

Materials for FY2021 3Q Results Briefing – Conference Call

Advancing with you



INSURANCE GROUP

February 14, 2022 (Mon.)

MS&AD Insurance Group Holdings, Inc.

FY2021 3Q Results

<Top line>

- Net premiums written increased by 68.3 billion yen, or 2.6%. (Up 21.7 billion yen compared with FY2019)
- Net premiums written at the two main domestic non-life insurance companies combined increased by 0.9%, due to an increase in voluntary automobile and casualty insurance, despite a decrease in fire and compulsory auto liability insurance. Net premiums written at overseas insurance subsidiaries increased by 9.4%, mainly due to higher rates and the impact of foreign exchange rates, despite the negative impact of the strengthening of underwriting rules, etc.
- Gross premiums income in the domestic life insurance increased by 16.4% due to a large increase at MSI Primary Life.

<Bottom line>

- Net income rose by 54.5 billion yen to 204.6 billion yen (Progress rate vs. full-year forecast: 89.0%).
- Group Adjusted Profit rose by 74.7 billion yen to 276.0 billion yen (Progress rate: 92.0%).
- Group Adjusted Profit in the domestic non-life insurance business increased by 40.4, due to increased underwriting profits and investment profits (Progress rate: 97.1%).
- Group Adjusted Profit in the domestic life insurance business increased by 5.5 billion, due to increased profits at both MSI Aioi Life and MSI Primary Life (Progress rate: 123.3%).
- Group Adjusted Profit in the international business increased by 29.6 billion yen due to a smaller impact of COVID-19 and increased profits in the international life insurance business (Progress rate: 50.4%).

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Please also refer to an Excel data file uploaded on our website.

Summary of FY2021 3Q Results

Consolidated Earnings for FY2021 3Q (1) - Overview (i) (Top line)

Non-life insurance subsidiaries

(¥bn)

	FY2019 3Q Results	FY2020 3Q Results	FY2021 3Q Results	YoY Change	Growth
Direct premiums written (excl. deposit premiums from policyholders)	2,868.6	2,855.3	2,918.6	63.3	2.2%
Net premiums written	2,725.3	2,678.7	2,747.0	68.3	2.6%
Mitsui Sumitomo Insurance	1,153.5	1,168.4	1,178.7	10.3	0.9%
Aioi Nissay Dowa insurance	962.6	960.3	970.0	9.6	1.0%
Mitsui Direct General	26.3	26.5	25.7	- 0.7	- 2.9%
Overseas subsidiaries	581.9	523.3	572.5	49.1	9.4%

Life insurance subsidiaries

(¥bn)

	FY2019 3Q Results	FY2020 3Q Results	FY2021 3Q Results	YoY Change	Growth
Gross premiums income [※]	1,064.6	885.9	1,031.3	145.3	16.4%
MSI Aioi Life	382.8	375.8	370.5	- 5.3	- 1.4%
MSI Primary Life	681.8	510.1	660.8	150.6	29.5%
Life insurance premiums	783.7	156.4	400.5	244.1	156.1%

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

Consolidated Earnings for FY2021 3Q (1) - Overview (i) (Top Line)

(Non-life insurance subsidiaries [domestic & overseas])

- Net premiums written rose by 68.3 billion yen, or 2.6%, year on year, due to increases in both domestic non-life insurance companies and overseas insurance subsidiaries.
- The two main domestic non-life insurance companies posted an increase of 19.9 billion yen in premiums, or 0.9% year on year, due to an increase in premiums in voluntary auto and liability insurance, despite a decline in premiums in fire insurance and compulsory auto liability insurance.

Fire insurance premiums decreased by 13.4 billion yen compared with the previous period that saw a large amount of renewed policies and an increase in policies ahead of the rate revision of January 2021.

Voluntary auto insurance premiums increased by 20.4 billion yen, mainly due to an increase in the number of vehicles and an increase in the unit price as a result of various measures, such as proposal of enhanced coverage.

Casualty insurance premiums increased by 15.0 billion yen, due to strong sales of products for small and medium-sized companies and the acquisition of large contracts covering new risks.

Compulsory auto liability insurance premiums decreased by 11.6 billion yen, mainly due to the impact of the rate revision.

- Overseas insurance subsidiaries posted an increase of 49.1 billion yen in net premiums written, or 9.4% year on year, due to increased premium rates and the impact of foreign exchange rates, despite the negative impact of the strengthening of underwriting rules.

(Domestic life insurance subsidiaries)

- MSI Aioi Life: see slide 16; MSI Primary Life: see slide 17

Consolidated Earnings for FY2021 3Q (1) - Overview (ii) (Bottom line)

(¥bn)

		FY2020 3Q	FY2021 3Q				
		Results	Results	YoY Change	Change Ratio		
Ordinary profit/loss		220.2	302.5	82.3	37.4%	FY2021 Forecast (Revised)	Progress
	Mitsui Sumitomo Insurance	124.6	145.4	20.7	16.6%		
	Aioi Nissay Dowa Insurance	42.6	75.9	33.2	78.1%		
	Mitsui Direct General Insurance	2.6	2.5	- 0.1	- 4.6%		
	MSI Aioi Life	20.9	27.3	6.4	30.5%		
	MSI Primary Life	62.4	53.5	- 8.9	- 14.3%		
	Overseas subsidiaries	1.0	25.3	24.2	2,206.3%		
	Consolidation adjustments, others	- 34.2	- 27.5	6.6	-		
Net income/loss [※]		150.0	204.6	54.5	36.4%	230.0	89.0%
	Mitsui Sumitomo Insurance	83.5	110.3	26.7	32.1%	138.0	80.0%
	Aioi Nissay Dowa Insurance	29.8	52.3	22.5	75.6%	48.0	109.1%
	Mitsui Direct General Insurance	2.1	2.0	- 0.1	- 7.7%	0.2	1009.1%
	MSI Aioi Life	12.7	17.0	4.3	34.0%	18.0	94.8%
	MSI Primary Life	35.9	37.0	1.0	3.0%	25.0	148.2%
	Overseas subsidiaries	- 9.0	14.1	23.1	-	39.0	36.3%
	Consolidation adjustments, others	- 5.2	- 28.3	- 23.1	-	-38.2	-

※ Consolidated net income represents net income attributable to owners of the parent.
Net income of subsidiaries is on an equity stake basis, same hereafter.

Consolidated Earnings for FY2021 3Q (1) - Overview (ii) (Bottom Line)

[Net Income]

(Group consolidated)

- Net income was 204.6 billion yen, an increase of 54.5 billion yen, as a result of a large increase at the two main domestic non-life insurance companies and overseas insurance subsidiaries.

(Domestic non-life insurance subsidiaries)

- Despite an increase in voluntary auto insurance losses, which were down sharply in the same period last year due to the effects of COVID-19, underwriting profit rose by 35.7 billion yen, mainly due to an increase in earned premiums as a result of increased written premiums, as well as a decrease in domestic natural catastrophe losses.
- Net investment increased by 18.3 billion yen mainly due to an increase in net interest and dividends income and gains on sales of securities, despite an increase in impairment losses on securities.
- Net income rose by 49.3 billion yen to 162.7 billion yen.

(Domestic life insurance subsidiaries)

- MSI Aioi Life: See slide 16; MSI Primary: See slide 17.

(Overseas subsidiaries)

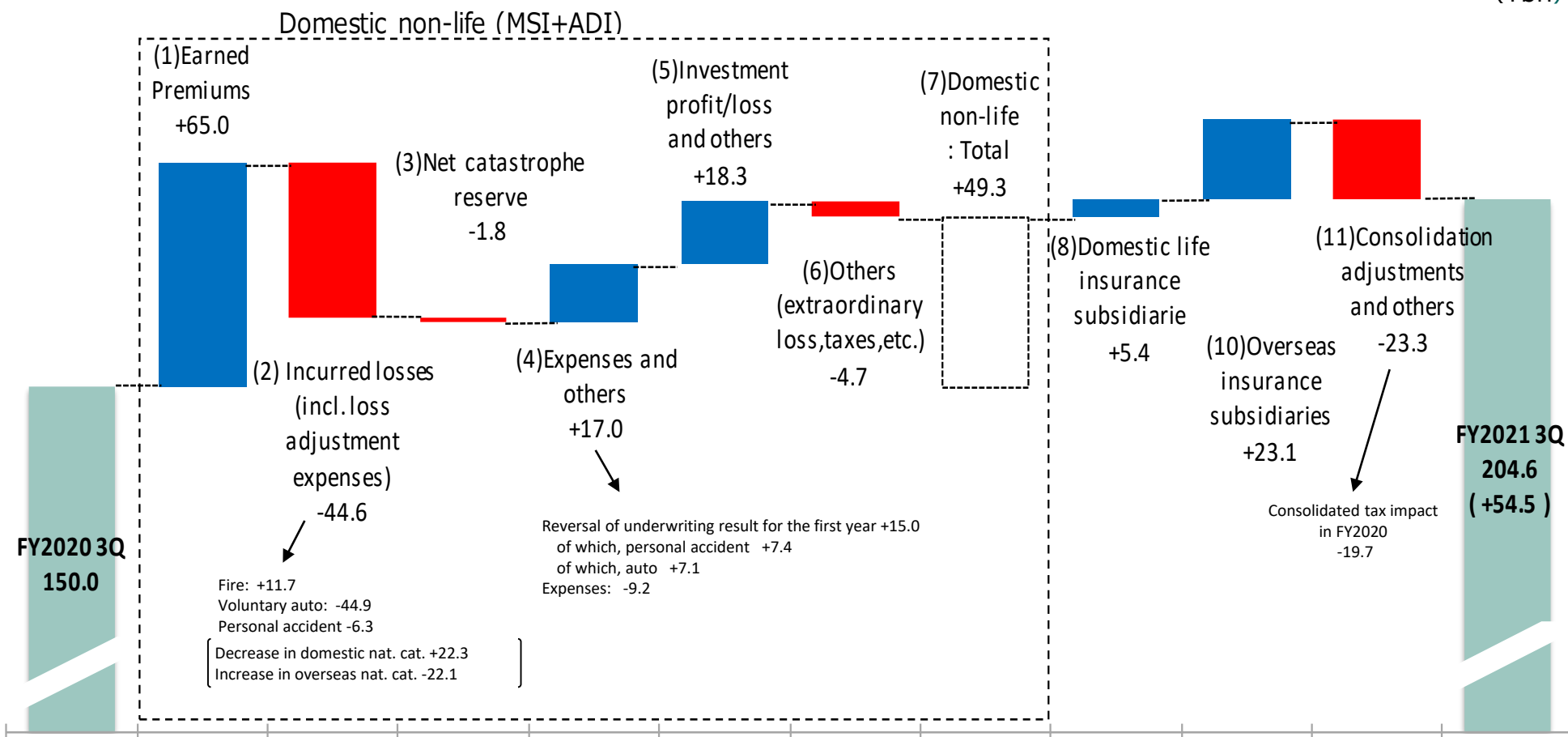
- Overseas insurance subsidiaries: See slide 18; MS Amlin: See slide 22.

Consolidated Earnings for FY2021 3Q (2) - Year-on-Year Comparison (i)

- Net income at (7) two main domestic non-life insurance companies combined increased by 49.3 billion yen due to an increase in (1) earned premiums and (5) investment profit and others, despite an increase in (2) incurred losses. Net income at (9) overseas insurance subsidiaries increased by 23.1 billion yen due to a lesser impact of COVID-19 than in the previous year and increased profits in the international life insurance business, despite an increase in natural catastrophe losses. Consolidated net income increased by 54.5 billion yen year on year.



(¥bn)



Consolidated Earnings for FY2021 3Q (2) – YoY Results Comparison (ii)

Factors in YoY changes in consolidated net income

(¥bn)

		FY2020 3Q Results	FY2021 3Q Results	YoY Change
Consolidated net income/loss		150.0	204.6	54.5
Domestic non-life insurance ^{※1} :				
Underwriting profit/loss (excl. residential earthquake and CALI (compulsory auto liability insurance))		54.0	89.7	35.7
Earned premiums	(1)	1,864.7	1,929.8	65.0
Incurred losses (incl. loss adjustment expenses)	(2)	- 1,092.5	- 1,137.1	- 44.6
Net reversal of catastrophe reserve	(3)	- 57.4	- 59.3	- 1.8
Expenses and others ^{※2}	(4)	- 660.6	- 643.6	17.0
Investment profit/loss and others	(5)	113.2	131.5	18.3
Others (extraordinary loss, taxes, etc.)	(6)	- 53.8	- 58.6	- 4.7
Domestic non-life insurance: Total	(7)	113.3	162.7	49.3
Domestic life insurance subsidiaries	(8)	48.6	54.1	5.4
Overseas subsidiaries	(9)	- 9.0	14.1	23.1
Consolidation adjustments and others	(10)	- 3.0	- 26.3	- 23.3

※1 Figures for domestic non-life insurance are the simple sum of MSI and ADI.

※2 “Expenses and others” include profit/loss on foreign exchange

Consolidated Earnings for FY2021 3Q (3) – Group Adjusted Profit

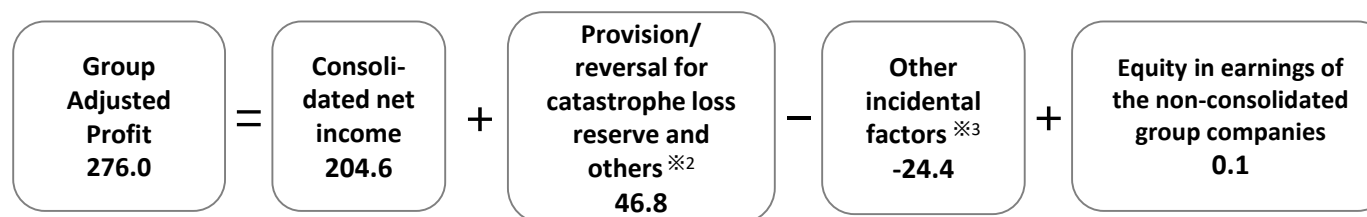
- Group Adjusted Profit increased by 74.7 billion yen due to a large increase in the domestic non-life insurance and international business, in addition to an increase in the domestic life insurance business.

(¥bn)

	FY2020 3Q Results	FY2021 3Q Results	YoY Change	FY2021 Forecast (Revised)	
					Progress
Group Adjusted Profit* ¹	201.2	276.0	74.7	300.0	92.0%
Domestic non-life insurance business	152.7	193.1	40.4	199.0	97.1%
Domestic life insurance business	49.9	55.4	5.5	45.0	123.3%
International business	- 4.5	25.1	29.6	50.0	50.4%
Financial services business and risk-related services business	3.1	2.2	- 0.8	6.0	37.6%

※¹ For the definition of Group Adjusted Profit, please refer to the last page. Group Adjusted ROE is disclosed at the end of FY.

<Reference>



※² “+” in case of provision, “-” in case of reversal

※³ Amortization of goodwill and others: -18.6 billion yen

Consolidated Earnings for FY2021 3Q (4) – Impact of Natural Catastrophes

- Incurred losses of domestic natural catastrophes decreased by 22.3 billion yen year-on-year to 36.5 billion yen.
- Incurred losses of overseas natural catastrophes increased by 34.6 billion to 57.8 billion yen, mainly due to European floods and Hurricane Ida.

Impact of domestic natural catastrophes

(¥bn)

	Incurred losses			Incurred losses
	FY2020 3Q	FY2021 3Q	YoY Change	FY2021 Forecast
	Results	Results		(Announced in Nov. 2021)
Mitsui Sumitomo Insurance	36.0	21.8	- 14.2	31.0
Aioi Nissay Dowa Insurance	22.8	14.7	- 8.1	20.0
Total	58.9	36.5	- 22.3	51.0

Impact of overseas natural catastrophes

	Incurred losses			Incurred losses		
	FY2020 3Q	FY2021 3Q	YoY Change	FY2021 Forecast		
	Results	Results		(Announced in Nov. 2021)		
Aioi Nissay Dowa Insurance	6.1	22.3	16.2	27.5	(Ref: FY2021 3Q)* ¹	
MS Amlin* ¹	17.0	41.0	24.0	46.5		
Other (MSI, overseas subsidiaries)	-	6.4	6.4	5.9		
Consolidation adjustments* ²	-	- 12.0	- 12.0	- 12.0		
Total	23.1	57.8	34.6	68.0	Europe floods	Hurricane Ida
					24.0	30.9

*1 MS Amlin losses related to European floods and Hurricane Ida: 31.1 billion yen

*2 “Consolidation adjustments” is the reversal of the estimated North American cold wave losses of February 2021 that were additionally booked in the consolidated financial statements for FY2020.

* The scope of overseas natural catastrophes aggregation is on the Group’s internal basis. Figures for MSI include European floods and Hurricane Ida only.

Total impact from domestic and overseas natural catastrophes

	Incurred losses			Incurred losses
	FY2020 3Q	FY2021 3Q	YoY Change	FY2021 Forecast
	Results	Results		(Announced in Nov. 2021)
Total	82.0	94.3	12.2	119.0

Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2021 3Q (i)

- Underwriting profit increased by 35.7 billion yen, mainly due to an increase in earned premiums and a decrease in domestic natural catastrophe losses, despite an increase in incurred losses in voluntary automobile insurance and overseas natural catastrophe losses.

(¥bn)						
	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
Net premiums written※1	2,148.8	19.9	1,178.7	10.3	970.0	9.6
Earned premiums※2	1,929.8	65.0	1,069.1	35.5	860.6	29.5
Incurred losses (including loss adjustment expenses)※2 (－)	1,137.1	44.6	629.0	23.5	508.1	21.0
Underwriting expenses※2 (－)	664.4	9.8	359.3	6.3	305.0	3.5
Commissions and collection expenses※2	413.9	10.1	219.3	5.5	194.5	4.5
Other underwriting expenses※2	250.4	- 0.2	140.0	0.7	110.4	- 1.0
Underwriting profit/loss prior to reflecting catastrophe reserve	149.0	37.5	90.5	17.9	58.5	19.5
Net catastrophe reserve	- 59.3	- 1.8	- 39.7	- 12.7	- 19.5	10.8
Underwriting profit/loss after reflecting catastrophe reserve	89.7	35.7	50.7	5.2	38.9	30.4
EI loss ratio※2	58.9%	0.3pp	58.8%	0.2pp	59.0%	0.4pp
Net loss ratio※1	59.2%	0.3pp	58.5%	- 1.0pp	60.0%	1.8pp
Net expense ratio※1	33.7%	0.2pp	32.8%	0.3pp	34.8%	0.1pp
Combined ratio※1	92.9%	0.5pp	91.3%	- 0.7pp	94.8%	1.9pp

※1 All lines ※2 Excluding residential earthquake and CALI (compulsory auto liability insurance)

※ "Earned premiums" are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2021 3Q (ii)

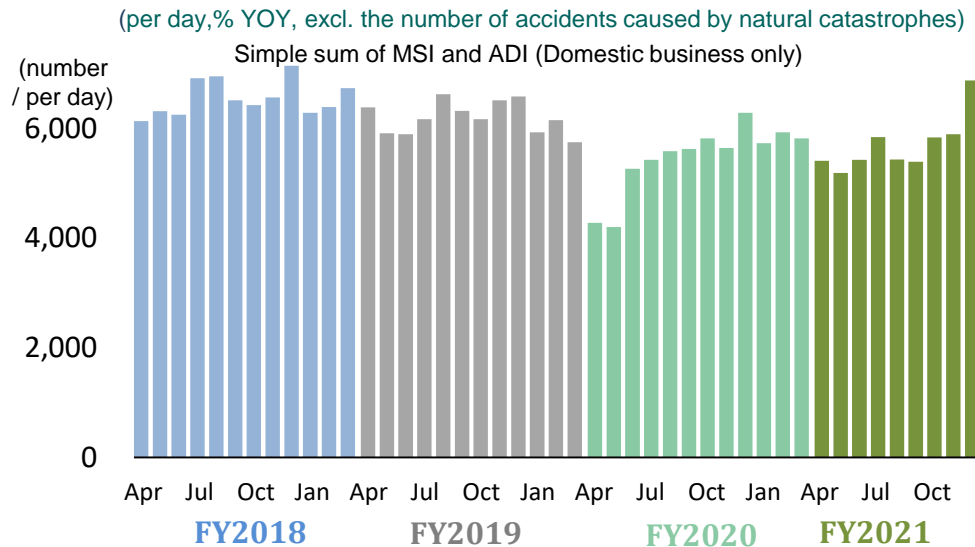
- Investment profit increased by 18.3 billion yen due to an increase in dividends from funds, overseas subsidiaries and strategic equity holdings, as well as an increase in gains on sales of securities from strategic equity holdings and funds, despite an increase in impairment losses on securities.

(¥bn)						
	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
Underwriting profit/loss	89.7	35.7	50.7	5.2	38.9	30.4
Net interest and dividends income	120.5	30.0	87.0	28.4	33.5	1.5
Gains/losses on sales of securities	57.7	15.4	47.3	16.9	10.4	- 1.4
Impairment losses on securities (-)	31.1	27.1	27.4	24.7	3.6	2.3
Investment profit/loss and other ordinary profit/loss	131.5	18.3	94.6	15.4	36.9	2.8
Ordinary profit/loss	221.3	54.0	145.4	20.7	75.9	33.2
Extraordinary income/loss	- 13.0	- 3.5	- 7.5	- 4.3	- 5.5	0.7
Income before taxes	208.2	50.4	137.9	16.3	70.3	34.0
Taxes and others	45.5	1.1	27.5	- 10.4	18.0	11.5
Net income/loss	162.7	49.3	110.3	26.7	52.3	22.5
	MSI + ADI					
		YoY Change				
<Reference> Sales of strategic equity holdings	73.1	10.1				

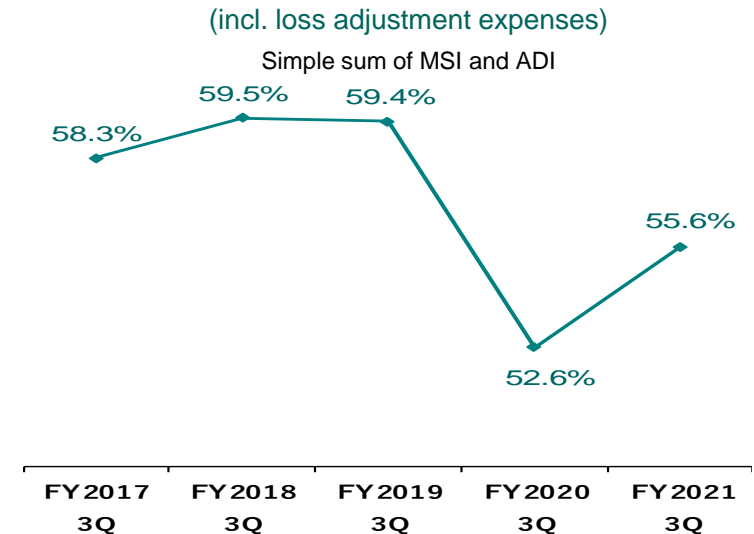
Domestic Non-Life Insurance Companies FY2021 3Q (2) - Voluntary Auto Insurance

- The total number of accidents in FY2021 3Q increased by 6.8% compared with the same period of previous year that saw a large decrease in accidents due to decreased traffic volume caused by self-restraint in going out in response to the spread of COVID-19. Nevertheless, compared with FY2019 3Q, the number of accidents in FY2021 3Q decreased by 8.3%. The number of accidents in December increased due to the snowfall.
- E/I loss ratio increased by 3.0 percentage points to 55.6%.

No. of Accidents



E/I Loss Ratio



Insurance premiums and payouts

MSI

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.3%	- 0.2%	+0.2%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural catastrophes)	
Changes in average payout per claim	+1.2%	+1.7%	

ADI

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.5%	+0.3%	+0.7%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural catastrophes)	
Changes in average payout per claim	+0.5%	+1.7%	

※ All figures for factors of increase/decrease in insurance premiums are based on sales results (April to December) year on year.

※ Changes in the average payout per claim show the changes in the average payout per claim over one-year period ended December 2021 compared with that over one-year period ended March 2021.

※ Calculation of the E/I loss ratio covers the period of April to December each year.

Domestic Life Insurance / MSI Aioi Life - Results for FY2021 3Q

- Annualized premiums of new policies increased by 6.3% year on year (decreased by 5.9% compared with FY2019) as a result of increased sales of corporate term insurance.
- Net income increased by 4.3 billion yen due to a decrease in the burden of provision for policy reserves, and increase in the investment profit and a reduction of operation costs.

MSI Aioi Life

(¥bn)

	FY2019 3Q Results	FY2020 3Q Results	FY2021 3Q Results	YoY Change	Change Ratio
Amount of new policies* ¹	1,549.2	1,305.1	1,303.1	- 2.0	-0.2%
Annualized premiums of new policies	21.7	19.2	20.4	1.2	6.3%
of which, third sector insurance	14.7	10.8	10.8	- 0.0	-0.6%
Amount of policies in force* ¹	- (At the beginning of FY2021)	24,266.9	23,973.5	(Change from the beginning of FY) - 293.4	-1.2%
Annualized premiums of policies in force	- (At the beginning of FY2021)	447.9	445.2	(Change from the beginning of FY) - 2.6	-0.6%
of which, third sector insurance	- (At the beginning of FY2021)	146.0	151.1	(Change from the beginning of FY) 5.0	3.5%
Gross premiums income	382.8	375.8	370.5	- 5.3	-1.4%
Ordinary profit/loss	14.8	20.9	27.3	6.4	30.5%
Extraordinary income/loss	- 0.8	- 0.8	- 0.9	- 0.1	-
Net income/loss	6.9	12.7	17.0	4.3	34.0%
Core profit	12.7	19.2	25.4	6.1	32.2%

*¹ Personal total

Domestic Life Insurance / MSI Primary Life - Results for FY2021 3Q

- Gross premiums income increased by 29.5%, following the economic recovery resulting from a decreasing number of COVID-19 infections. Compared with FY2019, gross premiums income fell by 3.1%.
- Ordinary profit fell due to such factors as an increase in the burden of policy reserve provisions compared with the previous period when a large number of contracts met their investment targets. Net income rose by 1.0 billion yen due to a decrease in the provision for the price fluctuation reserve.

MSI Primary Life

(¥bn)

	FY2019 3Q Results	FY2020 3Q Results	FY2021 3Q Results	YoY Change	Change Ratio
Amount of new policies* ¹	689.4	509.9	664.4	154.5	30.3%
Amount of policies in force* ¹	-	(At the beginning of FY2021) 6,595.8	6,607.2	(Change from the beginning of FY2021) 11.4	0.2%
Gross premiums income	681.8	510.1	660.8	150.6	29.5%
Ordinary profit/loss	17.1	62.4	53.5	- 8.9	- 14.3%
Extraordinary income/loss	8.7	- 12.7	- 2.4	10.2	-
Provision/reversal for price fluctuation reserve	8.7	- 12.7	- 2.4	10.2	-
Net income/loss	18.8	35.9	37.0	1.0	3.0%

Impact of interest rates and foreign exchange rates

(¥bn)

	FY2019 3Q Results	FY2020 3Q Results	FY2021 3Q Results
Impact of interest rates	- 1.1	26.8	12.5
Impact of foreign exchange rates	- 10.4	- 16.9	2.3
Total* ²	- 11.6	9.9	14.8

*1 Personal total.

*2 Incl. gains/losses on sales of securities
(FY2020 3Q: +68.5 billion yen,
FY2021 3Q: +6.1 billion yen)

Overseas Subsidiaries - Results for FY2021 3Q

- Net premiums written increased by 49.1 billion yen mainly due to the impact of exchange rates and the premium rate increase, despite the negative impact of the strengthening of underwriting rules on premiums.
- Net income increased by 23.1 billion yen, mainly due to a large increase in the international life insurance and recovery from the impact of COVID-19. See slide 22 for MS Amlin results.

Overseas subsidiaries

(¥bn)

	FY2019 3Q Results	FY2020 3Q Results	FY2021 3Q Results	YoY Change	Change ratio
Net premiums written	581.9	523.3	572.5	49.1	9.4%
Asia	136.2	128.5	130.6	2.1	1.6%
Europe	412.7	364.5	408.0	43.4	11.9%
Americas	32.8	30.2	33.8	3.5	11.8%
Net income/loss	30.0	- 9.0	14.1	23.1	-
Asia	14.4	20.5	23.0	2.5	12.2%
Europe*	6.2	- 29.2	- 25.8	3.4	-
Americas	2.2	3.3	3.9	0.5	17.6%
International Life Insurance	7.0	- 3.6	12.9	16.6	-

* FY2021 3Q result (-25.8 billion yen) includes the impact of the North American cold wave (-10.1 billion yen) that was additionally recorded in FY2020 consolidated results. If this impact is excluded, net income for FY2021 3Q is -15.6 billion yen.

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2021 3Q (1)

Net premiums written

(¥bn)

	Simple Sum			MSI (Non-Consolidated)		ADI (Non-Consolidated)	
	FY2020 3Q Results	FY2021 3Q Results	Growth	FY2021 3Q		FY2021 3Q	
				Results	Growth	Results	Growth
Fire and allied	332.1	318.6	-4.0%	172.2	-2.3%	146.3	-6.0%
Marine	43.6	49.6	13.7%	44.8	16.0%	4.8	-3.4%
Personal accident	151.1	154.6	2.3%	109.3	2.3%	45.3	2.6%
Voluntary automobile	1,055.5	1,076.0	1.9%	515.2	0.9%	560.8	2.9%
CALI	226.6	215.0	-5.1%	111.3	-6.3%	103.6	-3.9%
Other	319.6	334.6	4.7%	225.7	4.0%	108.9	6.1%
Total	2,128.8	2,148.8	0.9%	1,178.7	0.9%	970.0	1.0%
Total excluding residential EQ insurance and CALI	1,901.8	1,933.5	1.7%	1,067.2	1.7%	866.2	1.6%

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2021 3Q (2)

EI loss ratio (Simple sum)

	EI Loss Ratio			EI Loss Ratio (excl. impact of nat. cat.)		
	FY2020 3Q Results	FY2021 3Q		FY2020 3Q Results	FY2021 3Q	
		Results	YoY Change		Results	YoY Change
Fire and allied (excl. residential EQ)	81.6%	72.0%	-9.6pp	63.4%	54.5%	-8.9pp
Marine	55.3%	62.0%	6.7pp	55.2%	61.9%	6.7pp
Personal accident	49.7%	53.6%	3.9pp	49.7%	53.6%	3.9pp
Voluntary automobile	52.6%	55.6%	3.0pp	52.3%	55.3%	3.0pp
Other	60.9%	58.6%	-2.3pp	60.1%	58.0%	-2.1pp
Total (excluding residential EQ insurance and CALI)	58.6%	58.9%	0.3pp	55.3%	55.7%	0.4pp

* Incurred losses = Net loss paid + loss adjustment expenses + movement in outstanding claims

* Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

* "Impact of nat. cat." means incurred losses from domestic and overseas natural catastrophes occurred in each year, less the recovered amount of cat bonds related to natural catastrophes of FY2018.

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2021 3Q (3)

EI loss ratio (MSI (Non-consolidated), ADI (Non-consolidated))

	EI Loss Ratio				EI Loss Ratio (excl. impact of nat. cat.)			
	MSI (Non-consolidated)		ADI (Non-consolidated)		MSI (Non-consolidated)		ADI (Non-consolidated)	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Fire and allied (excl. residential EQ)	70.0%	-9.5pp	74.4%	-9.7pp	57.0%	-4.7pp	51.6%	-13.8pp
Marine	60.6%	7.2pp	72.4%	2.7pp	60.6%	7.3pp	72.4%	2.7pp
Personal accident	54.3%	5.5pp	52.1%	0.2pp	54.3%	5.5pp	52.1%	0.2pp
Voluntary automobile	56.2%	2.7pp	55.1%	3.2pp	56.0%	2.9pp	54.7%	3.1pp
Other	57.8%	-3.1pp	60.4%	-0.5pp	57.2%	-2.9pp	59.6%	-0.5pp
Total excluding residential EQ insurance and CALI	58.8%	0.2pp	59.0%	0.4pp	56.4%	1.0pp	54.7%	-0.4pp

* Incurred losses = Net loss paid + loss adjustment expenses + movement in outstanding claims

* Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

* "Impact of nat. cat." means incurred losses from domestic and overseas natural catastrophes occurred in each year, less the recovered amount of cat bonds related to natural catastrophes of FY2018.

<Reference> MS Amlin's Results for FY2021 3Q (Jan. – Sep. 2021) ※1

- While a steady effect of rate up of premiums was seen, the net premiums earned decreased by £ 262 million due to AUL's withdraw from unprofitable business last year, more selective prudent underwriting and impact of foreign exchange rate fluctuation, etc.
- Group Adjusted Profit was -£120 million due to the impact of natural catastrophes such as Hurricane Ida and European Floods, as well as a reserve increase in non-cat reinsurance business. However, it was up by £89 million from the same period of last year, thanks to the elimination of COVID-19 effects.

(£ mn)

	FY2020 3Q	FY2021 3Q	
			YoY Change
Net premiums written	2,407	2,440	33
Net premiums earned	2,229	1,967	-262
Incurred losses (including loss adjustment expenses)	1,697	1,507	-190
Expense for acquisition and other operating expense	765	696	-69
Underwriting profit/loss	-235	-234	1
Investment profit/loss※2	90	91	1
Non-operating profit/loss※3	-68	-51	18
Net income/loss after tax	-209	-190	19
Group Adjusted Profit※4	-209	-120	89
El claims ratio	76.2%	76.6%	0.4pp
El expense ratio※5	34.3%	35.3%	1.0pp
El combined ratio※5	110.5%	111.9%	1.4pp

(£mn)

※1 Total amount of MS Amlin companies

※2 MS Amlin adopts the accounting method where securities market value fluctuations are reflected in the profit-loss statement.

※3 The main item of "Non-operating profit/loss" is expenses of non-insurance companies.

※4 FY2021 results reflect the reversal of the North American cold wave loss impact of £69 million, which was additionally recorded in the consolidated financial statements for FY2020

※5 EI expense ratio and EI combined ratio are calculated by taking into account foreign exchange gains/losses included in underwriting profit.

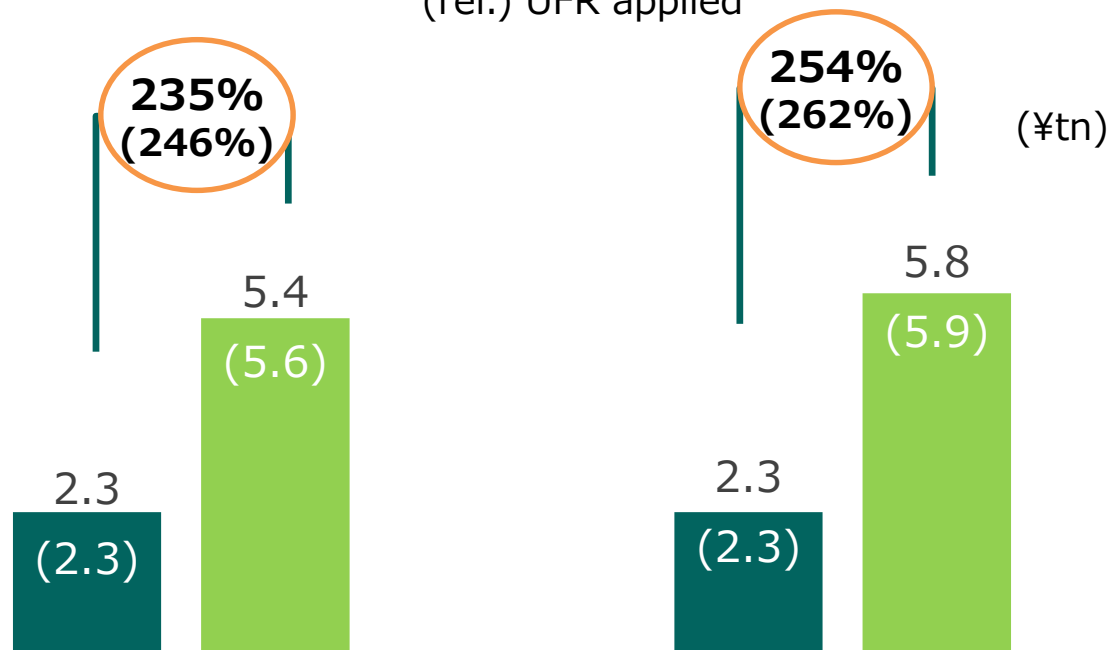
	FY2020 3Q	FY2021 3Q			
			AUL	AAG	AISE
Natural catastrophe incurred losses	125	272	98	160	14
COVID-19 incurred losses	281	58	25	38	-6

(AUL: Lloyd's business, AAG: Reinsurance Business, AISE: Business in European continent)

<Reference> ESR

ESR^{*1}

■ Integrated Risk Amount^{*2} ■ Net Asset Value
(ref.) UFR applied



End of March 2021

End of December 2021

<Factors behind ESR change> (vs. end of March 2021)

ESR rose by 19pp due to the following factors:

- ✓ Net asset value increased due to an increase in internal reserves.
- ✓ Despite the impact of the yen depreciation, the integrated risk amount remained almost at the same level as a result of risk reduction measures such as reduction of strategic equity holdings.

※ It is expected to fall at the end of March 2022, following redemption of subordinated bonds (impact of approx. -5 points).

<Market environment assumptions>

	End of March 2021	End of Dec. 2021	Change
Nikkei stock average	29,179 yen	28,792 yen	-387 yen
30-year JGB interest rate	0.67%	0.69%	+0.02pp
Exchange rate (US\$1: Yen)	111 yen	115 yen	+4 yen

*1 ESR : Economic Solvency Ratio (= NAV ÷ Integrated Risk Amount)

*2 Integrated Risk Amount: risk amount calculated based on Value at Risk with a 99.5% confidence level

Projected Financial Results for FY2021

Announced on November 19, 2021

Consolidated Earnings Forecasts for FY2021 (1) – (i) (Top line)

- Despite the upward revision for net premiums written forecast at domestic non-life insurance subsidiaries, the forecast for total net premiums written in non-life insurance was revised downward (-33.0 billion yen) from the initial forecast as the forecast for overseas subsidiaries was revised downward due to the impact of foreign exchange rates
- Forecast for gross premiums income at life insurance subsidiaries was revised upward (+55.0 billion yen) due to expanded sales.

Non-life insurance subsidiaries

(¥bn)

	FY2020 Results	FY2021 Forecast (Initial)	FY2021 Forecast (Revised)			
				YoY Change	Change Ratio	Change from the Initial
Net premiums written	3,500.9	3,613.0	3,580.0	79.0	2.3%	- 33.0
Mitsui Sumitomo Insurance	1,559.5	1,566.0	1,570.0	10.4	0.7%	4.0
Aioi Nissay Dowa Insurance	1,281.4	1,287.0	1,289.0	7.5	0.6%	2.0
Mitsui Direct General Insurance	36.4	36.4	36.4	-	-	-
Overseas subsidiaries	623.5	724.0	685.0	61.4	9.9%	- 39.0

Life insurance subsidiaries

(¥bn)

	FY2020 Results	FY2021 Forecast (Initial)	FY2021 Forecast (Revised)			
				YoY Change	Change Ratio	Change from the Initial
Gross premiums income [※]	1,297.3	1,200.0	1,255.0	- 42.3	-3.3%	55.0
MSI Aioi Life	511.9	500.0	505.0	- 6.9	-1.4%	5.0
MSI Primary Life	785.4	700.0	750.0	- 35.4	-4.5%	50.0
Life insurance premiums	- 202.3	670.0	645.0	847.3	-	- 25.0

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

Consolidated Earnings Forecasts for FY2021(1) - (ii) (Bottom line)

- Although the net income forecast for overseas subsidiaries was revised downward, the total net income forecast remains at the initial 230.0 billion yen as the forecast in the domestic non-life and life insurance subsidiaries was revised upward.

(¥bn)

	FY2020 Results	FY2021 Forecast (Initial)	FY2021 Forecast (Revised)		
				YoY Change	Change from the Initial
Ordinary profit	306.5	330.0	330.0	23.4	-
Mitsui Sumitomo Insurance	131.6	175.0	182.0	50.3	7.0
Aioi Nissay Dowa Insurance	32.4	65.0	72.0	39.5	7.0
Net income [※]	144.3	230.0	230.0	85.6	-
Mitsui Sumitomo Insurance	92.2	131.0	138.0	45.7	7.0
Aioi Nissay Dowa Insurance	21.6	43.0	48.0	26.3	5.0
Mitsui Direct General Insurance	0.8	0.1	0.2	- 0.6	0.1
MSI Aioi Life	11.9	18.0	18.0	6.0	-
MSI Primary Life	43.1	23.0	25.0	- 18.1	2.0
Overseas subsidiaries	- 3.1	55.0	39.0	42.1	- 16.0
Consolidation adjustments, other	- 22.1	- 40.1	- 38.2	- 16.0	1.9
ROE (financial accounting basis)	5.2%	7.3%	7.2%	2.0pp	- 0.1pp

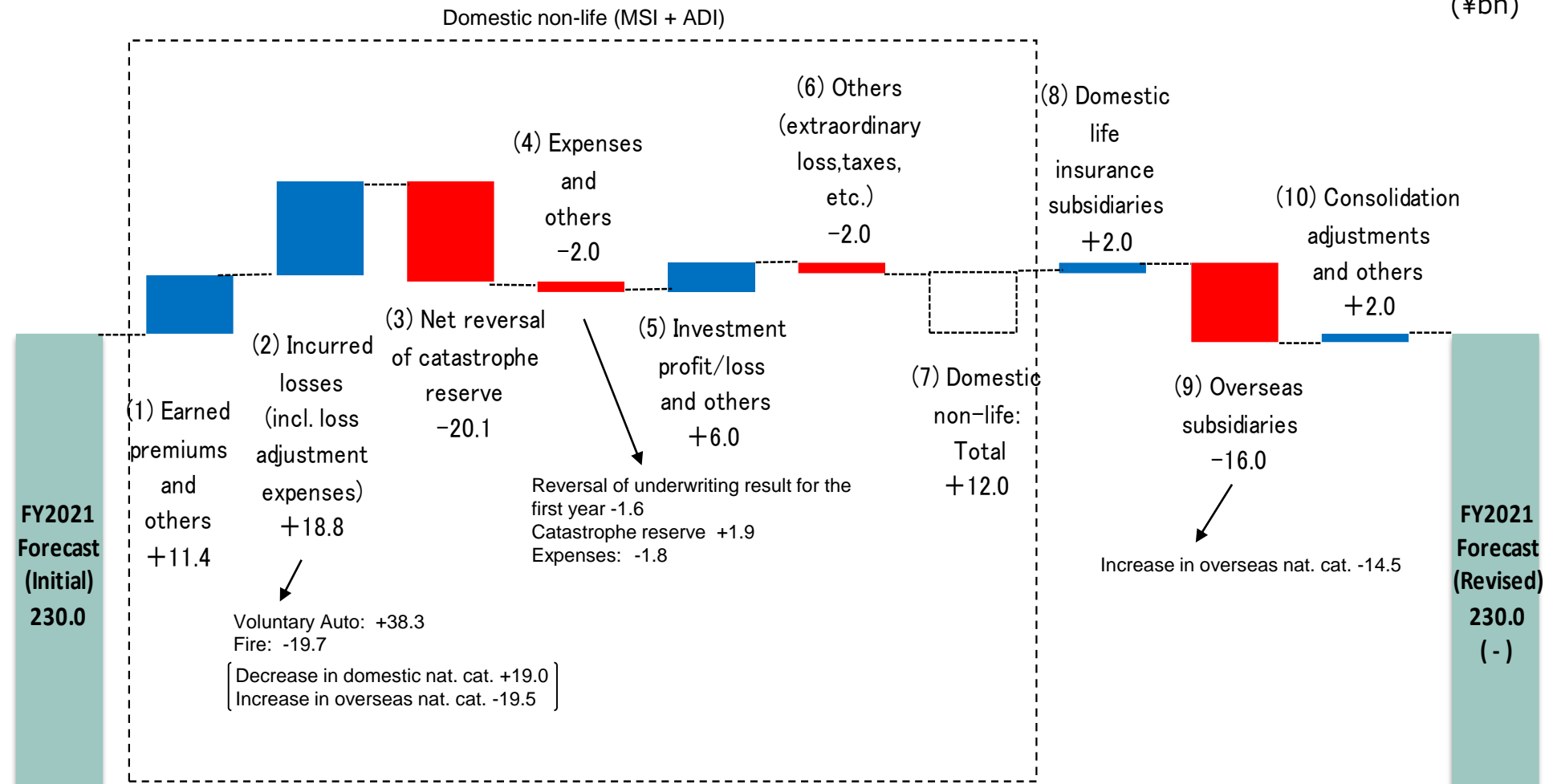
※ Consolidated net income represents net income attributable to owners of the parent.
Net income of subsidiaries is on an equity stake basis, same hereafter.

Consolidated Earnings Forecasts for FY2021 (2) - YoY Comparison

- The forecast for domestic non-life insurance companies was revised upward by 12.0 billion yen from the initial forecast due to the positive factors such as an increase in (1) earned premiums due to strong sales, a decrease in automobile insurance incurred losses, and an increase in (6) investment profit/loss and others due to an increase in interest and dividend income and gain on sales of securities.
- The forecast for (9) overseas insurance subsidiaries was revised downward by 16.0 billion yen due to an increase in natural catastrophe losses among other factors. However, the forecast for consolidated net income remains at the initial 230.0 billion yen.

Consolidated net income

(¥bn)



Consolidated Earnings Forecasts for FY2021 (3) – Group Adjusted Profit

- Forecast for Group Adjusted Profit remains at the initial 300.0 billion yen as a result of an upward revision in the domestic non-life insurance and domestic life insurance and a downward revision in the international business.

(¥bn)

	FY2020 Results	FY2021 Forecast (Initial)	FY2021 Forecast (Revised)		
				YoY Change	Change from the Initial
Group Adjusted Profit	214.6	300.0	300.0	85.3	-
Domestic non-life insurance	158.5	171.0	199.0	40.4	28.0
Domestic life insurance	56.9	43.0	45.0	- 11.9	2.0
International business	- 7.1	80.0	50.0	57.1	- 30.0
Financial services/Risk-related services	6.1	6.0	6.0	- 0.1	-
Other numerical management targets					
EEV of MSI Aioi Life	958.3	1,010.0	963.0	4.6	- 47.0
Group Adjusted ROE	6.7%	8.5%	8.5%	1.8pp	-

Major Assumptions for Earnings Forecasts for FY2021

(¥bn)

	Mitsui Sumitomo Insurance		Aioi Nissay Dowa Insurance	
Assumptions concerning the financial market environment	Assumes the level at the end of September 2021 Nikkei average : ¥ 29,453 USD\$1 = JPY¥ 112 EUR€1 = JPY¥ 130 GBP £ 1 = JPY¥ 150			
Domestic natural catastrophes	31.0	(-9.0)	20.0	(-10.0)
Catastrophe reserves Provision	22.5	(+0.6)	33.1	(+1.0)
(For fire insurance) Reversal	24.2	(-1.5)	27.9	(-1.7)
Net provision	- 1.7	(+2.1)	5.2	(+2.7)
Catastrophe reserves Provision	22.1	(-0.2)	24.1	(+0.1)
(For voluntary Reversal	-	(-0.4)	-	(-9.9)
automobile insurance) Net provision	22.1	(+0.2)	24.1	(+10.0)
Effective corporate tax rate	27.9%			

※Overseas natural catastrophes: MS Amlin, consolidated adjustments: 34.5 (+13.5) billion yen ; ADI: 27.5 (+14.5) billion yen.

※Figures in () show change from the initial forecast.

Earnings Forecasts for FY2021–Domestic Non-Life Insurance Companies (MSI&ADI) (i)

(¥bn)

	Simple Sum			MSI (Non-Consolidated)			ADI (Non-Consolidated)		
		YoY Change	Change from the initial		YoY Change	Change from the Initial		YoY Change	Change from the Initial
Net premiums written^{※1}	2,859.0	18.0	6.0	1,570.0	10.4	4.0	1,289.0	7.5	2.0
Earned premiums ^{※2}	2,570.0	74.0	11.4	1,424.6	43.6	5.5	1,145.4	30.3	5.9
Incurring losses (including loss adjustment expenses) ^{※2} (–)	1,530.1	20.8	- 18.8	840.9	1.4	- 3.7	689.2	19.4	- 15.1
Underwriting expenses ^{※2} (–)	891.6	11.6	1.8	484.0	8.2	- 0.5	407.6	3.4	2.3
Commissions and collection expenses ^{※2}	543.7	8.1	2.0	288.6	4.9	0.2	255.1	3.2	1.8
Other underwriting expenses ^{※2}	347.9	3.4	- 0.2	195.4	3.2	- 0.7	152.5	0.1	0.5
Underwriting profit/loss prior to reflecting catastrophe reserve	164.6	87.8	28.1	103.1	47.1	9.6	61.5	40.6	18.5
Net catastrophe reserve	- 64.6	0.7	- 20.1	- 36.1	- 4.0	- 4.6	- 28.5	4.8	- 15.5
Underwriting profit/loss after reflecting catastrophe reserve	100.0	88.5	8.0	67.0	43.0	5.0	33.0	45.4	3.0
EI loss ratio^{※2}	59.5%	- 1.0pp	- 1.0pp	59.0%	- 1.8pp	- 0.5pp	60.2%	0.1pp	- 1.6pp
Net loss ratio ^{※1}	60.7%	1.4pp	- 2.0pp	60.4%	0.6pp	- 1.6pp	61.2%	2.6pp	- 2.3pp
Net expense ratio ^{※1}	34.0%	0.3pp	-	33.1%	0.4pp	- 0.1pp	35.1%	0.2pp	0.1pp
Combined ratio^{※1}	94.7%	1.7pp	- 2.0pp	93.5%	1.0pp	- 1.7pp	96.3%	2.8pp	- 2.2pp

※1 All lines ※2 Excludes residential earthquake and CALI (compulsory auto liability insurance)

※ "Earned premiums" are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

Earnings Forecasts for FY2021–Domestic Non-Life Insurance Companies (MSI&ADI) (ii)

(¥bn)

	Simple Sum			MSI (Non-Consolidated)			ADI (Non-Consolidated)		
		YoY Change	Change from the Initial		YoY Change	Change from the Initial		YoY Change	Change from the Initial
Underwriting profit/loss	100.0	88.5	8.0	67.0	43.0	5.0	33.0	45.4	3.0
Net interest and dividends income	129.2	17.2	15.1	92.4	21.6	12.1	36.8	- 4.3	3.0
Gains/losses on sales of securities	78.1	10.8	11.1	60.6	10.8	7.6	17.5	0.0	3.5
Impairment losses on securities (-)	29.2	27.3	21.2	20.7	19.8	17.7	8.5	7.5	3.5
Investment profit/loss and other ordinary profit/loss	154.0	1.3	6.0	115.0	7.3	2.0	39.0	- 5.9	4.0
Ordinary profit/loss	254.0	89.9	14.0	182.0	50.3	7.0	72.0	39.5	7.0
Extraordinary income/loss	- 14.6	- 7.6	- 0.7	- 5.6	- 6.2	- 1.2	- 9.0	- 1.3	0.5
Net income/loss	186.0	72.1	12.0	138.0	45.7	7.0	48.0	26.3	5.0

Earnings Forecasts for FY2021 – Domestic Life Insurance Companies – MSI Aioi Life

Key financial data

(¥bn)

	FY2020 Results	FY2021 Forecast (Initial)	FY2021 Forecast (Revised)		
				YoY Change	Change from the Initial
Amount of new policies [※]	1,769.0	1897.7	1,850.0	4.8%	- 47.7
Annualized premiums of new policies [※]	26.2	29.4	29.1	10.7%	- 0.3
Amount of policies in force [※]	24,266.9	24,332.2	24,170.0	-0.4%	- 162.2
Annualized premiums of policies in force [※]	447.9	446.2	445.5	-0.6%	- 0.7
Gross premiums income	511.9	500.0	505.0	-1.3%	5.0
Ordinary profit/loss	25.6	35.2	35.6	10.0	0.4
Net income/loss	11.9	18.0	18.0	6.1	-

※Amount of new policies , annualized premiums of new policies, amount of policies in force and annualized premiums of policies in force are total sum of personal insurance and personal annuity insurance.

Earnings Forecasts for FY2021 – Domestic Life Insurance Companies – MSI Primary Life

Key financial data

	FY2020 Results	FY2021 Forecast (Initial)	FY2021 Forecast (Revised)		
				YoY Change	Change from the Initial
Amount of new policies	788.2	703.4	754.6	-4.3%	51.1
Amount of policies in force	6,595.8	6,399.0	6,399.0	-3.0%	-
Gross premiums income	785.4	700.0	750.0	- 35.4	50.0
Ordinary profit/loss	160.0	35.4	34.4	- 125.7	- 1.0
Net income/loss	43.1	23.0	25.0	- 18.1	2.0

Earnings Forecasts for FY2021– Overseas Subsidiaries

- Forecast for net premiums written was revised downward from the initial by 39.0 billion yen, mainly due to the downward revision in Europe.
- Forecast for net income was revised downward from the initial by 16.0 billion yen as a result of increased natural catastrophe losses in Europe among other factors, although the forecast for Asia and the international life insurance was revised upward.

Overseas subsidiaries

(¥bn)

	FY2020 Results	FY2021 Forecast (Initial)	FY2021 Forecast (Revised)		
				YoY Change	Change from the Initial
Net premiums written	623.5	724.0	685.0	61.4	- 39.0
Asia	169.3	182.9	179.3	9.8	- 3.6
Europe	413.3	493.5	460.2	46.8	- 33.3
Americas	40.7	47.5	45.5	4.7	- 2.0
Net income/loss	- 3.1	55.0	39.0	42.1	- 16.0
Asia	23.9	25.3	27.2	3.2	1.9
Europe	- 31.1	13.0	- 7.3	23.8	- 20.3
Americas	4.2	5.0	4.7	0.4	- 0.3
International life insurance	- 0.2	11.6	14.4	14.6	2.8

Domestic Non-Life Insurance Companies (MSI&ADI) (i)

Net premiums written

(¥bn)

	Simple Sum	
		Growth
Fire and allied	424.7	-3.7%
Marine	63.2	5.2%
Personal accident	208.6	2.4%
Voluntary automobile	1,439.5	1.9%
CALI	279.2	-7.1%
Other	443.7	5.0%
Total	2,859.0	0.6%
Total excluding residential EQ insurance and CALI	2,579.4	1.6%

MSI (Non-Consolidated)		ADI (Non-Consolidated)	
	Growth		Growth
225.0	-3.6%	199.7	-3.9%
57.5	8.4%	5.7	-18.5%
149.4	2.5%	59.2	2.2%
691.2	1.1%	748.3	2.6%
144.7	-8.0%	134.5	-6.1%
302.1	5.4%	141.6	4.2%
1,570.0	0.7%	1,289.0	0.6%
1,425.0	1.6%	1,154.4	1.4%

<Reference> Earnings Forecasts for FY2021– Domestic Non-Life Insurance Companies (MSI&ADI) (ii)

EI loss ratio

	Simple Sum	
		YoY Change
Fire and allied	72.3%	-13.9pp
Marine	57.5%	-0.4pp
Personal accident	53.8%	3.4pp
Voluntary automobile	57.3%	2.9pp
Other	57.1%	-4.1pp
Total (excluding residential EQ insurance and CALI)	59.5%	-1.0pp
(Excl. impact of nat. cat.)	56.3%	-0.8pp

MSI (Non-consolidated)		ADI (Non-consolidated)	
	YoY Change		YoY Change
71.0%	-14.5pp	73.8%	-13.1pp
57.4%	1.2pp	58.7%	-12.7pp
53.1%	4.4pp	55.4%	0.5pp
58.1%	2.2pp	56.7%	3.7pp
55.1%	-6.0pp	61.4%	0.2pp
59.0%	-1.8pp	60.2%	0.1pp
56.6%	-1.3pp	56.0%	0.0pp

※ Incurred losses = Net loss paid + loss adjustment expenses + movement in outstanding claims reserves

※ Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

※ “Impact of nat. cat.” 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 FY2018.

<Reference> MS Amlin's Results Forecast for FY2021 (Jan. – Dec. 2021) *1

- The revised Group Adjusted Profit is £13 million, up £278 million year on year.
- The reasons for - £ 143 million from initial forecast of Group Adjusted Profit are excess of the planned value of large natural catastrophe losses (- £ 105 million), increase of COVID-19 losses (- £ 46 million), and decrease in operating expenses, etc.

(£ mn)

	FY2020	FY2021 Forecast (Initial)	FY2021 Forecast (Revised)	YoY	Change from initial forecast
Net Premiums Written	2,681	2,923	2,727	46	-196
Net Premiums Earned	2,937	2,848	2,614	-323	-234
Incurred Losses (including loss adjustment expenses)	2,196	1,760	1,766	-430	6
Underwriting profit/loss	-277	60	-99	178	-159
Investment profit/loss* ²	144	99	99	-45	0
Non-operating profit/loss* ³	-99	-87	-79	20	8
Net income/loss after tax	-222	79	-65	157	-144
Group Adjusted Profit	-265	156*⁴	13*⁴	278	-143

Increase in losses from large natural catastrophes (£105 million)
Increase in COVID-19 losses (£ 46 million), etc.

*1 Total amount of MS Amlin companies.

*2 MS Amlin adopts the accounting method where securities market value fluctuations are reflected in the profit-loss statement.

*3 The main item of "Non-operating profit/loss" is expenses of non-insurance companies.

*4 Includes reversal of the impact of North American cold wave losses of £ 69mn, which was additionally recorded in the consolidated financial statements in FY2020.

Abbreviations of company names used in this presentation

• MS&AD Holdings :	MS&AD Insurance Group Holdings, Inc.
• MS&AD :	MS&AD Insurance Group
• Mitsui Sumitomo Insurance, MSI :	Mitsui Sumitomo Insurance Co., Ltd.
• Aioi Nissay Dowa Insurance, ADI :	Aioi Nissay Dowa Insurance Co., Ltd.
• Mitsui Direct General :	Mitsui Direct General Insurance Co., Ltd.
• MSI Aioi Life :	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
• MSI Primary Life :	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
• MS Amlin :	Sum of business segments including AUL,AAG,AISE and ACS
	(AUL MS Amlin Underwriting Limited
	AAG MS Amlin AG
	AISE MS Amlin Insurance SE
	ACS MS Amlin Corporate Services Limited)

Definition of “Group Adjusted Profit”

Group Adjusted Profit = Consolidated net income

+ Provision for catastrophe loss reserve and others

- Other incidental factors (amortization of goodwill and other intangible fixed assets and others)

+ Equity in earnings of the non-consolidated group companies

Adjusted Net Assets = Consolidated net assets + Catastrophe reserve and others - Goodwill and other intangible fixed assets

Group Adjusted ROE = Group Adjusted Profit ÷ Adjusted net assets (average of beginning and ending amounts of B/S)

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, and (4) changes in tax and other regulatory systems.

Inquiries

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

Phone: +81-3-5117-0311

<https://www.ms-ad-hd.com/en/ir/contact.html>