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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.
I. Progress up to "Next Challenge 2017"

1. Progress up to "Next Challenge 2017"
   - The Group has reached a point where the possibility of becoming a "world-leading insurance and financial services group" has come into sight as a result of improving the profitability of the domestic non-life insurance business through steady efforts to achieve MVV (Mission, Vision, Values).
   - The issues for the next stage are the following six: i) harmony with society, ii) improvement in capital efficiency competitive with global peers, iii) innovation of the business portfolio, iv) enhanced readiness for changes in the environment, v) further exertion of diversity, a strength of the Group, and vi) maintenance and expansion of the domestic non-life insurance business that holds a prominent position in terms of both scale and earning power.

2. New medium-term management plan "Vision 2021"
   (1) Aspirations of "Vision 2021"
   - Aim to achieve a "resilient and sustainable society" in 2030 by developing the story of the value creation of MS&AD as a Group-wide initiative.
   - Expect to achieve Group Adjusted Profit of ¥350 billion and Group Adjusted ROE of 10% by the end of FY2021.

   (2) Basic strategies and key strategies for achieving the targets
   - Achieve the medium-term aspirations by (i) pursuing the Group's comprehensive strengths, (ii) promoting digitalization and (iii) reforming the portfolio as the key strategies.

   (3) Growth strategies in business domains
   (i) Domestic non-life insurance business:
   - Maintain and increase earnings through the reforming of the business line portfolio due to the expansion of earnings of casualty lines and fire insurance, and higher productivity through digitalization.
   (ii) Domestic life insurance business:
   - Achieve stable growth through the development of products and services that meet the requirements of society and customer needs, and the innovation of the earnings structure.
   (iii) International business:
   - Drive the Group's growth through the earnings recovery of MS Amlin and the pursuit of the Group's comprehensive strengths.

   (4) Capital policy
   - Placing ERM as a basis for the Group management, pursue the enhancement of corporate value through growth investments in consideration of stable shareholder returns and capital efficiency based on the financial soundness.

3. FY2017 shareholder returns
   - Annual dividend of ¥130 (up ¥10 year on year) and the repurchase of our own shares of ¥30 billion have been resolved.
Progress Towards Numerical Management Targets

- Our profitability has been improved dramatically in “Next Challenge 2017” (FY2014-FY2017) as a result of establishing earning structure based on ERM.

![Group Core Profit and Group ROE Graph]

- Consolidated Net Premiums Written
  - FY2013: 2,809.5 (¥bn)
  - FY2014: 2,940.7 (¥bn)
  - FY2015: 3,078.9 (¥bn)
  - FY2016: 3,406.9 (¥bn)
  - FY2017: 3,446.9 (¥bn)
  - Change: +637.4 (¥bn)

- Combined Ratio (Domestic Non-Life)*
  - FY2013: 98.2%
  - FY2014: 96.0%
  - FY2015: 91.6%
  - FY2016: 92.6%
  - FY2017: 92.8%
  - Change: -5.4pp

* Simple sums of non-consolidated figures for MSI, ADI and Mitsui Direct General.

MS&AD Insurance Group Holdings, Inc.

Progress up to “Next Challenge 2017”

- “Growth and efficiency” have been achieved simultaneously time through the completion of the reorganization by function.
- While profitability and financial soundness have improved significantly due to the promotion of ERM, there is still room for improvement in capital efficiency toward the target level (ROE 10%).

![Progress Graph]

- **Underwriting Profit and Combined Ratio**
  - Target achieved: Recovered and established as a stable base.
  - Improvement in profitability of domestic non-life insurance business
  - Target achieved: Ensuring financial soundness
  - Target level maintained despite the impact of hurricanes in North America.

![Improving capital efficiency](Graph)

- **Group ROE and Group Adjusted ROE**
  - Target achieved: Promotion of ERM
  - Established as the foundation for Group management that will ensure soundness, improve profitability and enhance capital efficiency.

- **Completion of reorganization by function**
  - Standardization of products & operating procedures, etc. made progress as planned.

MS&AD Insurance Group Holdings, Inc.
### Issues for the Next Stage

- We clarified issues for achieving a “world-leading insurance and financial services group” in light of the achievements in “Next Challenge 2017.”
- We will strive for harmony with society as a new issue to work on to be resilient and to achieve sustainable growth.

<table>
<thead>
<tr>
<th>Universal issues</th>
<th>Ongoing issues</th>
<th>Issues to be further strengthened</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Harmony with society</td>
<td>(ii) Improvement in capital efficiency in consideration of global competitors</td>
<td>(v) Further exertion of diversity, a strength of the Group</td>
</tr>
<tr>
<td></td>
<td>(iii) Reform the business portfolio</td>
<td>(vi) Maintaining and expanding of domestic non-life insurance business that holds a prominent position in terms of both scale and profitability</td>
</tr>
</tbody>
</table>

### Overall Situation:

**EPS and Total Shareholder Return per Share**

- Total shareholder return (TSR) per share is steadily increasing.

**TSR per share, Group Core Profit / Adjusted Profit per share and EPS**

![Graph showing TSR, Group Core Profit, Adjusted Profit, and EPS over fiscal years 2013 to 2018 with projected 2018 forecast.](image)
**Overall Situation:**

**Premium Income**

- Consolidated net premiums written increased by ¥39.9 billion to ¥3,446.9 billion due to an increase in domestic non-life, while decreasing in overseas subsidiaries.
- Consolidated life insurance premiums decreased to ¥1,058.2 billion due to a decrease in variable products at MSI Primary Life.

*Non-Life Insurance: Consolidated Net Premiums Written*¹

*Life Insurance: Consolidated Life Insurance Premiums*

*¹: Net premiums written exclude the good results return premiums of the “ModoRich” auto insurance product.

**Overall Situation:**

**Bottom Line and ROE (on a Financial Accounting Basis)**

- ROE (on a financial accounting basis) declined to 5.5% in FY2017, mainly due to the impact of domestic and overseas natural catastrophes, while ROE is anticipated to increase to 6.8% in FY2018.

**Consolidated Ordinary Profit, Net Income and ROE**

- Consolidated ordinary profit (¥ bn)
- Consolidated net income (¥ bn)
- ROE
II. New Medium-Term Management Plan “Vision 2021”

1. Aspirations and Basic Strategies
   2. Domestic Non-Life Insurance Business
   3. Domestic Life Insurance Business
   4. International Business
   5. Asset Management
   6. Capital Policy

Aspirations

- Regarding a “resilient and sustainable society” as the image of society that the Group is aiming for in 2030, we will seek to achieve it by developing the story of value creation of MS&AD as a Group-wide initiative.

New Frontier 2013 (FY2010 - FY2013)

Next Challenge 2017 (FY2014 - FY2017)

Vision 2021 (FY2018 - FY2021)

Development of management based on CSV*

- Enhancing earning power in domestic non-life insurance business
- Improving capital efficiency
- Achieving the medium-term aspirations
- Building resilient systems that can respond to changes in the environment

Image of society in 2030

A resilient and sustainable society

Medium-term aspirations (A world-leading insurance and financial services group)

- Scale: Within the top 10 non-life insurance groups in the world
- Capital efficiency: Group Adjusted ROE 10%
- Financial soundness: ESR 180% - 220%
- Portfolio diversity: Strategic equity holdings below 30% of integrated risk amount and below 10% of consolidated total assets
- Risk assets: Strategic equity holdings below 30% of integrated risk amount and below 10% of consolidated total assets
- Profitability: Combined ratio in the domestic non-life insurance business stable at 95% or less

Formulation of Mission, Vision and Values

Improving profitability in domestic non-life insurance business
Ensuring financial soundness

* CSV: Creating Shared Value
Numerical Management Targets

- Numerical management targets for FY2021 are set at a level for achieving the “medium-term aspirations.”
- To achieve a resilient and sustainable society, we have formulated the Medium-Term Management Plan for Sustainability and monitor the non-financial indicators.

<table>
<thead>
<tr>
<th>Numerical Management Targets</th>
<th>FY2017 Result (Converted to new standards)</th>
<th>FY2018 Forecast</th>
<th>FY2019 Target</th>
<th>FY2021 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Adjusted Profit</td>
<td>201.0</td>
<td>270.0</td>
<td>273.0</td>
<td>350.0</td>
</tr>
<tr>
<td>Domestic non-life insurance business (excluding gains and losses on sales of strategic equity holdings)</td>
<td>287.8 (202.4)</td>
<td>207.0 (166.0)</td>
<td>174.0 (139.0)</td>
<td>182.0 (142.0)</td>
</tr>
<tr>
<td>Domestic life insurance business</td>
<td>32.6</td>
<td>22.0</td>
<td>28.0</td>
<td>45.0</td>
</tr>
<tr>
<td>International business</td>
<td>-125.0</td>
<td>37.0</td>
<td>66.0</td>
<td>117.0</td>
</tr>
<tr>
<td>Financial services business /Risk-related services business</td>
<td>5.6</td>
<td>4.0</td>
<td>5.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Group Adjusted ROE</td>
<td>6.4%</td>
<td>8.5%</td>
<td>8.3%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-financial Indicators (e.g.)</th>
<th>Monitoring indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating shared value</td>
<td>Seven key issues (checked qualitatively)</td>
</tr>
<tr>
<td>Quality</td>
<td>Quality improvement: Customer satisfaction/ advisability</td>
</tr>
<tr>
<td>Four of society</td>
<td>Reduction of the burden on the environment: Reduction of CO2 emissions, Total energy usage, Paper use</td>
</tr>
<tr>
<td>Management platforms that enable employees to play active roles</td>
<td>Diversity &amp; inclusion: Ratio of female managers, Ratio of global employees, Disabled employment rate</td>
</tr>
<tr>
<td>Health and productivity management</td>
<td>Employee satisfaction, Amount of annual paid leave taken, Number of employees conducting social contribution activities</td>
</tr>
</tbody>
</table>

Group Adjusted ROE = Consolidated net income + Net capital gains/losses on stock portfolio (gains/losses on sales and others) - Net evaluation gains/losses on credit derivatives - Other incidental factors + Equity in earnings of the non-consolidated Group companies

Replacement of Group Adjusted Profit and Group Adjusted ROE

Changes to Group Adjusted Profit and Group Adjusted ROE (shaded parts show changes)

Replacement at end of FY2017

<table>
<thead>
<tr>
<th>Group Adjusted Profit</th>
<th>Core Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated net income</td>
<td>¥154.0bn</td>
</tr>
<tr>
<td>+ provision/reversal to catastrophe reserves, etc.</td>
<td>¥10.6bn</td>
</tr>
<tr>
<td>- Net capital gains/losses on stock portfolio (gains/losses on sales and others)</td>
<td>-</td>
</tr>
<tr>
<td>- Net evaluation gains/losses on credit derivatives</td>
<td>-</td>
</tr>
<tr>
<td>+ Other incidental factors (amortization of goodwill and other intangible fixed assets, etc.)</td>
<td>-¥36.2bn</td>
</tr>
<tr>
<td>Total</td>
<td>¥201.0bn</td>
</tr>
</tbody>
</table>

Adjusted net assets = Consolidated net assets (capital) + Catastrophe reserves and others (balance) - Goodwill and other intangible fixed assets (balance)
Basic Strategies and Three Key Strategies

- We will ensure the achievement of aspirations that have entered the realization phase with the Basic strategies and three Key strategies tied to the Basic strategies.

<Aspirations during the period of the medium-term plan>

➤ Become a world-leading insurance and financial services group
➤ Create resilient systems that can swiftly respond to changes in environment

[Basic strategies]

- By employing the Group’s resources to the maximum, we will realize sustainable growth and enhance corporate value.
- We will pursue the Group’s comprehensive strengths, one of which is diversity, and meet the expectations of customers and other stakeholders.
- We will respond flexibly to changes in the environment and further improve quality and productivity.

Key strategy 1
Pursue the Group’s comprehensive strengths

Key strategy 2
Promote digitalization

Key strategy 3
Reform portfolio

Management platforms
ERM

[Quality that earns the trust of society]
[Management platforms that enable employees to play active roles]

[New Challenge 2017]

Vision 2021 (2018/4-2021/3)

[Key Strategy 1: Pursue the Group’s Comprehensive Strengths]

- We will enhance our competitiveness by improving quality and business efficiency and making the most of the Group’s strength of diversity through the review division of roles and further cooperation within the Group.

Domestic non-life insurance business companies
- Standardization of products and operating procedures
- Release of a joint claims services system, etc.

Review division of roles and strengthen cooperation
- Standardization and consolidation of back-office operations
- Joint development of health and medical products and services, etc.

Domestic life insurance business companies
- Strengthening of cooperation between MSI Aioi Life and MSI Primary Life
- Sharing of MSI Primary Life’s high quality expertise in education and training, etc.

Affiliated operating business companies
- Centralization of back-office operations, etc.

Efforts to pursue the Group’s comprehensive strengths
Key Strategy 2: Promote Digitalization

- With CDO (Chief Digitalization Officer) playing a central role, work on “digitalization” across entire Group and connect it to transformation of entire business.
- Improve value of experiences when customers contact individual Group companies and improve business productivity of MS&AD Group at the same time.

**MS&AD Group Companies**
- Promote business process automation through RPA
- AI will support customer service at agents
- Strengthen customer contact through utilizing digital technology
- Provide health products and services that promote health and productivity management by using wearable devices
- Develop automobile insurance by using telematics technology, etc.

**U.K.**
- **MS Amlin**
  - Promote improvement of business efficiency through the utilization of RPA, AI, data analytics, etc. and the strengthening of customer contact through introduction of blockchain technology for marine insurance

**U.S.**
- **MS&AD Garage Program**
  - Develop environment that helps employees at Group companies in Japan and overseas to make business trips to identify advanced technologies and services in Silicon Valley
  - **CVC** *(Set up in 2018)*

**Japan**
- **MSIG Holdings (Asia)**
  - Strengthen customer contact through digitalization in the largest retail market in our international business

**ASEAN**
- **AI**
  - **Data Analytics**
  - **Robots**
  - **Blockchain**

* "Digitalization": An initiative to not only improve the efficiency and convenience of processes and services, etc. through digital technology but also to lead to reform of the Group’s overall business. See P16 of Medium-Term Management Plan “Vision 2021” presentation materials for details of promotional platforms and promotion measures.

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Key Strategy 3: Reform Portfolio

- We will reform the Group’s business portfolio and risk portfolio, etc., to create a resilient and sustainable earnings base.
- Achieve 50% of profit from businesses other than the domestic non-life insurance business by the end of FY2021.

**End of FY2015**
- **Domestic non-life insurance business** (excluding gains/losses on sales of strategic equity holdings) 14%
- **Domestic life insurance business** 38%
- **International business** 46%

**End of FY2021**
- **Domestic non-life insurance business** (excluding gains/losses on sales of strategic equity holdings) 2%
- **Domestic life insurance business** 46%
- **International business** 38%

**Future aspiration**
- 50%

* At starting point of the portfolio reform

**Previous initiatives:** Regional and business diversification in life insurance business
- Closed-book life business
- Individual annuity insurance and funds management business

**Future initiatives:**
- Build stable earnings base by reforming business portfolio and risk portfolio.

**Reform business portfolio (regional and business diversification)**
- Strengthen existing international business through the active investment of management resources and make investments to develop new businesses and expand existing businesses in Japan and overseas
- Expand domestic life insurance business by increasing cross-selling of life and non-life insurance

**Reform risk portfolio**
- Exercise appropriate risk control based on cycle management of natural catastrophe risks.
- Continue reduction of strategic equity holdings and keep weighting vs. consolidated total assets to less than 10% and weighting vs. risk amount to less than 30%.
II. New Medium-Term Management Plan “Vision 2021”

1. Aspirations and Basic Strategies

2. Domestic Non-Life Insurance Business

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Domestic Non-Life Insurance Business: Group Core Profit / Adjusted Profit

- Group Adjusted Profit for 2018 is projecting to decrease by around ¥80 billion mainly due to a decrease in gains on sales of securities.
- Taking into account negative factors such as the consumption tax hike and enforcement of revised Civil Code, we aim to maintain a stable Group Adjusted Profit, during Vision 2021.

Group Core Profit / Adjusted Profit

- Forecast
- Target

(Milan)
Domestic Non-life Insurance Business: Net Premiums Written and Combined Ratio

- Net premiums written in FY2017 grew by ¥52.4 billion mainly due to fire insurance, and a slight increase of net premiums written is expected in FY2018.
- While E/I combined ratio for FY 2017 increased year on year, it is expected to be below 95% in FY2018.

Net Premiums Written for Domestic Non-life Insurance Business

* Simple sums of non-consolidated figures for MSI, ADI and Mitsui Direct General.

Combined Ratio of Domestic Non-life Insurance Business

(W/P: all lines, E/I: excludes residential earthquake insurance and compulsory automobile liability insurance)

Domestic Non-life Insurance Business: Maintenance and Expansion of Earnings

- Maintain and expand dominance as a core business boasting the largest scale of operations in Japan and profitability.
- Reform business line portfolio and establish base for sustainable growth.

Pursue profit-focused products and sales strategies

- Improve profitability of fire insurance
- Further cultivate the SME market through casualty business
- Work to stabilize earnings from the automobile insurance business
- Demonstrate Group’s comprehensive strengths by promoting product standardization.

Address changes in the environment and new needs

- Develop and expand products to address new risks and products to create new markets
- Develop products and services corresponding to sharing economy business and on-demand style
- Accelerate telematics automobile insurance initiatives and respond to autonomous driving technology

Profit forecast for domestic non-life insurance business

* Simple sum of non-consolidated results of MSI and ADI,
* Underwriting profit (before reflecting catastrophe reserves, excluding international business (overseas branches, inward reinsurance from overseas, etc.).
Domestic Non-Life Insurance Business: Improvement of Productivity

- Actively continue to invest in R&D that helps us respond to changes in the environment and improve productivity and quality, etc., and aim to further improve productivity by reforming business processes.
- Reduce expense ratio to 32.1% in FY2021 and the 30.0% range in the future.

Investment amount and effects of business process reform

- Digitalize policy administrative processes and claims payment administrative processes.
- Promote automation through RPA (Robotics Process Automation)

<table>
<thead>
<tr>
<th>Ongoing large-scale projects</th>
<th>Effects (emerging sequentially from FY2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renovation of agent and customer online systems</td>
<td></td>
</tr>
<tr>
<td>Approx. ¥88.0 bn ($4.3 bn)</td>
<td>Approx. ¥18.0 bn/year*3</td>
</tr>
<tr>
<td>Joint claims services system (BRIDGE)</td>
<td></td>
</tr>
<tr>
<td>Approx. ¥36.0 bn ($1.3 bn)</td>
<td>Approx. ¥13.0 bn/year**4</td>
</tr>
<tr>
<td>Standardization of products and operations</td>
<td></td>
</tr>
<tr>
<td>Approx. ¥11.0 bn ($1.0 bn)*5</td>
<td>Approx. ¥2.0 bn/year</td>
</tr>
</tbody>
</table>

Figures in parentheses are expected company expenses during the period of "Vision 2021".

Changes in expense ratio and expense ratio forecast

<table>
<thead>
<tr>
<th>2010</th>
<th>2013</th>
<th>2017</th>
<th>2021 Outlook</th>
<th>Future (Fiscal Target Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>34.7%</td>
<td>33.2%</td>
<td>32.2%</td>
<td>33.3%</td>
<td>32.1%</td>
</tr>
</tbody>
</table>

Expense ratio excluding R&D expenses

Incorporating impact of consumption tax hike of +0.4pp

Domestic Non-Life Insurance Business: Net Premiums Written by Class of Business

Net Premiums Written* by Class of Business (¥bn)

<table>
<thead>
<tr>
<th>Fire and Allied</th>
<th>Marine</th>
<th>Personal Accident</th>
<th>Voluntary Auto</th>
<th>CALI</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,529.1</td>
<td>2,666.6</td>
<td>2,699.5</td>
<td>2,670.2</td>
<td>2,722.3</td>
<td>2,726.0</td>
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<tr>
<td>290.7</td>
<td>307.7</td>
<td>337.4</td>
<td>373.9</td>
<td>379.4</td>
<td>395.8</td>
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<td>337.7</td>
<td>347.8</td>
<td>357.1</td>
<td>355.6</td>
<td>351.5</td>
<td>332.0</td>
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<td>1,267.2</td>
<td>1,291.4</td>
<td>1,317.4</td>
<td>1,334.6</td>
<td>1,343.2</td>
<td>1,344.8</td>
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<tr>
<td>217.3</td>
<td>219.1</td>
<td>204.5</td>
<td>204.9</td>
<td>208.9</td>
<td>212.1</td>
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<tr>
<td>67.9</td>
<td>72.8</td>
<td>72.7</td>
<td>64.1</td>
<td>67.9</td>
<td>68.0</td>
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<tr>
<td>348.0</td>
<td>367.5</td>
<td>410.1</td>
<td>336.9</td>
<td>371.1</td>
<td>373.3</td>
</tr>
</tbody>
</table>

* Simple sums of non-consolidated figures for MSI and ADI.
### Domestic Non-Life Insurance business: Underwriting Profit /Loss by Class of Business

<table>
<thead>
<tr>
<th>Item</th>
<th>Fiscal Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting Profit</td>
<td></td>
<td>-36.1</td>
<td>28.7</td>
<td>43.9</td>
<td>121.3</td>
<td>89.3</td>
<td>108.0</td>
</tr>
<tr>
<td>Net reversal of catastrophe reserve (profit impact)</td>
<td></td>
<td>30</td>
<td>-31.3</td>
<td>-81.6</td>
<td>-81.8</td>
<td>-44.6</td>
<td>-37.8</td>
</tr>
<tr>
<td>Underwriting profit (before reflecting catastrophe reserves)</td>
<td></td>
<td>-39.1</td>
<td>60.1</td>
<td>125.6</td>
<td>203.1</td>
<td>133.9</td>
<td>145.8</td>
</tr>
<tr>
<td>Impact of natural catastrophes&lt;sup&gt;※1&lt;/sup&gt; (ref.)</td>
<td></td>
<td>-96.3</td>
<td>60.1</td>
<td>125.6</td>
<td>203.1</td>
<td>133.9</td>
<td>145.8</td>
</tr>
</tbody>
</table>

<sup>※</sup> Simple sums of non-consolidated figures for MSI and ADI.<br>
<sup>※1</sup> The impact of natural catastrophes include heavy snowfall in 2014 and hurricanes in North America and others in 2017.

### Domestic Non-Life Insurance business: Combined Ratio (W/P) in the Domestic Non-Life Insurance Industry

- **Combined Ratio**<br>- **Loss Ratio**<br>- **Expense Ratio**

<sup>※</sup> Source of Loss ratio and Expense ratio: The General Insurance Association of Japan

*MS&AD Insurance Group Holdings, Inc.*
## II. New Medium-Term Management Plan “Vision 2021”

1. Aspirations and Basic Strategies  
2. Domestic Non-Life Insurance Business  
3. **Domestic Life Insurance Business**  
4. International Business  
5. Asset Management  
6. Capital Policy

### Domestic Life Insurance Business: Group Core Profit / Adjusted Profit

- During the “Next Challenge 2017” period, the domestic life insurance business, following an increasing profit trend of MSI Primary Life, grew into a core business with a stable profit base of around ¥20 billion every year.
- During the “Vision 2021” period, MSI Aioi Life will become a growth driver partly due to completion of the transfer of contracts in the third sector insurance, and the domestic life insurance business will further improve its profitability and contribute to the growth of Group profit.

<table>
<thead>
<tr>
<th>Year</th>
<th>Group Core Profit (¥bn)</th>
<th>Group Adjusted Profit (¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>24.4</td>
<td>7.1</td>
</tr>
<tr>
<td>2014</td>
<td>20.4</td>
<td>5.9</td>
</tr>
<tr>
<td>2015</td>
<td>25.0</td>
<td>6.4</td>
</tr>
<tr>
<td>2016</td>
<td>25.1</td>
<td>4.6</td>
</tr>
<tr>
<td>2017</td>
<td>34.3</td>
<td>7.2</td>
</tr>
<tr>
<td>2018</td>
<td>22.0</td>
<td>7.4</td>
</tr>
<tr>
<td>2019</td>
<td>28.0</td>
<td>13.7</td>
</tr>
<tr>
<td>2021</td>
<td>45.0</td>
<td>23.0</td>
</tr>
</tbody>
</table>

*Total of life insurance business includes purchase difference adjustment etc.*
Domestic Life Insurance Business: MSI Aioi Life

Offer products and services that meet demands of society and customer needs

- Products based on advances in medical technology (advanced medicine, etc.)
- Products for nursing, dementia, etc.
- Products to improve morbidity, prevent serious cases, and prevent recurrence

Establish sales network and sales systems to pursue customer satisfaction

- Further strengthen cross-selling through utilization of the non-life insurance sales base and customer base as the largest non-life insurance group in Japan
- Improvement of marketing quality by introducing agency quality certification system
- Strengthen education and training and ability to manage and advise agents

Radically reform business structure

- Complete consolidation of long-term contracts in the third sector insurance within the Group
- Reform operations (centralize policy administration, reform roles)
- Promote automation of standard work (utilization of RPA) and utilization of AI, etc.

EEV Growth Outlook (¥bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td>835.5</td>
<td>865.0</td>
<td>970.0</td>
<td>1,050.0</td>
</tr>
<tr>
<td>Target</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Domestic Life Insurance Business: MSI Aioi Life (Amount of Policies and Annualized Premiums)

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

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

Amount of New Policies and Annualized Premiums of New Policies

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

Vision 2021

Next Challenge 2017

New Frontier 2013
Domestic Life Insurance Business:
MSI Primary Life

Offer products and services that meet demands of society and customer needs

- Expansion of lifetime gift market, and development of new longevity needs market
- Development of precise services for the elderly

Respond to changes in the business environment

- Strengthen support systems for over-the-counter sales at financial institutions through the promotion of digitalization, etc.

Net Income Outlook

<table>
<thead>
<tr>
<th>(¥bn)</th>
<th>2017</th>
<th>2018 Forecast</th>
<th>2019 Target</th>
<th>2021 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018 Forecast</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019 Target</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021 Target</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Asset management strategy

- Sophistication of ALM based on change in the market and liability structure.

Domestic Life Insurance Business:
MSI Primary Life (Premium Income, Amount of Policies in Force, and Net Income)

Amount of Policies in Force and Premium Income

Net Income

MS&AD Insurance Group Holdings, Inc.
### Domestic Life Insurance Business: Embedded Value (EEV) from the End of FY2013 to the End of FY2017

#### Changes in FY2017 (¥bn)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Change</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017 (Fiscal year end)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening adjustments</td>
<td>-3.0</td>
<td>393.1</td>
<td>379.4</td>
<td>407.2</td>
<td>440.4</td>
<td>446.3</td>
</tr>
<tr>
<td>New business in reporting year</td>
<td>47.4</td>
<td>588.1</td>
<td>647.8</td>
<td>596.8</td>
<td>353.7</td>
<td>386.2</td>
</tr>
<tr>
<td>Expected existing business contribution at the risk free rate</td>
<td>7.7</td>
<td>195.0</td>
<td>268.4</td>
<td>188.5</td>
<td>407.2</td>
<td>446.3</td>
</tr>
<tr>
<td>Expected existing business contribution above risk free rate</td>
<td>1.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating experience variances</td>
<td>-2.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in operating assumptions</td>
<td>-11.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance expenses</td>
<td>-3.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surrender and lapse rates</td>
<td>-7.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortality and morbidity rates for life insurance</td>
<td>-0.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortality and morbidity rates for annuity</td>
<td>25.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating experience variances</td>
<td>0.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in operating assumptions</td>
<td>2.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic variances and changes to economic assumptions</td>
<td>18.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity and property implied volatility</td>
<td>39.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swaption implied volatility</td>
<td>-2.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Required capital set at statutory minimum level</td>
<td>5.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>41.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Value of in-force business

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of in-force business ($) (Fiscal year end)</td>
<td>132.6</td>
<td>237.4</td>
<td>245.5</td>
<td>284.1</td>
<td></td>
</tr>
<tr>
<td>Net worth ($) (Fiscal year end)</td>
<td>102.2</td>
<td>234.8</td>
<td>252.9</td>
<td>375.3</td>
<td></td>
</tr>
</tbody>
</table>

#### New Medium-Term Management Plan “Vision 2021”

1. Aspirations and Basic Strategies
2. Domestic Non-Life Insurance Business
3. Domestic Life Insurance Business
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6. Capital Policy

[MS&AD Insurance Group Holdings, Inc.](https://www.msad.co.jp/en/)
**International Business: Net Premiums Written**

- Net premiums written are expected to exceed ¥1 trillion due to an increase in premiums during the period of “Vision 2021”, mainly in Asia and Europe.

![Net Premiums Written (Non-Life Insurance)](image)

* 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 inward reinsurance.

* Figures for FY2017 and beyond include Head Office Reinsurance Business.

**Group Core Profit / Adjusted Profit**

- During the “Vision 2021” period, the international business is expected to show significant profit growth mainly due to recovery and expansion of profit at MS Amlin and ADI Europe and expansion in the profit in the international life insurance business.

![Group Core Profit / Adjusted Profit](image)

* Figures for FY2017 and beyond include Head Office Reinsurance Business.
Initiatives to restore profitability after the loss in FY2017 are already under way as the issues have been recognized and relevant measures have been considered.

A capital injection of approx. ¥70 billion will be implemented to sustain MS Amlin’s business model for future growth.

1. **Initiatives to restore underwriting profitability**
   - Review underwriting terms and conditions focusing on business lines with decreased profitability
   - Strengthen monitoring by Head Office

2. **Cost reductions**
   - Review staffing plans (reduction in staffing and personnel expenses, etc.)
   - Increase business process efficiency, etc.
   - Cost reductions: FY2018 approx. £40 million
     - FY2019 approx. £22 million

3. **Optimization of organization and infrastructure**
   - Strengthen business management by operating company
   - Improve management framework by SBU (Property & Casualty, Marine & Aviation, Reinsurance)
   - Review underwriting terms and conditions focusing on business lines with decreased profitability
   - Strengthen monitoring by Head Office

- **2017**
  - Net income: -759
  - Earned premiums: +59
  - Incurred losses (nat. cat.): +442
  - Incurred losses (other than nat. cat.): +503
  - Taxes: -125

- **2018**
  - Net income: +220
  - Earned premiums: +50
  - Taxes: -9

- **2019**
  - Net income: +124

**Profit expansion**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net income (£mn)</th>
<th>Earned premiums (£mn)</th>
<th>Incurred losses (£mn)</th>
<th>Taxes (£mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>-759</td>
<td>+59</td>
<td>+442</td>
<td>-125</td>
</tr>
<tr>
<td>2018</td>
<td>+220</td>
<td>+50</td>
<td>+503</td>
<td>-9</td>
</tr>
<tr>
<td>2019</td>
<td>+124</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**2020~2021**

- **Natural catastrophes**
  - 2017 (Results) -609
  - 2018 (Forecast) -167

**Effect of cost reductions**
- Approx. 40 (personnel expense, system-related expense, etc.)
- Effect of reserve revisions for existing contracts in 2017
- Effect of efforts to improve underwriting in 2017
- Lower loss ratio of new contracts

**Rates rise impacted by the market**
- Drop following contract screening
- Efforts to increase rates

**Rates rise impacted by the market**
- Drop following contract screening
- Efforts to increase rates

**Taxes**
- 2017: -125
- 2018: -9
- 2019: -50
The Group consolidated its position as the number one non-life insurance group in the ASEAN region through its acquisition of First Capital which effectively complements the portfolio.

The Group will steadily capture growing markets by strengthening customer contact through the promotion of digitalization according to regional characteristics and improving productivity.

Establish the absolute No.1 position in ASEAN
Develop initiatives in all fields taken by Japanese-affiliated companies and local companies to the entire area of ASEAN to accelerate growth

Accelerate growth by capturing growth markets
- Promotion of digitalization in accordance with regional characteristics
- Enhancing cooperation with local partners
- Expansion of sales channels

Promotion of digitalization
(i) Promote initiatives taking advantage of domestic development technologies
(ii) Place priority on enhancing customer contact in Asian retail markets
(iii) Accelerate initiatives with expertise gained in the tie-up with Fairfax

Enhancing cooperation with local partners
(i) Strengthen sales of insurance products through partner banks’ networks
(ii) Expand business by growing relationships with capital tie-up companies

Expansion of sales channels
(i) Develop new sales channels with the transaction expertise of bank channels
(ii) Strengthen direct sales by using digital technologies

Cooperation with Fairfax
(i) Collaboration in digital fields
(ii) Mutual utilization of products and services
(iii) Collaboration in reinsurance field
(iv) Complementation of regional networks

Comparison of Gross Premiums Written in the six main ASEAN countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Premiums Written</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore, Malaysia, Indonesia, the Philippines, Thailand and Vietnam</td>
<td></td>
</tr>
</tbody>
</table>

Promotion of digitalization
- Promote initiatives taking advantage of domestic development technologies
- Place priority on enhancing customer contact in Asian retail markets
- Accelerate initiatives with expertise gained in the tie-up with Fairfax

Enhancing cooperation with local partners
- Strengthen sales of insurance products through partner banks’ networks
- Expand business by growing relationships with capital tie-up companies

Expansion of sales channels
- Develop new sales channels with the transaction expertise of bank channels
- Strengthen direct sales by using digital technologies

Cooperation with Fairfax
- Collaboration in digital fields
- Mutual utilization of products and services
- Collaboration in reinsurance field
- Complementation of regional networks

Japanese-affiliated company B

US-affiliated company A

European-affiliated company A

ASEAN

Japanese-affiliated company B

US-affiliated company A

European-affiliated company A

Key overseas subsidiaries

* Increased capital of ADE (European subsidiary of ADI) by around €180 million (approximately ¥27.0 billion) in April this year as capital boost associated with the revision of business plans of BIG business and ADE and response to Brexit.
**International Business: International Non-Life Insurance Business**

- FY2017 recorded a loss of ¥26 billion affected by the hurricanes in North America, the wildfire in California, etc., but we expect stable Group Adjusted Profit in FY2018 and onward.

**Underwriting policy and initiatives**

- Continue transactions centered on proportional reinsurance from limited partners based on integrated operations both inward and outward reinsurance.
- Do not actively expand the underwriting of natural catastrophe risks (especially the risks of windstorms and floods in the United States), while expanding underwriting in fields that have no strong correlation with natural catastrophe to stabilize periodic profit/loss with dispersion effects.

**Risk management**

- In cooperation with ADI and the holding company, follow the guideline, formulate a underwriting policy and underwrite in accordance with the risk limit and a underwriting policy.
- Endeavor to make a more accurate estimate of risk amount for natural catastrophe risks by region and by peril and aim to structure a more diversified portfolio.

**Net Premium Written and Group Adjusted Profit**

- Net Premium Written (left axis) - Group Adjusted Profit (right axis)

**International Business: International Life Insurance Business**

- With the contributions of Challenger and ReAssure in addition to growth in existing businesses, Group Adjusted Profit is expected to reach ¥17 billion in FY2021.

**Group Adjusted Profit**

(Our equity interest: ¥bn)

- Secure stable profit

Australia and U.K.

- Secure stable profit and acquire business knowhow through Challenger and ReAssure
  - Australian annuity market, where growth is expected, sophisticated asset management knowhow
  - U.K. closed book business

Ownership as of March 31, 2018

- ReAssure: 15% owned
- Challenger: 10.1% owned

Asia

- Stable profit expansion
- Pursue synergies with the non-life insurance business that boasts the No.1 scale in the ASEAN region

- Gain on sales of shares of China’s Sinatay Life Insurance

MS&AD Insurance Group Holdings, Inc.
**International Business: Summary**

### Net Premiums Written (Non-Life Insurance) ($bn)

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>YoY change</th>
<th>Forecast</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International Business Total</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>892.7</td>
<td>73.9</td>
<td>940</td>
<td>47.2</td>
</tr>
<tr>
<td>Asia</td>
<td>268.1</td>
<td>27.4</td>
<td>287.9</td>
<td>19.7</td>
</tr>
<tr>
<td>Europe</td>
<td>498.7</td>
<td>-0.8</td>
<td>522.6</td>
<td>23.8</td>
</tr>
<tr>
<td>(of which, MS Amlin)</td>
<td>430.2</td>
<td>39.1</td>
<td>450.1</td>
<td>19.8</td>
</tr>
<tr>
<td>Americas</td>
<td>71.1</td>
<td>4.6</td>
<td>68.2</td>
<td>-2.9</td>
</tr>
<tr>
<td>Head Office Reinsurance&lt;sup&gt;2&lt;/sup&gt;</td>
<td>57.9</td>
<td>57.9</td>
<td>64.4</td>
<td>6.4</td>
</tr>
</tbody>
</table>

### Group Adjusted Profit ($bn)

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>YoY change</th>
<th>Forecast</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International Business Total</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>-125.0</td>
<td>-159.7</td>
<td>37.0</td>
<td>162.0</td>
</tr>
<tr>
<td>Asia</td>
<td>11.1</td>
<td>-5.5</td>
<td>17.9</td>
<td>6.7</td>
</tr>
<tr>
<td>Europe</td>
<td>-116.2</td>
<td>-118.5</td>
<td>11.0</td>
<td>127.2</td>
</tr>
<tr>
<td>(of which, MS Amlin)</td>
<td>-109.3</td>
<td>-115.5</td>
<td>18.5</td>
<td>127.8</td>
</tr>
<tr>
<td>Americas</td>
<td>4.7</td>
<td>3.8</td>
<td>3.1</td>
<td>-1.6</td>
</tr>
<tr>
<td>Head Office Reinsurance&lt;sup&gt;2&lt;/sup&gt;</td>
<td>-26.0</td>
<td>-26.0</td>
<td>2.6</td>
<td>28.6</td>
</tr>
<tr>
<td><strong>International Life Insurance Business</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>6.4</td>
<td>-1.9</td>
<td>7.4</td>
<td>0.8</td>
</tr>
</tbody>
</table>

---

* 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.

<sup>1</sup> 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.

<sup>2</sup> Overseas inward reinsurance business underwritten by ADI Head Office was reclassified as “International Business” from FY2017.

<sup>3</sup> Asian Life Insurance Business plus Challenger and ReAssure

---

**International Business: Weight of International Business and Geographical Diversification**

![Bar chart showing the weight of International Business and Geographical Diversification for FY2015, FY2017, and FY2018 (Forecast).]

**FY2015**

- International Non-Life Net Premiums Written: ¥3,078.9 billion
  - Domestic Non-Life: 85%
  - International Non-Life: 15%

**FY2017**

- International Non-Life Net Premiums Written: ¥3,446.9 billion
  - Domestic Non-Life: 74%
  - International Non-Life: 26%

**FY2018 (Forecast)**

- International Non-Life Net Premiums Written: ¥3,480.0 billion
  - Domestic Non-Life: 73%
  - International Non-Life: 27%

---

* MS Amlin’s figures for FY2017 and FY2018: “Other” is categorized into Asia. Figures for reinsurance business other than MS Amlin’s are also categorized into regions.
II. New Medium-Term Management Plan “Vision 2021”

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Asset Management: Asset Management Strategy

- By enhancing ALM and reducing strategic equity holdings, we will seek to stabilize Group investment earnings and will maintain financial soundness.
- We aim to improve earnings by expanding risk-taking through global diversified investment, while also taking the environment into account.

- We will pay attention to the safety and liquidity of asset holdings and enhance risk control based on an analysis of each company’s liability characteristics.
- We will reduce strategic equity holdings by ¥500 bn during the period from FY2017 to FY2021 (Targeted goals) - Less than 10% of consolidated total assets
  - Less than 30% of the risk amount
- We will expand diversified investment to Return-Expected Assets* such as foreign securities
  (*) Return-Expected Assets= Assets mainly held to gain relatively high returns

- Promote improvement and strengthening of efficient asset management system
  - Measures to share investment know-how among the Group companies, etc.
- Strengthen asset management governance
  - Strengthen monitoring of investment management including overseas offices and promote Group ESG investment
Asset Management:
Consolidated Total Assets and Asset Allocation (MS&AD Insurance Group)

Asset allocation (on a consolidated total assets basis)

March 31, 2017

Total Assets 21.2 trillion yen

- Cash and deposits, etc.: ¥1.7 tn (8.0%)
- Money trusts: ¥0.9 tn (4.6%)
- Bonds: ¥5.6 tn (26.6%)
- Stocks: ¥2.6 tn (12.7%)
- Foreign securities: ¥4.2 tn (20.2%)
- Other securities: ¥2.7 tn (13.0%)
- Loans: ¥0.8 tn (4.2%)
- Others: ¥0.2 tn (1.0%)

March 31, 2018

Total Assets 22.4 trillion yen

- Cash and deposits, etc.: ¥1.7 tn (7.5%)
- Money trusts: ¥0.8 tn (3.8%)
- Bonds: ¥5.8 tn (25.8%)
- Stocks: ¥2.6 tn (12.0%)
- Foreign securities: ¥2.7 tn (12.1%)
- Other securities: ¥2.7 tn (12.1%)
- Loans: ¥0.8 tn (3.8%)
- Others: ¥0.2 tn (1.0%)

JGBs included in bonds: ¥3.8 tn

Interest rate and foreign exchange rate sensitivity (as of March 31, 2018)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Total for MSI, ADI, MSA Life</th>
<th>Foreign bonds (no currency hedge)</th>
<th>Foreign stocks</th>
<th>Alternative assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 bps rise in yen interest rates</td>
<td>+300.6</td>
<td>+71.5</td>
<td>-</td>
<td>+28.9</td>
</tr>
<tr>
<td>100 bps rise in US dollar interest rates</td>
<td>-70.2</td>
<td>-58.1</td>
<td>-12.0</td>
<td></td>
</tr>
<tr>
<td>10% rise in the yen against all currencies</td>
<td>-196.6</td>
<td>-135.8</td>
<td>-46.0</td>
<td></td>
</tr>
<tr>
<td>10% rise in the yen against the US dollar</td>
<td>-99.2</td>
<td>-75.2</td>
<td>-23.9</td>
<td></td>
</tr>
<tr>
<td>10% rise in the yen against the Euro</td>
<td>-20.0</td>
<td>-19.8</td>
<td>-0.2</td>
<td></td>
</tr>
<tr>
<td>10% rise in the yen against the British Pound</td>
<td>-11.7</td>
<td>-2.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Countermeasure investment for negative interest rate (FY2017)

- Total for MSI, ADI, MSA Life: ¥81.3 bn
- Foreign bonds (no currency hedge): ¥38.7 bn
- Foreign stocks: ¥13.4 bn
- Alternative assets: ¥29.2 bn

Asset Management:
Net Investment Income (Domestic Non-Life Insurance Business)

Net Investment Income of Domestic Non-Life Insurance Business

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Investment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>178.1</td>
</tr>
<tr>
<td>2014</td>
<td>209.8</td>
</tr>
<tr>
<td>2015</td>
<td>187.7</td>
</tr>
<tr>
<td>2016</td>
<td>171.6</td>
</tr>
<tr>
<td>2017</td>
<td>180.5</td>
</tr>
<tr>
<td>2018 Forecast</td>
<td>151.9</td>
</tr>
</tbody>
</table>

* Simple sum of MSI (non-consolidated) and ADI (non-consolidated)
* In FY2014, capital gain or loss (gains/losses on sales of securities) includes ¥630 bn of gains for additional provision for reserve for price fluctuation.
Asset Management:
Net Investment Income (Breakdown of Interest and Dividends Income, MSI & ADI)

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecast</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(¥bn)</td>
<td></td>
<td>116.8</td>
<td>110.8</td>
<td>118.9</td>
<td>119.3</td>
<td>113.4</td>
<td>108.0</td>
</tr>
</tbody>
</table>

- Transfer of investment income on deposit premium
- Others
- Land and buildings
- Stocks
- Loans
- Foreign securities
- Bonds

Net interest and dividends income

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

Asset Management:
Total Assets and Asset Allocation (MSI / ADI)

<table>
<thead>
<tr>
<th></th>
<th>Mitsui Sumitomo Insurance</th>
<th>Aioi Nissay Dowa Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As of Mar. 2017</td>
<td>As of Mar. 2018</td>
</tr>
<tr>
<td></td>
<td>Balance</td>
<td>Proportion</td>
</tr>
<tr>
<td>Total AUM</td>
<td>6,327.7</td>
<td>100.0%</td>
</tr>
<tr>
<td>Deposits, etc.</td>
<td>419.8</td>
<td>6.6%</td>
</tr>
<tr>
<td>Bonds</td>
<td>1,847.9</td>
<td>29.2%</td>
</tr>
<tr>
<td>of which, JGB</td>
<td>1,263.3</td>
<td>19.9%</td>
</tr>
<tr>
<td>Foreign securities</td>
<td>1,604.8</td>
<td>25.3%</td>
</tr>
<tr>
<td>Foreign bonds</td>
<td>296.8</td>
<td>4.7%</td>
</tr>
<tr>
<td>Foreign stocks</td>
<td>1,111.5</td>
<td>17.6%</td>
</tr>
<tr>
<td>Foreign investment trusts, etc.</td>
<td>196.4</td>
<td>3.1%</td>
</tr>
<tr>
<td>Stocks</td>
<td>1,806.8</td>
<td>28.5%</td>
</tr>
<tr>
<td>Other securities</td>
<td>34.9</td>
<td>0.6%</td>
</tr>
<tr>
<td>Loans</td>
<td>418.1</td>
<td>6.6%</td>
</tr>
<tr>
<td>Land &amp; buildings</td>
<td>200.0</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

* Based on financial statement categorization
### Asset Management:
#### Total Assets and Asset Allocation (MSI Aioi Life / MSI Primary Life)

<table>
<thead>
<tr>
<th></th>
<th>MSI Aioi Life</th>
<th></th>
<th>MSI Primary Life (General account)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance</td>
<td>Proportion</td>
<td>Balance</td>
</tr>
<tr>
<td>Total AUM</td>
<td>3,551.0</td>
<td>100.0%</td>
<td>3,792.2</td>
</tr>
<tr>
<td>Deposits etc.</td>
<td>575.4</td>
<td>16.2%</td>
<td>474.4</td>
</tr>
<tr>
<td>Bonds</td>
<td>2,667.1</td>
<td>75.1%</td>
<td>2,994.2</td>
</tr>
<tr>
<td>of which, JGB</td>
<td>1,804.6</td>
<td>50.8%</td>
<td>1,968.5</td>
</tr>
<tr>
<td>Foreign Stocks</td>
<td>244.1</td>
<td>6.9%</td>
<td>219.6</td>
</tr>
<tr>
<td>Stocks</td>
<td>1.3</td>
<td>0.0%</td>
<td>1.3</td>
</tr>
<tr>
<td>Other securities</td>
<td>7.1</td>
<td>0.2%</td>
<td>44.8</td>
</tr>
<tr>
<td>Loans</td>
<td>55.1</td>
<td>1.6%</td>
<td>57.0</td>
</tr>
<tr>
<td>Land &amp; buildings</td>
<td>0.6</td>
<td>0.0%</td>
<td>0.5</td>
</tr>
</tbody>
</table>

* Based on financial statement categorization

*1 Foreign securities of ¥3,080.6 billion includes money trusts of ¥1,037.2 billion.

### Asset Management:
#### MS Amlin’s Net Investment Return and Asset Breakdown by Currency

#### Net Investment Return

<table>
<thead>
<tr>
<th>Year</th>
<th>Interests and dividends</th>
<th>Capital gain/loss</th>
<th>Net investment return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>150</td>
<td>100</td>
<td>250</td>
</tr>
<tr>
<td>2014</td>
<td>120</td>
<td>80</td>
<td>200</td>
</tr>
<tr>
<td>2015</td>
<td>100</td>
<td>60</td>
<td>160</td>
</tr>
<tr>
<td>2016</td>
<td>80</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td>2017</td>
<td>60</td>
<td>30</td>
<td>90</td>
</tr>
<tr>
<td>2018</td>
<td>40</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>Forecast</td>
<td>50</td>
<td>30</td>
<td>80</td>
</tr>
</tbody>
</table>

#### Investment Assets Breakdown by Currency

- **Total AUM**: ¥964.8 bn (Dec. 31, 2017)
- **USD**: 450.6 (46.7%)
- **GBP**: 155.3 (16.1%)
- **EUR**: 224.8 (23.3%)
- **Other**: 134.1 (13.9%) (Fiscal year)

*MS Amlin’s local basis
II. New Medium-Term Management Plan “Vision 2021”

1. Aspirations and Basic Strategies
2. Domestic Non-Life Insurance Business
3. Domestic Life Insurance Business
4. International Business
5. Asset Management
6. Capital Policy

Group Management Based on ERM

- During the period of “Next Challenge 2017”, ERM has been established as a basis for Group management.
- During the period of “Vision 2021”, the Group will strengthen its initiatives for an increase in profit (ROR) and capital control on the assumption of ensuring soundness.

During the period of “Vision 2021”, the Group will strengthen its initiatives for an increase in profit (ROR) and capital control on the assumption of ensuring soundness.

<table>
<thead>
<tr>
<th>Profit (Return)</th>
<th>Make internal and external investments for sustainable profit growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance</td>
<td>Profitability: Achievement of targeted ROR and VA for each year</td>
</tr>
<tr>
<td>Capital</td>
<td>Control capital on the assumption of stably ensuring an appropriate level</td>
</tr>
<tr>
<td>Risk</td>
<td>Clarify risk amount able to be held while verifying economic rationale</td>
</tr>
</tbody>
</table>

**Capital efficiency**
Group Adjusted ROE level of 10%
(Capital cost 7%*)

**Profitability**
Achievement of targeted ROR and VA for each year

**Soundness**
Ensure ESR*² of 180%-220%
(= appropriate level)

*1: Estimate based on the Capital Asset Pricing Model
*2: ESR: Economic Solvency Ratio (Economic Value-Based Solvency Ratio) = NAV/ Integrated risk amount
We will achieve improved shareholder value through investment aimed at a stable shareholder return and sustainable profit growth.

**Capital Policy**

- **Sustainable profit growth**
- **Innovate**
  - Investment to create new businesses in cooperation with partners, etc.
  - e.g. Launch of a new business such as Fin-Tech in cooperation with start-ups, etc.
- **Strengthen**
  - Investment to strengthen the competitiveness of existing businesses
- **Expand**
  - Investment to diversify and expand the business portfolio
- **40%-60% of Group Adjusted Profit as a benchmark**
- **Investment to promote digitalization, etc.**
  - Improvement in business efficiency
  - Strengthening of sales channels
  - Improvement of experience value of customers

**Ⅲ. Systems Supporting Value Creation**
ERM: Ensuring Financial Soundness (Appropriate ESR Level)

- The ESR level at the end of March 2018 was 211%, maintaining an appropriate level for continuing the current capital policy.

ERM: Ensuring Financial Soundness (ESR)

Enhancement of calculation method of ESR
(1) NAV
- Application of after-tax value of taxable items
- Changes in insurance liabilities associated with enhancement of measurement method of natural catastrophe risk amount in Japan etc.

(2) Integrated risk amount
- Deduction of tax reduction effects associated with the manifestation of risks from the integrated risk amount
- Enhancement of measurement method of domestic natural catastrophe risks and asset management risks etc.

<table>
<thead>
<tr>
<th>Before change</th>
<th>After change</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESR (End of March 2018)</td>
<td>196%</td>
<td>211%</td>
</tr>
<tr>
<td>NAV</td>
<td>5,800.0</td>
<td>4,800.0</td>
</tr>
<tr>
<td>Integrated risk amount</td>
<td>3,000.0</td>
<td>2,200.0</td>
</tr>
</tbody>
</table>

Impact of market price fluctuation on ESR (as of end of March 2018)

- Increase in the fair value of assets due to a rise in stock prices (increase in NAV)
- Increase in stock risk due to a rise in stock prices
- Decrease in stock risk as a result of selling strategic equity holdings
- Impact associated with business investment (acquisition of stocks of First Capital, Challenger and ReAssure)
- Increase in NAV associated with issuance of subordinated debt
- Decrease in NAV and risk amount associated with revision of method (rise in ESR as a whole)

Market environment assumptions
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nikkei Stock Average</td>
<td>¥18,909</td>
<td>¥21,454</td>
<td>+¥2,545</td>
</tr>
<tr>
<td>USD/JPY</td>
<td>¥112</td>
<td>¥106</td>
<td>-¥6</td>
</tr>
<tr>
<td>30-year JGB rate</td>
<td>0.85%</td>
<td>0.74%</td>
<td>-0.11pp</td>
</tr>
</tbody>
</table>
ERM: Selling Strategic Equity Holdings

- ¥556.6 billion were sold in a cumulative total during the period of Next Challenge 2017, having achieved the adjusted target of 111%.
- The sales target in Vision 2021 is ¥500 billion, including FY2017. A risk weight of strategic equity holdings of less than 30% and a fair value weight in consolidated total assets of less than 10% are likely to be achieved.

Actual Sales and Sales Target of Strategic Equity Holdings

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013</td>
<td>173.5</td>
<td>376.4</td>
</tr>
<tr>
<td>FY2012</td>
<td>114.1</td>
<td></td>
</tr>
<tr>
<td>FY2011</td>
<td>88.7</td>
<td></td>
</tr>
<tr>
<td>New Frontier 2013 (FY2011-FY2013)</td>
<td>376.4</td>
<td></td>
</tr>
<tr>
<td>FY2017</td>
<td>151.3</td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>133.0</td>
<td></td>
</tr>
<tr>
<td>FY2015</td>
<td>181.1</td>
<td></td>
</tr>
<tr>
<td>FY2014</td>
<td>91.0</td>
<td></td>
</tr>
<tr>
<td>Next Challenge 2017 (FY2014-FY2017)</td>
<td>556.6</td>
<td></td>
</tr>
<tr>
<td>Adjusted target</td>
<td>500.0</td>
<td></td>
</tr>
<tr>
<td>Initial target</td>
<td>300.0</td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td>500.0</td>
<td></td>
</tr>
</tbody>
</table>

Vision 2021 (FY2017-FY2021)

ERM: ROR and Initiatives for ERM Enhancement

**Initiatives to Improve ROR**

- Development of growth strategy based on the medium-term management plan
- Promotion of measures to improve lines with low ROR
- Diversification of portfolio including new investment
- Strengthening of control of natural catastrophe risk amount
- Setting targeted values by fiscal year for ROR/VA by business domain
- Capital allocation taking ROR and others into consideration

**Analysis and management of ROR/VA by line and product**

**Introduction of profitability management based on expected value**

**ROR**

ROR*1 by Business Domain

- Entire Group
- Domestic non-life insurance business
- Domestic life insurance business
- International business

*1 ROR = Group Adjusted Profit/Integrated risk amount

*2 For MSCI Aioi Life in the domestic life insurance business, an increase in EEV is calculated as a return. In the calculation of the entire Group’s ROR, it is calculated based on the Group Core Profit for MSCI Aioi Life.
Diversity & Inclusion

- To build management platforms that enable employees to play active roles, we will promote diversity & inclusion as a Group-wide effort, centered on an Executive Officer who takes charge of the diversity & inclusion of the entire Group.

**Awareness-raising and cultural reform**
- Foster the awareness and climate to accept conflicts of opinion, facing up to diverse opinions

**Expansion of systems and policies**
- Expand and evolve various systems and policies to support diverse work-styles

Individual issues to work on
- Undertake efforts so that diverse human assets will be able to exercise their abilities fully

---

Corporate Governance: Evaluation of Effectiveness of the Board of Directors

- We have confirmed that measures to improve functions in FY2017 produced effects.
- In FY2018, we will work to further improve functions based on these evaluation results.

### Evaluation Process

<table>
<thead>
<tr>
<th>Implementation and compilation of self-assessment questionnaire*1</th>
<th>Exchange of opinions at the Outside Directors’ Council</th>
<th>Compilation at the Governance Committee*2</th>
<th>Implementation of measures to improve functions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

### Overview of Evaluation Results

<table>
<thead>
<tr>
<th>Discussions on management strategies and management plans</th>
<th>Tasks after evaluation in FY2016</th>
<th>What was implemented in FY2017</th>
<th>Tasks after evaluation in FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evolution of discussions in light of changes in the environment such as technical innovation</td>
<td>• To prepare for the formulation of Vision 2021, awareness of the environment, risk factors, etc. was deepened and discussions taking remarkable technological innovations into account were held</td>
<td>• Continuously deepen attentive discussions in response to changes in the business environment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Operations by General Planning to provide information were established for new risk-taking cases such as international investment projects</td>
<td>• Grasp movements of competitors in risk-taking projects and others.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• To prepare for the formulation of Vision 2021, awareness of the environment, risk factors, etc. was deepened and discussions taking remarkable technological innovations into account were held</td>
<td>• Promote the penetration of the management philosophy (mission) and the value-creation story to all company employees through the explanation of Vision 2021</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Operations by General Planning to provide information were established for new risk-taking cases such as international investment projects</td>
<td>• Continue ways of disseminating and permeating systems to receive internal and external feedback such as the whistle-blowing system and improve the environment so that people can actively express their opinions</td>
<td></td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Operation of the Board of Directors</th>
<th>Continuation of devices to promote the understanding of technical terms</th>
<th>• Initiatives for an increase in the deliberation time per agenda item and devices for the visualization and simplification of documents were implemented.</th>
<th>• Continue to provide careful explanations including the background and developments in the past, to newly appointed Outside Directors in particular.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Initiatives for an increase in the deliberation time per agenda item and devices for the visualization and simplification of documents were implemented.</td>
<td>• Thoroughly provide brief explanations of the bills, focusing on the points.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• To prepare for the formulation of Vision 2021, awareness of the environment, risk factors, etc. was deepened and discussions taking remarkable technological innovations into account were held</td>
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<td>• To prepare for the formulation of Vision 2021, awareness of the environment, risk factors, etc. was deepened and discussions taking remarkable technological innovations into account were held</td>
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<td></td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Securing of opportunities for continuous training, etc.</th>
<th>Officers’ study meetings were held (4 times a year)</th>
<th>• Set themes for training sessions based on opinions of Outside Directors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Operating company’s study tours were held (Sales Divisions, Call Center, etc.)</td>
<td>• Hold training sessions continuously based on reports from the Management and Monitoring Committee.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Officers’ study meetings were held (4 times a year)</td>
<td>• Respond to revisions to the Corporate Governance Code</td>
<td></td>
</tr>
</tbody>
</table>

---

### Other

- Respond to revisions to the Corporate Governance Code

---

*1 Implemented by distributing questionnaires (on nine items) in advance and having the Secretariat hold interviews.
*2 Composed of all Outside Directors, the Chairman of the Board and the President & CEO
Status of Stewardship Activities

**Dialogues with Investee Companies**

- From the perspective of enhancing the corporate value of investee companies and promoting their sustainable growth over the medium to long term, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance had constructive dialogues with them on their management issues and shareholder return policy to share recognition and conveyed thoughts to them as needed from the viewpoint of shareholders.

- Dialogues held (July 2016 to June 2017)

**ESG initiatives**

- We exchanged opinions with a company that opened its stores nationwide to improve insurance and Aioi Nissay Dowa Insurance had constructive dialogues with them on promoting their sustainable growth over the medium to long term, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance had constructive dialogues with them on promoting their sustainable growth over the medium to long term.

**Governance system**

- An outside director who was scheduled to be reappointed retired, and the company was unable to select a candidate for the position by the time of the general meeting of shareholders, and thus it could not appoint an outside director. We requested that the appointment take place by the next fiscal year, and an independent outside director was appointed in the following fiscal year.

**Governance effectiveness**

- An outside director’s attendance rate at the Board of Directors’ meetings was low. At the time of the company’s announcement of the financial results, an increase in dividend was also announced, and the level of the dividend payout ratio exceeded our internal standard.

**Shareholder return policy**

- We requested improvement from a company whose dividend payout ratio was low. At the time of the company’s announcement of the financial results, an increase in dividend was also announced, and the level of the dividend payout ratio exceeded our internal standard.

**Examples of improvements made through dialogues with investee companies**

| Management plan | We exchanged opinions about the future management plan with a company that improved its financial standing with thorough cash flow management. It was confirmed that the company would implement a policy to turn its defensive management to aggressive management to improve its corporate value placing importance on growth and capital efficiency. |
| Shareholder return policy | We requested improvement from a company whose dividend payout ratio was low. At the time of the company’s announcement of the financial results, an increase in dividend was also announced, and the level of the dividend payout ratio exceeded our internal standard. |
| Governance system | An outside director who was scheduled to be reappointed retired, and the company was unable to select a candidate for the position by the time of the general meeting of shareholders, and thus it could not appoint an outside director. We requested that the appointment take place by the next fiscal year, and an independent outside director was appointed in the following fiscal year. |
| Governance effectiveness | An outside director’s attendance rate at the Board of Directors’ meetings was low. At the time of the company’s announcement of the financial results, an increase in dividend was also announced, and the level of the dividend payout ratio exceeded our internal standard. |
| ESG initiatives | We exchanged opinions with a company that opened its stores nationwide to improve insurance and Aioi Nissay Dowa Insurance had constructive dialogues with them on promoting their sustainable growth over the medium to long term, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance had constructive dialogues with them on promoting their sustainable growth over the medium to long term. |

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**ESG Indicators**

- **Customer satisfaction** +0.5pp
- **Total energy consumption** -73 (Unit: GWh)
- **Ratio of female managers** +6.3pp
- **Ratio of Outside Directors** +10.9pp

---

**ESG Evaluation (as of May 2018)**

**Dow Jones Sustainability Indices**

- "Bronze Class" CSR rating by RobecoSAM

**MSCI Japan ESG Select Leaders Index**

**MSCI Japan Empowering Women Index**

**FTSE4Good Index Series**

- FTSE 4Good Index Series
- FTSE Blossom Japan

**Socially Responsible Investment Index**

**CDP Climate A List**
IV. Shareholder Returns

Shareholder Return Policy

- The dividend is scheduled to be the same as the initial forecast despite a downward revision to the Group Core Profit due to a large number of natural catastrophes.
- Determine the repurchases of our own shares by taking into consideration the market environment and capital status.

Vision 2021

Provide shareholder return based on shareholder dividends and repurchase of our own shares by adopting a benchmark of 40%~60% of Group Adjusted Profit

<Dividends> Adopt basic policy of providing stable dividends. (DOE: Dividend on equity ratio: Aim for level of 2.0%~3.0%)

<Share buybacks> Promptly and flexibly conduct repurchases of our own shares, taking into consideration the market environment and capital status.

Next Challenge 2017

We will return approximately 50% of Group Core Profit* to shareholders in the medium run.

<Dividends> The basic policy is to maintain stability. We aim to increase our earnings power and dividends in the medium run.

<Share buybacks> We will repurchase our own shares flexibly, and as opportunities arise, with due consideration to market conditions

Shareholder Return Plan

<Dividends> FY2017: The annual dividend is planned to rise ¥10 from the previous year to ¥130/year. FY2018: The annual dividend is expected to be ¥130/year.

<Share buybacks> FY2017: Planned to be implemented for about ¥30 billion yen (determined on May 18, 2018)

* Please see pp. 58-59 for the calculation method of Group Core Profit and Group Adjusted Profit.
Past Shareholder Returns

Total shareholder returns (as of May 18, 2018) (¥bn)

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Core Profit</td>
<td>14.5</td>
<td>-87.5</td>
<td>87.4</td>
<td>94.8</td>
<td>155.7</td>
<td>147.5</td>
<td>213.7</td>
<td>105.1</td>
<td>731.3</td>
</tr>
<tr>
<td>Total returns</td>
<td>43.5</td>
<td>33.5</td>
<td>38.5</td>
<td>44.7</td>
<td>69.9</td>
<td>74.4</td>
<td>101.4</td>
<td>107.0</td>
<td>513.2</td>
</tr>
<tr>
<td>Shareholder return</td>
<td>300%</td>
<td>–</td>
<td>44%</td>
<td>47%</td>
<td>45%</td>
<td>50%</td>
<td>47%</td>
<td>102%</td>
<td>70%</td>
</tr>
<tr>
<td>ratio</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Returns per share</td>
<td>69.8</td>
<td>54.0</td>
<td>62.0</td>
<td>72.0</td>
<td>113.5</td>
<td>122.5</td>
<td>169.1</td>
<td>180.6</td>
<td>–</td>
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<tr>
<td>(yen)</td>
<td></td>
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</tbody>
</table>

* Please refer to p.58 for the method of calculating Group Core Profit and the single-year shareholder return ratio.

MS&AD Insurance Group Holdings, Inc.

Stock Price Related Indices

--- | --- | --- | --- | --- | --- | --- | ---
Group Core Profit (¥bn) | 14.5 | -87.5 | 87.4 | 94.8 | 155.7 | 147.5 | 213.7 | 105.1
Net Income (¥bn) | 5.4 | -169.4 | 83.6 | 93.4 | 136.2 | 181.5 | 210.4 | 154.0
Earnings per share (EPS) (¥) | 8.68 | -272.49 | 134.46 | 150.58 | 221.34 | 298.72 | 350.94 | 260.04
Stock price (closing price) (¥) | 1,894 | 1,699 | 2,066 | 2,364 | 3,370 | 3,136 | 3,540 | 3,355
Rate of change*1 (For reference) | -27.0% | -10.3% | 21.6% | 14.4% | 42.6% | -6.9% | 12.9% | -5.2%
(TOPIX Rate of change*1) | -11.2% | -1.7% | 21.2% | 16.3% | 28.3% | -12.7% | 12.3% | 13.5%
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
Price book-value ratio (PBR) | 0.73 | 0.71 | 0.64 | 0.65 | 0.69 | 0.70 | 0.77 | 0.68
Price earnings ratio (PER) | 218.20 | – | 15.36 | 15.70 | 15.23 | 10.50 | 10.08 | 12.90

*1 Rate of change is a percentage change from the end of the previous fiscal year.

MS&AD Insurance Group Holdings, Inc.
Calculation Methods of “Group Core Profit”, “Group ROE” and “Shareholder Return Ratio” in “Next Challenge 2017”

“Group Core Profit” and “Group ROE”

\[
\text{Group Core Profit} = \text{Consolidated net income} - \text{Net capital gains/losses on stock portfolio} - \text{Net evaluation gains/losses on credit derivatives} + \text{Equity in earnings of the non-consolidated group companies}
\]

\[
\text{Group ROE} = \frac{\text{Consolidated net income} - \text{Net capital gains/losses on stock portfolio} - \text{Net evaluation gains/losses on credit derivatives} + \text{Equity in earnings of the non-consolidated group companies}}{\text{Consolidated total net assets excluding equity warrant and non-controlling interests (average of beginning and ending amounts of B/S)}}
\]

Group Core Profit for FY2017

\[
\text{Group Core Profit} = 105.1 = \text{Consolidated Net Income} 154.0 - \text{Net Capital Gains/ Losses on Stock Portfolio} 85.3 - \text{Net Evaluation Gains/ Losses on Credit Derivatives} -0.1 + \text{Equity in Earnings of the non-consolidated Group Companies} 0.0
\]

Calculation Methods of “Group Adjusted Profit”, “Group Adjusted ROE”, “Shareholder Return Ratio” and “Adjusted Net Assets” in “Vision 2021”

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

\[
\text{Group Adjusted Profit} = \text{Consolidated Net Income} + \text{Provision for Catastrophe Loss Reserve and Others} + \text{Other Incidental Factors} + \text{Equity in Earnings of the non-consolidated Group Companies}
\]

\[
\text{Group Adjusted ROE} = \frac{\text{Group Adjusted Profit}}{\text{Adjusted Net Assets}}
\]

Group Adjusted Profit for FY2017

\[
\text{Group Adjusted Profit} = 201.0 = \text{Consolidated Net Income} 154.0 + \text{Provision for Catastrophe Loss Reserve and Others} 10.6 + \text{Other Incidental Factors} -36.2 + \text{Equity in Earnings of the non-consolidated Group Companies} 0.0
\]
Inquiries

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