### Main Points of Today's Presentation

<table>
<thead>
<tr>
<th>Medium-to-Long Term Growth Strategy</th>
<th>We will seize on business opportunities and achieve growth based on expected changes in society in the medium to long term.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>We aim to become a corporate group that supports a resilient and sustainable society on a global scale. In FY2021, we will achieve Group adjusted profit of 300 billion yen and a Group adjusted ROE of 10%, and continue to grow thereafter through a combination of CSV and DX, along with business style reforms.</td>
</tr>
<tr>
<td></td>
<td>We will roll out CSV x DX globally with focuses on innovative products and services, transformation of channels and sales methods, and creation of new businesses.</td>
</tr>
<tr>
<td></td>
<td>In Japan, business style reforms will enable cost reductions of at least 20 billion yen compared with FY2019 levels by FY2021, and 70 billion yen cumulatively by FY2023.</td>
</tr>
<tr>
<td>Progress in Stage 2 of “Vision 2021”</td>
<td>Although we will factor in expanding overseas insurance losses due to COVID-19, the losses will be covered with asset management and performance will fall within the range of our initial forecast.</td>
</tr>
<tr>
<td></td>
<td>FY2020 Group adjusted profit has been revised upward from the initial forecast by 30 billion yen to 210 billion yen. Our FY2021 targets, Group Adjusted Profit of 300 billion yen and Group Adjusted ROE of 10%, remain unchanged.</td>
</tr>
<tr>
<td></td>
<td>We have declared business activities with consideration for sustainability as one of our ESG initiatives. This commitment includes avoiding insurance underwriting, investments and loans related to newly established coal-fired power plants as a general rule.</td>
</tr>
<tr>
<td>Shareholder Return</td>
<td>Our policy of shareholder return targeting 40%-60% of Group adjusted profit is unchanged.</td>
</tr>
<tr>
<td></td>
<td>Our ESR level as of September 30, 2020 was 209%, an appropriate level.</td>
</tr>
<tr>
<td></td>
<td>We plan to pay an interim dividend of 75 yen per share, unchanged year on year, and implement share buybacks of up to 20 billion yen.</td>
</tr>
</tbody>
</table>
I. Medium-to-Long-Term Growth Strategy
~Growth for the next 10 years~

1. World in the Medium to Long Term
2. MS&AD’s Features
3. MS&AD’s Aspirations
4. Medium-to-Long-Term Growth Strategy
1. World in the Medium to Long Term ~Risks and opportunities born in the rapidly changing society~

Demographic change
- Aging population
- Domestic consumption expenditures by people over 70 y.o. (annual)\(^3\)
  - 2014: 53 trillion yen
  - 2025: 62 trillion yen
- Increase in medical expenses
  - Size of Japan’s healthcare market (est.)\(^4\)
    - 2016: 25 trillion yen
    - 2025: 33 trillion yen
- Social transformation under the influence of COVID-19
- Changes in the global environment
  - Global sales of new connected cars\(^7\)
    - 2019: 31,200 thousand vehicles
    - 2035: 94,200 thousand vehicles
- Changes due to AI and IT
- Changes in the center of the world economy
  - Budget for regional revitalization\(^2\)
    - 2019: 1.85 trillion yen
    - 2020: 2.50 trillion yen
- Shift to a low-carbon society
  - Composition of renewable energy power sources in Japan\(^5\)
    - 2017: 16%
    - 2030: 22%-24%
- Widening regional inequalities
  - Budget for regional revitalization\(^2\)
    - 2019: 1.85 trillion yen
    - 2020: 2.50 trillion yen
- Spread of cyber risks
  - Japanese cyber security service market\(^6\)
    - 2019: 834 billion yen
    - 2024: 999.4 billion yen
- Shift to the center of the world economy
  - Population in Asia\(^1\)
    - 2015: 4.39 billion
    - 2030: 4.92 billion
- From the West to Asia
  - Budget for regional revitalization\(^2\)
    - 2019: 1.85 trillion yen
    - 2020: 2.50 trillion yen
- Widening regional inequalities
  - Changes in the global environment

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MS&AD Insurance Group Holdings, Inc.
2. MS&AD’s Features: Pioneer in New Business Areas

Leveraging the Group's Diversity to Lead the Industry in opening New Business Areas

1993
Risk Consulting

1999
Weather Derivatives

1999
Mitsui Direct General Insurance

2000
Lloyd’s Syndicate

2000
Direct Insurance

2001
Foreign Currency Annuity Insurance

2004
Telematics Mobility Insurance

2018
Silicon Valley CVC

2019
New Business Model to resolve issues through Data Analysis

MS&AD
Mitsui Sumitomo Primary Life Insurance

MS&AD
Mitsui Direct General Insurance

MS&AD
MS&AD InterRisk Research & Consulting

MS&AD
INSURANCE GROUP

「Risk」 × 「Technology」 = RisTech
3. MS&AD’s Aspirations

A corporate group that supports a resilient and sustainable society on a global scale

- Our products and services will be incorporated into people’s lives and business activities. When risks are about to occur, proactive warnings and risk avoidance advice will be issued, and our services and economical compensation will be provided seamlessly once risks do occur.

- Our brand recognition will be grained globally through our world-leading unparalleled products and services to solve social issues on a global scale.

The level of contribution to society’s sustainability

- Work toward realization of “leaving no one behind”
- Contribute to climate change mitigation and adaptation
- Deal with new risks
- Create mobility society without accidents
- Strive to improve sustainability of natural capital
- Support “good health and longevity”

The level of impact on long-term growth of MS & AD Insurance Group

7 priority issues
Earnings Growth

Group Adjusted Profit (Group Core Profit)
Group Adjusted ROE (Group Core ROE)
4. Medium-to-Long-Term Growth Strategy

CSV × DX

～In Japan, Asia and across the world～

Seven Key Issues For Resilient and Sustainable Society

- Deal new risks
- Support “good health and Longevity”
- Strive for resilient community development
- Create a Safer mobility Society
- Contribute to Climate change mitigation and adaption
- Work toward the realization of “leaving no one Behind”
- Strive to improve the sustainability of natural capital

Digital Technology

- Big Data
- Mobile
- AI
- RPA
- Block chain

Reform Business Style
MS&AD’s Strengths

- Broader partnerships
- Largest domestic network of agents
- Largest domestic customer base
- Diverse Group Synergies (various Group companies)
- Network spanning 50 countries and regions
- Presence in potentially growing Asia

CSV × DX Growth Strategy

- Innovative products and services
- Channels and sales methods transformation
- Creation of new businesses

Global expansion
~In Japan, Asia and across the world~
Shifting from insurance that involves simply receiving a claim and paying benefits to a form of insurance where we find and convey risks, prevent risks from occurring, minimize impact when risks do occur, and support a swift recovery in a seamless way.

**Conventional Insurance**
- Compensating for economic losses due to an accident or illness (providing security)

**Future Products and Services**
- Inform and prevent risks
- Compensate (provide security)
- Minimize the impact
- Recover quickly

**With more satisfying insurance premiums...**

- **Inform and prevent risks**
  - Safe driving advice
  - Accident prevention alerts
  - Discouraging reckless driving
  - Predicting flood damage
  - Weather alerts
  - Taking measures against cyber attacks
  - Improving health
  - Preventing illness
  - Mental health care

- **Compensate (provide security)**
  - Driver behavior data
  - Natural disaster risk segmentation
  - Healthcare data

- **Minimize the impact**
  - Automated emergency call in the event of an accident
  - Surveying flood damage using drones and AI
  - Restoring health
  - Early accident resolution utilizing video footage
  - Repairing disaster-affected facilities

- **Recover quickly**
  - Early accident resolution utilizing video footage
  - Repairing disaster-affected facilities
  - Preventing serious illness

For example...

**Cars**
- Automated emergency call in the event of an accident
- Early accident resolution utilizing video footage

**Facilities and offices**
- Surveying flood damage using drones and AI
- Restoring health
- Preventing serious illness

**Healthcare**
- Restoring health
- Preventing serious illness

Seamlessly providing safety and security to customers... and more
CSV× DX Growth Strategy: (1) Innovative Products and Services (ii) Examples of Implementation

Telematics-based automobile insurance encourages safe driving and reduces accidents. When an accident does occur, the driving data and AI can be utilized to quickly, accurately and seamlessly provide service to the customer.

**Inform and prevent risks**

- **Safe driving assistance alerts**
  - Issue warnings when speeding, applying sudden braking, or traveling in the wrong direction on a highway
- **Driving diagnosis reports**
  - Score a customer’s driving and offer safe driving advice

**Coverage with highly agreeable insurance premiums**

- **Telematics automobile insurance**
  - Provide coverage with highly agreeable insurance premiums
- **TOUGH-Automobile**
  - 10.4%
- **TOUGH-Tsunagaru**
  - 6.9%

Accident Frequency

**Minimize impact and achieve swift recovery**

- **When a vehicle experiences a major impact, call the driver to check on their wellbeing**
  - Check for injuries, dispatch an ambulance, tow truck or rental car, etc.
- **Accident Response**
  - Ascertain the circumstances of the accident using location data, driving data and dash-cam footage
  - Reduce the burden on the customer to describe the accident
- **AI-based Image Analysis**
  - Ascertain the circumstances of the accident including other vehicles and the surrounding environment, to help determine the percentage of fault using analysis data

---

**Tsunagaru insurance has reduced the frequency of accidents by around 30%!**

Tally of accidents involving the same vehicle type occurring with policies started from April 2018 onwards, up to June 2019.

**When a vehicle experiences a major impact, call the driver to check on their wellbeing**

- Check for injuries, dispatch an ambulance, tow truck or rental car, etc.

**Accident Response**

- Ascertain the circumstances of the accident using location data, driving data and dash-cam footage
  - Reduce the burden on the customer to describe the accident

**AI-based Image Analysis**

- Ascertain the circumstances of the accident including other vehicles and the surrounding environment, to help determine the percentage of fault using analysis data
We will provide products and services that suit each individual customer and strengthen the management foundations of agents.

Conventional sales channels

Propose and sell highly versatile **Insurance**

**Future sales channels**

Various data □ □ □ Digital technology □ □ Seamless products/services

For each and every customer:

To fulfill individual needs

At the best timing

Offer optimum product/service

Screening prospective customers from multiple potential customers

Optimum proposal menu

Next best action

Provide an optimum proposal to each customer

Strengthen agents’ management foundation

**Examples of implementation (MS1 Brain)**

- Customer data held by agents
- Policy and accident data held by insurance company
- External data such as company information

The **first agent sales support system in the non-life insurance industry equipped with AI**

**Predictive analysis of needs**

What products and services should be proposed to which customers, and when?

**Personalized videos**

Customized based on the customer or company information

**Business manager support sales activity navigation**

Management indicators, activity visualization and analysis, presenting best actions

**Upcoming Additions**

We plan to add a feature that allows customers and agents to conduct web-based meetings and text-based chat via smartphone to complete all insurance procedures digitally (February 2021).
CSV× DX Growth Strategy : (2) Transformation of Sales Channels and Methods
(ii) Sales Methods

Tie-up with new market holders emerging with the evolution of digitalization to seamlessly support customers’ daily lives and corporate activities.

- Propose business models to new market holders of mobility, smart city, healthcare and the like
- Collaboration with digital platformers

Develop new markets and sales channels

Examples of implementation (Built-in Connect)

Conceptual Image of System Integration with an E-commerce Site

Insurance Proposal Process

- Product Search
- Purchase Procedures
- Recommendation
- Explanation
- Entry
- Confirmation
- Payment

The insurance proposal process is embedded in the checkout procedures.

Linking with the APIs of various digital platform holders to embed an insurance sales process into e-commerce site checkout procedures.

Digital insurance sales operation system

MS&AD builds the system for the insurance proposal process parts and provides it to the partner.
We will expand into new fields of business that achieve CSV × DX in step with social changes.

The advance of new automotive technologies
- TIMS-type data business in coordination with Toyota's mobility strategy
- Accident prediction model utilizing accumulated tachograph data

Climate change
- Working with Jupiter Intelligence to quantitatively assess climate change impact for TCFD
- Building a prediction model of catastrophes occurring due to climate change, and using it to perform supply chain impact analysis

Advance of the fourth industrial revolution
- SmartCityX program
- Support for evacuation shelter operation using human flow data and AI camera image data

Population aging
- Determining cognitive function through voice analysis

Aging social capital
- Providing dash-cam footage to local governments to develop more advantaged infrastructure inspections
### CSV× DX Growth Strategy: (3) Creation of New Businesses (ii) Examples of Implementation

<table>
<thead>
<tr>
<th>Examples</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Smart mobility</strong></td>
<td>We will combine MS&amp;AD’s automobile accident data with automobile data accumulated by digital tachographs (acceleration/deceleration, driving time, etc.) and weather data to build a model that predicts accidents.</td>
</tr>
<tr>
<td><strong>Smart cities</strong></td>
<td>MS&amp;AD’s natural catastrophe insurance benefit payment data, human flow data, weather data and other information will be used to predict flooding damage. Through human flow data and image data from AI cameras, information on the state of congestion in evacuation shelters will be monitored.</td>
</tr>
<tr>
<td><strong>Social infrastructure maintenance</strong></td>
<td>Dash-cam footage will be analyzed using AI to investigate the parts of a road requiring surface repairs. Using IoT devices and robotics, inspections will be performed on aging infrastructure such as bridges.</td>
</tr>
<tr>
<td><strong>Climate change risks</strong></td>
<td>Based on MS&amp;AD’s natural catastrophe insurance claims payout data, weather data and insight from external partners, we will develop a model that predicts natural catastrophes caused by climate change.</td>
</tr>
</tbody>
</table>

**RisTech**

- **Smart mobility**: Providing a new solution for driving safety alerts
- **Smart cities**: Providing a solution to avoid or minimize human suffering
- **Social infrastructure maintenance**: Providing a solution for social infrastructure maintenance
- **Climate change risks**: Providing companies with impact analysis and risk mitigation measures that include the supply chain

**Telematics Data Business in the USA**

- **Examples**: Storage of all DCM data, Big data analysis
- **Telematics Data Analysis**: Examples: Travel distance, Travel time and times of day, Braking and acceleration maneuvers, etc.

**Customers**

- Toyota Connected
- TIMS

**Telematics Data Analysis**

- Data usage fees
- Driving data (for insurance)
- + added value

**Optimum telematics-based automobile insurance service**

**Quantitative Climate Change Impact Analysis for TCFD**

- Based on location information for customer business sites, various catastrophe indicators and financial impacts are simulated for each temperature rise scenario for different time frames and recurrence periods. For natural catastrophes including flooding, storm surges, wind damage and heat waves, indicators such as expected flooding depth and peak wind velocity are calculated.
- Analysis of the entire world down to 90-square-meter accuracy

**Aiming for annual sales of 5.0 billion yen**
Digital Innovation Challenge Program

Promoting the Digitalization of the MS&AD Group

- Encouraging Ideas
  1. New business models, products and services
  2. Operational reforms

- Desired Outcome
  1. Development and discovery of digital-savvy human assets
  2. Collaborative creation with start-up companies
  3. Promotion of open innovation

Training Programs

MS&AD Digital Academy
- Training program specifically designed for the MS&AD Group in coordination with Information Networking for Innovation And Design (INIAD), Toyo University
- Approximately 180 employees took courses in FY2019
- In FY2020 the academy was developed into an online program

MS&AD Digital College from Kyoto
- Training program specifically designed for the MS&AD Group in coordination with Kyoto University of Advanced Science (KUAS)
- 150 employees plans to take courses in FY2020
- Feature of the program is practical learning with the use of equipment such as VR Scope and wearable devices
- Developed as an entirely online training program

Data Science Training
- Data science educational program in coordination with Shiga University conducted online internally at MS&AD
- In addition to data science, trainees learn the basics of data analysis, gain basic knowledge of data analytical statistics, and acquire the skills to utilize that knowledge

Approx. 1,200 ideas were submitted Group-wide
14 are under consideration for implementation
Demonstration testing of “social infrastructure maintenance support utilizing dash-cams” has started
Global Expansion:～Medium-to-Long-Term Strategies for International Business～

Mid- to Long-term aspirations

“Vision 2021”
- Strengthening and stabilizing the existing business base
- Transformation into a growth model by CSV × DX
- Toward further growth track
- Until 2023

Earnings outlook for the international business

After overcoming the temporary impacts of COVID-19 in FY 2020, earnings are expected to recover significantly from FY2021 through various initiatives.

<table>
<thead>
<tr>
<th>FY2020→FY2021 Major factors of earnings increase</th>
<th>Estimated increase (¥bn)</th>
</tr>
</thead>
</table>
| **MS Amlin**
  - Improve loss ratio for Non Cat risk
  - Optimize expense
  - Collaboration with Platformers etc. | +4.0 |
| **Asia, Europe, Americas**
  - Improve business performance due to financial market recovery
  - Dividend increase from Phoenix
  - Profit on the equity method for BoComm Life (after obtaining the regulatory approval) etc. | +5.0 +24.0 |
| **International life insurance**
  - Recovery from negative factors such as the COVID-19 impacts | +15.0 +47.0 |
| **Special factors** | +47.0 |

2019 Results 49.0 2020 Forecast 51.0 2020→2021 Increase factors -24.0 2021 Target 75.0 Next mid-term plan (¥bn) 100.0-125.0
Global Expansion: ~Medium-to-Long-Term Strategies for International Business~

- We will strengthen and stabilize existing business bases.
- We will transform into a growth model based on CSV × DX to get on track for further growth.

**CSV x DX**

- **DX-driven market development**: Collaboration with local partners, Focus on end users of customers, Teaming up with platformers
- **Demonstrating the Group’s collective power**: Collaboration between life and non-life insurance, collaboration in Toyota retail market, strengthen asset management capabilities
- **Promoting DG***: Expand organizational initiatives in Japan and overseas group-wide (sophistication of underwriting and claims handling)

**Strengthened Business Bases**

- **Improve Profitability of MS Amlin**: Improving loss ratio of non-cat lines, reducing business expenses and stabilizing investment profits
- **Increase Earnings in Asia**: Improving loss ratio with a focus on automobile insurance, utilizing the underwriting know-how of MSFC, reducing business expenses
- **Capture Growth Opportunities**: Capturing opportunities in hardening insurance markets and economic growth in each country, underwriting of new risks

* DG: Digital Globalization
Global Expansion: Digitalization Promotion Bases

ADIC: Aioi Nissay Dowa Insurance China
AIS: Aioi Nissay Dowa Insurance Services
BIG: Box Innovation Group Limited
DIFI: Direct Insurance – Financial Investment Ltd.
FinTLV: FinTLV Venture Capital
GDH: Global Digital Hub
Mind Foundry: Mind Foundry Limited
SOSA: SOSA TLV LTD.
TIMS: Toyota Insurance Management Solutions USA, LLC

Bases to promote DX/DI solutions by taking advantage of characteristics of each region
Bases to promote telematics mobility business
Base to invest in promising start-up companies and promote collaboration with them
Alliance partners’ bases to promote collaboration with start-up companies
Global Expansion: Examples of DX Initiatives Overseas (DG)

Innovative Products and Services

Example (1) Sophistication of Underwriting (MS Amlin)

- Developed tools for more sophisticated underwriting using digital technologies

Example (2) Fraudulent Claim Detection System (Brazil)

- Relevant persons’ human network analysis
- Detailed screen of the case

- AI and digital technology enables accurate and swift insurance claims payment

Transformation of Sales Channels and Methods

Example (3) Customer Data Analysis (Philippines)

- Offer optimum proposals to customers

Example (4) Coordination with External Digital Firms (ASEAN)

- Develop an insurance sales channel with Built-in Connect method, utilizing the used-car sales platform

- Provide telematics insurance as one of connected services

Creation of New Business

Example (5) Contributing to realization of safe and secure automobile society (China)

Support the telematics insurance field, etc., with connected technologies through strategic alliance with car maker and related company.

Example (6) Global Rollout of Data Utilization (UK)

- GDH London

Global promotion base for data analytics

Incorporate advanced technologies through industry-academia collaboration with universities and research institute. Consider provision of data analytics service.
Global Expansion: ~Example of DX Initiatives: Strategic Partnership with Hippo~

- Forming a strategic partnership with Hippo, the U.S. InsurTech company, to realize solutions to social issues on a global basis utilizing advanced digital technologies.

1. Creation of advanced business models

2. Business expansion using MGA*1

Hippo’s product features

- Inform on risks and prevent
- Cover with satisfactory insurance premiums
- Minimize the impact Recover swiftly

- Smart devices distributed to provide alerts for potential risk, and ongoing maintenance services available

- Risk subdivision underwriting using data from multiple data sources including state records, satellite imagery, etc.

- 60-second online estimate, policy issued in as little as 4 minutes

NPS*2: 75 points
(3 times higher than competitors)

- Smart devices detect and alert abnormalities (room temperature, water leaks, smoke, broken windows, trespassing, etc.)

- Proactive outreach to customers in catastrophic impact zones

- Personalized and empathetic claims process, concierge-style service, leveraging technology to develop accurate settlements

Founded: 2015
(Started insurance sales in 2017)
Line of business:
Homeowners insurance

- A promising InsurTech in the homeowners insurance market
- 8th in Forbes’ “America’s Most Promising Artificial Intelligence Companies” in 2019

*1 Managing General Agent (MGA): a specialized insurance agent or broker authorized to undertake insurance underwriting from a direct insurer

*2 Net Promoter Score: Index of customers’ intention to continue use
Business Style Reforms

Additional expense reductions

**Cost reductions totaling around 70 billion yen**

**Approx. 2-point reduction in the equivalent expense ratio for non-life insurance (equating to 50 billion yen)**

**In addition**

- **Additional expense reductions in Vision 2021 Stage 2**
  - 2020 Forecast: ¥12.0 billion
  - 2021 Outlook: ¥20.0 billion
  - 2023 Outlook: (FY)

**Cost reduction effects**

- **Improved productivity related to sales, claims services and operations**
- **Paperless Insurance policies, claim forms, etc.**
- **Office Downsizing**
  - Site consolidation, hot desking
- **Reduced transportation, review of measures, etc.**

**R&D investment**

- Renovation of online system
- Standardization of products and operations
- **BRIDGE**
  - Joint claims services system
- MS1 Brain
  - AI-driven agent system

**Remote Work**

- **Zero-Based Review**

**Additional expense reductions**

- 2020 Forecast: ¥12.0 billion
- 2021 Outlook: ¥20.0 billion
- 2023 Outlook: (FY)

**Total**

- **Cost reductions totaling around 70 billion yen**
II. Progress of “Vision 2021”

1. Impact of COVID-19
2. Progress Toward Aspirations
3. Sustainability Initiatives
1. Impact of COVID-19

Incurred losses from COVID-19 (FY2020 forecast) (¥bn)

<table>
<thead>
<tr>
<th>MSI</th>
<th>ADI</th>
<th>Overseas subsidiaries</th>
<th>MS Amlin</th>
</tr>
</thead>
<tbody>
<tr>
<td>48.0</td>
<td>4.0</td>
<td>5.0</td>
<td>39.0</td>
</tr>
<tr>
<td>37.5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Incurred losses associated with COVID-19

MSI: Overseas travel insurance, event cancellation insurance, business interruption insurance (mainly overseas underwriting), etc.
ADI: Head Office reinsurance and others
MS Amlin: Table on the right

FY2020 annual impact of COVID-19

- Overseas incurred losses and domestic investment profit are to be affected by COVID-19
- Compared with initial forecast, additional incurred losses will be covered by investment profit recovery

<table>
<thead>
<tr>
<th>Reason for change from the initial</th>
</tr>
</thead>
<tbody>
<tr>
<td>-20.0 (Mainly overseas)</td>
</tr>
</tbody>
</table>

Additional incurred losses

Estimated loss amount for Business Interruption (BI) in very conservative way by taking into account several elements such as current situation on trial for BI insurance in UK. Booked additional contingent reserve for uncertainty, etc.

Decline in investment profit

Market recovery

Impact after tax

<table>
<thead>
<tr>
<th>Initial forecast</th>
<th>Revised forecast</th>
<th>Change from the initial</th>
</tr>
</thead>
<tbody>
<tr>
<td>-64.0</td>
<td>-57.0</td>
<td>+7.0</td>
</tr>
</tbody>
</table>

MS Amlin

<table>
<thead>
<tr>
<th>Initial forecast</th>
<th>Revised forecast</th>
<th>Change from the initial</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5</td>
<td>8.5</td>
<td>5.0</td>
</tr>
<tr>
<td>14.5</td>
<td>29.0</td>
<td>14.5</td>
</tr>
<tr>
<td>18.0</td>
<td>37.5</td>
<td>19.5</td>
</tr>
</tbody>
</table>

Buiness Interruption (Direct, UK and other)
Other (including contingent reserve)
Total
2. Progress and Outlook of Numerical Management Targets

- The full-year forecast for FY2020 of the Group Adjusted Profit is ¥210.0 billion, increased by ¥30.0 billion from the initial forecast.
- The full-year forecast of net income is ¥140.0 billion, increased by ¥10.0 billion from the initial forecast.

<table>
<thead>
<tr>
<th></th>
<th>Interim results</th>
<th>FY2020 Full-year</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2019 1H</td>
<td>FY2020 1H</td>
<td>YoY</td>
</tr>
<tr>
<td>Group Adjusted Profit</td>
<td>152.3</td>
<td>131.0</td>
<td>-21.3</td>
</tr>
<tr>
<td>Domestic non-life insurance business (excluding gain/loss from sale of strategic equity holdings)</td>
<td>93.1</td>
<td>102.4</td>
<td>9.2</td>
</tr>
<tr>
<td>Domestic life insurance business</td>
<td>17.7</td>
<td>36.2</td>
<td>18.4</td>
</tr>
<tr>
<td>International business</td>
<td>38.6</td>
<td>-10.1</td>
<td>-48.7</td>
</tr>
<tr>
<td>Financial services business/Risk-related services business</td>
<td>2.7</td>
<td>2.5</td>
<td>-0.2</td>
</tr>
<tr>
<td>Group Adjusted ROE</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Income/Losses</td>
<td>163.5</td>
<td>96.6</td>
<td>-66.9</td>
</tr>
<tr>
<td>Consolidated net premiums written</td>
<td>1,926.8</td>
<td>1,869.0</td>
<td>-57.8</td>
</tr>
<tr>
<td>Life insurance premiums (gross premiums)*</td>
<td>733.2</td>
<td>541.0</td>
<td>-192.2</td>
</tr>
<tr>
<td>EEV of MSI Aioi Life</td>
<td>869.6</td>
<td>914.1</td>
<td>44.5</td>
</tr>
<tr>
<td>ESR(Economic Solvency Ratio)</td>
<td>185%</td>
<td>209%</td>
<td>24pp</td>
</tr>
</tbody>
</table>

* Gross premiums income is for domestic life insurance subsidiaries only.
2. Progress and Outlook of Numerical Management Targets

Group Adjusted Profit and Group Adjusted ROE

<Reference> Group Core Profit and Group ROE

New Frontier 2013

Next Challenge 2017

- Group ROE
- Group Adjusted ROE
- Domestic Non-life Insurance Business
- Domestic Life Insurance Business
- International Business
- Financial Services Business/Risk-Related Services Business
- Other*


0.8% 4.5% 5.0% 5.9% 5.2% 7.9% 3.7%

87.4 94.8 155.7 147.5 213.7 105.1

-5.6% 4.5% 5.9% 5.2% 7.9% 3.7%

14.5 -87.5

2018 2019 2020 Forecast 2020 Forecast 2021 Target

6.1% 8.0% 6.8% 8.6% 10.0%

189.8 233.1 210.0 267.0 300.0

6.1% 8.0% 6.8% 8.6% 10.0%

189.8 233.1 210.0 267.0 300.0

* Decrease in income taxes paid in FY2019 among the effects of Reorganization of International Regional Business of MSI

MS&AD Insurance Group Holdings, Inc.
3. Overview of MS&AD Sustainability

Image of society in 2030

Resilient and Sustainable Society

Creating Shared Value

- Deal with new risks
- Create mobility society without accidents
- Strive for resilient community development
- Support "good health and longevity"
- Contribute to climate change mitigation and adaptation
- Strive to improve sustainability of natural capital
- Work toward realization of "leaving no one behind"

Social Issues

Diverse risks surrounding society

Provision of safety and peace of mind

Reduce the economic burden

Identify and inform on risks

Prevent risks from occurring/minimizing the impact

Stability in people’s lives

Dynamic business activities

Quality that earns the trust of society

- Earn the trust of society with high quality
- Sincere, fair and just business activities
- Activities and dialog that respect human rights
- Continue efforts to reduce the burden on the environment
- Investment activities that conform to PRI (Principles for Responsible Investment)

Management platforms that enable employees to play active roles

- Promotion of diversity & inclusion
- Encourage employees to learn and think by themselves, take on challenges and continue to grow
- Health and productivity management
- Highly transparent and effective corporate governance

MS&AD’s Story of Value Creation

MS&AD Insurance Group Holdings, Inc.
3. Business Activities with Consideration for Sustainability

- We have published a statement of business activities with consideration for sustainability.
- We addressed the direction of insurance underwriting, investment and loan activities in the three areas of climate change, natural capital and respecting human rights.
- We enhance stakeholders engagement, conduct deliberations in the Board of Directors and Sustainability Committee, and promote further activities.

**Climate Change**

- Mitigation and adaptation
  - We contribute to the realization of a decarbonized society by promoting the stable and sufficient supply and usage of renewable energy.
  - In principle we do not provide insurance underwriting, investments or loans for newly built coal-fired power plants.

**Natural Capital**

- Improving sustainability
  - We endeavor to conserve biodiversity to build a sustainable system between natural capital and business activities.

**Respecting human rights**

- We do not underwrite risks related to, nor make investments in manufacturers of cluster munitions that may cause indiscriminate mass killing.

**Insurance underwriting**

We consider issues and risks that could adversely impact society and the global environment, and provide products and services that respond to the demands of society.

**Investments and loans**

We consider ESG factors in pursuit of long-term investment returns and contribute to solutions for sustainability issues. 🔄 See p. 78
3. Sustainability Initiatives in Three Priority Issues

**Climate Change**
- Climate change impact assessment service for TCFD in partnership with Jupiter Intelligence
- LaRC-Flood project: Map of forecasted flood frequency change due to climate change
- cmap.dev: Real time weather map indicating damage forecast on website and app

**Natural Capital**
- Products supporting renewable energy providers
- Weather derivatives
- Pacific Catastrophe Risk Assessment and Financing Initiative

**Respecting human rights**
- Establishment of a basic policy on human rights
- Implementation of human rights due diligence
- Human rights enlightenment (human rights training, etc.)
- Establishment of a Speak Up (whistleblowing) system and consultation service desk, etc.

**Provision of Service and Investigative Research**
- Climate change impact assessment service for TCFD in partnership with Jupiter Intelligence
- LaRC-Flood project: Map of forecasted flood frequency change due to climate change
- cmap.dev: Real time weather map indicating damage forecast on website and app

**Provision of Coverage**
- Products supporting renewable energy providers
- Weather derivatives
- Pacific Catastrophe Risk Assessment and Financing Initiative

**Initiatives in the Value Chain**
- Eco-maintenance, eco-inspection and eco-safety driving
- Eco insurance policies / web-policy clauses

**Initiatives to Reduce Environmental Impact**
- Environmental management system
- Reduced CO2 emissions and paper use
- Promotion of the use of forest certification paper
- Participation in CDP

**Provision of Products and Services**
- Risk assessment service for natural capital
- Water risk assessment service
- Environmental supply chain consulting
- Biodiversity-conscious land use consulting

**Partnerships / Collaboration between Industry and Academia**
- Participation in research on the evaluation and social implementation of Eco-DRR (disaster prevention and mitigation utilizing nature)

**Environmental Conservation Efforts**
- Indonesia tropical rainforest regeneration project
- MS&AD Ramsar Supporters
- Introduction sustainable seafood
III. Capital Strategy

1. MS&AD’s Growth Model
2. ESR
3. Shareholder Return Policy
   and Shareholder Return for FY2020
1. The MS&AD Growth Model

While we secure financial soundness, we increase shareholder’s value through investment for sustainable growth and maintain stable shareholder return.
ESR at the end of September 2020 is 209%, which is in the appropriate level to maintain the current capital policy.

### ESR* (Confidence level 99.5%)

We will tackle the following based on our medium-term ESR forecast.

**Consider making business investments, taking additional risks, and increasing returns to shareholders**

**ESR at the end of September 2020 is 209%**

**Strive to improve capital efficiency while maintaining the current capital policy**

**Identify the path to recovery to appropriate levels and, if necessary, consider measures to restore capital levels and reduce risk.**

**Work on an early recovery to an appropriate level**

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**Impact of market price fluctuation on ESR (as of end of Sep. 2020)**

- **End of September 2020**: 209%
  - Nikkei Stock Average: ¥18,917
  - 30-year JGB rate: 0.43%
  - USD/JPY: ¥109

- **End of September 2020 (End of March 2020)**: 224%
  - Nikkei Stock Average: ¥23,185
  - 30-year JGB rate: 0.60%
  - USD/JPY: ¥106

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**Figures in parentheses are reference values when UFR is applied.**

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

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MS&AD Insurance Group Holdings, Inc.
### 3. Shareholder Return Policy / Shareholder Return for FY2020

- The interim dividend is planned ¥75 and the annual dividend is expected to be ¥150 (same as the previous fiscal year).
- Share buybacks totaling a maximum of ¥20.0 billion will be implemented.

#### Shareholder Return Policy

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

#### Shareholder Return for FY2020

<table>
<thead>
<tr>
<th>Dividends</th>
<th>FY2020</th>
<th>The annual dividend is forecasted to be ¥150 (same as initial forecast). An interim dividend of ¥75 was resolved at the Board of Directors meeting on November 19, 2020.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share buybacks</td>
<td>FY2020</td>
<td>Share buybacks of ¥20.0 billion maximum will be implemented (determined on November 19, 2020).</td>
</tr>
</tbody>
</table>

* Please see p.97 for the calculation method of Group Adjusted Profit.