Fiscal 2020
First Information Meeting
May 26, 2020
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MS&AD Insurance Group Holdings, Inc.
MS&AD Group Overview

Holding company

MS&AD Insurance Group Holdings, Inc.

Domestic Non-Life

MS&AD Mitsui Sumitomo Insurance

MS&AD Aioi Nissay Dowa Insurance

MS&AD Mitsui Direct General Insurance

Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance

MS&AD Mitsui Sumitomo Primary Life Insurance

International

Non-Life Insurance

Regional Business

Asia

Europe

Americas

Telematics and Mobility

Life Insurance

Head Office Reinsurance

Financial Services

Risk-Related Services

Abbreviations of company names used in this presentation.

• MS&AD Holdings, Holding Company : MS&AD Insurance Group Holdings, Inc.
• MS&AD : MS&AD Insurance Group
• MSI : Mitsui Sumitomo Insurance Co., Ltd.
• ADI : Aioi Nissay Dowa Insurance Co., Ltd.
• Mitsui Direct General, MD : Mitsui Direct General Insurance Co., Ltd.
• MSI Aioi Life, MSA Life : Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
• MSI Primary Life, MSP Life : Mitsui Sumitomo Primary Life Insurance Co., Ltd.
• InterRisk, IRRC : MS&AD InterRisk Research & Consulting, Inc.
• MS Amlin : Sum of business segments including AUL, AAG, AISE and ACS
  AUL MS Amlin Underwriting Limited
  AAG MS Amlin AG
  AISE MS Amlin Insurance SE
  ACS MS Amlin Corporate Services Limited
• MS First Capital, MSFC : MS First Capital Insurance Limited
• Challenger : Challenger Limited
• ReAssure : ReAssure Group Plc
• Aioi : Aioi Insurance Co., Ltd.
• NDI : Nissay Dowa General Insurance Co., Ltd.

Caution About Forward-Looking Statements

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

Impact of the COVID-19

Given the changing situation of COVID-19, although world economic outlook is uncertain, our forecast for 2020 is based on the assumption of a negative economic growth throughout the year (decline until June, then gradual recovery). The forecast will be reviewed at the stage the situation becomes clearer in the future.

The Group will make a united effort to do whatever it can so as to achieve Our Mission; “To contribute to the development of a vibrant society and help secure a sound future for the planet.”

Review for Stage 1 of “Vision 2021”

In the domestic non-life insurance business, we demonstrated growth and earnings power that exceeded our initial expectations. We also made steady progress in the domestic life insurance business.

For the international business, we finished laying the groundwork for future growth in light of the issues that were faced.

We established the foundations for future growth through the promotion of digitalization. CSV initiatives also took root throughout the Group.

Growth Strategy for Stage 2 of “Vision 2021”

Although the impact of the COVID-19 is uncertain, while its effects are still being felt, we will prioritize efforts to reduce expenses, and work to take advantage of environmental changes, once the crisis is over, to achieve further growth.

The Group Adjusted Profit target for FY2021 has been revised to 300 billion yen on a provisional basis. The Group Adjusted ROE 10% target remains unchanged and we will strive to improve capital efficiency.

Due in part to the effects of the COVID-19 we will push back the achievement of portfolio reforms. But in the international business, we will steadily expand earnings by restoring profitability to MS Amlin and developing growth capabilities in Asia, based on the foundations we have rebuilt.

Medium-to-long-term growth will accelerate with CSV initiatives acting as a growth driver.

Shareholder Return

Reflecting the FY2019 results, we plan to pay an annual dividend of 150 yen (a 10-yen increase from the previous period) and implement share buybacks of maximum 15 billion yen (total 35 billion yen with 20 billion yen share buybacks announced on November 19th, 2019).

COVID-19 Impact: Effects on Short-Term Business Performance

• While the future is uncertain due to the impact of the COVID-19, an income and expenditure plan has been formulated on a provisional basis on the assumption of negative economic growth up to the first quarter, followed by gradual recovery from the second quarter onwards. When the outlook becomes clearer in the future, earnings forecasts will be appropriately revised as needed.

<table>
<thead>
<tr>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Adjusted Profit</td>
<td>189.8</td>
<td>233.1</td>
<td>180.0</td>
</tr>
<tr>
<td>Group Adjusted ROE</td>
<td>6.1%</td>
<td>8.0%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Net Income/Losses</td>
<td>192.7</td>
<td>143.0</td>
<td>130.0</td>
</tr>
</tbody>
</table>

Impact on Financial Results for the FY2019 Full Year

1. Impairment loss of domestic listed stocks: -31.8 billion yen (4Q increase: -27.5 billion yen)
2. One-time amortization of goodwill (Challenger): -36.6 billion yen
3. Reserve for losses on sales of investments in affiliates (ReAssure): -16.9 billion yen

Impact on FY2020 Earnings Forecasts

• Increase in incurred losses, etc. (mainly overseas): Approx. -20.0 billion yen
• Decrease in investment profit (domestic and overseas total): Approx. -60.0 billion yen

Total after-tax impact: Approx. -64.0 billion yen

Impact in the event of a prolonged COVID-19 crisis

<table>
<thead>
<tr>
<th>Domestic non-life insurance business</th>
<th>Domestic life insurance business</th>
<th>International Business</th>
<th>Asset Management</th>
<th>Other</th>
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<tr>
<td>↓ Lower top line in the commercial sector</td>
<td>↓ Significant drop in new policies, blunted growth in economic value (EV)</td>
<td>↓ Possibility of lower top line and increased incurred losses</td>
<td>↓ Possibility of capital losses, reduced profit from sales of stocks, lower revenue from interests and dividends</td>
<td>↓ Restrictive approach to new business investment</td>
</tr>
<tr>
<td>↑ Lower loss ratio for automobile insurance, etc.</td>
<td>↑ Reduced costs in the first year, positive impact on profit in individual fiscal years</td>
<td>↓ Blowdown of “growth through global collaboration”</td>
<td>Possibility of lower ESR</td>
<td></td>
</tr>
<tr>
<td>↑ Pushing back of measures in the medium-term management plan</td>
<td>↑ Increase in claims payments if there is a sharp increase in infections or deaths</td>
<td></td>
<td></td>
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MS&AD Insurance Group Holdings, Inc.
As a group whose mission is to “contribute to the development of a vibrant society and help secure a sound future for the planet,” we will make a united Group-wide effort to do whatever we can to protect customers’ lives and business activities from the COVID-19.

**Actions for customers**

- **Ensuring the insurance claims payments**
  - Introduction of a shift-based work attendance system
  - Simplification of claims support and service operations
  - Division of call center operations such as reception of accident reports

- **Support for continuation of policies**
  - Postponement of policy renewal procedures and premium payments, removing the requirement for stamped or signed documents from customers
  - Extending the term of overseas travel insurance, expanding products that cover COVID-19 infections
  - One-time payment for insurance covering business suspension

**Actions for the local community**

- Participation in pandemic emergency facilities
- Donations to local governments designated as specific alert areas, UNICEF, etc.

**Actions for employees**

- **Initiatives placing top priority on health**
  - Keeping employees’ jobs
  - Actively utilizing work-at-home schemes and restricting the number of employees coming in to work to fulfill the social responsibility demanded of the Group

- **Developing an environment to support employees working from home**
  - Increasing the number of internet connections able to make external connections
  - Additional allocation of mobile phones for business use / Wi-Fi routers, communications charges paid by the company
  - Utilization of thin-client PCs / conversion of home PCs into thin clients

**Current efforts will lead to future changes from the perspective of workstyle reforms**

- Management foundations allowing employees to work in a lively fashion and excel in their jobs
- Developing workplace environments supporting a diverse range of working styles
- Implementing health and productivity management

**COVID-19 Impact: Response to Stakeholders**

- Expanded influence of China
- Review of self-sufficiency rate for food and healthcare (security)
- Rising momentum for new international cooperation on COVID-19 countermeasures

**Politics**

- Expanded influence of China
- Rising momentum for new international cooperation on COVID-19 countermeasures

**Economy**

- Revised supply chains (return from global division of business to domestic production)

**Society**

- Spread of surveillance society
- Firm establishment of remote workstyles and stay-at-home option
- Widening disparities and growing discrimination
- Increased awareness of infectious disease and pandemics
- Avoidance of high-density urban areas
  - Regional revitalization

**Technology**

- Rapid entrenchment of digitization in private and business lifestyles, and growing cyber risks associated with these trends

**COVID-19 Impact: Medium-to-Long-Term Impact**

- In light of the environmental changes expected to occur after the pandemic, we will further enhance our risk response measures, offer products and services to solve newly emerging social issues, support social stability and achieve sustained growth.

**Environmental changes expected to occur after the pandemic**

**Politics**

- Expanded influence of China
- Rising momentum for new international cooperation on COVID-19 countermeasures

**Economy**

- Revised supply chains (return from global division of business to domestic production)

**Society**

- Spread of surveillance society
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**Environmental changes expected to occur after the pandemic**

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**Society**

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  - Regional revitalization

**Technology**

- Rapid entrenchment of digitization in private and business lifestyles, and growing cyber risks associated with these trends

**Risks**

- Possibility of worsening top line due to recession
- Growing asset management risks
- Rise in direct sales over the Internet

**Opportunities**

- Expanded domestic investment and employment
- Rising interest in life insurance and third sector coverage
- Rising need to develop BCP incorporating infectious disease / pandemic risks
- Rising needs for insurance offering coverage for business shutdowns and event cancellations due to infectious disease, pandemics and government guidance
- Rising needs for insurance and consulting to deal with cyber risks
- Spread and firm establishment of working styles that utilize digital technologies, leading to improved business efficiency
- Acceleration of innovation in autonomous driving technologies
- Expanded effects of coordination with Grab, etc.
- Diverse customer needs including community-based sales

**Providing Solutions to New Social Issues**
I. Review for Stage 1 of “Vision 2021”

1. Progress Toward Aspirations
2. MS&AD Growth Model
3. Review of Stage 1 of “Vision 2021”

Progress Toward Aspirations

- Our business scale, financial soundness, share of strategic equity holdings and profitability maintain at the target level.
- We will continuously strive to achieve the 2021 targets in terms of capital efficiency and portfolio diversity.

<table>
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<tr>
<th>Vision 2021 (FY2018 - FY2021)</th>
<th>Development of management based on CSV*</th>
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<tr>
<td><strong>Progress in FY2019</strong></td>
<td><strong>Medium-term aspirations</strong></td>
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<tr>
<td>Scale</td>
<td>“World-leading insurance and financial services group”</td>
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<td>5th (FORTUNE GLOBAL 500 2019, P&amp;C)</td>
<td>Within the top 10 non-life insurance groups in the world</td>
</tr>
<tr>
<td>Capital efficiency</td>
<td>8.0%</td>
</tr>
<tr>
<td>Group Adjusted ROE 10%</td>
<td>Financial soundness</td>
</tr>
<tr>
<td>Ref.: UFR applied 204%</td>
<td>186%</td>
</tr>
<tr>
<td>ESR 180% - 220%</td>
<td>Portfolio diversity</td>
</tr>
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<td>46%</td>
<td>50% (profit basis) in other than the domestic non-life insurance business</td>
</tr>
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<td>Share of strategic equity holdings</td>
<td>26.1% of integrated risk amount</td>
</tr>
<tr>
<td>9.2% of consolidated total assets</td>
<td>Strategic equity holdings less than 30% of integrated risk amount and below 10% of consolidated total assets</td>
</tr>
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<td>Profitability</td>
<td>EI Combined Ratio ex. natural catastrophes</td>
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<td>91.4%</td>
<td>Combined ratio in the domestic non-life insurance business stable at 95% or less</td>
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</tbody>
</table>

*CSV: Creating Shared Value
Achieve sustained growth positioning the life insurance business and international business as the pillars of future growth, using the robust and stable domestic non-life insurance business as a base.

Accelerate profit growth through investment in three areas: enhancement, expansion and creation.

Support the development of society and achieve sustained long-term growth by firmly entrenching CSV initiatives.

**Life insurance business / International business:**
Pillars of future growth

**Group Adjusted Profit**

**Domestic non-life insurance business:**
Stable maintenance and strengthening

**MAINTAINING THE PROFITABILITY OF AUTOMOBILE INSURANCE**

**IMPROVING THE PROFITABILITY OF FIRE INSURANCE**

---

**Review for Stage 1: Domestic Non-Life Insurance Business**

The domestic non-life insurance business was a powerful driver of business performance as the Group’s core business. While the response to a series of natural catastrophes had an impact on expense ratio, R&D investment aimed at business streamlining was implemented in a systematic fashion to further expand profitability.

- **Top Line (Net Premiums Written***)

  * Simple sums of non-consolidated figures for Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance and Mitsu Direct General Insurance

  **In Stage 1 we enjoyed powerful growth primarily thanks to positive performance in the flagship automobile insurance and fire insurance businesses**

  **Premium growth rate was at a top industry level**

  **Change in Automobile Insurance EI Loss Ratio**

  *(including loss adjustment expenses)*

  **Sustained a favorable EI loss ratio, also contributing greatly to profitability**

  **Telematics Automobile Insurance**

  In order to contribute to the realization of a safe and secure mobile society, the Group is expanding sales of telematics automobile insurance.

  - **Sales (as of March 31, 2020)**

    **Cumulative number of policies sold**

    **Approx. 380 thousand**

    **Sold approximately 80,000 policies for TOUGH Mimamoru Automobile Insurance Plus, a product that went on sale in January 2020 and reflects driver behavior in premiums.**
Review for Stage 1: Domestic Life Insurance Business

• Due in part to the worldwide fall in interest rates, at present, the top line has declined, but we steadily implemented initiatives outlined in Stage 1 of Vision 2021.

MSI Aioi Life

• By making detailed proposals reflecting customer lifestyles, we strengthened sales of protection-type products such as income guarantee insurance and medical insurance. At present, the weight of insurance premiums related to medical insurance and similar products has increased.
• Mainly by promoting cross-selling utilizing non-life insurance sales networks, the company further strengthened its sales base.

MSI Primary Life

• Whole life insurance (living gift-type products) where life benefits can be used for inheritances continued to perform well.
• With foreign currency-denominated tontine annuities that prepare for the risks of longevity, special clauses allowing for social contribution and so on, the company led the OCT sales market with the development of highly-unique products ahead of the competition.
• The customer base was expanded with the nationwide roll out of level premium payment products.

Review for Stage 1: International Business

• In light of changes in the business environment, we conducted reorganization of international regional business in order to leverage the strengths of group companies across regions, accelerate speedier decision-making and realize further global growth.

Achievements and Issues

<table>
<thead>
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<th>Overall Business</th>
<th>MS Amlin</th>
<th>Asia</th>
<th>Telematics and Mobility</th>
<th>Head Office</th>
<th>Reinsurance</th>
<th>International Life Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Built a platform for a world-leading insurance and financial group</td>
<td>• Improved in the loss ratio on non-cat lines by improvement of underwriting terms and conditions</td>
<td>• Established No.1 position in ASEAN region with MSFC joining the group</td>
<td>• Promoted across a five-region structure of Europe Americas, Asia, China and Japan</td>
<td>• Improved profitability and reduced risk from wind and flooding damage in the United States</td>
<td>• Equity method affiliation for Challenger</td>
<td>• Goodwill impairment losses: -¥171.9 billion (after tax impact: -¥156.8 billion)</td>
</tr>
<tr>
<td>• Issues&gt;</td>
<td>• Speedier decision-making that can respond to rapid changes in the environment</td>
<td></td>
<td>• Advancement of CASE / MaaS fields</td>
<td>• Agreement to invest in BoCommLife Insurance</td>
<td></td>
<td>• Reorganization-associated tax expense decrease: +¥166.7 billion</td>
</tr>
</tbody>
</table>

Reorganization of International Regional Business

• Change from a three-region holding company overseeing Asia, Americas and Europe to a structure directly controlled by MSI Head Office
• Strengthening of collaboration as a group and governance led by Head Office

Accelerated cost reductions and growth

Support

Overall strategy
Stronger collaboration
Review for Stage 1: Pursue Group’s Comprehensive Strengths

• Pursuing group’s comprehensive strengths for both domestic and international business, including the joint efforts of MSI and ADI, has led to growth and improved productivity.
• We will promote the development of joint initiatives and realize the enhancement of the Group’s presence, growth and productivity in Stage 2.

Japan: Okinawa Branch (MSI&ADI)

Communication Meeting

✓ “Proposals for Preparedness against Flood and Earthquakes” Jointly Developed with Dealers of Both Companies
✓ Leveraging the strengths of both companies to develop new businesses
✓ Increase operational efficiency by sharing and eliminating overlapping administrative operations and sharing administrative know-how
✓ Joint Human Assets Development Training
✓ Group Presence-Up through Regional Revitalization Initiatives such as Activities to Eradicate Drunk Driving

Global: MSIG Singapore · AIS Asia

Grab Collaboration (Business Scheme)

✓ Provision of telematics fleet insurance
✓ Implementation of measures to reduce loss ratio using data

Review for Stage 1: Promote Digitalization

• We have rolled out business reform-oriented initiatives on a global scale, such as investment in advanced startups through our Silicon Valley-based CVC.
• By running various promotional measures, developing digitally-minded human assets and coordinating expertise within the Group, we are building a robust foundation to promote digitalization.

Stage 1 Initiatives and Achievements

Establishment of CVC and Investment in Startups

• In October 2018, we established a corporate venture capital (CVC) in Silicon Valley
• Aiming to acquire technologies with a medium-term perspective, venture investments (in 33 companies as of end March 2020) were made and business tie-ups with Group companies have seen progress

Developing digitally-minded human assets

• The MS&AD Garage Program was launched to pursue innovation activities in Silicon Valley involving practical implementors from Japan and overseas
• Digitally-minded human resources are developed in collaboration with Toyo University (INIAD), Shiga University and other institutions
• Idea contests such as the Challenge Program have been organized

Running various promotional measures

• Digital tools such as chat bots and RPA are utilized to reform business processes
• Introduction of agent sales support systems equipped with AI (February 2020)
• Launch of telematics and dashcam-based automobile insurance (Mimamoru・Tsunagaru) and claims service

Global Platform

• The Global Digital Hubs (GDH) were established in Singapore and Tokyo as places to consider organic business coordination at the global level.
• Partnerships were formed with an Israel-based firm promoting innovation (FinTLV, SOSA)
• Rolling out expertise and technologies of startup companies to overseas sites and launched collaborative efforts

Finished building the foundations to promote digitalization
Established a framework to respond to rapid changes in the business environment
Review for Stage 1: CSV Initiatives

- CSV initiatives have taken root within the Group. These efforts will form the basis for linking solutions to social issues with our growth.

Creating Shared Value with Society (CSV)
- Deal with new risks
- Create a safer mobility society
- Strive for resilient community development
- Support “good health and longevity”
- Contribute to climate change mitigation and adaptation
- Strive to improve the sustainability of natural capital
- Work toward the realization of “leaving no one behind”

Examples of Initiatives

<table>
<thead>
<tr>
<th>Cyber security-related products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offering risk management services and supporting security measures to protect from cyber risks</td>
</tr>
</tbody>
</table>

- **Impact on Society**
  - Companies and organizations protected from cyber risks - FY2018: 9,846, FY2019: 12,280

Impact on the MS&AD Insurance Group
- Revenue increase of approx. 1.7 billion yen (37.6% year on year)

Impact on Society
- Widespread adoption of SDG initiatives by local companies, reduction in traffic accidents involving foreign residents, reduction in number of people developing dementia, fewer children unable to live with parents, etc.

Impact on the MS&AD Insurance Group
- Increased revenues of around 10 billion yen

Sustainability Contest
- **Cumulative contest entries (2018 – 2019): 835**
- **Noticing social issues in the course of implementing value creation stories and proposing new products and services**

Taking Root Within the Group: Raising Awareness Among Each Employee

Examples of Initiatives

<table>
<thead>
<tr>
<th>Solving regional issues through coordination with local governments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Support for SDG initiatives (No. of partnered municipalities: 369)</td>
</tr>
<tr>
<td>(2) Support for reducing traffic accidents involving foreign residents</td>
</tr>
<tr>
<td>(3) Support for widespread adoption of measures to prevent dementia</td>
</tr>
<tr>
<td>(4) Support for the widespread adoption of foster parent systems, etc.</td>
</tr>
</tbody>
</table>

Impact on Society
- Widespread adoption of SDG initiatives by local companies, reduction in traffic accidents involving foreign residents, reduction in number of people developing dementia, fewer children unable to live with parents, etc.

Impact on the MS&AD Insurance Group
- Revenue increase of approx. 1.7 billion yen (37.6% year on year)

Example of grand prize-winning initiative
- **Website for real-time damage prediction**
  - cmap.dev
  - Winner of Global Environment Award in February 2020

II. Growth Strategies for Stage 2 of “Vision 2021”

1. Numerical Management Targets
2. Targets and Results of Non-Financial Indicators
3. Three Key Strategies
4. Capital Policy
5. CSV Initiatives
Progress Toward Numerical Management Targets and Forecasts

- Although we cannot predict the extent of the COVID-19 impact, while its effects are still being felt we will prioritize efforts to reduce expenses, and work to take advantage of environmental changes once the crisis is over to achieve further growth.
- The Group Adjusted Profit target for FY2021 has been revised to ¥300 billion on a provisional basis, the Group Adjusted ROE 10% target remains unchanged and we will strive to improve capital efficiency.

### Results YoY Vs. Forecast Vs. Initial Plan

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Results</td>
<td>YoY</td>
<td>Vs. Forecast</td>
</tr>
<tr>
<td>Group Adjusted Profit</td>
<td>233.1%</td>
<td>43.3%</td>
<td>13.1% -39.9%</td>
</tr>
<tr>
<td>Domestic non-life insurance business (excluding gain/loss from sale of strategic equity holdings)</td>
<td>119.5%</td>
<td>-27.3%</td>
<td>12.5% -54.5%</td>
</tr>
<tr>
<td>Domestic life insurance business</td>
<td>98.4%</td>
<td>33.3%</td>
<td>29.4% -40.6%</td>
</tr>
<tr>
<td>International business</td>
<td>29.7% -1.9%</td>
<td>0.7%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Financial services business/Risk-related services business</td>
<td>49.4% 44.0%</td>
<td>2.4%</td>
<td>-16.6%</td>
</tr>
<tr>
<td>Group Adjusted ROE</td>
<td>8.0%</td>
<td>1.9pp</td>
<td>0.9pp -0.3pp</td>
</tr>
<tr>
<td>Net Income/Losses</td>
<td>143.0%</td>
<td>-49.6%</td>
<td>-57.0%</td>
</tr>
<tr>
<td>Consolidated net premiums written</td>
<td>3,573.7% 73.3%</td>
<td>48.7%</td>
<td>43.7%</td>
</tr>
<tr>
<td>Life insurance premiums (gross premiums)*2</td>
<td>1,393.4% -206.5%</td>
<td>74.4%</td>
<td>-146.6%</td>
</tr>
<tr>
<td>EEV of MSI Aioi Life</td>
<td>890.2% 70.7%</td>
<td>-11.8%</td>
<td>-79.8%</td>
</tr>
<tr>
<td>ESR (Economic Solvency Ratio)</td>
<td>186%</td>
<td>-13pp</td>
<td>—</td>
</tr>
</tbody>
</table>

※1 Including the decrease in income taxes paid in FY2019, which is ¥29.6 billion among the effects of Reorganization of International Regional Business of MSI
※2 Gross premiums income is for domestic life insurance subsidiaries only.

Progress Toward Numerical Management Targets and Forecasts

Group Adjusted Profit and Group Adjusted ROE

<Reference> Group Core Profit and Group ROE

![Group Adjusted Profit and Group Adjusted ROE Chart](chart_image)

- Decrease in income taxes paid in FY2019 among the effects of Reorganization of International Regional Business of MSI
Creating Shared Value

Seven Key Issues

Development and improvement of products for creating shared value with society

- Deal with new risks
- Create a safer mobility society
- Support ‘good health and longevity’
- Contribute to climate change mitigation and adaptation
- Strive to improve the sustainability of natural capital
- Work toward the realization of "leaving no one behind"

Group Targets for FY2020 Onward

For the seven key issues, decide on four methods of approach (provision of products and services, investment and finance, research and policy recommendations, and contribution to society) and periodically ascertain progress qualitatively.

Quality that earns the trust of society

Quality improvement

Customer satisfaction survey about insurance contract procedures

97.1% 97.7% Equal to or greater than the previous year

Customer satisfaction survey about payment of insurance claims

96.6% 96.6% Equal to or greater than the previous year

Reduction of environmental burden

CO₂ emission reduction rate

Reduction rates from the base year (FY2009)

-13.3%

To be disclosed in Integrated Report 2020

Reduce CO₂ emissions by 30% by 2020 and by 70% by 2050 versus the base year (FY2009)

Total energy consumption

987,452 GJ (-30.3%)

Paper consumption 10,545t Improvement compared to the previous year

Management platforms that enable employees to play active roles

Diversity & inclusion

Percentage of female managers in Japan ( ) consolidated including overseas

12.4% (18.1%) 14.8% 15.0% (FY2020)

Employee satisfaction "play active roles”

4.3 points 4.5 points Equal to or greater than the previous year

Number and ratio of global employees

8,958 people (21.6%) 9,236 people (22.2%) Key monitoring indicators other than sustainability KPIs

Ratio of employees with disabilities

2.37% 2.42%**

Health management

Employee satisfaction "Pride, job satisfaction”

4.4 points 4.4 points Equal to or greater than the previous year

Number of annual paid holidays taken

15.6 days* To be disclosed in Integrated Report 2020

Equal to or greater than the previous year

Equal to or greater than the previous year

Ratio of taking fully paid paternity leave

63.9%

Number of employees participating in social contribution activities

23,601 people 27,673 people Equal to or greater than the previous year

The FY2018 figures are guaranteed by a third party, KPMG AZSA Sustainability.

* Impact of responding to large-scale natural catastrophes ** As of April 1, 2020

Key Strategy 1: Pursue Group’s Comprehensive Strengths

- We will further promote initiatives aimed at improving Group quality and productivity to strengthen our competitiveness.
- In Stage 2, the effect of business rationalization (Total in Japan and overseas) will be ¥30 billion.

Quality improvements + Higher productivity

Cost Reduction by business streamlining: ¥30 billion

Fully utilizing the Group’s strengths

- Diversity
- Capital
- Human resources
- Customer base

Strengthening Group coordination

Domestic non-life insurance business

Domestic life insurance business

International business

Financial services business

Risk-related services business

MS&AD Group companies that support the five business domains

Promoting standardization and joint initiatives

Standardization of products and administrative tasks

Joint claim service system

Health and medical-oriented products and services

Growth (expanded top line) + Strengthen profitability + Business streamlining

MS&AD Insurance Group Holdings, Inc.
Key Strategy 2: Promote Digitalization

- We will promote three major initiatives that help improve the value of customer experiences and boost business productivity (DX, DI and DG), and promote sustained growth across the Group.

**DX**
Digital Transformation
- Transform existing businesses and enhance competitiveness while streamlining and optimizing business
  - The digital strategy departments of our two core non-line insurance companies (MSI: Digital Strategy Department, ADI: Business Process Reform Department [newly established]) will promote business streamlining in powerful ways.
  - Improving agent competitiveness through AI utilization (Example: MS1 Brain)
  - Improving efficiency and increasing sophistication in claims services utilizing telematics technologies (Example: Telematics claims service system)

**DI**
Digital Innovation
- Create new business models by utilizing data and digital technologies
  - Solving the risks and issues faced by society and companies through advanced data analysis (RisTech)
  - Creating new markets through collaboration with digital platformers (Example: Finatext)
  - Offering products and services that meet customer needs by utilizing small and short-term companies

**DG**
Digital Globalization
- Spread expertise in a reciprocal basis in Japan and overseas to promote DX and DI on a global scale
  - Utilize cutting-edge Startups in Japan and overseas
  - Leverage internal and external solution know-how to increase customer experience and improve operational efficiency (Example: MS1 Brain)
  - Accelerate CASE and MaaS initiatives across the five global regions (Europe, United States, Japan, Asia and China)

The engines to enhance competitiveness and realize sustained growth in a changing business environment

Key Strategy 3: Reform Portfolio

- While goal attainment regarding diversification of the business portfolio will be pushed back as we seek to minimize the expansion of new business risks is in part due to COVID-19, we will steadily continue with initiatives based on a starting point of organic growth as we strive to realize our future vision.
- We mostly attained target levels in the reduction of risks from strategic equity holdings, but in light of heightened market volatility, we will continue with efforts to reduce peak risks.

### Diversification of Business Portfolio

<table>
<thead>
<tr>
<th>End of FY2015*1</th>
<th>End of FY2019</th>
<th>End of FY2021</th>
<th>Future Target &quot;Image&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Non-life Insurance Business</td>
<td>27%</td>
<td>16%</td>
<td>3%</td>
</tr>
<tr>
<td>Domestic Life Insurance Business</td>
<td>49.4 billion</td>
<td>54%</td>
<td>4.8 billion</td>
</tr>
<tr>
<td>International Business</td>
<td>3%</td>
<td>3%</td>
<td>55%</td>
</tr>
<tr>
<td>Financial Services Business/Risk-Related Services Business</td>
<td>15%</td>
<td>27%</td>
<td>7 billion</td>
</tr>
<tr>
<td>Total</td>
<td>¥49.4 billion</td>
<td>¥68.4 billion (excluding gain on sales of strategic equity holdings of ¥21.1 billion)</td>
<td>¥75 billion</td>
</tr>
</tbody>
</table>

*1 At the time of the start of initiatives for portfolio reform

### Diversification of Risk Portfolio (Reduction of strategic securities)

- **Percentage of the Group’s Risk**
  - Target less than 30%: 32.7% (FY2017), 28.8% (FY2018), 26.1% (FY2019)
- **Percentage of the Group’s comprehensive assets**
  - Target less than 10%: 12.7% (FY2017), 10.9% (FY2018), 9.2% (FY2019)

(Fiscal Year End)
Capital Policy

- We will make investments to ensure stable shareholder return and sustained profit creation, and in doing so realize enhanced shareholder value.

Strengthen: Investment to strengthen the competitiveness of existing businesses

- We will carry out investments that demonstrate a strong awareness of ROI, including investments aimed at promoting digitalization (digital transformation or “DX”), such as investments in information systems.

Expand: Investment to diversify and expand the business portfolio

- Perspectives for investment considerations:
  - Sharing values
  - Sustainable growth models
  - Risk diversification (geographically and contextually)
  - ROI target: achieve a level that exceeds capital costs (7%)

Innovate: Investment to create new business territories

- Conduct investment activities through the CVC to search for technologies and business models that will be game changers over the next 3 to 5 years
- Undertaken initial investments predicated on cash flow balance
- During the actual technology implementation phase, carry out investments that demonstrate a strong awareness of ROI in keeping with investments in the above “Strengthen” section

MS&AD Insurance Group Holdings, Inc.

CSV Initiatives

- We will collaborate with a wide range of partners and solve a range of social issues to drive the medium-to-long-term growth of the Group.
- We will promote initiatives that offer a strong value proposition to society and contribute to the medium-to-long-term development and growth of our businesses.
Ⅲ. Growth Strategies of each Business Domain

1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Asset Management

Domestic Non-life Insurance Business: Group Adjusted Profit

- Despite the frequent occurrence of natural catastrophes in Japan, the Group Adjusted Profit for FY2019 was ¥119.5 billion for the full year, exceeding the revised forecast announced in November 2019.
- In FY2020, the estimate is ¥130 billion, up ¥10.5 billion from FY2019.

<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>47.8</td>
<td>146.9</td>
</tr>
<tr>
<td>2014</td>
<td>92.4</td>
<td>119.5</td>
</tr>
<tr>
<td>2015</td>
<td>91.9</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>153.3</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>190.1</td>
<td></td>
</tr>
</tbody>
</table>

Vision 2021

- 2018 Forecast: ¥130 billion
- 2021 Target: ¥177 billion
Domestic Non-Life Insurance Business: Growth Strategy

We promote initiatives aimed at further expansion of earnings power as core businesses of the Group that are among the largest and most profitable in Japan.

Vision 2021 Stage 2: Strategies for the Domestic Non-life Insurance Business

**Top line**

- Maintain and expand our competitive advantage
  - Maintain and expand market share in automobile insurance
  - Strengthen efforts in new risk fields with a focus on casualty insurance products
  - Transform business models by promoting digitalization

**Bottom line**

- Accelerating expense reductions and boosting earnings power
  - Maintain and expand the earnings power of automobile insurance
  - Diversify the portfolio for revenue-generating coverage types (improving the profitability of fire insurance and expanding types of casualty insurance)
  - Business streamlining and improving the sophistication of natural catastrophe response

### Domestic non-life insurance business net premiums written*1

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2019</th>
<th>2021 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥2.6 tn</td>
<td>¥2.7tn</td>
<td>¥2.7 tn</td>
<td></td>
</tr>
</tbody>
</table>

*1 Excluding overseas reinsurance, etc. underwritten by domestic non-life insurance companies

### Insurance Underwriting Profit (before reflection of catastrophe reserve) *2

<table>
<thead>
<tr>
<th>FY2019</th>
<th>7.7</th>
<th>5.3</th>
<th>25.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire</td>
<td>Marine</td>
<td>Personal</td>
<td>Automobile</td>
</tr>
</tbody>
</table>

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

(Graph for FY2021 is a conceptual image based on current planned figures)

### Measures to strengthen profitability for fire insurance

- Enhance measures to strengthen earnings power to ensure an early return to profitability
- Consider further product and rate revisions in light of the October 2019 reference loss cost rate revision in the individual sector

Ensuring the effects of product revisions are incorporated

- Promote efforts to increase the continuation rate and unit price through steady and careful implementation of maturity renewal procedures
- Consider to establish the insurance rate system based on the past result in loss ratio and of the reference loss cost rate revision in October 2019.

### Loss Prevention and Mitigation for catastrophes

**Efforts for companies**

- Promote catastrophe prevention and mitigation utilizing RisTech*1 and InterRisk Research & Consulting

**<Stage 1 Achievements>**

- Changed conditions or revised rates for approx. 740*2 policies and improved profitability

### Strengthening measures to optimize profit of housing complex management associations for apartments

- We plan to introduce “insurance premium adjustment system based on the accident status”

**<Stage 1 Achievements>**

- El loss ratio improved by 38.1*3 points compared with FY2018 levels

Domestic Non-Life Insurance Business: Improvement of Profitability of Fire and Growth in Casualty

- Responding to the Group’s issues of profitability, we will accelerate efforts to strengthen earnings power in fire insurance to achieve return of profitability and expand growth in casualty insurance.

Stage 2 Strategies

**Expansion of the casualty field**

- Strengthen efforts in the growing market for medium-sized companies and improve response to new risks
- Implement appropriate underwriting that takes into account the impact of social inflation in the United States

**Expanded sales of packaged products for small-to-medium-sized companies**

- Promote further expansion in markets with room for growth

**Products responding to new risks (expansion and enhancement of comprehensive coverage plans)**

- Enhance ability to cater to each field by expanding and improving comprehensive coverage plans in new risk fields

**Implementing measures to strengthen earnings power**

- Monitor the fluctuating status of risks such as the impact of social inflation in the United States, and strengthen earnings power through appropriate underwriting

*1 A new service developed by MSI in cooperation with Accenture to propose loss prevention and mitigation using big data and algorithms
*2 Simple sum of MSI and ADI
*3 MSI’s Business Protector and Business J Next, ADI’s Tough Biz General Liability Insurance, General Insurance for Construction Industry and Tough Biz Workers’ Accident Compensation Insurance
Domestic Non-Life Insurance Business: Initiatives for Expense Reduction

**Forecast of the effects of expense reductions due to R&D investment**

- Making progress with large-scale system development and gradually achieving expense reducing effects

<table>
<thead>
<tr>
<th>Project</th>
<th>Investment amount</th>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renovation of online system</td>
<td>¥88.0 billion</td>
<td>From FY2019</td>
</tr>
<tr>
<td>Standardization of products and operations</td>
<td>¥11.0 billion</td>
<td></td>
</tr>
<tr>
<td>Joint claims services system (BRIDGE)</td>
<td>¥70.0 billion*1</td>
<td>FY2021</td>
</tr>
</tbody>
</table>

*1 The 62 billion yen listed in the previous materials represents the amount of investment up to FY2021

**Promoting additional measures to reduce expenses**

- Promote additional measures worth 20 billion yen*4 to strengthen earnings power

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecast</th>
<th>Outlook</th>
<th>Future Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>12.0</td>
<td>20.0</td>
<td></td>
</tr>
</tbody>
</table>

**Change in expense ratio**

(Compared to FY2018)
- The consumption tax rate hike : +0.4pt
- Premium rate down of compulsory automobile liability insurance *7 : +0.5pt
- Impact of Covid-19 *7 : +0.4pt
- Increase of reinsurance premium *7 : +0.2pt etc.

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

**Net Premiums Written**

- Fire and Allied
- Marine
- Personal Accident
- Voluntary Auto
- CALI
- Other

**Forecast**

- 2020: ¥2,699.5bn
- 2021: ¥2,722.3bn
- 2022: ¥2,746.0bn

**Future Target**

- 2021: ¥2,847.0bn
- 2022: ¥2,744.0bn

* Simple sum of non-consolidated figures for MS and AD
*4 Investments in R&D for responses to changes in the environment, including infrastructure building, and for improving productivity and quality
*7 Due to decrease in Net Premiums Written

Domestic Non-Life Insurance Business

Net Premiums Written* by Class of Business

**Change in expense ratio**

(Compared to FY2018)
- The consumption tax rate hike : +0.4pt
- Premium rate down of compulsory automobile liability insurance *7 : +0.5pt
- Impact of Covid-19 *7 : +0.4pt
- Increase of reinsurance premium *7 : +0.2pt etc.

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- 2021: ¥2,847.0bn
- 2022: ¥2,744.0bn

**Future Target**

- 2021: ¥2,847.0bn
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* Simple sum of non-consolidated figures for MS and AD
*4 Investments in R&D for responses to changes in the environment, including infrastructure building, and for improving productivity and quality
*7 Due to decrease in Net Premiums Written

Domestic Non-Life Insurance Business

Net Premiums Written* by Class of Business

**Change in expense ratio**

(Compared to FY2018)
- The consumption tax rate hike : +0.4pt
- Premium rate down of compulsory automobile liability insurance *7 : +0.5pt
- Impact of Covid-19 *7 : +0.4pt
- Increase of reinsurance premium *7 : +0.2pt etc.

**Forecast**

- 2021: ¥2,847.0bn
- 2022: ¥2,744.0bn

**Future Target**

- 2021: ¥2,847.0bn
- 2022: ¥2,744.0bn

* Simple sum of non-consolidated figures for MS and AD
*4 Investments in R&D for responses to changes in the environment, including infrastructure building, and for improving productivity and quality
*7 Due to decrease in Net Premiums Written
Domestic Non-Life Insurance Business:
Underwriting Profit/Loss by Class of Business

**Underwriting Profit/Loss by Class of Business**

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting Profit</td>
<td>-83.7</td>
<td>-190.0</td>
<td>-3.0</td>
<td>-36.1</td>
<td>28.7</td>
<td>43.9</td>
<td>121.3</td>
<td>89.3</td>
<td>62.8</td>
<td>8.4</td>
<td>55.0</td>
</tr>
<tr>
<td>Net reversal of catastrophe reserve (profit impact)</td>
<td>-0.0</td>
<td>139.5</td>
<td>41.9</td>
<td>3.0</td>
<td>-31.3</td>
<td>-81.6</td>
<td>-81.8</td>
<td>-44.6</td>
<td>79.8</td>
<td>-33.3</td>
<td>-52.8</td>
</tr>
<tr>
<td>Underwriting profit (before reflecting catastrophe reserves)</td>
<td>-83.7</td>
<td>-329.5</td>
<td>-44.9</td>
<td>-39.1</td>
<td>60.1</td>
<td>125.6</td>
<td>203.1</td>
<td>133.9</td>
<td>-16.9</td>
<td>41.8</td>
<td>107.8</td>
</tr>
<tr>
<td>Impact of natural catastrophes*1 (ref.)</td>
<td>-65.9</td>
<td>-311.5</td>
<td>-55.1</td>
<td>-96.3</td>
<td>-27.2</td>
<td>-86.1</td>
<td>-51.0</td>
<td>-118.8</td>
<td>-235.3</td>
<td>-122.9</td>
<td>-69.5</td>
</tr>
</tbody>
</table>

* Simple sum of non-consolidated figures for MSI and ADI. (For FY 2010, simple sums of non-consolidated figures for MSI, Aioi and NDI).
* Other: In order to secure a certain level of balance for the future, in FY2019, additional provisions of ¥35.0 billion were made by MSI and ¥18.0 billion by ADI.
* The provision ratio of fire insurance in FY2020 is 6% for MSI and 15% for ADI.

**Domestic Non-Life Insurance Business: Balance of Catastrophe Reserve**

- In order to secure a certain level of balance for the future, in FY2019, additional provisions of ¥35.0 billion were made by MSI and ¥18.0 billion by ADI.
- The provision ratio of fire insurance in FY2020 is 6% for MSI and 15% for ADI.

**Balance of Catastrophe Reserve**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (Balance)</td>
<td>647.7</td>
<td>679.0</td>
<td>760.7</td>
<td>842.5</td>
<td>887.1</td>
<td>807.3</td>
<td>840.6</td>
<td>893.5</td>
</tr>
<tr>
<td>Fire and Allied (Balance)</td>
<td>29.6%</td>
<td>30.1%</td>
<td>32.5%</td>
<td>36.4%</td>
<td>37.4%</td>
<td>33.5%</td>
<td>33.9%</td>
<td>36.5%</td>
</tr>
<tr>
<td>Total (Balance Rate)</td>
<td>58.9%</td>
<td>58.9%</td>
<td>61.5%</td>
<td>80.9%</td>
<td>71.9%</td>
<td>42.8%</td>
<td>45.8%</td>
<td>53.3%</td>
</tr>
<tr>
<td>Fire and Allied (Balance Rate)</td>
<td>205.0</td>
<td>216.6</td>
<td>252.3</td>
<td>272.6</td>
<td>266.9</td>
<td>163.9</td>
<td>185.7</td>
<td>206.8</td>
</tr>
</tbody>
</table>

* Simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
* Balance Rate = Balance of catastrophe reserve / Net premiums written (excluding CALI)
Domestic Non-Life Insurance Business: Combined Ratio

- Simple sums of non-consolidated figures for MSI and ADI (For FY 2010, simple sums of non-consolidated figures for MSI, Aioi and NDI).
- WP: all lines, EI: excludes residential earthquake insurance and compulsory automobile liability insurance.

**Domestic Non-Life Insurance Business: Combined Ratio (WP) in the Domestic Non-Life Insurance Industry**

- **Great Hanshin Earthquake**
- Agreement reached in the US Japan Insurance Talks
- Cross entry between life insurance companies and non-life insurance companies into each other's business through their subsidiaries
- **Enforcement of the amended Act on Non-Life Insurance Rating Organization**
- Establishment of the General Insurance Rating Organization of Japan
- **Revision of the underwriting reserve system**
- **Lehman crisis**
- **Greek crisis**
- **Thai flooding**
- **Lehman crisis**
- **Revision of reference loss cost rate for voluntary automobile insurance in May 2017**
- **Revision of the non-fleet discount/loading rate system in automobile insurance**

*Source of Loss ratio and Expense ratio: The General Insurance Association of Japan (FY2019 figures are as of the end of September 2019)
Ⅲ. Growth Strategies of each Business Domain

1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Asset Management

Domestic Life Insurance Business:
Group Adjusted Profit

- Group Adjusted Profit for fiscal 2019 was 29.7 billion yen, 0.7 billion yen higher than the initial forecast.
- In fiscal 2020, Group Adjusted Profit will be down 4.7 billion yen from the previous fiscal year, to 25.0 billion yen, but due to an increase in the holding of highly profitable protection-type products, it is expected to be 41.0 billion yen in fiscal 2021.

Group Adjusted Profit

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

- In anticipation of the era of people living to 100 years of age, the development and provision of products and services that meet increasingly diverse customer needs such as healthcare, nursing care, inheritance, gifting and longevity risks, combined with improved consulting sales capabilities will lead to the sustained growth of the domestic life insurance business.
- We will engage in appropriate risk-taking and expand returns through more sophisticated asset management that responds to environmental changes.

Development of products responsive to needs and improved consulting capabilities

**Development of products responsive to needs**

**MSI Aioi Life**
- Risk of no longer being able to work: New Comprehensive Income Guarantee Insurance Wide / Life Support Insurance (income guarantee)
- Risk of illness or injury: New Medical Insurance Ace Premia (medical)
- Preparing against cancer: Cancer Insurance Smart (medical)

**MSI Primary Life**
- Asset inheritance needs: Yasashisa, Tsunagu (living gift-type whole life insurance)
- Asset utilization needs: Ashitano, Yorokobi 2 (tontine annuity)
- Asset formation needs: Shiawase, Zutto 2 (foreign currency denominated whole life insurance)
- Ashitamo Jujitsu (level premium payments tontine annuity)

**Sustained Growth of the Domestic Life Insurance Business**

Increased sophistication of asset management based on ERM management

<table>
<thead>
<tr>
<th>MSI Aioi Life</th>
<th>MSI Primary Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reducing interest risks by lengthening asset duration</td>
<td>• Promoting ALM operations that increase management efficiency while diversifying risks</td>
</tr>
<tr>
<td>• Improved management returns by reviewing the portfolio of higher-return assets</td>
<td>• Strengthening risk management and monitoring by developing more sophisticated internal models</td>
</tr>
<tr>
<td>• Expanded sales of highly profitable protection-type products</td>
<td></td>
</tr>
</tbody>
</table>

**Domestic Life Insurance Business: Growth Strategy of MSI Aioi Life**

- We are further strengthening our sales capabilities through a variety of channels centered on cross-selling, which involves selling both life and non-life insurance products.
- The Group will establish a framework for responding to changes in the environment (Infrastructure development and the transformation of profit-making trees).

Pursue Group’s Comprehensive Strengths

- Strengthen cross-selling channels via the integration of operation for life insurance and non-life insurance.
- Collaboration with MSI Primary Life
- Strengthen intra-group cooperation within the Group for product development and services in the health and medical area
- Increase efficiency by reviewing the division of roles within the Group such as sales administration

Life Insurance Cross-Selling Ratio*

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td>14.1%</td>
<td>14.9%</td>
<td>15.4%</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>(FY)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Promote Digitalization**

- Strengthen customer service utilizing digital tools and supporting agent activities
- Strengthen life insurance cross-selling initiatives by utilizing MSI Brain
- Sophistication of product development and underwriting using digital technologies including big-data analysis
- Optimization of administrative work (increase productivity by using RPA)
- Making sophistication and efficiency for claims handling

**Reform Portfolio**

- Product development to respond to the future development of the medical technology such as advanced medication and nursing care/dementia-related needs
- Expand portfolio of protection-type products that are not heavily affected by low interest rates
- Promoting ALM, such as by holding yen bonds longer

*The number of MSA Life Insurance in-force policy holders in cross-selling channels (professional, corporate, automobile sales dealers) divided by the number of Mitsui Sumitomo Insurance/Aioi Nissay Dowa Insurance automobile and fire insurance policy holders.
(From FY2020 onwards, the above number of MSA Life Insurance in-force policy holders includes those that come under the transition of long-term policies in the third sector)
Domestic Life Insurance Business: Growth Strategy of MSI Primary Life

- We will boost competitiveness and promote stable business expansion by responding to environmental changes swiftly and flexibly and by demonstrating unique qualities.
- Through the provision of industry-leading products that meet customer needs, the implementation of training and education for agents and improved after-sales effects, we will actively promote “customer-first business operation.”

Initiatives that Contribute to the Group’s “Three Key Strategies”

- **Pursue Group’s Comprehensive Strengths**
  - Promotion of joint initiatives across the Group to improve quality and increase productivity
  - Stronger coordination with MSA Life
  - Reinsurance partnership with Australia-based Challenger
  - Share the sophisticated methods of education and training for marketing within the Group

- **Promote Digitalization**
  - Improved competitiveness through the promotion of paperless operations in insurance sales
  - Improved agent support utilizing new technologies
  - Improved customer service quality through the utilization of chatbots

- **Reform Portfolio**
  - Expanded and enhanced product portfolio meeting customer needs
  - Promotion of long-term holding measures to support the long-term asset building of customers
  - Diversification of management portfolio through global management capabilities

Active Promotion of Customer-First Business Operation

- Strengthening insurance sales management system and raising the quality of insurance sales through training and education for agents
  - Enhancing training to prevent complaints arising from sales of foreign currency-denominated insurance
  - Utilization of new training centers equipped with the latest digital equipment

- Improved contact points with policy holders through enhanced after-sales support in coordination with agents
**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

<table>
<thead>
<tr>
<th>New Frontier 2013</th>
<th>Next Challenge 2017</th>
<th>Vision 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies in force (¥tn)</td>
<td>Premium income (¥bn)</td>
<td>Forecast (Fiscal Year)</td>
</tr>
<tr>
<td>4.0</td>
<td>4.4</td>
<td>4.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>826.4</td>
<td>1,054.0</td>
<td>1,071.1</td>
<td>1,015.6</td>
<td>1,095.6</td>
<td>872.1</td>
<td>6.3</td>
<td>6.3</td>
</tr>
</tbody>
</table>

### Net Income

<table>
<thead>
<tr>
<th>New Frontier 2013</th>
<th>Next Challenge 2017</th>
<th>Vision 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast (¥bn)</td>
<td>29.2</td>
<td>17.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1,054.0</td>
<td>1,299.4</td>
<td>1,071.1</td>
<td>1,095.6</td>
<td>872.1</td>
<td>6.3</td>
<td>6.3</td>
</tr>
</tbody>
</table>

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**Domestic Non-Life Business Embedded Value (EEV) from the End of FY2013 to the End of FY2019**

### MSI Aioi Life

<table>
<thead>
<tr>
<th>(End of Fiscal Year)</th>
<th>Net worth</th>
<th>Value of in-force business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>588.1</td>
<td>393.1</td>
</tr>
<tr>
<td>2014</td>
<td>647.8</td>
<td>479.4</td>
</tr>
<tr>
<td>2015</td>
<td>695.8</td>
<td>497.2</td>
</tr>
<tr>
<td>2016</td>
<td>794.2</td>
<td>595.8</td>
</tr>
<tr>
<td>2017</td>
<td>835.5</td>
<td>439.2</td>
</tr>
<tr>
<td>2018</td>
<td>819.4</td>
<td>534.0</td>
</tr>
<tr>
<td>2019</td>
<td>890.2</td>
<td>506.1</td>
</tr>
</tbody>
</table>

**EEV Sensitivity**

<table>
<thead>
<tr>
<th>(at March 31, 2020, ¥bn)</th>
<th>Changes in FY2019 (¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UFR applied</td>
<td>1,017.9</td>
</tr>
</tbody>
</table>

### MSI Primary Life

<table>
<thead>
<tr>
<th>(End of Fiscal Year)</th>
<th>Net worth</th>
<th>Value of in-force business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>234.8</td>
<td>132.6</td>
</tr>
<tr>
<td>2014</td>
<td>310.2</td>
<td>237.4</td>
</tr>
<tr>
<td>2015</td>
<td>333.8</td>
<td>245.5</td>
</tr>
<tr>
<td>2016</td>
<td>375.3</td>
<td>252.9</td>
</tr>
<tr>
<td>2017</td>
<td>416.2</td>
<td>284.1</td>
</tr>
<tr>
<td>2018</td>
<td>436.1</td>
<td>294.3</td>
</tr>
<tr>
<td>2019</td>
<td>348.4</td>
<td>293.4</td>
</tr>
</tbody>
</table>

**EEV Sensitivity**

<table>
<thead>
<tr>
<th>(at March 31, 2020, ¥bn)</th>
<th>Changes in FY2019 (¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UFR applied</td>
<td>1,017.9</td>
</tr>
</tbody>
</table>

---

*1 From FY 2018, unrealized gains/losses on securities related to insurance contracts are included in the value of in-force business rather than net worth.

*2 In the EEV calculation, the value of new business reflects only a portion of the excess spread above the risk-free rate. The substantial value of new business, taking into account the excluded spread, is positive.

---

**Notes:**

- Opening adjustments
- New business in reporting year
- Expected existing business contribution at the risk free rate
- Expected existing business contribution above risk free rate
- Operating experience variances
- Changes in operating assumptions
- Economic variances and changes to economic assumptions
- Required capital set at statutory minimum level

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

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

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Ⅲ. Growth Strategies of each Business Domain

1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Asset Management

International Business: Net Premiums Written

- Net Premiums Written in FY2019 was ¥938.8 billion, almost unchanged from the previous year.

Net Premiums Written (Non-Life Insurance)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>360.0</td>
<td>415.9</td>
<td>461.6</td>
<td>818.7</td>
<td>892.7</td>
<td>938.8</td>
<td>938.8</td>
<td>820.5</td>
<td>907.1</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 inward reinsurance.
* Figures for FY2017 and beyond include Head Office Reinsurance Business.
**International Business: Group Adjusted Profit**

- Group Adjusted Profit in FY2019 was ¥49.4 billion due to the increase of MS Amlin and International life insurance.
- The target for FY2021 is ¥75.0 billion.

**Group Adjusted Profit**

<table>
<thead>
<tr>
<th>Reference &gt; Group Core Profit (¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Frontier</strong> 2013</td>
</tr>
<tr>
<td><strong>Next Challenge</strong> 2017</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>18.0</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>38.2</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>27.9</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>34.6</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>125.0</td>
</tr>
<tr>
<td>2017 (Excluding natural catastrophes)</td>
</tr>
</tbody>
</table>

* Figures for FY2017 and beyond include Head Office reinsurance business.

**Vision 2021**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2018</th>
<th>2019 Forecast</th>
<th>2020 Forecast</th>
<th>2021 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5.4</td>
<td>49.4</td>
<td>20.0</td>
<td>75.0</td>
</tr>
</tbody>
</table>

**International Business: Cost Reductions and Growth Synergy due to Reorganization**

- In the short term, the main results will be cost reductions and business expansion in Asia.
- In the medium to long term, we will develop and implement strategies across regions to achieve global growth.

**Cross-regional strategy — Task Force —**

- **Strategy and Business Reform**
- **Digital**
- **Investment**

**Towards growth on a global basis**

**Expansion of business in Asia: Creation of additional ¥5 billion in profit**

- **Expansion of Retail Market**
  - Joint ventures with locally partnered financial institutions, etc.

- **Expansion of Commercial Market and Infrastructure Business**
  - Development of infrastructure business
  - Utilization of Group capacity and underwriting expertise

- **Emerging markets**
  - Promote business investment and collaboration with partners

- **Strength profitability**
  - Improve automobile insurance loss ratio, utilize Group expertise

**Operating expenses: Reduce by ¥10 billion or more per year**

- **Efficient business operation**
  - Business selection and focus
  - Review operations and staffing

**Accelerate swift business decisions**

**Strengthen group governance**

**Leverage our global talent**

**Reorganization Implemented (January 2020 onwards)**

**Vision 2021 Stage 2**

**FY2022 and beyond**
Although the recovery in profitability has been behind plan, the loss ratio on non-cat lines has been improving. Withdrawal from unprofitable and non-core business areas, accelerate efforts to improve the loss ratio of non-cat lines, and shift to a business portfolio that generates stable profits.

**International Business: MS Amlin (Measures for Profit Recovery)**

<table>
<thead>
<tr>
<th>Improvement of non-cat lines loss ratio</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>76.4%</td>
<td>1. Withdrawal from unprofitable lines (Property Insurance and SME business in UK, Aviation)</td>
</tr>
<tr>
<td>65.8%</td>
<td>2. Continued increase in premium rates</td>
</tr>
<tr>
<td>62.4%</td>
<td>3. Improvement of underwriting terms and conditions for priority categories</td>
</tr>
</tbody>
</table>

(Excluding the impact of COVID-19)

**International Business: Mobility Service Business**

- Develop a mobility service business that leverages our partnership with Toyota.
- Contribute to the development of mobility service for next generation, by responding to advanced technologies and business models such as CASE and MaaS, and challenge to create new value on the people’s life and health, and on the whole town, under the movement toward the Smart City or the Super City.

We support our clients with new digital technologies on their way to Super City.
International Business: International Life Insurance Business

While there was a certain impact from the global fall in stock prices, the impact on invested businesses and asset management has been limited. Due to a well-balanced portfolio that is hardened against the impact of falling interest rates and business models that take local characteristics into account, we will seek a continued expansion of profits.

**Business Climate and Stage 2 Strategies**

High contribution to Group Adjusted Profit: Due to business investments made in Stage 1, we will develop businesses based on regional characteristics to build a well-balanced portfolio.

1. Strengthen sales channels: expanded earnings power through pursuit of synergy between life and non-life insurance
2. Measures to deal with low global interest rates: Maintain a product mix that is less susceptible to effects
3. Investment in new businesses: find new projects that will accelerate growth

**Change in Group Adjusted Profit**

- UK-based closed book business boasting overwhelming market share
- Development of Australian annuity business based on exceptional know-how
- Business development in Asian countries expected to undergo growth due to population expansion (India, Indonesia, Malaysia, China)

**Stage 2 Strategies**

- *3 Awaiting approval from local authorities regarding acquisition of equity interest

**International Business: Net Premiums Written and Net Income**

<table>
<thead>
<tr>
<th>Net Premiums Written (Non-life insurance)</th>
<th>FY2019</th>
<th>FY2020 Full Year (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YoY Change</td>
<td>YoY Change</td>
</tr>
<tr>
<td>International Business Total*1</td>
<td>938.8</td>
<td>0.0</td>
</tr>
<tr>
<td>Asia</td>
<td>298.8</td>
<td>2.7</td>
</tr>
<tr>
<td>Europe</td>
<td>513.7</td>
<td>-1.1</td>
</tr>
<tr>
<td>Americas</td>
<td>58.4</td>
<td>-9.2</td>
</tr>
<tr>
<td>Head Office Reinsurance</td>
<td>69.5</td>
<td>6.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Income*2</th>
<th>(¥bn)</th>
<th>(¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2019</td>
<td>FY2020 Full Year (Forecast)</td>
</tr>
<tr>
<td></td>
<td>YoY Change</td>
<td>YoY Change</td>
</tr>
<tr>
<td>International Business Total*1</td>
<td>49.4</td>
<td>44.0</td>
</tr>
<tr>
<td>Asia</td>
<td>23.2</td>
<td>-7.6</td>
</tr>
<tr>
<td>Europe</td>
<td>9.4</td>
<td>13.2</td>
</tr>
<tr>
<td>Americas</td>
<td>0.6</td>
<td>-0.5</td>
</tr>
<tr>
<td>Head Office Reinsurance</td>
<td>9.1</td>
<td>15.8</td>
</tr>
<tr>
<td>International Life Insurance</td>
<td>11.8</td>
<td>2.9</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.
*1 Figures in "International Business Total" include head office adjustments and other factors and are not equal to the sum of figures for each region and each business.
*2 Group Adjusted Profit basis
III. Growth Strategies of each Business Domain

1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Asset Management

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 diversified investments globally, while also considering environment.

- We will pay attention to the safety and liquidity of asset holdings and enhance risk management 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 Higher-Return Assets such as foreign securities
  Higher-Return 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 subsidiaries and promote Group ESG investment

Holding company initiatives

MS&AD Insurance Group Holdings, Inc.
Asset Management: Measures to Low Interest Rates and Increasing Volatility

- The Group is diversifying its investments and is investing in assets from which it expects to gain relatively high returns (Higher-Return Assets) in stages.
- The Group is strengthening the asset management system in the life insurance business.

**Major initiatives in FY2019**

- Investing in Higher-Return Assets: a total of ¥1.6 trillion from FY2016
  * In fiscal 2019, the balance of assets expected to generate profits decreased slightly due to temporary sales in response to market turmoil caused by the COVID-19 and a decline in stock prices.
- Promoting ALM, holding yen bonds at MSI Aioi Life longer
- Strengthening the asset management system of the life insurance business, a growth area
  * Interest and dividend income in fiscal 2020 is expected to decrease by 18.9 billion yen due to a decrease in dividends on stocks.

### Higher-Return Assets investment balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign bonds</th>
<th>Foreign stocks</th>
<th>Alternative assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>5.5</td>
<td>6.2</td>
<td>7.1</td>
</tr>
<tr>
<td>2017</td>
<td>6.2</td>
<td>7.1</td>
<td>7.1</td>
</tr>
<tr>
<td>2018</td>
<td>7.1</td>
<td>7.1</td>
<td>7.4</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Interest and dividend income from Higher-Return Assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest and dividend income (¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>109.5</td>
</tr>
<tr>
<td>2017</td>
<td>116.4</td>
</tr>
<tr>
<td>2018</td>
<td>129.6</td>
</tr>
<tr>
<td>2019</td>
<td>139.3</td>
</tr>
<tr>
<td>2020</td>
<td>120.4</td>
</tr>
</tbody>
</table>

* Simple sum of MSI (non-consolidated) and ADI (non-consolidated)
* In FY2014, capital gain or loss (gains/losses on sales) includes ¥63.0 bn of gains for additional provision for reserve for price fluctuation.
Asset Management: Net Investment Return (MS Amlin)

Net Investment Return

<table>
<thead>
<tr>
<th>(£mn)</th>
<th>Interests and dividends</th>
<th>Capital gain/loss</th>
<th>Net investment return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>50</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>2014</td>
<td>0</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>2015</td>
<td>100</td>
<td>150</td>
<td>250</td>
</tr>
<tr>
<td>2016</td>
<td>150</td>
<td>200</td>
<td>350</td>
</tr>
<tr>
<td>2017</td>
<td>200</td>
<td>250</td>
<td>450</td>
</tr>
<tr>
<td>2018</td>
<td>250</td>
<td>300</td>
<td>550</td>
</tr>
<tr>
<td>2019</td>
<td>300</td>
<td>350</td>
<td>650</td>
</tr>
<tr>
<td>2020</td>
<td>350</td>
<td>400</td>
<td>750</td>
</tr>
</tbody>
</table>

* MS Amlin’s local basis, before deduction of asset management fee

MS&AD Insurance Group Holdings, Inc.

Asset Management: Consolidated Total Assets and Asset Allocation (MS&AD Insurance Group)

Asset allocation (on a consolidated total assets basis)

Interest rate and foreign exchange rate sensitivity*6 (as of Mar. 31, 2020) (£tn)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Total for MS&amp;AD Group</th>
<th>Total for Non-Life Insurers†</th>
<th>Total for Domestic Life Insurers</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 bps rise in yen interest rates</td>
<td>+409.3</td>
<td>+69.2</td>
<td>+317.8</td>
</tr>
<tr>
<td>100 bps rise in US dollar interest rates</td>
<td>-67.5</td>
<td>-55.7</td>
<td>-11.8</td>
</tr>
<tr>
<td>10% rise in the yen against all currencies</td>
<td>-206.6</td>
<td>-148.6</td>
<td>-42.7</td>
</tr>
<tr>
<td>10% rise in the yen against the US dollar</td>
<td>-100.7</td>
<td>-81.4</td>
<td>-19.5</td>
</tr>
<tr>
<td>10% rise in the yen against the Euro</td>
<td>-20.8</td>
<td>-20.7</td>
<td>-0.1</td>
</tr>
<tr>
<td>10% rise in the yen against the British Pound</td>
<td>-20.6</td>
<td>-8.5</td>
<td>—</td>
</tr>
</tbody>
</table>

Percent distribution by rating*9 (as of Mar. 31, 2020)

<table>
<thead>
<tr>
<th>Rating</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA ~ BBB</td>
<td>97.5%</td>
</tr>
<tr>
<td>Less than BBB, no rating</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Countermeasure investment for negative interest rate*8 (FY2019) (£tn)

<table>
<thead>
<tr>
<th>Category</th>
<th>Total for MSI, ADI, MSA Aioni Life, MSP Life</th>
<th>Foreign bonds (no currency hedge)</th>
<th>Foreign stocks</th>
<th>Alternative assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>JGBs included in bonds: ¥3.9 tn</td>
<td>+220.5</td>
<td>+195.8</td>
<td>+11.1</td>
<td>+13.6</td>
</tr>
</tbody>
</table>

*1 Mainly assets corresponding to liabilities of domestic life insurance companies
*2 Strategic equity holdings and shares held purely for investment purpose. See p.67 for details of the ratio of strategic equity holdings.
*3 Foreign securities held by domestic insurance companies and securities held by foreign insurance subsidiaries
*4 Mainly special account assets of domestic life insurance companies
*5 Mainly tangible fixed assets, intangible fixed assets and goodwill
*6 Impact on difference between assets and liabilities (surplus)
*7 Including overseas subsidiaries
*8 Net Investment amount (purchase – sales/redemption) for assets having higher expected return. Total for MSI, ADI, MSA Aioni Life and MSP Life
*9 Aggregated figures for credit by internal rating for total credit management by individual issuers (market value, consolidated). Excluding loans to our group, reinsurance, and guarantee credits.

MS&AD Insurance Group Holdings, Inc.
Asset Management:
Asset Breakdown by Assets and Currency (MS Amlin)

Investment Assets Breakdown by Assets

Total AUM £6,410 mn
(¥919.7 bn)
(Dec. 31, 2019)

- Equities
  - 128
  - (18.3)
  - 2.0%
- Real estates
  - 576
  - (82.7)
  - 9.0%
- Cash and deposits
  - 1,858
  - (266.7)
  - 29.0%
- Bonds
  - 1,282
  - (183.9)
  - 20.0%
- Bond funds*
  - 2,564
  - (367.8)
  - 40.0%
- Other
  - 839
  - (120.4)
  - 13.1%

Credit Ratings
AAA - BBB
95%
BBB or below
5%

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

Investment Assets Breakdown by Currency

Total AUM £6,410 mn
(¥919.7 bn)
(Dec. 31, 2019)

- USD
  - 3,813
  - (547.2)
  - 59.5%
- EUR
  - 916
  - (131.5)
  - 14.3%
- GBP
  - 839
  - (120.4)
  - 13.1%
- Other
  - 839
  - (120.4)
  - 13.1%

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 31, 2019</td>
<td>As of Mar 31, 2020</td>
</tr>
<tr>
<td></td>
<td>Balance</td>
<td>Proportion</td>
</tr>
<tr>
<td>Total AUM</td>
<td>6,465.9</td>
<td>100.0%</td>
</tr>
<tr>
<td>Deposits, etc.</td>
<td>475.9</td>
<td>7.4%</td>
</tr>
<tr>
<td>Bonds</td>
<td>1,623.0</td>
<td>25.1%</td>
</tr>
<tr>
<td>of which, JGBs</td>
<td>979.8</td>
<td>15.2%</td>
</tr>
<tr>
<td>Foreign securities</td>
<td>2,003.4</td>
<td>31.0%</td>
</tr>
<tr>
<td>Foreign bonds</td>
<td>319.3</td>
<td>4.9%</td>
</tr>
<tr>
<td>Foreign stocks</td>
<td>1,391.3</td>
<td>21.5%</td>
</tr>
<tr>
<td>Foreign investment</td>
<td>292.7</td>
<td>4.5%</td>
</tr>
<tr>
<td>trusts, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>1,728.8</td>
<td>26.7%</td>
</tr>
<tr>
<td>Other securities</td>
<td>44.4</td>
<td>0.6%</td>
</tr>
<tr>
<td>Loans</td>
<td>396.2</td>
<td>6.1%</td>
</tr>
<tr>
<td>Land &amp; buildings</td>
<td>193.7</td>
<td>3.0%</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</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As of Mar 31, 2019</td>
<td>As of Mar 31, 2020</td>
<td>As of Mar 31, 2019</td>
<td>As of Mar 31, 2020</td>
</tr>
<tr>
<td></td>
<td>Balance</td>
<td>Proportion</td>
<td>Balance</td>
<td>Proportion</td>
</tr>
<tr>
<td>Total AUM</td>
<td>4,146.9</td>
<td>100.0%</td>
<td>4,425.3</td>
<td>100.0%</td>
</tr>
<tr>
<td>Deposits etc.</td>
<td>538.4</td>
<td>13.0%</td>
<td>604.1</td>
<td>13.7%</td>
</tr>
<tr>
<td>Bonds</td>
<td>3,280.1</td>
<td>79.1%</td>
<td>3,550.7</td>
<td>80.2%</td>
</tr>
<tr>
<td></td>
<td>2,213.3</td>
<td>53.4%</td>
<td>2,529.7</td>
<td>57.2%</td>
</tr>
<tr>
<td>of which, JGBs</td>
<td>2,213.3</td>
<td>53.4%</td>
<td>2,529.7</td>
<td>57.2%</td>
</tr>
<tr>
<td>Foreign securities</td>
<td>195.1</td>
<td>4.7%</td>
<td>166.2</td>
<td>3.8%</td>
</tr>
<tr>
<td>Stocks</td>
<td>0.7</td>
<td>0.0%</td>
<td>0.6</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other securities</td>
<td>72.4</td>
<td>1.7%</td>
<td>39.9</td>
<td>0.9%</td>
</tr>
<tr>
<td>Loans</td>
<td>59.5</td>
<td>1.4%</td>
<td>63.1</td>
<td>1.4%</td>
</tr>
<tr>
<td>Land &amp; buildings</td>
<td>0.5</td>
<td>0.0%</td>
<td>0.4</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

*Based on financial statement categorization

*1Foreign securities of ¥3,896.8 billion includes money trusts of ¥1,660.9 billion.

---

**IV. Systems Supporting Value Creations**
To deal with frequently occurring natural catastrophes, we will develop a resilient stance based on appropriate retention/reinsurance policy, provide ongoing risk coverage in the domestic market, and bolster initiatives aimed at preventing and mitigating catastrophes.

Group’s efforts to natural catastrophes

- Around 300,000 incident claims were received, primarily in relation to Typhoons Faxai (No.15) and Hagibis (No.19).
- We made efforts to speed up response times and achieved a high resolution rate of around 87% for insurance claims.

<table>
<thead>
<tr>
<th>Line of Insurance</th>
<th>Number of Claims Received</th>
<th>Number of Resolved Claims</th>
<th>Resolution Rate</th>
<th>Loss Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire / Accident / Other</td>
<td>251,378</td>
<td>216,812</td>
<td>86.2%</td>
<td>¥285.1 billion</td>
</tr>
<tr>
<td>Automobile</td>
<td>36,469</td>
<td>34,704</td>
<td>95.2%</td>
<td>¥30.3 billion</td>
</tr>
<tr>
<td>Marine</td>
<td>1,026</td>
<td>898</td>
<td>87.5%</td>
<td>¥5.5 billion</td>
</tr>
</tbody>
</table>

*1 Simple sum of MSI and ADI

Example of Disaster Prevention and Mitigation Initiative: -RisTech-

- Developed by MSI in coordination with Accenture
- A brand new service for catastrophe prevention and mitigation combining the risk-related data held by insurance companies with the equipment maintenance data and other information held by companies

Risk Technology

- Visualization and optimization of corporate risks
- Greater sophistication of corporate activities utilizing new technologies and fields

ERM: Actions against Natural Catastrophe Risks

- Ensuring financial soundness
- Increasing stability of periodic profit/loss
- Improving return on risk

Retention/Reinsurance Policy and Response to Climate Change Risks

- Ensure effective functioning of special reinsurance clause that was newly adopted by both MSI and ADI in FY2019 to help ensure stability of periodic profit/loss
- Secure reinsurance coverage at the same level as the previous year in FY2020
- Continue to control Group-wide natural catastrophe risk amount and variable risks of periodic profit/loss

Responding to Climate Change Risks

- Strengthen risk management initiatives in light of the impact of climate change

<Reference>

Image of Risk Retention/Reinsurance for Natural Catastrophe Risks

Accumulated loss (per event)

According to the conditions of reinsurance coverage, the coverage will be restored with the payment of reinstatement premiums.

Annual aggregate loss

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

Management here is important!

Principles for risk retention/reinsurance

- Ensuring financial soundness
- Increase of stability of periodic profit/loss
- Improvement of return on risk
ERM: Improvement of Capital Efficiency

- Return on Risk, ROR will be improved and capital control will be considered toward the achievement of the Group Adjusted ROE of 10% for FY2021.

**Profitability**
Achievement of targeted ROR and VA * for each year
*VA : Value Added

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

**Control capital**
on the assumption that an appropriate level of capital is secured in a stable manner

---

ERM: Improvement of Capital Efficiency (Initiatives for Improvement of ROR)

- The Group will monitor ROR at each business and each company and will promote initiatives for improving ROR.
- The Group will enhance the sophistication of initiatives to achieve a Group Adjusted ROE of 10% for FY2021.

**Initiatives for improvement of ROR**

<table>
<thead>
<tr>
<th>Products, sales and initiatives management</th>
<th>Use of analysis of risk and return by segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic non-life insurance</td>
<td>Strengthening risk, return management according to the characteristics of products</td>
</tr>
<tr>
<td>MSI Aioi Life</td>
<td>Assessing new policies ROR when products are developed and revised and a sales policy is formulated</td>
</tr>
<tr>
<td>MSI Primary Life</td>
<td>Assessing the profitability of each product using ROA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset management strategy</th>
<th>Introducing new asset management methods based on risk assessment (investment profitability ROR)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Retention/reinsurance policy</th>
<th>Designing reinsurance schemes based on risk and return indicators</th>
</tr>
</thead>
</table>

*1 How to calculate Group Adjusted ROE, Group Adjusted Profit and Adjusted Net Assets, See p.84.
*2 Integrated risk amount represents the maximum amount of losses that are likely to be encountered once in 200 years. It is marked to market value.
*3 Net asset value: Adjusted Net Assets + unrealized insurance liabilities + other equity liabilities, etc.
*4 For MSI Aioi Life, an increase in EEV is deemed return. In the calculation of the entire Group’s ROR, Group Adjusted Profit (Group Core Profit before 2017) includes MSI Aioi Life.
ERM: Improvement of Capital Efficiency (Risk appetite and Trends in Risk Portfolio)

- By selling strategic equity holdings, reduce peak risk and diversify risk into insurance risk and asset management risk other than strategic equity holdings, thereby improving ROR.
- Continue restrict risk-taking of natural catastrophes throughout the Group.

<table>
<thead>
<tr>
<th>Business Domain</th>
<th>Sub-Domain</th>
<th>Percentage of Total Risk Amount End of Sep. 2020</th>
<th>Risk Appetite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Non-Lie</td>
<td>Underwriting</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pure Investment</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategic Equity Holdings</td>
<td>26.1%</td>
<td></td>
</tr>
<tr>
<td>Domestic Life</td>
<td>Underwriting</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asset Management</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>International</td>
<td></td>
<td>18%</td>
<td></td>
</tr>
</tbody>
</table>

**Risk Portfolio**
- Domestic non-life (insurance underwriting)
- Domestic non-life (asset management: strategic equity holdings)
- Domestic non-life (asset management: other than strategic equity holdings)
- Domestic life (insurance underwriting)
- Domestic life (asset management)
- International business

MS&AD Insurance Group Holdings, Inc.

ERM: Sales of Strategic Equity Holdings

- In FY2019, ¥111.8 billion was sold and achieved 80.0% of the target of 500 billion yen (Fiscal 2017 to fiscal 2021).
- Plan to cut about 100 billion continuously.

**Sales in Vision 2021**

Sales target in Vision 2021: ¥500.0 bn

**Actual Sales (¥bn)**

<table>
<thead>
<tr>
<th>Actual sales before business integration (FY2003~FY2009)</th>
<th>800.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2010</td>
<td>57.4</td>
</tr>
<tr>
<td>FY2011</td>
<td>88.7</td>
</tr>
<tr>
<td>FY2012</td>
<td>114.1</td>
</tr>
<tr>
<td>FY2013</td>
<td>173.5</td>
</tr>
<tr>
<td>(Sub-total)</td>
<td>376.4</td>
</tr>
<tr>
<td>FY2014</td>
<td>91.0</td>
</tr>
<tr>
<td>FY2015</td>
<td>181.1</td>
</tr>
<tr>
<td>FY2016</td>
<td>133.0</td>
</tr>
<tr>
<td>FY2017</td>
<td>151.3</td>
</tr>
<tr>
<td>(Sub-total)</td>
<td>556.6</td>
</tr>
<tr>
<td>FY2018</td>
<td>136.7</td>
</tr>
<tr>
<td>FY2019</td>
<td>111.8</td>
</tr>
<tr>
<td>Total</td>
<td>2,039.6</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th></th>
<th>Mar. 2019</th>
<th>Mar. 2020</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value weight(^3) of strategic equity holdings in consolidated total assets</td>
<td>10.9%</td>
<td>9.2%</td>
<td>Less than 10%</td>
</tr>
<tr>
<td>Risk weight(^3) of strategic equity holdings in integrated risk amount</td>
<td>28.8%</td>
<td>26.1%</td>
<td>Less than 30%</td>
</tr>
</tbody>
</table>

*\(^3\) Weight of all strategic equity holdings including unlisted stocks
ERM: Ensuring Financial Soundness (ESR and Risk Portfolio)

- ESR at the end of March 2020 is 186%, which is in the appropriate level to maintain the current capital policy.

**ESR* (Confidence level 99.5%)**

<table>
<thead>
<tr>
<th></th>
<th>Consider making business investments, taking additional risks, and increasing returns to shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriate level (= Level to ensure financial soundness equivalent to AA rating)</td>
<td>186%</td>
</tr>
<tr>
<td></td>
<td>(End of Mar. 2020)</td>
</tr>
<tr>
<td></td>
<td>Identify the path to recovery to appropriate levels and, if necessary, consider measures to restore capital levels and reduce risk.</td>
</tr>
<tr>
<td></td>
<td>Work on an early recovery to an appropriate level</td>
</tr>
</tbody>
</table>

**Risk Portfolio**

- Domestic Non-Life Bus. (Underwriting)
- Domestic Non-Life Bus. (Investment: Strategic Equity)
- Domestic Non-Life Bus. (Investment: Others)
- Domestic Life Bus. (Underwriting)
- Domestic Life Bus. (Investment)
- International Business

**Integrated Risk Amount**

| End of Mar. 2019 | ¥2.3tn |
| End of Mar. 2020 | ¥2.4tn |

**ESR**

<table>
<thead>
<tr>
<th>Confidence level 99.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥4.6tn</td>
</tr>
<tr>
<td>¥2.3tn</td>
</tr>
</tbody>
</table>

**NAV**

| End of Mar. 2019 | ¥4.6tn |
| End of Dec. 2019 | ¥5.2tn |
| End of Mar. 2020 | ¥4.4tn |

**Impact of market price fluctuation on ESR**

| --- | --- | --- | --- |
| Nikkei Stock Average +30% | 186% | 198% | +12%
| Nikkei Stock Average -30% | 175% | 203% | +28%
| Domestic interest rate +0.5% | 156% | 192% | +32%
| Domestic interest rate -0.5% | 156% | 192% | +32%
| Weaker yen against all currencies 10% | 186% | 198% | +12%
| Stronger yen against all currencies 10% | 140% | 179% | +49% |

**Actual Market Data**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nikkei Stock Average</td>
<td>¥21,206</td>
<td>¥23,657</td>
<td>¥18,917</td>
<td>- ¥4,740</td>
</tr>
<tr>
<td>30-year JGB rate</td>
<td>0.51%</td>
<td>0.43%</td>
<td>0.43%</td>
<td>+0.00pp</td>
</tr>
<tr>
<td>USD/JPY</td>
<td>¥111</td>
<td>¥110</td>
<td>¥109</td>
<td>- ¥1</td>
</tr>
</tbody>
</table>

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

MS&AD Insurance Group Holdings, Inc.
Promotion of ESG Investments and Loans

- Enhance the system for expanding ESG investments and loans, and develop CSV activities through asset management.

Initiatives in Stage 1 of the Vision 2021

<table>
<thead>
<tr>
<th>FY2018</th>
<th>Investment in green bonds</th>
<th>Approx. ¥4.0 bn</th>
<th>MSI</th>
<th>ADI</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2018</td>
<td>Investment in ESG Japanese equity funds</td>
<td>¥5.5 bn</td>
<td>MSI</td>
<td></td>
</tr>
<tr>
<td>FY2018</td>
<td>Investments and loans related to renewable energy</td>
<td>¥5.0 bn</td>
<td>MSI</td>
<td></td>
</tr>
<tr>
<td>FY2018</td>
<td>Investment in social bonds</td>
<td>¥1.0 bn</td>
<td>MSA</td>
<td></td>
</tr>
<tr>
<td>FY2018</td>
<td>Investment in Industrialize Africa Bonds</td>
<td>Approx. ¥2.6 bn</td>
<td>MSI</td>
<td></td>
</tr>
<tr>
<td>FY2019</td>
<td>Investment in green bonds / social bonds</td>
<td>¥16.5 bn</td>
<td>MSI</td>
<td>ADI</td>
</tr>
<tr>
<td>FY2019</td>
<td>Investments and loans related to solar power, biomass power and wind power, etc.</td>
<td>¥14.7 bn</td>
<td>MSA</td>
<td>MSP</td>
</tr>
</tbody>
</table>

Initiatives in Stage 2

Integration into investment processes

- Building processes with ESG elements in mind.

Advancement of communication

- ESG elements are included in communication with investment destinations and contractors.

Expanding impact investment*

- Considering Group-wide efforts

* (Social) impact investment is an investment intended to impact society and the environment as well as monetary returns.

Source: GSG National Advisory Board

Stewardship Activities

Dialogues held (July 2018 to June 2019)

<table>
<thead>
<tr>
<th>MSI</th>
<th>ADI</th>
<th>Total (simple sum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>281</td>
<td>205</td>
<td>486</td>
</tr>
</tbody>
</table>

Examples of improvements made through dialogues with investee companies

- Shareholder return policy
  - In the previous year, an investee said that they prioritized the repayment of interest-bearing debt so the dividends were low, and that they would increase the dividends if the financial position improved. This year, the results improved significantly, and a dividend increase was announced when the results were announced. The dividend payout ratio exceeded our standard.

- Governance effectiveness
  - Last year, the attendance rate of outside directors living overseas was low, and actions for improvement, including video conferences, were confirmed. This year, the shareholders' meeting convocation notice confirmed an improvement in the attendance rate of the outside directors (attendance rate of 100%).

- Medium-term management strategies
  - We held dialogues with companies in industries where growth in the domestic market is expected to slow in the medium term and exchanged opinions on future management strategies. We confirmed policies, including improving the profit margin by promoting sales of high-value-added products in Japan and accelerating the attainment of new customers by improving the visibility of products and brands overseas.

- ESG initiatives
  - We held dialogues with companies that are promoting ESG initiatives and exchanged opinions. We confirmed that they are implementing many different initiatives. A company has appointed experienced human resources from different fields as outside directors and increased the ratio of outside directors to one third. Another company has created a good work environment for women, actively incorporating the perspectives of women.

Results of exercising our voting rights (July 2018 to June 2019)

<table>
<thead>
<tr>
<th>MSI</th>
<th>ADI</th>
<th>Total (simple sum)</th>
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</thead>
<tbody>
<tr>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
</tbody>
</table>

Examples of proposals rejected through exercising voting rights

- Surplus appropriation plan (low payout ratio of the last dividend)
  - Results were strong and retained earnings were sufficient. The payout ratio, however, was below the Company’s standard. We confirmed the shareholder return policy through dialogues. The awareness of shareholder returns was weak, and we determined that the possibility of improving the payout ratio was low. (Disagreed)

- Proposed appointment of directors (absence of outside director)
  - We explained the importance of outside directors and requested the appointment of candidates through past dialogues, but a candidate for outside director was not selected, the same as in the previous year. (Disagreed)

- Proposed appointment of directors (concern over governance)
  - We decided that there is concern over governance in certain unprofitable operations and checked the effectiveness of the management’s business strategies and governance reform through dialogues and other means. We did not find sufficient reasonableness. (Disagreed)
Candidate for Newly Appointed Outside Director

Rochelle Kopp

- Professor at the University of Kitakyushu (Management Strategy, Personnel Management, etc.)
- Experience working at Japanese banks
- Extensive knowledge and experience in Japan and the United States as a management consultant
- Extensive knowledge of cross-cultural communication

Rochelle Kopp is a candidate for outside director who will appear on the agenda of the 12th Annual Shareholders Meeting (to be held on June 25, 2020)

Selection Process of a Candidate for Newly Appointed Outside Director

- In light of the selection standards for director candidates, we decided to pursue nominations that would take diversity into account

October 2019 Nomination Committee
The committee developed the following image of the ideal candidate:
(1) A female candidate of foreign nationality who has business experience
(2) A person familiar with cross-cultural communication

December 2019 Nomination Committee
Narrowing down of candidates

January 2020 Nomination Committee
Conducted interviews and determined the final candidate

February 2020: Nomination Committee
Provisionally selected the final candidate

February 28, 2020
Publicly announced the candidate

Note: Rochelle Kopp is a candidate for outside director who will appear on the agenda of the 12th Annual Shareholders Meeting (to be held on June 25, 2020)

Corporate Governance

- In order to become a world-leading insurance and financial services group, we plan to appoint the first foreign female director of MS&AD Insurance Group Holdings.

Diverse Human Assets - Sports Promotion

- A variety of human assets, including nationality, gender, and handicap, are the asset of the Group's corporate value.
- Contributing to the revitalization of local communities and the realization of an inclusive society through the promotion of sports.

Our employees, who are active athletes in the sports world, balance work and competition.
V. Shareholder Return

Shareholder Return Policy

- For FY2019, the annual dividend is planned to rise by ¥10 to ¥150. In addition, share buybacks of up to ¥15 billion are planned.
- For FY2020, the annual dividend is forecast not to change ¥150 in order to provide stable dividends despite the uncertain business environment.

Shareholder Return Policy

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> Repurchase own shares flexibly, and as opportunities arise, with due consideration paid to market conditions and the state of capital.

Shareholder Return Forecast for FY2019

- <Dividends>
  FY2019: The annual dividend is planned at ¥150 (up ¥10 from the previous year)
  FY2020: The annual dividend is forecast at ¥150

- <Share buybacks>
  FY2019: Following the ¥20.0 billion share buyback determined on November 19 2019,
  Share buybacks of ¥15.0 billion maximum will be implemented (determined on May 20, 2020).

* Please see p. 84 for the calculation method of Group Adjusted Profit.
### EPS and Total Shareholder Return per Share

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

#### Changes in Total Shareholder Return per share, Group Core Profit/Group Adjusted Profit and EPS

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<tr>
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<tbody>
<tr>
<td>DPS</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>193.3</td>
<td>207.8</td>
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<tr>
<td>Return through purchase of own shares per share</td>
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</tr>
<tr>
<td>Group Core Profit per share</td>
<td>54</td>
<td>54</td>
<td>54</td>
<td>56</td>
<td>65</td>
<td>90</td>
<td>120</td>
<td>130</td>
<td>140</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Group Adjusted Profit per share</td>
<td>54</td>
<td>54</td>
<td>54</td>
<td>56</td>
<td>65</td>
<td>90</td>
<td>120</td>
<td>130</td>
<td>140</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>EPS</td>
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(Fiscal Year)

### Past Shareholder Returns

#### Total Shareholder returns (as of May 20, 2020)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Group Adjusted Profit*1</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>189.8</td>
<td>921.0</td>
<td>233.1</td>
<td>180.0</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>113.7</td>
<td>626.6</td>
<td>120.8</td>
<td>-</td>
</tr>
<tr>
<td>Shareholder return ratio*1</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>60%</td>
<td>68%</td>
<td>52%</td>
<td>-</td>
</tr>
<tr>
<td>DOE*2</td>
<td>-</td>
<td>2.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Returns per share (yen)</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>193.3</td>
<td>-</td>
<td>207.8</td>
<td>-</td>
</tr>
</tbody>
</table>

(Fiscal Year)

*1 Figures until FY2017 are Group Core Profit. Please refer to p.84 for the method of calculating the single-year shareholder return ratio.

*2 DOE: Dividend on equity = Annual dividend (interim dividend, year-end dividend, etc.) / Net assets
Impact of Domestic and Overseas Natural Catastrophes

- Incurred losses of domestic natural catastrophes decreased by ¥80.3 billion year-on-year to ¥130.5 billion due to the large impact of Typhoon "Jebi" (No. 21) happened in the previous year.
- Incurred losses of overseas natural catastrophes decreased by ¥54.6 billion year-on-year to ¥19.7 billion due to the multiple powerful hurricanes and wildfires in California happened in the previous year.

### Impact of domestic natural catastrophes

<table>
<thead>
<tr>
<th>Impact of domestic natural catastrophe</th>
<th>Incurred Loss (¥bn)</th>
<th>Reference</th>
<th>FY2019 Estimated final amount (¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2018 Results</td>
<td>FY2019 Results</td>
<td>YoY Change</td>
</tr>
<tr>
<td>Mitsui Sumitomo Insurance</td>
<td>108.9</td>
<td>71.1</td>
<td>-37.8</td>
</tr>
<tr>
<td>Aioi Nissay Dowa Insurance</td>
<td>101.8</td>
<td>59.4</td>
<td>-42.4</td>
</tr>
<tr>
<td>Total</td>
<td>210.8</td>
<td>130.5</td>
<td>-80.3</td>
</tr>
</tbody>
</table>

### Balance of natural catastrophe reserve

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Mitsui Sumitomo Insurance</td>
<td>89.0</td>
<td>52.4</td>
<td>63.2</td>
<td>99.8</td>
</tr>
<tr>
<td>Aioi Nissay Dowa Insurance</td>
<td>74.9</td>
<td>42.5</td>
<td>53.4</td>
<td>85.8</td>
</tr>
<tr>
<td>Total</td>
<td>163.9</td>
<td>94.9</td>
<td>116.6</td>
<td>185.7</td>
</tr>
</tbody>
</table>

### Impact of overseas natural catastrophes※

<table>
<thead>
<tr>
<th>Impact of overseas natural catastrophes</th>
<th>Incurred Loss (¥bn)</th>
<th>Reference</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2018 Results</td>
<td>FY2019 Results</td>
<td>YoY Change</td>
</tr>
<tr>
<td>Aioi Nissay Dowa Insurance</td>
<td>24.5</td>
<td>8.4</td>
<td>-16.0</td>
</tr>
<tr>
<td>MS Amlin</td>
<td>49.9</td>
<td>11.2</td>
<td>-38.6</td>
</tr>
<tr>
<td>Total</td>
<td>74.4</td>
<td>19.7</td>
<td>-54.6</td>
</tr>
</tbody>
</table>

※Overseas natural catastrophes for the above two companies only
Overall Situation: Premium Income

- Consolidated net premiums written increased by ¥73.3 billion year-on-year to ¥3,573.7 billion in FY2019 due to an increase in revenues at domestic non-life insurance subsidiaries, despite a decrease in revenues at overseas subsidiaries.
- Life insurance premiums decreased ¥343.1 billion year on year, to ¥943.7 billion.

Non-Life Insurance:
Consolidated Net Premiums Written*  

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>¥2,809.5</td>
<td>¥2,940.7</td>
<td>¥3,078.9</td>
<td>¥3,406.9</td>
<td>¥3,446.9</td>
<td>¥3,500.4</td>
<td>¥3,573.7</td>
<td>¥3,400.0</td>
</tr>
</tbody>
</table>

Life Insurance:
Consolidated Life Insurance Premiums  

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>¥678.9</td>
<td>¥721.7</td>
<td>¥1,356.3</td>
<td>¥1,253.1</td>
<td>¥1,058.2</td>
<td>¥1,286.8</td>
<td>¥943.7</td>
<td>¥600.0</td>
</tr>
</tbody>
</table>

* 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)

- Net income for FY2019 was ¥143.0 billion which was decreased by ¥49.6 billion year-on-year. The domestic non-life insurance business suffered a significant decrease in income due to a decrease in underwriting profits and investment profits. Net income for overseas subsidiaries increased due to MS Amlin becoming profitable.

Consolidated Ordinary Profit, Net Income and ROE

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>¥190.2</td>
<td>¥136.2</td>
<td>¥181.5</td>
<td>¥210.4</td>
<td>¥211.5</td>
<td>¥154.0</td>
<td>¥192.7</td>
<td>¥170.0</td>
</tr>
<tr>
<td>ROE</td>
<td>4.4%</td>
<td>5.2%</td>
<td>6.4%</td>
<td>7.8%</td>
<td>5.5%</td>
<td>6.8%</td>
<td>5.5%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

MS&AD Insurance Group Holdings, Inc.
Impact of 5% JPY appreciation on profits

<table>
<thead>
<tr>
<th>Impact on net income</th>
<th>decrease by approx. ¥1.0 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Decrease in profits of overseas subsidiaries</td>
<td>decrease by approx. ¥0.5 billion</td>
</tr>
<tr>
<td>✓ Domestic non-life insurance subsidiaries</td>
<td>increase by approx. ¥1.0 billion</td>
</tr>
</tbody>
</table>

Decrease in claims reserve in foreign currency
Change in valuation of foreign currency deposits and exchange gain/loss on currency hedge positions, etc.

✓ Decrease of amortization of goodwill and others in foreign currency | increase by approx. ¥1.0 billion |

✓ Decrease of profit margin of domestic life insurance subsidiaries, etc. | decrease by approx. ¥2.5 billion |

The impact on Group Adjusted Profit is a decrease of approx. ¥2.0 billion excluding a decrease of amortization of goodwill and others in foreign currency

Impact of 0.1% rise in JPY interest rate on profits

<table>
<thead>
<tr>
<th>Impact on net income and Group Adjusted Profit</th>
<th>increase by approx. ¥0.4 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Increase in interest for new investment bonds/loans</td>
<td>increase by approx. ¥0.4 billion</td>
</tr>
</tbody>
</table>

The impact on earnings forecast for FY2020

Stock Price Related Indices

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Net Income (¥bn)</td>
<td>5.4</td>
<td>-169.4</td>
<td>83.6</td>
<td>93.4</td>
<td>136.2</td>
<td>181.5</td>
<td>210.4</td>
<td>154.0</td>
<td>192.7</td>
<td>143.0</td>
</tr>
<tr>
<td>Earnings per share (EPS) (¥)</td>
<td>8.68</td>
<td>-272.49</td>
<td>134.46</td>
<td>150.58</td>
<td>221.34</td>
<td>298.72</td>
<td>350.94</td>
<td>260.04</td>
<td>328.72</td>
<td>248.36</td>
</tr>
<tr>
<td>Stock price (closing price) (¥)</td>
<td>1,894</td>
<td>1,699</td>
<td>2,066</td>
<td>2,364</td>
<td>3,370</td>
<td>3,136</td>
<td>3,540</td>
<td>3,355</td>
<td>3,370</td>
<td>3,025</td>
</tr>
<tr>
<td>Rate of change*1</td>
<td>-27.0%</td>
<td>-10.3%</td>
<td>21.6%</td>
<td>14.4%</td>
<td>42.6%</td>
<td>-6.9%</td>
<td>12.9%</td>
<td>-5.2%</td>
<td>0.4%</td>
<td>-10.2%</td>
</tr>
<tr>
<td>(For reference) TOPIX Rate of change*1</td>
<td>-11.2%</td>
<td>-1.7%</td>
<td>21.1%</td>
<td>16.3%</td>
<td>28.3%</td>
<td>-12.7%</td>
<td>12.3%</td>
<td>13.5%</td>
<td>-7.3%</td>
<td>-11.8%</td>
</tr>
<tr>
<td>Book-value per share (BPS) (¥)</td>
<td>2,597.19</td>
<td>2,400.48</td>
<td>3,215.33</td>
<td>3,646.22</td>
<td>4,911.40</td>
<td>4,469.58</td>
<td>4,572.82</td>
<td>4,964.64</td>
<td>4,712.11</td>
<td>4,308.37</td>
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<tr>
<td>Price book-value ratio (PBR)</td>
<td>0.73</td>
<td>0.71</td>
<td>0.64</td>
<td>0.65</td>
<td>0.69</td>
<td>0.70</td>
<td>0.77</td>
<td>0.68</td>
<td>0.72</td>
<td>0.70</td>
</tr>
<tr>
<td>Price earnings ratio</td>
<td>218.20</td>
<td>—</td>
<td>15.36</td>
<td>15.70</td>
<td>15.23</td>
<td>10.50</td>
<td>10.08</td>
<td>12.90</td>
<td>10.25</td>
<td>12.18</td>
</tr>
</tbody>
</table>

* Rate of change is a percentage change from the end of the previous fiscal year.
Calculation Methods of “Group Adjusted Profit”, “Group Adjusted ROE”, “Shareholder Return Ratio” and “Adjusted Net Assets”

**Group Adjusted Profit**

\[
\text{Group Adjusted Profit} = \text{Consolidated Net Income} + \text{Provision}^1 \text{ for Catastrophe Loss Reserve and Others}^2 - \text{Other Incidental Factors}^3 + \text{Equity in Earnings of the non-consolidated Group Companies}
\]

* Each adjustment amount is on an after-tax basis
*1 Subtraction in case of reversal
*2 Catastrophe reserves, contingency reserves and reserve for price fluctuation of domestic non-life insurance business and MSA Life
*3 Excluding non-controlling interests and stock acquisition rights

**Group Adjusted ROE**

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

**Adjusted Net Assets**

\[
\text{Adjusted Net Assets} = \text{Consolidated Net Assets}^3 + \text{Catastrophe Loss Reserve and Others}^4 - \text{Goodwill and Other Intangible Fixed Assets}
\]

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

**Shareholder Return Ratio**

\[
\text{Shareholder Return Ratio} = \frac{\text{Group Adjusted Profit of the current fiscal year}}{\text{Group Adjusted Profit}} + \text{Value of share buybacks determined by the day of the annual general meeting of shareholders in the next fiscal year}
\]

Dividends for the current fiscal year (To be paid in December of the year and in June of the next year)

MS&AD Insurance Group Holdings, Inc.