

International Business

Aspirations

Growth in the domestic non-life insurance business is expected to slow over the medium to long term due to a falling birth rate and aging population, therefore increasing revenue in the international business is increasingly important for the growth of the Group. On the other hand, due to various changes in the environment, including changes in

lifestyle due to technological innovations, new risks and associated insurance needs are emerging globally. In this business environment, we will provide products and services that meet the insurance needs of international and local communities and customers, and thus drive the sustainable growth of the Group.

Business Environment

Market position

In addition to underwriting risks globally in the Lloyd's and reinsurance businesses, we are expanding our businesses in regions around the world, including the Americas, Europe, and Asia, and in FY2023, this business grew to a scale of ¥1,620.3 billion in net premiums written (non-life only) and ¥139.5 billion in Group adjusted profit. In Asia, we have deployed comprehensive sales targeting corporate and retail customers and have achieved the No. 1 position in the ASEAN market in terms of gross written premiums.

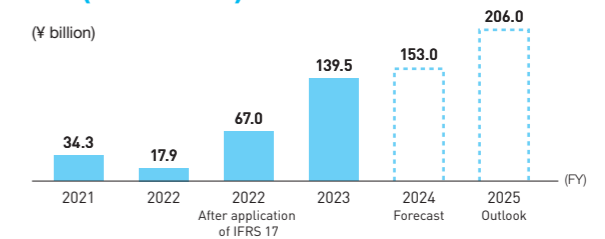
Understanding of the environment	
Uncertainty in the business environment	Business opportunities from environmental changes
<p>Increasing severity and frequency of natural disasters and climate change</p> <p>International conflicts and geopolitical risks</p> <p>International economic and financial conditions</p> <p>International accounting and tax standards and solvency regulations</p> <p>Regulations of insurance authorities in each country</p> <p>(Re)insurance market premium rate cycle (hardening and softening)</p> <p>Competitive environment in the insurance and financial industries, etc.</p>	<p>Hardening of the insurance market as a whole</p> <p>Post-COVID-19 economic recovery</p> <p>Recovery of the asset management environment</p> <p>Economic growth in emerging countries, particularly in Asia</p> <p>Responding to diverse social changes and issues, etc. (e.g., decarbonization, poverty, digitalization of lifestyles, cyber risk)</p>

Characteristics by business and region	
Lloyd's and reinsurance	Strength in underwriting global risks in the Lloyd's and reinsurance markets by utilizing our expertise.
Americas	Reorganized the business structure in 2023 to move from our businesses centered on Japanese companies toward a full-scale entry into local markets.
Europe	Strength in insurance mainly for local companies in major countries in continental Europe, such as Germany and France.
Asia	We are the only non-life insurance group providing direct insurance in 10 ASEAN countries, and we are No. 1 in the region in terms of gross written premiums. Strengths include our strong relationships with conglomerate groups in various countries and the presence of the MSIG brand.
Toyota retail	Providing voluntary automobile insurance and related products at automobile dealers in cooperation with the Toyota Group, mainly in Europe, Australia, China, and Thailand.
ADI Head Office reinsurance	Generating earnings from integrated ceding and reinsurance operations with selected partner reinsurers.
International Life Insurance Business	Capturing growth in the life insurance market by partnering with leading Asian conglomerates that own banks, etc. In addition to having a low risk correlation with non-life insurance, this business generates stable earnings with little capital.

Progress of the Medium-Term Management Plan (2022–2025)

Group adjusted profit

In FY2023, the international business generated Group adjusted profit of ¥139.5 billion, a record high. It also accounted for approximately 37% of total Group adjusted profit. We will continue to expand our earnings and grow this business into a core business alongside the domestic non-life insurance business.



Recovery of profitability in the Lloyd's and reinsurance businesses

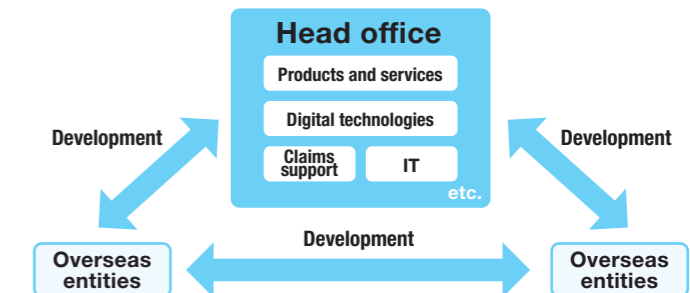
These businesses contributed significantly to record high profits in the international business thanks to notable improvements in profitability, including reducing volatility through management and control of catastrophe risk (e.g., hurricanes in North America), portfolio replacements that comply with underwriting discipline, and increasing premium rates to take advantage of the opportunity presented by market hardening. We aim to continue to expand our business and improve profitability by utilizing our strengthened business foundation and market presence.

Growth of regional businesses

In our Asian business, we will solidify our position as the No. 1 non-life insurer in the ASEAN region in terms of gross written premiums, while also steadily strengthening our business foundations outside the ASEAN region. We are strengthening our DX platform and expanding transactions with platform providers to capture the business of the growing middle-income class. In the Americas business, we acquired Transverse Insurance Group, LLC, in January 2023 and reorganized our business structure, thus strengthening our business foundations for full-scale entry into the local U.S. market.

Pursuit of the Group's comprehensive strengths

We are promoting the "TENKAI Project," which aims to accelerate the expansion of the Group's corporate value and sustainable growth through sharing and implementation of the knowledge and expertise of entities in Japan and overseas among each Group company and demonstrating Group synergies. We are accumulating results mainly in domains where we can expect significant effects, such as DX, CX, IT, asset management, and underwriting and reinsurance.



Value creation (CSV×DX)

In line with the trend toward digital purchasing of products and services, we have been successful in our efforts across the Asia region to offer insurance through various digital platforms used by consumers.

Results of initiatives	Partners	Main industries	Products offered
<p>Gross written premiums (2023) Approx. ¥5.5 billion ↑ 1,238% (compared with 2021)</p> <p>Insurance underwriting profit (2023) Approx. ¥0.5 billion ↑ 1,375% (compared with 2021)</p>	<p>Singapore, Vietnam, Philippines, Indonesia, Thailand, and other Asian countries</p> <p>More than 40 companies</p>	<p>Aviation and travel</p> <p>Financial services business</p> <p>e-commerce etc.</p>	<p>Travel insurance</p> <p>Compensation for household goods</p> <p>Smartphone compensation etc.</p>

Entities in Asia collaborate with each other to develop platform providers and offer products across the region

Initiatives by major international business

Lloyd's and reinsurance businesses

- MS Amlin Underwriting Limited (hereinafter "AUL"), a major Lloyd's syndicate, and MS Amlin AG (brand name: MS Reinsurance, hereinafter "MS Re"), a reinsurance company based in Bermuda and Switzerland, provide insurance services to customers that take advantage of their respective unique characteristics, and they play a central role in the Group's international business in terms of generating earnings. Furthermore, Mitsui Sumitomo Insurance Company (Europe), Limited (brand name: MSIG UK), a direct insurance company in the United Kingdom, is also included in this business segment.

1. AUL

- Lloyd's, where AUL conducts business, is an insurance market with licenses that can be underwritten from about 200 countries and regions, attracts highly specialized underwriting risks from all over the world, and has become a center of expertise in insurance underwriting and human assets.
- AUL is one of Lloyd's top 10 largest insurers (2023) and has built a portfolio of highly profitable lines. We will continue focusing on expanding the scale of this business and improving profitability.

2. MS Re

- We have bases in major reinsurance markets around the world and will develop markets with a different approach from the direct insurance business, such as building medium- to long-term relationships of trust with our customers, namely direct insurance companies.
- We will further accelerate our growth by leveraging our increased competitiveness resulting from the penetration of the MS Reinsurance brand, which we have been using since 2022, as well as our high credit rating (A+ by AM Best and S&P Global).



AUL



MS Re Zurich



MS Re Bermuda

Americas business

- We have bases in North America and Latin America and engage in the non-life insurance business.
- In the United States, the world's largest insurance market, we have previously focused mainly on Japanese companies in our business, but we are also making full-scale inroads into the local market. We acquired Transverse Insurance Group, LLC, a leading fronting company in the U.S. MGA¹ market, in January 2023. Together with MSIG USA², these two companies will accelerate profit growth and the diversification of revenue sources in the United States.
- We will also consider business investments in specialty insurance companies that have low correlation with catastrophe risk, high specialization, and stable profitability.

¹ MGA: Managing General Agent. A company entrusted with authority by insurance companies, which performs operations including underwriting, reinsurance arrangements, and claims appraisal

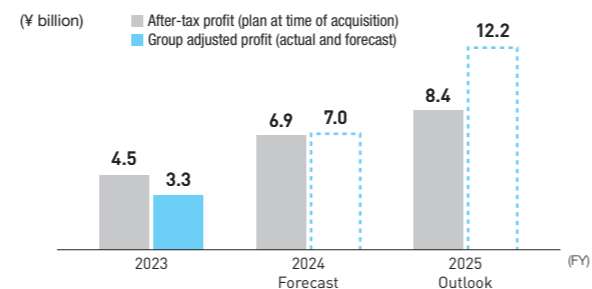
² Brand name used by Mitsui Sumitomo Marine Management (U.S.A.), Inc., for its full-scale entry into the local market

New business structure in the United States

MSIG USA	<ul style="list-style-type: none"> Strengthen the profitability of business focusing on Japanese companies Began entry to local business through partnerships with AMWINS and major brokers
MS Transverse	<ul style="list-style-type: none"> Expand business opportunities with MGA Capture local business as a fronting company

MS Transverse business expansion

Although there was a delay due to the impact of the hardening of the reinsurance market, we expect growth to exceed our plan at the time of acquisition from 2024 onward

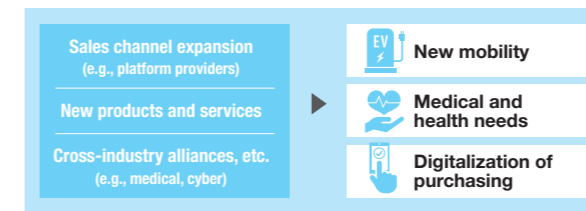


Asia business

- Our strength is our broad business foundations covering the ASEAN region, India, China, etc.
- We will focus on expansion in the retail market, which has significant potential for growth, by working to diversify sales channels in response to changes in society and consumers, and by strengthening cooperation with platform providers and other companies.
- We will also consider opportunities for business alliances and business investments that will speed up the process of capturing revenue opportunities.

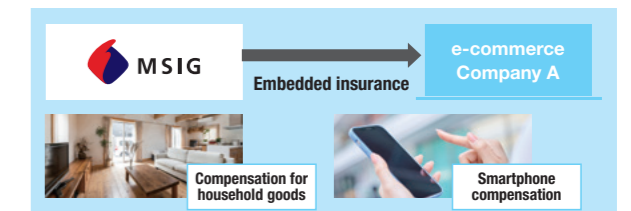
Main initiatives

We will achieve dramatic growth in our retail business by accessing a combination of "population × high growth × changes in society and consumers" through "sales channel expansion × product development × cross-industry alliances, etc."



Diversification of sales channels (e.g., platform providers)

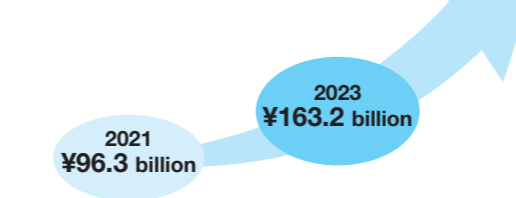
Streamlining existing sales channels such as agents, while expanding collaboration with platform providers, etc. (The following is an example of a new sales method.)



Toyota retail business and international telematics business

- We provide voluntary automobile insurance and related products through Toyota/Lexus dealers in 39 countries and regions around the world, and net premiums written are steadily increasing thanks to an increase in the number of new vehicles sold and an increase in the coverage ratio.
- We offer telematics voluntary automobile insurance in 13 countries. We will also further accelerate the development and deployment of cutting-edge connected mobility insurance.

Trend in net premiums written



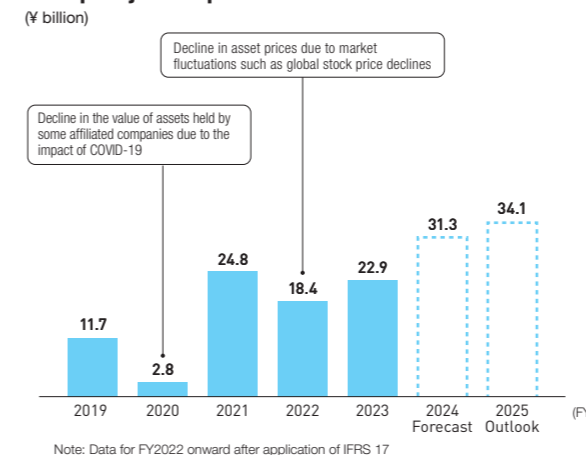
Telematics automobile insurance (example)

PHYD (Pay How You Drive)
We obtain and analyze driving behavior data related to emergency braking, sudden acceleration, fast cornering, etc., and calculate insurance premiums based on driving characteristics

International life insurance business

- We will capture growth in the Asian life insurance market by collaborating with partners such as state-owned companies and major conglomerates that have banks and other sales channels, mainly in China and India, which have huge populations. We will work to increase profits and corporate value.
- In the United Kingdom and Australia, we aim to achieve stable growth in corporate value and cash flows by investing in market leaders.

Group adjusted profit



Growth of the life insurance market

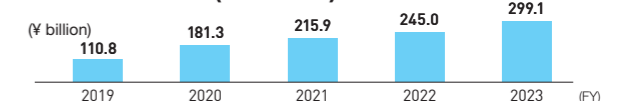
Life insurance market	Partners
China, India, Malaysia, Indonesia: Expected to grow at an annual average rate of 10.7% through 2031 ¹	
Australia (annuity insurance business): Expected to grow at an annual average rate of 5.1% through 2041 ²	
UK (annuity and asset formation business): Huge market of GBP3 trillion growing at GBP150 billion/year ³	

¹ Source: Allianz Insurance Report 2021

² Source: Australian annuity system (Superannuation) market scale (calculated from Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041)

³ Source: Phoenix IR data

Transition of EV (our share)⁴



⁴ Total of sites under the jurisdiction of the Life Insurance Department in Asia, which calculates EV. Calculated by multiplying the local year-end EV by the exchange rate at the end of each period

Financial Services Business

Progress of the Medium-Term Management Plan (2022–2025)

Based on social issues, changes in the environment, and customer needs, we aim to provide a variety of products and services that are independent of insurance and contribute to profits in a stable manner by utilizing the Group's comprehensive capabilities, including domestic sales and overseas entities.

Areas to focus on We focus on the following three areas where we can expect market growth and improvements in our corporate brand value



*Insurance-linked securities: Collective term for securitization products that transfer natural catastrophe risks and other insurance risks to the capital markets

Examples of initiatives

Venture capital

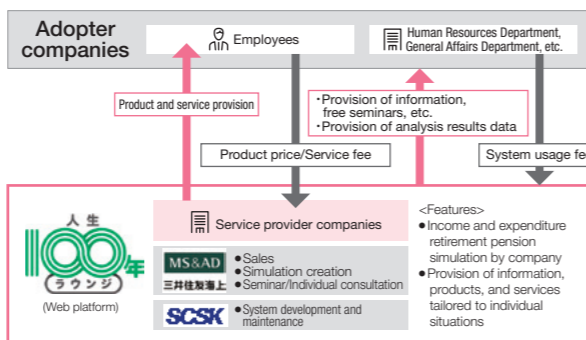
- Through MS&AD Ventures (p. 56) and MITSUI SUMITOMO INSURANCE Capital, we invest in start-ups in Japan and overseas, including AI, healthcare, and IT businesses that are expected to grow rapidly from the perspective of innovation, uniqueness, and forward-looking policy.
- At MITSUI SUMITOMO INSURANCE Capital, we are actively promoting initiatives such as sales expansion support for investee companies and business matching between investee companies utilizing the Mitsui Sumitomo Insurance network. We are also strengthening synergies with Group companies such as Mitsui Sumitomo Aioi Life Insurance and MS&AD InterRisk Research & Consulting. In FY2023, we invested approximately ¥4.2 billion, mainly in IT services, food tech, and healthcare companies in Japan and overseas.

funds managed by Leadenhall Capital Partners LLP, a U.K. subsidiary. We have worked to strengthen our insurance-linked securities business by improving our proposal capabilities and expanding our product lineup.

Financial services for individuals

- In FY2022, Mitsui Sumitomo Insurance began selling a new service called "100-year Life Lounge," which simulates the lifetime earnings and expenditures of employees and supports asset building to supplement employee benefits. We are constantly adding options within these services, including asset-building robot advisors and family budgeting, with an eye on the 100-year life span era. We also developed an app for smartphones to improve customer convenience, which we released in FY2023.

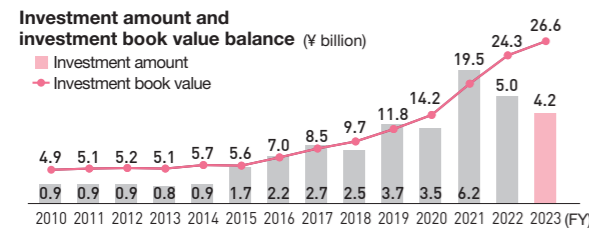
(Reference: <https://www.ms-ins.com/business/100nenlounge/>)



Defined Contribution Pension

- Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are strengthening services related to the system introduction of corporate defined contribution pension plans for which the market is growing and are working to popularize individual-type defined contribution pension plans (iDeCo), which are facing increasing social demands due to the falling birth rate and aging population. For corporate defined contribution pension plans, we strengthened our ability to offer proposals to SMEs. For individual-type defined contribution pension plans, we expanded our sales channels and improved operational efficiency such as cost reductions.

*ART: Alternative Risk Transfer. Among risk-handling methods, a method that uses financial technologies other than insurance.



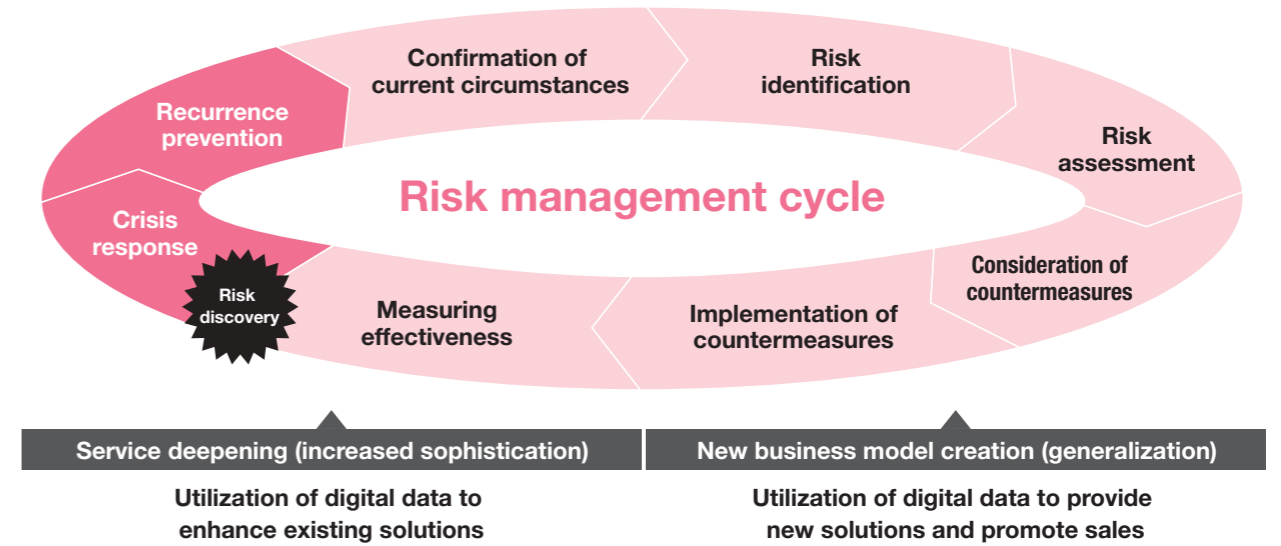
ART*

- Mitsui Sumitomo Insurance is expanding its product lineup and strengthening its proposition capabilities, focusing on the sale of weather derivatives to reduce economic losses caused by natural disasters and extreme weather events, thereby meeting the diverse needs of customers. We are focusing on the development and sales of new products such as "Typhoon Yojin," a weather derivative to hedge business losses caused by typhoons.
- We are also working to provide weather risk solutions overseas through our U.S. subsidiary, MSI Guaranteed Weather, LLC., and we have recently been selling weather index insurance in Australia.
- Mitsui Sumitomo Insurance provides investment advisory services for the CAT bond funds managed by Sumitomo Mitsui DS Asset Management Company, an equity-method affiliate, and solicits domestic institutional investors for the

Digital and Risk Related Services Business

Progress of the Medium-Term Management Plan (2022–2025)

Create new services and business opportunities using digital technologies and data before and after coverage and protection, with MS&AD InterRisk Research & Consulting (hereinafter "MS&AD InterRisk Research") leading the Group as a "Platform Provider of Risk Solutions."



Case studies

RM NAVI

At MS&AD InterRisk Research, we have released "RM NAVI," which provides access to the latest information on risk management. By registering as a free member, users can obtain reports in a timely manner, engage with consultants, use digital solutions, and access other services that can be guided and provided from the viewpoint of an e-commerce website. We support our customers' businesses as a compass for risk management.



Cyber Risk Finder

For midsized and small companies, we provide services such as diagnosis and monitoring of the vulnerabilities most commonly used in ransomware attacks, based solely on the domain of the e-mail address (the part after the @ mark) and basic company information such as the company name. We provide urgent notifications to quickly address particularly dangerous vulnerabilities, and customers can use our security support services for technical assistance.



Flood Risk Finder

This is an online service that can be used for everything from flood risk analysis to future climate change impact analysis for the entire world. By simply registering their company's or supplier's location information, users can check forecasts of flood depth and frequency changes on a map and download them as data.



Other businesses

Assistance services

MS&AD GRAND ASSISTANCE Co., Ltd., provides high-quality services in a wide range of areas, including road assistance, house support, international travel assistance, and emergency alarm response.

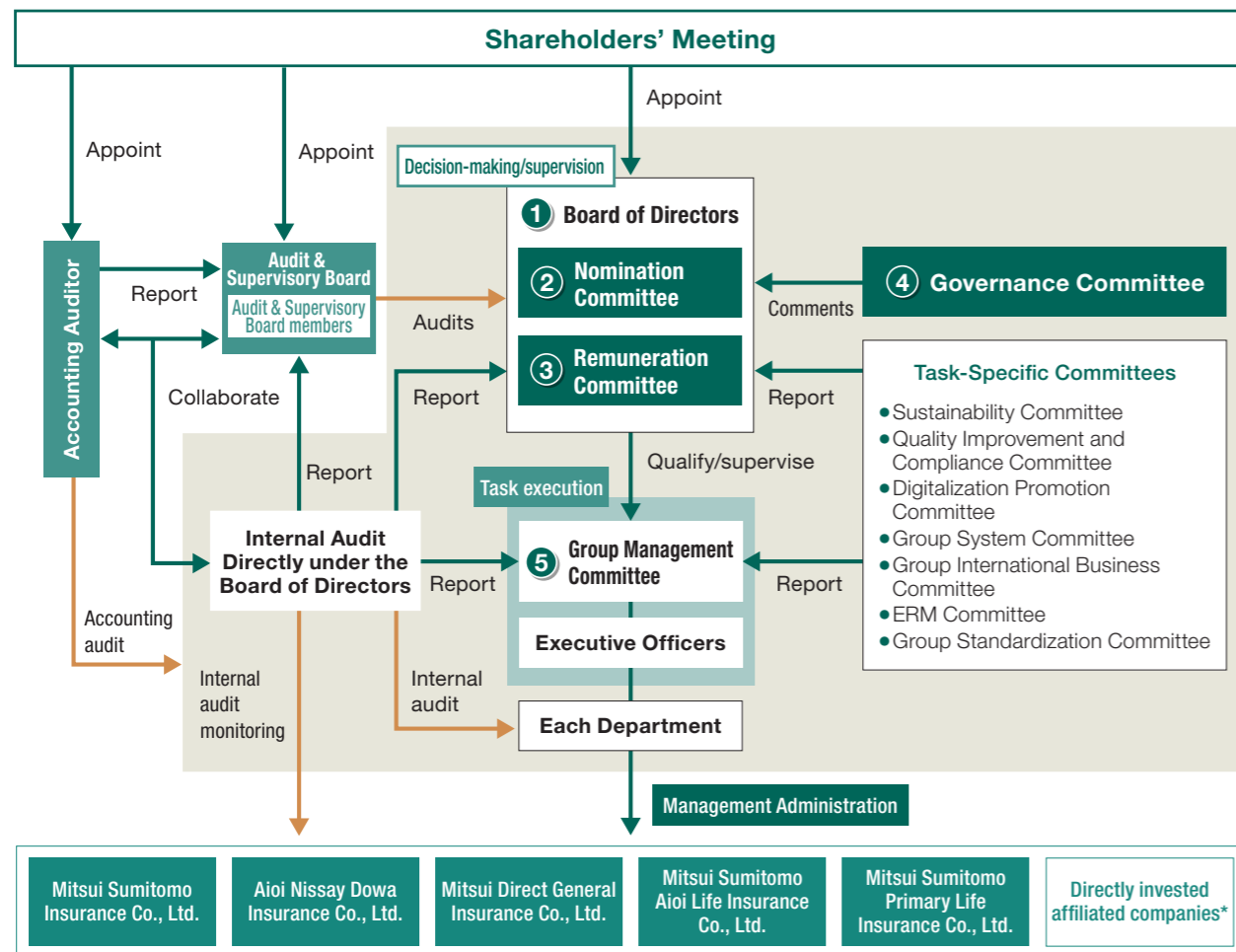


Corporate Governance System and Initiatives

Corporate Governance System

As a company with a board of auditors, the Company shall ensure that the Board of Directors appropriately performs its supervisory functions and that the independent Audit & Supervisory Board members appropriately perform their auditing functions. In strengthening this dual functionality, we actively practice information disclosure in our efforts to heighten governance. The Company has established the Nomination Committee and the Remuneration Committee (for both committees, more than half the members, as well as the committee chairperson, are Outside Directors) within the Board of Directors and the Governance Committee (the committee is chaired by an Outside Director and consists of all Outside Directors, the Chairman of the Board, the Vice Chairman of the Board and the President of the Board). We are fortifying our stance on corporate governance that is highly effective and transparent.

MS&AD Insurance Group Holdings, Inc. (as of July 1, 2024)



*Related operating companies consist of the following eight: MS&AD InterRisk Research & Consulting, MS&AD Business Support, MS&AD Staffing Service, MS&AD Systems, MS&AD Business Service, MS&AD GRAND ASSISTANCE, MS&AD ABILITYWORKS, and MS&AD Ventures.
Note: Committees boxed in indicate those under the scope of supervision of the Board of Directors.

1 Board of Directors

As the ultimate decision-making authority for Group management, the Board of Directors deliberates and decides upon matters of importance for Group management and supervises the execution of duties performed by directors, executive officers, and others.
Chairperson: Noriyuki Hara
Internal: Eight members Outside: Seven members / FY2023 meetings held 12 times (excluding board meetings held on paper)
Attendance rate 100%

2 Nomination Committee

Upon the delegation of the Board of Directors, the committee offers advice to the Board of Directors concerning the nomination policy and nomination of candidates for Directors and Audit & Supervisory Board Members; the nomination, promotions, dismissals, and disciplinary actions pertaining to Executive Officers; and the nomination, dismissals, etc., of Directors and Audit & Supervisory Board Members of the Group's domestic insurance companies.
Chairperson: Rochelle Kopp (Outside Director)
Internal: Three members Outside: Five members / FY2023 meetings held five times
Attendance rate 100%

3 Remuneration Committee

Upon the delegation of the Board of Directors, the committee offers advice to the Board of Directors concerning policy for determining remuneration for Directors and Executive Officers, remuneration amount, limits on total remuneration for Directors, and policy for determining Executive Officer remuneration, etc., for the Group's domestic insurance companies.
Chairperson: Mariko Bando (Outside Director)
Internal: Three members Outside: Five members / FY2023 meetings held one time
Attendance rate 100%

5 Group Management Committee

The Group Management Committee discusses important matters pertaining to management policy and strategy, and management of the Company and the Group. It also deliberates on important matters of the Group's domestic insurance companies.
Chairperson: Shinichiro Funabiki
Members: Executive Officers, President of Mitsui Direct General Insurance, President of Mitsui Sumitomo Aioi Life Insurance, President of Mitsui Sumitomo Primary Life Insurance, two Audit & Supervisory Board Members / FY2023 meetings held 12 times
Attendance rate 100%

4 Governance Committee

In the Governance Committee, Outside Directors consult with the Chairperson, Vice Chairperson, and President on matters pertaining to the status of corporate governance, as well as policies and positions, and make comments to the Board of Directors on an as-needed basis.
Chairperson: Junichi Tobimatsu (Outside Director)
Internal: Three members Outside: Five members / FY2023 meetings held two times
Attendance rate 100%

Task-Specific Committee Approach to Value Creation

Task-specific committees have been established with the objective of holding discussions about important matters of Company management associated with the execution of tasks, and they work to bring the opinions of relevant departments into mutual alignment. The results of the committees' discussions are on an as-needed basis summarized by the officer in charge and reported to the Group Management Committee, the Board of Directors, and others.

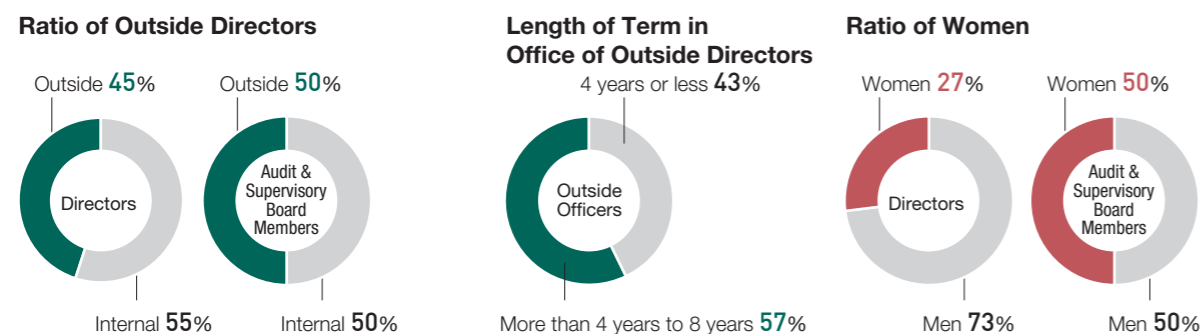
Task-Specific Committee Overview

Committee	FY2024 structure									FY2023 initiatives	
	Administrator	Committee members								Number of times held	Main agenda Items
		Chairperson	Vice Chairperson	President	Vice President	Senior Executive Officer	Managing Director	Outside Directors	Audit & Supervisory Board Members		
Sustainability Committee	CSuO Motojima	●	●	●	●	●	●	●	●	4 times	<ul style="list-style-type: none"> Discussion on the direction of the Group's nature-positive initiatives Discussion on greenhouse gas emission reduction targets for business partners Discussion on the direction of the Group's efforts to respect human rights
Quality Improvement and Compliance Committee	CRO Tamura				●	●	●	●	●	4 times	<ul style="list-style-type: none"> Monitoring and discussion of quality improvement issues utilizing customer feedback, etc. Confirmation of the status of formulation and implementation of compliance programs for the Group and each company Establishment and promotion of a cross-organizational information security management system for the Group and each company
Digitalization Promotion Committee	CDO Motoyama	●	●	●	●	●			●	4 times	<ul style="list-style-type: none"> Discussion on promoting the introduction and utilization of generative AI in the Group and the content of the risk countermeasure guidelines Discussion on the direction of the Group's medium- to long-term strategy for utilizing the My Number Card and the structure for consideration
Group System Committee	CIO/CISO Tsuda				●				●	14 times	<ul style="list-style-type: none"> Discussions on initiatives for rebuilding system infrastructure, large-scale system development projects across Group companies, etc. Discussion on the status of cybersecurity risk events and implementation of countermeasures, as well as the occurrence status of system failures and quality measures
Group International Business Committee	Executive Officer Morimoto	●	●	●	●				●	3 times	<ul style="list-style-type: none"> Business monitoring using ROI as a KPI for overseas subsidiaries to improve capital efficiency, and discussion on improvement initiatives and business reviews Confirmation and discussion of various strategies to accelerate the growth of the U.S. business Report and discussion on initiatives to improve the profitability of the Toyota retail business
ERM Committee	CFO Higuchi CRO Tamura				●	●			●	9 times	<ul style="list-style-type: none"> Discussion of important issues related to improving the corporate value, financial soundness, capital efficiency, and profitability of the Group as a whole Discussion on strengthening the Company's internal risk detection capabilities Discussion on the introduction of International Financial Reporting Standards (IFRS) and new capital regulations
Group Standardization Committee	CFO Higuchi				●	●			●	4 times	<ul style="list-style-type: none"> Consideration and discussion on improving the efficiency of head office functions, etc. (e.g., integrated operation, expansion of BPO), and quality improvement Consideration and discussion on aspirations for the integrated operation of head office functions, as well as costs and benefits

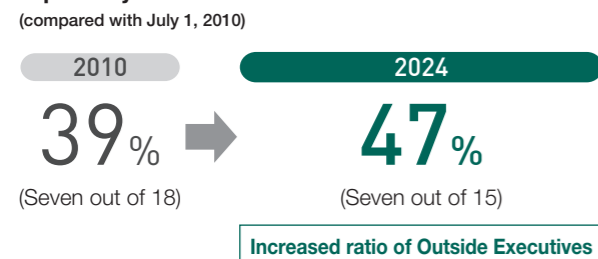
Corporate Governance Evolution

	2010-2013	2014-2017	2018-2021	2022-2025
Medium-Term Management Plan	New Frontier 2013	Next Challenge 2017	Vision 2021	Medium-Term Management Plan (2022-2025)
Medium-Term Management Plan	Establishing a Group governance system	Strengthening Group governance	Improving the corporate governance system	Practicing highly transparent and effective corporate governance
Governance Evolution	<ul style="list-style-type: none"> Institutional design: Became a company with a board of auditors Introduced an executive officer system Assigned multiple Outside Directors Established the Nomination Committee and the Remuneration Committee 	<ul style="list-style-type: none"> Implemented analysis and evaluation of the Board of Directors' effectiveness and published the evaluation results Introduced performance-based compensation Introduced stock options as a stock-based compensation system for Directors (Inside Directors only) and Executive Officers Published selection criteria for Directors and Audit & Supervisory Board Members (including criteria for independence) Newly established the Governance Committee mainly composed of Outside Directors Newly installed titles such as Group CFO and Group CRO Enacted and released the Basic Policy for Corporate Governance 	<ul style="list-style-type: none"> Introduced the CEO Succession Plan Revised the executive remuneration system (Company business performance linkage and medium- to long-term performance (nonfinancial indicators) evaluation) Promoted diversity among the Board members Reorganized the task-specific committees (launched the Sustainability Committee, the ERM Committee, and the Group Standardization Committee) Newly established the titles of Group CDO and Executive Officer in charge of promotion of D&I (currently Executive Officer in charge of promotion of DE&I) 	<ul style="list-style-type: none"> Introduced stock issuance trust systems Introduced guidelines for holding the Company's own shares Exchanged opinions with third-party organizations on the results of analysis and evaluation of the effectiveness of the Board of Directors Newly established the title of Group CSuO <p><Second stage of the Medium-Term Management Plan (2024 onward)></p> <ul style="list-style-type: none"> Newly established the Group Risk Management Committee (with participation of outside experts)

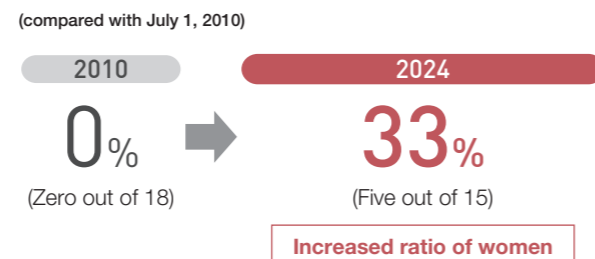
Director/Audit & Supervisory Board Member Composition (as of July 1, 2024)



Ratio of Outside Directors and Outside Audit & Supervisory Board Members on the Board (compared with July 1, 2010)



Ratio of Women on the Board (compared with July 1, 2010)



Skills Matrix of Directors, Audit & Supervisory Board Members, and Executive Officers

To ensure discussions from diverse perspectives toward realizing the Group's growth strategy, the Nomination Committee deliberated on the skills (knowledge, experience, and capabilities) necessary to ensure the effectiveness of the Board of Directors. From the viewpoint of judging important matters such as management strategy and supervising the execution of duties, the Committee determined the following.

i) Basic skills that are generally required

Corporate Management | Human Resources and Human Asset Development | Legal Affairs, Compliance, and Internal Audit | Risk Management | Finance and Accounting

ii) Relevant skills given that the Group's core business is insurance and the Group is operated globally

Insurance Business | Internationality

iii) Skills necessary for business transformation and addressing issues that are considered important by the market, in view of the current business environment of the Company

IT and Digital | Sustainability

Furthermore, regarding Audit & Supervisory Board Members, we also consider Finance and Accounting to be important skills.

Officer	Skills									
	Corporate Management	Internationality	IT and Digital	Sustainability	Human Resources and Human Asset Development	Legal Affairs, Compliance, and Internal Audit	Risk Management	Finance and Accounting	Insurance Business	
Director Hara	●	●		●	●	●	●		●	
Director Kanasugi	●	●		●	●	●			●	
Director Funabiki	●	●	●	●	●	●			●	
Director Higuchi	●	●	●	●	●	●	●	●	●	
Director Shimazu		●	●	●	●	●	●		●	
Director Shirai				●		●	●		●	
Outside Director Bando	●	●		●	●	●				
Outside Director Tobimatsu		●				●				
Outside Director Kopp	●	●		●	●					
Outside Director Ishiwata				●						
Outside Director Suzuki	●	●		●	●					
Auditor Suto							●	●	●	
Auditor Suzuki							●	●	●	
Outside Auditor Uemura						●		●		
Outside Auditor Kunii	●							●		

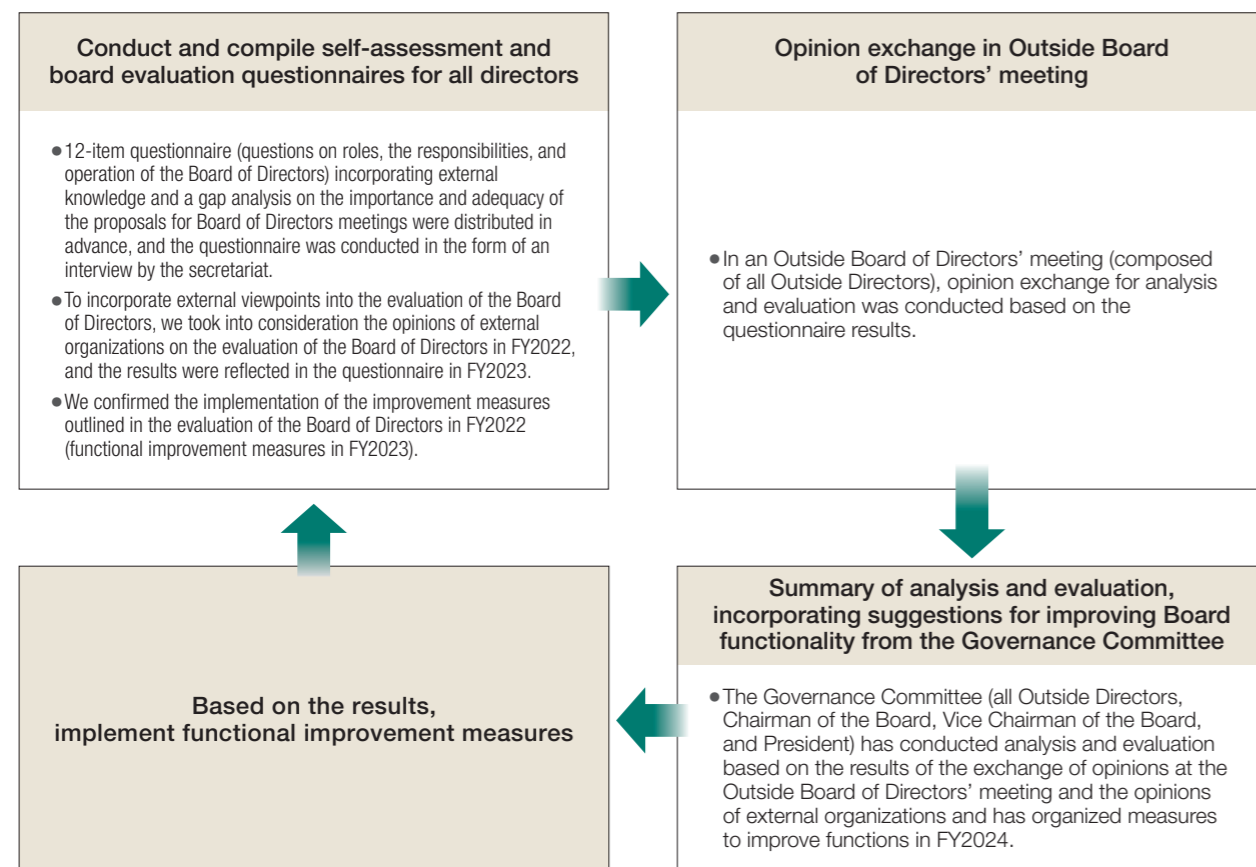
In addition, we have installed an executive officer system. The skills for Executive Officers who are not Directors are as follows.

Executive Officer Tamura		●	●	●	●	●	●	●	●
Executive Officer Motojima	●			●	●				●
Executive Officer Niiro	●	●		●	●				●
Executive Officer Hayakawa	●	●						●	●
Executive Officer Tsuda	●	●	●		●				●
Executive Officer Owada		●		●	●			●	●
Executive Officer Arakawa	●			●					●
Executive Officer Tatematsu									●
Executive Officer Motoyama			●		●				●
Executive Officer Sato				●		●			●
Executive Officer Hori		●				●	●		●
Executive Officer Morimoto	●	●			●				●

For information on Executive Officers, see the Group's official website. <https://www.ms-ad-hd.com/en/group/about/hd/executive.html>

Evaluation of Board of Directors' Effectiveness and the Analysis Process

Analysis and evaluation process



Analysis and assessment of the Board of Directors' effectiveness

The results were as follows, based on the content of discussions and the exercise of functions by the Board of Directors in FY2023, its operational aspects, the training and information provided to outside officers, and other factors.

Evaluation results	<ul style="list-style-type: none"> All directors strongly recognize that the Medium-Term Management Plan is a commitment to internal and external stakeholders, and sufficient information is shared and discussed regarding progress management and related measures, and the best efforts are made to achieve the plan. Executive study sessions are held on areas closely related to the insurance business today, enhancing the knowledge of directors and contributing to improving the quality of discussions at meetings of the Board of Directors. We must continue to hold study sessions. Although there is sufficient discussion concerning business investments in their early stages, it is desirable to enhance explanations of the direction of new business investment, reviews of past business investment, etc. Insufficient penetration of our mission, etc., to the front lines is one of the factors behind the price-fixing issues, etc. Accordingly, we must consider methods to periodically review the status of penetration of our mission, etc.
Functional improvement measures	<ul style="list-style-type: none"> We will expand opportunities to explain the positioning of business investment projects in our overall strategy for the international business, past performance at the time of the capital increase, etc. We will expand opportunities to explain our long-term direction and outlook for growth strategy and capital management policy (including shareholder returns) at meetings of the Board of Directors and executive study sessions. In addition to working to improve analytical methods for the employee awareness survey, we will continue to conduct tours of the front lines of insurance companies and exchange opinions with overseas top management, enabling directors to confirm the penetration and implementation of our mission and other principles by our employees.

Remuneration Plan Targeting Strengthened Governance

Basic Policy

- Our aim is to enhance Group governance and medium- to long-term corporate value.
- The remuneration plan for Directors and Audit & Supervisory Board Members is now linked to the business performance of the Company to serve as an appropriate incentive for sustainable growth.
- The remuneration standard set allows us to be competitive as a global company.

Process for determining remuneration

Remuneration for Directors

- Upon deliberation by the Remuneration Committee, which comprises a majority of Outside Directors so as to achieve transparency, a resolution is made at the Board of Directors and an amount that does not exceed that determined by the Shareholders' Meeting is decided upon.

Deliberation by the Remuneration Committee

- The Remuneration Committee advises the Board of Directors regarding policies and other matters pertaining to determining the amount of Directors' remuneration and Executives' remuneration.

Resolution by the Board of Directors

- The Board of Directors will adhere to the advice provided by the Remuneration Committee to the maximum extent possible, and the amount of remuneration will be determined after assessing whether it is in line with the remuneration system decided through a Board of Directors resolution.

Remuneration for Audit & Supervisory Board Members

- Without exceeding the amount determined by resolution at Shareholders' Meetings, remuneration for Audit & Supervisory Board Members is determined with consideration to the differences of being either full-time or part-time, their burden with regard to auditing tasks, and reference to details and levels of compensation made to Directors, as well as consultations provided by Audit & Supervisory Board Members.

Composition of remuneration

- Fixed remuneration is set separately for each role, and performance-linked remuneration is determined considering company business performance.

	Fixed remuneration	Performance-linked remuneration	
		Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	●	●	●
Outside Directors	●	—	—
Audit & Supervisory Board Members	●	—	—

- The standard structure ratio for executive remuneration is as follows, based on role.

President and CEO:

The ratio of performance-linked remuneration is set to be higher than other roles.

Fixed remuneration 50%	Performance-linked remuneration Monetary remuneration 25%	Performance-linked remuneration Stock-based remuneration 25%
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Other roles:

Ratios of fixed remuneration and performance-linked remuneration are set to be different for different roles.

Fixed remuneration Approx. 60%–70%	Performance-linked remuneration Monetary remuneration Approx. 20%	Performance-linked remuneration Stock-based remuneration Approx. 10%–20%
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Stock-based remuneration details

- Stock-based remuneration is paid through restricted stocks and, as a general rule, the restriction is released upon retirement of the Officer.
- In the case that inappropriate behavior becomes evident during an Officer's tenure, either the restricted stocks will be made available for free acquisition during the period of restriction or they will be returned after the period of restriction has been concluded (malus and clawback clauses).

■ Performance index, etc., related to performance-linked remuneration

- Performance-linked remuneration is linked to business performance and is determined based on both financial and nonfinancial indicators.
- The financial and nonfinancial indicators were selected based on the Group's Medium-Term Management Plan (2022–2025). The indicators and reasons for their selection are as follows.

Indicators/Evaluation items		Selection reasons
Financial indicators (single fiscal year performance)	<ul style="list-style-type: none"> • Group adjusted profit • Consolidated net income • Group adjusted ROE 	The indicators we have selected are Group adjusted profit, which is an indicator of shareholder return; Group adjusted ROE, which is an indicator of capital efficiency; and consolidated net income, which is an important performance indicator of the Group. <small>Note: Following the introduction of IFRS, we plan to change "consolidated net income" to "IFRS net income" and "Group adjusted ROE" to "IFRS adjusted ROE."</small>
Nonfinancial indicators (medium to long term)	Basic strategy	The evaluation items of nonfinancial indicators are the basic strategies and the foundations that support the basic strategies to realize a "corporate group that supports a resilient and sustainable society," which is the goal of the Group's Medium-Term Management Plan (2022–2025).
	Foundations	

- In the calculation of performance-linked remuneration, the standard ratio of financial indicators to nonfinancial indicators is 50:50.
- Regarding the application coefficient, financial indicators vary in a range of 0–3.0 and nonfinancial indicators vary in a range of 0.5–1.5 for a standard of 1.0.
- For performance-linked remuneration, monetary remuneration and stock-based remuneration are each calculated as specified below, based on the base amount for each role.
 Monetary remuneration: Base amount for each role × Company business performance coefficient (financial indicators × 80% + nonfinancial indicators × 20%)
 Stock-based remuneration: Base amount for each role × Company business performance coefficient (financial indicators × 20% + nonfinancial indicators × 80%)
- Monetary remuneration is set to reflect the performance of a single fiscal year more accurately by placing a higher percentage of financial indicators than nonfinancial indicators.
- By increasing the ratio of nonfinancial indicators to financial indicators, stock-based compensation is set to more accurately reflect the evaluation of initiatives that contribute to the enhancement of corporate value over the medium to long term.

Financial Indicators (FY2023)

	Results	Plan	Achievement ratio/difference
Group adjusted profit	¥379.9 billion	¥280.0 billion	135.7%
Consolidated net income	¥369.2 billion	¥280.0 billion	131.9%
Group adjusted ROE	9.0%	7.5%	+1.5 point

Nonfinancial Indicators (FY2023)

Evaluation items	Evaluation results
Basic strategy	The following initiatives were evaluated from the perspective of the status of progress and what results were achieved, and the evaluation was on par with the standard. • Through the promotion of "CSV×DX," there has been steady progress on the development and deployment of products and services for before and after compensation and protection that contribute to solutions to social issues. On the other hand, despite efforts to strengthen profitability in the domestic non-life insurance business, profitability deteriorated due to changes in the business environment, such as more severe and frequent natural disasters, a hardening of the reinsurance market, and continued inflation. • We made progress in business portfolio reform by expanding the international business and the domestic life insurance business, risk portfolio reform by reducing strategic equity holdings and curbing catastrophe risk, and the pursuit of new businesses utilizing digital data. • Progress was generally in line with plans on efforts to achieve further growth by strengthening collaboration by utilizing the diversity of the Group, improving operational quality and productivity through our One Platform Strategy, and realizing synergies between life and non-life insurers and on a global basis.
Foundations	The following initiatives were evaluated from the perspective of the status of progress and what results were achieved, and the evaluation was below the standard, taking into consideration the fact that the premium adjustment case occurred, etc. • We implemented excellent initiatives, including initiatives under the financial alliance to address climate change and improve the sustainability of natural capital, support for development of the TNFD's disclosure recommendations, and conserve and restore the natural environment under the "MS&AD Green Earth Project." • The Company worked to establish customer-focused business operations, including collecting customer surveys, complaints, and comments on social media, and improve products and services accordingly, but there were price-fixing issues and incidences of fraudulent insurance claims by agents, and some aspects of business operations could not be described as sufficiently customer focused. • Under our human resources strategy for the first stage of the Medium-Term Management Plan, we worked to achieve our basic strategy by continuing to develop human assets who "act autonomously, take on the challenges of change, and create new value," based on the pillars of "development of an optimum human resource portfolio" and "full demonstration of employees' abilities and skills and fulfillment of their ambitions." • Adjusted ROE increased year on year as we promoted the strengthening of our ERM foundations to improve capital efficiency and reduce the cost of capital, but we must further improve capital efficiency to achieve the "stable achievement of adjusted ROE of 10% or more," as stated in the Medium-Term Management Plan.

■ Total amount of remuneration (FY2023)

Total remuneration by category, total amount by type of remuneration, and number of applicable corporate officers (¥ million)

Corporate officers category	No. of corporate officers	Total remuneration	Breakdown		
			Fixed remuneration	Performance-linked remuneration	
				Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	7	352	181	133	38
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	56	56	—	—
Outside Directors/Audit & Supervisory Board Members	8	96	96	—	—

■ Total amount of consolidated remuneration, etc., of those whose total amount of consolidated remuneration, etc., is ¥100 million or more (¥ million)

Name	Corporate officer category	Company category	Total remuneration	Breakdown		
				Fixed remuneration	Performance-linked remuneration	
					Monetary remuneration	Stock-based remuneration
Yasuyoshi Karasawa	Director	Submitting company	127	55	71	—
Yasuzo Kanasugi	Director	Submitting company	101	24	15	10
	Director	Aioi Nissay Dowa Insurance Co., Ltd.		32	5	13
Noriyuki Hara	Director	Submitting company	139	28	19	12
	Director	Mitsui Sumitomo Insurance Co., Ltd.		37	23	18

CEO Succession Plan

- With the aim of achieving sustainable growth and enhancing corporate value in our Group, we have established a succession plan that positions the appointment and dismissal of the Group CEO (hereinafter "CEO") and the development of successors as a key management issue.

■ Criteria for CEO selection

- Ability to embody the Group's Mission, Vision, and Values and having the concept of CSV (Creating Shared Value) in their own system of values
- Ability to plan and build a future vision
- Fairness and impartiality
- Ability to develop human assets
- Ability to demonstrate leadership
- Global response capability
- Acting in the Group's best interest

■ Development plan for CEO candidates

- The CEO plays an important role and can mentor numerous candidates. The candidates (from within the Group) should have the following experience:
 - Experience across departments (administration, operations, international, sales, claims services, systems, and others)
 - Management at a domestic company and/or an overseas subsidiary

■ CEO dismissal process

- When an Outside Director deems it necessary to discuss dismissal such as when the CEO is subject to the prohibitions stipulated in the Executive Officer Rules (e.g., violating obligations set forth in the Companies Act and other laws and regulations or company regulations) or when it is determined that it is difficult for the CEO to properly continue their duties due to health or other reasons, the Outside Director shall deliberate on their own initiative with members of the Nomination Committee excluding the CEO. Based on the results of the deliberation, necessary procedures are carried out in accordance with the Companies Act and internal regulations.
- Directors who are not Outside Directors can request a meeting of the Board of Directors to be convened in accordance with the Rules of the Board of Directors and submit proposals for dismissal of Directors at the Shareholders Meeting.

■ CEO selection process



Engagement with Shareholders and Investors

The MS&AD Insurance Group is actively engaged in transparent information disclosure and constructive dialogue with shareholders and investors to achieve sustainable growth and improve corporate value. Specifically, we reduce information asymmetry with shareholders and investors by providing highly transparent information disclosure, and we share feedback obtained from constructive dialogue with shareholders and investors with management and related departments and utilize that in our management strategies.

Results of FY2023 activities

We held "information meetings" for shareholders and investors at which the President explained management strategies and business results, "thematic meetings" focusing on the international business, which is of particularly high interest to investors and analysts, and "ESG briefings" to introduce the Group's ESG initiatives. We also held company briefings for individual investors and provided opportunities for the President and Group CFO to individually engage in dialogue with shareholders and investors in Japan and overseas.

Event	Description	Frequency
Conference call to explain financial results	Quarterly and full-year results	4 times
Information meeting	Group's overall management strategy and performance	Twice
MS&AD thematic meeting	Specific topics of interest to investors and analysts	Once
MS&AD ESG briefing 2023	Group's ESG initiatives	Once
Briefing session for individual investors	Group's overall management strategy and performance	4 times
Individual meetings with domestic and overseas shareholders and investors	Group's overall management strategy and performance	223 times

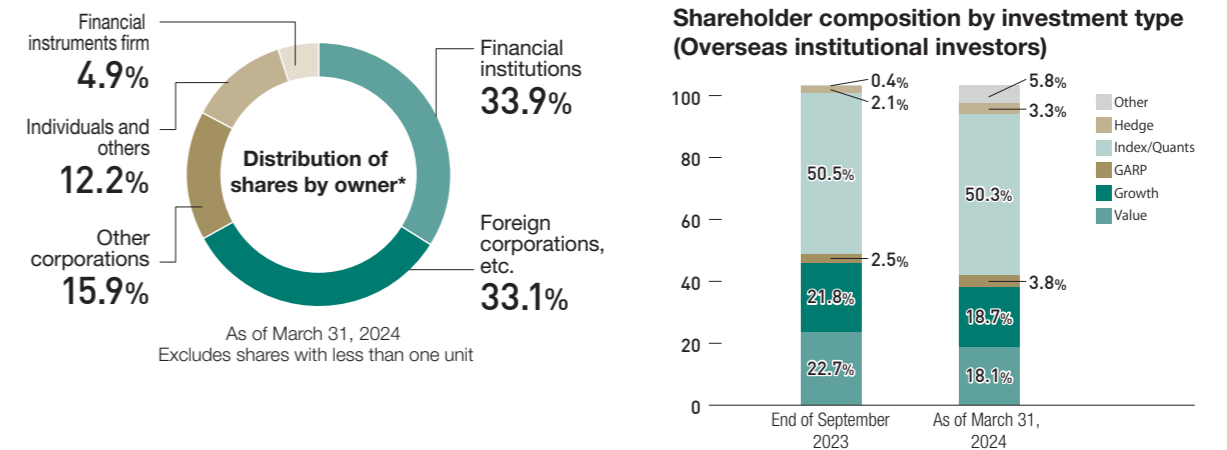
Key dialogue themes and concerns

Through regular reports to the Group Management Committee and the Board of Directors, we share information with top management and related departments on the opinions of shareholders and investors, their views on us, and stock market evaluation and utilize this information to formulate and implement management strategies, thereby enhancing corporate value. In addition, based on dialogue with shareholders and investors, we are accelerating efforts to improve capital efficiency, such as improving ROE and reducing strategic equity holdings.

Theme	Concerns
Business environment	<ul style="list-style-type: none"> The impact of changes in the business environment, including continued inflation, a rise in personnel expenses, the frequent and severe occurrence of natural disasters, and the hardening of the reinsurance market, and countermeasures against them
Shareholder return policy	<ul style="list-style-type: none"> Concept on basic and additional returns Stable shareholder returns
Capital management	<ul style="list-style-type: none"> Overseas M&A policies and targets Plans to reduce strategic equity holdings and use of funds Specific initiatives to increase ROE and reduce the capital cost ratio
Domestic non-life insurance	<ul style="list-style-type: none"> Improvement in profitability and revision in the premium rate of fire insurance Outlook of post-coronavirus voluntary automobile insurance earnings and revisions in the premium rate Details and progress of business cost reduction initiatives
Domestic life insurance	<ul style="list-style-type: none"> Impact of recent domestic and foreign interest rate and exchange rate fluctuations and the future outlook
International business	<ul style="list-style-type: none"> MS Amlin's earnings outlook given the hardening of the market Drivers and outlook for business expansion in the Americas

Overview of shareholders and IR activities for investors

Shareholder composition: 33.9% financial institutions; 33.1% foreign corporations, etc.; 15.9% other corporations; and 12.2% individuals and others. We hold regular meetings with shareholders and investors in Japan and overseas and actively engage in "constructive dialogue." In addition, from the viewpoint of immediate and fair information disclosure, the information meeting was broadcast live in Japanese and English, and we are working to distribute information through English disclosure on our website.



Information disclosure as a basis for dialogue

Website (Japanese/English)

- To ensure fair information disclosure, we promptly disclose IR event materials in both Japanese and English.
- Our website has won the top prize at the "Daiwa IR 2023 Internet IR Awards" for three consecutive years (2021, 2022, 2023).

Consolidated reports (Japanese/English)

- In FY2023, we explained our progress toward the numerical management targets of the Medium-Term Management Plan (2022-2025), among other things. In addition, we introduced our CSV×DX initiatives through a special feature page.
- We received Gold at the 9th Asian Integrated Report Awards and Bronze at the WICI Japan Integrated Report Awards 2023.

Shareholders' Meeting

	14th term	15th term	16th term
Date (fixed time)	June 27, 2022 (Monday)	June 26, 2023 (Monday)	June 24, 2024 (Monday)
Number of shareholders in attendance including shareholders exercising voting rights (including via the Internet)	19,305 persons	21,995 persons	25,961 persons
Ratio of the exercise of voting rights	86.9%	84.1%	83.4%

For more information, see the Group's official website. [Investor relations \(https://www.ms-ad-hd.com/en/ir.html\)](https://www.ms-ad-hd.com/en/ir.html)

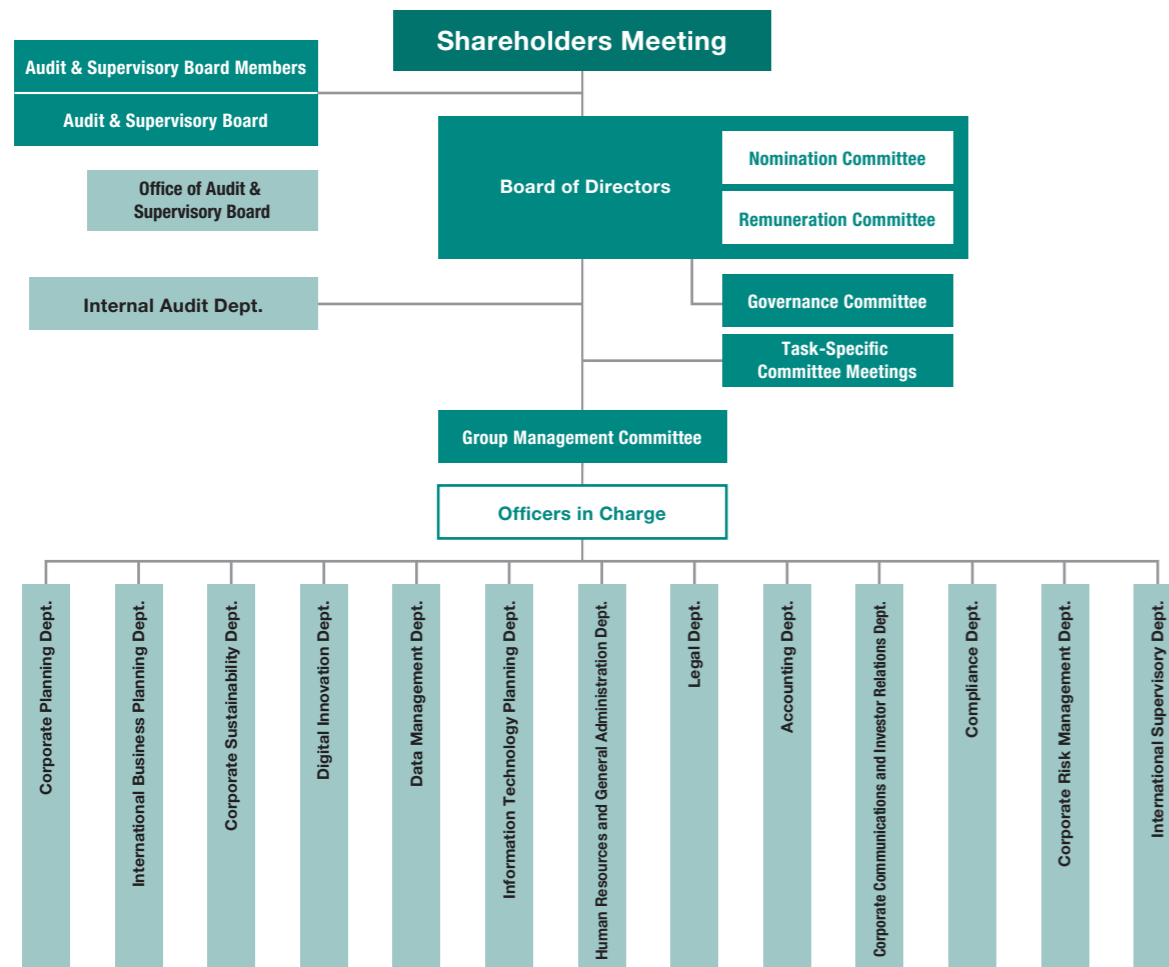
● Policy on constructive dialogue with shareholders ● Financial and nonfinancial information (timely disclosure materials, securities reports, earnings conference call materials, corporate governance reports, information meeting materials*, sustainability reports) ● Video of the President's presentation (including Q&A summary) ● Notice of ordinary general meeting of shareholders

*Including capital costs and initiatives to improve stock prices

MS&AD Insurance Group Holdings is an insurance holding company. The Company controls the entire MS&AD Insurance Group, planning strategies and allocating management resources across the Group, as well as monitoring and overseeing Group companies. The Company has thus established a system for Group corporate governance. The Company will be the force to maximize the total potential of the Group, forming the center of efforts to raise the level of management control, pursue Group synergies, accelerate decision-making, and develop human assets through various business frameworks and personnel systems.

Corporate Name	MS&AD Insurance Group Holdings, Inc.
Date Established	April 1, 2008 (Name changed on April 1, 2010)
Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan
Representative	Shinichiro Funabiki, Representative Director, President & CEO
Paid-in Capital	¥101,076 million (as of March 31, 2024)
Number of Employees	450 (38,391 on a consolidated basis) (as of March 31, 2024)
Business Description	Activities as an insurance holding company are as follows: 1. Management and administration of non-life insurance companies, life insurance companies, and companies that it might own as its subsidiaries under the Insurance Business Act, and business incidental thereto; and 2. Any business associated with the above under the Insurance Business Act.
Stock Listings	Tokyo Stock Exchange (Prime Market) Nagoya Stock Exchange (Premier Market)
Independent Auditor	KPMG AZSA LLC

MS&AD Insurance Group Holdings, Inc., Organizational Chart (as of August 1, 2024)



Stock and Shareholders (as of March 31, 2024)

1 Summary of Issued Shares

Class of Stock	Common Stock	Total Number of Authorized Shares	900,000,000
Total Number of Issued Shares	536,071,400	Number of Shareholders	98,369

2 Shareholding Profile

Breakdown by Sector

	Japanese Financial Institutions	Japanese Securities Companies	Other Japanese Companies	Foreign Companies and Individuals	Japanese Individuals and Others	Total
Number of Shareholders	170	44	1,303	1,062	65,209	67,788
Number of Shares Held (millions)	181.05	26.27	85.31	176.78	66.64	536.07
Percentage of Shares Issued	33.8%	4.9%	15.9%	33.0%	12.4%	100%

Breakdown by Number of Shares Held

	1-99	100-999	1,000-9,999	10,000-99,999	100,000 and Above	Total
Number of Shareholders	30,581	53,614	12,759	1,071	344	98,369
Percentage of All Shareholders	31.1%	54.5%	13.0%	1.1%	0.4%	100%

Breakdown by Region

	Hokkaido	Tohoku	Kanto	Chubu	Kinki	Chugoku	Shikoku	Kyushu	Overseas	Total
Number of Shares (Millions)	1.15	2.78	267.33	66.59	16.37	2.02	1.95	2.44	175.41	536.07
Percentage of Shares Issued	0.2%	0.5%	49.9%	12.4%	3.1%	0.4%	0.4%	0.5%	32.7%	100%

3 Major Shareholders (as of March 31, 2024)

Shareholder Name	Address	Number of Shares Held (Thousands)	Percentage of Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	Akasaka Intercity AIR, 1-8-1, Akasaka, Minato-ku, Tokyo	75,762	14.29
Toyota Motor Corporation	1, Toyota-cho, Toyota City, Aichi Prefecture	52,610	9.92
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo, c/o Nippon Life Securities Operations Department	36,325	6.85
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	26,808	5.06
JP MORGAN CHASE BANK 380055 (Standing proxy: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	270 Park Ave., New York, NY 10017, USA (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	13,037	2.46
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	1776 Heritage Dr., North Quincy, MA 02171, USA (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	9,163	1.73
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku, Japan	7,631	1.44
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Services Dept., Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	One Congress St., Suite 1, Boston, MA 02114, USA (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	7,036	1.33
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. Box 351, Boston, MA 02101, USA (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	6,555	1.24
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank St., Canary Wharf, London, E14 5JP, UK (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	6,501	1.23
Total		241,433	45.54

Notes:

1. The number of shares is rounded down to the nearest thousand shares. The percentage of shares is rounded to the nearest unit.

2. The Company owns 5,968 thousand treasury shares, but these are omitted from the table above.

3. On April 1, 2024, a 3-for-1 stock split was conducted in relation to the Company's common stock, but the number of shares held above represents the number of shares held prior to the stock split.

4 Changes in Total Number of Issued Shares, Paid-in Capital, and Capital Reserves

Date	Issued Shares		Paid-in Capital		Capital Reserves	
	Increase/Decrease	Balance	Increase/Decrease	Balance	Increase/Decrease	Balance
July 22, 2020 ¹	181 thousand	593,473 thousand	¥276 million	¥100,276 million	¥276 million	¥729,532 million
July 27, 2021 ²	159 thousand	593,632 thousand	¥258 million	¥100,534 million	¥258 million	¥729,790 million
July 26, 2022 ³	134 thousand	593,767 thousand	¥274 million	¥100,808 million	¥274 million	¥730,064 million
November 30, 2022 ⁴	(57,800) thousand	535,967 thousand	–	¥100,808 million	–	¥730,064 million
July 25, 2023 ⁵	104 thousand	536,071 thousand	¥267 million	¥101,076 million	¥267 million	¥730,331 million

¹ The increase is due to new share issuance to provide restricted stock as stock-based remuneration.

² The increase is due to new share issuance to provide restricted stock as stock-based remuneration.

³ The increase is due to new share issuance to provide restricted stock as stock-based remuneration.

⁴ The decrease in the total number of issued shares was due to the retirement of treasury shares.

⁵ The increase is due to new share issuance to provide restricted stock as stock-based remuneration.

Note: On April 1, 2024, the Company conducted a 3-for-1 stock split in relation to its common stock, increasing the total number of outstanding shares by 1,072,142,800 shares.

5 Basic Information

Fiscal Year	April 1 to March 31 of the following year
Annual Shareholders' Meeting	Within three months from the end of each fiscal year
Record Date	Year-end dividends: March 31, every year Interim dividends: September 30, every year
Method of Public Notification	Electronic reporting can be found online at https://www.ms-adhd.com/ja/ir/notification.html (Japanese only) In the event of an incident or other event that prevents electronic reporting, the Company will publish its notifications in the Nikkei newspaper.
Stock Exchange Listings	Tokyo Stock Exchange (Prime Market), Nagoya Stock Exchange (Premier Market)
Administrator of Shareholders' Registry	Sumitomo Mitsui Trust Bank, Limited
Place of Business of Administrator of Shareholders' Registry:	Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Dept. (1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan)
Special Account Management Institution:	Sumitomo Mitsui Trust Bank, Limited*
(Postal Address)	Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Dept. (2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan)
Telephone Inquiry	☎ 0120-782-031

Note: Following a share exchange effective April 1, 2010, the Company inherited the responsibility for a special account that was established on the same day for the shareholders of Aioi and NDI. As a result, the special account management institution for prior shareholders of these two companies will continue to be Mitsubishi UFJ Trust and Banking Corporation (1-4-5, Marunouchi, Chiyoda-ku, Tokyo).

Group Business Schematic (as of March 31, 2024)

The primary businesses undertaken by MS&AD Holdings and its Group companies (subsidiaries and affiliates), and the main Group companies undertaking each business, are listed below.

Business Overview



Notes:

- The primary consolidated subsidiaries and other entities in each business are listed.
- The symbols indicate the following: ★: Consolidated subsidiary ●: Equity-method affiliate

Main Subsidiaries

1. CONSOLIDATED SUBSIDIARIES

Name of Company	Location	Date of Incorporation	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
Mitsui Sumitomo Insurance Co., Ltd.	Chiyoda-ku, Tokyo	Oct. 21, 1918	Domestic Non-Life Insurance	¥139,595 million	100.0%	-
Aioi Nissay Dowa Insurance Co., Ltd.	Shibuya-ku, Tokyo	June 30, 1918	Domestic Non-Life Insurance	¥100,005 million	100.0	-
Mitsui Direct General Insurance Co., Ltd.	Bunkyo-ku, Tokyo	June 3, 1999	Domestic Life Insurance	¥39,106 million	100.0	-
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Aug. 8, 1996	Domestic Life Insurance	¥85,500 million	100.0	-
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Sept. 7, 2001	Domestic Life Insurance	¥41,060 million	100.0	-
Little Family SS Insurance Co., Ltd.	Shinagawa-ku, Tokyo	Aug. 1, 2019	Domestic Non-Life Insurance	¥575 million	-	98.1%
Mitsui Sumitomo Insurance Venture Capital Co., Ltd.	Chuo-ku, Tokyo	Dec. 6, 1990	Financial Services Business	¥1 billion	-	100.0
MS&AD InterRisk Research & Consulting, Inc.	Chiyoda-ku, Tokyo	Jan. 4, 1993	Digital/Risk-Related Services Business	¥330 million	100.0	-
MSIG Holdings (U.S.A.), Inc.	New York, USA	Oct. 21, 1988	International	US\$1,494 million	-	100.0
Mitsui Sumitomo Insurance USA Inc.	New York, USA	Jan. 28, 1988	International	US\$5,000 thousand	-	100.0
Mitsui Sumitomo Insurance Company of America	New York, USA	March 29, 2001	International	US\$5,000 thousand	-	100.0
MSIG Specialty Insurance USA Inc.	New York, USA	Jan. 11, 1994	International	US\$5,000 thousand	-	100.0
MS Transverse Insurance Group, LLC	Delaware, USA	June 26, 2018	International	US\$107,695 thousand	-	100.0
MS Transverse Specialty Insurance Company	Dallas, USA	Nov. 18, 1982	International	US\$5,000 thousand	-	100.0
MS Transverse Insurance Company	Dallas, USA	March 14, 1961	International	US\$4,200 thousand	-	100.0
TRM Specialty Insurance Company	Dallas, USA	Nov. 5, 1987	International	US\$4,200 thousand	-	100.0
DTRIC Insurance Company, Limited	Honolulu, USA	Dec. 12, 1978	International	US\$4,500 thousand	-	100.0
DTRIC Insurance Underwriters, Limited	Honolulu, USA	Feb. 2, 2007	International	US\$2,500 thousand	-	100.0
Mitsui Sumitomo Seguros S/A.	São Paulo, Brazil	Dec. 15, 1965	International	BRL619,756 thousand	-	100.0
Aioi Nissay Dowa Europe Limited	London, UK	Nov. 8, 2017	International	UK£490,010 thousand	-	100.0
Aioi Nissay Dowa Insurance UK Limited	London, UK	Dec. 11, 2017	International	UK£200,100 thousand	-	100.0
MS Amlin Corporate Member Limited	London, UK	Sept. 19, 1994	International	UK£1,700 thousand	-	100.0
MS Amlin Underwriting Limited	London, UK	Nov. 29, 1988	International	UK£400 thousand	-	100.0
MSI Corporate Capital Limited	London, UK	Jan. 7, 2000	International	UK£5,200 thousand	-	100.0
Mitsui Sumitomo Insurance Company (Europe), Limited	London, UK	July 28, 1972	International	UK£80,700 thousand	-	100.0
Leadenhall Capital Partners LLP	London, UK	April 30, 2008	Financial Services	US\$2,850 thousand	-	80.0
MS Amlin AG	Zurich, Switzerland	Aug. 19, 2010	International	CHF10,000 thousand	-	100.0
MSIG Insurance Europe AG	Cologne, Germany	April 20, 2012	International	€184,000 thousand	-	100.0
Aioi Nissay Dowa Life Insurance of Europe AG	Ismaning, Germany	Dec. 8, 2005	International	€5,000 thousand	-	100.0

Name of Company	Location	Date of Incorporation	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
MS Financial Reinsurance Limited	Hamilton, Bermuda	Nov. 21, 2011	Financial Services	¥46 million	-	100.0%
MS Amlin Insurance SE	Brussels, Belgium	Jan. 4, 2016	International	€140,000 thousand	-	100.0
Aioi Nissay Dowa Insurance Company of Europe SE	Senningerberg, Luxembourg	Nov. 12, 2004	International	€71,875 thousand	-	100.0
MSIG Insurance (Singapore) Pte. Ltd.	Singapore, Singapore	Sept. 23, 2004	International	S\$333,442 thousand	-	100.0
MS First Capital Insurance Limited	Singapore, Singapore	Dec. 9, 1950	International	S\$26,500 thousand	-	99.9
Aioi Nissay Dowa Insurance Company Australia Pty Ltd	Melbourne, Australia	Aug. 1, 2008	International	A\$87,800 thousand	-	100.0
MSIG Mingtai Insurance Co., Ltd.	Taipei, Taiwan	Sept. 22, 1961	International	NT\$2,535 million	-	100.0
MSIG Insurance (Hong Kong) Limited	Hong Kong, PRC	Sept. 8, 2004	International	HK\$1,625 million	-	100.0
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, PRC	Jan. 23, 2009	International	RMB1,000 million	-	100.0
Mitsui Sumitomo Insurance (China) Company Limited	Shanghai, PRC	Sept. 6, 2007	International	RMB500,000 thousand	-	100.0
MSIG Insurance (Vietnam) Company Limited	Hanoi, Vietnam	Feb. 2, 2009	International	VND300,000 million	-	100.0
PT. MSIG Life Insurance Indonesia Tbk	Jakarta, Indonesia	July 17, 1984	International	IDR210,000 million	-	80.0
PT. Asuransi MSIG Indonesia	Jakarta, Indonesia	Dec. 17, 1975	International	IDR100,000 million	-	80.0
MSIG Insurance (Thailand) Public Company Limited	Bangkok, Thailand	April 14, 1983	International	THB142,666 thousand	-	86.4
MSIG Insurance (Malaysia) Bhd.	Kuala Lumpur, Malaysia	April 28, 1979	International	MYR1,511 million	-	65.4 [1.4]
59 other companies						

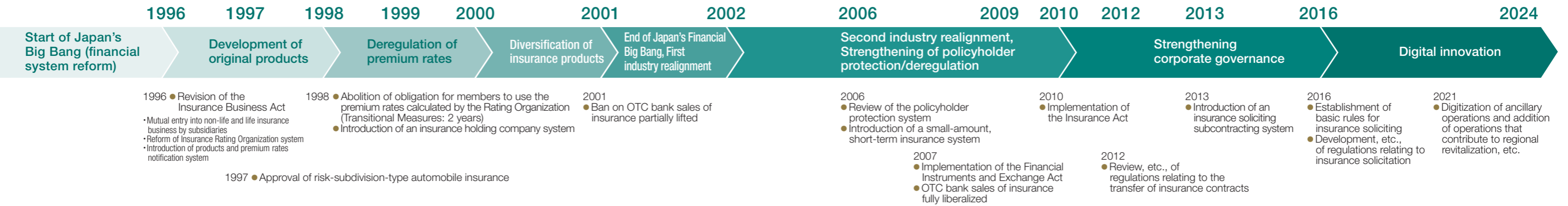
2. EQUITY-METHOD AFFILIATES

Name of Company	Location	Date of Incorporation	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
au Insurance Company, Limited	Minato-ku, Tokyo	Feb. 23, 2010	Domestic Non-Life Insurance	¥3,150 million	-	49.0%
Sumitomo Mitsui DS Asset Management Company, Limited	Minato-ku, Tokyo	July 15, 1985	Financial Services	¥2,000 million	-	15.0
Challenger Limited	Sydney, Australia	Sept. 13, 1985	International	A\$2,524 million	15.2%	-
BoCommLife Insurance Company Limited	Shanghai, PRC	July 4, 2000	International	RMB5,100 million	37.5	-
Cholamandalam MS General Insurance Company Limited	Chennai, India	Nov. 2, 2001	International	INR2,988 million	-	40.0
Max Financial Services Limited	Nawanshahr, India	Feb. 24, 1988	International	INR690,065 thousand	-	21.9
Max Life Insurance Company Limited	Chandigarh, India	July 11, 2000	International	INR19,188 million	-	[87.0]
Ceylinco Insurance PLC	Colombo, Sri Lanka	Feb. 11, 1987	International	LKR1,324 million	-	15.0
BPI/MS Insurance Corporation	Manila, Philippines	Oct. 1, 1965	International	PHP350,000 thousand	-	48.5
Hong Leong Assurance Berhad	Kuala Lumpur, Malaysia	Dec. 20, 1982	International	MYR200,000 thousand	-	30.0
MSIG Sokxay Insurance Co., Ltd.	Vientiane, Laos	June 1, 2023	International	LAK54,352 million	-	35.0
2 other companies						

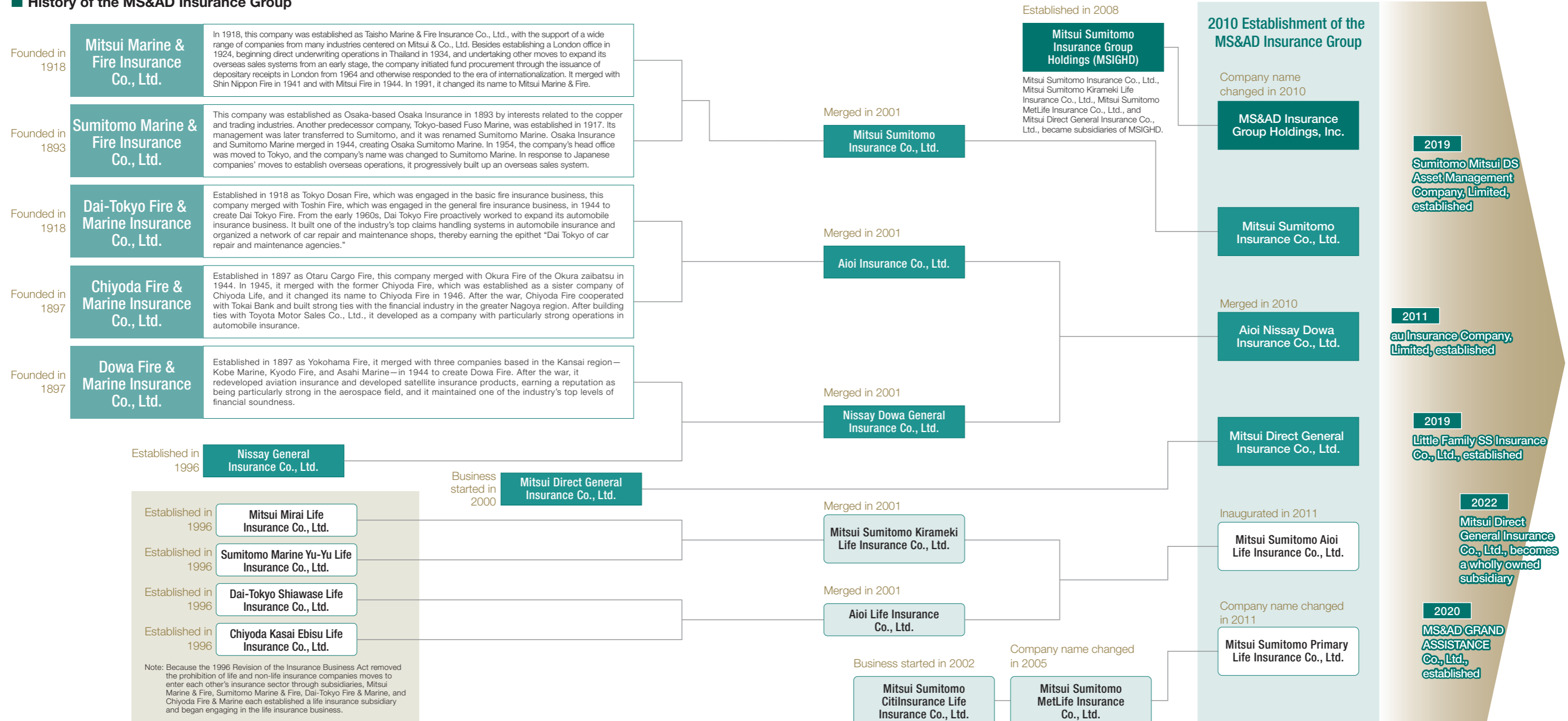
Note: Figures in brackets [] represent the percentage of voting rights belonging to closely allied entities or entities that are in agreement with MS&AD on voting issues.

History of the MS&AD Insurance Group in Japan

Major events in the insurance industry

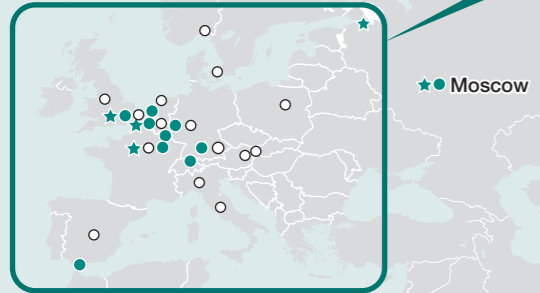
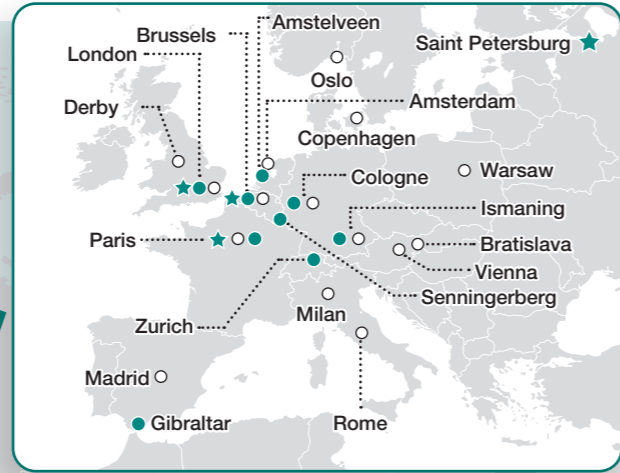


History of the MS&AD Insurance Group



Group Network and History of International Business (as of July 1, 2024)

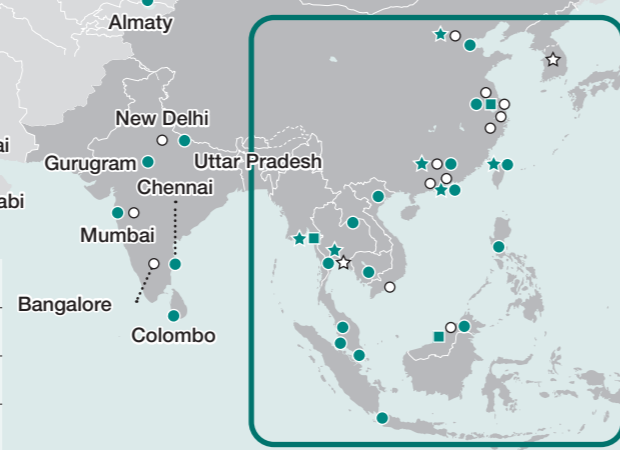
- Overseas branches and offices ☆ Branches ★ Offices
- Overseas subsidiaries and affiliates ●
- Branches and offices of overseas subsidiaries and affiliates ○
- Underwriting agents for the Head Office and others ■



Expansion of the Non-Life Insurance Business

► Business expansion through M&A

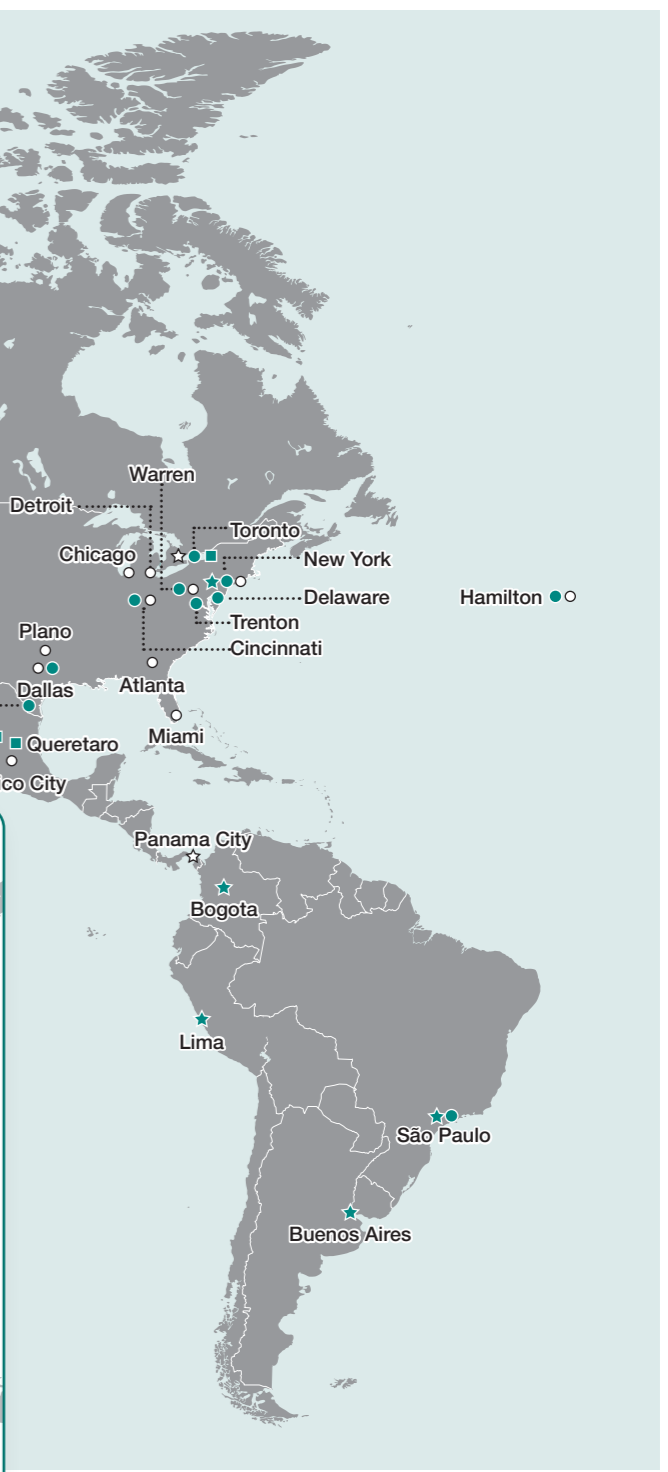
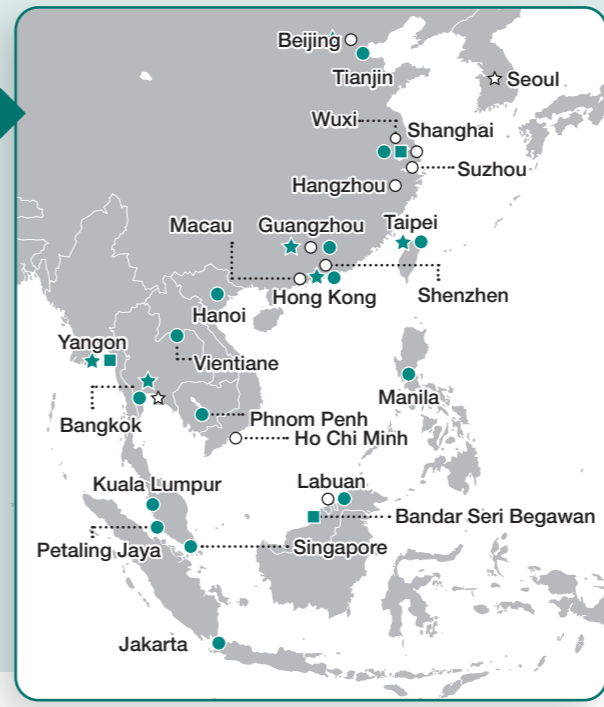
2004	Acquired the Asian non-life insurance business of U.K.-based AVIVA
2005	Acquired Taiwan-based Mingtai
2015	Acquired U.K.-based Box Innovation Group
2016	Acquired U.K.-based Amlin
2017	Acquired First Capital (Singapore)
2023	Acquired U.S.-based Transverse Insurance Group



Expansion of the Life Insurance Business

► Expansion and diversification of the international life insurance business

2010	Invested in Hong Leong Assurance Berhad (Malaysia)
2011	Invested in Hong Leong MSIG Takaful Berhad (Malaysia)
2011	Invested in PT. Asuransi Jiwa Sinarmas MSIG (Indonesia)
2012	Invested in Max Life Insurance Company Limited (India)
2017	Invested in Challenger Limited (Australia)
2018	Invested in ReAssure (U.K.)
2020	Invested in BoCommLife (China)



► Business initiations through capital investments in local markets

2000	Became the first Japanese non-life insurance company to establish a Lloyd's syndicate
2000	Began the Toyota Retail Business in Germany and France
2012	Established a company in Germany
2015	Invested in Ceylinco Insurance (Sri Lanka)
2019	Invested in IKBZ Insurance (Myanmar)

Developing Business in Major Countries/Regions

1924	1934	1956	1957	1958	1962	1966	1969	1970	1974	1977	1978	1997	1999	2001	2003	2005	2010	2015
U.K. (Office)*	Thailand	U.K.	U.S./ Hong Kong	Singapore/ Germany	Malaysia	Australia	Indonesia	New Zealand	Brazil	Philippines	France	Vietnam	Taiwan	China (Shanghai)	India	Cambodia	Laos	Myanmar/ South Africa (Office)*

Items not marked with * indicate the year in which a direct insurance license was acquired.

Credit Ratings

Credit Ratings for Domestic Insurance Companies

This section contains information about credit ratings assigned to the following companies in the Group.

As of July 1, 2024

Rating Agency	Rating Assigned	MS&AD Holdings	Mitsui Sumitomo Insurance Co., Ltd.	Aioi Nissay Dowa Insurance Co., Ltd.	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
Standard & Poor's	Financial Strength Rating	-	A+ (Stable)	A+ (Stable)	-	A+ (Stable)
	Long-Term Issuer Credit Rating	-	A+ (Stable)	A+ (Stable)	-	A+ (Stable)
Moody's	Insurance Financial Strength Rating	-	A1 (Stable)	A1 (Stable)	-	-
	Long-Term Issuer Rating	-	A1 (Stable)	-	-	-
Rating and Investment Information, Inc. (R&I)	Issuer Rating	-	AA (Stable)	AA (Stable)	-	-
	Insurance Claims Paying Ability	-	-	-	AA (Stable)	AA (Stable)
Japan Credit Rating Agency, Ltd. (JCR)	Ability to Pay Insurance Claims	-	-	AA+ (Stable)	-	-
	Long-Term Issuer Rating	AA+ (Stable)	AA+ (Stable)	AA+ (Stable)	-	-
A.M. Best	Financial Strength Rating	-	A+ (Stable)	A+ (Stable)	-	-
	Issuer Credit Rating	-	aa (Stable)	aa (Stable)	-	-

Credit Ratings for Overseas Insurance Companies

The table below indicates information about the credit ratings of overseas subsidiaries.

As of July 1, 2024

Rating Agency	Overseas Subsidiaries	Credit Rating
Standard & Poor's	Mitsui Sumitomo Insurance Company of America Mitsui Sumitomo Insurance USA, Inc. MSIG Specialty Insurance USA Inc.	Financial Strength Rating A+ (Stable)
	Mitsui Sumitomo Insurance Co. (Europe), Ltd. MSIG Insurance (Hong Kong) Ltd. MSIG Insurance (Singapore) Pte. Ltd. MSIG Insurance Europe AG MS Amlin AG (MS Reinsurance)	Financial Strength Rating A+ (Stable) ¹
	Aioi Nissay Dowa Insurance Company of Europe SE Aioi Nissay Dowa Insurance UK Ltd.	Financial Strength Rating A+ (Stable) ²
	Mitsui Sumitomo Insurance (China) Co., Ltd. MSIG Mingtai Insurance Co., Ltd. MS Amlin Insurance SE	Financial Strength Rating A (Stable)
Moody's	Syndicate 2001 MS Amlin AG (MS Reinsurance)	Insurance Financial Strength Rating A1 (Stable)
	Mitsui Sumitomo Insurance Co. (Europe), Ltd.	Insurance Financial Strength Rating A1 (Stable) ¹
A.M. Best	Mitsui Sumitomo Insurance Company of America Mitsui Sumitomo Insurance USA, Inc. MSIG Specialty Insurance USA Inc.	Financial Strength Rating A+ (Stable)
	MS Amlin AG (MS Reinsurance)	Financial Strength Rating A+ (Stable) ¹
	Syndicate 2001	Financial Strength Rating A (Positive)
	MS First Capital Insurance Limited MS Transverse Insurance Company MS Transverse Specialty Insurance Company TRM Specialty Insurance Company MS Amlin Insurance SE	Financial Strength Rating A (Stable)
	Aioi Nissay Dowa Insurance (China) Co., Ltd.	Financial Strength Rating A- (Stable)
	DTRIC Insurance Company Ltd. DTRIC Insurance Underwriters, Ltd.	Financial Strength Rating A- (Negative)

¹ Applicable to the same ratings as Mitsui Sumitomo Insurance with the guarantee on insurance/reinsurance policies issued by Mitsui Sumitomo Insurance (the issuer of the guarantee, the "Guarantor"). The obligations of the Guarantor under the guarantee rank pari passu with all other unsecured indebtedness of the Guarantor. The guarantee is unconditional and covers the subsidiaries' obligations of payment and not collection.

² Applicable to the same rating as Aioi Nissay Dowa Insurance with the guarantee on insurance/reinsurance policies issued by Aioi Nissay Dowa Insurance (the issuer of the guarantee, the "Guarantor"). The obligations of the Guarantor under the guarantee rank pari passu with all other unsecured indebtedness of the Guarantor. The guarantee is unconditional and covers the subsidiaries' obligations of payment and not collection.

Basic Knowledge about the Insurance Industry

We have prepared this section as reference material to help readers gain a better understanding of the insurance industry and the Company's business operations and business strategies. We are striving to provide accurate and fair information, but we cannot guarantee the content of this section.

Glossary of Insurance Terminology

A

Alternative Risk Transfer (ART) Business

A general term referring to the use of techniques other than traditional insurance policies to transfer risks, meaning to provide risk-bearing entities with coverage or protection. ART entails the use of financial technologies and capital markets to provide risk solutions. ART products include derivatives and securitized products, and the typical products include "weather derivatives" and "earthquake derivatives."

Annualized Premiums

The insurance premium payment method differs depending on the insurance contract. An annualized premium is calculated by adjusting for these differences in payment methods and computing the yearly average paid in premiums. It indicates how much income an insurance company makes from insurance premiums in one year.

Asset Liability Management (ALM)

A general term for the comprehensive management of risks related to assets and liabilities. The value of most of the assets held by insurance companies and other financial institutions is affected by market prices (or market interest rates); in other words, they are at risk. A proper evaluation of risks and returns cannot focus on assets or liabilities alone—the ALM business management methodology seeks to maximize profit, while managing it in a way that pays comprehensive attention to the risk and return of both assets and liabilities.

Assumed Interest Rate

Insurance companies anticipate a certain level of profits from asset management and offer discounts on insurance premiums based on this. This discount rate is called the assumed interest rate.

C

CAPM (Capital Asset Pricing Model)

The capital asset pricing model is used to calculate the rate of return expected by shareholders in the capital markets. The correlation of the target company's stock with the market is determined by the β value (more precisely, the slope estimated by the linear regression equation that explains the fluctuations in the stock prices of the target companies in terms of market price fluctuations). The estimated cost of capital is calculated by adding the risk-free interest rate to the individual equity risk premium, which is the β value multiplied by the equity market risk premium (market return – risk-free interest rate).

Catastrophe Reserves

Most non-life insurance premium rates are set using the "law of large numbers," but, in a given fiscal year, it is always possible that there will be a major typhoon or other large disaster causing damages on a scale that cannot be absorbed using premium income for that year alone. The catastrophe reserve is provided to prepare to respond to the temporary surge in claims associated with such disasters. For more details, see page 121.

CAT Bond (Catastrophe Bond)

Securities sold by non-life insurance companies to investors to enable the insurance companies to avoid major losses owing to claims paid in connection with major disasters. If there is no occurrence of a disaster on a scale surpassing previously stipulated criterion, then the CAT bonds' interest and principal will be paid to the investors, but, in the case of such a disaster, the principal will be partially or entirely reduced.

Combined Ratio

An indicator that is the sum of the net loss ratio and the net expense ratio; subtracting this ratio from one gives the underwriting balance ratio. Although the indicator is not adjusted to reflect outstanding claims and underwriting reserve, it reflects profitability for the fiscal period. Used only in the insurance industry, its concept is similar to that of the ratio of operating profit to sales of ordinary companies.

Commissions and Collection Expenses

The total of agent commissions, insurance broker commissions, sales expense, collection expense, reinsurance commissions, and ceded premium commissions. (Note that ceded premium commissions, which are commission incomes pertaining to ceded reinsurance and retrocession premiums, are deductions.)

Compulsory Automobile Liability Insurance (CALI)

To provide relief to victims of traffic accidents, this is compulsory insurance that all motor vehicles must be enrolled in under law. Motorized bicycles are also subject to this requirement. Compulsory automobile liability insurance provides compensation in cases where other persons are killed or injured in traffic accidents, etc. Insurance claims are paid for loss compensation of the other persons.

Core Profit (Fundamental Profit)

Ordinary profit after adjustments for capital profits/(losses) and extraordinary income and losses, which represent profits and losses not stemming from the principal business of life insurance companies; so, Core Profit is an indicator of the profitability of the Company's principal business operations during a fiscal year. The concept of Core Profit is close to that of ordinary companies' "operating income" and banks' "business income."

Cross-Selling

Concurrent selling of life insurance and non-life insurance products, such as in the case of a non-life insurance agent that sells life insurance products.

D

Direct Insurance

A term used in contrast to reinsurance. When an insurance contract is reinsured, the original insurance that has been reinsured is called direct insurance. It can also be used to refer to all the insurance contracts directly entered into with policyholders by the insurance company.

E

Earned-Incurred Loss Ratio (EI Loss Ratio)

After adjusting for provisions and reversals of loss reserves and

ordinary policy liability reserves, the EI loss ratio is an indicator of the loss ratio on a current-period-occurrence basis. It is calculated as follows.

→ **Net Loss Ratio**

- EI loss ratio = claims incurred ÷ premiums earned
- Claims incurred = period-end net claims paid + (period-end loss reserve – previous period-end loss reserve)
- Premiums earned = previous period-end unearned premiums + net premiums written for the period – period-end unearned premiums

EEV

See “Embedded Value” below.

Embedded Value (EV)

The current value of net assets plus the current value of future profit expected from policies in force (policies in force value). Under current statutory accounting practices, the recognition of costs is concentrated at the time of sales, while the related profits are recognized in subsequent years; so, using those accounting practices to accurately evaluate corporate performance is difficult in some ways. As EV encompasses an evaluation of the current value of future profit expected from policies in force, it is a useful indicator that can be used to supplement statutory accounting practices for the purpose of evaluating companies’ performance and enterprise value.

While the Company has disclosed its EV for some time, since FY2011, it has disclosed its EV calculated based on the European Embedded Value principles (EEV principles*), and this type of EV is referred to as EEV. In addition, the Company’s calculations of EEV employ a market-consistent approach to evaluating liability- and asset-related cash flows that is consistent with the financial products traded in markets.

*The EEV principles were instituted by a CFO Forum (composed of the chief financial officers (CFOs) of major European insurance companies) in May 2004 with the goal of promoting a consistent EV calculation and disclosure method and thereby promoting an increase in transparency.

Enterprise Risk Management (ERM)

A process for determining and evaluating the risks associated with the execution of business operations by an enterprise in an integrated, comprehensive, and strategic manner. It is an integrated risk management method used for maximizing enterprise value.

Equity Ratio

The proportion of equity divided by total assets. Owing to the application of accounting standards concerning financial products and the inclusion of unrealized gains on securities within the balance sheet figures, the equity ratio is also stated based on market value.

ESG

Three concepts of environmental, social, and governance (ESG). In ESG investing, the investor does not focus exclusively on the profit that can be earned from an investment but goes on to consider the impact of the investment on the environment as well as on shareholders, customers, employees, local communities, and other stakeholders. ESG investing essentially entails carrying out CSR when making investment decisions.

Expected Mortality

Based on past statistics, gender-wise and age-wise mortality (or the number of those alive) is predicted, and this information is used for calculating the required amount of insurance premium for future insurance payments. The mortality rate used in these calculations is called the expected mortality.

Expected Operating Expense Ratio

Life insurance companies anticipate all the expenses required for business operation such as concluding contracts, receiving premiums, maintaining and managing policies, and so on in advance. This is called the expected operating expense ratio.

F

Foreign Currency–Denominated Life Insurance

Foreign currency–denominated life insurance calls for the use of a foreign currency (e.g., U.S. dollars, Euros, Australian dollars) to pay insurance premiums and the use of a foreign currency to pay insurance benefits and reimbursements upon policy cancellations. A portion of such life insurance products as whole life insurance, endowment insurance, and fixed/variable individual annuities is sold as foreign currency–denominated products. When the foreign currency benefits from such products are converted into yen, they will be affected by foreign exchange rate fluctuations; so, there is a possibility that the yen-denominated benefits could end up being lower than the yen-denominated value of the premiums paid. The impact of foreign exchange rate fluctuations is referred to as “foreign exchange risk (foreign exchange rate fluctuation risk),” and policyholders and beneficiaries of foreign currency–denominated policies are exposed to those risks.

Full-Time Agents

Agents specializing in the sale of insurance. In the field of non-life insurance, in addition to specialized agents (full-time agents), there are sideline agents that sell insurance alongside their main line of business, such as automobile sales dealers, automobile repair shops, real estate agents, and travel agents.

G

General Insurance Rating Organization of Japan

An insurance rating organization formed by the merger in July 2002 of the Property and Casualty Insurance Rating Organization of Japan (established 1948) and the Automobile Insurance Rating Organization of Japan (established 1964), which was established in accordance with the Act of Non-Life Insurance Rating Organizations. It collects data from member insurance companies and calculates the Reference Loss Cost Rates for automobile insurance, fire insurance, personal accident insurance, and nursing care expense insurance, as well as Standard Rates for compulsory automobile liability insurance and earthquake insurance. It also handles loss adjustment work for compulsory automobile liability, collects insurance data, and conducts research and analysis.

Gross Written Premiums

Premiums written that were received from direct insurance contracts and reinsurance contracts during one fiscal year; they are the premiums written prior to the deduction of reinsurance premiums ceded via reinsurance contracts.

Group Adjusted Profit

Group Adjusted Profit, which is a numerical management target within the “Vision 2021” Medium-Term Management Plan and Medium-Term Management Plan (2022–2025), is calculated as follows.

Group Adjusted Profit = Consolidated net income + provision for catastrophe reserve and others – other incidental factors (e.g., amortization of goodwill and other intangible fixed assets) + equity in earnings of the non-consolidated Group companies

Group Adjusted ROE

Group Adjusted ROE, which is a numerical management target within the “Vision 2021” Medium-Term Management Plan and the Medium-Term Management Plan (2022–2025), is calculated as follows.

Group Adjusted ROE = Group Adjusted Profit ÷ average of beginning and ending amounts on B/S of adjusted net assets (consolidated net assets + catastrophe reserve and others – goodwill and other intangible fixed assets)

Group Core Profit

Group Core Profit, which is a numerical management target within the Next Challenge 2017 Medium-Term Management Plan, is calculated as follows.

Group Core Profit = Consolidated net income – net capital gains/losses on stock portfolio (gains/losses on sales, etc.) – net evaluation gains/losses on credit derivatives – other incidental factors + equity in earnings of the non-consolidated Group companies

Group Return on Equity (Group ROE)

Group ROE, which is a numerical management target within the Next Challenge 2017 Medium-Term Management Plan, is calculated as follows.

Group ROE = Group Core Profit ÷ consolidated total net assets excluding non-controlling interests (average of beginning and ending amounts of B/S)

I

Income Guarantee Insurance

A type of insurance under which a pension can be claimed after the policyholder’s death for the full term of the insurance as decided at the time of entering the contract. The number of times a pension can be claimed depends on the time of death of the policyholder. The minimum number of times a pension can be claimed is guaranteed. If the number of times the pension has been claimed before maturity is less than the guaranteed minimum, the remaining number of times can be claimed.

Incurred but Not Reported Loss (IBNR)

The portion of underwriting reserves corresponding to claims that have been incurred but had not been reported to the company at the end of the period. The IBNR is estimated using statistical methods.

→ Ordinary Outstanding Claims Reserve

Individual Annuity Insurance

Annuity insurance is a financial product used to save premiums and thereby fund the payment of future annuities, and individual annuity insurance is an annuity insurance product provided by private-sector life insurance companies. The annuities are received after the beneficiary reaches an age specified in the policy contract. There are several kinds of individual annuity insurance products defined based on the annuity receipt period, such as whole life annuity with a guarantee period, annuity certain, fixed-term annuity with a guarantee period, and a husband-and-wife annuity.

Insurance Business Act

A law that was enacted to promote the protection of policyholders through ensuring sound and appropriate business operations of insurance companies and fair solicitation of insurance policies. The act lays down organizational and operational rules for insurance businesses, as well as defining the criteria for the administration and supervision of insurance companies and determining the supervision standards and authorities of government units overseeing insurance business operations.

Insurance Claim (Benefit)

In the case of non-life insurance, the sum of money paid by an insurance company to the insured based on the amount of damage incurred due to an insured event. (In the case of life insurance,) the sum of money decided beforehand in the insurance contract paid by the insurance company upon the maturity of the contract to the designated beneficiary, in the event of illness or death of the insured person.

L

Law of Large Numbers

If you roll a die (one dice), a “one” might appear by chance, but if you continue to increase the number of times the die is rolled,

the ratio of times that “one” appears will approach one time out of six. As in this case, when the number of trials is increased, the law of large numbers indicates that the results will approach a fixed value. When calculating the probability of accident occurrence, the probability can be forecast by analyzing large volumes of accident data rather than just looking at the accident percentages of a few cases.

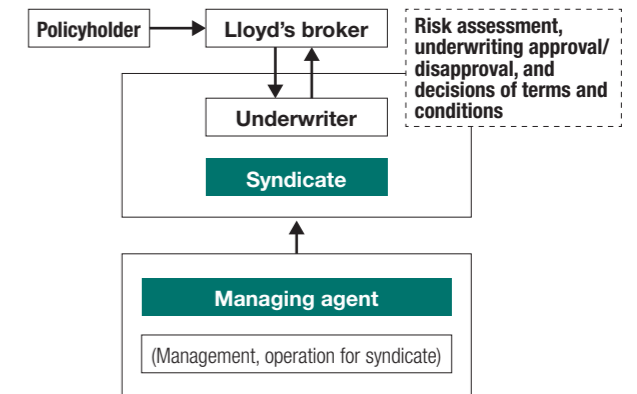
Life Insurance Professional

An agent specializing in life insurance or selling life insurance as its main business.

Lloyd’s (Insurance Market)

The generic name for an insurance market established in London in the 17th century, having more than a 300-year history. On a day-to-day basis, huge and complex risks are brought to Lloyd’s, where that risk is assessed, premiums decided, and insurance underwritten by underwriters that have a high level of specialized expertise and that belong to individual syndicates (the risk underwriting bodies at Lloyd’s). Lloyd’s is supervised by the British authorities and has a strong management and supervisory system unique to Lloyd’s. It is not easy to become a Lloyd’s member (syndicate fund contributor) or establish a syndicate as many strict requirements must be satisfied.

As of the end of December 2023, it was underwritten by 78 Lloyd’s syndicates, and the gross written premiums in FY2023 for the whole of the Lloyd’s market amounted to approximately £52.1 billion.



Long-Term Care Insurance (Nursing Care Insurance)

A kind of insurance that can provide benefits for the purpose of providing long-term nursing care. In Japan, there exists both public long-term care insurance and private long-term care insurance products. Among the latter type of products, there are products that will provide a lump-sum benefit and/or annuities in cases where the beneficiary requires nursing due to being bedridden or suffering dementia for a specified period. There are also products that will provide a lump-sum benefit and/or annuities based on the public long-term care insurance system’s primary nursing care requirement authorization.

Loss Adjustment Expense

Personnel expenses and non-personnel expenses (including depreciation costs) as well as various taxes related to the loss adjustment and insurance claim payment operations.

M

Medical Insurance

Medical insurance provides benefits to policyholders when they are hospitalized due to illness or injury or undergo specified types of surgical operations. Some medical insurance policies also provide death benefits on the decease of the beneficiary, but the amount of such benefits is generally small.

Motor Channel Agent

Sideline agents that sell insurance as a side business but are mainly automobile repair shops, used car sales dealers, or

automobile-related service providers or motorbike shops. Automobile dealerships that also sell insurance are excluded from this category.

N

Net Claims Paid

Net claims paid is obtained by totaling (adding or subtracting as indicated) items ① to ④ listed below, and plainly shows the amount of insurance claims paid. The payment of insurance claims is the main expenditure involved in the non-life insurance business.

- ① Direct claims paid
-) ② Reinsurance claims ceded
- +) ③ Reinsurance claims paid
-) ④ Retrocession claims ceded
- ⑤ Net claims paid (Income statement item)

Net Expense Ratio

The net expense ratio is obtained by adding the commissions and collection expense to operating expenses and general administrative expenses incurred in the insurance underwriting business and dividing this by net premiums written. It is an indicator of the operational efficiency of an insurance company. The net expense ratio can also be called simply the "expense ratio."

Net Loss Ratio

The net loss ratio is obtained by adding net claims paid and loss adjustment expenses, and dividing this by net premiums written, and it indicates the company's insurance underwriting business performance. It can also be called the "published loss ratio" or the "loss ratio." The net loss ratio is what is called a "written paid basis" indicator, as it can be calculated based simply on written premium and paid claims during the accounting period in question.

→ Earned-Incurred Loss Ratio (EI Loss Ratio)

Net Premiums Written

Net premiums written is obtained by totaling (adding or subtracting as indicated) items ① to ④ listed to the right, and plainly shows the income earned from the non-life insurance business (excluding deposit premiums from policyholders).

- ① Direct premiums written
-) ② Reinsurance premiums ceded
- +) ③ Reinsurance premiums written
-) ④ Retrocession premiums ceded
- ⑤ Net premiums written (Income statement item)

Non-Fleet Grade System (Automobile Insurance)

A system of insurance premium discounts and surcharges based on the accident history applied to non-fleet contracts. The term non-fleet contracts refers to contracts where the total number of contract automobiles owned and used by the policyholder (the number of contracts with other insurance companies included) is nine or less. (Cases where the number of automobiles is 10 or more are referred to as "fleet contracts.") The grades are divided into 20 levels (Grade 1 to Grade 20), and the grade is maintained even if the insurance company changes. For more details, see page 121.

O

Ordinary Outstanding Claims Reserve

A type of outstanding claims reserve set aside based on an estimation of future liability of individual claims that have occurred and been reported but not yet settled.

→ Incurred but Not Reported Loss (IBNR)

Ordinary Underwriting Reserves

The amount of unearned premiums (premium reserve) or the initial year balance, whichever is greater, is set aside as a liability reserve and called the "ordinary underwriting reserve."

- Unearned premiums (premium reserve): Insurance premiums corresponding to the time remaining on an insurance policy, collected beforehand.
- Initial year balance: Premiums received during the fiscal year

less claims paid, reserves for outstanding claims, and other expenses incurred under those contracts.

Outstanding Claims

A reserve fund to fund the claim payment for unpaid insurance payment when an accident has occurred before the balance sheet date.

P

Policies in Force

The outstanding amount of valid insurance policies owned by an insurance company at the end of the fiscal year. It is an indication of the grand total amount (e.g., of insurance) guaranteed to policyholders.

Policy Clauses

The policy clauses define the details of the insurance contract, including the policyholder's obligation to pay the insurance premium and duty of disclosure, as well as the payment amount and terms and conditions of payment by the insurance company. There are two kinds of policy clauses: common policy clauses, which are common to all insurance contracts of the same type, and special policy clauses (clauses containing special policy conditions), which are customized for individual contracts by adding to or changing/limiting some of the provisions in the common policy clauses.

Policyholder

The party applying to an insurance company for an insurance contract is called the policyholder. The policyholder is obliged to pay the insurance premium once the contract is concluded.

Policy Reserve

The reserve set aside by the insurance company at the period-end closing of accounts so that it can fulfill its obligation to pay insurance claims based on insurance contracts. It includes outstanding claims and underwriting reserves, and policyholder dividend reserves.

R

Reinsurance

Reinsurance is a form of insurance that an insurance company purchases to share the risks of its insurance policies with another insurance company.

→ Direct Insurance

Reinsurance Premium

An insurance premium received from another insurance company via a reinsurance contract in return for underwriting a part of the risk.

Reinsurance Premium Ceded

An insurance premium paid to another insurance company via a reinsurance contract in return for covering a part of the risk of the original insurance contract, for purposes such as risk diversification.

Reorganization by Function

An unprecedented business model made possible by the 2013 revision of Japan's Insurance Business Act. Reorganization by Function calls for making the most of the strengths of each group insurance company while undertaking business reorganization. While enabling the bypassing of the negative aspects of simple corporate mergers-including temporary costs and the business impediments, time losses, and various other problematic factors that often arise at the time of mergers-Reorganization by Function is designed to realize smooth business integration without slowing the speed of business growth, and it concurrently enables the leveraging of individual companies' strengths and the realization of efficiency in the pursuit of business scale and profitability.

Reserve for Price Fluctuation

In accordance with the Insurance Business Act revised in 1996, this reserve is provided to cover losses incurred from future decreases in prices of assets such as stocks and bonds for which the value is likely to fluctuate.

Retrocession Premium

When a reinsurance company reinsures a certain portion of the accepted reinsurance risks to other reinsurers, a reinsurance company pays a retrocession premium to other reinsurers based on the retrocession contracts.

S

Solvency Margin Ratio

The solvency margin of an insurance company, including its capital and reserves, seen as a percentage of a risk amount greater than what can be ordinarily expected, which might include catastrophic disasters or a massive drop in the price of owned assets. It is an indicator of the soundness of the company's management.

Solvency margin ratio = solvency margin ÷ half of total risk amount greater than what can be ordinarily expected

Strategic Equity

Investments in stocks with the intention of holding the stock over a long period to maintain and strengthen general business relationships with the issuer, while also securing a stable stream of investment income and improving asset value over the long run.

T

Telematics

A combination of "telecommunication" and "informatics," telematics refers to information services provided by equipping automobiles and other mobile objects with communications systems. Telematics automobile insurance refers to automobile insurance with the premium rates calculated based on the collected data that relate to the driver's driving tendency such as miles driven and the driver's use of accelerator and brake functions.

Term Insurance

A type of insurance where the term of the insurance is fixed and the insurance benefits can be claimed only if the policyholder dies during the term. There are no maturity proceeds. This is ordinarily a fixed-amount insurance, where the insurance amount is fixed and remains unchanged throughout the term of insurance, but it could also be a decreasing term insurance, where the insurance premium is fixed and the insurance amount progressively decreases over the insurance term, and increasing term insurance, where the insurance amount increases over the duration of the insurance term.

→ Whole Life Insurance

Third Sector

The third "sector" of insurance, positioned somewhere between the first sector (life insurance) and second sector (non-life insurance), includes many different types of insurance, such as medical insurance, cancer insurance, nursing care insurance, and accident insurance.

Three Surplus Factors (Life Insurance)

The "three surplus factors" refer to three margins: the "administrative expense margin," which is the difference between the planned administrative expense based on the planned expense ratio and the actual administrative expenses; the "risk margin (mortality margin)," which is the difference between the planned payment amounts from insurance, benefits, etc., based on the planned mortality rate and the actual payment amounts from insurance, benefits, etc.; and the "investment yield margin," which is the difference between the planned investment income based on the planned interest rate and the actual investment income. (If the investment yield margin is

negative, it will be in a "negative spread" state.) The three surplus factors are a breakdown of "core profit," which is an indicator of the periodic profit and loss situation of a life insurance company.

Tontine-Type Annuity

A tontine-type annuity is a pension arrangement whereby payments to deceased members are terminated and their portion redistributed to surviving members, thus paying more to those who live longer. It originates in a pension system devised by the Italian Lorenzo Tonti.

U

Underwriting Profit (Loss)

Claims payment and loss adjustment expenses, maturity refunds and other underwriting expenses, and operating expenses and other general administrative expenses required for insurance underwriting are subtracted from net premiums written and other underwriting profit, and this is then adjusted to reflect other income and expenditure (such as expenses associated with compulsory automobile liability insurance, etc., corresponding to corporate taxes) to calculate underwriting profit (loss).

As for non-life insurance companies, the principal revenue sources are underwriting income and investment income, and underwriting profit indicates the profitability level of underwriting operations.

Underwriting Reserves

The general term for reserve funds set aside by insurance companies based on the legal requirement, for use toward insurance claims payments and other insurance-related obligations that could arise in the future. Underwriting reserves are broadly classified into five types:

- ① ordinary underwriting reserves, ② catastrophe reserves, ③ contingency reserves, ④ refund reserves, and ⑤ policyholder dividend reserves.

V

Variable Insurance

An insurance product where the premium is invested in stocks, bonds, and other assets, and the insurance payment or payout upon cancellation varies depending on the performance of the investment. The investment risk (the risk fluctuation in pension or cancellation payout) is borne by the individual policyholder. When the policyholder dies, the beneficiary can claim the basic insurance + variable insurance. The basic insurance is a minimum amount guaranteed to the policyholder irrespective of the investment fund's performance. Even when the variable insurance is negative, the basic insurance can be claimed.

W

Whole Life Insurance

Of the types of insurance providing for the receipt of death benefits on death, this is a type that is not for a fixed period but continues for a lifetime and does not have benefits on maturity.

→ Term Insurance

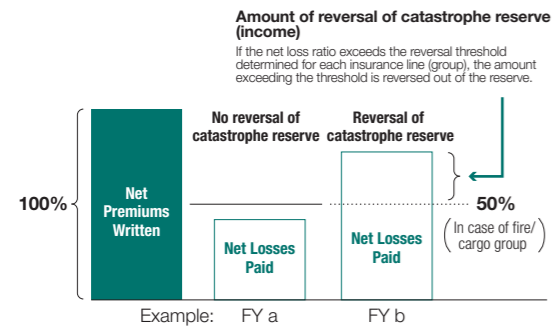
Accounting Line-Item Terminology

Please refer to the Guide Book for the Understanding of Disclosure Materials of Non-Life Insurance Companies 1 (prepared by the General Insurance Association of Japan) and the Life Insurance Company Disclosure Notes Glossary 2 (prepared by the Life Insurance Association of Japan) for details of accounting line items and other pertinent information.

1. <https://www.sonpo.or.jp/report/publish/accounting/0004.html> (Japanese only)
2. <https://www.seiho.or.jp/data/publication/tora/> (Japanese only)

Catastrophe Reserves

- These are reserves that insurance companies set aside to prepare for major disasters (e.g., typhoons, earthquakes) for which the “law of large numbers” does not function.
- The funds are accumulated as reserves (expense posted) at a certain percentage of each fiscal year’s net premiums written.
- If a fiscal year’s loss ratio (ratio of net losses paid to net premiums written) exceeds a certain threshold, reserves are reversed and posted as income.
- This is one of the mechanisms used to mitigate the impact on an insurance company’s fiscal year profit and to guarantee it has a suitable capacity to pay insurance claims.

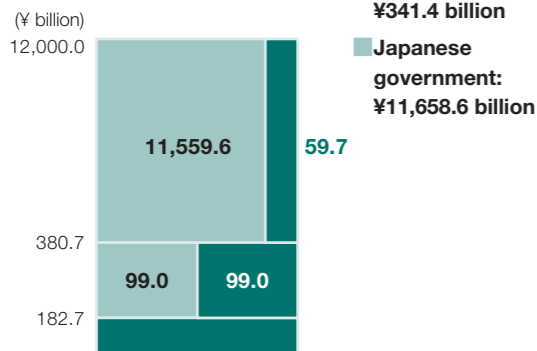


About Residential Earthquake Insurance

Based on Japan’s Law Concerning Earthquake Insurance (the Earthquake Insurance Act), residential earthquake insurance is operated jointly by the government and non-life insurance companies. Reflecting the significant impact that earthquakes can have on society, residential earthquake insurance is a prerequisite for and incidental to fire insurance. Recognizing the substantial damage that is likely to occur in the event of a large-scale earthquake, residential earthquake insurance involves a government reinsurance underwriting mechanism in preparation for the payment of massive insurance amounts. For their part, non-life insurance companies forego the accumulation of profits in similar fashion to compulsory automobile liability insurance. Premiums are set aside as a reserve to cover insurance payments in the event of an earthquake in the future.

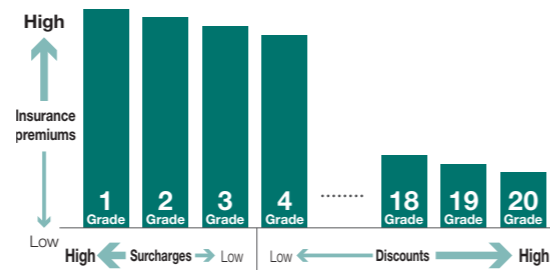
Government and Private-Sector Burdens

As of April 2024



Non-Fleet Grade System (Automobile Insurance)

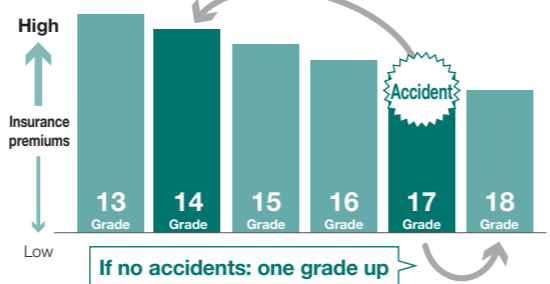
- This system applies discount percentages to grades defined from Grade 1 to Grade 20.



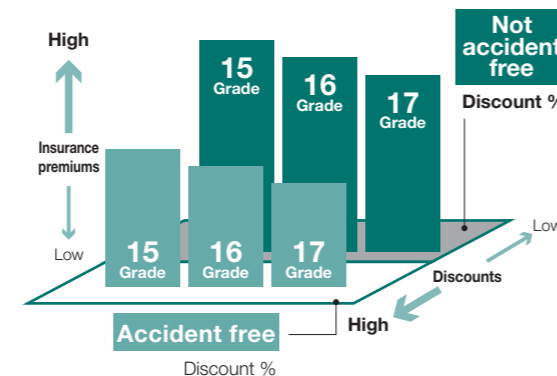
- When the contract is first concluded, the customer starts at Grade 6 (or Grade 7) and then rises by a one-grade increment if there are no accidents.
- If there is an accident, the grade drops by three-grade increments and moves to an accident-existence rate table.

Note: Depending on the accident type and the type of claim received, there are cases where the grade drops by only a one-grade increment and cases where the matter is not counted as an accident.

Principle 3 grades down per one accident



- Even at the same grade, discount percentages differ, depending on whether there have been accidents in the past. When “accidents exist,” insurance premiums are set higher than when “no accidents exist.”



Performance Record

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Five-Year Summary (Unaudited)

	Yen in millions					US\$ in millions
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023
Ordinary income:	¥ 5,168,361	¥ 4,892,244	¥ 5,132,042	¥ 5,250,794	¥ 6,572,889	\$ 43,529
Net premiums written	3,573,732	3,500,996	3,609,052	3,933,235	4,261,736	28,223
Ordinary profit	157,701	306,524	390,499	292,262	416,440	2,758
Net income attributable to owners of the parent	143,030	144,398	262,799	211,006	369,266	2,445
Comprehensive income/(loss)	(157,288)	753,938	310,470	(25,734)	1,527,696	10,117
Net assets	2,494,038	3,126,657	3,302,749	3,139,501	4,513,562	29,891
Total assets	23,196,455	24,142,562	25,033,846	24,349,984	26,960,207	178,544

	Yen					US\$
	¥	¥	¥	¥	¥	\$
Net income attributable to owners of the parent per share—Basic	82.78	85.26	158.17	130.54	231.83	1.54
Net income attributable to owners of the parent per share—Diluted	82.74	85.21	158.10	130.50	231.77	1.53
Net assets per share	1,436.12	1,841.80	1,985.07	1,928.84	2,817.00	18.66
Equity ratio	10.57%	12.78%	13.02%	12.70%	16.57%	—
Return on equity	5.50%	5.22%	8.29%	6.62%	9.77%	—
Price earnings ratio	12.18	12.70	8.38	10.48	11.69	—

	Yen in millions					US\$ in millions
	¥	¥	¥	¥	¥	\$
Cash flows						
Cash flows from operating activities	667,896	(323,912)	236,708	194,153	549,466	3,639
Cash flows from investing activities	(330,363)	43,925	(71,976)	480,953	(276,825)	(1,833)
Cash flows from financing activities	65,321	79,278	58,545	(314,502)	(231,549)	(1,533)
Cash and cash equivalents at the end of year	2,198,680	1,994,434	2,256,216	2,646,431	2,733,760	18,104
Number of employees	41,582	41,501	39,962	38,584	38,391	—

Note: U.S. dollar amounts in this report have been translated from yen, for convenience only, at the rate of ¥151 = US\$1. For details, see Note 1 of Significant Accounting Policies (p. 159).

Management's Discussion and Analysis

1. OVERVIEW

This Management Discussion and Analysis (MD&A) provides information on the nature of the businesses conducted by MS&AD Holdings and its affiliates (162 subsidiaries and 33 associates as of March 31, 2024), and the positioning of the principal affiliates within these businesses.

MS&AD is a specified listed company pursuant to the provisions stipulated in Japanese Cabinet Order 49-2 and is regulated under this Order with respect to securities transactions and other matters. As a result, investors should make decisions based on the Group's consolidated financial statements as provided for under the minimal standards criteria of material facts set forth in restrictions on insider trading.

Description of Businesses

1) Domestic Non-Life Insurance Business

MS&AD's domestic non-life insurance business is operated by the following three subsidiaries and others in Japan:

- Mitsui Sumitomo Insurance Co., Ltd. ("MSI")
- Aioi Nissay Dowa Insurance Company, Limited ("ADI")
- Mitsui Direct General Insurance Co., Ltd.

2) Domestic Life Insurance Business

MS&AD's domestic life insurance business is operated by the following two subsidiaries and others in Japan:

- Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSAL")
- Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSPL")

3) International Business

MS&AD's international business is operated by the international divisions of the domestic non-life insurance subsidiaries in Japan and their overseas subsidiaries, and the overseas branches of the domestic non-life insurance subsidiaries.

4) Financial Services Business and Digital/Risk-Related Services Business

a) Financial Services Business

MS&AD's financial services business, including asset management, financial guarantees, 401k, ART (alternative risk transfer), personal finance, and venture capital finance, is operated by the domestic non-life insurance subsidiaries; Sumitomo Mitsui DS Asset Management Company, Limited; MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.; Leadenhall Capital Partners LLP; and others.

b) Digital/Risk-Related Services Business

MS&AD's risk-related services business, including risk management, is operated by MS&AD InterRisk Research Institute & Consulting, Inc., and others.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

MS&AD Holdings' consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan (Japan GAAP). The preparation of these financial statements requires MS&AD Holdings' management to select and apply accounting policies, and to make several estimates regarding the impact on disclosure of assets and liabilities as well as revenues and expenses. Management bases its estimates on historical experience and other assumptions considered reasonable. Nevertheless, these estimates contain inherent uncertainties and thus could differ from actual results.

Significant accounting policies used in the preparation of MS&AD Holdings' consolidated financial statements are presented in "Significant Accounting Policies" of the "Notes to Consolidated Financial Statements" under "Section 4. Accounting policies" on the Consolidated Financial Statements. The following items are considered to be important accounting estimates.

1) Method for Determination of Fair Value

Certain assets and liabilities are recorded on the Company's balance sheet at their fair values. These fair values are determined based on market prices. For certain derivatives for which market prices are not available, reasonable estimates of fair value are made based on the present value of future cash flows, the price of the underlying assets, the contract period, and other factors.

2) Impairment of Securities

Because securities held by the Group companies are subject to the risk of price fluctuations in securities markets, MS&AD applies impairment accounting for securities based on reasonable criteria. If the securities markets decline, an impairment loss could be incurred.

3) Impairment of Fixed Assets

When the profitability of fixed assets declines and investments in these assets are unlikely to be recovered, MS&AD recognizes impairment losses to reflect recoverable amounts under certain circumstances. The recoverable amount for an asset or asset group is the higher of the net sales value (the value computed by deducting expected disposal expenses from the fair value of an asset or asset group) and the value in use (the present value of expected future cash flows resulting from the continual usage and subsequent disposal of an asset or asset group). Accordingly, the amount of the impairment loss for fixed assets depends on estimated future cash flows based on the assumption and forecasts that MS&AD considers reasonable. Consequently, an additional impairment loss could be incurred in the event of changes in the related business environment, in the event of a change in the usage of fixed assets, or in the event of changes in real estate or leasing market prices.

4) Deferred Tax Assets

In determining recoverable deferred tax assets, future taxable income is estimated based on the assumptions and forecasts that MS&AD considers reasonable. Because the recoverable amount of deferred tax assets depends on estimates of future taxable income, the amount of deferred tax assets could fluctuate in the event of a subsequent change in estimates of future taxable income.

5) Allowance for Credit Losses

In preparation for losses on bad debts, MS&AD records estimated amounts deemed to be unrecoverable as an allowance for credit losses. Unrecoverable amounts and recorded allowances for credit losses could change from their initial estimates due to changes in the financial condition of debtors.

6) Outstanding Claims

MS&AD estimates and sets aside reserves as outstanding claims for any unpaid amounts of its payment obligations as determined or recognized by insurance contracts. Claim payments and recorded outstanding claims could change from their initial estimates due to such factors as the progress of loss adjustment, the results of legal judgments, inflation, and exchange rate fluctuations.

7) Underwriting Reserves

To meet future obligations in accordance with insurance contracts, MS&AD sets aside underwriting reserves. It could, therefore, become necessary to increase underwriting reserves in the event of unforeseen losses due to significant changes in the business environment, operating conditions, and other factors.

8) Retirement Benefit Expenses and Retirement Benefit Obligations

Retirement benefit expenses and retirement benefit obligations are calculated based on certain assumptions that include discount rates, future retirement rates, and mortality rates. However, future retirement benefit expenses and obligations could change if actual results differ from the assumptions used or if it becomes necessary to change the assumptions.

In addition, for “3) Impairment of Fixed Assets” and “6) Outstanding Claims” above, related matters are stated in “Significant Accounting Policies” under “Section 4. Accounting policies” on the Consolidated Financial Statements.

3. MATTERS CONCERNING THE CURRENT STATUS OF THE INSURANCE HOLDING COMPANY

Progress and Results of Business of the Corporate Group (the “Group”)

For the current fiscal year, looking at the global economy, the U.S. economy demonstrated steady movements, supported by job growth and increased personal consumption, while the European economy showed signs of weakness due in part to rising prices. The Japanese economy recovered moderately due to the resumption of economic activities and the recovery of domestic demand, notwithstanding the impact of soaring prices of raw materials and other factors.

The Group, pursuant to the Medium-Term Management Plan (2022-2025), aims to “Grow Together with Society as a Platform Provider of Risk Solutions” and has been working to become a “Corporate Group that Supports a Resilient and Sustainable Society” under the three basic strategies of the Plan, namely “Value (value creation),” “Transformation (business reforms),” and “Synergy (Demonstration of group synergy).” Also, with incidents of price fixing in the corporate insurance field recognized at Mitsui Sumitomo Insurance Co., Ltd. (“MSI”), and Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”; and referred jointly with MSI as “Both Companies”), the Group has positioned reassuring compliance including compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (the “Antimonopoly Law”), and strengthening of governance as priority issues to be addressed, and has since promoted initiatives with all officers and employees actively involved.

The Group adjusted profit for the current fiscal year was ¥379.9 billion exceeding the initial forecast (350.0 billion yen) and setting a record high, mainly due to the expanding revenue in the international business and the accelerated sales of strategic equity holdings and other factors. In terms of capital efficiency, the Group adjusted ROE fell short of the initial forecast (10.0%), but exceeded the revised forecast of 7.5% at 9.0%. In terms of the Group’s financial soundness, the ESR was 229%, which was within the target range (180%–250%).

In response to the 2024 Noto Peninsula earthquake, which occurred in January 2024, the Group established headquarters and on-site observation bases, mobilized a large number of employees and adjusters, and conducted intensive investigations, in an effort to make payments of insurance claims and provide relief to customers affected by the disaster promptly.

Reassuring Compliance and Strengthening Governance

In December 2023, MSI and ADI received a business improvement order from the Financial Services Agency under the Insurance Business Act in relation to incidents of price fixing in the corporate insurance field, upon which Both Companies each formulated and submitted to the Financial Services Agency business improvement plans, which included reduction of officer remuneration as clarification of responsibility of the management. In December 2023, Both Companies were subjected to an on-site inspection by the Japan Fair Trade Commission on suspected violation of the Antimonopoly Law.

The Company takes the situation seriously and will take steps to restore the trust of society and its customers by returning to the Group’s five Values: “Customer Focus,” “Integrity,” “Teamwork,” “Innovation,” and “Professionalism,” and, together with Both Companies, promoting further efforts to reassure compliance and strengthen governance, all toward preventing recurrence and improving management and operations.

[Key measures]

- Instill the Group’s Mission, Vision, Values, and consciousness of “Customer-Focused” business operations through tone at the top
- Establish a system to promptly convey material information and questions identified within the company to management and headquarters departments
- Raise awareness within the sales department, i.e., the first line in the three-line management system^{*1}, such as by monitoring outgoing e-mails addressed to a competing insurer(s)
- Enhance second-line defense functions, such as by detecting signs of risk and assessing the state of compliance at the first line
- Strengthen internal audit functions by establishing capabilities for making recommendations to management
- Clarify employee conduct rules and maintain manuals in light of the Antimonopoly Law
- Reestablish criteria for evaluating performance of sales departments in line with the Group’s approach of ensuring profitability through customer-focused business operations
- Provide appropriate supervision and guidance for steady implementation of each measure by Both Companies

^{*1} Three-line management system

Also referred to as the three lines of defense, where a first line (e.g., sales department), second line (administrative departments), and third line (internal audit department) bear risk management responsibilities according to their respective roles, and the three lines work together to operate as a single line in executing internal control.

Medium-Term Management Plan (2022–2025): Three Basic Strategic Initiatives

Value (Value creation)	The Group undertook initiatives including the following, aiming to practice “CSV×DX (creating shared value (CSV) with society and digital transformation)” ^{*2} globally, providing value to all stakeholders and thus enhancing corporate value, and increase the profitability of our business, products, and services, thereby strengthening our earnings base. [Details of Initiatives] <ul style="list-style-type: none"> • Develop products and services for “before” coverage and/or protection and “after,” and develop and begin utilizing the Group data integration platform to support these products and services • Implement measures to improve the profitability of the domestic non-life insurance business, such as product revisions (including optimization of premium rates) and strengthening of underwriting^{*3}, in response to the increased severity and frequency of natural disasters, continued inflation, and an increase in large insurance claims
Transformation (Business reforms)	The Group undertook initiatives including the following, with the aim of transforming the business structure and adapting to changes in the business environment through the creation of new businesses and other measures, as well as building a stable earnings base by transforming the business, products, and risk portfolio. [Details of Initiatives] <ul style="list-style-type: none"> • Capture U.S. MGA^{*4} market through MS Transverse Insurance Group, LLC ^{*5}, regain and increase MS Amlin’s profitability, and improve the profitability of the Toyota Retail business • Transform from a portfolio centered on automobile insurance to a portfolio with diversified sources of profit by improving the profitability of fire insurance (returning to profitability) and increasing profits from casualty insurance (expanding sales of products for new risks)
Synergy (Demonstration of group synergy)	The Group undertook initiatives including the following, with the aim of improving the quality of operations and productivity through the One Platform Strategy ^{*6} , pursuing further growth by strengthening cooperation by leveraging the diversity within the Group, and realizing synergies on a global basis. [Details of Initiatives] <ul style="list-style-type: none"> • Integrate head office functions between Group companies, expand streamlined business process outsourcing for common operations, and integrate locations such as branch offices, etc. • Promote life insurance sales through non-life sales channels, and promote cross-sales of Mitsui Sumitomo Primary Life products at Mitsui Sumitomo Aioi Life • Promote bilateral sharing and utilization of products, services, and various knowledge with overseas bases under the “TENKAI Project”

^{*2} CSV×DX

An initiative to achieve sustainable growth and increase corporate value by combining “creating shared value” with society and “digital transformation” with the aim of improving productivity and competitiveness.

^{*3} Underwriting

The process of deciding whether to accept an insurance policy and determining the terms and conditions thereof.

^{*4} Managing General Agent

An agent authorized to perform a wide range of tasks such as underwriting, loss amount certification, and assessment, in addition to insurance solicitation on behalf of an insurer.

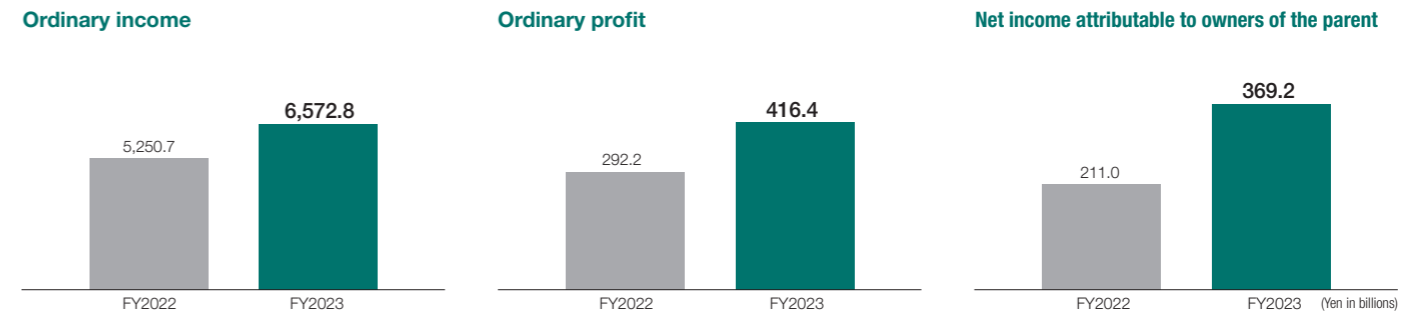
^{*5} MS Transverse Insurance Group, LLC

Hereinafter referred to as “MS Transverse.”

^{*6} One Platform Strategy

The Group’s initiative to further promote standardization, collaboration, and integration of the middle-and back-division operations between MSI and ADI, with strategic exceptions where differences are to be left untouched.

The Group’s consolidated business performance for the current fiscal year was as follows.



Note: The Group has adopted International Financial Reporting Standards (IFRS) 17 “Insurance Contract” with regard to some of its overseas subsidiaries from the beginning of the current fiscal year. The figures for fiscal 2022 as appear above are presented on the same basis.

The progress and results of our efforts in each business domain for the current fiscal year are as follows:

Domestic Non-Life Insurance Business

The Group provides products and services that contribute to CSV through three non-life insurance companies: MSI and ADI, which are our core non-life insurance companies, and Mitsui Direct General Insurance Co., Ltd. (“Mitsui Direct”), which specializes in online automobile insurance, in order to contribute to solving social issues such as climate change and to grow together with society.

During the current fiscal year, we have further adopted the use of digital technology to conduct loss investigations promptly and accurately at the time of natural disasters. Also, to meet diversifying customer needs, we have enhanced services for customers who purchased non-life insurance via the Internet.

Taking seriously the fact that many customers have been affected by a series of fraudulent automobile repair cost claims at major used car stores,

we have conducted our own investigations independent of the stores to estimate the appropriate repair costs promptly and reconfirmed customers’ intentions regarding insurance coverage based on the results. We have also analyzed the causes of fraudulent claims and put more efforts to prevent and detect such claims since.

[Key measures]

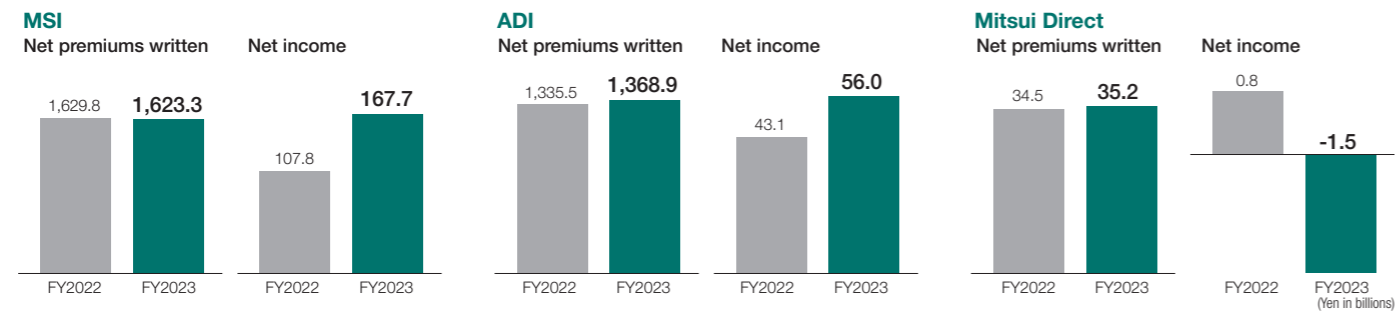
- Adopt fraudulent claim detection systems and review business processes, including loss investigation methods
- Review quality standards of repair shops referred to customers and strengthen inspections
- Strengthen monitoring of claims departments by headquarters administrative departments

The main initiatives of each non-life insurance company are as follows.

Main Initiatives		
MSI	F-Drive Alcohol Check Plan	We have begun offering the F-Drive Alcohol Check Plan to support fleet policies*7 customers in collectively recording and managing the results of alcohol checks and driving data for each driver.
	Accident response service by AI voice	We have begun offering a service in which an AI voice automatically responds to certain accident calls in order to speed up response times for the acceptance of such calls in the event that a large number are received at once, such as during a large-scale natural disaster.
ADI	TOUGH Mimamoru Automobile Insurance NexT	In the area of telematics automobile insurance, which reflects the degree of safe driving into insurance premiums, we have begun selling TOUGH Mimamoru Automobile Insurance NexT, a more-convenient solution that can be used through a car navigation app on a smartphone without installing a dedicated in-vehicle device.
	AI fraud detection system	We have developed a system to detect fraudulent automobile repair cost claims by analyzing the level of repair costs and other claim trends at each repair shop using AI.
MSI and ADI	Accident Risk AI Assessment	We have begun selling our Accident Risk AI Assessment service to local governments and businesses nationwide, which uses AI to evaluate and visualize accident risk by combining data on accident locations, road structure, traffic flow, and other factors.
Mitsui Direct	"Strong and Tender" car insurance	We have begun offering a service that uses data to contact customers at the most appropriate time to carefully resolve their problems and concerns in an effort to embody the "Strong and Tender" brand. We also offered the Your Concierge service that provides optimal support to customers through the optimal mix of human and digital resources.

*7 Fleet policies
Contracts with customers with more than 10 automobiles insured.

Operating results by segment were as follows:



Domestic Life Insurance Business

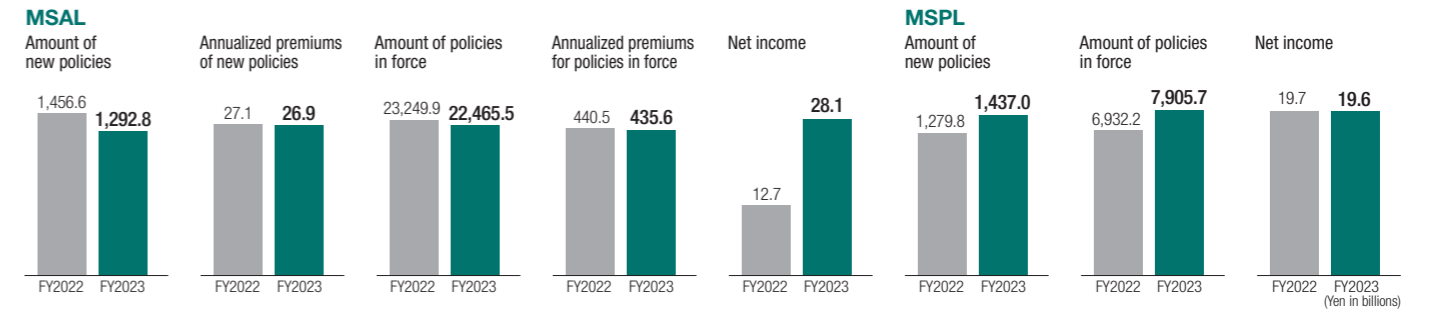
Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSAL"), and Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSPL"), have been providing products and services that address the social issues of the 100-year-life era: extending healthy life expectancy and extending asset life.

MSAL has expanded its product lineup by launching &LIFE Medical Insurance A (Ace) Select (Deregulated Underwriting), which is easy for customers with health concerns to purchase and offers enhanced coverage, and &LIFE Long-Term Care Insurance C (Care) Select, a long-term care insurance policy that allows customers to select coverage and benefit payment methods to meet their needs for preparation for long-term care and dementia. In terms of services, we have expanded the scope of MSA Care, a healthcare service that provides total support for the health of customers, to include not only policyholders themselves but also their employees and members when the policyholder is a corporation or an organization. We have also been making efforts to

provide integrated coverage and pre- and post-insurance services by, for example, expanding content by adding services for preventing and improving lifestyle-related diseases as well as services related to nursing care and dementia.

MSPL has launched sales of annuities for which the annuity amount once it has risen due to investment performance will not fall due to the subsequent status of investment, variable insurance policies that allow for asset building while providing protection in case of death or severe disability, and smartphone-based variable annuities that meet the needs of customers who want a simple way to start asset-building. In addition, to support after-sales follow-up to customers after selling risk-involving financial products such as foreign currency insurance and variable annuities, we have embarked on practical initiatives for business operations that put the customer first, including the development of training content for financial institution agents.

Operating results by segment were as follows:



International Business

As outlined in the Group's Medium-Term Management Plan, the Group worked to expand revenue at MS Amlin, tap into growth in the Asian market, achieve sustainable growth in Toyota Retail business, accelerate growth through business investments, and demonstrate Group synergies, and more than doubled the revenue of the previous fiscal year.

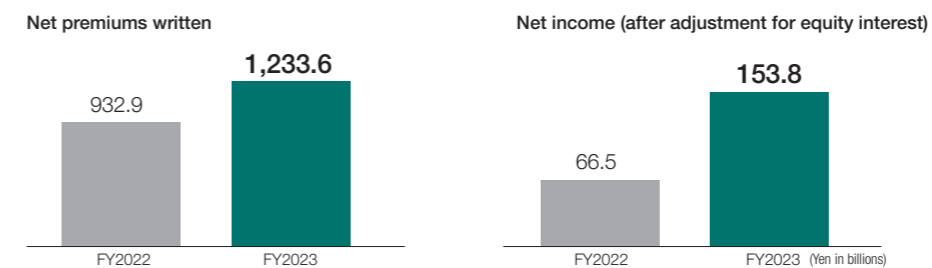
MS Amlin increased revenue by reducing underwriting for natural disaster risks such as hurricanes in the U.S., while increasing underwriting for other risks and raising premium rates in light of market conditions. In the Asian market, we continued to make inroads into the retail market utilizing digital technology through collaboration with platformers, and through continued efforts to penetrate further into the corporate market by leveraging the strengths of each office, such as the

high underwriting capabilities of MS First Capital Insurance Limited, we achieved steady growth of revenue from underwriting.

In the Toyota Retail business, we took actions that will contribute to improved results in the future. Results during the current fiscal year were lower than the previous fiscal year due to an increase in auto thefts in Europe and the impact of inflation. Due to changes in the business environment, we have revised our business plans, adopting a policy of improving profitability through selection and concentration of businesses, including withdrawal from low-profit businesses.

For our business investments, we have begun efforts to capture the growing U.S. MGA market through MS Transverse, which we acquired with the aim of building a stronger presence in the U.S. insurance market.

The results of overseas insurance subsidiaries were as follows:



Note: The Group has adopted International Financial Reporting Standards (IFRS) 17 "Insurance Contract" with regard to some of its overseas subsidiaries from the beginning of the current fiscal year. The figures for fiscal 2022 as appear above are presented on the same basis.

Digital and Risk-Related Services Business

With MS&AD InterRisk Research & Consulting, Inc., as its core, the entire Group has been working to develop and provide services that come before and after coverage and protection using digital data.

MS&AD Cyber Risk Finder, a cyber risk assessment service for small and medium-sized enterprises, and Flood Risk Finder, a cloud-based service capable of assessing climate change and flood risks worldwide, were launched in the current fiscal year. We also are providing the Human Capital Initiatives Diagnostic Service to visualize the level of corporate human capital initiatives and evaluate the status of initiatives through comparison with data from other companies.

Financial Services Business

The Group has been offering a variety of products and services that are not limited to insurance alone by using the Group's collective strengths to develop businesses based on social issues, environmental changes, and customer needs.

MSI has been providing a service, "100-year Life Lounge," which simulates employees' lifetime income and expenditures to support their asset building as a part of corporate benefit programs, and has focused on sales of weather derivatives to mitigate economic losses caused by natural disasters and extreme weather events.

In addition, MSI and ADI continued the sale of defined contribution pension products for corporations and individuals to meet asset-building needs in a society with increasing life spans.

4. SOLVENCY MARGIN RATIO

The solvency margin ratios of our company and its domestic insurance subsidiaries are as follows.

Insurance companies build reserves to cover payments of insurance claims. Moreover, they must secure adequate ability to cover payments even in the event of a crisis beyond the scale of what is ordinarily forecast, such as a major disaster or a significant decline in asset prices. An insurance company's payment capability, including capital and reserves, is known as the solvency margin total amount, "(A)" in the tables below, and its risk amount, "(B)" in the tables below, which reflects such a risk exceeding ordinary forecasts. The ratio of (A) to (B) is an index called the solvency margin ratio, "(C)" in the tables below, which is calculated based on the Insurance Business Act.

The solvency margin ratio is an objective decision-making index used by government agencies for monitoring insurance companies and insurance holding companies. A solvency margin ratio of 200% or higher is taken to indicate that an insurance company has sufficient capability to pay insurance claims and other obligations.

1) MS&AD

Consolidated solvency margin ratio

(Yen in millions)		
	FY2022	FY2023
(A) Solvency margin total amount	¥5,234,013	¥6,531,328
(B) Risk amount	1,345,950	1,692,314
(C) Solvency margin ratio (A/(B × 1/2)) × 100	777.7%	771.8%

Note: The consolidated solvency margin ratio is calculated based on the provisions in Article 210-11-3 and Article 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and in the Financial Services Agency (FSA) Public Ministerial Announcement No. 23 of 2011.

The solvency margin ratio decreased 5.9 percentage points from the end of the previous fiscal year to 771.8%, mainly due to an increase in the amount equivalent to asset management risks and the risk of major disasters and an increase of ¥346.3 billion in the total risk compared with the end of the previous fiscal year.

2) MSI

Non-consolidated solvency margin ratio

(Yen in millions)		
	FY2022	FY2023
(A) Solvency margin total amount	¥3,405,349	¥4,133,628
(B) Risk amount	995,234	1,196,153
(C) Solvency margin ratio (A/(B × 1/2)) × 100	684.3%	691.1%

Note: The non-consolidated solvency margin ratio is calculated based on the provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Article 50 of the Notification of the Ministry of Finance in 1996.

The solvency margin ratio was 691.1%, up 6.8 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin increased by ¥728.2 billion from the end of the previous year principally due to an increase in net unrealized gains on investments in securities (before tax effects) because of mainly an increase in the fair value of shares held.

3) ADI

Non-consolidated solvency margin ratio

(Yen in millions)		
	FY2022	FY2023
(A) Solvency margin total amount	¥1,327,493	¥1,572,188
(B) Risk amount	319,545	402,936
(C) Solvency margin ratio (A/(B × 1/2)) × 100	830.8%	780.3%

Note: See the note for MSI "a. Non-Consolidated Solvency Margin Ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio decreased 50.5 percentage points from the end of the previous fiscal year to 780.3%, mainly due to an increase in the amount equivalent to the risk of major disasters and an increase of ¥83.3 billion in the total risk compared with the end of the previous fiscal year.

4) Mitsui Direct General Insurance Co., Ltd.

Non-consolidated solvency margin ratio

(Yen in millions)		
	FY2022	FY2023
(A) Solvency margin total amount	¥ 17,853	¥ 16,137
(B) Risk amount	5,060	5,089
(C) Solvency margin ratio (A/(B × 1/2)) × 100	705.5%	634.1%

Note: See the note for MSI "a. Non-Consolidated Solvency Margin Ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio was 634.1%, down 71.4 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin decreased ¥1.7 billion from the end of the previous fiscal year principally due to a decrease in shareholders' equity because of a net loss.

5) Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

Non-consolidated solvency margin ratio

(Yen in millions)		
	FY2022	FY2023
(A) Solvency margin total amount	¥338,880	¥355,345
(B) Risk amount	69,474	76,569
(C) Solvency margin ratio (A/(B × 1/2)) × 100	975.5%	928.1%

Note: See the note for MSI "a. Non-Consolidated Solvency Margin Ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio decreased 47.4 percentage points from the end of the previous fiscal year to 928.1%, mainly due to an increase in the amount equivalent to asset management risks and an increase of ¥7.0 billion in the total risk compared with the end of the previous fiscal year.

6) Mitsui Sumitomo Primary Life Insurance Company, Limited

Non-consolidated solvency margin ratio

(Yen in millions)		
	FY2022	FY2023
(A) Solvency margin total amount	¥683,942	¥771,366
(B) Risk amount	152,103	203,346
(C) Solvency margin ratio (A/(B × 1/2)) × 100	899.3%	758.6%

Note: See the note for MSI "a. Non-Consolidated Solvency Margin Ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio decreased 140.7 percentage points from the end of the previous fiscal year to 758.6%, mainly due to increases in the amount equivalent to expected interest rate risk in line with the acquisition of new business and yen depreciation and the amount equivalent to asset management risks and an increase of ¥51.2 billion in the total risk compared with the end of the previous fiscal year.

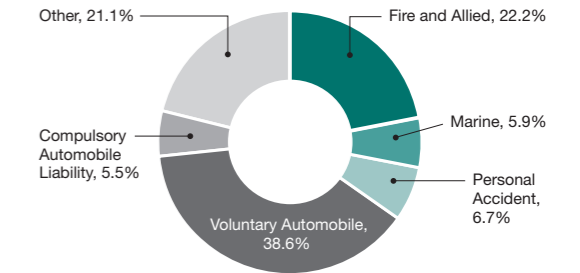
Premiums Written and Net Claims Paid – Non-Life Insurance (Unaudited)

(a) Direct Premiums Written (including deposit premiums from policyholders)

Lines of Insurance	(Yen in millions)												(US\$ in millions)			
	FY2019			FY2020			FY2021			FY2022			FY2023			FY2023
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount
Fire and Allied	¥ 734,573	8.4	19.2	¥ 757,785	3.2	20.0	¥ 784,527	3.5	20.3	¥ 923,201	17.7	22.0	¥1,003,286	8.7	22.2	\$ 6,644
Marine	185,068	0.3	4.8	190,705	3.0	5.0	201,365	5.6	5.2	257,973	28.1	6.1	267,731	3.8	5.9	1,773
Personal Accident	311,984	(3.0)	8.2	293,409	(6.0)	7.7	284,581	(3.0)	7.3	296,275	4.1	7.1	303,471	2.4	6.7	2,010
Voluntary Automobile	1,570,344	1.3	41.0	1,592,952	1.4	42.0	1,634,984	2.6	42.2	1,672,549	2.3	39.9	1,741,903	4.1	38.6	11,536
Compulsory Automobile Liability	347,736	0.4	9.1	296,911	(14.6)	7.8	276,076	(7.0)	7.1	279,102	1.1	6.7	245,448	(12.1)	5.5	1,625
Other	677,583	(0.6)	17.7	664,078	(2.0)	17.5	692,153	4.2	17.9	762,069	10.1	18.2	949,757	24.6	21.1	6,290
Total	¥3,827,289	1.7	100.0	¥3,795,842	(0.8)	100.0	¥3,873,688	2.1	100.0	¥4,191,172	8.2	100.0	¥4,511,598	7.6	100.0	\$29,878
Deposit premiums from policyholders	¥75,553	(5.8)	2.0	¥72,635	(3.9)	1.9	¥52,185	(28.2)	1.3	¥41,359	(20.7)	1.0	¥31,658	(23.5)	0.7	210

DIRECT PREMIUMS WRITTEN (FY2023)

Total ¥4,511.5 Billion

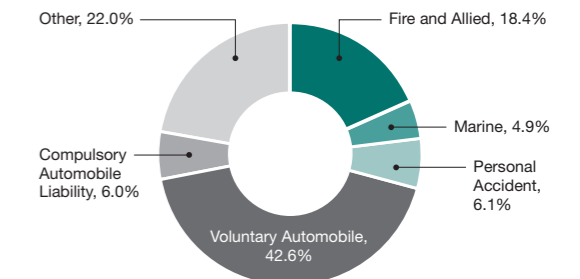


(b) Net Premiums Written

Lines of Insurance	(Yen in millions)												(US\$ in millions)			
	FY2019			FY2020			FY2021			FY2022			FY2023			FY2023
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount
Fire and Allied	¥ 589,897	5.6	16.5	¥ 592,798	0.5	16.9	¥ 620,531	4.7	17.2	¥ 725,597	16.9	18.4	¥ 785,976	8.3	18.4	\$ 5,205
Marine	147,814	(3.0)	4.1	150,662	1.9	4.3	159,293	5.7	4.4	199,745	25.4	5.1	207,868	4.1	4.9	1,377
Personal Accident	246,806	(5.5)	6.9	226,349	(8.3)	6.5	232,288	2.6	6.5	247,603	6.6	6.3	259,781	4.9	6.1	1,720
Voluntary Automobile	1,632,423	2.4	45.7	1,639,651	0.4	46.8	1,679,430	2.4	46.5	1,727,462	2.9	43.9	1,813,439	5.0	42.6	12,010
Compulsory Automobile Liability	347,214	2.8	9.7	300,996	(13.3)	8.6	281,282	(6.5)	7.8	275,732	(2.0)	7.0	255,550	(7.3)	6.0	1,692
Other	609,575	2.6	17.1	590,537	(3.1)	16.9	636,224	7.7	17.6	757,093	19.0	19.3	939,120	24.0	22.0	6,219
Total	¥3,573,732	2.2	100.0	¥3,500,996	(2.0)	100.0	¥3,609,052	3.1	100.0	¥3,933,235	9.0	100.0	¥4,261,736	8.4	100.0	\$28,223

NET PREMIUMS WRITTEN (FY2023)

Total ¥4,261.7 Billion

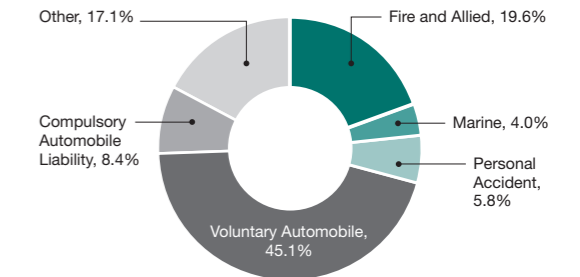


(c) Net Claims Paid

Lines of Insurance	(Yen in millions)												(US\$ in millions)			
	FY2019			FY2020			FY2021			FY2022			FY2023			FY2023
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount
Fire and Allied	¥ 405,830	(22.9)	20.0	¥ 376,673	(7.2)	19.8	¥ 412,825	9.6	21.2	¥ 511,720	24.0	22.8	¥ 448,816	(12.3)	19.6	\$ 2,972
Marine	81,804	(2.0)	4.1	75,439	(7.8)	4.0	66,480	(11.9)	3.4	85,584	28.7	3.8	92,540	8.1	4.0	613
Personal Accident	114,146	2.9	5.6	113,025	(1.0)	5.9	111,059	(1.7)	5.7	154,734	39.3	6.9	131,858	(14.8)	5.8	873
Voluntary Automobile	880,237	0.9	43.4	806,808	(8.3)	42.4	844,643	4.7	43.4	952,042	12.7	42.5	1,033,472	8.6	45.1	6,844
Compulsory Automobile Liability	233,215	(5.9)	11.5	215,043	(7.8)	11.3	197,440	(8.2)	10.1	183,660	(7.0)	8.2	192,389	4.8	8.4	1,274
Other	311,978	7.1	15.4	315,258	1.1	16.6	314,525	(0.2)	16.2	354,758	12.8	15.8	392,104	10.5	17.1	2,597
Total	¥2,027,212	(4.9)	100.0	¥1,902,248	(6.2)	100.0	¥1,946,975	2.4	100.0	¥2,242,501	15.2	100.0	¥2,291,182	2.2	100.0	\$15,173

NET CLAIMS PAID (FY2023)

Total ¥2,291.1 Billion



Policies in Force and New Policies – Domestic Life Insurance (Unaudited)

(a) Policies in Force

	(Yen in millions)										(US\$ in millions)
	FY2019		FY2020		FY2021		FY2022		FY2023		FY2023
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Individual insurance	¥28,056,161	(0.2)	¥27,851,835	(0.7)	¥27,814,964	(0.1)	¥27,307,492	(1.8)	¥27,160,135	(0.5)	\$179,868
Individual annuities	2,915,890	(5.8)	3,010,961	3.3	2,836,443	(5.8)	2,874,667	1.3	3,211,155	11.7	21,266
Group insurance	8,888,416	3.9	9,356,277	5.3	9,618,042	2.8	9,846,741	2.4	9,607,665	(2.4)	63,627
Group annuities	294	(3.4)	297	0.7	277	(6.5)	252	(9.1)	273	8.2	2

Notes: 1. The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.
2. The amounts of group annuities represent the underwriting reserves.

(b) New Policies

	(Yen in millions)					(US\$ in millions)
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023
	Amount	Amount	Amount	Amount	Amount	Amount
Individual insurance	¥2,773,532	¥2,434,298	¥2,413,439	¥2,379,027	¥2,330,615	\$15,435
Individual annuities	177,730	123,035	96,731	357,413	399,250	2,644
Group insurance	96,406	114,945	43,351	68,710	180,396	1,195
Group annuities	–	–	–	–	–	–

Note: The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence.

Investment Assets and Investments in Securities (Unaudited)

(a) Investment Assets

	(Yen in millions)				(US\$ in millions)
	FY2022		FY2023		FY2023
	Amount	Share	Amount	Share	Amount
Deposits and savings	¥ 2,771,949	11.4%	¥ 2,911,322	10.8%	\$ 19,280
Monetary claims bought	142,976	0.6	184,200	0.7	1,220
Money trusts	2,082,012	8.6	2,420,170	9.0	16,028
Investments in securities	16,144,021	66.3	18,166,668	67.4	120,309
Loans	959,478	3.9	970,148	3.6	6,425
Land and buildings	413,872	1.7	403,179	1.4	2,670
Total investment assets	¥22,514,311	92.5%	¥25,055,690	92.9%	\$165,932
Total assets	¥24,349,984	100.0%	¥26,960,207	100.0%	\$178,544

(b) Investments in Securities

	(Yen in millions)				(US\$ in millions)
	FY2022		FY2023		FY2023
	Amount	Share	Amount	Share	Amount
Government bonds	¥ 4,355,273	27.0%	¥ 4,470,341	24.6%	\$ 29,605
Municipal bonds	219,781	1.4	186,711	1.0	1,236
Corporate bonds	1,298,299	8.0	1,257,438	6.9	8,327
Stock	2,693,594	16.7	3,729,586	20.5	24,699
Foreign securities	5,734,004	35.5	6,676,866	36.8	44,218
Other securities	1,843,066	11.4	1,845,723	10.2	12,223
Total	¥16,144,021	100.0%	¥18,166,668	100.0%	\$120,309

Note: "Other securities" consists mainly of investment trusts managed in separate accounts.

Consolidated Balance Sheets

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
As of March 31, 2023 and March 31, 2024

Assets	Yen in millions		US\$ in millions
	2023	2024	2024
Cash, deposits and savings	¥ 2,771,981	¥ 2,911,347	\$ 19,280
Monetary claims bought	142,976	184,200	1,220
Money trusts	2,082,012	2,420,170	16,028
Investments in securities	16,144,021	18,166,668	120,309
Loans	959,478	970,148	6,425
Tangible fixed assets:	476,711	465,661	3,084
Land	220,903	216,914	1,437
Buildings	192,968	186,265	1,234
Lease assets	28,961	29,453	195
Construction in progress	1,707	2,556	17
Other tangible fixed assets	32,169	30,472	202
Intangible fixed assets:	496,124	490,510	3,248
Software	134,958	165,010	1,093
Goodwill	143,247	141,446	937
Lease assets	213	188	1
Other intangible fixed assets	217,704	183,863	1,218
Other assets	1,116,656	1,178,311	7,803
Assets for retirement benefits	36,372	100,653	667
Deferred tax assets	102,114	59,388	393
Customers' liabilities under acceptances and guarantees	27,524	22,848	151
Bad debt reserve	(5,990)	(9,701)	(64)
Total assets	24,349,984	26,960,207	178,544
Liabilities			
Policy liabilities:	18,357,164	19,198,037	127,139
Outstanding claims	2,590,000	2,884,811	19,105
Underwriting reserves	15,767,164	16,313,226	108,035
Bonds issued	714,743	715,045	4,735
Other liabilities	1,628,137	1,733,681	11,481
Liabilities for pension and retirement benefits	141,137	138,027	914
Reserve for retirement benefits for officers	133	88	1
Accrued bonuses for employees	28,444	34,189	226
Reserve for stock payments	1,009	2,018	13
Reserves under the special laws:	277,998	231,871	1,536
Reserve for price fluctuation	277,998	231,871	1,536
Deferred tax liabilities	34,190	370,837	2,456
Acceptances and guarantees	27,524	22,848	151
Total liabilities	¥21,210,482	¥22,446,645	\$148,653

See accompanying notes to consolidated financial statements.

Net Assets	Yen in millions		US\$ in millions
	2023	2024	2024
Shareholders' equity:			
Common stock	¥ 100,808	¥ 101,076	\$ 669
Capital surplus	345,144	344,785	2,283
Retained earnings	1,383,907	1,634,444	10,824
Treasury stock	(6,662)	(36,841)	(244)
Total shareholders' equity	1,823,199	2,043,464	13,533
Accumulated other comprehensive income:			
Net unrealized gains/(losses) on investments in securities	1,216,563	2,237,147	14,816
Net deferred gains/(losses) on hedges	(21,996)	(48,402)	(321)
Foreign currency translation adjustments	80,611	222,849	1,476
Accumulated actuarial gains/(losses) on retirement benefits	(9,448)	32,551	216
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	2,632	(20,818)	(138)
Total accumulated other comprehensive income	1,268,362	2,423,327	16,049
Stock acquisition rights	558	391	3
Non-controlling interests	47,381	46,378	307
Total net assets	3,139,501	4,513,562	29,891
Total liabilities and net assets	¥24,349,984	¥26,960,207	\$178,544

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2023 and March 31, 2024

	Yen in millions		US\$ in millions
	2023	2024	2024
Ordinary income:	¥5,250,794	¥6,572,889	\$43,529
Underwriting income:	4,486,045	5,107,033	33,821
Net premiums written	3,933,235	4,261,736	28,223
Deposit premiums from policyholders	41,359	31,658	210
Investment income on deposit premiums from policyholders	35,591	36,836	244
Life insurance premiums	458,430	735,249	4,869
Other underwriting income	17,428	41,551	275
Investment income:	743,994	1,417,724	9,389
Interest and dividends income	345,468	427,085	2,828
Investment gains on money trusts	191,350	314,111	2,080
Investment gains on trading securities	–	59,170	392
Gains on sales of securities	194,230	228,739	1,515
Gains on redemption of securities	2,355	4,875	32
Gains on derivative transactions	44,502	–	–
Investment gains on separate accounts	–	218,611	1,448
Other investment income	1,678	201,968	1,338
Transfer of investment income on deposit premiums from policyholders	(35,591)	(36,836)	(244)
Other ordinary income:	20,754	48,130	319
Gains on equity method investments	–	18,759	124
Other ordinary income	20,754	29,371	195
Ordinary expenses:	4,958,531	6,156,448	40,771
Underwriting expenses:	4,007,836	5,107,358	33,824
Net claims paid	2,242,501	2,291,182	15,173
Loss adjustment expenses	208,855	226,831	1,502
Commissions and collection expenses	773,675	848,875	5,622
Maturity refunds to policyholders	165,278	151,929	1,006
Dividends to policyholders	51	51	0
Life insurance claims	530,822	483,054	3,199
Provision for outstanding claims	63,273	365,586	2,421
Provision for underwriting reserves	12,466	734,752	4,866
Other underwriting expenses	10,911	5,093	34
Investment expenses:	195,669	215,527	1,427
Investment losses on money trusts	28,438	64,443	427
Investment losses on trading securities	19,631	–	–
Losses on sales of securities	65,613	75,703	501
Impairment losses on securities	23,208	3,217	21
Losses on redemption of securities	360	40	0
Losses on derivative transactions	–	58,450	387
Investment losses on separate accounts	32,700	–	–
Other investment expenses	25,716	13,671	91
Operating expenses and general and administrative expenses	728,890	797,988	5,285
Other ordinary expenses:	26,134	35,574	236
Interest expense	10,383	10,453	69
Provision for bad debts	1,340	946	6
Losses on bad debts	408	606	4
Losses on equity method investments	2,898	–	–
Other ordinary expenses	11,103	23,567	156
Ordinary profit	292,262	416,440	2,758

	Yen in millions		US\$ in millions
	2023	2024	2024
Extraordinary income:	¥ 34,615	¥ 63,598	\$ 421
Gains on sales of fixed assets	34,615	17,472	116
Reversal of reserves under the special laws:	–	46,126	305
Reversal of reserve for price fluctuation	–	46,126	305
Extraordinary losses:	30,271	17,775	118
Losses on sales of fixed assets	10,216	5,935	39
Impairment losses on fixed assets	1,801	11,839	78
Provision for reserves under the special laws:	11,616	–	–
Provision for reserve for price fluctuation	11,616	–	–
Other extraordinary losses	6,637	–	–
Income before income taxes	296,605	462,263	3,061
Income taxes - current	35,733	97,374	645
Income taxes - deferred	46,281	(7,930)	(53)
Total income taxes	82,014	89,443	592
Net income	214,591	372,820	2,469
Net income attributable to non-controlling interests	3,585	3,553	24
Net income attributable to owners of the parent	¥211,006	¥ 369,266	\$ 2,445

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2023 and March 31, 2024

	Yen in millions		US\$ in millions
	2023	2024	2024
Net income	¥214,591	¥ 372,820	\$ 2,469
Other comprehensive income:			
Net unrealized gains/(losses) on investments in securities	(347,106)	992,341	6,572
Net deferred gains/(losses) on hedges	(21,362)	(28,172)	(187)
Foreign currency translation adjustments	130,569	127,688	846
Accumulated actuarial gains/(losses) on retirement benefits	(11,042)	41,988	278
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	9,612	(3,176)	(21)
Share of other comprehensive income/(loss) of equity method investments	(995)	24,207	160
Total other comprehensive income	(240,325)	1,154,876	7,648
Total comprehensive income	(25,734)	1,527,696	10,117
Allocation:			
Comprehensive income attributable to owners of the parent	¥ (31,949)	¥1,521,241	\$10,074
Comprehensive income attributable to non-controlling interests	6,214	6,455	43

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2023 and 2024

2023

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥100,534	¥553,680	¥1,251,280	¥(159,850)	¥1,745,644
Cumulative effect of changing accounting policies			28,503		28,503
Beginning balance (adjusted)	100,534	553,680	1,279,783	(159,850)	1,774,148
Changes for the year:					
Issuance of new shares	274	274			548
Dividends paid			(106,881)		(106,881)
Net income attributable to owners of the parent			211,006		211,006
Repurchase of treasury stock				(54,946)	(54,946)
Disposal of treasury stock		(7)		213	205
Cancellation of treasury stock		(207,920)		207,920	-
Changes in equity resulting from increase in capital of consolidated subsidiaries		(30)			(30)
Changes in equity resulting from transactions with non-controlling shareholders		(850)			(850)
Net changes of items other than shareholders' equity					
Total changes for the year	274	(208,535)	104,124	153,187	49,051
Ending balance	¥100,808	¥345,144	¥1,383,907	¥ (6,662)	¥1,823,199

2024

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥100,808	¥345,144	¥1,383,907	¥ (6,662)	¥1,823,199
Cumulative effect of changing accounting policies			(1,448)		(1,448)
Beginning balance (adjusted)	100,808	345,144	1,382,459	(6,662)	1,821,750
Changes for the year:					
Issuance of new shares	267	267			534
Dividends paid			(117,280)		(117,280)
Net income attributable to owners of the parent			369,266		369,266
Repurchase of treasury stock				(30,375)	(30,375)
Disposal of treasury stock		(26)		196	169
Cancellation of treasury stock					
Changes in equity resulting from increase in capital of consolidated subsidiaries		(17)			(17)
Changes in equity resulting from transactions with non-controlling shareholders		(582)			(582)
Net changes of items other than shareholders' equity					
Total changes for the year	267	(359)	251,985	(30,179)	221,713
Ending balance	¥101,076	¥344,785	¥1,634,444	¥(36,841)	¥2,043,464

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income			
Beginning balance	¥1,565,167	¥ (998)	¥(52,492)	¥ 1,566	-	¥1,513,242	¥762	¥43,099	¥3,302,749
Cumulative effect of changing accounting policies					(1,924)	(1,924)		1,460	28,039
Beginning balance (adjusted)	1,565,167	(998)	(52,492)	1,566	(1,924)	1,511,318	762	44,559	3,330,789
Changes for the year:									
Issuance of new shares									548
Dividends paid									(106,881)
Net income attributable to owners of the parent									211,006
Repurchase of treasury stock									(54,946)
Disposal of treasury stock									205
Cancellation of treasury stock									-
Changes in equity resulting from increase in capital of consolidated subsidiaries									(30)
Changes in equity resulting from transactions with non-controlling shareholders									(850)
Net changes of items other than shareholders' equity	(348,603)	(20,997)	133,103	(11,015)	4,557	(242,955)	(203)	2,821	(240,338)
Total changes for the year	(348,603)	(20,997)	133,103	(11,015)	4,557	(242,955)	(203)	2,821	(191,287)
Ending balance	¥1,216,563	¥(21,996)	¥ 80,611	¥ (9,448)	¥2,632	¥1,268,362	¥558	¥47,381	¥3,139,501

See accompanying notes to consolidated financial statements.

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income			
Beginning balance	¥1,216,563	¥(21,996)	¥ 80,611	¥ (9,448)	¥ 2,632	¥1,268,362	¥558	¥47,381	¥3,139,501
Cumulative effect of changing accounting policies	2,961					2,961			1,513
Beginning balance (adjusted)	1,219,525	(21,996)	80,611	(9,448)	2,632	1,271,324	558	47,381	3,141,015
Changes for the year:									
Issuance of new shares									534
Dividends paid									(117,280)
Net income attributable to owners of the parent									369,266
Repurchase of treasury stock									(30,375)
Disposal of treasury stock									169
Cancellation of treasury stock									
Changes in equity resulting from increase in capital of consolidated subsidiaries									(17)
Changes in equity resulting from transactions with non-controlling shareholders									(582)
Net changes of items other than shareholders' equity	1,017,621	(26,405)	142,238	41,999	(23,451)	1,152,003	(167)	(1,002)	1,150,833
Total changes for the year	1,017,621	(26,405)	142,238	41,999	(23,451)	1,152,003	(167)	(1,002)	1,372,547
Ending balance	¥2,237,147	¥(48,402)	¥222,849	¥32,551	¥(20,818)	¥2,423,327	¥391	¥46,378	¥4,513,562

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2023 and March 31, 2024

2024

(US\$ in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	\$668	\$2,286	\$9,165	\$ (44)	\$12,074
Cumulative effect of changing accounting policies			(10)		(10)
Beginning balance (adjusted)	668	2,286	9,155	(44)	12,065
Changes for the year:					
Issuance of new shares	2	2			4
Dividends paid			(777)		(777)
Net income attributable to owners of the parent			2,445		2,445
Repurchase of treasury stock				(201)	(201)
Disposal of treasury stock		(0)		1	1
Cancellation of treasury stock					
Changes in equity resulting from increase in capital of consolidated subsidiaries		(0)			(0)
Changes in equity resulting from transactions with non-controlling shareholders		(4)			(4)
Net changes of items other than shareholders' equity					
Total changes for the year	2	(2)	1,669	(200)	1,468
Ending balance	\$669	\$2,283	\$10,824	\$(244)	\$13,533

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income			
Beginning balance	\$ 8,057	\$(146)	\$ 534	\$ (63)	\$ 17	\$ 8,400	\$4	\$314	\$20,791
Cumulative effect of changing accounting policies	20					20			10
Beginning balance (adjusted)	8,076	(146)	534	(63)	17	8,419	4	314	20,801
Changes for the year:									
Issuance of new shares									4
Dividends paid									(777)
Net income attributable to owners of the parent									2,445
Repurchase of treasury stock									(201)
Disposal of treasury stock									1
Cancellation of treasury stock									
Changes in equity resulting from increase in capital of consolidated subsidiaries									(0)
Changes in equity resulting from transactions with non-controlling shareholders									(4)
Net changes of items other than shareholders' equity	6,739	(175)	942	278	(155)	7,629	(1)	(7)	7,621
Total changes for the year	6,739	(175)	942	278	(155)	7,629	(1)	(7)	9,090
Ending balance	\$14,816	\$(321)	\$1,476	\$216	\$(138)	\$16,049	\$3	\$307	\$29,891

See accompanying notes to consolidated financial statements.

	Yen in millions		US\$ in millions
	2023	2024	2024
I. Cash flows from operating activities:			
Income before income taxes	¥ 296,605	¥ 462,263	\$ 3,061
Depreciation	93,105	103,192	683
Impairment losses on fixed assets	1,801	11,839	78
Amortization of goodwill	13,888	17,827	118
Increase/(decrease) in outstanding claims	86,373	187,909	1,244
Increase/(decrease) in underwriting reserves	(105,799)	524,218	3,472
Increase/(decrease) in bad debt reserve	(1,007)	3,368	22
Increase/(decrease) in reserve for retirement benefits for officers	(42)	(45)	(0)
Increase/(decrease) in accrued bonuses for employees	(2,818)	4,687	31
Increase/(decrease) in reserve for stock payments	1,009	1,009	7
Decrease/(increase) in assets for pension and retirement benefits	(19,911)	(7,455)	(49)
Increase/(decrease) in liabilities for pension and retirement benefits	3,232	795	5
Increase/(decrease) in reserve for price fluctuation	11,616	(46,126)	(305)
Interest and dividend income	(345,468)	(427,085)	(2,828)
Losses/(gains) on money trusts	(162,912)	(249,668)	(1,653)
Losses/(gains) on investments in securities	(87,771)	(213,823)	(1,416)
Losses/(gains) on derivative transactions	(44,502)	58,450	387
Investment losses/(gains) on separate accounts	32,700	(218,611)	(1,448)
Interest expense	10,383	10,453	69
Foreign exchange losses/(gains)	(28,571)	(200,412)	(1,327)
Losses/(gains) on disposal of tangible fixed assets	(30,006)	(13,461)	(89)
Losses/(gains) on equity method investments	2,898	(18,759)	(124)
Decrease/(increase) in other assets	(10,993)	(33,533)	(222)
Increase/(decrease) in other liabilities	62,085	48,001	318
Others, net	54,428	46,209	306
Subtotal	(169,676)	51,246	339
Interest and dividends received	447,284	517,116	3,425
Interest paid	(10,449)	(10,449)	(69)
Income taxes refunded/(paid)	(73,004)	(8,446)	(56)
Net cash provided by/(used in) operating activities (a)	194,153	549,466	3,639
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	(37,643)	(97,929)	(649)
Purchase of monetary claims bought	(4,812)	(13,670)	(91)
Proceeds from sales and redemption of monetary claims bought	12,135	6,208	41
Purchase of money trusts	(487,409)	(581,487)	(3,851)
Proceeds from sales of money trusts	512,110	478,643	3,170
Purchase of securities	(3,523,042)	(3,916,860)	(25,939)
Proceeds from sales and redemption of securities	4,184,931	4,005,148	26,524
Investments in loans	(211,739)	(219,790)	(1,456)
Collection of loans	234,847	235,058	1,557
Net increase/(decrease) in cash collateral under securities lending transactions	10,125	(1,655)	(11)
Others, net	(128,777)	(107,403)	(711)
Subtotal (b)	560,726	(213,736)	(1,415)
(a + b)	754,879	335,730	2,223
Acquisition of tangible fixed assets	(24,625)	(22,877)	(152)
Proceeds from sales of tangible fixed assets	48,588	23,286	154
Acquisition of intangible fixed assets	(57,007)	(62,063)	(411)
Acquisition of subsidiaries resulting in changes in scope of consolidation	(45,002)	-	-
Others, net	(1,725)	(1,433)	(9)
Net cash provided by/(used in) investing activities	480,953	(276,825)	(1,833)
III. Cash flows from financing activities:			
Repayments of borrowings	(98,381)	(100,000)	(662)
Redemption of bonds	(72,000)	-	-
Net increase/(decrease) in payables under repurchase agreements	(22,519)	30,657	203
Net increase/(decrease) in cash collateral under securities lending transactions	53,229	2,279	15
Repurchase of treasury stock	(55,745)	(30,375)	(201)
Dividends paid to shareholders	(106,753)	(117,133)	(776)
Dividends paid to non-controlling interests	(2,284)	(3,535)	(23)
Purchase of shares of subsidiaries not resulting in changes in scope of consolidation	(2,471)	(4,385)	(29)
Others, net	(7,575)	(9,057)	(60)
Net cash provided by/(used in) financing activities	(314,502)	(231,549)	(1,533)
IV. Effect of exchange rate changes on cash and cash equivalents	29,610	46,236	306
V. Net increase/(decrease) in cash and cash equivalents	390,215	87,328	578
VI. Beginning balance of cash and cash equivalents	2,256,216	2,646,431	17,526
VII. Ending balance of cash and cash equivalents	¥2,646,431	¥2,733,760	\$18,104

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MS&AD Insurance Group Holdings, Inc. and its Consolidated Subsidiaries
As of and for the years ended March 31, 2023 and March 31, 2024

SIGNIFICANT ACCOUNTING POLICIES

The Company's consolidated financial statements are prepared in conformity with the Corporate Accounting Regulations and the Ordinance for Enforcement of Insurance Business Act pursuant to the provisions of Article 118 of the said Regulations. The definitions of subsidiaries and associates are based on Article 2 of the Corporate Accounting Regulations.

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 103 companies

Major consolidated subsidiaries are as follows:

Mitsui Sumitomo Insurance Co., Ltd. ("MSI")
Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")
Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSAL")
Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSPL")
MSIG Holdings (U.S.A.), Inc. ("US Holdings")
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MS First Capital Insurance Limited
MSIG Mingtai Insurance Co., Ltd.
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Launch Underwriters, LLC and two other companies have been included in the scope of consolidation from the current fiscal year as they have become the Company's subsidiaries due to the acquisition of equity interests and other reasons. As MSIG Insurance (Lao) Co., Ltd. was merged with Sokxay Insurance Sole Company Limited, this subsidiary has been excluded from the scope of consolidation from the current fiscal year.

- (2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

MS&AD GRAND ASSISTANCE Co., Ltd.
MS&AD Systems Co., Ltd.

The subsidiaries that have been excluded from consolidation are companies that are considered immaterial for the purpose of giving a true and fair view of the financial position and results of operations of the Group in view of the size of their total assets, ordinary income, net income or loss, and retained earnings attributable to the Company.

2. Application of the equity method

- (1) Number of associates accounted for under the equity method: 13 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

Changes in scope of application of the equity method

As Sokxay Insurance Sole Company Limited was merged with MSIG Insurance (Lao) Co., Ltd. to form an associate (current company name: MSIG Sokxay Insurance Co., Ltd.), this company has been included in the scope of application of the equity method from the current fiscal year.

- (2) Unconsolidated subsidiaries and associates to which the equity method is not applied (e.g., MS&AD GRAND ASSISTANCE Co., Ltd. and Zenkankyo Reiwa Insurance Company, Limited) have been excluded from the scope of application of the equity method as their effects on consolidated net income and retained earnings are not considered material, individually and in aggregate.
- (3) The Company holds 29.9% of the voting rights of Japan Earthquake Reinsurance Co., Ltd. ("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re is not included as an associate as the Company does not make a significant impact on the policy making of Japan Earthquake Re in view of its public nature.

3. Fiscal year of consolidated subsidiaries

The fiscal year end of 95 overseas consolidated subsidiaries is December 31, but as the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements for the fiscal year of the relevant consolidated subsidiaries are used in preparing these consolidated financial statements. Adjustments necessary for consolidation are made for significant transactions during the intervening period of the end of the consolidated fiscal year.

4. Accounting policies

- (1) Valuation policies and methods of securities (including those categorized into "cash, deposits and savings" and "monetary claims bought" as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)
- (i) Trading securities are valued using the market value method. Cost of sales is calculated using the moving average method. For some overseas consolidated subsidiaries, cost of sales is calculated using the first-in first-out method.
- (ii) Held-to-maturity securities are valued at amortized cost.
- (iii) Valuation of stocks of unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.
- (iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry" (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

In order to manage risks of variability in interest rates related to assets and liabilities effectively, MSAL, our consolidated subsidiary, establishes subgroups of "individual insurance" that meet certain criteria for each type of insurance and investment policy and applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

In order to manage risks of variability in interest rates related to assets and liabilities effectively, MSPL, our consolidated subsidiary, establishes subgroups of "individual insurance and individual annuities" that meet certain criteria for each currency and applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

Effective from the current fiscal year, MSPL established a new subgroup for a portion of its U.S. dollar-denominated individual insurance and individual annuity contracts in order to enhance its investment methods and ALM (asset and liability management) in line with the investment environment. This change has no impact on the consolidated financial statements.

- (v) Available-for-sale securities (except for stocks and other securities without market prices) are valued using the market value method. Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes resulting from fair value fluctuations denominated in foreign currency are reported as net unrealized gains and losses in net assets, while remaining changes are reported as foreign exchange gains and losses.
- Cost of sales is calculated by the moving average method.
- (vi) Of available-for-sale securities, stocks and other securities without market prices are valued at cost using the moving average method.
- (vii) Securities managed as trust assets held in independently-managed money trusts whose primary purpose is trading are valued using the market value method.

Securities that are managed as trust assets held in independently-managed money trusts that are not classified as held for trading purposes, held-to-maturity, or earmarked for underwriting reserves are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative transactions

Derivative transactions are valued using the market value method.

(3) Depreciation methods of significant depreciable assets

(i) Tangible fixed assets:

Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets

Amortization of intangible fixed assets is computed using the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is recognized as follows under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally or formally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and for loans to debtors who are deemed to be substantially insolvent, is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees, and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding loan balances by the historical bad debt ratio, which is calculated based on actual write-offs during a certain period in the past.

All loans and receivables are assessed by departments that are responsible for the respective assets, and the results are audited by the independent internal audit departments under the internal standards for self-assessment of assets and are provided based on the audit result.

For other domestic consolidated subsidiaries, the necessary amount is established under their internal standards for self-assessment of assets similar to those of the domestic consolidated insurance subsidiaries and based on their audit result.

For overseas consolidated subsidiaries, bad debt reserve is recorded based on the estimated expected credit losses.

(ii) Reserve for retirement benefits for officers

MSI and MSAL, our consolidated subsidiaries, provide a reserve for the payment of retirement benefits (including pensions) to its officers and executive officers in an amount equal to the compensation for the performance of their duties during their tenure of office up to the year ended March 31, 2005, when the said retirement benefits plan for officers was terminated.

(iii) Accrued bonuses for employees

Accrued bonuses for employees are recognized based on the estimated amounts to be paid at the end of the current fiscal year to provide for bonuses for employees and executive officers.

(iv) Provision for share awards

To provide for the delivery of the Company's shares in accordance with the share delivery standards under the stock-based remuneration system for employees, the Company records a reserve based on the estimated amount of share award obligations as of the end of the current fiscal year.

(v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under the provision of Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of stocks and other securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the end of the current fiscal year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following fiscal year, using the straight-line method over a certain number of years (primarily 10 to 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the fiscal year end. The foreign exchange gains and losses resulting from the translation are recognized as profit or losses. Assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year, and differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Hedge accounting

Certain domestic consolidated insurance subsidiaries apply the fair value hedge method to equity forward contracts entered into for the purpose of hedging stock price fluctuation risk. Among transactions entered into for the purpose of hedging foreign exchange fluctuation risks associated with assets denominated in foreign currencies, the deferred hedge method is applied to currency swap contracts, the fair value hedge method is applied to certain currency option contracts, and the deferred hedge method, fair value hedge method, or allocation method is applied to certain foreign exchange forward contracts. Currency swap contracts used for hedging currency fluctuation risks on foreign currency bonds issued by MSI are accounted for under the allocation method.

Interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds, and borrowings are accounted for under the deferred hedge method or the exceptional method of interest rate swap contracts.

Interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method (exceptional method and allocation method).

Hedge effectiveness is assured quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates, and judged based on their fluctuations and other factors. When the hedged items and hedging instruments are highly and clearly interrelated, when the interest rate swap contracts meet the criteria for application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for application of the integrated method, hedge effectiveness is not assessed.

(Hedging relationships to which "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" is applied) Among the above hedging relationships, the exceptional treatment prescribed in the PITF is applied to all hedge relationships included in the scope of application of "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No. 40, March 17, 2022). The details of the hedging relationships to which the PITF is applied are as follows.

Hedge accounting method: Deferred hedge accounting
Hedging instruments: Interest rate swaps
Hedged items: Floating rate bonds
Type of hedging transaction: Transaction to fix cash flows

(8) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

At our domestic consolidated insurance subsidiaries, insurance contracts including premiums, outstanding claims, and underwriting reserves are accounted for in compliance with the provisions of the Insurance Business Act and other applicable laws and regulations. At our overseas consolidated insurance subsidiaries, they are accounted for in compliance with either International Financial Reporting Standards (IFRS) or U.S. generally accepted principles based on PITF No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (Accounting Standards Board of Japan, June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those relating to loss adjustment expenses, operating expenses and general and administrative expenses, and other expenses incurred by the domestic consolidated non-life insurance subsidiaries, which are recorded at amounts inclusive of consumption taxes.

Non-deductible consumption taxes on assets are recorded in other assets and amortized over a period of five (5) years on a straight-line basis.

(iii) Application of the group tax sharing system

The Company and some of its domestic consolidated subsidiaries apply the group totalization system.

5. Amortization of goodwill

Goodwill is amortized over an effective period from 7 to 20 years on a straight-line basis. Insignificant amounts of goodwill are expensed as incurred.

6. Accounting estimates

(1) Impairment losses on goodwill

(i) Amount recorded in the consolidated financial statements for the current fiscal year

Goodwill of 141,446 million yen was recognized in the consolidated balance sheet for the current fiscal year. In addition, goodwill related to equity method investments of 34,052 million yen was included in investments in securities in the consolidated balance sheet for the current fiscal year.

(ii) Information to facilitate the understanding of accounting estimates

a. Measurement approach

For asset groups including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. More specifically, in accordance with the "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), the Company monitors any indication of impairment, such as consecutive net losses in the business in which asset groups including goodwill are used and/or a significant deterioration of the business environment, and if there is an indication of impairment, the Company determines whether an impairment loss should be recognized by comparing the total amount of undiscounted future cash flows obtained from the asset groups concerned with the carrying amount. For asset groups on which an impairment loss needs to be recognized, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized for the amount of reduction.

We have estimated the total undiscounted future cash flows based on the business plans of the relevant businesses. The recoverable amount represents the present value of future cash flows expected to be derived from continuing use of the asset groups and from their disposal thereafter, and the amount of an impairment loss relies on estimated future cash flows based on reasonable assumptions and projections.

b. Effects on the consolidated financial statements for the fiscal year ending March 31, 2025

An impairment loss may be incurred if the profitability of a business declines as a result of changes in business environment, and estimated future cash flows are significantly decreased.

(2) Outstanding claims

(i) Amount recorded in the consolidated financial statements for the current fiscal year

Outstanding claims of 2,884,811 million yen were recognized in the consolidated balance sheet for the current fiscal year. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Information to facilitate the understanding of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the said Act, domestic consolidated insurance subsidiaries recognize outstanding claims that represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated insurance subsidiaries apply similar methods for estimating the amount and recording of outstanding claims.

a. Measurement approach

For insurance policies for which loss events have been reported, the Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms, and claim investigations.

For claims for which a loss event stipulated in the insurance contract has already occurred but the occurrence of a loss event has not yet been reported, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

b. Effects on the consolidated financial statements for the fiscal year ending March 31, 2025

The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to factors such as development of claim investigations, outcome of litigations, inflation and changes in foreign exchange rates.

7. Changes in accounting policies

(Application of IFRS 9 Financial Instruments)

Overseas consolidated subsidiaries and overseas equity method associates have adopted International Financial Reporting Standards (IFRS) 9 "Financial Instruments" from the beginning of the year ended March 31, 2024, as these entities have already adopted IFRS. Therefore, the principles for classification and measurement of financial instruments have been changed. According to the transitional arrangements of IFRS 9, accumulated transitional impacts were adjusted on Retained earnings and Accumulated other comprehensive income at the beginning of the year ended March 31, 2024. As a result, a decrease of ¥1,448 million on Retained earnings and an increase of ¥2,961 million of Net unrealized gains on investments in securities were recorded at the beginning of the year ended March 31, 2024. In addition, an increase of ¥7,369 million was recorded respectively on Ordinary profit and Income before income taxes for the year ended March 31, 2024.

(Application of IFRS 17 Insurance Contracts)

Overseas consolidated subsidiaries and overseas equity method associates have adopted International Financial Reporting Standards (IFRS) 17 "Insurance Contract" from the beginning of the year ended March 31, 2024, since these entities have already adopted IFRS. Therefore, policy liabilities are measured by reflecting the time value of money, financial risks and non-financial risks related to future cash flows of insurance contracts.

In terms of transition from IFRS 4* to IFRS 17, consolidated financial statements for the year ended March 31, 2023 were retrospectively restated. Compared to the results of the year ended March 31, 2023 under IFRS 4, Ordinary profit and Income before income taxes were increased by ¥61,149 million for the year ended March 31, 2023, mainly due to a decrease of ¥62,212 million in Provision for outstanding claims. In addition, ¥5,316 million of investment in associates, ¥627,121 million of Other assets, and ¥20,707 million of Deferred tax assets decreased respectively on the total assets for the year ended March 31, 2023. As for the total liabilities for the year ended March 31, 2023, decreases of ¥512,434 million in Policy liabilities and ¥224,255 million in Other liabilities and an increase of ¥3,012 million of Deferred tax liabilities were recorded respectively.

According to the reflection of retrospective impacts to net assets for the year ended March 31, 2023, increases of ¥28,503 million in Retained earnings and ¥1,460 million in non-controlling interests and a decrease of ¥1,924 million in Accumulated other comprehensive income arising from Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc. were recorded respectively.

The impacts on per share information are described in the relevant section.

*IFRS 4 was the standard for insurance contracts replaced by IFRS 17 on 1 January, 2023.

8. Additional information

(Stock-based remuneration system for employees)

The Company has entered into a stock-based remuneration system for employees (the "system") of its consolidated subsidiaries Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd., Mitsui Direct General Insurance Co., Ltd., Mitsui Sumitomo Aioi Life Insurance Co., Ltd., and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (the "Participating Companies").

(1) Overview of the transaction

This system is one under which shares of the Company are delivered to employees of the Participating Companies ("employees") who satisfy certain requirements through a share delivery trust established by the Company. The number of Company shares to be granted to employees is determined by the number of points awarded based on employee classification, the Group's performance, and other factors. The trust acquires a substantial number of

Company shares expected to be delivered from the stock market in a lump sum, based on funds contributed by the Participating Companies through the Company.

(2) Company shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in net assets. The carrying amount of this treasury stock at the end of the current fiscal year is 4,034 million yen, and the number of shares is 990 thousand.

(Performance-linked and stock-based remuneration system for overseas consolidated subsidiaries)

Some of the overseas consolidated subsidiaries introduced a performance-linked and stock-based remuneration system (the "system") for employees and officers who satisfy certain requirements.

(3) Overview of the transaction

Under this system, the number of shares to be granted is determined based on the average performance during a certain period of time, and eligible staff receive the Company's shares or the cash equivalent to the Company's shares converted at fair value.

In preparing for future benefits, the Company acquires its own shares from the stock market by the trusts that have been set up using the cash contributed by subsidiaries that implemented the system.

(4) Company shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in net assets. The carrying amount of this treasury stock at the end of the current fiscal year is 1,950 million yen, and the number of shares is 562 thousand.

Notes to Consolidated Balance Sheets

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Accumulated depreciation	430,206	442,279
Accelerated depreciation	11,629	11,515

Note: As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2023 and March 31, 2024 were ¥11,629 million and ¥11,515 million, respectively.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Securities (Domestic stocks)	30,255	41,550
Securities (Foreign securities)	282,407	331,389
Securities (Other securities)	28,113	31,090
Total	340,776	404,030

3. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Bankrupt and quasi-bankrupt loans	5	35
Doubtful loans	722	37
Loans overdue for three months or more	99	96
Restructured loans	301	163
Total	1,128	332

Note: Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more.

4. The amounts of assets pledged as collateral are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Assets pledged as collateral:		
Cash, deposits and savings	30,360	51,705
Money trusts	2,750	3,119
Securities	775,768	821,980
Total	808,879	876,805

Note: The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements included in other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.

The amounts of those repurchase agreements included in other liabilities are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
	204,822	235,480

5. The amounts of securities loaned under securities lending agreements are as follows:

Yen in millions	
March 31, 2023	March 31, 2024
699,408	753,146

6. The amounts of assets and liabilities in separate accounts under Article 118 of the Japanese Insurance Business Act are as follows:

Yen in millions	
March 31, 2023	March 31, 2024
1,569,434	1,499,828

7. Guarantees on transactions conducted by a limited partnership entity are as follows:

MSI provides guarantees on transactions conducted by a limited partnership entity. The aggregate net present value of these transactions was ¥29,682 million and ¥41,148 million, respectively, in a negative liability position as of March 31, 2023 and March 31, 2024. These amounts were not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees as there was no substantial exposure.

8. The unutilized balances of commitment lines to third parties are as follows:

Yen in millions	
March 31, 2023	March 31, 2024
12,100	11,201

9. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies ALM (asset and liability management) policies to maintain stability of investment returns, safety of assets, and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Group and each Group company.

The Group's cash inflows, which mainly arise from insurance operations and investment activities, are affected by changes in the external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance the efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans, and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks, and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates, and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices, and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives, and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 4. Accounting policies, (7) Hedge accounting."

Derivative transactions involve risks associated with fluctuations in the fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties, and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under Credit Support Annex ("CSA"), the Group obtains collateral from counterparties.

(iii) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and the management method established by the Board of Directors. At major domestic consolidated insurance subsidiaries, the risk management department is independent from the trading execution departments and the back-office departments, and maintains a structure that enables us to exercise organizational checks and balances on a daily basis. The risk management department assesses, analyzes, and manages risks related to financial instruments by quantifying market and credit risks using the Value-at-Risk ("VaR") method and risk limit management based on the asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring the risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries manage market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of the sensitivity of existing assets to changes in interest rates, stock prices, and foreign exchange rates, and analysis of the concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For securities and derivative transactions at major domestic consolidated insurance subsidiaries, the trading and risk management departments manage the credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets. For loans at MSI, ADI, and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collateral and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings, and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining the fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.

Stocks and other securities without market prices and investments in partnerships, etc., are not included in the following table (see Note 3).

The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet

March 31, 2023	Yen in millions			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	–	116,562	3,091	119,654
(b) Money trusts	–	1,495,842	586,170	2,082,012
(c) Securities:				
Trading securities				
Domestic bonds	42,755	2,522	–	45,278
Domestic stocks	5,802	–	–	5,802
Foreign securities	446,094	380,295	122,621	949,012
Others	10,855	1,547,458	–	1,558,314
Available-for-sale securities				
Domestic bonds	1,388,026	1,270,494	–	2,658,520
Domestic stocks	2,577,273	–	–	2,577,273
Foreign securities	848,651	3,020,259	279,567	4,148,478
Others	26,277	150,435	27,014	203,727
Derivative transactions ^(*) :				
Currency	–	26,395	–	26,395
Interest rate	519	27,423	–	27,942
Equity	3,457	124	–	3,581
Bond	6,471	–	–	6,471
Credit	–	866	–	866
Others	–	–	803	803
Total assets	5,356,185	8,038,682	1,019,269	14,414,137
Derivative transactions ^(*) :				
Currency	–	30,107	–	30,107
Interest rate	507	23,037	–	23,544
Equity	1,198	463	–	1,661
Bond	8,690	–	–	8,690
Credit	–	756	–	756
Others	–	–	691	691
Total liabilities	10,395	54,364	691	65,451

(*) The carrying amounts of derivative transactions applying hedge accounting are ¥3,886 million as an asset and ¥9,716 million as a liability.

March 31, 2024	Yen in millions			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	–	165,289	2,121	167,411
(b) Money trusts	–	1,647,700	772,469	2,420,170
(c) Securities:				
Trading securities				
Domestic bonds	23,435	1,771	–	25,207
Domestic stocks	22	–	–	22
Foreign securities	413,060	352,793	127,916	893,769
Others	12,596	1,486,789	–	1,499,385
Available-for-sale securities				
Domestic bonds	1,378,009	1,201,047	–	2,579,056
Domestic stocks	3,607,415	–	–	3,607,415
Foreign securities	1,122,627	3,464,588	395,608	4,982,823
Others	59,467	170,142	17,255	246,865
Derivative transactions ^(*) :				
Currency	–	13,445	–	13,445
Interest rate	103	24,248	277	24,629
Equity	132	191	–	324
Bond	6,807	–	–	6,807
Credit	–	533	842	1,376
Others	–	–	686	686
Total assets	6,623,676	8,528,541	1,317,177	16,469,396
Derivative transactions ^(*) :				
Currency	–	42,287	–	42,287
Interest rate	99	28,428	266	28,793
Equity	2,842	1,257	–	4,100
Bond	4,474	–	–	4,474
Credit	–	2,556	842	3,398
Others	–	–	752	752
Total liabilities	7,416	74,529	1,861	83,807

(*) The carrying amounts of derivative transactions applying hedge accounting are ¥671 million as an asset and ¥23,043 million as a liability.

(ii) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheet

Cash, deposits, and savings are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

March 31, 2023	Yen in millions				Carrying amount	Difference
	Fair value			Total		
	Level 1	Level 2	Level 3			
(a) Monetary claims bought	-	23,321	-	23,321	23,321	-
(b) Securities:						
Held-to-maturity securities						
Domestic bonds	1,170,767	122,804	-	1,293,571	1,221,808	71,763
Foreign securities	-	4,375	-	4,375	4,262	113
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,535,481	120,688	-	1,656,169	1,947,747	(291,577)
Foreign securities	15,174	286,071	-	301,246	313,075	(11,828)
Investments in associates	136,984	4,128	-	141,113	83,257	57,855
(c) Loans					959,478	
Bad debt reserve ⁽¹⁾					(769)	
	-	258,587	696,535	955,123	958,709	(3,585)
Total assets	2,858,408	819,977	696,535	4,374,922	4,552,182	(177,260)
Bonds issued	-	605,478	96,280	701,759	714,743	(12,983)
Total liabilities	-	605,478	96,280	701,759	714,743	(12,983)

(1) Bad debt reserve for loans is deducted from the carrying amount.

March 31, 2024	Yen in millions				Carrying amount	Difference
	Fair value			Total		
	Level 1	Level 2	Level 3			
(a) Monetary claims bought	-	16,788	-	16,788	16,788	-
(b) Securities:						
Held-to-maturity securities						
Domestic bonds	1,230,059	119,546	-	1,349,606	1,349,827	(221)
Foreign securities	-	4,735	-	4,735	4,593	142
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,367,117	109,727	-	1,476,845	1,960,400	(483,555)
Foreign securities	18,013	397,440	-	415,453	424,145	(8,691)
Investments in associates	210,799	5,020	-	215,820	88,303	127,516
(c) Loans					970,148	
Bad debt reserve ⁽¹⁾					(343)	
	-	264,403	698,624	963,028	969,804	(6,776)
Total assets	2,825,990	917,663	698,624	4,442,277	4,813,864	(371,586)
Bonds issued	-	612,824	98,288	711,112	715,045	(3,932)
Total liabilities	-	612,824	98,288	711,112	715,045	(3,932)

(1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(a) Monetary claims bought

With regard to commercial paper (CP), the price quoted by counterparty financial institutions is deemed the fair value. With regard to certain CP, the carrying amounts approximate the fair value as they are scheduled to be settled in a short period of time. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed the fair value. These are mainly categorized within Level 2.

(b) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value. These are categorized within Level 2 or Level 3 based on the level of components of assets in trust.

(c) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.

Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2. With regard to unlisted investment trusts, prices quoted by trust management companies are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(d) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term, and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans. With regard to some loans, the price provided by counterparty financial institutions is deemed the fair value.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3. Some loans on which the effect of unobservable inputs is insignificant are categorized within Level 2.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association ("JSDA") or prices quoted by counterparty financial institutions. Those based on "Reference Statistical Prices for OTC Bond Transactions" published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains/losses recognized in profit or loss

Yen in millions							
March 31, 2023	Beginning balance	Recorded in profit or loss for the current fiscal year ⁽¹⁾	Recorded in other comprehensive income ⁽²⁾	Changes due to purchases, issues, sales and settlements	Others ⁽³⁾	Ending balance	Net unrealized gains/ (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date ⁽⁴⁾
Monetary claims bought	4,368	0	(72)	(1,204)	–	3,091	–
Money trusts	386,862	38,063	4,887	156,356	–	586,170	16,566
Securities:							
Trading securities	100,330	16,568	10,194	(4,471)	–	122,621	13,195
Available-for-sale securities	249,966	9,900	22,258	23,736	720	306,582	–
Total assets	741,527	64,532	37,268	174,416	720	1,018,465	29,761
Derivative transactions ⁽⁴⁾	(316)	1,009	–	(580)	–	112	752

⁽¹⁾ Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

⁽²⁾ Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains/(losses) on securities" or "Foreign currency translation adjustments."

⁽³⁾ Includes increase due to business combination.

⁽⁴⁾ Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total are presented in parentheses.

Yen in millions								
March 31, 2024	Beginning balance	Recorded in profit or loss for the current fiscal year ⁽¹⁾	Recorded in other comprehensive income ⁽²⁾	Changes due to purchases, issues, sales and settlements	Transfer from Level 2 to Level 3 ⁽³⁾⁽⁴⁾	Transfer from Level 3 to Level 2 ⁽⁵⁾⁽⁶⁾	Ending balance	Net unrealized gains/ (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date ⁽¹⁾
Monetary claims bought	3,091	0	(47)	(922)	–	–	2,121	–
Money trusts	586,170	81,466	21,951	82,882	–	–	772,469	43,781
Securities:								
Trading securities	122,621	(5,917)	11,708	(496)	–	–	127,916	10,077
Available-for-sale securities	306,582	8,054	49,856	49,714	1,000	(2,344)	412,863	–
Total assets	1,018,465	83,603	83,468	131,177	1,000	(2,344)	1,315,371	53,859
Derivative transactions ⁽⁶⁾	112	1,042	0	(1,209)	–	–	(55)	260

⁽¹⁾ Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

⁽²⁾ Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains/(losses) on securities" or "Foreign currency translation adjustments."

⁽³⁾ Transfers between levels are made at the end of each quarter.

⁽⁴⁾ Transfer from Level 2 to Level 3 due to that observable inputs for domestic corporate bonds are no longer available.

⁽⁵⁾ Transfer from Level 3 to Level 2 due to that observable inputs for domestic and foreign corporate bonds became available.

⁽⁶⁾ Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total are presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships, etc., as of March 31, 2023 and March 31, 2024, which are not included in "(c) Securities" in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Stocks and other securities without market prices ⁽¹⁾⁽³⁾	356,146	417,651
Investments in partnerships, etc. ⁽²⁾⁽⁴⁾	71,315	87,201
Total	427,462	504,852

⁽¹⁾ Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

⁽²⁾ Investments in partnerships, etc., are not subject to fair value disclosure, in accordance with Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

⁽³⁾ Impairment losses on stocks and other securities without market prices for the years ended March 31, 2023 and March 31, 2024 were ¥8,237 million and ¥1,569 million, respectively.

⁽⁴⁾ Impairment losses on investments in partnerships, etc., for the years ended March 31, 2023 and March 31, 2024 were ¥4 million and ¥405 million, respectively.

(Note 4) Maturity analysis of monetary assets and securities with fixed maturities

March 31, 2023	Yen in millions			
	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,738,594	32,121	–	1,250
Monetary claims bought	134,678	4,750	–	2,976
Securities:				
Held-to-maturity securities				
Government bonds	3,400	116,500	188,500	770,600
Corporate bonds	500	27,502	31,300	55,100
Foreign securities	–	1,232	1,657	1,402
Debt securities earmarked for underwriting reserves				
Government bonds	–	–	–	1,807,300
Municipal bonds	–	–	–	9,000
Corporate bonds	3,100	5,050	1,200	110,800
Foreign securities	6,589	91,159	186,015	41,437
Available-for-sale securities with fixed maturities				
Government bonds	57,290	231,770	308,640	714,724
Municipal bonds	9,210	82,504	58,476	47,471
Corporate bonds	119,995	543,542	241,030	168,090
Foreign securities	196,755	1,160,114	1,245,731	391,244
Loans ⁽¹⁾	130,154	561,414	117,639	84,109
Total	3,400,267	2,857,661	2,380,191	4,205,506

⁽¹⁾ The amounts in the above table do not include ¥727 million of loans in which repayments cannot be expected as the debtors are legally bankrupt, substantially bankrupt, or likely to go bankrupt, and ¥65,417 million of loans without fixed maturities.

March 31, 2024	Yen in millions			
	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,872,161	39,162	–	1
Monetary claims bought	182,082	–	–	2,053
Securities:				
Held-to-maturity securities				
Government bonds	24,700	104,600	247,200	843,780
Corporate bonds	23,002	9,600	48,800	32,500
Foreign securities	1,334	874	2,438	–
Debt securities earmarked for underwriting reserves				
Government bonds	–	–	–	1,825,000
Municipal bonds	–	–	–	9,000
Corporate bonds	–	5,250	1,000	110,800
Foreign securities	–	55,874	327,365	92,769
Available-for-sale securities with fixed maturities				
Government bonds	58,700	217,445	447,885	640,014
Municipal bonds	4,757	89,528	39,175	35,286
Corporate bonds	153,622	497,295	233,797	162,076
Foreign securities	204,253	1,110,751	1,474,351	820,800
Loans ⁽¹⁾	170,007	546,881	107,657	79,577
Total	3,694,621	2,677,262	2,929,670	4,653,658

⁽¹⁾ The amounts in the above table do not include ¥73 million of loans in which repayments cannot be expected as the debtors are legally bankrupt, substantially bankrupt, or likely to go bankrupt, and ¥65,936 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

March 31, 2023	Yen in millions					
	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued ^(*)	–	100,000	–	153,840	–	360,000
Total	–	100,000	–	153,840	–	360,000

(*) The amounts in the above table do not include ¥100,902 million of bonds issued without fixed maturities.

March 31, 2024	Yen in millions					
	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued ^(*)	100,000	–	154,142	–	–	360,000
Total	100,000	–	154,142	–	–	360,000

(*) The amounts in the above table do not include ¥100,902 million of bonds issued without fixed maturities.

10. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts and fair value of the investment properties are as follows:

	Yen in millions	
	March 31, 2023	March 31, 2024
Carrying amount	76,893	75,957
Fair value	132,640	130,148

Notes:

- Carrying amount represents the acquisition cost less accumulated depreciation.
- Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since the most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

11. Business combination

(Business combination through acquisition)

The Company's consolidated subsidiary, MSI, through its foreign consolidated subsidiary, US Holdings, acquired an equity interest in Transverse on January 3, 2023, making Transverse a consolidated subsidiary.

Transverse is a non-life insurance group in the United States and is engaged in the business of transferring most of the risks associated with insurance policies underwritten via Managing General Agents ("MGA") (see note below) to reinsurers, while retaining some risks as a primary insurer.

(Note) MGA

An agent authorized by an insurance company to underwrite insurance and to adjust or assess the amount of damage, in addition to insurance solicitation.

(1) Overview of business combination

(i) Name and business of the acquired company

Name of the acquired company: Transverse Insurance Group, LLC
 Description of the business: Holding company with non-life insurance companies and other businesses under its umbrella

(ii) Main reasons for business combination

The acquisition of Transverse is expected to increase earnings by capturing growth in the U.S. MGA market and have Group synergies such as expanding business opportunities by enhancing Transverse's creditworthiness against the backdrop of MSI's strong financial base.

(iii) Date of business combination

January 3, 2023 (deemed acquisition date: January 1, 2023)

(iv) Legal form of business combination

Acquisition of equity interest

(v) Name of the company after the business combination

Transverse Insurance Group, LLC

(vi) Percentage of voting rights acquired

100%

(vii) Grounds for determining the acquiring company

The Company's consolidated subsidiary, MSI, acquired all of the voting rights of Transverse through US Holdings.

(2) Period of the acquired company's financial results included in the consolidated financial statements

The fiscal year end of the acquired company is December 31, but as the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements of the acquired company as of December 31 are used in preparing the consolidated financial statements. The deemed acquisition date of this business combination is January 1, 2023, and as the balance sheet only is consolidated, the consolidated statement of income does not include the financial results of the acquired company.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	(Cash)	US\$399 million
Acquisition cost		US\$399 million

(4) Description and amount of major acquisition-related expenses

Advisory fees, etc. ¥683 million

(5) Amount of goodwill recognized, reason for recognition, amortization method, and amortization period

(i) Amount of goodwill recognized

US\$138 million

(ii) Reason for recognition

The amount invested exceeded the net amount of assets acquired and liabilities assumed.

- (iii) Amortization method and period
Amortized on a straight-line basis over a period of ten (10) years

- (6) Amounts of assets acquired and liabilities assumed on the date of business combination and their breakdown

	US\$ in millions
Total assets	974
(of which, policy liabilities)	473
(of which, intangible fixed assets)	240
Total liabilities	710
(of which, policy liabilities)	490

- (7) Amount of acquisition cost allocated to Intangible fixed assets other than goodwill and its breakdown by type and weighted average amortization period for the total and by type

Customer relationships: US\$240 million
Amortization period: 10 years

- (8) Details of the contingent consideration stipulated in the business combination agreement and the accounting policy after the consolidated accounting period in which the business combination is completed
- (i) Details of the contingent consideration
The Company has adopted a performance-based additional payment clause that pays a certain additional amount based on the level of performance of the acquired company after the acquisition.
- (ii) Accounting policies after the consolidated accounting period in which the business combination is completed
In the event of additional payment of the consideration, the acquisition price, which is deemed to have been paid at the time of acquisition, the amount of goodwill, and amortization of goodwill are adjusted accordingly.

(Additional Information)

On December 28, 2017, Mitsui Sumitomo Insurance Co., Ltd. ("MSI"), a consolidated subsidiary of the Company, acquired shares of First Capital Insurance Limited. As per the business combination agreement, the contingent consideration for the acquisition shall be increased or decreased based on the reevaluation at some point in the future in relation to the acquired company's insurance liability at the date of the business combination. As additional payment of the acquisition consideration became certain in the current fiscal year, the consideration is additionally recognized as acquisition cost, and goodwill is additionally recognized. Goodwill that is additionally recognized is calculated on the assumption that it was recognized at the date of the business combination.

- (1) Acquisition cost additionally recognized: ¥12,171 million
- (2) Amount of goodwill additionally recognized, amount of amortization, method and period of amortization:

Amount of goodwill additionally recognized: ¥12,171 million
Amount of amortization: ¥3,428 million
Amortization method and period: Amortized on a straight-line basis over a period of twenty (20) years

12. The amounts of net assets per share are as follows:

	March 31, 2023	March 31, 2024
Net assets per share (Yen)	1,928.84	2,817.00
Stock acquisition rights deducted from net assets (Yen in millions)	558	391
Non-controlling interests deducted from net assets (Yen in millions)	47,381	46,378
Outstanding common stock (Thousands of shares)	1,602,806	1,585,651

Notes:

1. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024. Net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.
2. As stated in the "Change in accounting policy," from the beginning of the year ended March 31, 2024, IFRS 17 "Insurance Contracts" has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, net assets per share as of March 31, 2023 had increased by 50.86 yen compared to the amount prior to the retrospective application, which is calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.

13. Events that occurred after the end of the current fiscal year and that will significantly affect the financial position and results of operation for the following fiscal year and thereafter are as follows:

(Stock split)

In accordance with the resolution at the Board of Directors' meeting held on February 29, 2024, the Company conducted a stock split and partial amendments to the Articles of Incorporation associated with the stock split as of the effective date of April 1, 2024.

- (1) Purpose of the stock split
By lowering the stock price per investment unit, the Company aims to create a more investor-friendly environment and expand the investor base.
- (2) Outline of the stock split
- (i) Method of the stock split
Each share of common stock owned by the shareholders recorded in the final register of shareholders as of the record date of March 31, 2024 is split into three shares.
- (ii) Increase in the number of shares due to the stock split.
Total number of issued shares before the stock split: 536,071,400 shares
Number of shares to be increased by the stock split: 1,072,142,800 shares
Total number of issued shares after the stock split: 1,608,214,200 shares
Total number of authorized shares after the stock split: 2,700,000,000 shares
- (iii) Schedule of the stock split
Public notice of record date: March 15, 2024
Record date: March 31, 2024
Effective date: April 1, 2024
- (3) Effect on per share information

The effect on per share information is presented in the relevant section.
- (4) Partial amendments to the Articles of Incorporation associated with the stock split
- (i) Reason for the amendments
In line with the stock split, the Company has partially amended its Articles of Incorporation with an effective date of April 1, 2024, pursuant to Article 184, Paragraph 2 of the Companies Act.
- (ii) Details of the amendments to the Articles of Incorporation

(Amendments are underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Authorized Shares) Article 6. The total number of shares the Corporation is authorized to issue shall be nine hundred million (900,000,000) shares.	(Total Number of Authorized Shares) Article 6. The total number of shares the Corporation is authorized to issue shall be <u>two thousand and seven hundred million (2,700,000,000) shares.</u>

14. Amounts less than one million yen have been rounded down.

Notes to Consolidated Statements of Income

1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

	Yen in millions	
	For the year ended March 31, 2023	For the year ended March 31, 2024
Premium income	1,727,314	1,850,145
Surrender benefits and ceding reinsurance premiums paid	(1,268,883)	(1,114,895)
Life insurance premiums	458,430	735,249

2. The amounts of gains on derivative transactions to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income, are as follows:

	Yen in millions	
	For the year ended March 31, 2023	For the year ended March 31, 2024
	6,210	12,998

3. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

	Yen in millions	
	For the year ended March 31, 2023	For the year ended March 31, 2024
	(13,676)	192,977

4. Major components of business expenses are as follows:

	Yen in millions	
	For the year ended March 31, 2023	For the year ended March 31, 2024
Commission expenses	772,616	806,516
Salaries	306,745	320,956

Note: Business expenses represent the aggregate amount of Loss adjustment expenses, Operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

5. Impairment losses recognized on fixed assets are as follows:

For the year ended March 31, 2023

Use	Category	Description	Yen in millions		
			Impairment losses on fixed assets		
			Breakdown		
Investment properties	Buildings	Building for rent in Tokyo	0	Buildings	0
Idle real estate and real estate for sale	Land and buildings and other	15 properties, including a training center in Kanagawa	1,800	Land	1,132
				Buildings	668
				Other	0

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate, and assets for sale are grouped on an individual basis.

Due to a decline in real estate prices and the disposal in the near future, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses."

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For the year ended March 31, 2024

Use	Category	Description	Yen in millions		
			Impairment losses on fixed assets		
			Breakdown		
Investment properties	Buildings	3 properties, including an office in Aichi	27	Buildings	27
Idle real estate and real estate for sale	Land and buildings	27 properties, including an office in Okayama	3,512	Land	1,264
				Buildings	2,248
-	Software	Software owned by overseas consolidated subsidiaries	2,568	Software	2,568
				-	Goodwill and intangible fixed assets
	Other intangible fixed assets	1,762			

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate, and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of investment properties, idle real estate, and real estate for sale were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses."

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For software owned by overseas consolidated subsidiaries, the portion that is not expected to be used in the future was recognized as impairment losses on fixed assets under "Extraordinary losses."

For goodwill related to the MGA (Managing General Agent) business in the United States, which mainly handles insurance products for carriers, carrying amounts were reduced to recoverable amounts because the profitability of the business has declined from the assumptions at the time of acquisition, and the difference between them was recognized as impairment losses on fixed assets under "Extraordinary losses." The recoverable amount of such assets was determined as their value in use, which was calculated by discounting future cash flows at a rate of 22.9%.

6. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2023

Other extraordinary losses represent special funding, etc., in relation to the outside career change support program in MSI.

7. The amounts of net income attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2023	For the year ended March 31, 2024
Basic net income attributable to owners of the parent per share (Yen)	130.54	231.83
Diluted net income attributable to owners of the parent per share (Yen)	130.50	231.77

Notes:

- The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024. Net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.
- The basis of calculation is as follows:

	For the year ended March 31, 2023	For the year ended March 31, 2024
Net income attributable to owners of the parent (Yen in millions)	211,006	369,266
Average outstanding common stock during the year (Thousands of shares)	1,616,373	1,592,825
Increase in number of common stock used for calculation of diluted net income attributable to owners of the parent (Thousands of shares)	520	364

- As stated in the "Change in accounting policy," from the beginning of the year ended March 31, 2024, IFRS 17 "Insurance Contracts" has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, basic net income attributable to owners of the parent per share for the previous period has increased by 30.61 yen, and diluted net income attributable to owners of the parent per share for the previous period has increased by 30.60 yen, as compared to the amount prior to the retrospective application, which are calculated on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.

Notes to Consolidated Statements of Comprehensive Income

1. Reclassification adjustments and income tax effects of other comprehensive income

	Yen in millions	
	For the year ended March 31, 2023	For the year ended March 31, 2024
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	(357,047)	1,528,671
Reclassification adjustments	(113,426)	(165,380)
Before income tax effect adjustments	(470,474)	1,363,290
Income tax effects	123,367	(370,949)
Net unrealized gains/(losses) on securities	(347,106)	992,341
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(25,474)	(38,535)
Reclassification adjustments	(4,040)	57
Before income tax effect adjustments	(29,514)	(38,477)
Income tax effects	8,152	10,304
Net deferred gains/(losses) on hedges	(21,362)	(28,172)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	130,569	127,716
Reclassification adjustments	-	(28)
Foreign currency translation adjustments	130,569	127,688
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	(13,382)	59,050
Reclassification adjustments	(2,107)	247
Before income tax effect adjustments	(15,490)	59,298
Income tax effects	4,447	(17,309)
Actuarial gains/(losses) on retirement benefits	(11,042)	41,988
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.:		
Gains/(losses) arising during the period	12,750	(4,182)
Before income tax effect adjustments	12,750	(4,182)
Income tax effects	(3,137)	1,005
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	9,612	(3,176)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	(1,753)	29,943
Reclassification adjustments	758	(5,736)
Share of other comprehensive income/(loss) of equity method investments	(995)	24,207
Total other comprehensive income	(240,325)	1,154,876

Notes to Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2023

1. Type and number of issued stock and treasury stock

	in thousands of shares			
	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,632	134	57,800	535,967
Total	593,632	134	57,800	535,967
Treasury stock:				
Common stock	46,400	13,159	57,862	1,698
Total	46,400	13,159	57,862	1,698

Notes:

- The increase in the total number of common stock issued and outstanding during the year was 134 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
- The decrease in the total number of common stock issued and outstanding during the year was 57,800 thousand shares, as a result of the cancellation of treasury stock.
- The number of treasury common stock at the beginning and the end of the year includes 213 thousand and 1,430 thousand Company's shares held in the trust established under the share compensation plan.
- The increase in the number of treasury common stock during the year was 13,159 thousand shares, which is due to open market repurchases of 11,930 thousand shares, purchases by the trust established under the share compensation plan of 1,216 thousand shares, and repurchases of 12 thousand fractional shares.
- The decrease in the number of treasury common stock during the year was 57,862 thousand shares, which is due to the cancellation of treasury stock of 57,800 thousand shares, exercise of stock acquisition rights of 61 thousand shares, and sales of 0 thousand fractional shares.

2. Stock acquisition rights

Category	Breakdown	Yen in millions
		Ending balance
Filer	Stock acquisition rights as stock options	558
Total		558

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting held on June 27, 2022	Common stock	53,375	97.5	March 31, 2022	June 28, 2022
Board meeting held on November 18, 2022	Common stock	53,570	100	September 30, 2022	December 5, 2022

Notes:

- Date of record is the date to determine shareholders who are entitled to receive dividends.
- Aggregate amount of dividends in accordance with a resolution to be passed at the June 27, 2022 General Shareholders' Meeting includes dividends of 20 million yen for the Company's shares held in the trust established under the share compensation plan.
- Aggregate amount of dividends in accordance with a resolution to be passed at the November 18, 2022 Board meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.

(2) Dividends declared effective after March 31, 2023 for which the date of record is in the year ended March 31, 2023

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting to be held on June 26, 2023	Common stock	53,569	Retained earnings	100	March 31, 2023	June 27, 2023

Notes:

- Date of record is the date to determine shareholders who are entitled to receive dividends.
- Aggregate amount of dividends in accordance with a resolution to be passed at the June 26, 2023 General Shareholders' Meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.

For the year ended March 31, 2024

1. Type and number of issued stock and treasury stock

	in thousands of shares			
	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	535,967	104	–	536,071
Total	535,967	104	–	536,071
Treasury stock:				
Common stock	1,698	5,969	147	7,521
Total	1,698	5,969	147	7,521

Notes:

- The increase in the total number of common stock issued and outstanding during the year was 104 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
- The number of treasury common stock at the beginning and the end of the year includes 1,430 thousand and 1,552 thousand Company's shares held in the trust established under the share compensation plan.
- The increase in the number of treasury common stock during the year was 5,969 thousand shares, which is due to open market repurchases of 5,736 thousand shares, purchases by the trust established under the share compensation plan of 218 thousand shares, and repurchases of 15 thousand fractional shares.
- The decrease in the number of treasury common stock during the year was 147 thousand shares, which is due to the cancellation of treasury stock of 96 thousand shares, exercise of stock acquisition rights of 50 thousand shares, and sales of 0 thousand fractional shares.
- The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

2. Stock acquisition rights

Category	Breakdown	Yen in millions
		Ending balance
Filer	Stock acquisition rights as stock options	391
Total		391

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting held on June 26, 2023	Common stock	53,569	100	March 31, 2023	June 27, 2023
Board meeting held on November 17, 2023	Common stock	63,832	120	September 30, 2023	December 4, 2023

Notes:

- Date of record is the date to determine shareholders who are entitled to receive dividends.
- Aggregate amount of dividends in accordance with a resolution to be passed at the June 26, 2023 General Shareholders' Meeting includes dividends of 143 million yen for the Company's shares held in the trust established under the share compensation plan.
- Aggregate amount of dividends in accordance with a resolution to be passed at the November 17, 2023 Board meeting includes dividends of 196 million yen for the Company's shares held in the trust established under the share compensation plan.
- The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

(2) Dividends declared effective after March 31, 2024 for which the date of record is in the year ended March 31, 2024

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting to be held on June 24, 2024	Common stock	79,515	Retained earnings	150	March 31, 2024	June 25, 2024

Notes:

- Date of record is the date to determine shareholders who are entitled to receive dividends.
- Aggregate amount of dividends in accordance with a resolution to be passed at the June 24, 2024 General Shareholders' Meeting includes dividends of 232 million yen for the Company's shares held in the trust established under the share compensation plan.
- The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

Notes to Consolidated Statements of Cash Flows

1. Reconciliation of balance sheet items to cash and cash equivalents

	Yen in millions	
	2023	2024
Cash, deposits and savings	2,771,981	2,911,347
Monetary claims bought	142,976	184,200
Securities	16,144,021	18,166,668
Time deposits exceeding three months and deposits pledged as collateral	(273,246)	(394,708)
Monetary claims bought other than cash equivalents	(49,408)	(63,215)
Securities other than cash equivalents	(16,089,893)	(18,070,531)
Cash and cash equivalents	2,646,431	2,733,760

2. Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended March 31, 2023

Transverse has been included in the scope of consolidation. The components of assets and liabilities at the acquisition date, the acquisition cost of an equity interest in Transverse and net consideration paid for acquisition of Transverse are as follows:

	Yen in millions
Policy liabilities	62,840
Intangible fixed assets	31,874
Other assets	34,614
Total liabilities	129,329
Goodwill	18,345
Policy liabilities	(65,081)
Other liabilities	(29,156)
Total liabilities	(94,237)
Non-controlling interests	(481)
Acquisition cost of Transverse' shares	52,956
Cash and cash equivalents held at Transverse	(6,456)
Other payables included in acquisition cost of Transverse' shares	(1,497)
Net consideration paid for acquisition of Transverse	45,002

3. Cash flows from investing activities include those from investments made as part of the insurance business.

Summary of Business Results of Main Consolidated Subsidiaries

MITSUI SUMITOMO INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Assets)		
Cash, deposits and savings:	¥ 621,815	¥ 569,609
Cash on hand	4	4
Deposits in banks	621,810	569,605
Monetary claims bought	3,091	2,121
Money trusts	494	570
Investments in securities:	5,288,584	6,266,431
Government bonds	605,721	573,288
Municipal bonds	77,611	75,469
Corporate bonds	534,191	526,310
Domestic stocks	1,785,604	2,600,340
Foreign securities	2,166,296	2,332,051
Other securities	119,158	158,970
Loans:	403,552	390,765
Policy loans	3,319	2,628
General loans	400,232	388,137
Tangible fixed assets:	202,456	194,157
Land	75,299	72,294
Buildings	111,554	105,826
Construction in progress	1,139	2,381
Other tangible fixed assets	14,462	13,656
Intangible fixed assets:	84,760	72,398
Software	61,744	59,772
Other intangible fixed assets	23,016	12,626
Other assets:	358,873	328,585
Premiums receivable	4,917	5,438
Due from agencies	115,480	113,938
Co-insurance accounts receivable	9,018	7,779
Reinsurance accounts receivable	62,050	55,235
Foreign reinsurance accounts receivable	60,903	52,397
Agency business accounts receivable	786	664
Other receivables	34,467	27,959
Accrued income	4,964	5,646
Guarantee deposits	11,808	11,297
Deposits with the Japan Earthquake Reinsurance Company	1,741	1,680
Suspense payments	48,384	40,779
Initial margins for future transactions	1,474	1,474
Derivative financial instruments	2,607	1,910
Cash collateral pledged under derivative transactions	268	2,383
Prepaid pension expenses	19,783	26,931
Customers' liabilities under acceptances and guarantees	19,362	14,988
Bad debt reserve	(2,751)	(2,172)
Total assets	¥7,000,023	¥7,864,388

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Liabilities)		
Policy liabilities:	¥3,759,612	¥3,711,583
Outstanding claims	767,681	844,260
Underwriting reserves	2,991,931	2,867,322
Bonds issued	580,902	580,902
Other liabilities:	437,504	385,103
Co-insurance accounts payable	14,093	14,968
Reinsurance accounts payable	56,068	48,109
Foreign reinsurance accounts payable	42,856	44,376
Agency business accounts payable	489	441
Payables under securities lending transactions	72,200	71,357
Borrowings	100,000	–
Income taxes payable	5,372	41,848
Deposits received	68,201	39,317
Unearned income	15	14
Other payables	32,323	63,489
Suspense receipts	22,310	22,447
Derivative financial instruments	2,675	8,427
Cash collateral received under derivative transactions	16,561	26,402
Lease obligations	300	60
Asset retirement obligations	4,028	3,841
Other liabilities	6	1
Reserve for pension and retirement benefits	86,191	85,013
Reserve for retirement benefits for officers	130	86
Accrued bonuses for employees	9,609	9,657
Reserve for stock payments	478	956
Reserves under the special laws:	31,590	35,971
Reserve for price fluctuation	31,590	35,971
Deferred tax liabilities	112,111	358,401
Acceptances and guarantees	19,362	14,988
Total liabilities	5,037,491	5,182,665
(Net assets)		
Common stock	139,595	139,595
Capital surplus:	93,107	93,107
Additional paid-in capital	93,107	93,107
Retained earnings:	709,093	777,866
Legal earned reserve	46,487	46,487
Other retained earnings:	662,605	731,378
Tax-exempted reserve for accelerated depreciation	15,625	15,367
Retained earnings brought forward	646,980	716,011
Total shareholders' equity	941,796	1,010,569
Net unrealized gains/(losses) on investments in securities	1,006,761	1,661,847
Net deferred gains/(losses) on hedges	13,972	9,305
Total valuation and translation adjustments	1,020,734	1,671,152
Total net assets	1,962,531	2,681,722
Total liabilities and net assets	¥7,000,023	¥7,864,388

NETSUI SUMITOMO INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary income:	¥1,956,362	¥2,058,063
Underwriting income:	1,724,480	1,799,166
Net premiums written	1,629,832	1,623,307
Deposit premiums from policyholders	31,397	23,364
Investment income on deposit premiums from policyholders	25,531	25,353
Reversal of underwriting reserves	35,553	124,609
Foreign exchange gains	1,636	2,490
Other underwriting income	530	41
Investment income:	226,104	252,465
Interest and dividends income	134,995	154,765
Investment gains on money trusts	20	76
Gains on sales of securities	110,702	106,682
Gains on redemption of securities	1,866	2,080
Gains on derivative transactions	-	4,012
Foreign exchange gains	3,936	10,088
Other investment income	115	113
Transfer of investment income on deposit premiums from policyholders	(25,531)	(25,353)
Other ordinary income	5,776	6,431
Ordinary expenses:	1,815,137	1,843,744
Underwriting expenses:	1,519,927	1,550,266
Net claims paid	944,572	950,161
Loss adjustment expenses	103,503	114,369
Commissions and collection expenses	308,339	301,842
Maturity refunds to policyholders	112,220	106,913
Dividends to policyholders	47	46
Provision for outstanding claims	50,595	76,579
Other underwriting expenses	648	351
Investment expenses:	52,098	38,779
Losses on sales of securities	19,341	7,766
Impairment losses on securities	26,137	24,598
Losses on redemption of securities	38	6
Losses on derivative transactions	2,294	-
Other investment expenses	4,287	6,408
Operating expenses and general and administrative expenses	236,770	248,863
Other ordinary expenses:	6,340	5,835
Interest expense	4,881	4,842
Provision for bad debts	1,198	-
Losses on bad debts	150	595
Other ordinary expenses	110	396
Ordinary profit	141,224	214,319
Extraordinary income:	13,745	16,242
Gains on sales of fixed assets	13,745	16,242
Extraordinary losses:	13,548	9,299
Losses on sales of fixed assets	2,186	2,280
Impairment losses on fixed assets	466	2,637
Provision for reserves under the special laws:	4,258	4,380
Provision for reserve for price fluctuation	4,258	4,380
Other extraordinary losses	6,637	-
Income before income taxes	141,421	221,262
Income taxes—current	8,658	58,882
Income taxes—deferred	24,863	(5,397)
Total income taxes	33,522	53,485
Net income	¥ 107,899	¥ 167,777

Non-Consolidated Solvency Margin Ratio

Insurance companies running their business in Japan calculate the non-consolidated solvency margin ratio pursuant to the provisions of Articles 86 and 87 of the Insurance Business Act Enforcement Regulations and Public Notice No. 50 issued by the Ministry of Finance in 1996.

While insurance companies set aside reserves to provide for payments of insurance claims should an insured event occur, they are also required to maintain sufficient funds to pay out in an event outside the normal range of estimates such as a major catastrophe and a significant drop in the value of their assets.

The non-consolidated solvency margin ratio, or item (C) in each of the tables below, which is calculated in accordance with the Insurance Business Act, is the ratio of "solvency margin of insurance companies calculated based on their capital and other reserves," or (A) the total amount of solvency margin, to "risks exceeding the normal range of estimates," or (B) the total amount of risks.

The non-consolidated solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurance companies. A non-consolidated solvency margin ratio of 200% or above indicates adequate ability to satisfy insurance claims and other payment requirements.

	Yen in millions	
	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥3,405,349	¥4,133,628
Total net assets	879,498	824,524
Reserve for price fluctuation	31,590	35,971
Contingency reserve	814	1,631
Catastrophe reserve	620,474	604,337
General bad debt reserve	351	704
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	1,255,835	2,072,271
Net unrealized gains/(losses) on land	52,102	50,574
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	330,902	330,902
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	3,642	3,642
Others	237,421	216,351
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	995,234	1,196,153
General insurance risk (R ₁)	148,949	151,983
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	9,848	8,828
Asset management risk (R ₄)	821,033	1,002,957
Business administration risk (R ₅)	22,175	26,211
Catastrophe risk (R ₆)	128,932	146,805
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	684.3%	691.1%

AIOI NISSAY DOWA INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Assets)		
Cash, deposits and savings:	¥ 232,720	¥ 277,440
Cash on hand	18	15
Deposits in banks	232,701	277,424
Money trusts	3,050	3,419
Investments in securities:	2,536,311	2,873,118
Government bonds	407,935	378,531
Municipal bonds	23,768	12,549
Corporate bonds	254,975	220,379
Domestic stocks	863,841	1,091,267
Foreign securities	885,682	1,059,859
Other securities	100,107	110,531
Loans:	260,537	269,267
Policy loans	1,081	717
General loans	259,456	268,550
Tangible fixed assets:	177,201	171,664
Land	69,791	67,313
Buildings	95,434	94,018
Construction in progress	468	117
Other tangible fixed assets	11,507	10,214
Intangible fixed assets:	75,119	78,905
Software	29,714	48,644
Other intangible fixed assets	45,404	30,260
Other assets:	366,106	398,746
Premiums receivable	2,231	2,246
Due from agencies	82,934	84,080
Due from foreign agencies	1,797	4,277
Co-insurance accounts receivable	5,239	6,374
Reinsurance accounts receivable	42,103	48,507
Foreign reinsurance accounts receivable	135,015	166,336
Agency business accounts receivable	342	290
Other receivables	50,742	36,190
Accrued income	5,860	5,720
Guarantee deposits	7,827	7,606
Deposits with the Japan Earthquake Reinsurance Company	677	542
Suspense payments	28,621	35,443
Derivative financial instruments	2,714	1,129
Prepaid pension expenses	27,789	29,987
Deferred tax assets	45,624	-
Customers' liabilities under acceptances and guarantees	10,000	10,000
Bad debt reserve	(771)	(860)
Total assets	¥3,733,689	¥4,111,688

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Liabilities)		
Policy liabilities:	¥2,432,837	¥2,459,192
Outstanding claims	632,693	720,229
Underwriting reserves	1,800,143	1,738,963
Bonds issued	50,000	50,000
Other liabilities:	392,641	437,921
Co-insurance accounts payable	3,997	4,710
Reinsurance accounts payable	42,691	36,891
Foreign reinsurance accounts payable	66,882	79,656
Agency business accounts payable	2,337	2,603
Payables under securities lending transactions	201,248	219,944
Income taxes payable	3,480	18,213
Deposits received	2,866	2,940
Unearned income	22	23
Other payables	42,826	40,790
Suspense receipts	17,744	17,783
Derivative financial instruments	7,376	13,306
Asset retirement obligations	1,168	1,057
Other liabilities	0	0
Reserve for pension and retirement benefits	42,168	44,603
Accrued bonuses for employees	6,185	6,159
Reserve for stock payments	446	892
Reserves under the special laws:	35,708	37,707
Reserve for price fluctuation	35,708	37,707
Deferred tax liabilities	-	41,465
Acceptances and guarantees	10,000	10,000
Total liabilities	2,969,987	3,087,941
(Net assets)		
Common stock	100,005	100,005
Capital surplus:	81,207	81,207
Additional paid-in capital	52,593	52,593
Other capital surplus	28,614	28,614
Retained earnings:	199,386	219,252
Legal earned reserve	47,411	47,411
Other retained earnings:	151,974	171,840
Reserve for specified business investments	-	125
Retained earnings brought forward	151,974	171,715
Total shareholders' equity	380,599	400,465
Net unrealized gains/(losses) on investments in securities	383,101	623,281
Total valuation and translation adjustments	383,101	623,281
Total net assets	763,701	1,023,746
Total liabilities and net assets	¥3,733,689	¥4,111,688

AIOI NISSAY DOWA INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary income:	¥1,524,367	¥1,660,243
Underwriting income:	1,414,491	1,476,673
Net premiums written	1,335,557	1,368,988
Deposit premiums from policyholders	9,962	8,293
Investment income on deposit premiums from policyholders	13,971	14,792
Reversal of underwriting reserves	42,597	61,180
Foreign exchange gains	4,103	10,183
Other underwriting income	8,299	13,234
Investment income:	100,499	175,853
Interest and dividends income	63,636	73,643
Investment gains on money trusts	0	0
Gains on sales of securities	50,026	114,367
Gains on redemption of securities	22	-
Foreign exchange gains	731	2,522
Other investment income	52	113
Transfer of investment income on deposit premiums from policyholders	(13,971)	(14,792)
Other ordinary income	9,376	7,715
Ordinary expenses:	1,457,610	1,581,178
Underwriting expenses:	1,233,387	1,332,197
Net claims paid	809,314	826,822
Loss adjustment expenses	80,318	82,194
Commissions and collection expenses	280,114	288,433
Maturity refunds to policyholders	53,057	45,016
Dividends to policyholders	3	5
Provision for outstanding claims	9,463	88,658
Other underwriting expenses	1,115	1,067
Investment expenses:	27,165	55,250
Losses on sales of securities	10,880	31,609
Impairment losses on securities	2,271	720
Losses on redemption of securities	2	-
Losses on derivative transactions	10,786	19,947
Other investment expenses	3,224	2,972
Operating expenses and general and administrative expenses	194,884	191,507
Other ordinary expenses:	2,172	2,223
Interest expense	595	401
Provision for bad debts	-	92
Losses on bad debts	0	0
Other ordinary expenses	1,576	1,728
Ordinary profit	66,757	79,064
Extraordinary income:	379	1,032
Gains on sales of fixed assets	379	1,032
Extraordinary losses:	11,299	7,961
Losses on sales of fixed assets	7,432	3,654
Impairment losses on fixed assets	1,955	2,308
Provision for reserves under the special laws:	1,911	1,998
Provision for reserve for price fluctuation	1,911	1,998
Income before income taxes	55,837	72,136
Income taxes – current	(998)	21,968
Income taxes – deferred	13,640	(5,913)
Total income taxes	12,641	16,054
Net income	¥ 43,195	¥ 56,081

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥1,327,493	¥1,572,188
Total net assets	357,293	335,311
Reserve for price fluctuation	35,708	37,707
Contingency reserve	1,388	1,771
Catastrophe reserve	323,213	293,088
General bad debt reserve	183	127
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	478,111	777,977
Net unrealized gains/(losses) on land	36,294	40,163
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	50,000	50,000
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	6,594	7,595
Others	51,892	43,636
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	319,545	402,936
General insurance risk (R ₁)	124,281	129,679
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	4,959	4,439
Asset management risk (R ₄)	242,826	303,375
Business administration risk (R ₅)	8,125	9,929
Catastrophe risk (R ₆)	34,212	58,990
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	830.8%	780.3%

MITSUI DIRECT GENERAL INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Assets)		
Cash, deposits and savings:	¥16,341	¥ 6,421
Deposits in banks	16,341	6,421
Investments in securities:	33,509	39,677
Municipal bonds	15,829	10,330
Corporate bonds	17,680	29,347
Tangible fixed assets:	761	650
Buildings	213	195
Other tangible fixed assets	547	455
Intangible fixed assets:	5,355	6,523
Software	3,624	2,235
Other intangible fixed assets	1,731	4,288
Other assets:	5,104	6,601
Premiums receivable	0	0
Reinsurance accounts receivable	55	58
Other receivables	3,195	4,573
Accrued income	33	43
Income taxes receivable	71	-
Guarantee deposits	482	482
Suspense payments	1,266	1,442
Other assets	0	0
Deferred tax assets	1,603	1,403
Bad debt reserve	(2)	(2)
Total assets	¥62,674	¥61,276
(Liabilities)		
Policy liabilities:	42,704	42,873
Outstanding claims	22,692	22,264
Underwriting reserves	20,012	20,608
Other liabilities:	2,486	2,580
Reinsurance accounts payable	1	1
Income taxes payable	93	110
Unearned income	12	-
Other payables	2,175	2,262
Suspense receipts	4	5
Asset retirement obligations	198	199
Reserve for pension and retirement benefits	432	492
Accrued bonuses for employees	332	344
Reserve for stock payments	10	19
Reserves under the special laws:	100	108
Reserve for price fluctuation	100	108
Total liabilities	46,066	46,419
(Net assets)		
Common stock	39,106	39,106
Capital surplus:	9,006	9,006
Additional paid-in capital	9,006	9,006
Retained earnings:	(31,390)	(32,934)
Other retained earnings:	(31,390)	(32,934)
Retained earnings brought forward	(31,390)	(32,934)
Total shareholders' equity	16,721	15,177
Net unrealized gains/(losses) on investments in securities	(113)	(320)
Total valuation and translation adjustments	(113)	(320)
Total net assets	16,607	14,856
Total liabilities and net assets	¥62,674	¥61,276

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary income:	¥36,072	¥35,805
Underwriting income:	36,027	35,669
Net premiums written	34,530	35,212
Investment income on deposit premiums from policyholders	25	29
Reversal of outstanding claims	1,041	427
Reversal of underwriting reserves	429	-
Investment income:	23	114
Interest and dividends income	49	143
Gains on sales of securities	-	0
Transfer of investment income on deposit premiums from policyholders	(25)	(29)
Other ordinary income	21	20
Ordinary expenses:	36,633	37,841
Underwriting expenses:	23,701	25,217
Net claims paid	20,544	21,442
Loss adjustment expenses	2,771	2,721
Commissions and collection expenses	385	457
Provision for outstanding claims	-	595
Investment expenses:	230	-
Other investment expenses	230	-
Operating expenses and general and administrative expenses	12,700	12,620
Other ordinary expenses:	1	2
Provision for bad debts	-	0
Losses on bad debts	0	-
Other ordinary expenses	1	2
Ordinary loss	561	2,036
Extraordinary income	-	-
Extraordinary losses:	7	8
Losses on sales of fixed assets	1	0
Provision for reserves under the special laws:	6	7
Provision for reserve for price fluctuation	6	7
Loss before income taxes	569	2,044
Income taxes – current	16	(700)
Income taxes – deferred	(1,479)	200
Total income taxes	(1,463)	(500)
Net income/(loss)	¥ 894	¥ (1,544)

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥17,853	¥16,137
Total net assets	16,721	15,177
Reserve for price fluctuation	100	108
Contingency reserve	0	0
Catastrophe reserve	1,143	1,170
General bad debt reserve	1	1
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	(113)	(320)
Net unrealized gains/(losses) on land	-	-
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	-	-
Others	-	-
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	5,060	5,089
General insurance risk (R ₁)	4,485	4,450
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	0	0
Asset management risk (R ₄)	964	1,129
Business administration risk (R ₅)	172	177
Catastrophe risk (R ₆)	300	321
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	705.5 %	634.1 %

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Assets)		
Cash, deposits and savings:	¥ 416,761	¥ 234,479
Cash on hand	0	0
Deposits in banks	416,761	234,479
Investments in securities:	4,422,873	4,749,619
Government bonds	3,279,976	3,376,278
Municipal bonds	102,572	88,361
Corporate bonds	636,994	628,348
Domestic stocks	823	1,039
Foreign securities	341,199	578,089
Other securities	61,306	77,501
Loans:	60,780	62,341
Policy loans	60,780	62,341
Tangible fixed assets:	7,157	7,086
Buildings	304	255
Lease assets	5,728	5,956
Other tangible fixed assets	1,124	874
Intangible fixed assets:	25,388	26,313
Software	12,577	20,557
Other intangible fixed assets	12,811	5,756
Due from agencies	1,424	1,952
Reinsurance accounts receivable	1,221	1,389
Other assets:	42,344	45,220
Other receivables	29,678	29,088
Prepaid expenses	2,209	2,992
Accrued income	7,803	9,389
Guarantee deposits	328	335
Derivative financial instruments	1,079	174
Suspense payments	1,227	1,004
Other assets	18	2,236
Deferred tax assets	31,316	32,515
Bad debt reserve	(89)	(87)
Total assets	¥5,009,178	¥5,160,831

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Liabilities)		
Policy liabilities:	¥4,362,853	¥4,480,569
Outstanding claims	40,386	42,090
Underwriting reserves	4,311,933	4,428,012
Reserve for dividends to policyholders	10,532	10,466
Due to agencies	2,989	3,310
Reinsurance accounts payable	362	359
Other liabilities:	499,428	509,186
Payables under repurchase agreements	204,822	235,480
Payables under securities lending transactions	269,048	251,819
Income taxes payable	1,024	7,031
Other payables	681	2,222
Accrued expenses	6,229	6,724
Unearned income	0	0
Deposits received	112	213
Derivative financial instruments	1,331	4,401
Lease obligations	151	274
Asset retirement obligations	408	410
Suspense receipts	590	580
Other liabilities	15,027	27
Reserve for pension and retirement benefits	4,990	5,337
Reserve for retirement benefits for officers	3	1
Reserve for stock payments	63	126
Reserves under the special laws:	12,413	13,956
Reserve for price fluctuation	12,413	13,956
Total liabilities	4,883,105	5,012,848
(Net assets)		
Common stock	85,500	85,500
Capital surplus:	19,955	19,955
Additional paid-in capital	14,746	-
Other capital surplus	5,208	19,955
Retained earnings:	41,913	64,525
Legal earned reserve	5,924	-
Other retained earnings:	35,988	64,525
Reserve for specified business investments	49	49
Retained earnings brought forward	35,938	64,475
Total shareholders' equity	147,368	169,980
Net unrealized gains/(losses) on investments in securities	(21,295)	(21,997)
Total valuation and translation adjustments	(21,295)	(21,997)
Total net assets	126,073	147,983
Total liabilities and net assets	¥5,009,178	¥5,160,831

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary income:	¥565,339	¥546,499
Insurance premiums and others:	489,081	475,145
Insurance premiums	487,124	473,796
Reinsurance income	1,957	1,349
Investment income:	72,266	67,545
Interest and dividends income:	54,347	58,890
Interest on deposits	0	0
Interest and dividends on securities	52,246	56,677
Interest on loans	1,664	1,700
Other interest and dividends	436	512
Gains on sales of securities	17,899	6,069
Gains on redemption of securities	–	2,540
Foreign exchange gains	16	42
Reversal of bad debts	2	1
Other ordinary income:	3,991	3,808
Receipts of annuities with special conditions	777	970
Receipts of deferred insurance claims	1,193	1,046
Other ordinary income	2,021	1,790
Ordinary expenses:	537,477	497,393
Insurance claims and others:	270,101	275,619
Insurance claims	50,975	50,420
Annuity payments	21,126	21,479
Benefits	51,584	39,590
Surrender benefits	141,190	158,234
Other refunds	3,442	4,089
Reinsurance premiums	1,782	1,805
Provision for underwriting reserves and others:	154,603	117,782
Provision for outstanding claims	1,416	1,703
Provision for underwriting reserves	153,186	116,078
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	17,483	6,936
Losses on sales of securities	12,461	285
Impairment losses on securities	205	–
Losses on derivative transactions	2,718	6,180
Other investment expenses	2,098	470
Operating expenses	74,576	76,531
Other ordinary expenses:	20,712	20,523
Payments of deferred insurance claims	1,389	1,214
Taxes	7,630	7,577
Depreciation	10,166	10,365
Provision for reserve for pension and retirement benefits	342	346
Other ordinary expenses	1,182	1,019
Ordinary profit	27,861	49,105
Extraordinary income:	1	0
Gains on sales of fixed assets	1	0
Extraordinary losses:	1,330	1,546
Losses on sales of fixed assets	43	3
Provision for reserves under the special laws:	1,286	1,543
Provision for reserve for price fluctuation	1,286	1,543
Provision for reserve for dividends to policyholders	8,533	8,640
Income before income taxes	17,999	38,918
Income taxes – current	5,848	11,655
Income taxes – deferred	(574)	(926)
Total income taxes	5,273	10,729
Net income	¥ 12,725	¥ 28,189

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

	Yen in 100 millions			
	March 31, 2023		March 31, 2024	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	¥3,878	¥226,521	¥3,884	¥218,930
Individual annuities	153	5,977	147	5,724
Group insurance	–	98,467	–	96,076
Group annuities	–	2	–	2

Notes: 1. The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.
2. The amounts of group annuities represent the underwriting reserves.

(2) New policies

	Yen in 100 millions							
	Year ended March 31, 2023				Year ended March 31, 2024			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	209	¥14,534	¥14,534	–	207	¥12,906	¥12,906	–
Individual annuities	0	32	32	–	0	21	21	–
Group insurance	–	687	687	–	–	1,803	1,803	–
Group annuities	–	–	–	–	–	–	–	–

Note: The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence.

Annualized Premiums

(1) Policies in force

	Yen in 100 millions	
	March 31, 2023	March 31, 2024
Individual insurance	¥4,035	¥4,001
Individual annuities	369	354
Total:	4,405	4,356
Medical coverage, living benefits, etc.	1,575	1,627

(2) New policies

	Yen in 100 millions	
	Year ended March 31, 2023	Year ended March 31, 2024
Individual insurance	¥ 270	¥ 268
Individual annuities	1	0
Total:	271	269
Medical coverage, living benefits, etc.	135	143

Notes: 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.
2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Business Performance

	Yen in millions		
	Year ended March 31, 2023	Year ended March 31, 2024	Change
Fundamental revenues:	¥547,420	¥540,385	¥ (7,035)
Insurance premiums and others	489,081	475,145	(13,935)
Fundamental expenses	522,511	499,928	(22,683)
Fundamental profit	24,809	40,456	15,647
Capital gains/(losses)	3,223	8,176	4,952
Non-recurring gains/(losses)	(170)	472	643
Ordinary profit	27,861	49,105	21,243
Extraordinary income	1	0	(0)
Extraordinary losses	1,330	1,546	216
Provision for reserve for dividends to policyholders	8,533	8,640	107
Income taxes	5,273	10,729	5,455
Net income	12,725	28,189	15,463

Note: Since the year ended March 31, 2024, calculation of hedge costs on foreign exchange has been changed. As a result, fundamental profit increased by ¥135 million and capital gains/(losses) decreased by the same amount for the year ended March 31, 2024, compared to those before the change. Also, the amounts for the year ended March 31, 2023 were restated accordingly. As a result, fundamental profit decreased by ¥100 million and capital gains/(losses) increased by the same amount, compared to those before the change.

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥338,880	¥355,345
Total capital	141,791	155,085
Reserve for price fluctuation	12,413	13,956
Contingency reserve	40,478	40,007
General bad debt reserve	4	4
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) × 90% (100% in case of negative value)	(29,576)	(30,551)
Net unrealized gains/(losses) on land × 85%	–	–
Excess of continued Zillmerized reserve (a)	161,884	158,196
Subordinated debts, etc. (b)	–	–
Amount excluded from the margin, out of (a) and (b)	–	–
Brought in capital	–	–
Deductions	–	–
Others	11,884	18,646
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4+R_5)^2}+R_6$	69,474	76,569
Insurance risk (R ₁)	18,163	17,582
Insurance risk of third sector insurance contracts (R ₂)	18,227	18,380
Assumed interest rate risk (R ₃)	3,274	3,263
Minimum guarantee risk (R ₄)	–	–
Asset management risk (R ₅)	53,702	62,031
Business administration risk (R ₆)	1,867	2,025
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	975.5%	928.1%

MITSUI SUMITOMO PRIMARY LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2023	March 31, 2024
(Assets)		
Cash, deposits and savings:	¥ 764,633	¥ 817,589
Deposits in banks	764,633	817,589
Monetary claims bought	74,996	69,995
Money trusts	2,078,352	2,416,000
Investments in securities:	3,451,044	3,755,611
Government bonds	18,884	118,807
Corporate bonds	67,776	67,648
Foreign securities	1,801,060	2,069,759
Other securities	1,563,322	1,499,396
Loans:	261,512	267,371
Policy loans	237	249
General loans	261,275	267,121
Tangible fixed assets:	1,051	1,167
Buildings	236	218
Lease assets	728	791
Other tangible fixed assets	86	157
Intangible fixed assets:	11,570	10,612
Software	11,464	10,508
Lease assets	105	104
Reinsurance accounts receivable	29,533	34,904
Other assets:	37,419	68,565
Other receivables	14,627	35,277
Prepaid expenses	1,178	1,218
Accrued income	13,365	16,933
Guarantee deposits	5,824	14,681
Derivative financial instruments	1,106	179
Suspense payments	1,313	270
Other assets	4	4
Deferred tax assets	113,623	86,855
Bad debt reserve	(4)	(2)
Total assets	¥6,823,733	¥7,528,672
(Liabilities)		
Policy liabilities:	6,375,196	7,093,672
Outstanding claims	22,996	29,897
Underwriting reserves	6,352,199	7,063,775
Due to agencies	5,847	6,392
Reinsurance accounts payable	22,051	6,294
Other liabilities:	72,286	71,982
Income taxes payable	8	18
Other payables	366	151
Accrued expenses	5,459	5,746
Deposits received	63,330	60,381
Derivative financial instruments	383	2,411
Lease obligations	942	1,006
Asset retirement obligations	185	185
Suspense receipts	1,609	2,081
Reserve for stock payments	11	23
Reserves under the special laws:	198,184	144,127
Reserve for price fluctuation	198,184	144,127
Total liabilities	6,673,577	7,322,493
(Net assets)		
Common stock	41,060	41,060
Capital surplus:	24,735	24,735
Additional paid-in capital	24,735	24,735
Retained earnings:	180,820	192,883
Legal earned reserve	16,315	16,325
Other retained earnings:	164,505	176,558
Retained earnings brought forward	164,505	176,558
Total shareholders' equity	246,615	258,678
Net unrealized gains/(losses) on investments in securities	(73,053)	(7,239)
Net deferred gains/(losses) on hedges	(23,405)	(45,259)
Total valuation and translation adjustments	(96,459)	(52,499)
Total net assets	150,156	206,178
Total liabilities and net assets	¥6,823,733	¥7,528,672

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary income:	¥1,791,523	¥2,334,823
Insurance premiums and others:	1,349,832	1,566,824
Insurance premiums	1,220,420	1,353,577
Reinsurance income	129,411	213,246
Investment income:	266,420	763,390
Interest and dividends income:	77,123	107,605
Interest on deposits	115	258
Interest and dividends on securities	66,574	97,126
Interest on loans	10,317	10,060
Other interest and dividends	115	159
Investment gains on money trusts	162,891	249,591
Investment gains on trading securities	117	74
Gains on sales of securities	6,238	2,309
Gains on redemption of securities	466	254
Foreign exchange gains	19,474	184,941
Reversal of bad debts	5	1
Other investment income	103	0
Investment gains on separate accounts	-	218,611
Other ordinary income:	175,270	4,609
Receipts of annuities with special conditions	4,394	4,326
Reversal of outstanding claims	4,679	-
Reversal of underwriting reserves	165,919	-
Other ordinary income	277	282
Ordinary expenses:	1,760,502	2,361,781
Insurance claims and others:	1,641,421	1,525,515
Insurance claims	150,812	159,843
Annuity payments	86,647	86,189
Benefits	283,121	323,295
Surrender benefits	765,165	544,180
Other refunds	7,557	6,365
Reinsurance premiums	348,117	405,641
Provision for underwriting reserves and others:	-	718,476
Provision for outstanding claims	-	6,900
Provision for underwriting reserves	-	711,575
Investment expenses:	46,533	32,430
Interest expense	11	11
Losses on sales of securities	13,568	32,350
Losses on redemption of securities	218	34
Other investment expenses	33	34
Investment losses on separate accounts	32,700	-
Operating expenses	59,475	70,183
Other ordinary expenses:	13,072	15,175
Taxes	8,218	10,151
Depreciation	4,850	5,012
Other ordinary expenses	3	10
Ordinary profit	31,020	(26,957)
Extraordinary income:	-	54,057
Reversal of reserves under the special laws:	-	54,057
Reversal of for reserve for price fluctuation	-	54,057
Extraordinary losses:	4,153	-
Provision for reserves under the special laws:	4,153	-
Provision for reserve for price fluctuation	4,153	-
Income before income taxes	26,867	27,099
Income taxes – current	5,878	(2,266)
Income taxes – deferred	1,239	9,672
Total income taxes	7,117	7,406
Net income	¥ 19,749	¥ 19,693

MITSUI SUMITOMO PRIMARY LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

	Yen in 100 millions			
	March 31, 2023		March 31, 2024	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	674	¥46,553	726	¥52,671
Individual annuities	372	22,768	404	26,386
Group insurance	-	-	-	-
Group annuities	-	-	-	-

Note: The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence (the premium reserves in the case of individual variable annuities) for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

(2) New policies

	Yen in 100 millions							
	Year ended March 31, 2023				Year ended March 31, 2024			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	140	¥9,256	¥9,256	-	159	¥10,399	¥10,399	-
Individual annuities	52	3,542	3,542	-	60	3,970	3,970	-
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

Note: The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence (the premium reserves at the time of enrollment in the case of individual variable annuities).

Annualized Premiums

(1) Policies in force

	Yen in 100 millions	
	March 31, 2023	March 31, 2024
Individual insurance	¥4,632	¥5,274
Individual annuities	2,618	2,882
Total:	7,250	8,156
Medical coverage, living benefits, etc.	7	8

(2) New policies

	Yen in 100 millions	
	Year ended March 31, 2023	Year ended March 31, 2024
Individual insurance	¥ 768	¥ 817
Individual annuities	468	489
Total:	1,236	1,307
Medical coverage, living benefits, etc.	1	0

Notes: 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.
2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

	Yen in millions		
	Year ended March 31, 2023	Year ended March 31, 2024	Change
Fundamental revenues:	¥1,840,205	¥2,399,237	¥559,032
Insurance premiums and others	1,349,832	1,566,824	216,991
Fundamental expenses	1,766,964	2,325,643	558,678
Fundamental profit	73,240	73,594	353
Capital gains/(losses)	(34,529)	(75,054)	(40,524)
Non-recurring gains/(losses)	(7,689)	(25,497)	(17,807)
Ordinary profit/(losses)	31,020	(26,957)	(57,978)
Extraordinary income	-	54,057	54,057
Extraordinary losses	4,153	-	(4,153)
Provision for reserve for dividends to policyholders	-	-	-
Income taxes	7,117	7,406	288
Net income	19,749	19,693	(56)

Non-Consolidated Solvency Margin Ratio





	Yen in millions	
	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥683,942	¥771,366
Total capital	238,985	251,741
Reserve for price fluctuation	198,184	144,127
Contingency reserve	86,766	112,265
General bad debt reserve	-	-
Net unrealized gains/(losses) on investments in securities and net deferred gains/ (losses) on hedges (prior to tax effect deductions) x 90% (100% in case of negative value)	(122,474)	(37,212)
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	221,476	234,481
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	61,003	65,963
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_4$	152,103	203,346
Insurance risk (R ₁)	1,423	1,810
Insurance risk of third sector insurance contracts (R ₂)	3	5
Assumed interest rate risk (R ₃)	38,168	59,343
Minimum guarantee risk (R ₄)	1,016	1,326
Asset management risk (R ₅)	109,901	138,645
Business administration risk (R ₆)	3,010	4,022
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	899.3%	758.6%

In this report, the following abbreviations appear for company names.

MS&AD, The Group	MS&AD Insurance Group
MS&AD Holdings, The holding company, or the Company	MS&AD Insurance Group Holdings, Inc.
MSI, Mitsui Sumitomo Insurance	Mitsui Sumitomo Insurance Co., Ltd.
ADI, Aioi Nissay Dowa Insurance	Aioi Nissay Dowa Insurance Co., Ltd.
Mitsui Direct General, Mitsui Direct General Insurance	Mitsui Direct General Insurance Co., Ltd.
MSAL, MSI Aioi Life, MSA Life	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
MSPL, MSI Primary Life, MSP Life	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
MSIG	Mitsui Sumitomo Insurance Group Holdings, Inc.
Aioi, Aioi Insurance	Aioi Insurance Co., Ltd.
NDI, Nissay Dowa General Insurance	Nissay Dowa General Insurance Co., Ltd.
Aioi Life	Aioi Life Insurance Co., Ltd.
MS First Capital	MS First Capital Insurance Limited
Challenger	Challenger Limited

ESG Evaluation









The MS&AD Insurance Group utilizes the assessments provided by global ESG evaluation organizations to improve its sustainability initiatives. As of July 1, 2024, the MS&AD Insurance Group was included in the following ESG-related indices.

<p>Dow Jones Sustainability Indices (Asia Pacific)</p> <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	<p>FTSE4Good Index Series</p>  <p>FTSE4Good</p>	<p>FTSE Blossom Japan Index</p>  <p>FTSE Blossom Japan Index</p>
<p>MSCI Japan ESG Select Leaders Index*</p> <p>2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</p>	<p>MSCI Japan Empowering Women Index (WIN)*</p> <p>2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<p>S&P/JPX Carbon Efficient Index</p> 
<p>ISS ESG Corporate Rating Prime</p> 		

*The inclusion of MS&AD Insurance Group Holdings, Inc., in any MSCI Index and the use of MSCI logos, trademarks, service marks, or index names herein do not constitute a sponsorship, endorsement, or promotion of MS&AD Insurance Group Holdings, Inc., by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

Participation in Initiatives

We participate in global initiatives and are working to create shared value with society.

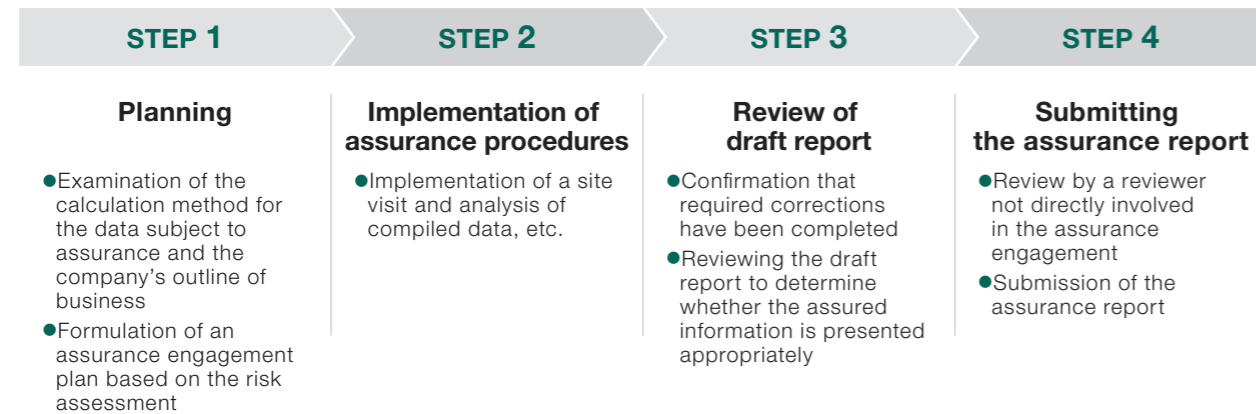
<p>The UN Global Compact*</p> 	<p>United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance</p> 	<p>Principles for Responsible Investment</p> <p>Signatory of</p> 
<p>CDP Investor Signatory</p> 	<p>Partnership for Carbon Accounting Financials (PCAF)</p> 	<p>30% Club Japan</p> 
<p>The Japan Business Initiative for Biodiversity (JBIB)</p> 	<p>Taskforce on Nature-related Financial Disclosures (TNFD)</p>  <p>We are a member of the TNFD Forum.</p>	<ul style="list-style-type: none"> ● Task Force on Climate-related Financial Disclosures (TCFD) ● Principles for Financial Action for the 21st Century ● GX League

*Since 2004, MS&AD Insurance Group Holdings, Inc., has been committed to the corporate responsibility initiatives and principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption.

Third-Party Assurance

To improve the objectiveness and accuracy of the MS&AD Integrated Report 2024, the MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd., to perform third-party assurance on the following information included in this report.

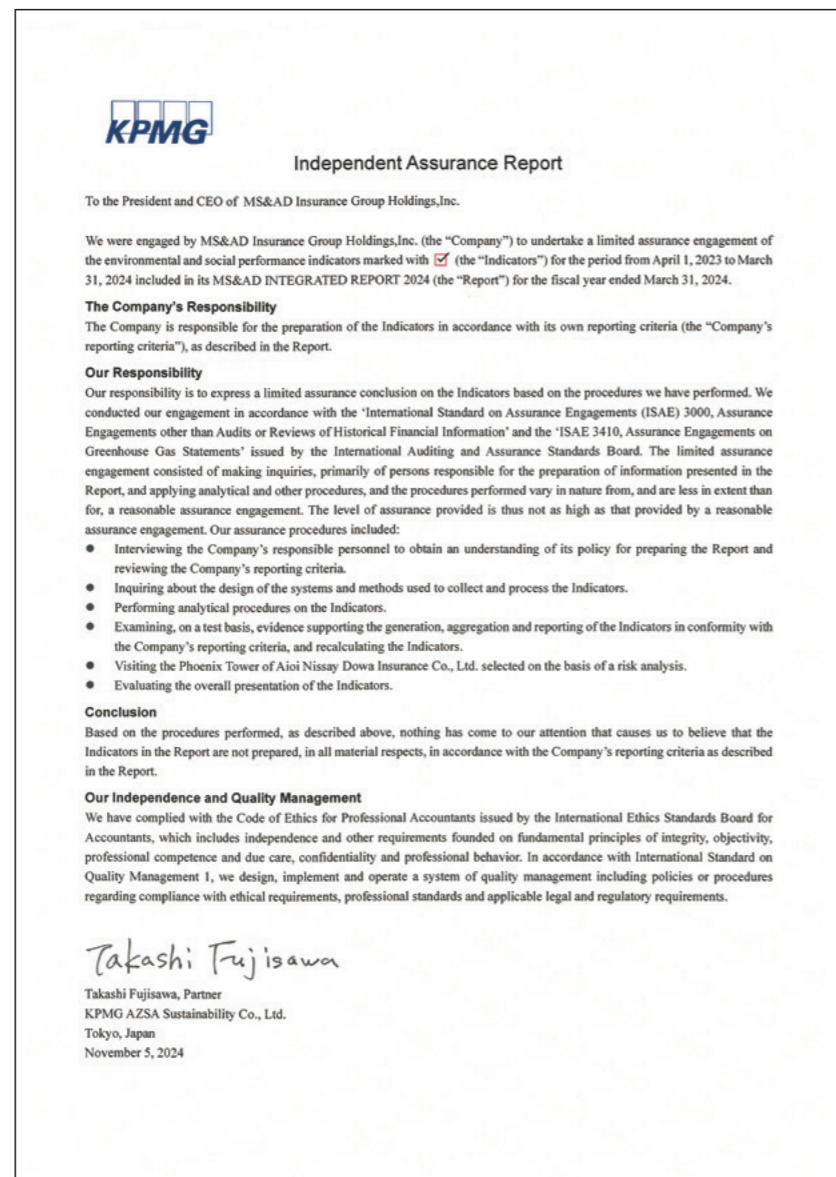
The third-party assurance process



Items subject to the assurance engagement

- Greenhouse gas emissions (pages 10, 81, 83, and 84)
- Total energy consumption (pages 9 and 81)
- Water usage (page 9)
- Amount of waste discharged (final disposal) (page 10)
- Number and ratio of female managers (pages 80, 82, 83, and 84)
- Number and ratio of global employees (pages 82, 83, and 84)

Note: Details regarding the method for calculating data can be found on our official website.
www.ms-ad-hd.com/en/csr/data.html



On the Issuance of the MS&AD Integrated Report 2024

Since FY2015, the MS&AD Insurance Group has published the Integrated Report to provide readers with a deeper understanding of the Group's commitment to medium- to long-term value creation. Through this report, we have created the opportunity for constructive dialogue with stakeholders regarding the Group's mission as a "value creation story."

In this year's Integrated Report, we have included management's message and a roundtable discussion with Outside Directors, discussing governance, our medium- to long-term vision, and growth strategies with strong intent. In addition, by introducing real comments from employees who are taking on the challenge of "a major business style transformation" as a platform provider of risk solutions, this report conveys the Group's efforts to enhance corporate value in concrete terms.

With this year's Integrated Report, we hope to promote amicable feelings for the Group by creating

an even greater understanding of it among stakeholders such as customers, shareholders, investors, and employees.

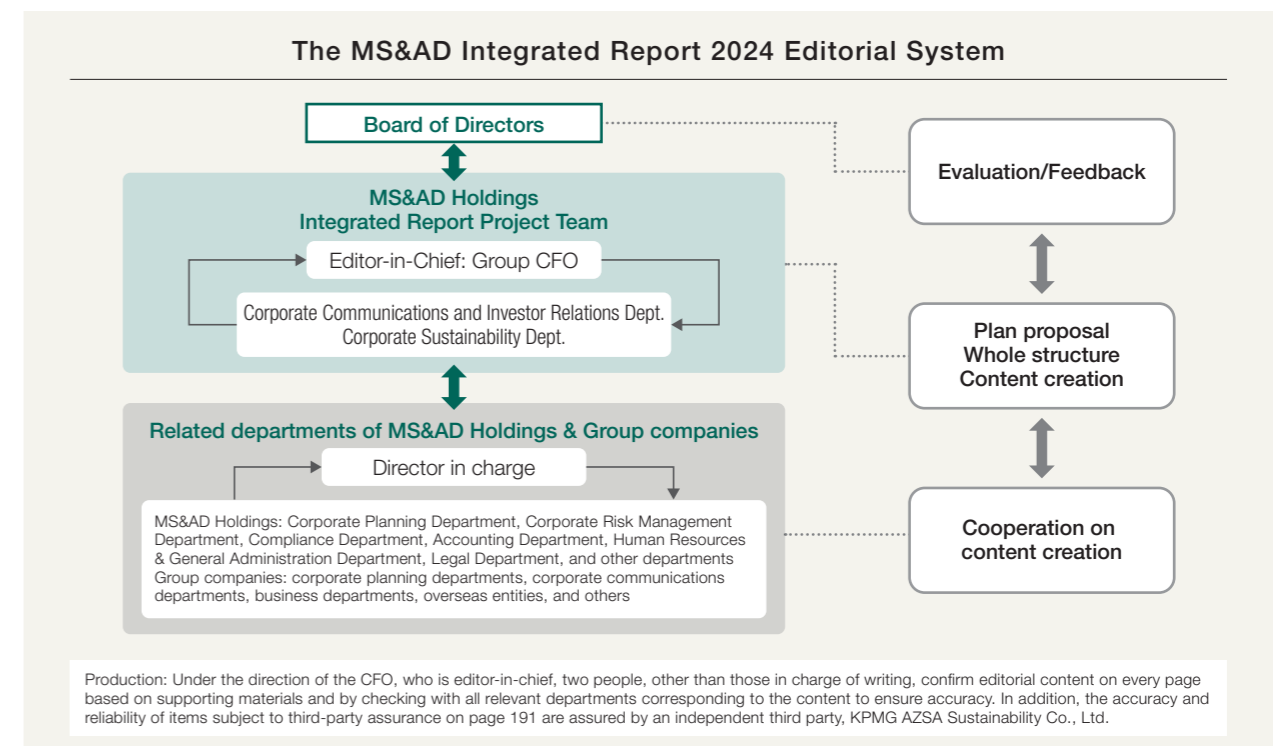
We continue to value dialogue with stakeholders, and with the aim of further improving disclosure and enhancing transparency we invite our stakeholders to share with us their frank opinions.

Finally, as CFO, I am responsible for the editing process and, accordingly, state here the importance of ensuring that the assembly process for the Integrated Report is carried out responsibly and that the content in the report is indeed accurate.

August 2024

Tetsuji HIGUCHI

Representative Director, Executive Vice President, Group CFO



Contact Information

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

<Forward-Looking Statements>

These materials contain plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings, Inc., and Group companies. They are based on information available to MS&AD Insurance Group Holdings, Inc., at the present time. Investors are advised that actual results might differ substantially from our forecasts, for various reasons. Actual performance could be adversely affected by 1) economic trends surrounding our business, 2) fierce competition within the insurance sector, 3) exchange rate fluctuations, and 4) changes in tax and other regulatory systems.

This report includes disclosure materials prepared in accordance with Articles 271-25 and 272-40 of the Insurance Business Act and Articles 210-10.2 and 211-82 of the Enforcement Regulations of the Insurance Business Act.

MS&AD Insurance Group Holdings, Inc.

MS&AD INSURANCE GROUP

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