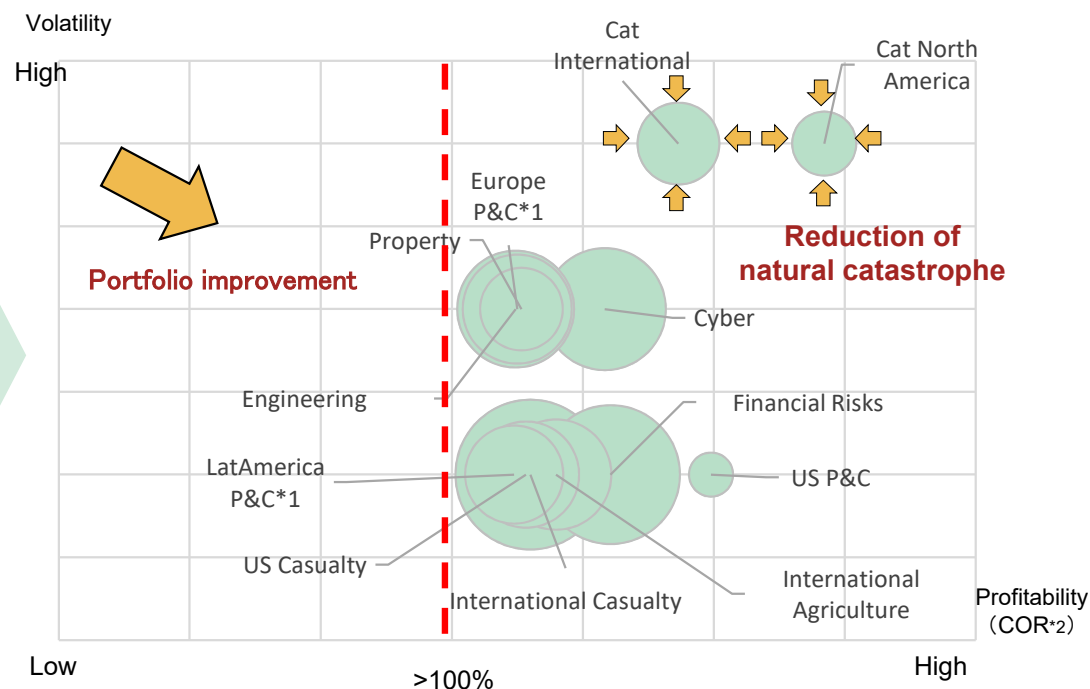
- Steady progress was made on strengthening the business foundations, reforming the portfolio and developing a structure for future growth.
- Promoting diversification of the portfolio by prioritizing offers of capacity to customers with potential for cross-class rather than mono-line, in addition to reducing the reliance on natural catastrophe risks. Expanding non-cat lines with a focus on agriculture and financial lines which have high risk-diversification effects, with the aim of stabilizing and improving profitability.

Portfolio Reform

2019 – 2022 Average



2023



※1 Property & Casualty ※2 Combined Ratio (excl. certain expense items)

2. Corporate Value Enhancement Initiatives (4) Asset Management Key Strategies

Domestic Non-life
Insurance Business

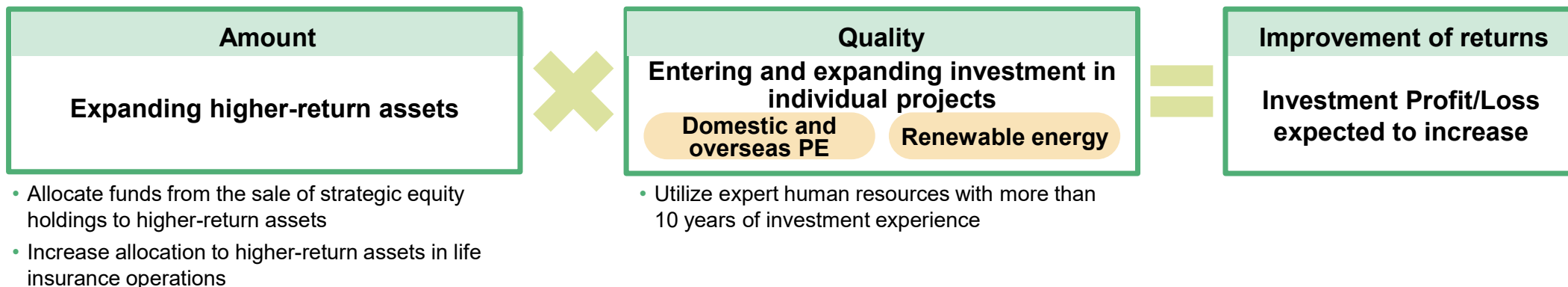
Domestic Life
Insurance Business

International
Business

Other

Improvement of returns

Increase funds allocated to higher-return assets*¹ and diversify investments through PE funds while also entering and expanding investments in individual projects for domestic and overseas PE and the renewable energy investment and loan field.



Reinforcing the foundations for improved earnings power

Use MSR*² as a shared platform for expansion of higher-return assets and Group asset management, and develop expert human resources possessing assessment capabilities in the management of foreign assets, in order to share investment opportunities, information and technologies while further enhancing initiatives that demonstrate Group synergy.



*¹ Assets held on the expectation of gaining relatively high returns, including foreign bonds, foreign equities and alternatives

*² Asset management subsidiary established by MSI in January 2022 in a joint venture with Swiss asset management company LGT Capital Partners in New York

2. Corporate Value Enhancement Initiatives (5) Development of More Sophisticated Business Investment and Business Management

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- Business investments targeted M&A aimed at diversifying and expanding the business portfolio both geographically and in terms of insurance lines.
- Developing more sophisticated business management and flexibly allocating capital to businesses with higher capital efficiency.

Growth strategy implementation and risk diversification through business investment

Investment policy

- Can the values be shared? Can we shared common sense of philosophy and concept?
- Can we expect a business base and know how to expand their business and foresee high profitability
- Will it contribute to capital efficiency by diversifying and expanding the business portfolio both geographically and in terms of insurance lines.
- Can we expect enough investment return by considering the hurdle rate set based on the cost of capital?

Investment results

■ Completed acquisition in January 2023



Completed the acquisition of Transverse Insurance Group, LLC, a fronting carrier in the MGA market.

Business investment targets

US : MGA and specialty insurance companies

Asia : Investees which will help strengthen and expand the retail business

Development of more sophisticated business management and flexible flow of capital

Reviewed investment

- Investment where the return on invested capital to the overall cost of the invested capital remains inadequate and there is no prospect of improvement
- Investment which is not expected to contribute to the Group through synergy, etc.
- Investment in a market which is not expected to succeed

Exit from reviewed investment

Aim for improvement in capital efficiency through reinvestment in highly profitable existing businesses and growth businesses

(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

2. Corporate Value Enhancement Initiatives (6) Lowering of Capital Cost Ratio

(i) Reduction of Overseas Natural Catastrophe Risk

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- Steadily reduce the risk amount of wind and flood disasters in the United States at MS Amlin and ADI reinsurance inward by screening reinsurance inward layer and transferring risks through retro re-insurance.
- Continue to take advantage of the rate-increase effect of market hardening to stabilize profits

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



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

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

2. Initiatives to increase corporate value (6) Lowering of Capital Cost Ratio

(ii) Accelerate reduction of Strategic Equity Holdings

Domestic Non-life
Insurance Business

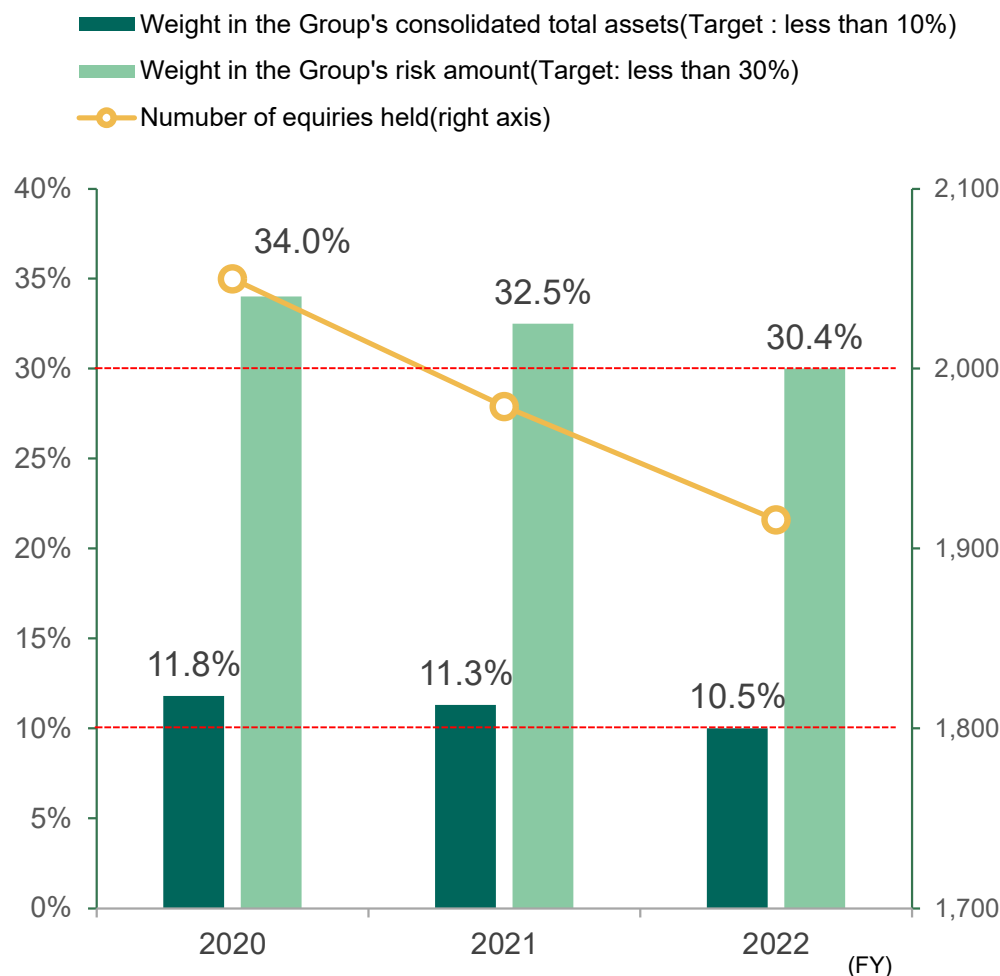
Domestic Life
Insurance Business

International
Business

Other

Accelerate reduction of Strategic Equity Holdings

Strategic Equity Holdings reduction results



Announced in May 2022

Target of Medium-Term Management Plan 2022-2025

- Continued annual reduction of 100 billion yen, cumulative total of 400 billion yen or more during the medium term plan
- Aim for less than 10% of total consolidated assets and less than 30% of risk amount

Accelerate
reduction

In FY2022, we reduced Strategic Equity Holdings of 206.6 billion yen, exceeding the target

- Target at reduction at Medium-Term Management Plan 2022 -2025 was increased from 400 billion yen to 600 billion yen.
- Continue the same level of reduction in the next Mid-term Plan and aim to halve market value balance compared to the end of September 2022 (around 20% of IFRS based net assets level)

Summary

As a platform provider of risk solutions

We will help solve climate change and other social issues,
while growing together with society

- Steadily implement Medium-Term Management Plan's basic strategies, Value, Transformation and Synergy, to increase profitability and respond appropriately to changes in the business environment.
- MS Amlin's improvement in profitability is moving forward, and we will continue to steadily increase profits through a diversified portfolio.
- We will meet investors' expectations by increasing shareholder returns through increased profits.

470 billion yen \sim **500** billion yen
IFRS net income (FY 2025)

Stably at least **10%**
Adjusted ROE (FY 2025)

180~250%
ESR

50%
Total Payout ratio

(Reference)

I Group's Current Status

1. The Status of Management Figures Target Achievements Full Year Outlook(Table)
2. The Status of Management Figures Target Achievements
(Group Adjusted Profit and Group Adjusted ROE)
3. Premium Income 4. Bottom Line and ROE(on a Financial Accounting Basis)
5. Impact of Foreign Exchange Rate Fluctuations on Earnings
6. Progress of Basic Strategies(Value/Transformation/Synergy)
7. 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

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1. The Status of Management Figures Target Achievements

Full Year Outlook(Table)

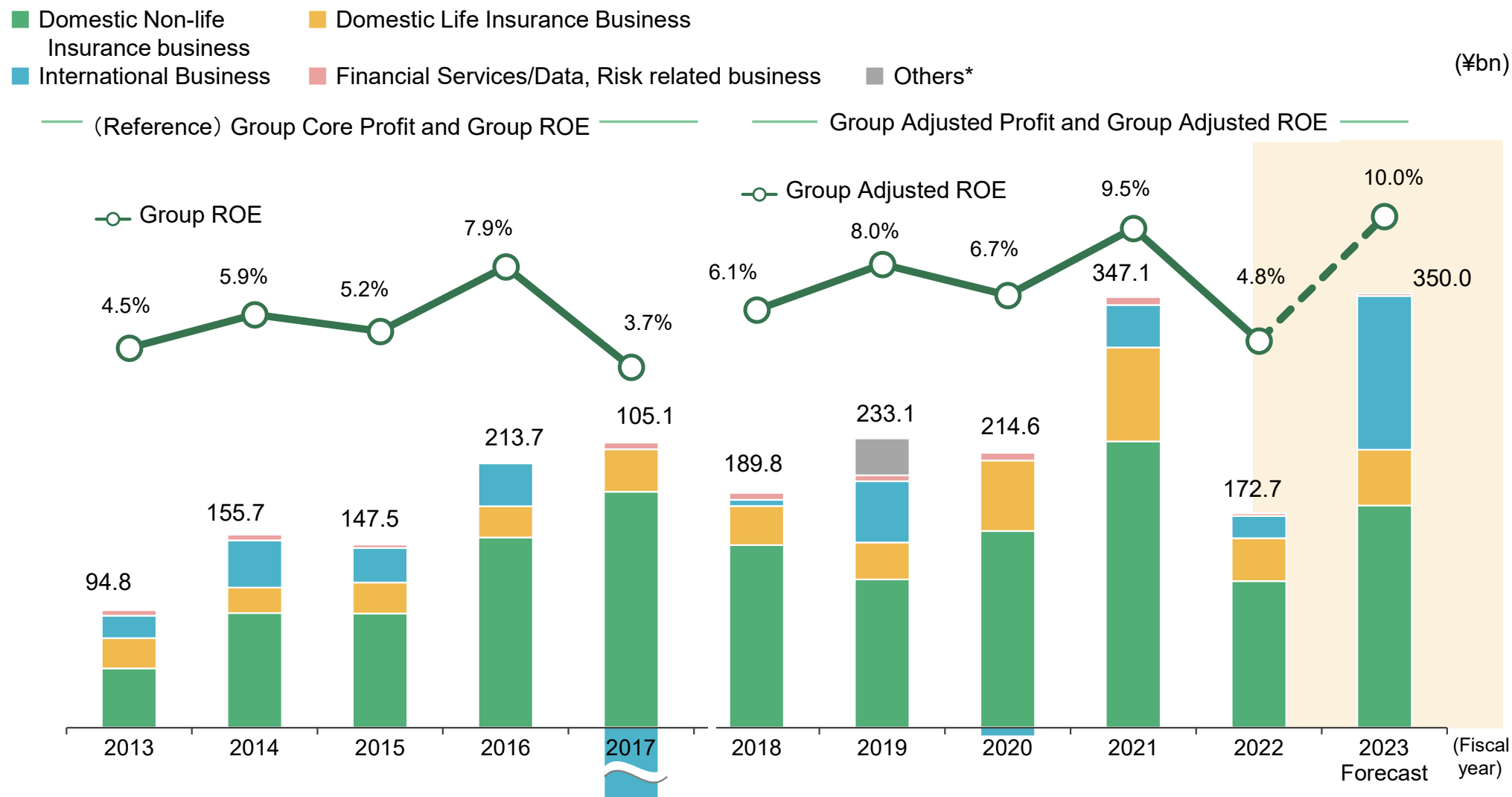
(¥bn)

	FY2019 Result	FY2020 Result	FY2021 Result	FY2022 Result	FY2023 Forecast	YoY
Group Adjusted Profit	233.1	214.6	347.1	172.7	350.0	177.2
Domestic non-life insurance business	119.5	158.5	230.7	118.0	179.0	60.9
(excluding gain/loss from sale of strategic equity holdings)	(98.4)	(119.9)	(173.5)	(28.4)	(131.0)	(102.5)
Domestic life insurance business	29.7	56.9	75.7	34.7	45.0	10.2
International business	49.4	- 7.1	34.3	17.9	124.0	106.0
Financial services business/ Risk-related services business	4.8	6.1	6.3	2.0	2.0	-
Group Adjusted ROE	8.0%	6.7%	9.5%	4.8%	10.0%	5.2pp
Net Income/Losses	143.0	144.3	262.7	161.5	300.0	138.4
Consolidated net premiums written	3,573.7	3,500.9	3,609.0	3,934.4	4,084.0	149.5
Life insurance premiums* (gross premiums)	1,393.4	1,297.3	1,314.4	1,707.5	1,481.0	- 226.5
EEV of MSI Aioi Life	890.2	958.3	923.6	908.0	960.0	51.9
ESR (Economic Solvency Ratio)	186%	235%	228%	228%	-	-

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

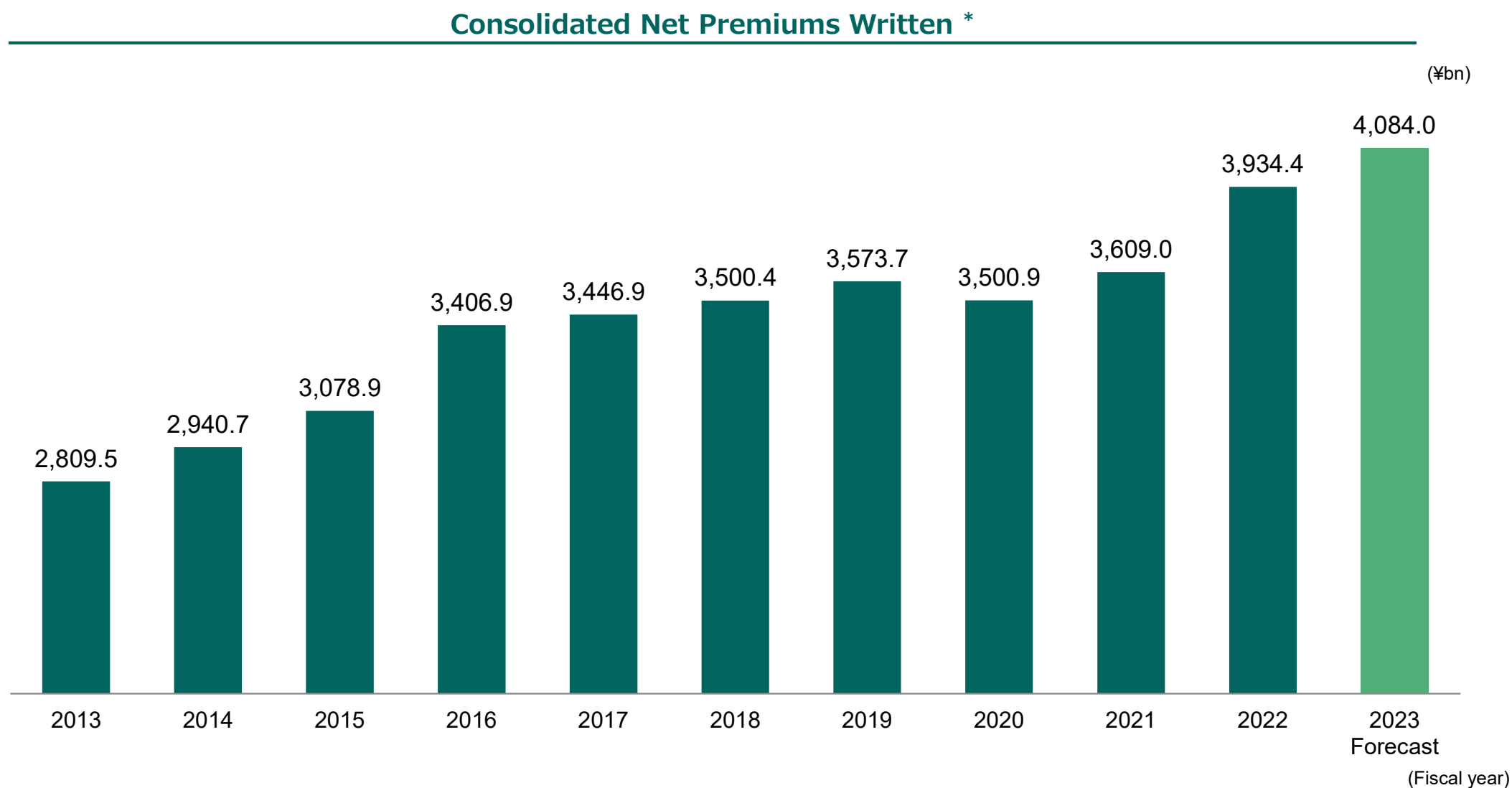
2. The Status of Management Figures Target Achievements (Group Adjusted Profit and Group Adjusted ROE)

Group Adjusted Profit and Group Adjusted ROE



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

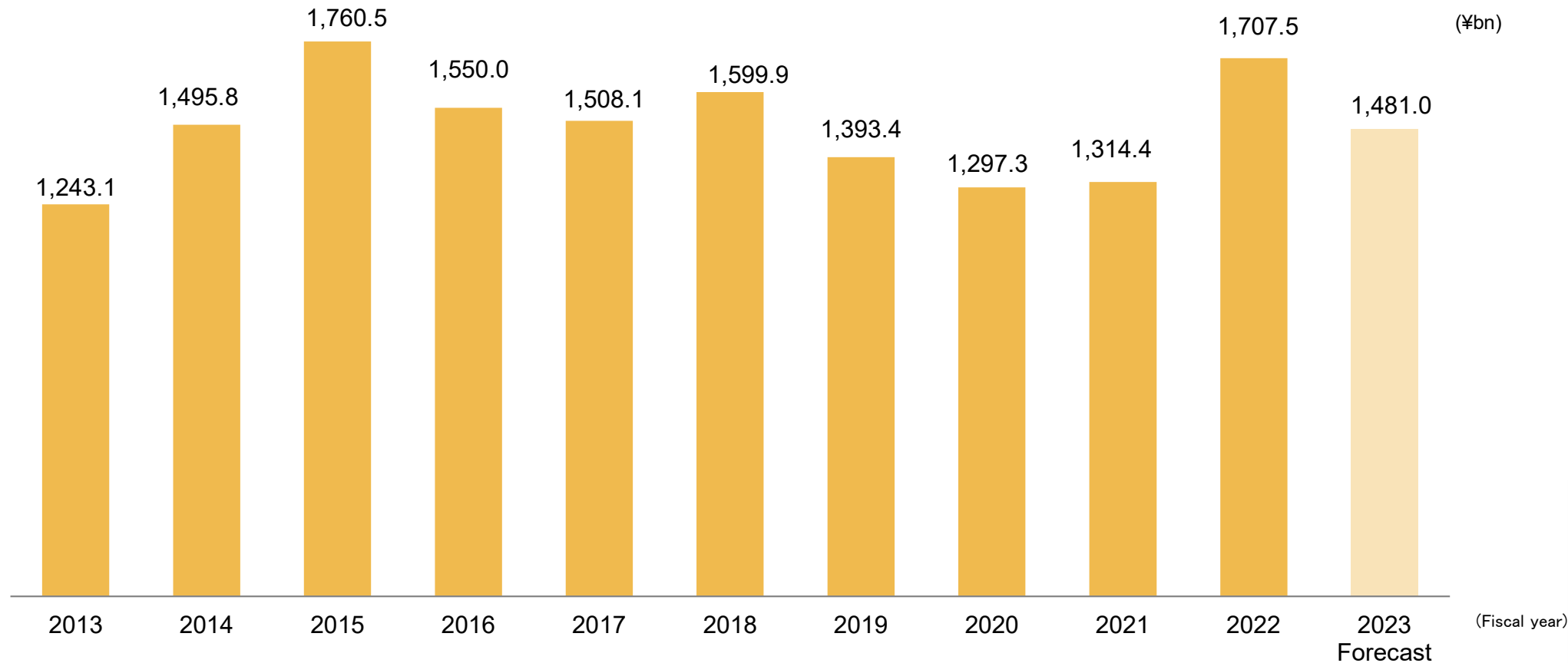
3. Premium Income (1) Consolidated Net Premiums Written



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

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

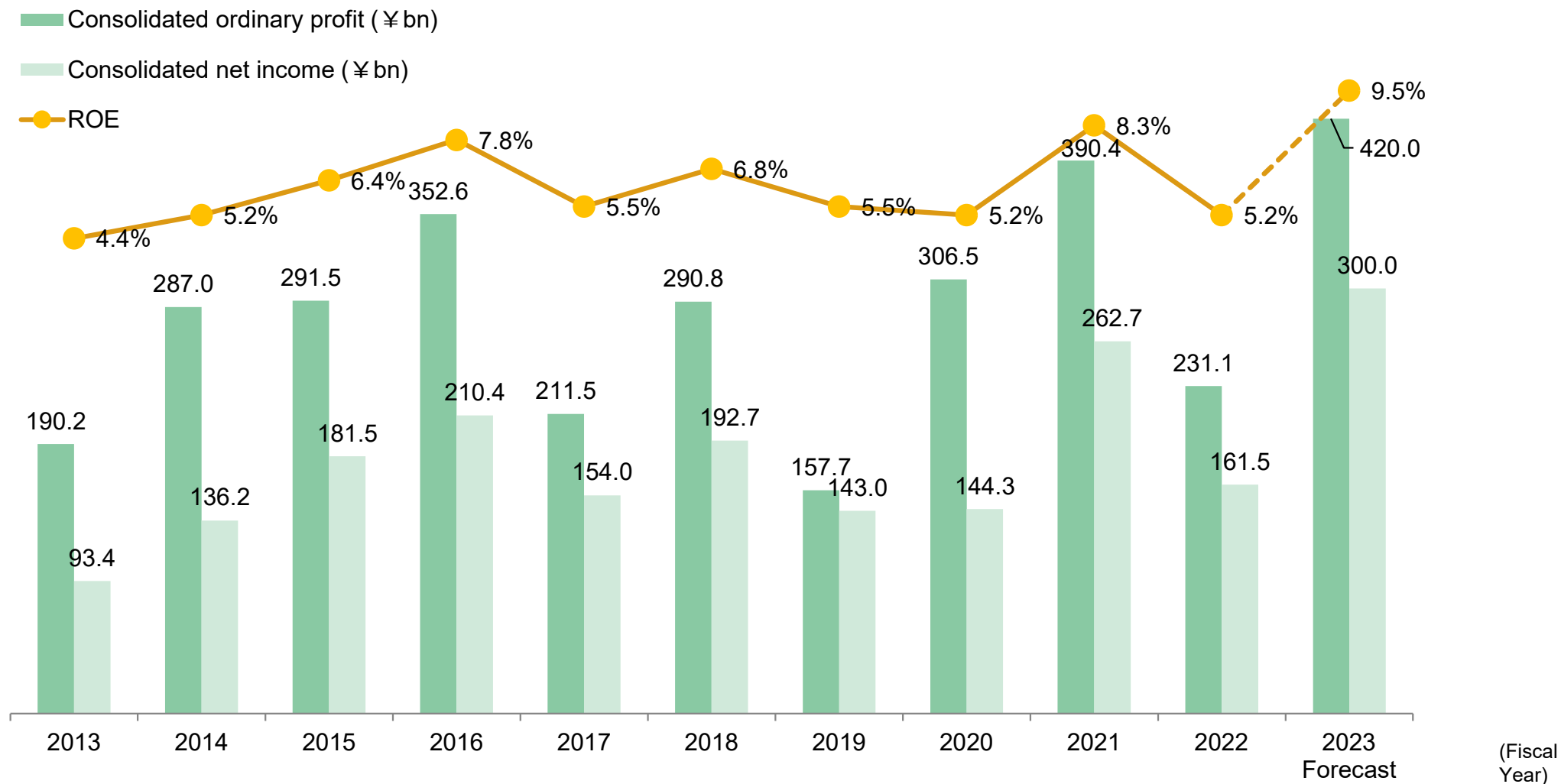
Life insurance: Premiums (gross premiums written) *



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

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

Consolidated Ordinary Profit, Net Income and ROE



5. Impact of Foreign Exchange/Interest Rate Fluctuation on Earnings

■ Impact of 5% JPY depreciation on profits(on FY2023 forecast)

All currencies
5% weaker yen

Impact on net income

increase by approx.
¥+10.0 billion

- Increase in profits of overseas subsidiaries

increase by approx.
¥+6.0 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. ¥-
1.5 billion

- Increase of profit margin of domestic life insurance subsidiaries, etc*2

increase by approx.
¥+4.5 billion

The impact on Group Adjusted Profit excluding
an increase of amortization of goodwill and others in foreign currency

increase by approx.
¥+11.5 billion

■ Impact of 0.1% rise in JPY interest rate on profits*2

Impact on net income and Group Adjusted Profit

increase by approx.
¥+0.3 billion

- Increase in interest for new investment bonds/loans

increase by approx.
¥+0.3 billion

*1 The impact of regular policy reserve for foreign currency as of MSI Primaly Life is not included

*2 The effect of rising interest rates in a single year on expected new investment in domestic bonds (about 340 billion yen) for the current fiscal year

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

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

Value (Value creation)

- **Strengthening of the revenue base**
 - EI loss ratio of fire, auto and casualty insurance has been worsening due to the impact of natural catastrophes and increased non-cat losses
 - Strengthening measures such as premium revision and strengthening of underwriting
 - Regarding expense reduction, efficiency in workforce placement and system-related expenses has progressed according to plan
- **Promotion of CSV x DX (MS&AD Value strategy)**
 - Expanded sales of products that provide value leading to solutions for social issues (dashcam-type products, health management support insurance, etc.)
 - Launched “MSA Care”, a new brand
 - Lineup expansion and sales expansion

Transformation (Business reforms)

- **Business portfolio transformation**
 - Improved profitability at MS Amlin
 - Business investment in international business, followed by the change in the US business structure
 - Strengthened profitability at MS Amlin; US earnings expansion
 - Developed workplace market in life insurance and expanded over-the-counter sales at financial institutions
- **Product portfolio transformation**
 - Progress in response to new risks and needs, such as cyber risks, SME market development, and expansion of casualty insurance
 - Strengthening of underwriting and measures to improve the loss ratio at the same time
- **Risk portfolio transformation**
 - The annual reduction of strategic equity progressed well, reaching 206.6 billion yen.
 - Having raised the reduction target for the mid-term plan to 600 billion yen, we aim to reduce strategic equity by half.

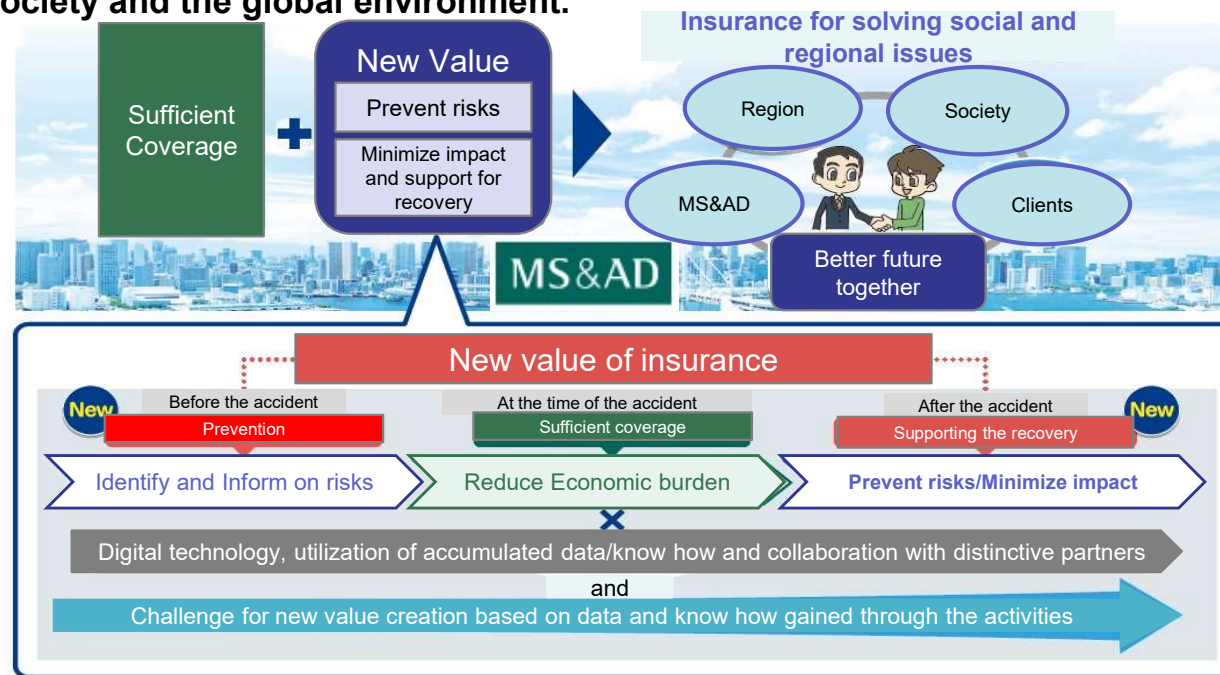
Synergy (Demonstration of Group synergy)

- **Promotion of One Platform strategy**
 - After defining “remaining differences for strategic purposes”, we are implementing standardization, collaboration and integration in other areas
- **Group synergy**
 - Increased life/non-life cross-selling ratio by non-life insurance agents
 - MSI Primary Life developed new products for MSI Aioi Life agents
 - Accelerated a product introduction cycle for life insurance
 - Developed an asset-building market utilizing MSI Aioi Life’s sales network
- **Global synergy**
 - Promoted the development and expansion of information exchange platforms and the mutual use of know-how through the efforts to share and utilize various knowledge in Japan and overseas.
 - Further efforts to demonstrate synergies

7. 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.

↑
Increase initiatives that benefit society
↓



↓
Reduce the burden on society
↓

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

Insurance for disaster recovery



AI assessment for accident occurrence



Special coverage for Fuel cell electric vehicle

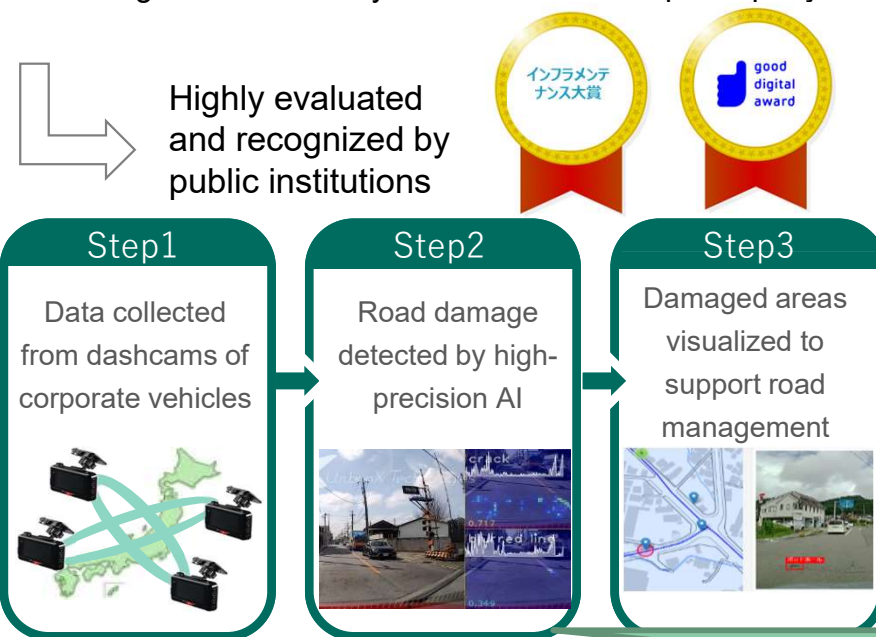


7. Status of MS&AD Value Strategy (CSV x DX) Initiatives (Cont.)

- We are developing and spreading services that solve social issues by utilizing digital technologies and data.

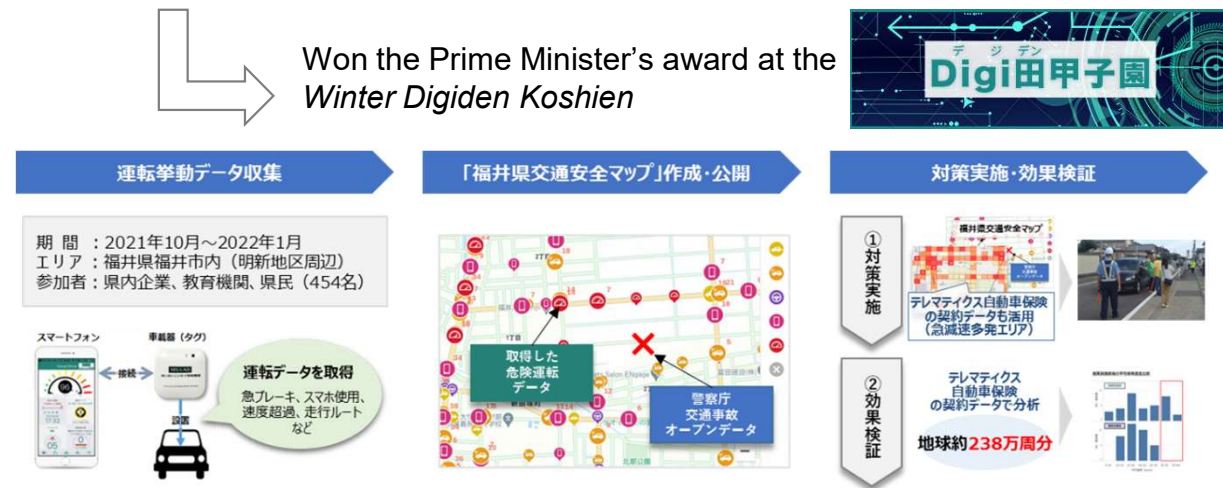
Road inspection service using dashcam data

- AI, which is installed in dashcams that accompany corporate auto insurance, automatically detects damaged road surfaces during driving. Detected damage is visualized on a map.
- We provide detailed information necessary for making repair decisions and formulating medium- to long-term repair plans, such as an estimated damage size and deterioration status for each road.
- We aim to further improve the value we provide by utilizing the data held by each MS&AD Group company.



Joint initiative with Fukui Prefecture and Fukui police “New traffic safety measures using digital technologies (telematics)”

- A map showing dangerous spots is created using driving behavior data such as sudden acceleration and deceleration by drivers acquired through telematics technology.
- Measures to identify dangerous spots contribute to accident prevention and the development of safe and secure communities.
- Using this map, the Meishin district of Fukui Prefecture was designated as a Zone 30 area, where the maximum speed is restricted to 30 km/h, thereby boosting the effectiveness of traffic safety measures.
- In addition, driving data obtained from telematics technology can be used to analyze vehicle speed changes before and after the introduction of traffic safety measures, contributing to effective measurement.



Safe and secure communities

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

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1. Domestic Non-life Insurance Business (1) Group Adjusted Profit

Domestic Non-life
Insurance Business

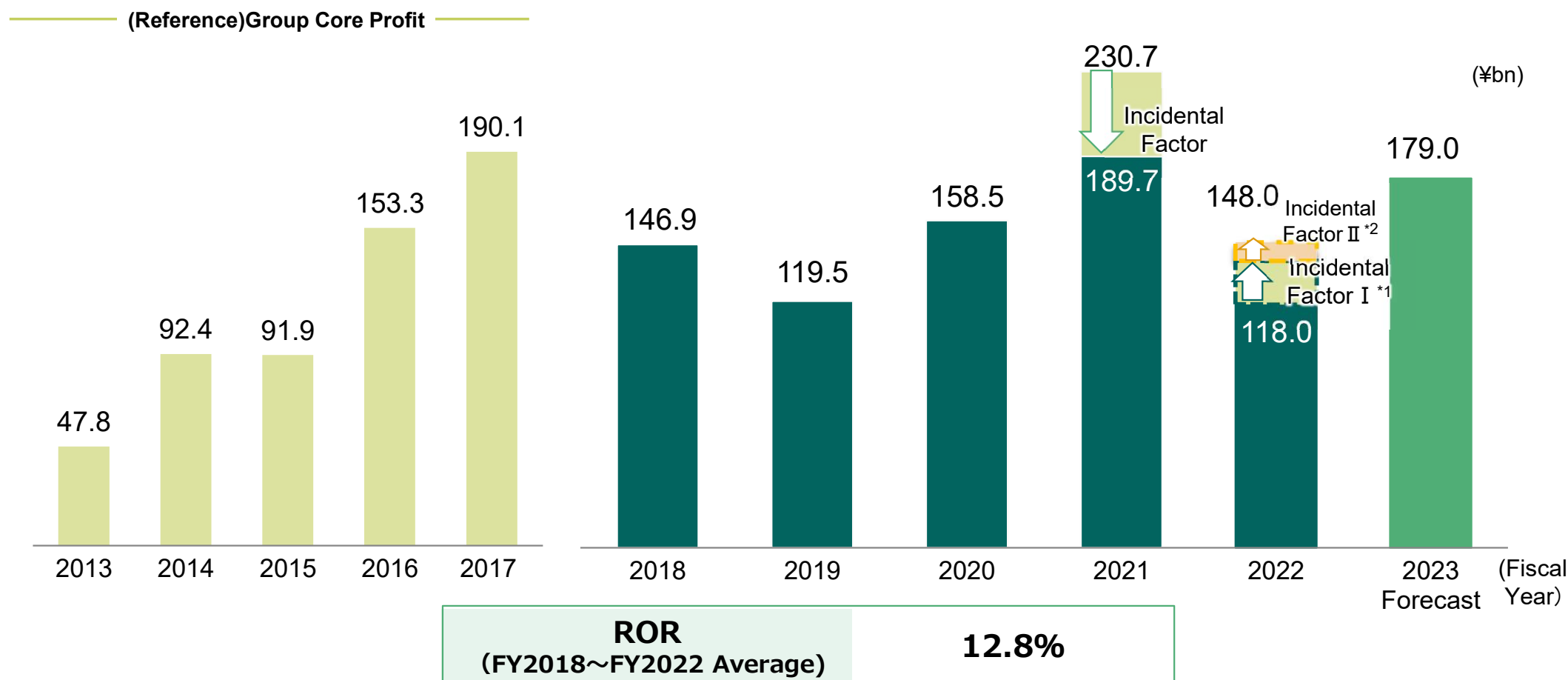
Domestic Life
Insurance Business

International
Business

Other

- The Group Adjusted Profit decreased by 112.6 billion yen to 118.0 billion yen mainly due to domestic natural catastrophes, automobile insurance losses increase following the traffic volume increase from the rebound from Covid19, Covid19 related losses and large losses in fire and casualty insurance. FY2023 forecast is to increase by 60.9 billion yen year on year to 179.0 billion yen

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, Acceleration of strategic equity holdings: +54.0 billion yen

1. Domestic Non-Life Insurance Business

(2) Net Premiums Written by Class of Business

Domestic Non-life
Insurance Business

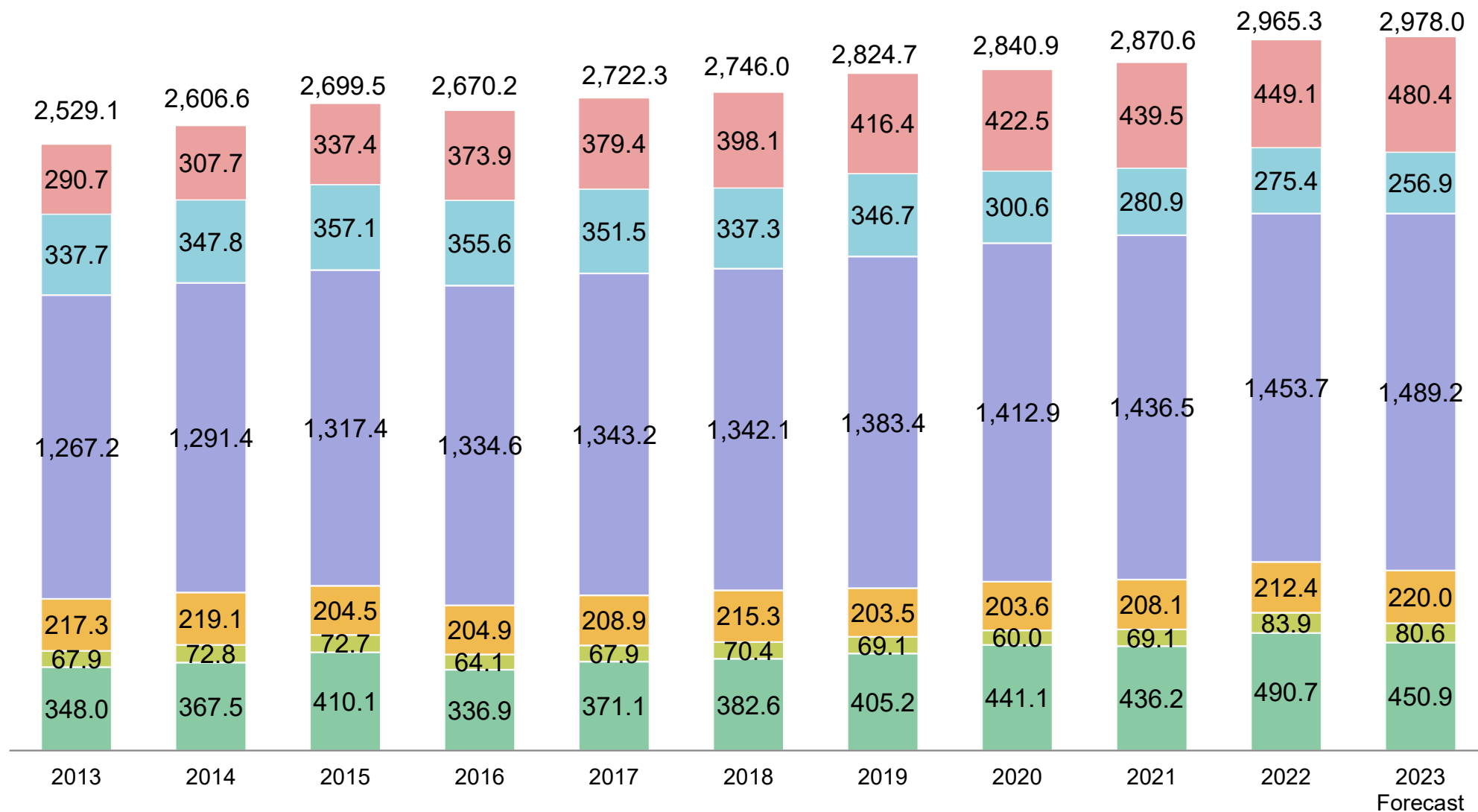
Domestic Life
Insurance Business

International
Business

Other

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

(¥bn)



(Fiscal year)

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

1. Domestic Non-life Insurance Business

(3) Underwriting Profit/Loss by Line of Business

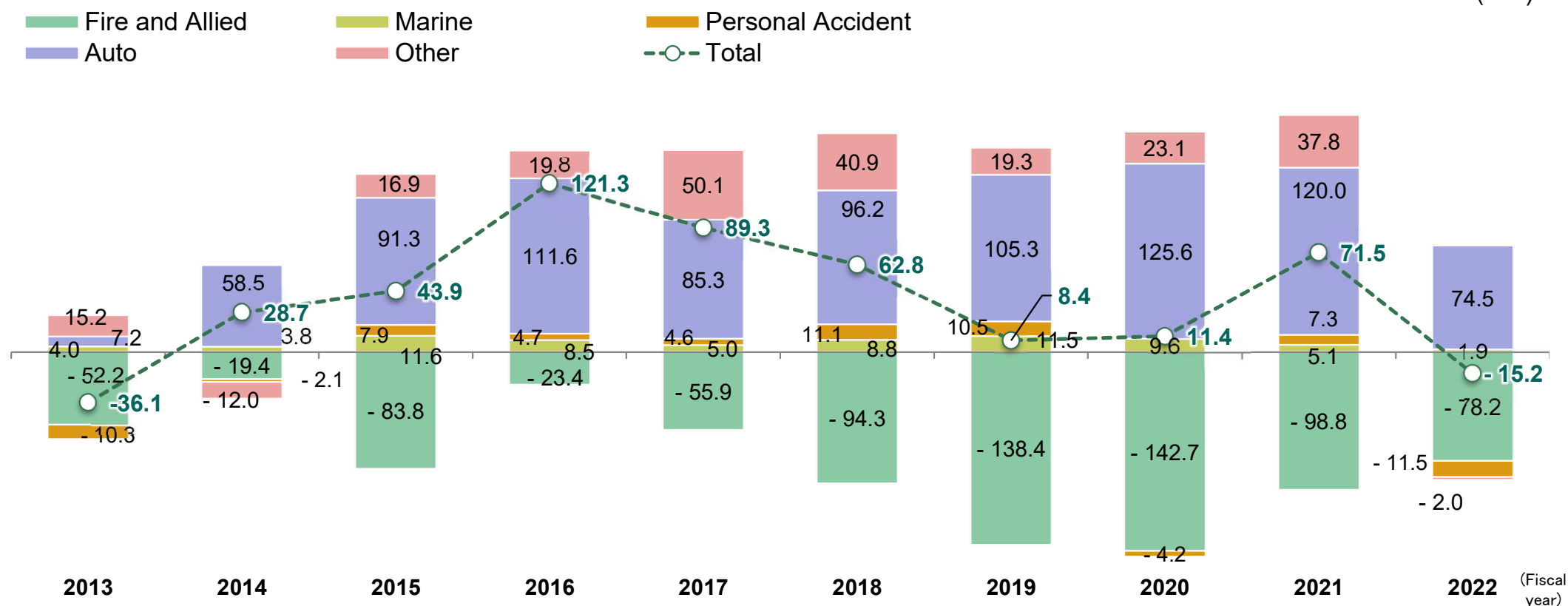
Domestic Non-life Insurance Business

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	108.0
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	-7.8
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	115.8
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	-100.0

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

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

1. Domestic Non-life Insurance Business (4)Balance in Catastrophe Reserve

Domestic Non-life
Insurance Business

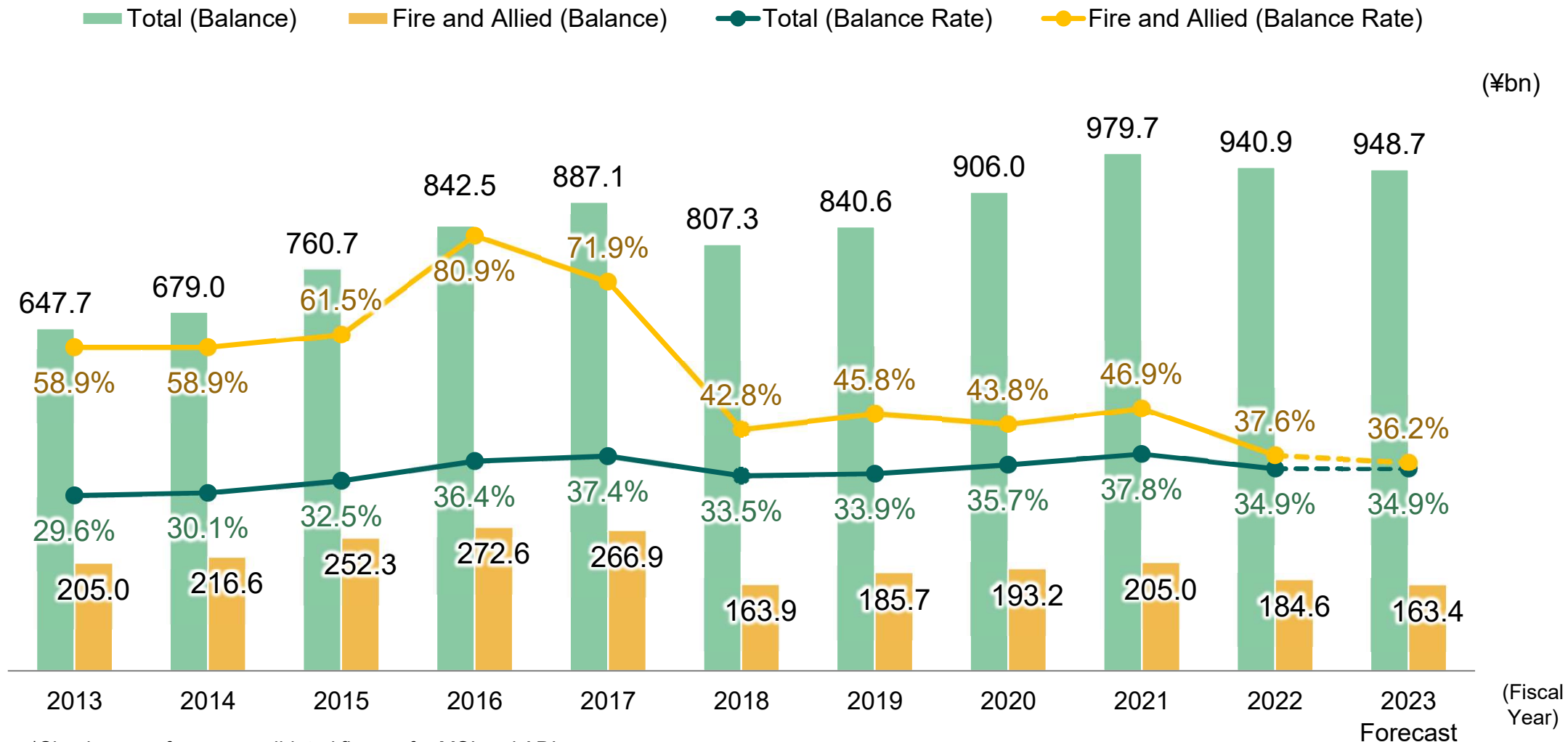
Domestic Life
Insurance Business

International
Business

Other

Provision rate for fire insurance in FY 2023 was 15% for MSI and ADI.

Catastrophe reserve Balance



*Simple sum of non-consolidated figures for MSI and ADI

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

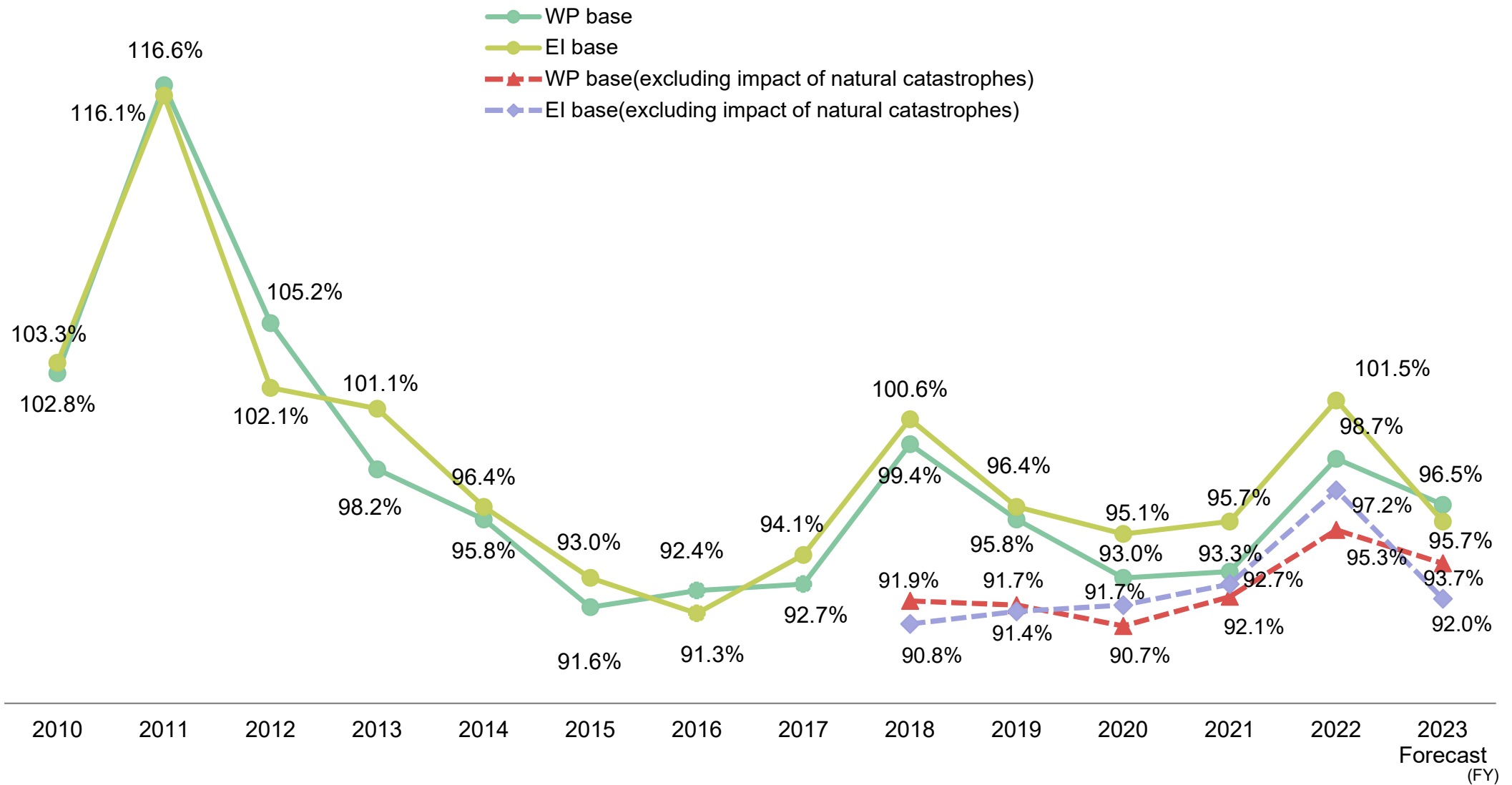
1. Domestic Non-life Insurance Business (5) Trends in Combined Ratio

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other



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

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

1. Domestic Non-Life Insurance Business (6) Non-Life Insurance Industry Combined Ratio (WP) Trends

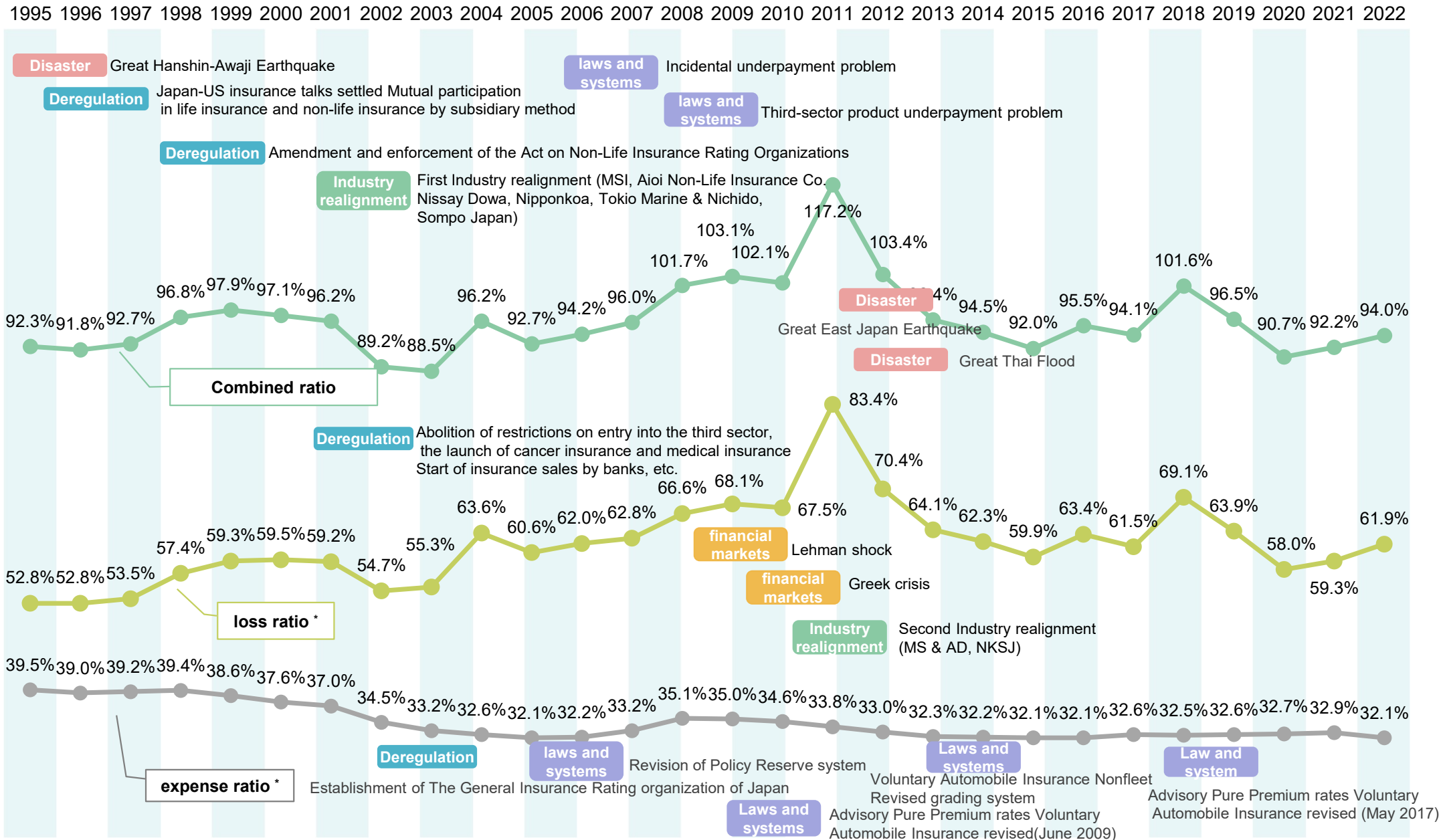
Domestic Non-life Insurance Business

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

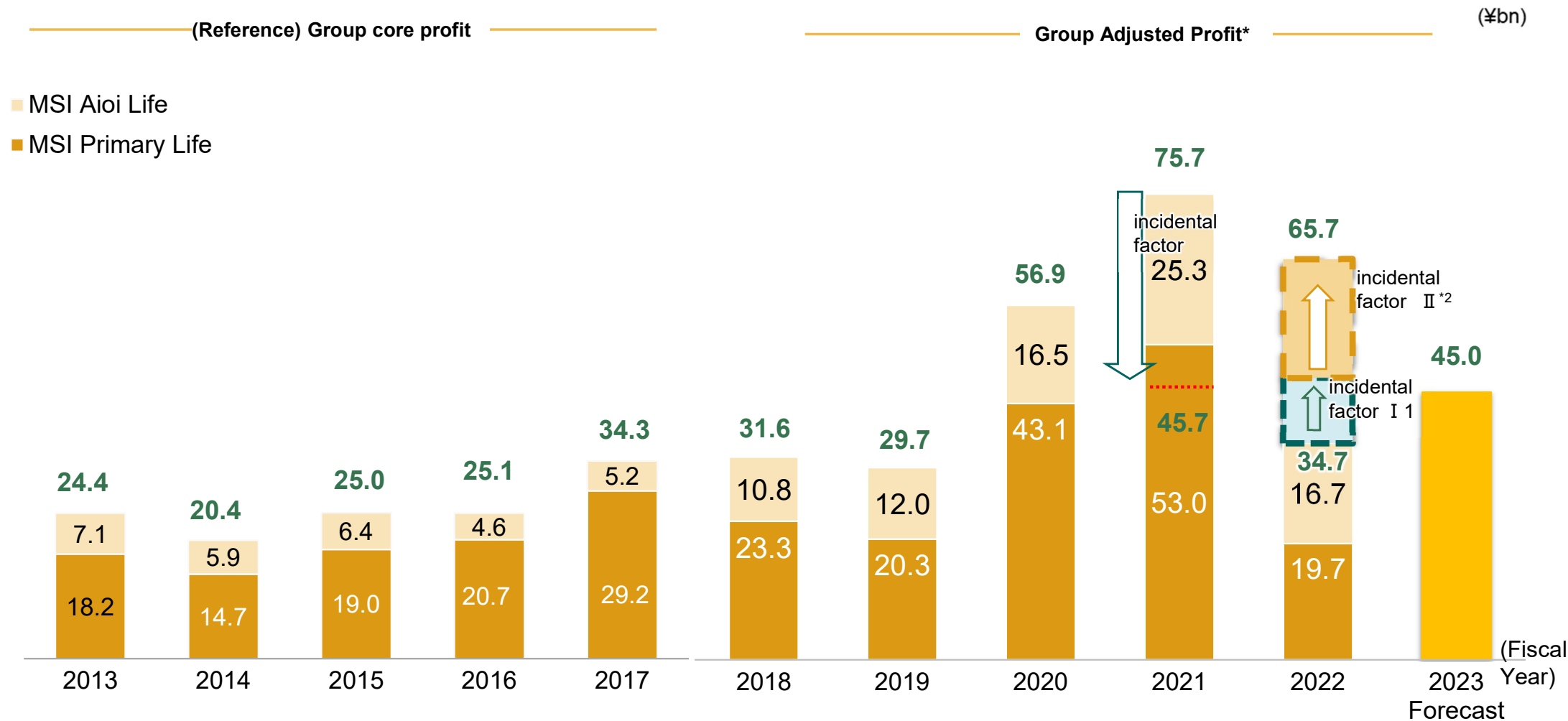
Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

Group adjusted profit



*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

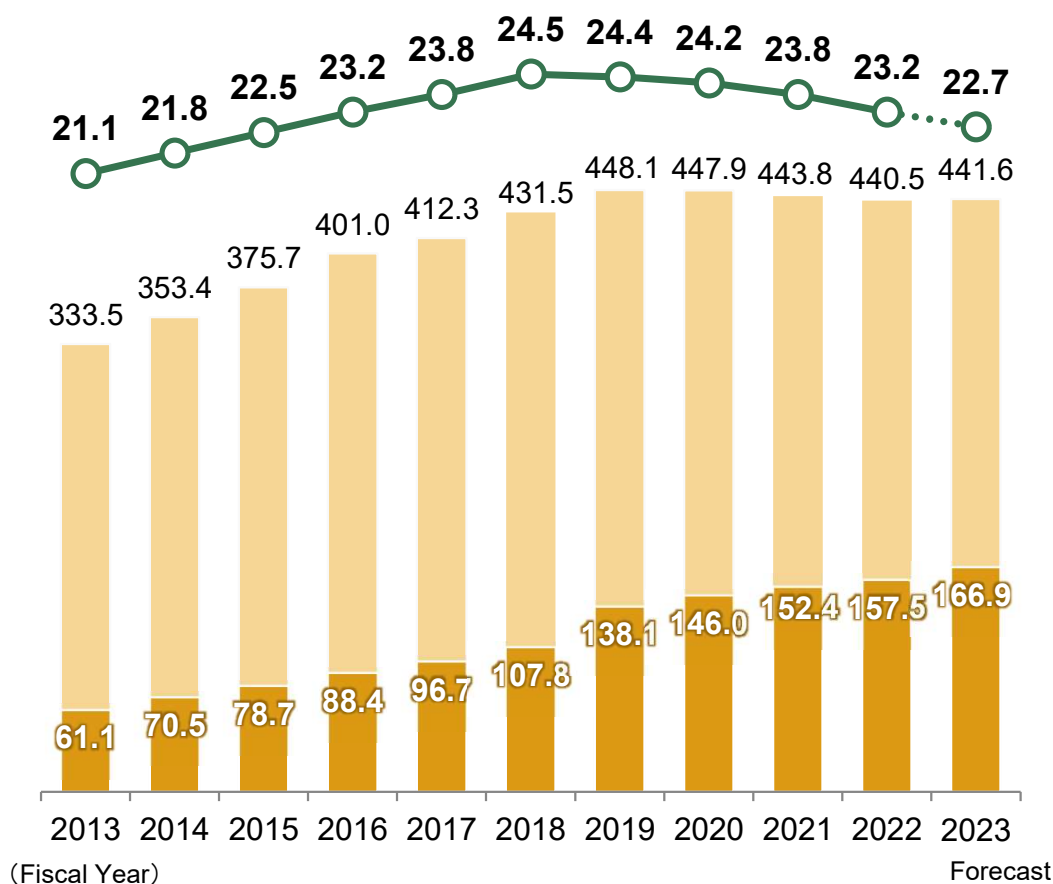
Domestic Life
Insurance Business

International
Business

Other

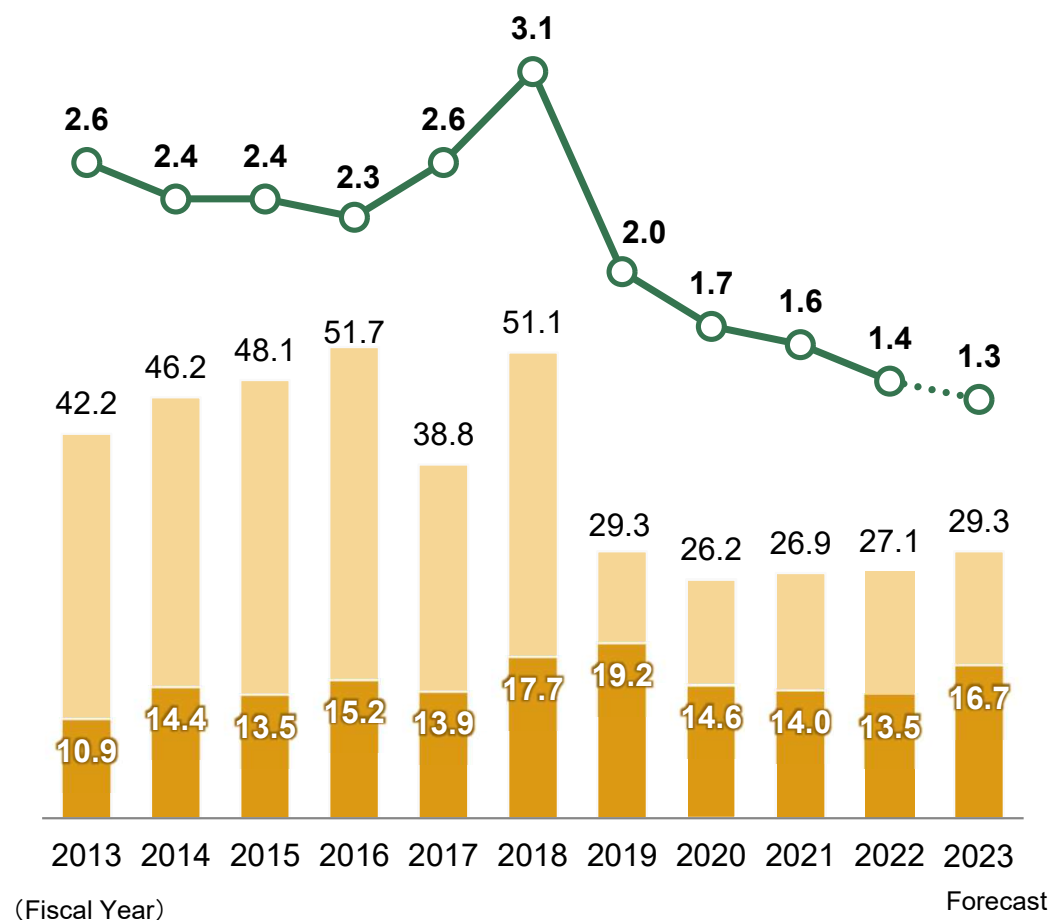
Amount of New Policies in Force and Annualized Premiums of New Policies in Force

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



Amount of New policies and Annualized Premiums of New Policies

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



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

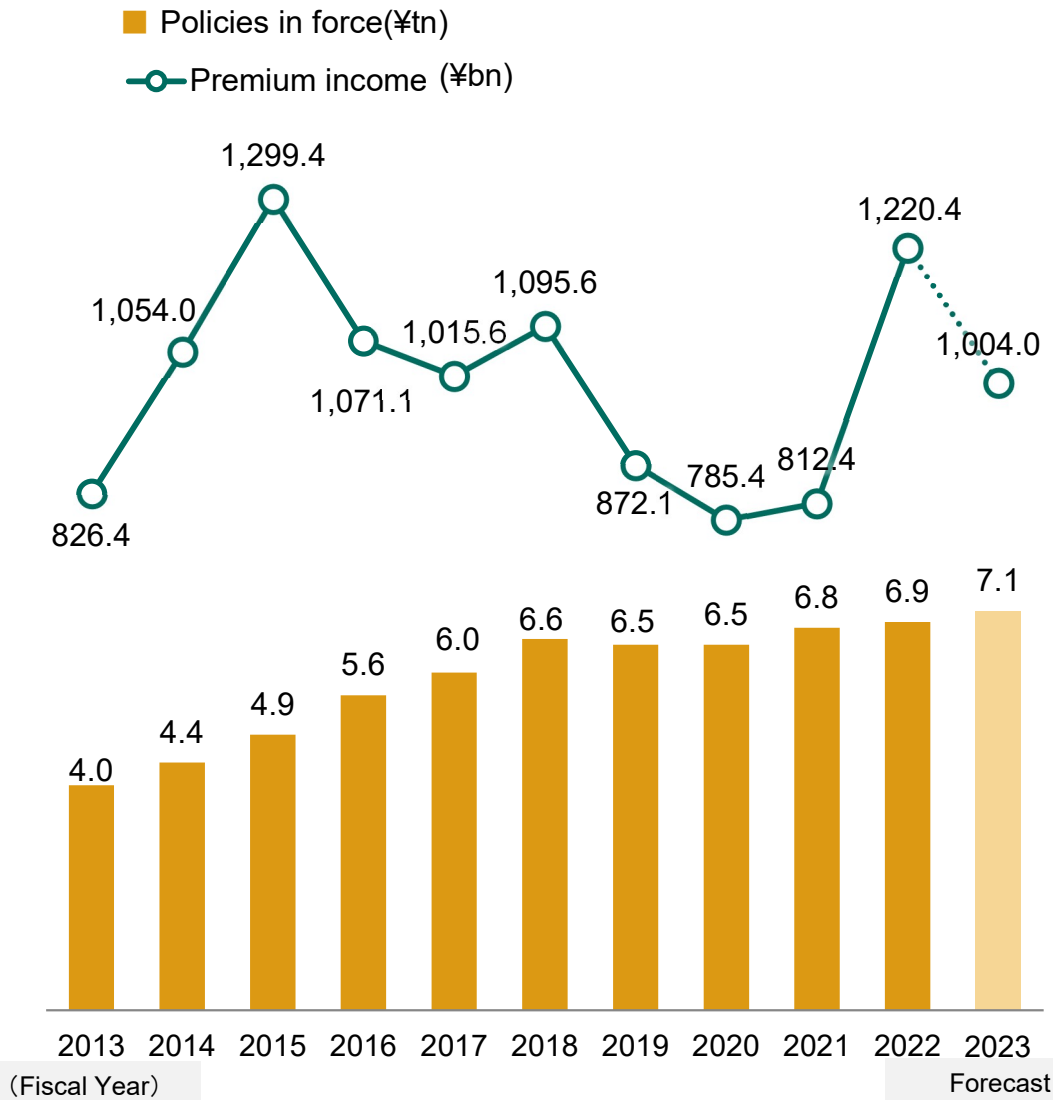
Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

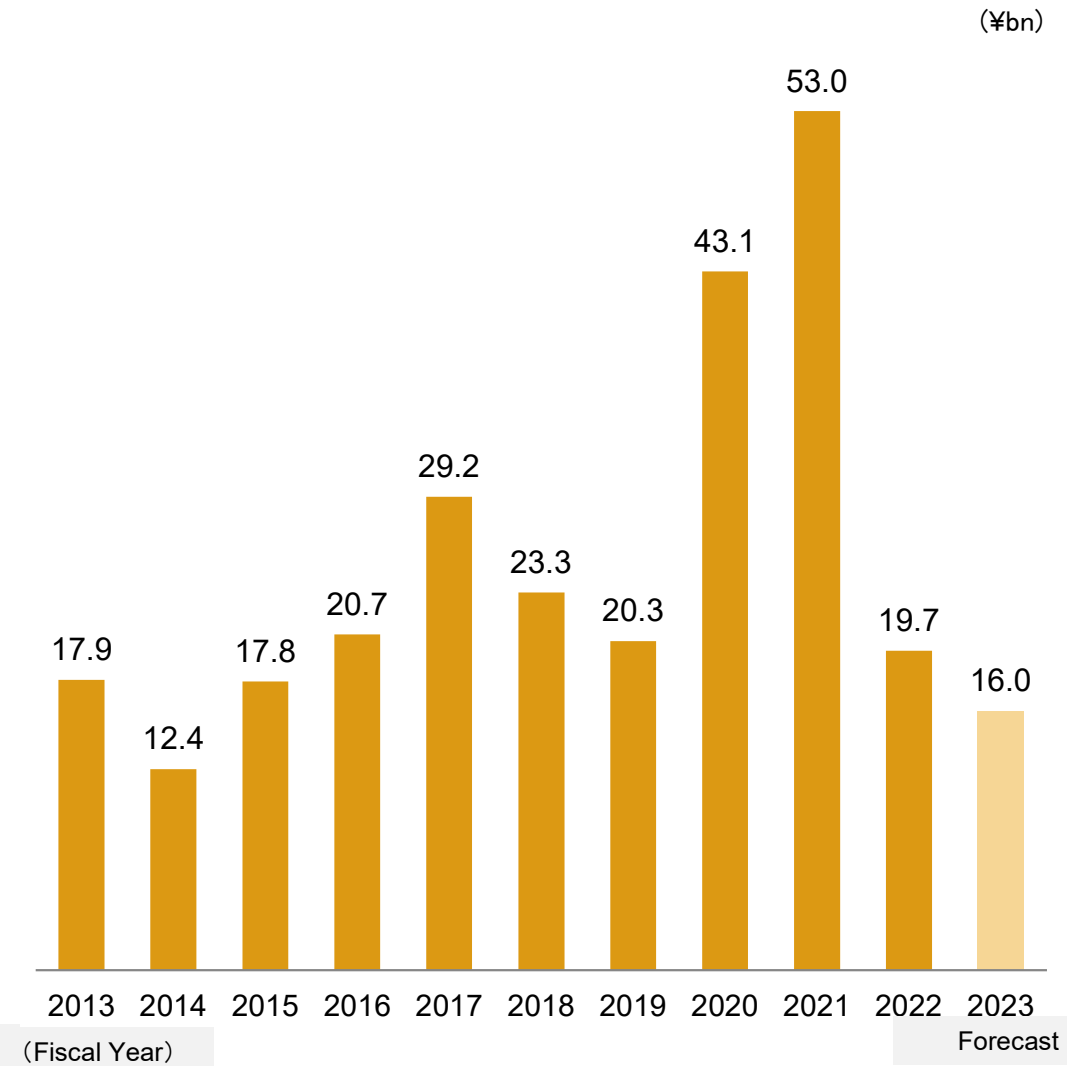
International
Business

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 FY2022

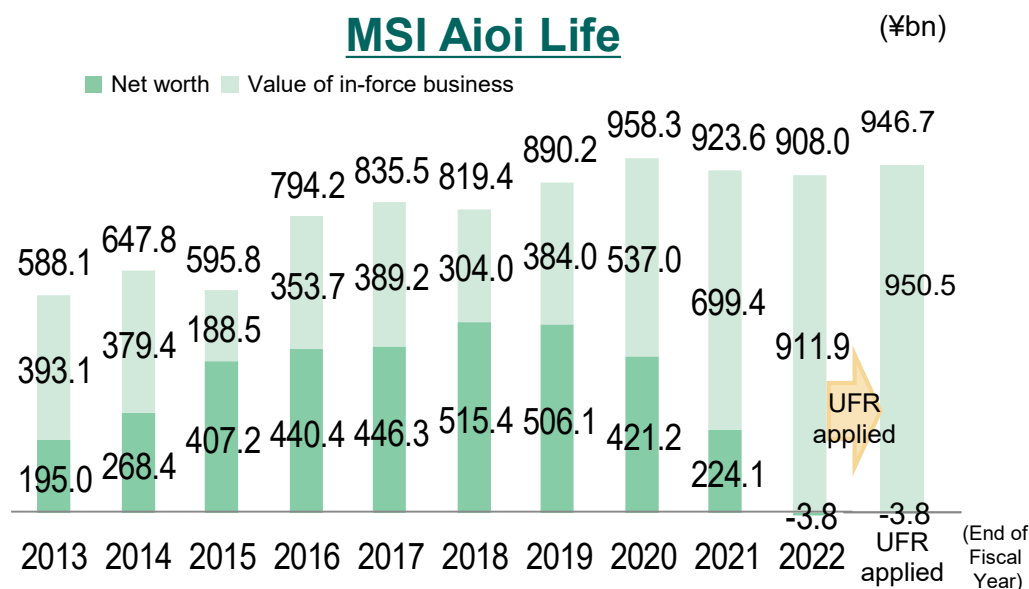
Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

MSI Aioi Life



EEV Sensitivity

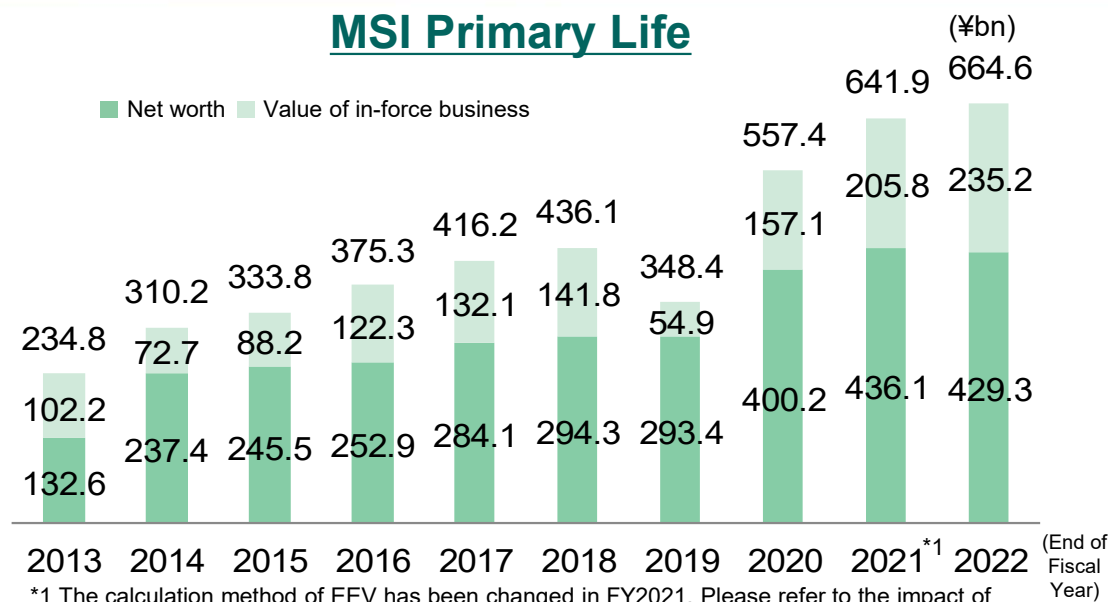
■ Changes from previous year (¥bn)

Factor	Change
Opening adjustments	-11.0
New business in reporting year	51.2
Expected existing business contribution at the risk free rate	9.9
Expected existing business contribution above risk free rate	7.7
Operating experience variances	-12.1
Changes in operating assumptions	-48.2
Economic variances and changes to economic assumptions	-13.3
Closing Adjustment	0.2
Total	-15.5

■ (at March 31, 2023, ¥bn)

Assumptions	Change
Risk-free yield curve Up 50bp	-38.2
Risk-free yield curve Down 50bp	25.4
Equity and real estate values Down 10%	-3.5
Maintenance expenses Down 10%	32.5
Surrender and lapse rates Down 10%	9.9
Mortality and morbidity rates for life insurance Down 5%	58.5
Mortality and morbidity rates for annuity Down 5%	-0.1
Equity and property implied volatility Up 25%	0.0
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

MSI Primary Life



*1 The calculation method of EEV has been changed in FY2021. Please refer to the impact of the change as below.

EEV Sensitivity

■ Changes from previous year (¥bn)

Factor	Change
Opening adjustments	-21.1
New business in reporting year	4.8
Expected existing business contribution at the reference rate	3.3
Expected existing business contribution above reference rate	1.7
Operating experience variances	0.3
Changes in operating assumptions	-2.5
Economic variances and changes to economic assumptions	36.0
Total	22.6

■ (at March 31, 2023, ¥bn)

Assumptions	Change
Reference yield curve Up 50bp	-22.5
Reference yield curve Down 50bp	28.7
Equity and real estate values Down 10%	-3.1
Maintenance expenses Down 10%	6.8
Surrender and lapse rates Down 10%	-0.5
Mortality and morbidity rates for life insurance Down 5%	2.4
Mortality and morbidity rates for annuity Down 5%	-0.8
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

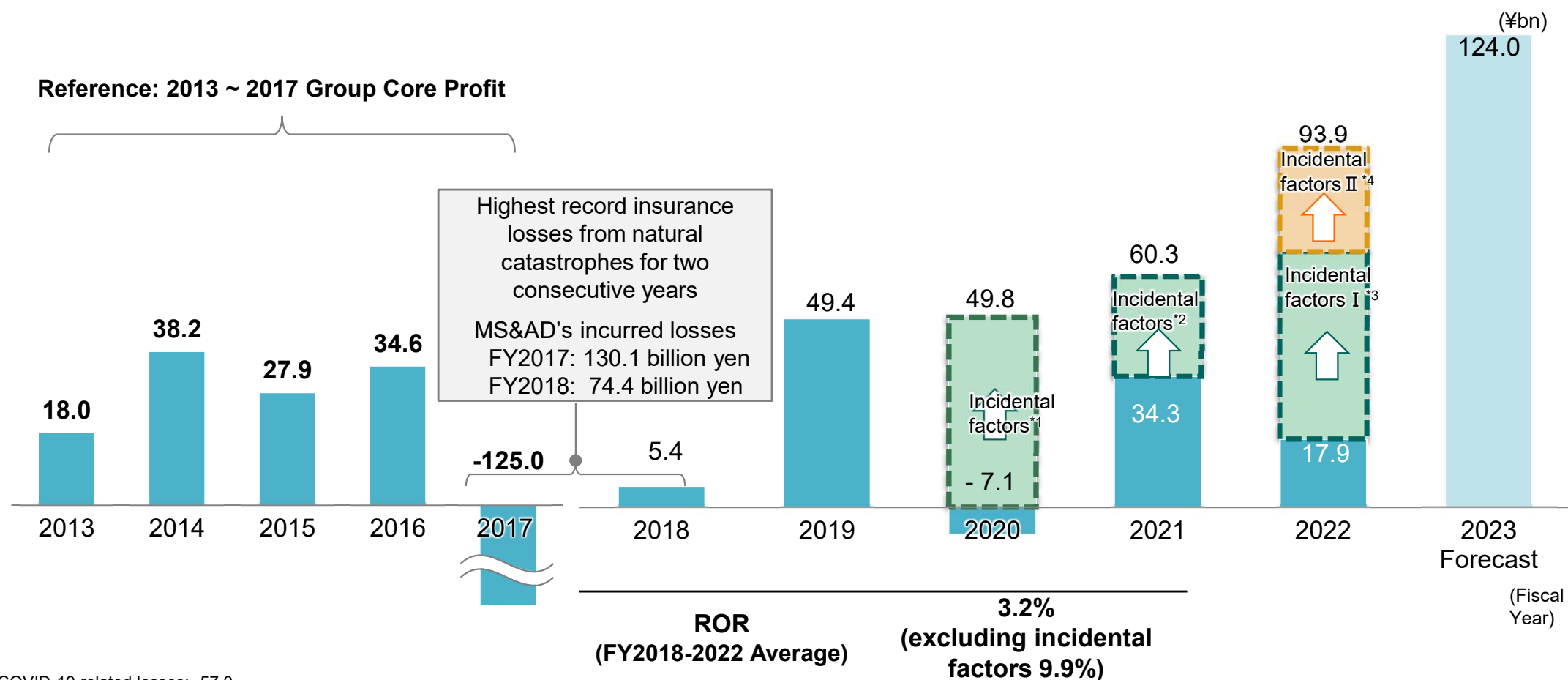
Domestic Life
Insurance Business

International
Business

Other

- In fiscal 2022, Group Adjusted profit in international business decreased by 16.4 billion yen to 17.9 billion yen due to Russia-Ukraine related losses, Covid19 and the impact of losses in Investment following to sharp fluctuations in financial markets. The full-year forecast for FY2023 is expected to increase by 106.0 billion yen to 124.0 billion yen.

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) Asia Business (i)

Domestic Non-life
Insurance Business

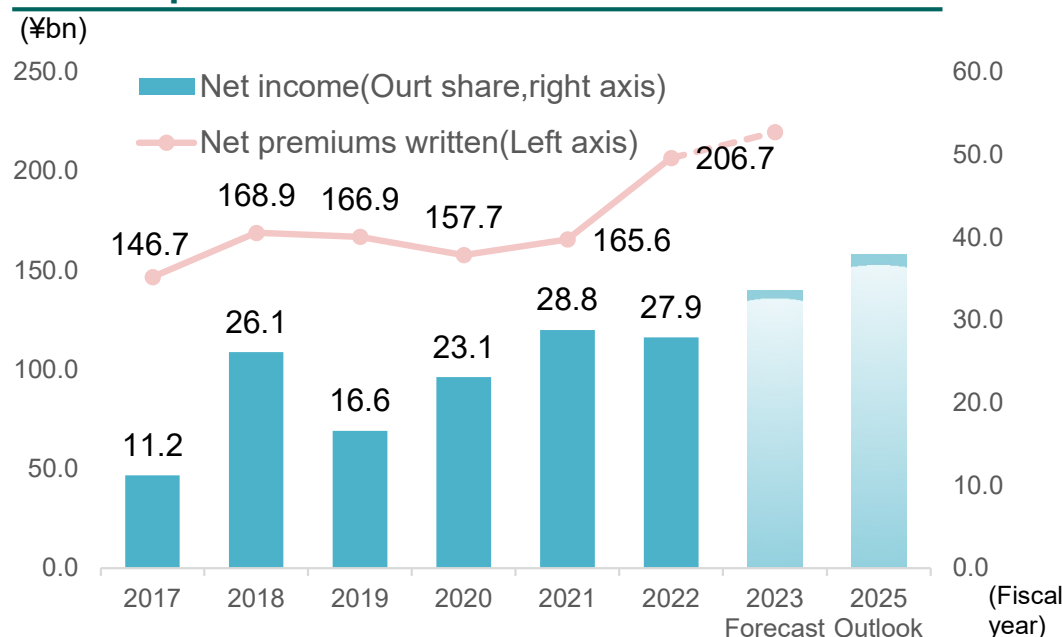
Domestic Life
Insurance Business

International
Business

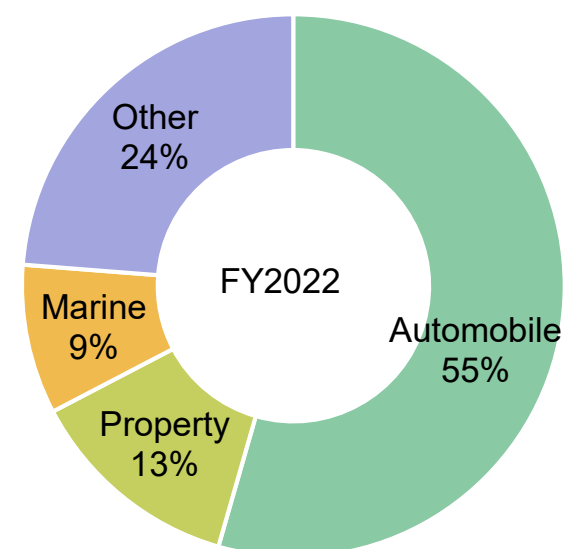
Other

- We are expanding in all markets as the world's only non-life insurance group with a presence in all of ASEAN (with the highest gross premiums in the region).
- With a profitable diversified portfolio and a stable combined ratio as a model, we are working on growth initiatives centered on a profitable retail sector across Asia. We will pursue further growth strategies, including inorganic investments, to achieve significant growth.

Net premiums written and net income*1



Share of net premiums written by line*1



Combined ratio*1

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
96.8%	96.6%	96.4%	92.8%	93.9%	101.8% (92.8%)*2

*1 Subsidiaries and equity-method affiliates in Asia (excluding Oceania). Overseas branches are not included.

*2 Excluding impact of Covid19 losses

3. International Business (3)Asia Business (ii)

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

Key Growth Initiatives

Alliances with leading partners and financial institutions



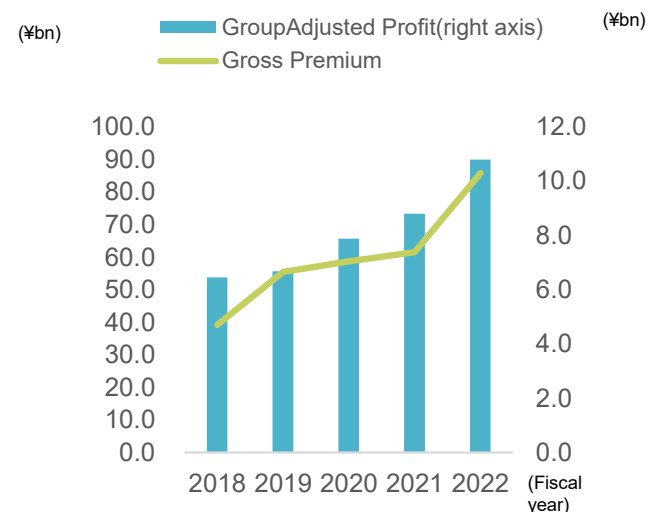
Collaboration with influential platformers

- Continue to strengthen sales channels using digital technology, including collaboration efforts with leading e-commerce, small financial institutions, and major e-money operators.

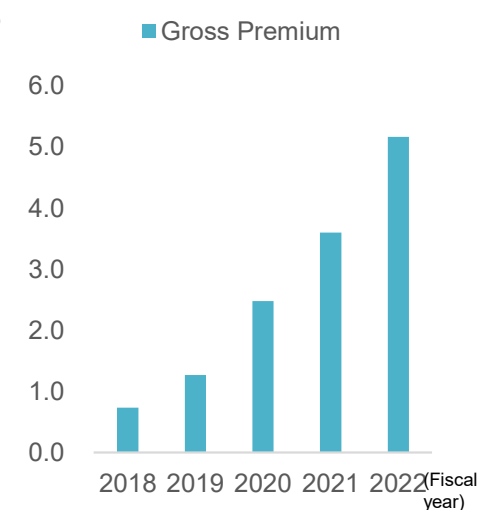
MS First Capital

- As a synergy effort utilizing the MSFC's capacity, we have been working to increase revenue by switching out group out-of-home contracts to the company.
- Since 2021, we utilized the MSFC's outstanding underwriting know-how and capacity to develop new projects through collaboration with each entity. We will continue to pursue synergies.

Overview of MSFC Financial Result



Synergy



Further Growth Strategies

- We will promote further growth in both the life and non-life insurance sectors by strengthening synergies through cooperation between the two companies.
- In light of our group's position and market potential in Asian countries, we will consider inorganic business investment to capture further growth in the region.

3. International Business (4) U.S. Business

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

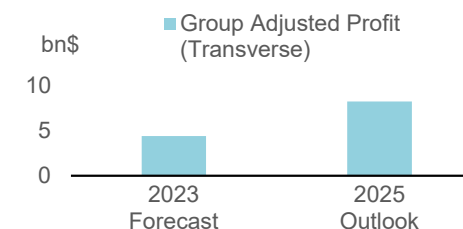
International
Business

Other

- In January 2023, the Transverse acquisition was completed. As a result, the rating * 1 was changed from A- to A, and group synergies are expected, such as expanding the company's business opportunities and expanding earnings by capturing the U.S. MGA*2 market.
- In order to coordinate between subsidiaries in the U.S. and to operate efficiently, the following four operating companies were reorganized into U.S. holding companies, and the board members of U.S. holding companies were changed to members with extensive experience in the U.S. nonlife insurance business, thereby strengthening the business base for local businesses.
- Under the new structure, we will seek to develop the specialty market with an emphasis on strengthening transactions with MGA, and will also consider business investment as a specialty insurance company.

Changes to the U.S. business structure

U.S. holding company	Transverse	<ul style="list-style-type: none"> • Acquired in January 2023 • Expanding trading opportunities with quality portfolio MGAs • Underwriting base for non-Japanese businesses as a fronting company • Plan to change the company name to MS Transverse
	MSDH	<ul style="list-style-type: none"> • Transferred from MS Amlin affiliated (formerly ADH) • Business investment in MGAs and management • Working with Transverse and MSMM to create opportunities for non-Japanese businesses, mainly MGAs and brokers
	MSMM	<ul style="list-style-type: none"> • Mainly managing Japanese businesses • Working with MSDH and Transverse to underwrite some non-Japanese businesses
	MSIGIS	<ul style="list-style-type: none"> • Newly established in January 2023 • Providing accounting, tax, IT, legal, human resources, general affairs and internal audit services to operating companies



*1 AM Best

*2 MGA: Managing General Agent. The U.S. MGA market is worth 9 trillion yen in premiums, growing at an annual average of +12% in past 10 years.

3. International Business (5) Toyota Retail Business, Overseas Inward Reinsurance

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

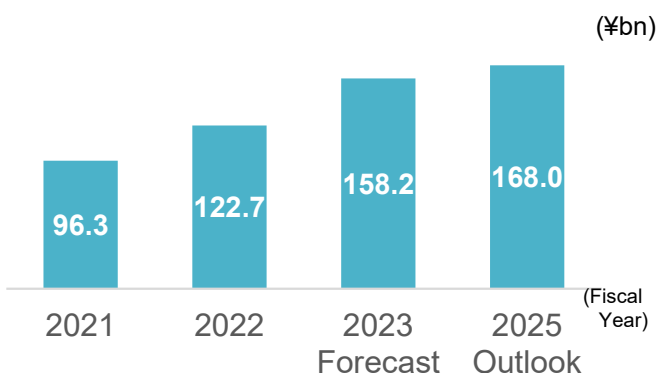
International
Business

Other

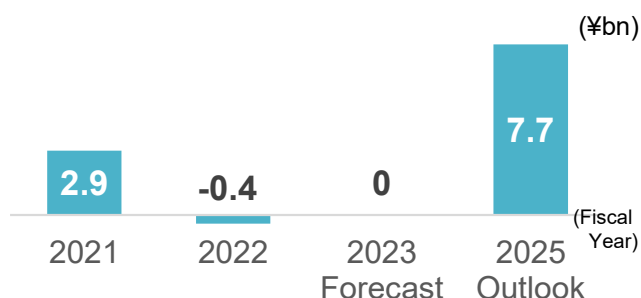
- Net premiums written for Toyota retail business have expanded as new car sales recovered.
- Group Adjusted Profit will be expected to be recovered by Rate Up and loss prevention measures such as strengthening Lexus Anti-Theft Measures.
- Overseas inward reinsurance has become profitable. Enhance the control of whole natural catastrophe risk and improve the profitability.

Toyota Retail

Net premiums written



Group Adjusted Profit



Significant growth of auto insurance globally backed by telematics

FY2021
980,000
vehicles



FY2022
1,170,000
vehicles

+19.5% increase

China

Steady growth backed by rising sales of new Toyota cars

Thailand

Successful Toyota-specific product policy, including development of telematics insurance



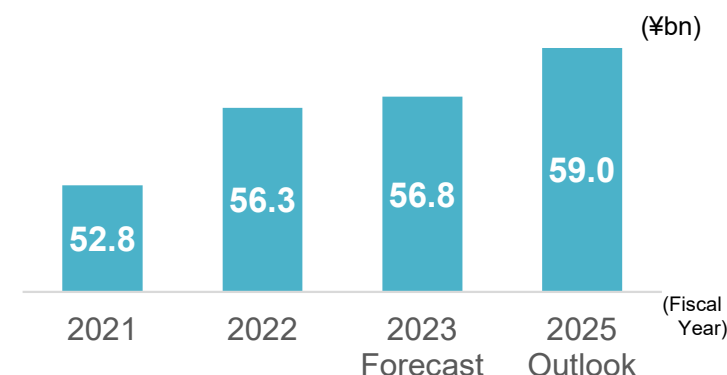
Enjoy safety,
Make better society



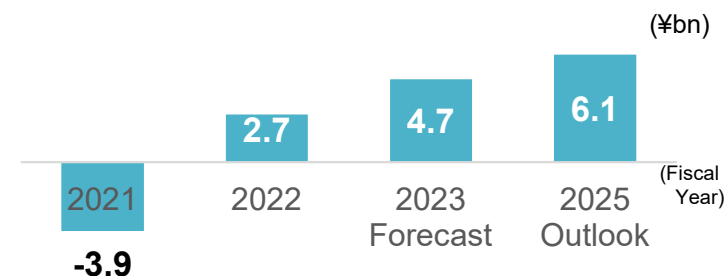
The number of vehicles with telematics technology reached 200,000
→ Top 10 in Thailand in terms of premiums (From No. 16 in FY2021)

Overseas Inward Reinsurance

Net premiums written



Group Adjusted Profit



3. International Business (6) Growth of International Life Insurance Business

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

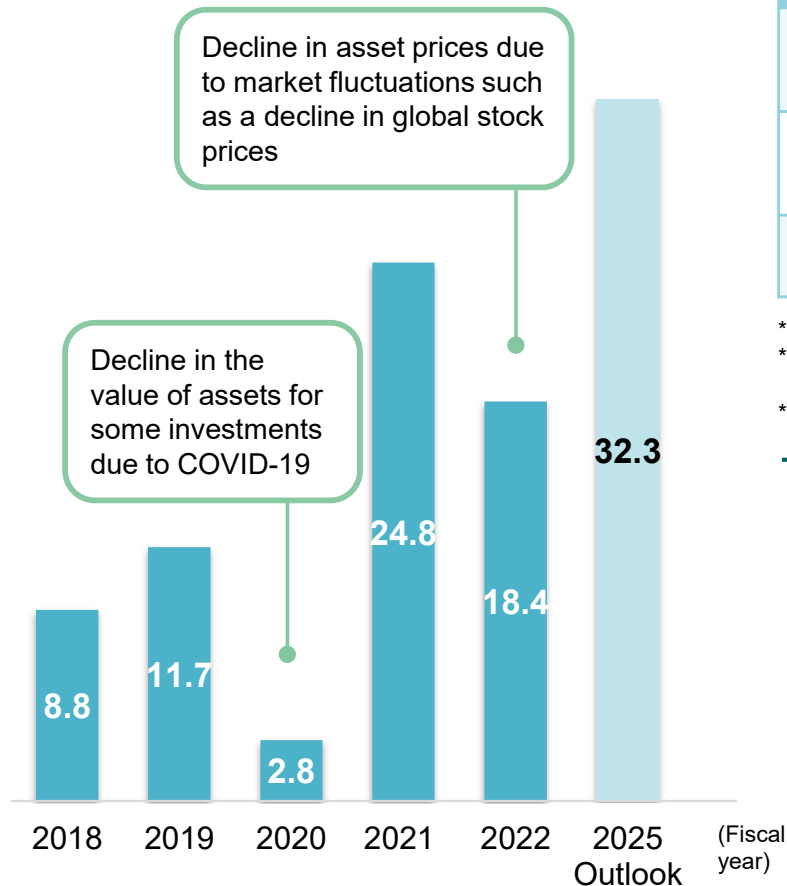
International
Business

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, the Group aims to leverage its advantage as a market leader to increase steadily corporate value and capture cash flow.
- The Group 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

(Group holdings: ¥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 470 billion*3	

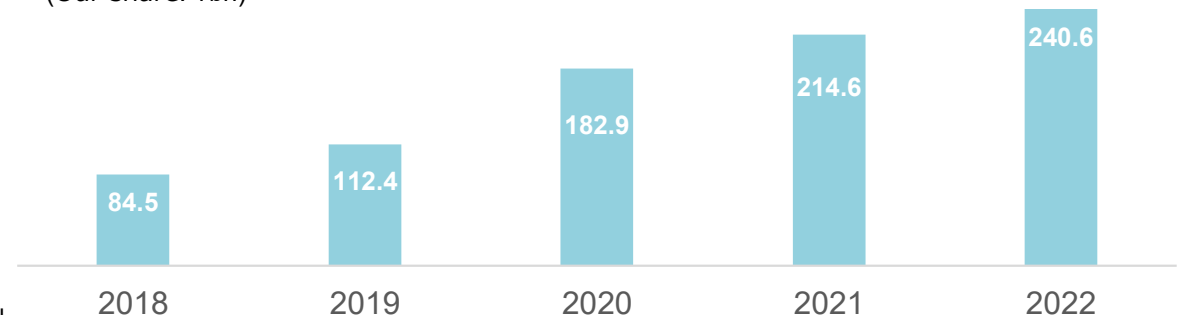
*1. Allianz Insurance Report 2021

*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).

3. International Business (7) Net Premiums Written and Group Adjusted Profit

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

■ Net premiums written (Non-life insurance)

(¥bn)

	FY 2022		FY 2023	
	Result	YoY change	Forecast	YoY change
Total Overseas Business * 1	1,220.6	285.4	1,393.4	172.7
Asia	382.3	79.9	416.2	33.8
Europe	695.6	175.6	813.7	118.0
Americas	89.5	27.3	109.3	19.7
head office reinsurance business	56.3	3.4	56.8	0.4

■ Group adjusted profit

(¥bn)

	FY 2022		FY 2023	
	Result	YoY change	Forecast	YoY change
Total Overseas Business * 1	17.9	-16.4	124.0	106.0
Asia	33.5	-0.0	38.1	4.5
Europe	-36.0	-21.7	49.0	84.9
Americas	1.1	4.5	9.5	8.3
Head Office Reinsurance Business	2.7	6.4	4.7	1.9
Overseas life insurance business	18.4	-6.4	29.2	10.7

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

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

II. Basic information on Each Business Domain

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

4. Digital and Risk Related Services Business (i)Key Strategies

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

- Developed “Group Data Collaboration Infrastructure” to Seamlessly share data among group companies. Started to provide SOLUTION through insurance agents.

Expansion of the data business by strengthening the promotion structure within the Group

We aim to expand data business by transitioning to integrated management, with InterRisk playing a central role in each service development and business development process with each group company

Resource maximization
and InterRisk's
development capabilities

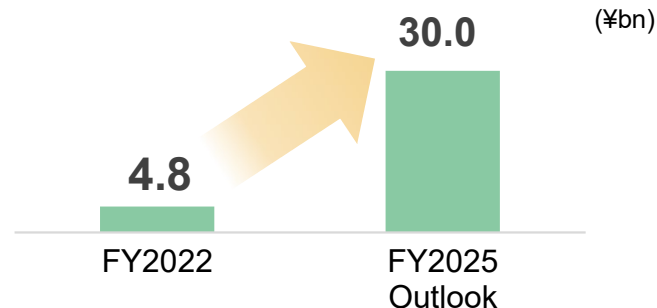
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Utilization of insurance
companies' value
(sales force, etc.)

Building Group Data Collaboration Infrastructure

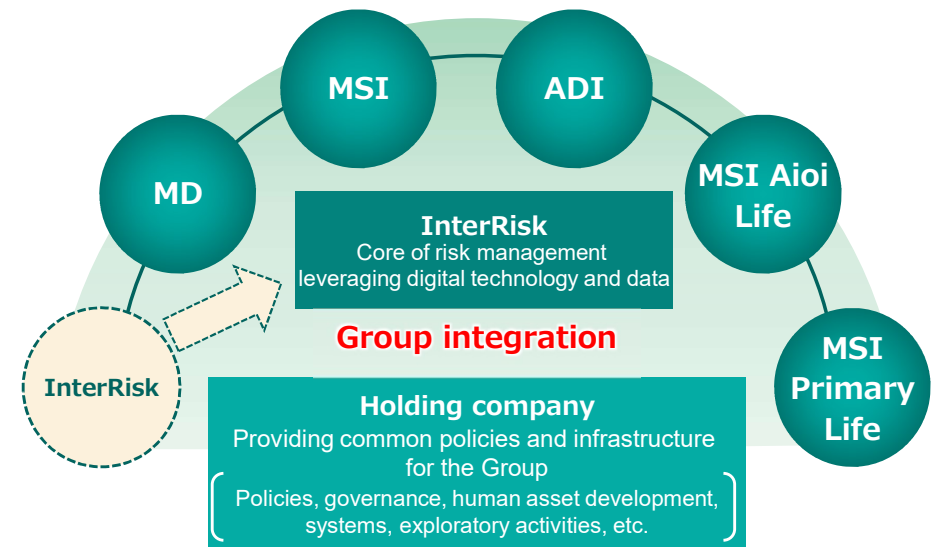
- Building a platform for mutual, safe and speedy use data of various held by group.
- Increase the types and numbers of data that each group company can handle, and aim to use and apply the data in a variety of fields in the future, including natural catastrophe and healthcare.

Sales of digital-related business



Promoting solutions with InterRisk at the core

Promotion with a sense of speed



Providing solutions through insurance agents

- In FY2023, we will begin providing solutions for before/after insurance coverage through non-life insurance agents.
- Create and provide solutions to prevent damage from accidents and disasters and to support early recovery after accidents.

4. Digital and Risk Related Services Business (2) Digital Related Investment

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

Performance of start-up investments

MS&AD
MS&AD VENTURES

- ✓ Invested in **96** start-up companies (accum.) as of the end of March 2023.
- ✓ **144** demonstration experiments aimed at business development (including 72 in FY 2022)
- ✓ Realized **41** business alliances with start-up companies, including business units and investments (including 12 cases in FY2022)

Achievement in Strength of the Group's customer contacts, development of new products, strengthening of underwriting, etc.

Establishment of the first joint research institute in insurance industry



- ✓ Established in November 2022 with Mind Foundry, an AI venture from Oxford University, UK
- ✓ Uses advanced technologies centered on AI to provide models for solving social and local issues

Create new value in insurance and globally realize "GAME CHANGE"

Development of digital human asset,

Present

Digital human assets
approx. 3,600
(under development)
Data Scientist
Approx. 70

FY 2025

Digital human assets
Approx. 7,000
Data Scientist
Approx. 170

KUAS
Kyoto University of
Advanced Science



Kyoto University of Advanced
Science and Technology 149
person

INIAD
Information Networking
for Innovation and
Design, Toyo University



Faculty of Information and
Collaboration, Toyo University
180 person

Establishment of joint research center with Shiga University

JSSRC

Japan Safety Society Research Center
日本セーフティソサイエティ研究センター

- ✓ Established a center for Big Data research at Shiga University
- ✓ Promote research on upgrading insurance-related services using Big Data
- ✓ Nurture data scientist

II. Basic information on Each Business Domain

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

5. Financial Services Business

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

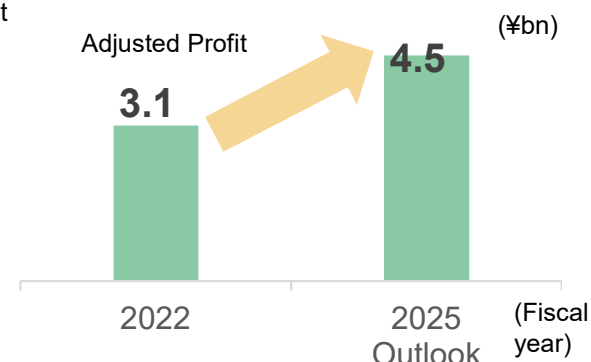
International
Business

Other

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

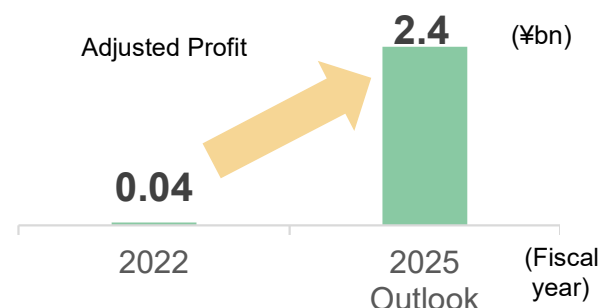
Asset building- related business

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



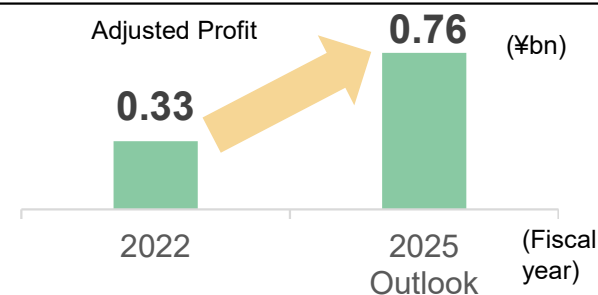
Provision of risk solutions contributing to ESG

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



Response to changes in social environment

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



*1 Sumitomo Mitsui DS Asset Management Company, Limited

*2 Leadenhall Capital Partners LLP (LCP)

*3 ILS fund managed by LCP (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) Net Investment Income (Domestic Non-Life Insurance Business)

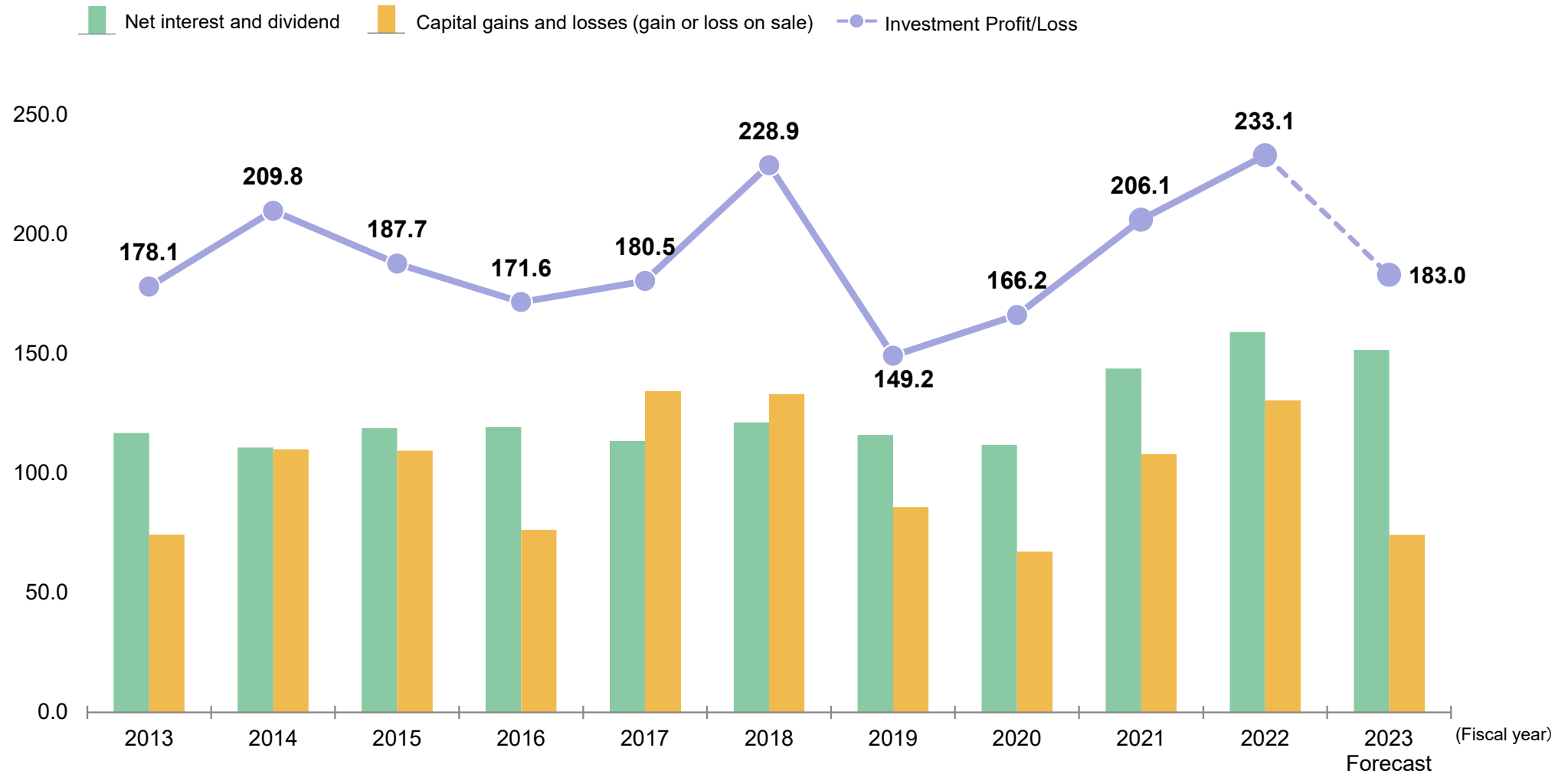
Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

Net Investment Income



*Simple sum of non-consolidated figures for MSI and ADI

*FY 2014 Capital gains and losses includes Reserve for price fluctuation (+ 63 billion yen)

6. Asset Management (2) MS Amlin

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

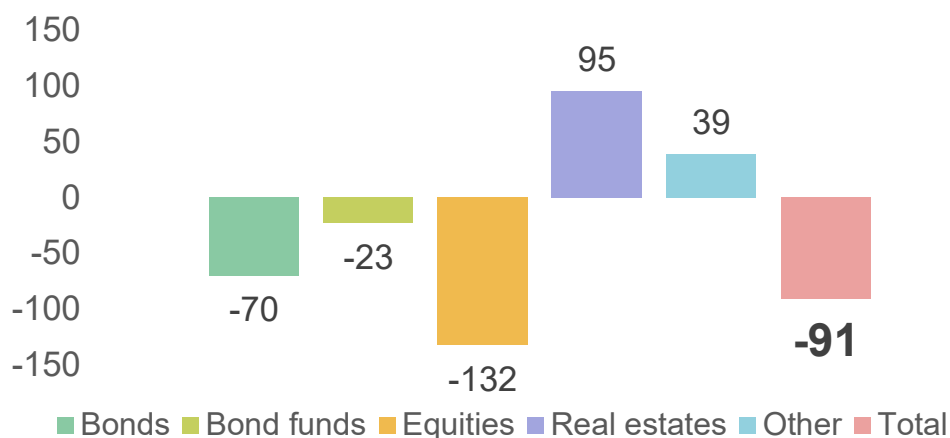
International
Business

Other

Investment Profit/Loss

■ **FY2022: -£91 million (net investment return: -1.4%)**

(£mn)



■ **FY2023 forecast: £200 million (net investment return: 3.1%)**

Earnings, mainly from bonds and bond funds, are expected due to rising new net investment returns, as a result of increased interest rates in FY2022.

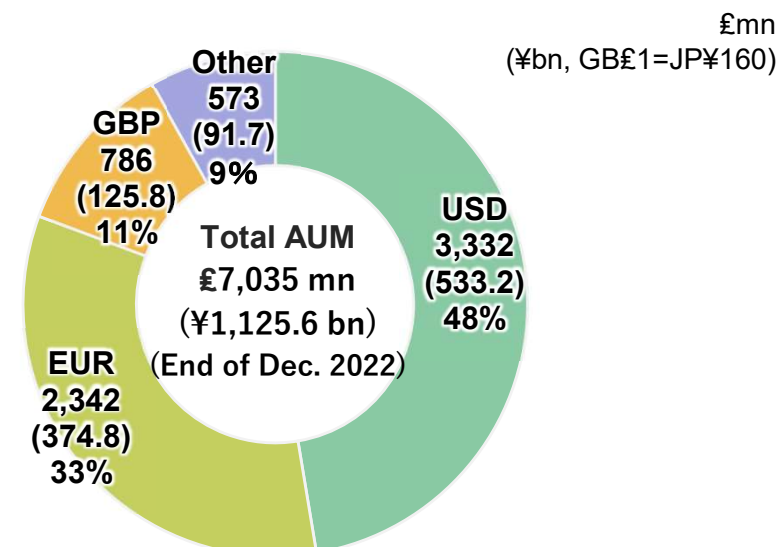
Percentage of bonds by credit rating

AAA~BBB	Less than BBB
92%	8%

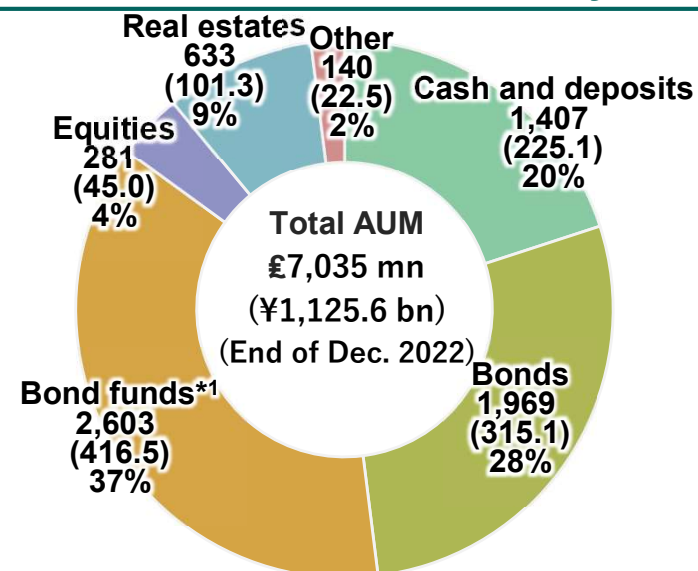
* The above breakdown includes derivatives.

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

Investment Assets Breakdown by Currency



Investment Assets Breakdown by Assets



6. Asset Management (3) Consolidated Total Assets and Asset Allocation (whole MS&AD Insurance Group)

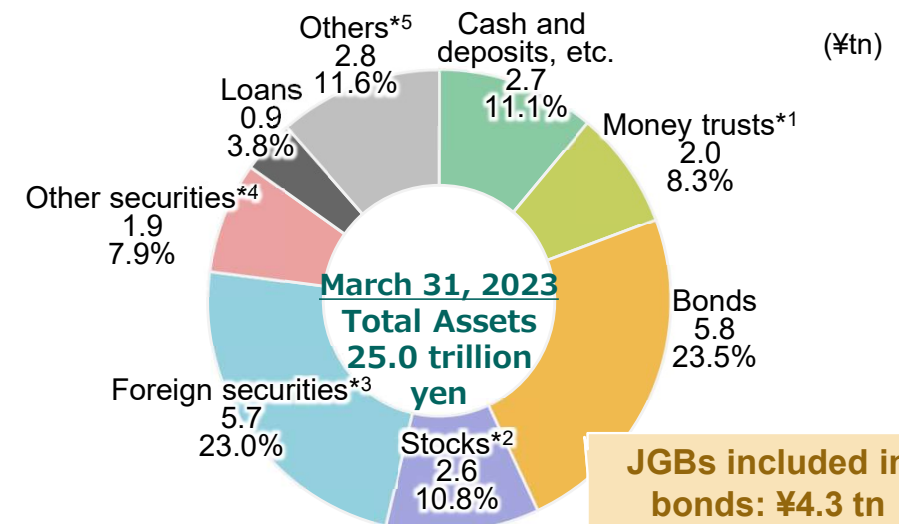
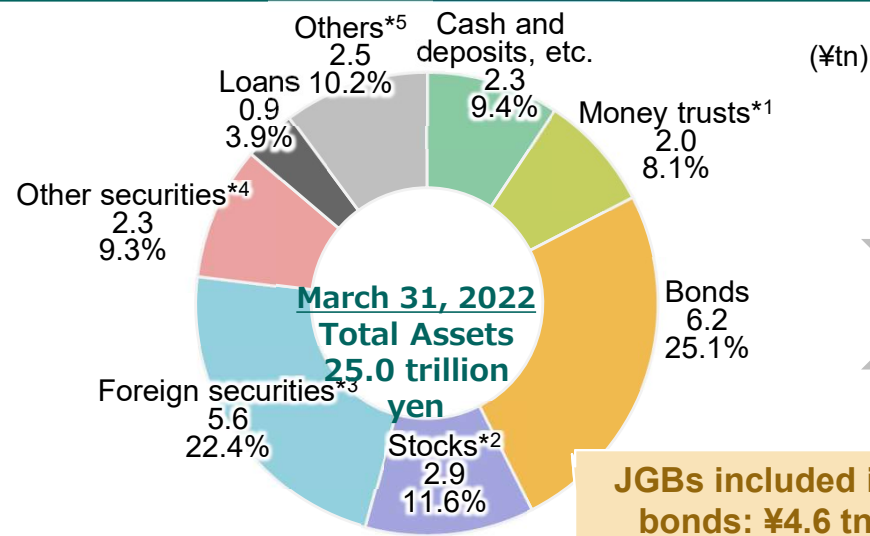
Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

Asset allocation (on a consolidated total assets basis)



Interest rate and foreign exchange rate sensitivity*6 (as of March 31, 2023)

	Total for MS&AD Group	Total for Non-Life Insurers*7	Total for Domestic Life Insurers
100 bps rise in yen interest rates	+167.4	+59.9	+89.6
100 bps rise in US dollar interest rates	-91.3	-61.9	-29.4
10% rise in the yen against all currencies	-288.0	-198.3	-66.4
10% rise in the yen against the US dollar	-155.0	-126.0	-28.7
10% rise in the yen against the Euro	-17.2	-17.2	+0.0
10% rise in the yen against the British Pound	-22.3	-9.4	+0.2

Percent distribution by rating*9 (as of March 31, 2023)

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

Net investment for Higher-Return Assets*8 (FY2022)

Total for MSI, ADI, MSA Life, MSP Life	Foreign bonds (no currency hedge)	Foreign stocks	Alternative assets	Domestic stocks, etc.
+188.6	+97.3	-11.8	+82.8	+20.3

- *1 Mainly assets corresponding to liabilities of domestic life insurance companies
- *2 Strategic equity holdings and shares held purely for investment purpose. See p.91 for details of the ratio of strategic equity holdings.
- *3 Foreign securities held by domestic insurance companies and securities held by foreign insurance subsidiaries
- *4 Mainly special account assets of domestic life insurance companies
- *5 Mainly tangible fixed assets, intangible fixed assets and goodwill
- *6 Impact on difference between assets and liabilities (surplus)
- *7 Including overseas subsidiaries
- *8 Net Investment amount (purchase – sales/redemption) for assets having higher expected return, Total for MSI, ADI, MSI Aioi Life and MSP Life
- *9 Aggregated figures for credit by internal rating for total credit management by individual issuers (market value, consolidated). Excluding loans to our group, reinsurance, and guarantee credits.

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

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	As of Mar 31, 2022		As of Mar 31, 2023		As of Mar 31, 2022		As of Mar 31, 2023	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	6,887.5	100.0%	6,504.3	100.0%	3,215.1	100.0%	3,197.8	100.0%
Deposits, etc.	764.0	11.1%	625.3	9.6%	158.3	4.9%	235.7	7.4%
Bonds	1,351.7	19.6%	1,217.5	18.7%	775.2	24.1%	686.6	21.5%
of which, JGBs	701.4	10.2%	605.7	9.3%	430.5	13.4%	407.9	12.8%
Foreign securities	2,106.7	30.6%	2,166.2	33.3%	865.3	26.9%	885.6	27.7%
Foreign bonds	264.6	3.8%	254.4	3.9%	557.9	17.4%	544.4	17.0%
Foreign stocks	1,403.5	20.4%	1,485.8	22.8%	84.6	2.6%	92.9	2.9%
Foreign investment trusts, etc.	438.4	6.4%	426.0	6.5%	222.7	6.9%	248.3	7.8%
Stocks	1,968.5	28.6%	1,785.6	27.5%	888.3	27.6%	863.8	27.0%
Other securities	97.2	1.4%	119.1	1.8%	114.7	3.6%	100.1	3.1%
Loans	410.6	6.0%	403.5	6.2%	245.7	7.6%	260.5	8.1%
Land & buildings	188.6	2.7%	186.8	2.9%	167.2	5.2%	165.2	5.2%

*Based on financial statement classification

6. Asset Management (5) Total Assets and Asset Allocation (MSI Aioi Life / MSI Primary Life)

Domestic Non-life
Insurance Business

Domestic Life
Insurance Business

International
Business

Other

(¥bn)

	MSI Aioi Life				MSI Primary Life (General account)			
	As of Mar 31, 2022		As of Mar 31, 2023		As of Mar 31, 2022		As of Mar 31, 2023	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	4,780.4	100.0%	4,900.7	100.0%	5,031.1	100.0%	5,061.7	100.0%
Deposits etc.	107.4	2.2%	416.7	8.5%	835.2	16.6%	827.9	16.4%
Bonds	4,225.8	88.4%	4,019.5	82.0%	75.1	1.5%	86.6	1.7%
of which, JGBs	3,499.1	73.2%	3,279.9	66.9%	19.2	0.4%	18.8	0.4%
Foreign securities	315.2	6.6%	341.1	7.0%	1,789.0	35.6%	1,801.0	35.6%
Money trusts	-	-	-	-	2,035.7	40.5%	2,078.3	41.1%
Stocks	1.0	0.0%	0.8	0.0%	0.0	-	-	-
Other securities	71.5	1.5%	61.3	1.3%	6.9	0.1%	6.0	0.1%
Loans	58.9	1.2%	60.7	1.2%	288.6	5.7%	261.5	5.2%
Land & buildings	0.3	0.0%	0.3	0.0%	0.2	0.0%	0.2	0.0%

*Based on financial statement classification

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

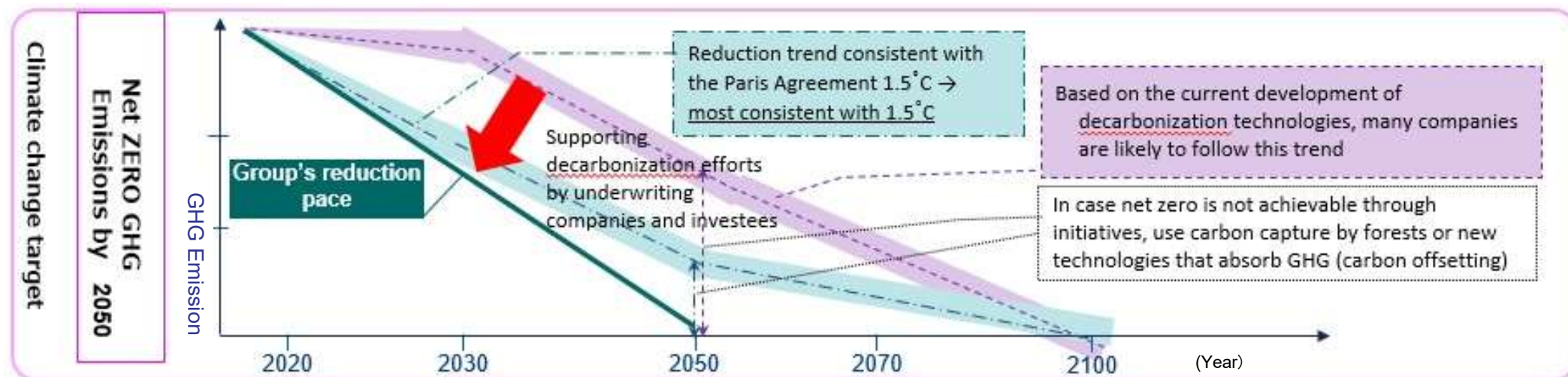


Key Issues	KPI Progress		Target	FY2023 Results	Rating
<p>Symbiosis with the global environment (Planetary Health)</p>	Greenhouse gas reduction rate (vs. FY2019)		FY2030: - 50% FY2050: Net Zero	-25.3% (End of Dec, 2022)	
	Renewable energy usage rate		FY2030: 60% FY2050: 100%	12.3% (End of Dec, 2022)	
	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	

1. Sustainability Initiatives (2) Climate Change Initiatives

- We have set decarbonization targets in line with global expectations. In addition to our own efforts to reduce greenhouse gas (GHG) emissions, we will support our customers' efforts to decarbonize by providing products and services and promote the reduction of GHG emissions by our insurance underwriters and investee companies.

MS&AD Group's Initiatives to Achieve Net Zero in 2050



Initiatives to reduce our own GHG emissions

- Promoting environmental initiatives as part of MS&AD Green Earth Project
- Energy-saving initiatives
- Introduction of renewable energy
- Using EVs as company vehicles, etc.

Initiatives to reduce GHG emissions by underwriters and investees

- Promotion of underwriting with consideration for ESG
- Provision of decarbonization-related products and services
- Emissions disclosure
- ESG thematic investment
- Support for customers' decarbonization efforts

Helping customers reduce GHG emissions

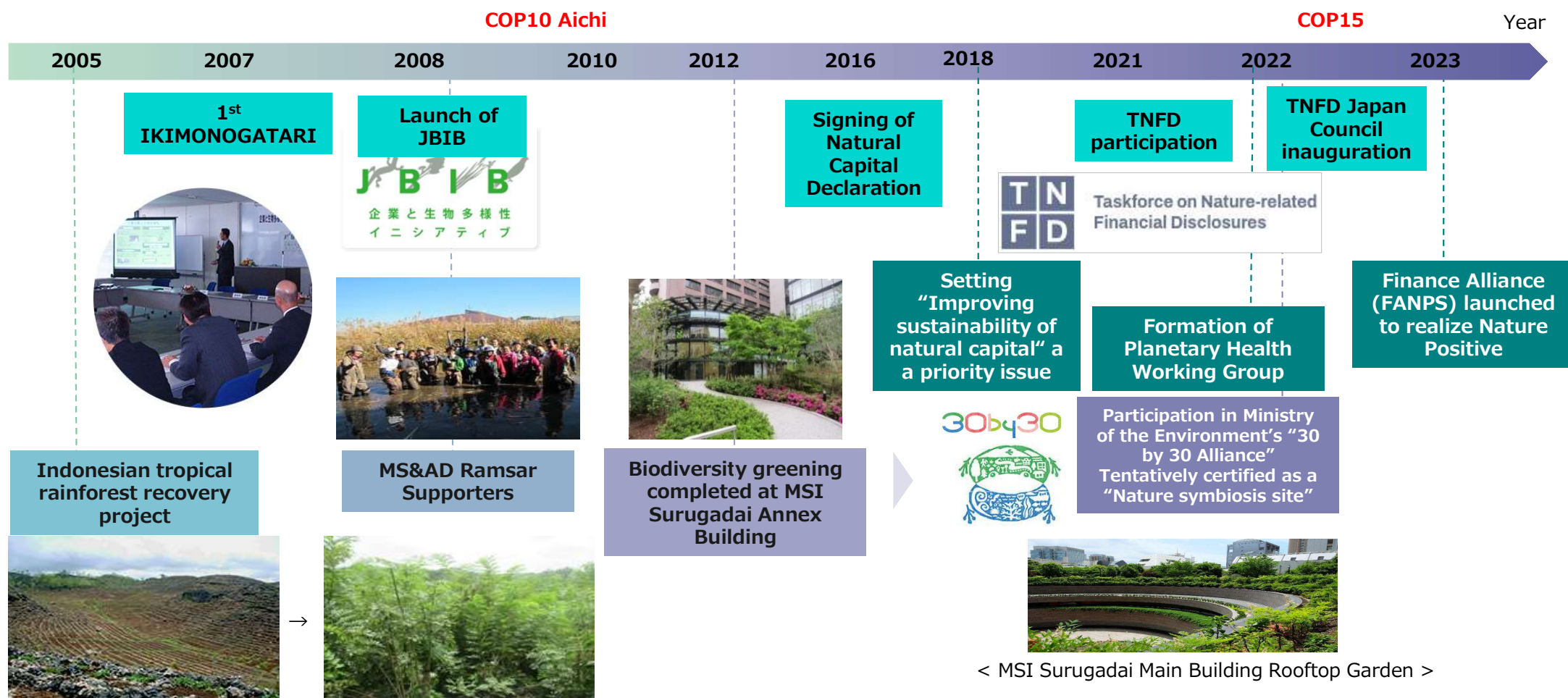
Supporting corporate customers' decarbonization efforts by providing products and services

Energy, Oil, Gas <ul style="list-style-type: none"> • Shift to non-fossil fuels • Introduction of renewable energy 	Cement & chemicals <ul style="list-style-type: none"> • Shift production configuration to CCUS* and hydrogen • Promotion of material recycling
Steel <ul style="list-style-type: none"> • CO2 reduction in blast furnaces + CCUS*, switch to electric furnaces • Hydrogen steel making (ultra-innovative technology) 	Transportation <ul style="list-style-type: none"> • Shift in fuel(fossil to electricity, hydrogen or SAF)
Food processing <ul style="list-style-type: none"> • Reduction of food loss • Decarbonization of manufacturing processes 	Retail & trade <ul style="list-style-type: none"> • GHG reduction of business partners • Decarbonization of logistics

* CCUS: Carbon dioxide Capture, Utilization and Storage. Capturing CO2 and storing it deep underground.

1. Sustainability Initiatives (3) Natural Capital and Biodiversity Initiatives

- Non-life insurance is a business built on a sustainable society and economy that is in harmony with nature. That is why addressing climate change, natural capital and biodiversity is a top priority that determines the sustainability of non-life insurance. MS&AD joined the Taskforce on Nature-related Financial Disclosures (TNFD) in 2021, participating in the TNFD Forum as a company. In addition, one of our employees has been working as a Taskforce Member to develop a disclosure framework.



1. Sustainability Initiatives (4) Strengthening ESG Investment Initiatives

- As a signatory institution of Principles for Responsible Investment (PRI), we invest and lend in consideration of ESG. We are integrating this into the investment and loan process, promoting engagement, and engaging in ESG-themed investment with profitability as its premise.

<MS&AD's ESG Investment>

Initiatives (ESG investment methods)	Content
Integration into the investment and loan process	Negative screening
	Incorporation into research
Engagement	Engagement
Active contribution (ESG-themed investment)	Impact investment
	Sustainability theme-based investment

<Breakdown of ESG investments (as of March 2023)> (¥bn)

Theme	Balance	New investment ^{*1}
ESG-themed fund investments	81.2	+79.0
Support for GHG reduction initiatives		
Renewable energy (solar, wind, hydrogen, etc.)	60.0	+8.6
Transition/sustainability-linked finance	15.1	+12.8
Green finance	87.8	+38.1
Support for global sustainable development		
Social sustainability (incl. international agency bonds)	118.5	+27.7
Regional revitalization, healthcare, impact investment ^{*2} , etc.	11.4	+2.2
Total	374.0	+168.4

*1 Total of newly invested amount in this FY *2 Out of fund commitments, invested amounts only.

- MS&AD utilizes the assessments provided by global ESG evaluation organizations to improve its sustainability initiatives. As of December 2022, we are included in the following ESG indices:

CDP's Climate A List



Dow Jones Sustainability Indices (World/Asia Pacific)



FTSE Blossom Japan Index



S&P/JPX Carbon Efficient Index



ISS ESG Corporate Rating Prime



FTSE4Good Index Series



MSCI Japan ESG Select Leaders Index*

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women Index (WIN)*

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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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 : 4.4pt)	4.4pt	
	Employee satisfaction(Working with motivation)	Current level or higher(FY2021 : 4.6pt)	4.6pt	
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	1st Apr 2023	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 (Outlook)	Status
Productivity improvement	Personnel Expense rate	8.5%	9.3%	

2. Human Assets Initiatives (2) Human Asset Improvement Initiatives

- Each and every Group employee is responsible for implementing the basic strategies outlined in the Medium-Term Management Plan (2022-2025). The Group is realizing sustained increases in corporate value by filling the gaps needed to implement the basic strategies and increasing employee engagement.

Key Strategies

Optimal Human assets portfolio building

- Enhancing employees' self-directed growth opportunities and learning menus to improve reskilling and skills.

Digital Human Assets

In addition to having all employees acquire basic digital skills, we are working with universities and other institutions to utilize collaborative development programs

Global Human Assets

Utilizing global human assets training programs and overseas training programs

- Pursuing sophistication and efficiency of human asset development by promoting integrated management of training and standardization of learning menus, while consolidating human asset development of MSI and ADI at the holding company.

KUAS

Kyoto University of Advanced Science



MS&AD

INSURANCE GROUP

INIAD

Information Networking for Innovation and Design, Toyo University



MS&AD

INSURANCE GROUP

In collaboration with universities and other educational institutions, we are fostering digital human assets and enhancing employees' ability to utilize digital technology.

Maximize Employee's Ability Skill Motivation

- Expanded the personnel movement system (post challenge) to transfer employees to the department of their choice to another field. In addition, free agents has been introduce to diversify the use of human resources.
- Use this as an opportunity for employees to develop their own careers, improve their skills, and gain diverse experience and knowledge through the relaxation of side and side jobs.
- Promoting DE&I (Diversity, Equity and Inclusion)
As a traditional D&I initiative, we have provided a variety of support and opportunities for all employees to continue to work and flourish. To achieve true D&I, we will adopt a new equity perspective and strongly promote DE&I initiatives.

Examples of initiatives to promote DE&I

- Initiatives to develop talent pipelines at group companies to promote women to decision-making positions
 - Appointment of women as part-time directors of direct shareholding affiliates
 - Appointment of women to the posts of Deputy General Manager and Deputy Branch Manager
- Hold an e-business seminar as a forum for exchange and practice of inclusive leadership and diverse employees of the group with input from board members
 - Create a workplace support allowance (gift money) for childcare leave



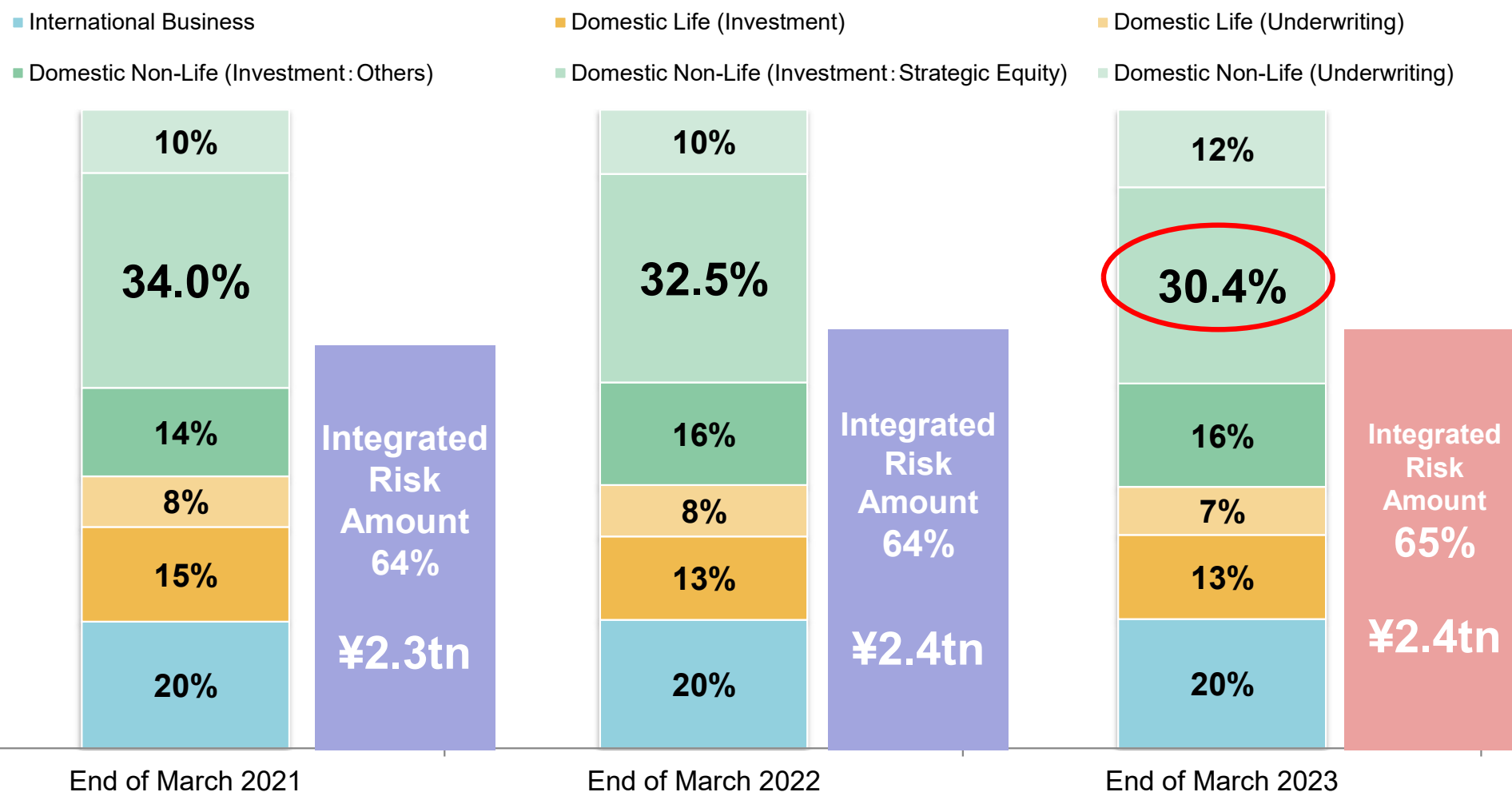
III. Sytem Supporting Value Creation

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

3. ERM (1) Ensuring Financial Soundness (Risk Portfolio)

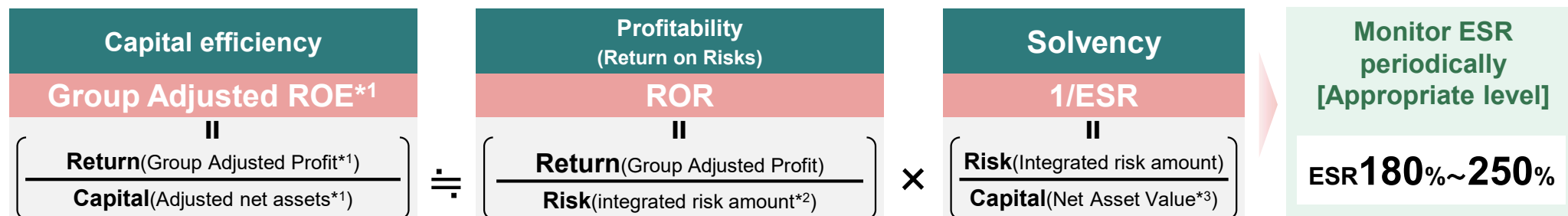
- We sold 206.6 billion yen of strategic equity holdings in FY2022, and the share in risk amount has decreased to 30.4% at the end of March 2023. (Target : less than 30%)

Risk Portfolio

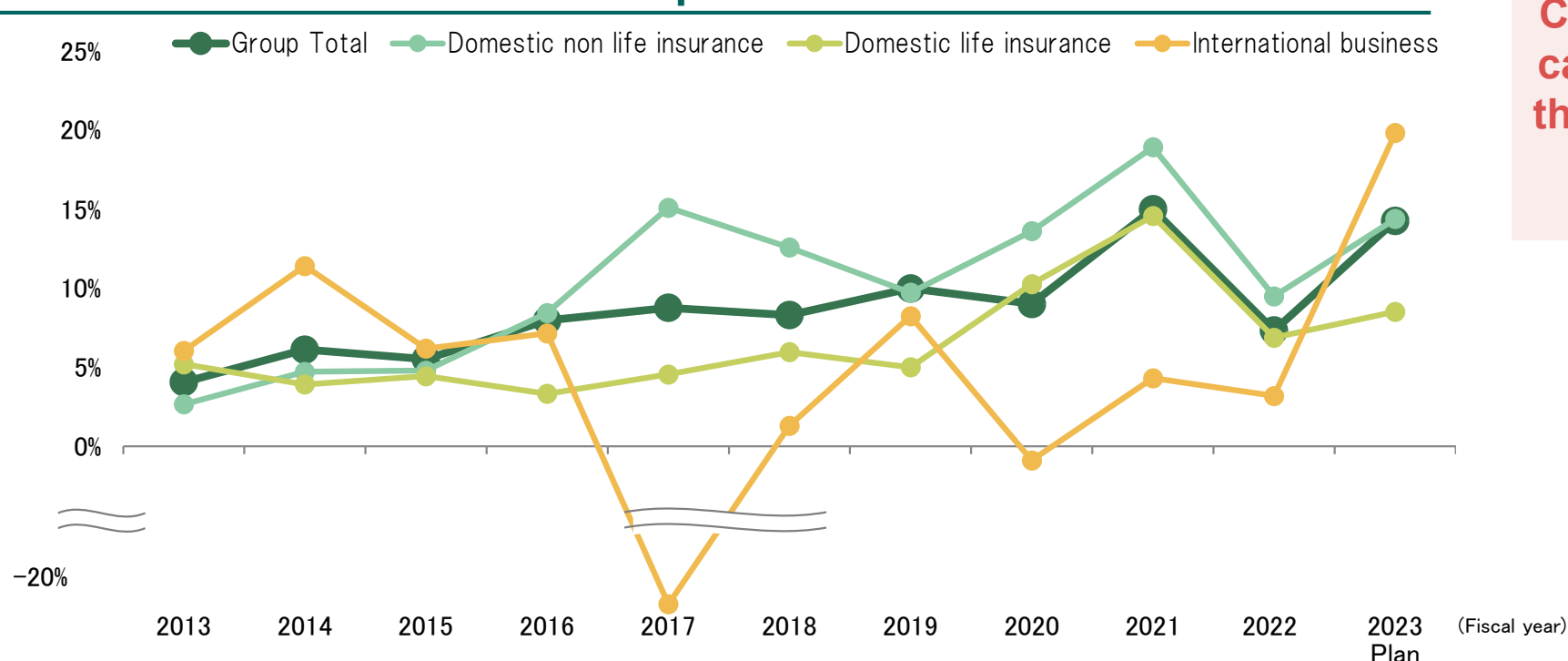


3. ERM (2) Improvement of Profitability (ROR Monitoring)

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



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.

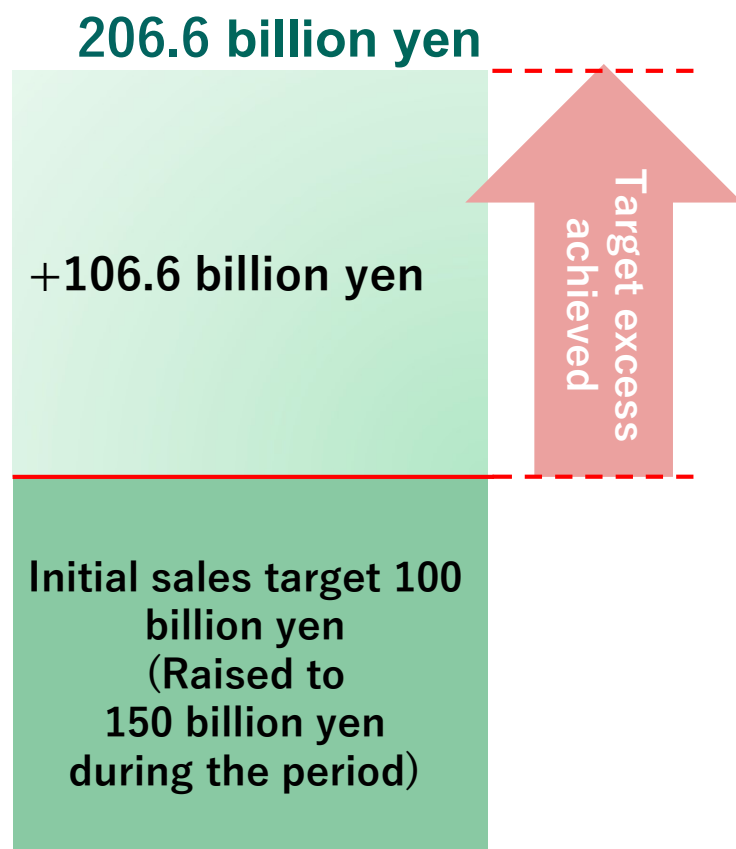
*2: Integrated risk amount represents the maximum amount of losses that are likely to be encountered once in 200 years. It is marked to market value.

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

3. ERM (3) Sales of Strategic Equity Holdings

- Against the annual target of selling strategic equity worth of 100 billion yen, we accelerated the pace of reduction and sold 206.6 billion yen in FY2022.

Sales in FY2022



Actual Sales

				(¥bn)
Actual sales before business integration (FY2003*~FY2009)				800.7
MS & AD	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	
		FY2019	111.8	
		FY2020	102.7	
		FY2021	118.1	
	Mid-term Plan 2022-2025	FY2022	206.6	(Subtotal) 206.6
Total				2,498.1

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

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

	March 2022	March 2023	Mid-term Plan Target
Fair value weight* of strategic equity holdings in consolidated total assets	11.3%	10.5%	Less than 10%
Risk weight* of strategic equity holdings in risk amount	32.5%	30.4%	Less than 30%

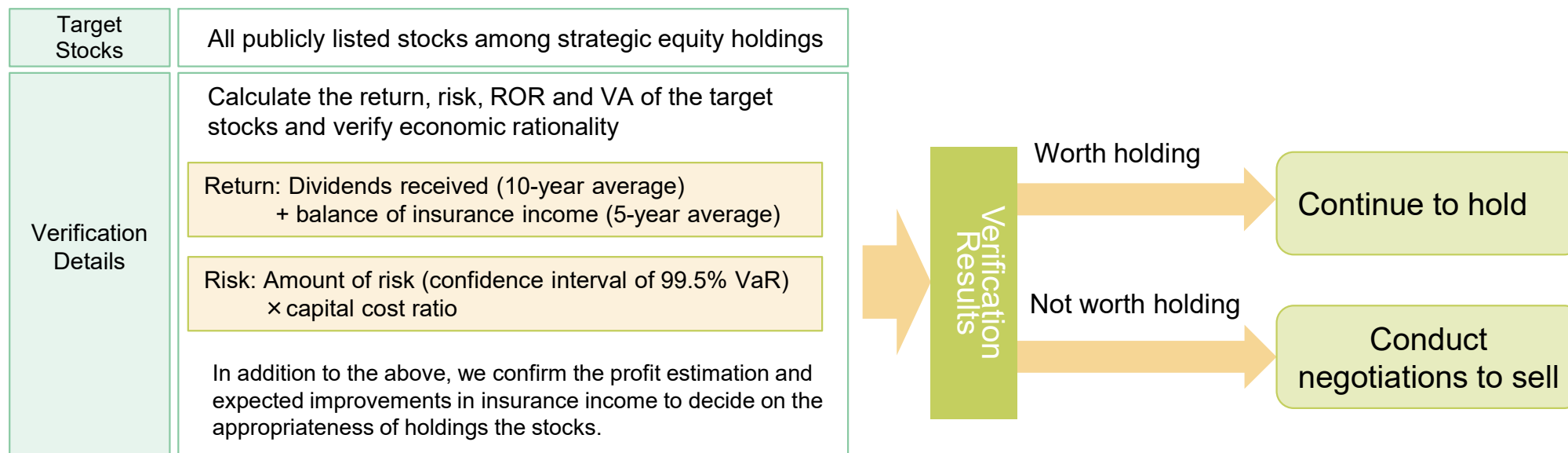
* Weight of all strategic equity holdings including unlisted stocks

3. ERM (4) 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 FY2022 verification, 85% of investee companies on a stock basis and 90% on a market value basis exceeded the rationality target.

Verification Method in FY2022



Dialogues Held and Results of Exercising Voting Rights

Dialogues held (July 2021 to June 2022)

	MSI	ADI	Total (simple sum)
Number of companies with dialogue	173 companies	146 companies	319 companies

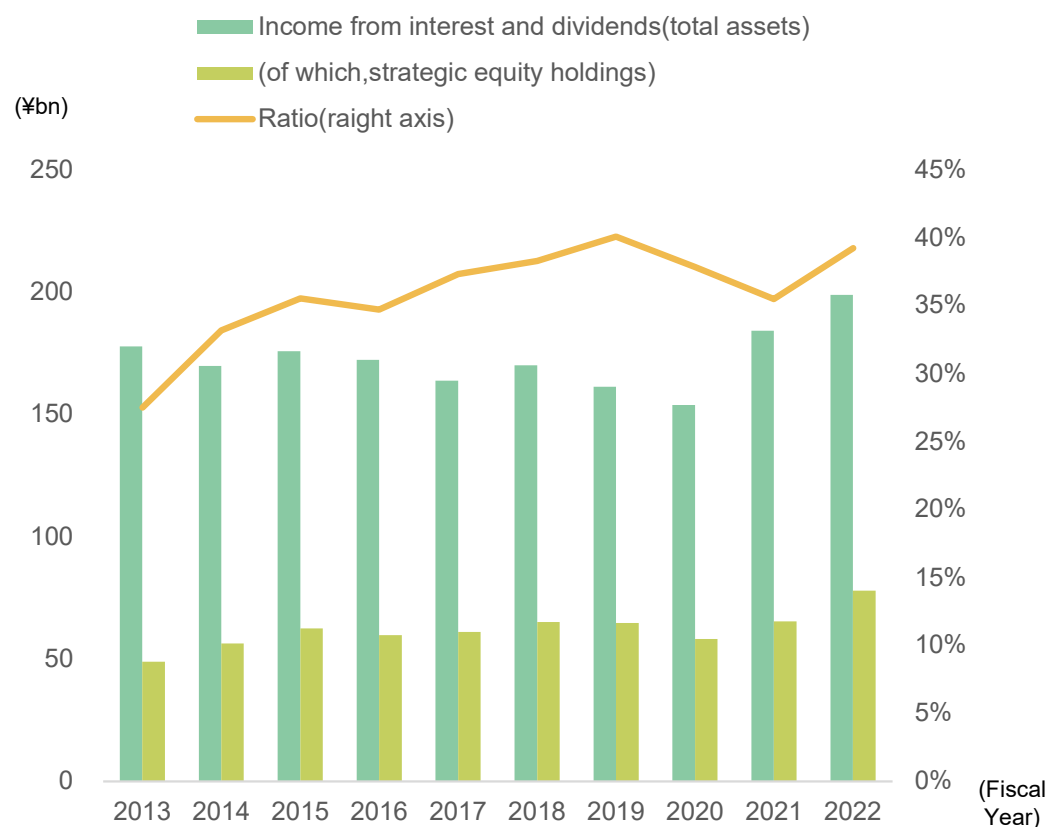
Results of exercising voting rights (July 2021 to June 2022)

	MSI	ADI	Total (simple sum)
Number of disapprovers of company proposals (number of company proposals)	7 (2,757)	9 (1,961)	16 (4,718)

3. ERM: (5) Investment Performance of Strategic Equity Holdings (Dividends, Total return based on market value)

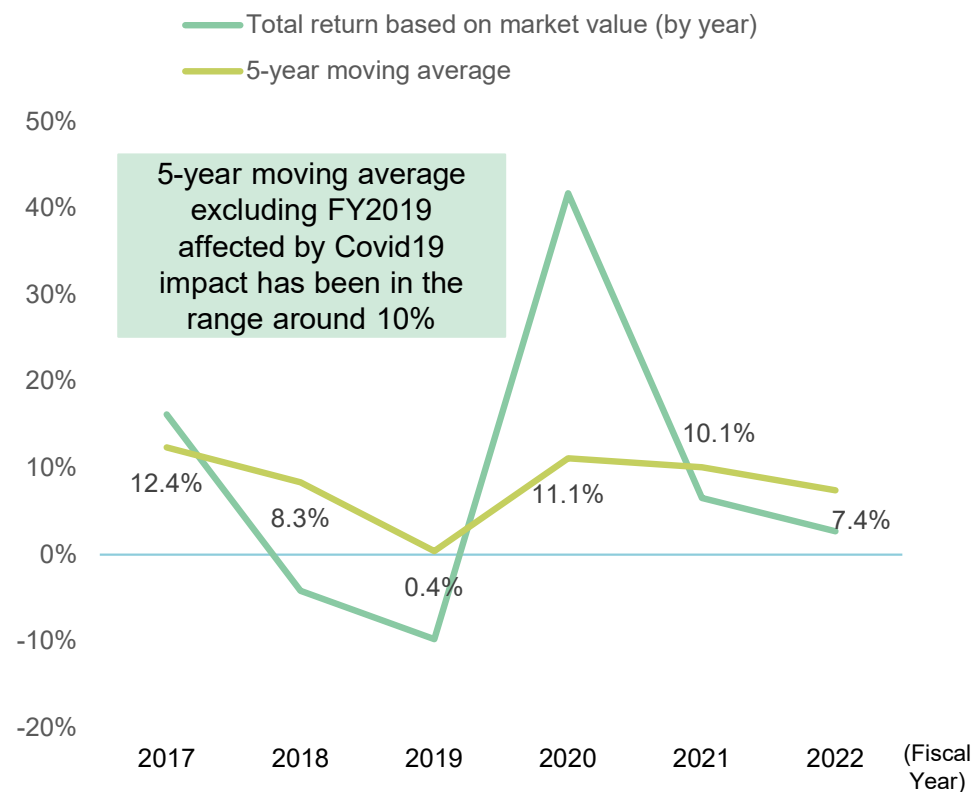
- Dividends from strategic equity* holdings were stable at around 60 billion yen, with income from interests and dividends accounting for a rising percentage. In addition, even after the transition to IFRS, strategic equity holdings remain an asset that helps ensure stable investment profit.
- 5-year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

Change in dividends from strategic equity holdings



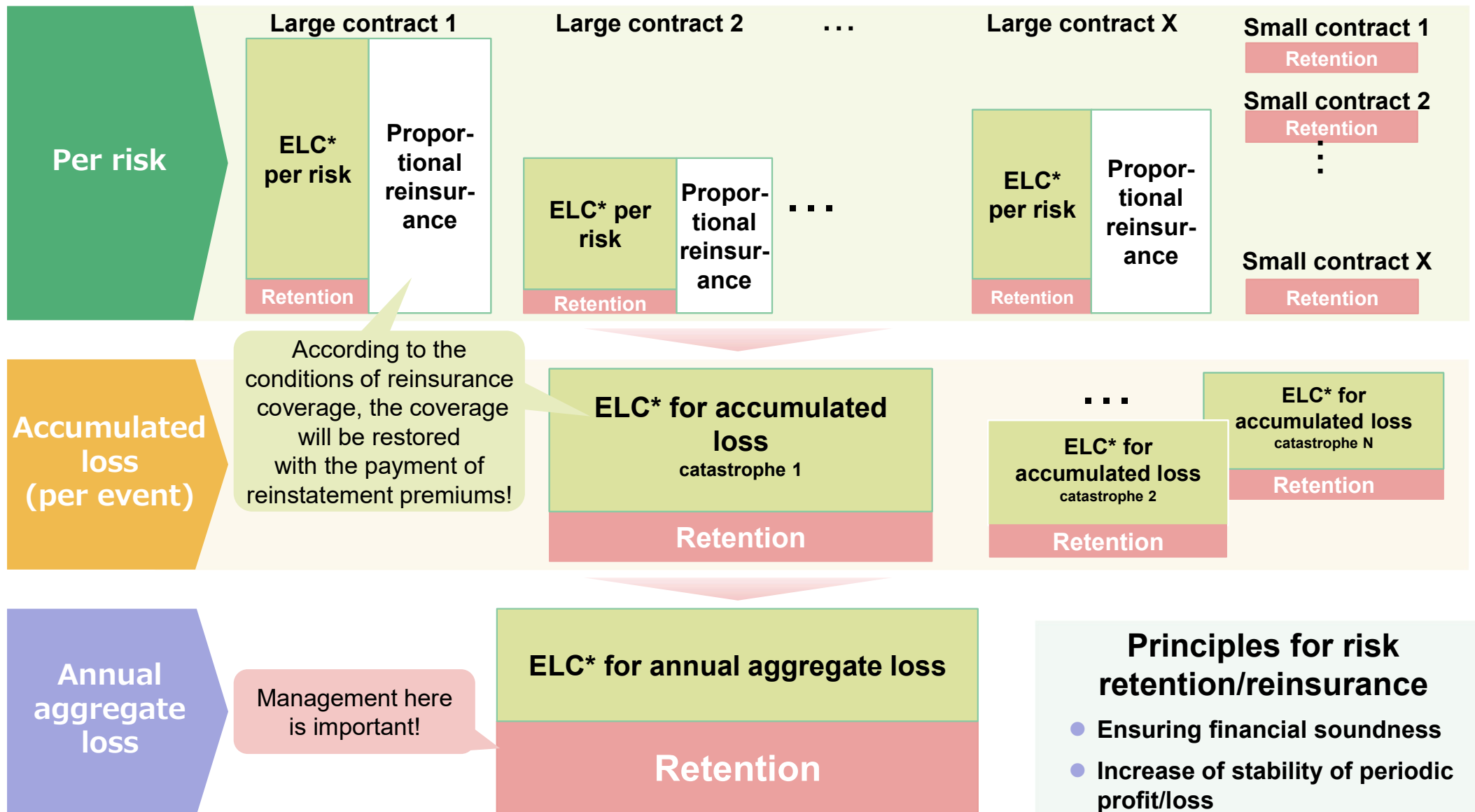
*Total sum of strategic equity owned by MSI and ADI

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

MS&AD Holdings

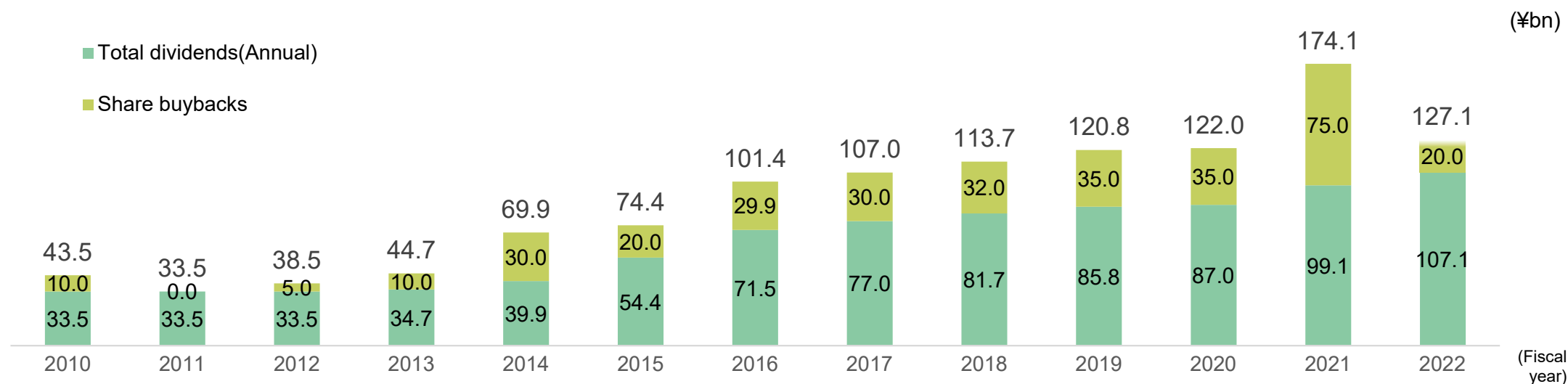
MS&AD INSURANCE GROUP

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
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	1888.5
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	1170.6
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	—

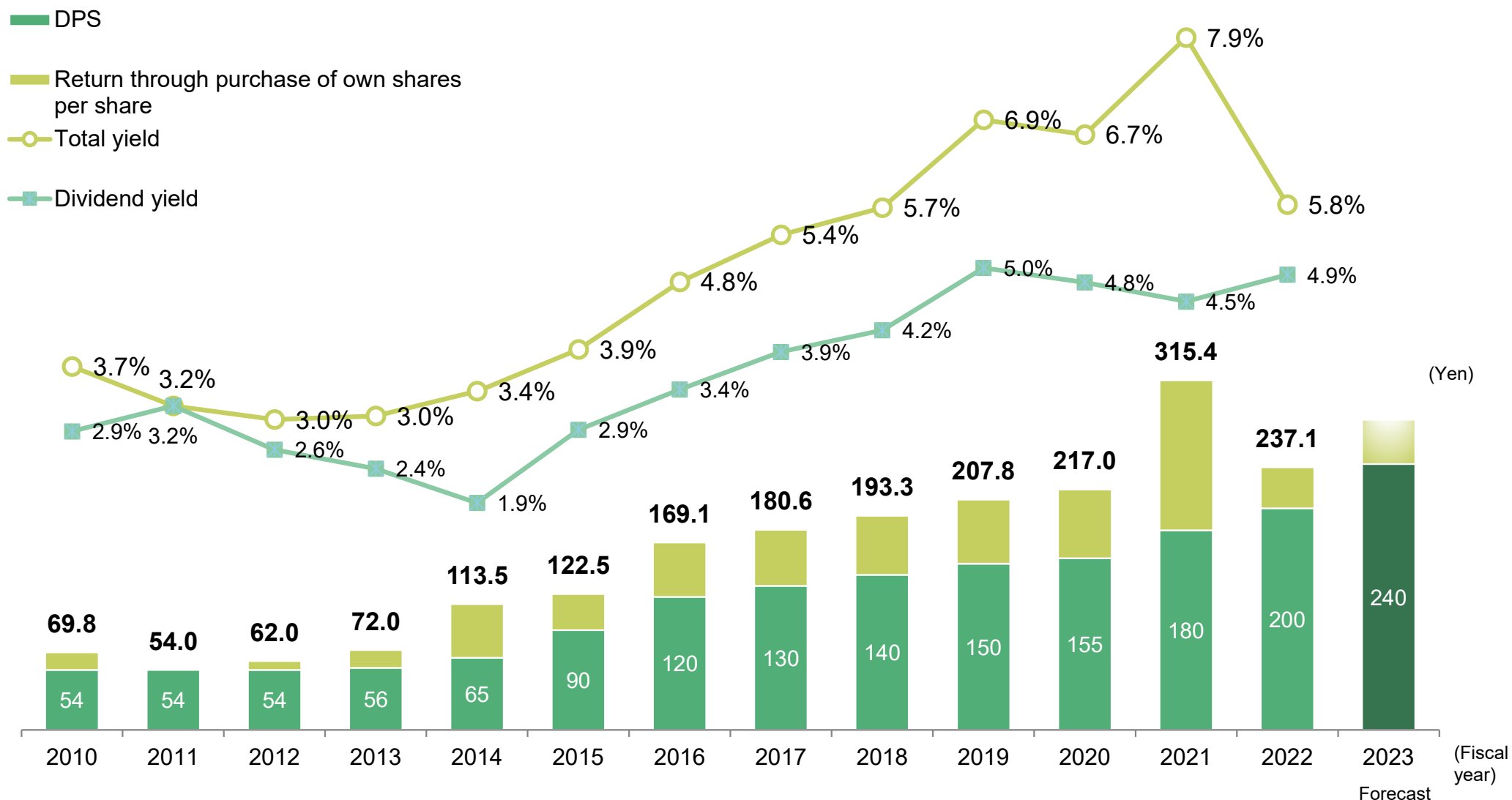


*1 Figures until FY2017 are Group Core Profit. Please refer to p.98 for the method of calculating the single-year shareholder return ratio.

*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
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
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
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
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%
(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%
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
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
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

※ The rate of change is the rate of change from the end of the previous fiscal year.

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

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

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

* 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”

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

*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 FY2022

(¥bn)

$$\begin{aligned}
 \text{Group Adjusted Profit} &= \text{Consolidated net income} + \text{Provision for catastrophe loss reserve and others} - \text{Other incidental factors}^{*4} + \text{Equity in earnings of non-consolidated group companies} \\
 172.7 &= 161.5 + (-22.3) - (-33.1) + 0.3
 \end{aligned}$$

*4 Amortization of goodwill and others: -28.9 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.

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