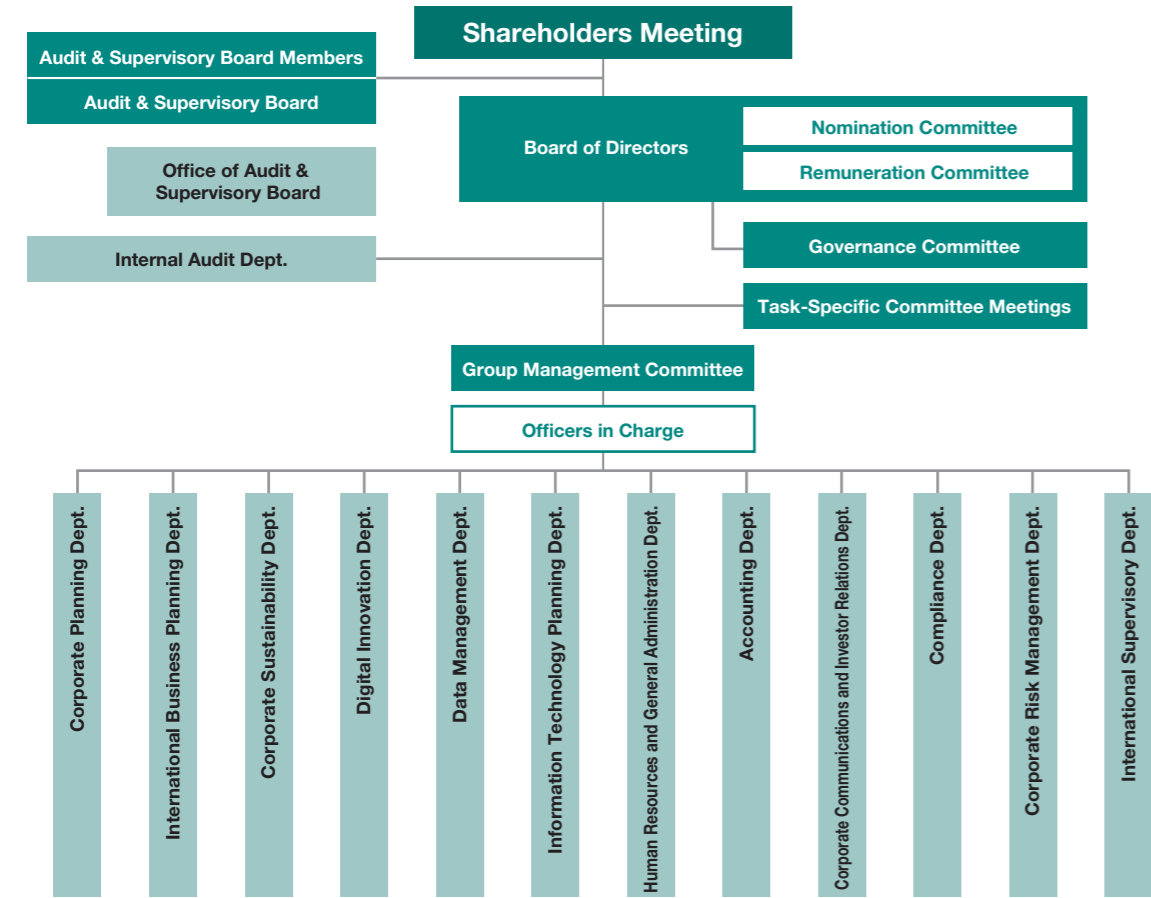


Corporate Profile

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	Noriyuki Hara, Representative Director, President & CEO
Paid-in Capital	¥100,808 million (as of March 31, 2023)
Number of Employees	418 (38,584 on a consolidated basis) (as of March 31, 2023)
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; 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 April 1, 2023)



Stock and Shareholders (as of March 31, 2023)

1 Summary of Issued Shares

Class of Stock	Common stock	Total Number of Authorized Shares	900,000,000
Total Number of Issued Shares	535,967,347	Number of Shareholders	82,003

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	175	57	1,610	962	79,199	82,003
Number of Shares Held (Millions)	187.08	34.25	88.15	167.18	59.29	535.96
Percentage of Shares Issued	34.9%	6.4%	16.4%	31.2%	11.1%	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	23,483	44,625	12,506	1,047	342	82,003
Percentage of All Shareholders	28.6%	54.4%	15.3%	1.3%	0.4%	100%

Breakdown by Region

	Hokkaido	Tohoku	Kanto	Chubu	Kinki	Chugoku	Shikoku	Kyushu	Overseas	Total
Number of Shares (Millions)	1.09	2.92	274.99	66.73	16.40	2.10	2.12	2.41	167.16	535.92
Percentage of Shares Issued	0.2%	0.6%	51.3%	12.5%	3.1%	0.4%	0.4%	0.4%	31.2%	100%

3 Major Shareholders

(as of March 31, 2023)

Shareholder Name	Address	Number of Shares Held (Thousands)	Percentage of Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	78,193	14.60
Toyota Motor Corporation	1, Toyota-cho, Toyota City, Aichi Prefecture	52,610	9.82
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo, c/o Nippon Life Securities Operations Department	36,325	6.78
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	28,800	5.38
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)	16,494	3.08
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Japan	11,635	2.17
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)	9,864	1.84
Barclays Securities Japan Limited	31st Floor, Roppongi Hills Mori Tower, 6-10-1, Roppongi, Minato-ku, Tokyo	6,455	1.20
Sumitomo Life Insurance Company	2-2-1 Yaesu, Chuo-ku, Tokyo	6,077	1.13
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	6,018	1.12
Total		252,474	47.13

Note: The number of shares is rounded down to the nearest thousand shares. The percentage of shares is rounded to the nearest unit. The Company owns 267 thousand treasury shares, but these are omitted from the table above.

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*1	159 thousand	593,632 thousand	¥258 million	¥100,534 million	¥258 million	¥729,790 million
July 26, 2022*1	134 thousand	593,767 thousand	¥274 million	¥100,808 million	¥274 million	¥730,064 million
November 30, 2022*2	(57,800) thousand	535,967 thousand	—	¥100,808 million	—	¥730,064 million

Notes:
1. The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
2. The decrease in the total number of issued shares was due to the retirement of treasury 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	Ordinary General Meeting of Shareholders: March 31, every year 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

* 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, 2023)

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: 1. The primary consolidated subsidiaries and other entities in each business are listed.
2. 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 Non-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	¥75 million	-	97.3%
Mitsui Sumitomo Insurance Venture Capital Co., Ltd.	Chuo-ku, Tokyo	Dec. 6, 1990	Financial Services Business	¥1 billion	-	100.0
MS&AD InterRisk Research Institute & Consulting, Inc.	Chiyoda-ku, Tokyo	Jan. 4, 1993	Risk-Related Services	¥330 million	100.0	-
MSIG Holdings (U.S.A.), Inc.	New York, U.S.A.	Oct. 21, 1988	International	US\$1,362 million	-	100.0
Mitsui Sumitomo Insurance USA Inc.	New York, U.S.A.	Jan. 28, 1988	International	US\$5,000 thousand	-	100.0
Mitsui Sumitomo Insurance Company of America	New York, U.S.A.	March 29, 2001	International	US\$5,000 thousand	-	100.0
MSIG Specialty Insurance USA Inc.	New York, U.S.A.	Jan. 11, 1994	International	US\$5,000 thousand	-	100.0
Transverse Insurance Group, LLC	Delaware, U.S.A.	June 26, 2018	International	US\$107,695 thousand	-	100.0
Transverse Specialty Insurance Company	Dallas, U.S.A.	Nov. 18, 1982	International	US\$5,000 thousand	-	100.0
Transverse Insurance Company	Dallas, U.S.A.	March 14, 1961	International	US\$4,200 thousand	-	100.0
TRM Specialty Insurance Company	Dallas, U.S.A.	Nov. 5, 1987	International	US\$2,500 thousand	-	100.0
DTRIC Insurance Company, Limited	Honolulu, U.S.A.	Dec. 12, 1978	International	US\$4,500 thousand	-	100.0
DTRIC Insurance Underwriters, Limited	Honolulu, U.S.A.	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, U.K.	Nov. 8, 2017	International	UK£350,010 thousand	-	100.0
Aioi Nissay Dowa Insurance UK Limited	London, U.K.	Dec. 11, 2017	International	UK£135,100 thousand	-	100.0
MS Amlin Corporate Member Limited	London, U.K.	Sept. 19, 1994	International	UK£1,700 thousand	-	100.0
MS Amlin Underwriting Limited	London, U.K.	Nov. 29, 1988	International	UK£400 thousand	-	100.0
MSI Corporate Capital Limited	London, U.K.	Jan. 7, 2000	International	UK£5,200 thousand	-	100.0
Mitsui Sumitomo Insurance Company (Europe), Limited	London, U.K.	July 28, 1972	International	UK£80,700 thousand	-	100.0
Leadenhall Capital Partners LLP	London, U.K.	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	€41,875 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	-	97.7
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, P.R.C.	Sept. 8, 2004	International	HK\$1,625 million	-	100.0
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, P.R.C.	Jan. 23, 2009	International	RMB1,000 million	-	100.0
Mitsui Sumitomo Insurance (China) Company Limited	Shanghai, P.R.C.	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. Asuransi Jiwa Sinarmas MSIG 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]
MSIG Insurance (Lao) Co., Ltd.	Vientiane, Laos	Sept. 18, 2009	International	US\$2,000 thousand	-	51.0
56 other companies						

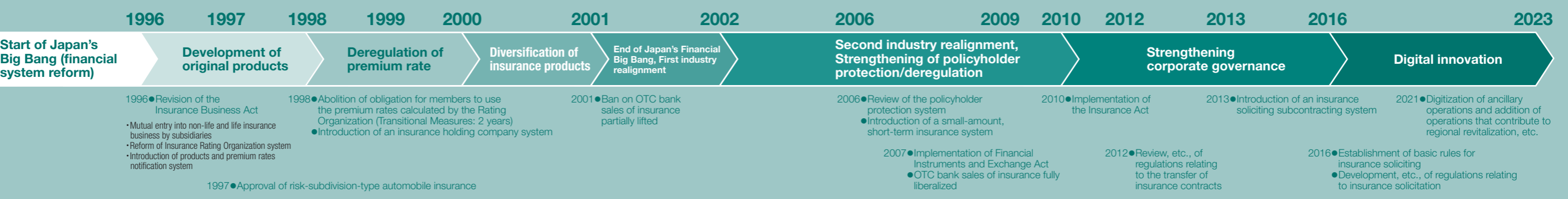
2. EQUITY-METHOD AFFILIATES

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\$2,513 million	15.2%	-
BoCommLife Insurance Company Limited	Shanghai, P.R.C.	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	Makati, 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
Two other companies						

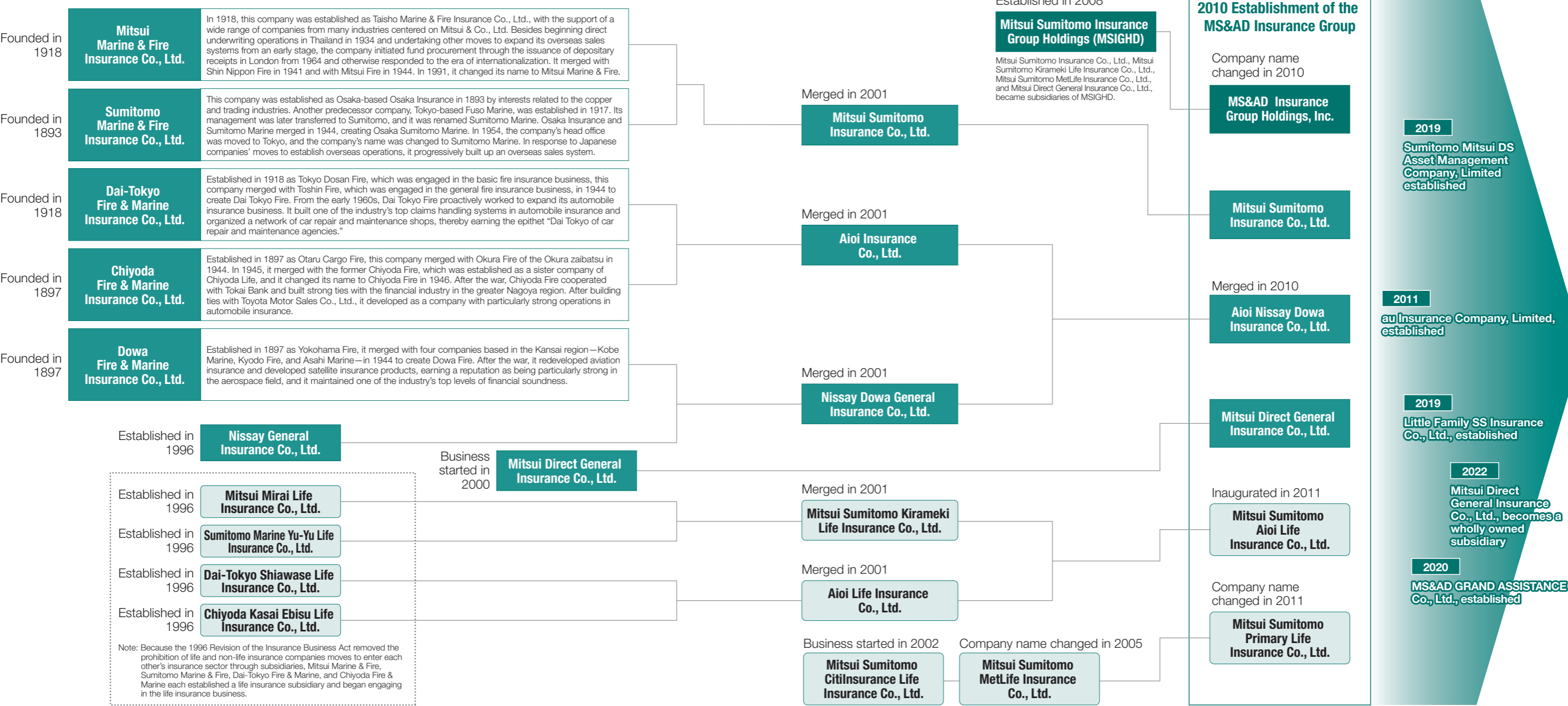
Note: Figures in brackets [] represent the percentage of voting rights belonging to closely allied entities or entities that are in agreement with MS&AD on voting issues.

History of the MS&AD Insurance Group in Japan

Major events in the insurance industry

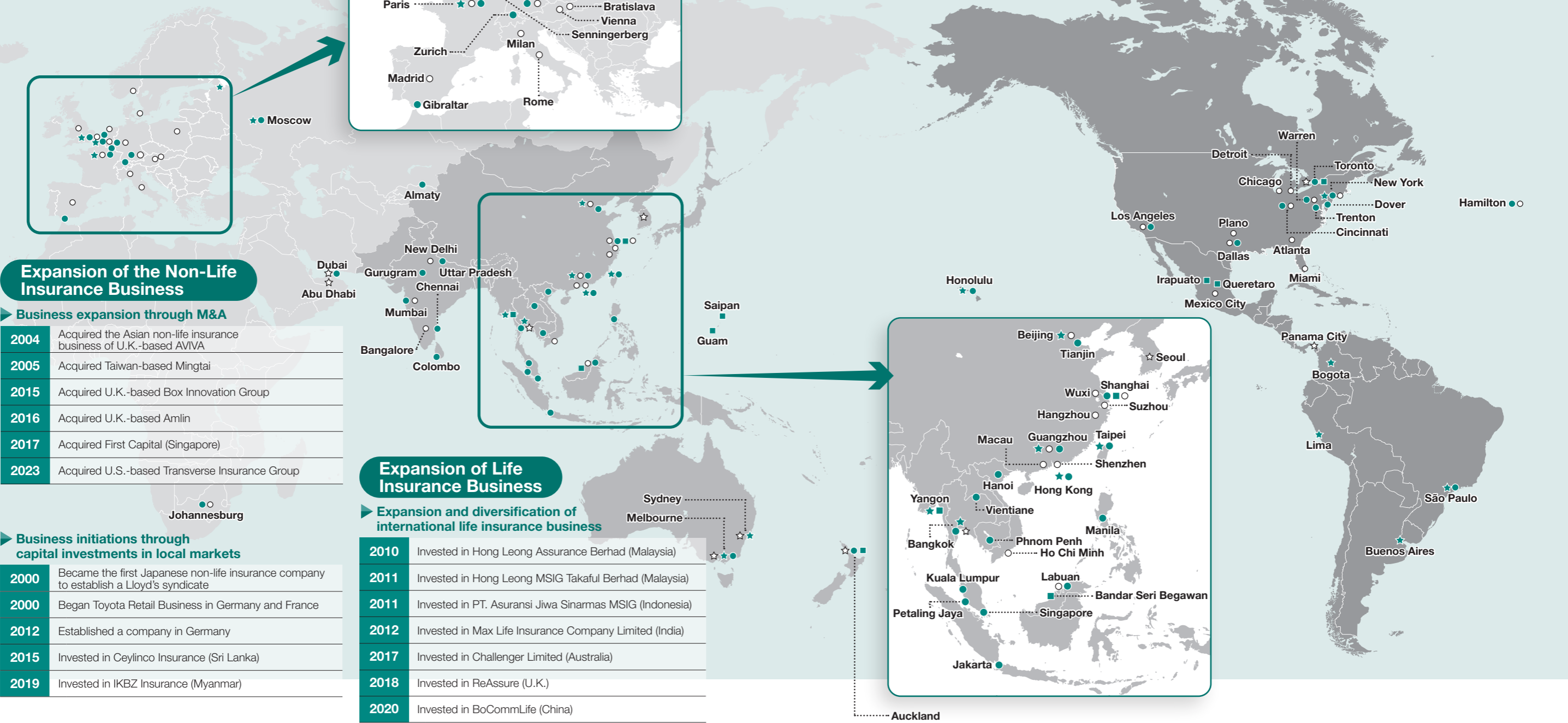


History of the MS&AD Insurance Group



Group Network and History of International Business (as of July 1, 2023)

- 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 ■



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.

Global Network (as of July 1, 2023)

ASIA AND OCEANIA

SINGAPORE	MS&AD Holdings	● Interisk Asia Pte Ltd
	MSI	● MSIG Asia Pte. Ltd. ● MSIG Insurance (Singapore) Pte. Ltd. ● MS First Capital Insurance Limited
	ADI	● Aioi Nissay Dowa Services Asia Pte. Ltd.
THAILAND	MS&AD Holdings	● InterRisk Asia (Thailand) Co., Ltd.
	MSI	☆ Thailand Branch ● MSIG Insurance (Thailand) Public Company Limited ● MSI Holding (Thailand) Company Limited ● MSIG Service and Adjusting (Thailand) Company Limited ● Calm Sea Service Company Limited ● MBTS Broking Services Company Limited ● Ueang Mai Co., Ltd. ● Yardhimar Company Limited
	ADI	★ Bangkok Representative Office ● Aioi Bangkok Insurance Public Company Limited ● Bangkok Chayoratr Company, Limited ● Bangkok Chayolife Company, Limited
MALAYSIA	MSI	● MSIG Insurance (Malaysia) Bhd. ● MSIG Berhad ● Hong Leong Assurance Berhad ● Hong Leong MSIG Takaful Berhad
PHILIPPINES	MSI	● BPI/MS Insurance Corporation
INDONESIA	MSI	● PT. Asuransi MSIG Indonesia ● PT. Asuransi Jiwa Sinarmas MSIG Tbk.
REPUBLIC OF KOREA	MSI	☆ Korea Branch
PEOPLE'S REPUBLIC OF CHINA	MS&AD Holdings	● InterRisk Consulting (Shanghai) Co., Ltd. ● BOCOM MSIG Life Insurance Company Limited
	MSI	● Mitsui Sumitomo Insurance (China) Company Limited △ Guangdong Branch Shenzhen Marketing Service Department △ Beijing Branch △ Jiangsu Branch Suzhou Marketing Service Department △ Shanghai Marketing Division ★ Beijing Representative Office ● MSIG Management (Shanghai) Co. Ltd
	ADI	★ China General Representative Office ★ Guangzhou Representative Office ● Aioi Nissay Dowa Insurance (China) Company Limited △ Aioi Nissay Dowa Insurance (China) Company Limited Zhejiang Branch ● Guang Ai Insurance Brokers Ltd.
HONG KONG	MSI	● MSIG Insurance (Hong Kong) Limited
	ADI	★ Hong Kong Representative Office
MACAU	MSI	△MSIG Insurance (Hong Kong) Limited Macau Branch
TAIWAN	MSI	● MSIG Mingtai Insurance Co., Ltd.
	ADI	★ Taipei Representative Office
VIETNAM	MSI	● MSIG Insurance (Vietnam) Company Limited △ MSIG Insurance (Vietnam) Company Limited, Ho Chi Minh City Branch

☆: Overseas Branches ★: Overseas Offices ●: Major Subsidiaries and Associates
△: Branches or Offices of Major Subsidiaries and Associates ■: Underwriting Agents for the Head Office

INDIA	MSI	● Cholamandalam MS General Insurance Company Limited ● Cholamandalam MS Risk Services Limited ● Max Financial Services Limited ● Max Life Insurance Company Limited
MYANMAR	MSI	★ Yangon Representative Office
CAMBODIA	MSI	● Asia Insurance (Cambodia) Plc.
LAO PEOPLE'S DEMOCRATIC REPUBLIC	MSI	● MSIG Sokxay Insurance Co., Ltd.
AUSTRALIA	MS&AD Holdings	● Challenger Limited
	MSI	☆ Oceania Branch ★ Oceania Branch Melbourne Office
	ADI	☆ Australian Branch ★ Sydney Representative Office ★ Melbourne Representative Office ● Aioi Nissay Dowa Insurance Company Australia Pty Ltd
NEW ZEALAND	MSI	☆ New Zealand Branch
	ADI	☆ New Zealand Branch ● Aioi Nissay Dowa Management New Zealand Limited
SRI LANKA	MSI	● Ceylinco Insurance PLC

THE AMERICAS

U.S.A.	MSI	★ New York Representative Office ● MSIG Holdings (U.S.A.), Inc. ● Mitsui Sumitomo Insurance Company of America ● Mitsui Sumitomo Insurance USA Inc. ● Mitsui Sumitomo Marine Management (U.S.A.), Inc. △ New York Office △ Warren Office △ Los Angeles Office △ Cincinnati Office △ Atlanta Office △ Chicago Office △ Detroit Office △ Dallas Office ● Seven Hills Insurance Agency, LLC ● MSIG Specialty Insurance USA Inc. ● MSIG Insurance Services, Inc. ● MS Distribution Holdings Inc. ● Transverse Insurance Group, LLC ● Transverse Specialty Insurance Company ● Transverse Insurance Company ● TRM Specialty Insurance Company ● MSI GuaranteedWeather, LLC ● Vortex Insurance Agency, LLC ● MSR Capital Partners, LLC
	ADI	★ New York Representative Office ★ Honolulu Representative Office ● Aioi Nissay Dowa Insurance Services USA Corporation ● MOTER Technologies, Inc. ● Toyota Insurance Management Solutions USA, LLC ● Advanced Connectivity, LLC ● Connected Analytic Services, LLC ● DTRIC Insurance Company, Limited ● DTRIC Insurance Underwriters, Limited ● DTRIC Management Company, Limited

GUAM (U.S.A.)	ADI	■ Takagi & Associates, Inc.
SAIPAN (U.S.A.)	ADI	■ Takagi & Associates, Inc.
CANADA	MSI	☆ Canada Branch ■ Chubb Insurance Company of Canada
BERMUDA	MSI	● SPAC Insurance (Bermuda) Limited ● MSI GuaranteedWeather Trading Limited ● MS Financial Reinsurance Limited
MEXICO	MSI	△ MSIG Holdings (U.S.A.), Inc. Mexican Representative Office c/o Mapfre Tepeyac, S.A.
PANAMA	MSI	☆ Panama Branch
BRAZIL	MSI	● Mitsui Sumitomo Seguros S/A. ★ São Paulo Representative Office
COLOMBIA	MSI	★ Bogotá Representative Office
PERU	MSI	★ Lima Representative Office
ARGENTINA	MSI	★ Buenos Aires Representative Office

EUROPE, THE MIDDLE EAST, AND AFRICA

UNITED KINGDOM	MSI	★ London Representative Office ● MS Amlin Corporate Services Limited ● MS Amlin Underwriting Limited ● MS Amlin Corporate Member Limited ● MS Amlin Investment Management Limited ● Mitsui Sumitomo Insurance Company (Europe), Limited △ Mitsui Sumitomo Insurance Company (Europe), Limited Derby Office ● MSIG Corporate Services (Europe) Limited ● Leadenhall Capital Partners LLP
	ADI	★ London Representative Office ● Aioi Nissay Dowa Europe Limited ● Aioi Nissay Dowa Insurance UK Limited ● Aioi Nissay Dowa Insurance Management Limited ● Aioi R&D Lab Limited △ Toyota Insurance Management SE UK Branch ● Box Innovation Group Limited ● Insure The Box Limited △ Insure The Box Limited UK Branch ● ITB Services Limited ● ITB Web Limited ● ITB Telematics Solutions LLP ● ITB Premium Finance Limited
GERMANY	MSI	● MSIG Insurance Europe AG △ MSIG Insurance Europe AG Region Germany
	ADI	● Toyota Insurance Management SE ● Aioi Nissay Dowa Life Insurance of Europe AG ● AD Information and Data Services (Europe) GmbH △ Aioi Nissay Dowa Insurance Company of Europe SE German Branch

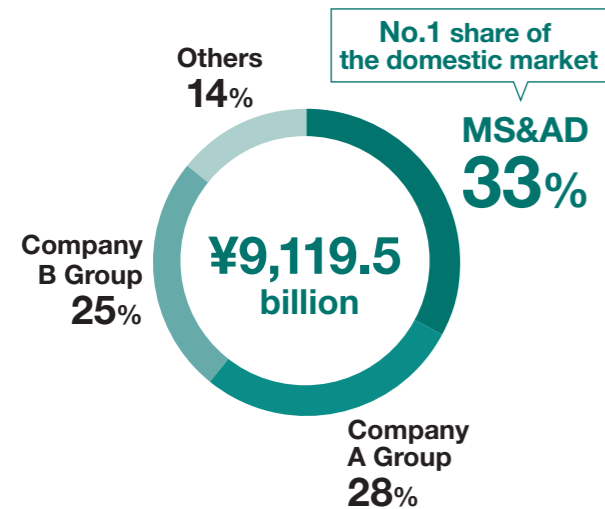
AUSTRIA	ADI	△ Toyota Insurance Management SE Austrian Branch
NETHERLANDS	MSI	△ MSIG Insurance Europe AG The Netherlands Branch
FRANCE	MSI	△ MSIG Insurance Europe AG France Branch
	ADI	★ Paris Representative Office △ Aioi Nissay Dowa Insurance Company of Europe SE French Branch △ Toyota Insurance Management SE French Branch
BELGIUM	MSI	● MS Amlin Insurance SE △ MSIG Insurance Europe AG Belgium Branch △ MSIG Corporate Services (Europe) Limited Belgium Branch
	ADI	★ Brussels Representative Office △ Aioi Nissay Dowa Insurance Company of Europe SE Belgian Branch △ Toyota Insurance Management SE Belgian Branch
LUXEMBOURG	ADI	● Aioi Nissay Dowa Insurance Company of Europe SE
SWITZERLAND	MSI	● MS Amlin AG
SPAIN	MSI	△ MSIG Insurance Europe AG Spain Branch
	ADI	△ Aioi Nissay Dowa Insurance Company of Europe SE Spanish Branch △ Toyota Insurance Management SE Spanish Branch
ITALY	MSI	△ MSIG Insurance Europe AG Italy Branch
	ADI	△ Aioi Nissay Dowa Insurance Company of Europe SE Italian Branch △ Toyota Insurance Management SE Italian Branch
SLOVAKIA	MSI	△ MSIG Insurance Europe AG Slovakia Branch
RUSSIA	MSI	★ Moscow Representative Office ★ St. Petersburg Representative Office
	ADI	★ Moscow Representative Office ● LLC Toyota Insurance Management (Insurance Brokers) ● LLC Toyota Insurance Management (Insurance Agency)
NORWAY	ADI	△ Toyota Insurance Management SE Norwegian Branch
UNITED ARAB EMIRATES	MSI	☆ UAE Branch(Dubai) ☆ UAE Branch(Abu Dhabi)
REPUBLIC OF SOUTH AFRICA	MSI	△ Mitsui Sumitomo Insurance Company (Europe), Limited Johannesburg Representative Office
	ADI	● Toyota Insurance Management South Africa Proprietary Limited
KAZAKHSTAN	ADI	● Toyota Insurance Management (Insurance Broker) LLP ● Autosan Kazakhstan LLP
DENMARK	ADI	△ Toyota Insurance Management SE Danish Branch
POLAND	ADI	△ Toyota Insurance Management SE Polish Branch

MS&AD Positioning Partnership

Domestic Non-Life Insurance Business

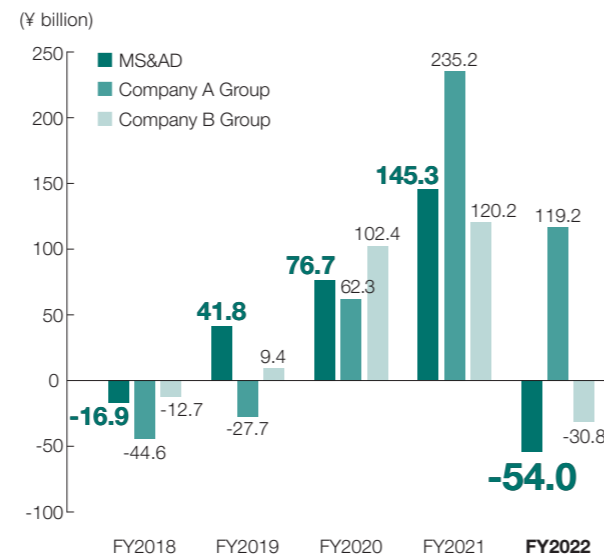
The insurance group most chosen by customers in Japan

Share of Net Premiums Written* (FY2022)



Source: Prepared by MS&AD based on publicly announced information from each insurance company and data from the General Insurance Association of Japan
*The figures for MS&AD are simple sum of the non-consolidated figures for Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct General Insurance. The figures for other insurance groups are the simple sums of the non-consolidated figures for the domestic companies in each group.

Underwriting Profit (before reflecting catastrophe reserves)*

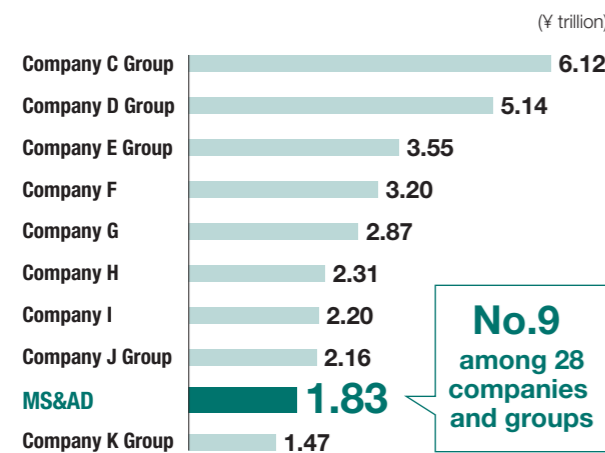


Source: Prepared by MS&AD based on publicly announced information from each insurance company
*The figures for MS&AD are the simple sum of the non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. The figures for other insurance groups are the simple sums of the non-consolidated group figures excluding the direct insurance companies of each group.

Domestic Life Insurance Business

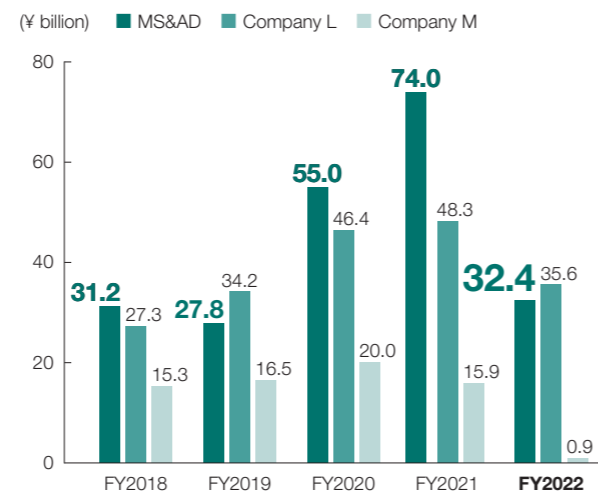
No.9 in premiums income among domestic life insurance companies/groups

Domestic life insurance companies/groups** premiums and others ranking (FY2022)



Source: Prepared by MS&AD based on publicly announced information from each insurance company
*The figures for "Group" are calculated based on the non-consolidated sums of each group company.

Net income of life insurance companies under the three major non-life groups



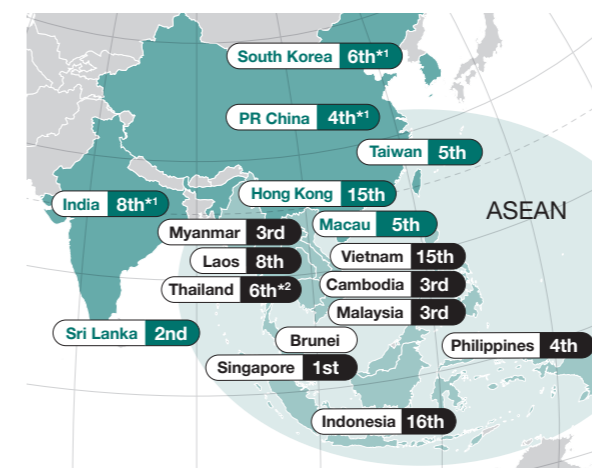
Source: Prepared by MS&AD based on publicly announced information from each insurance company

International Business

No.1 in gross written premiums (non-life) in the ASEAN region

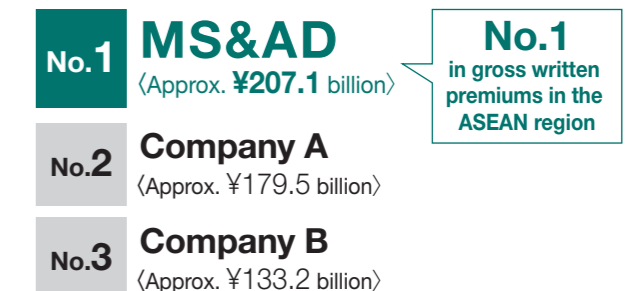
Positioning in the non-life insurance market in ASEAN and Asian countries (FY2021)

With global business expansion to 48 countries and regions, especially in Asia, and as the world's only global non-life insurance group with a presence in all 10 ASEAN countries, the Group maintains the No.1 presence for gross written premiums in the ASEAN region.



FY2021 Gross Written Premiums Ranking of the ASEAN Countries

Figures in parentheses are the sum of GWP** for the following countries (rough estimation): Singapore, Malaysia, Thailand, Indonesia, Philippines, and Vietnam



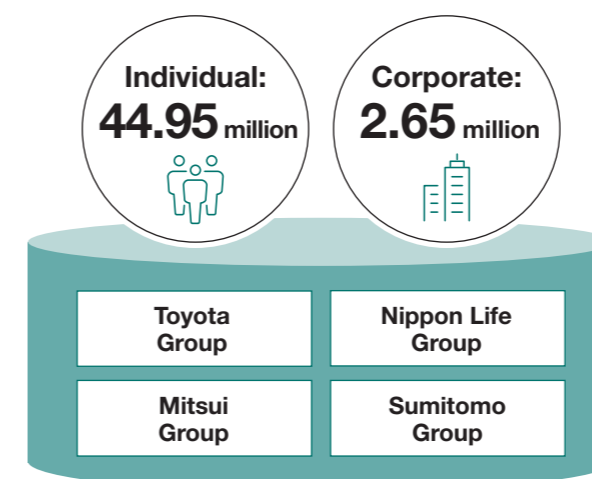
Source: Prepared by MS&AD based on publicly announced corporate information from each country and region (reinsurance companies excluded)
*1 Ranking for foreign-based insurance companies (The ranking for South Korea is for direct net premiums written of foreign-based insurance companies, and the ranking for India is for private non-life insurance companies.)
*2 GWP: Gross Written Premiums

Partnerships, etc.

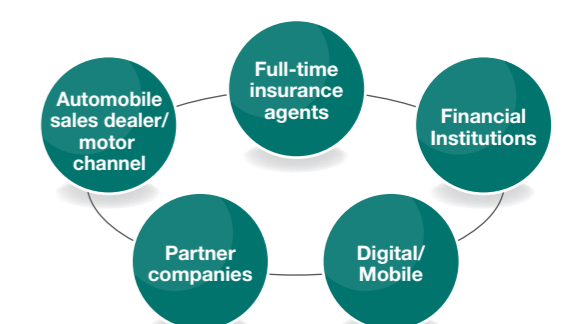
Diverse partnerships and sales channels

Strong customer base and one of Japan's leading corporate groups

Number of domestic customers of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance



Diverse channels and agent networks



Number of domestic non-life insurance agents 77,789
(As of March 31, 2023)

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, 2023

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 credit ratings of overseas subsidiaries. As of July 1, 2023

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

*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.

Domestic Non-Life Insurance Business

Mitsui Sumitomo Insurance Co., Ltd. (MSI)

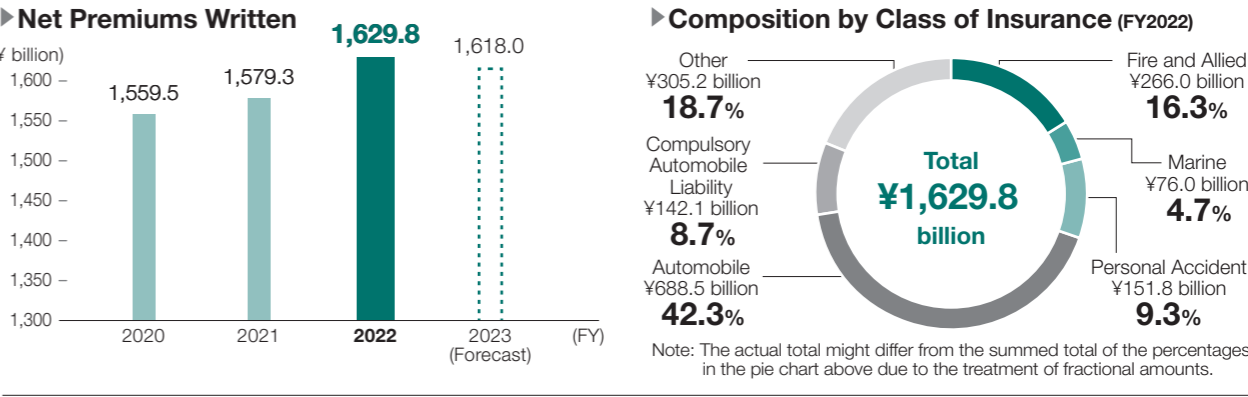
Responsible for the non-life insurance business, which is a core business of the MS&AD Insurance Group. Drawing on its wide range of partnerships mainly centering on the Mitsui and Sumitomo groups, MSI is leveraging the full range of its capabilities to develop and roll out global insurance and financial services that meet every conceivable need of customers around the world.

Principal Indicators (Non-Consolidated)

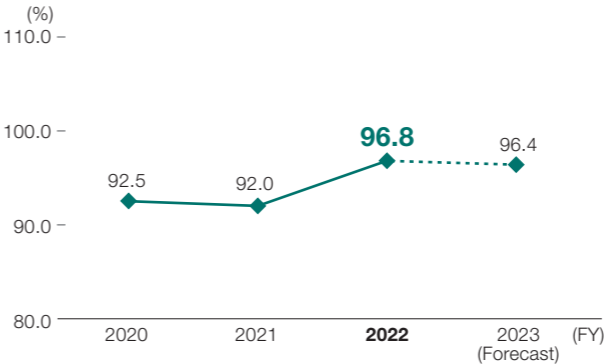
Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Net premiums written	1,512.4	1,547.9	1,559.5	1,579.3	1,629.8	1,618.0
Growth rate of net premiums written	0.8%	2.3%	0.8%	1.3%	3.2%	(0.7%)
Net loss ratio	66.2%	63.3%	59.8%	59.0%	64.3%	63.5%
Net expense ratio	31.5%	32.0%	32.7%	33.0%	32.5%	32.9%
Combined ratio	97.7%	95.3%	92.5%	92.0%	96.8%	96.4%
Underwriting income	47.3	7.3	23.9	41.0	(15.9)	58.0
Investment income	185.9	93.9	117.8	153.0	165.7	140.0
Ordinary profit	226.4	89.1	131.6	184.2	141.2	185.0
Net income	171.1	94.0	92.2	145.7	107.8	142.0
Net assets	1,832.6	1,640.0	1,925.2	2,089.1	1,962.5	-
Total assets	6,977.1	6,686.0	7,098.1	7,374.3	7,000.0	-
Net unrealized gains/(losses) on investments in securities (before tax effects)	1,226.7	947.8	1,455.0	1,570.2	1,391.9	-
Solvency margin ratio (non-consolidated)	723.2%	701.3%	746.5%	722.5%	684.3%	-
Number of employees	14,577	14,371	14,168	13,453	12,572	-

Notes: 1. Net premiums written, net loss ratio, net expense ratio, and combined ratio figures are presented exclusive of Good Result Return premiums of the propriety automobile insurance product "ModoRich," which contains a special clause related to premium adjustment and refund at maturity.
2. Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100
3. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100
4. Combined ratio = net loss ratio + net expense ratio
5. Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference (before tax effects) between the fair value and the acquisition cost (including the amortized cost) of "available-for-sale securities with a practically determinable fair value" (except for stocks, etc., without a practically determinable fair value and investment in associations, etc. (before FY2020, except for those where it is deemed to be extremely difficult to determine their fair value)). It includes monetary claims bought and others that are accounted for as investment in securities.

Principal Management Indicators



► Combined Ratio



Corporate Profile

President: **Shinichiro Funabiki**
(concurrently serving as Executive Officer of MS&AD Holdings)
Date Established: **October 1918**
Number of Employees: **12,572 (as of March 31, 2023)**
Head Office: **9, Kanda-Surugadai 3-chome, Chiyoda-ku, Tokyo**
URL <https://www.ms-ins.com/english/>

Domestic Non-Life Insurance Business

Aioi Nissay Dowa Insurance Co., Ltd. (ADI)

Responsible for the non-life insurance business, which is a core business of the MS&AD Insurance Group. Harnessing the networks of the Toyota and Nippon Life groups as well as the strength of its community-based retail market development capabilities, ADI is working diligently to further develop its business.

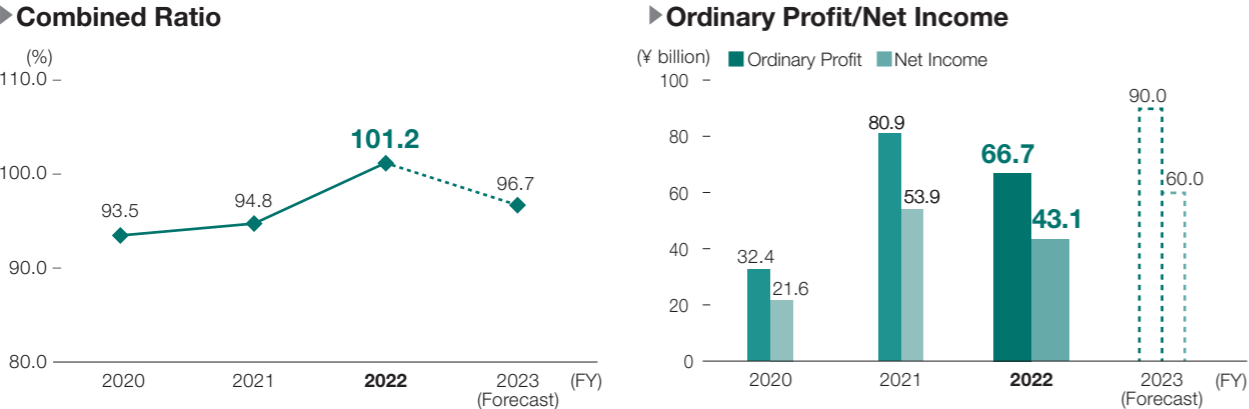
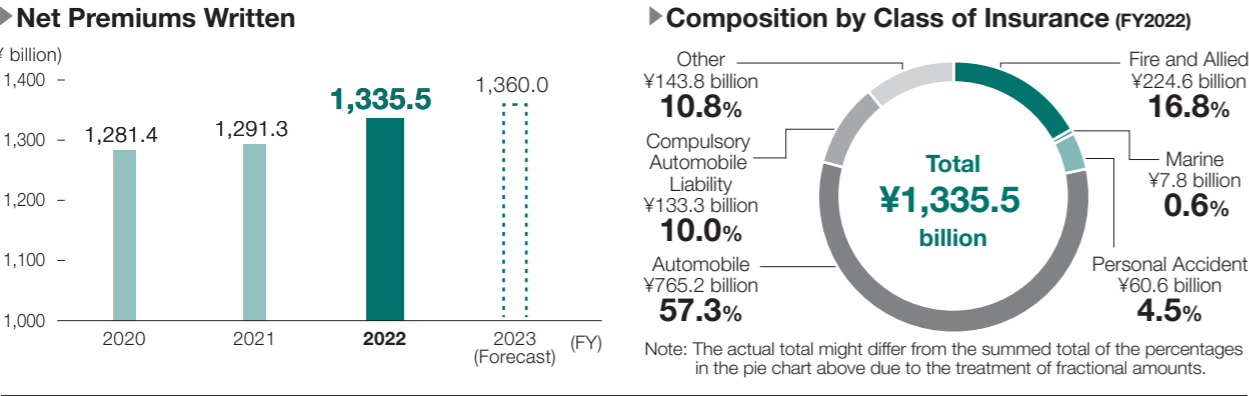
Corporate Profile
President: Keisuke Niiro
(concurrently serving as Executive Officer of MS&AD Holdings)
Date Established: June 1918
Number of Employees: 12,741 (as of March 31, 2023)
Head Office: 28-1, Ebisu 1-chome, Shibuya-ku, Tokyo
URL https://www.aioinissaydowa.co.jp/english/

Principal Indicators (Non-Consolidated) (¥ billion)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Net premiums written	1,233.5	1,276.7	1,281.4	1,291.3	1,335.5	1,360.0
Growth rate of net premiums written	0.9%	3.5%	0.4%	0.8%	3.4%	1.8%
Net loss ratio	67.8%	62.0%	58.6%	59.8%	66.6%	62.8%
Net expense ratio	33.8%	34.5%	34.9%	35.0%	34.6%	33.9%
Combined ratio	101.6%	96.5%	93.5%	94.8%	101.2%	96.7%
Underwriting income	15.5	1.1	(12.4)	30.5	0.6	50.0
Investment income	43.0	55.3	48.3	53.1	67.3	43.0
Ordinary profit	61.3	58.6	32.4	80.9	66.7	90.0
Net income	37.3	44.7	21.6	53.9	43.1	60.0
Net assets	735.5	638.0	838.6	798.4	763.7	-
Total assets	3,410.9	3,420.7	3,745.2	3,745.1	3,733.6	-
Net unrealized gains/(losses) on investments in securities (before tax effects)	506.3	375.3	664.9	579.4	528.8	-
Solvency margin ratio (non-consolidated)	688.2%	702.3%	790.9%	758.6%	830.8%	-
Number of employees	13,657	13,775	13,933	13,503	12,741	-

Notes: 1. Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100
3. Combined ratio = net loss ratio + net expense ratio
4. Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference (before tax effects) between the fair value and the acquisition cost (including the amortized cost) of "available-for-sale securities with a practically determinable fair value" (except for stocks, etc., without a practically determinable fair value and investment in associations, etc. (before FY2020, except for those where it is deemed to be extremely difficult to determine their fair value)). It includes money trusts that are accounted for as investment in securities.

Principal Management Indicators



Domestic Non-Life Insurance Business

Mitsui Direct General Insurance Co., Ltd. (Mitsui Direct General)

Mitsui Direct General is a non-life insurance company that engages in the direct sale of individual voluntary automobile insurance via the Internet and smartphones.

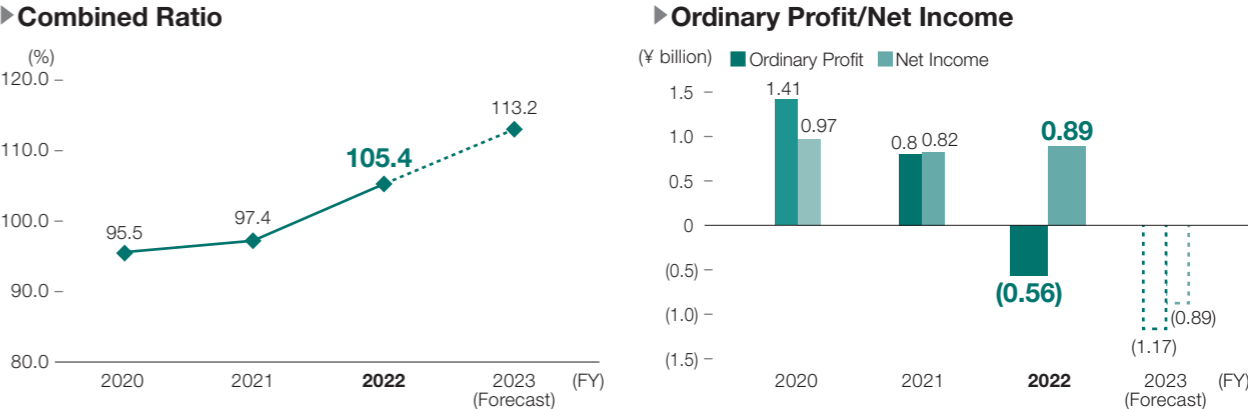
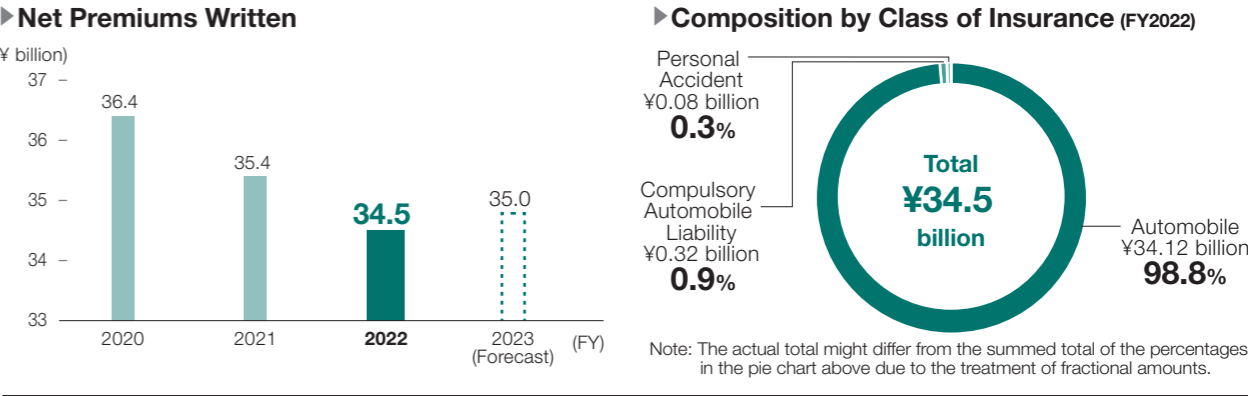
Corporate Profile
President: Takayuki Kawamura
Date Established: June 1999
Number of Employees: 498 (as of March 31, 2023)
Head Office: 5-1, Kouraku 2-chome, Bunkyo-ku, Tokyo
URL https://www.mitsui-direct.co.jp (Japanese language only)

Principal Indicators (Non-Consolidated) (¥ billion)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Net premiums written	36.6	36.3	36.4	35.4	34.5	35.0
Growth rate of net premiums written	(3.2%)	(0.8%)	0.3%	(3.0%)	(2.5%)	1.4%
Net loss ratio	76.2%	74.9%	64.2%	64.4%	67.5%	74.8%
Net expense ratio	25.3%	28.3%	31.3%	33.0%	37.9%	38.4%
Combined ratio	101.5%	103.2%	95.5%	97.4%	105.4%	113.2%
Underwriting income	0.33	0.13	1.37	0.75	(0.37)	(1.31)
Ordinary profit	0.38	0.17	1.41	0.80	(0.56)	(1.17)
Net income	0.24	0.15	0.97	0.82	0.89	(0.89)
Net assets	13.9	14.0	14.9	15.7	16.6	-
Total assets	60.9	59.7	61.8	62.9	62.6	-
Solvency margin ratio (non-consolidated)	497.6%	526.9%	595.8%	653.9%	705.5%	-
Number of employees	545	552	559	528	498	-

Notes: 1. Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100
3. Combined ratio = net loss ratio + net expense ratio

Principal Management Indicators



Domestic Life Insurance Business

Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
(MSI Aioi Life)

MSI Aioi Life is a life insurance company that offers protection-type life insurance products, while leveraging the Group’s marketing network and customer base. The company is realizing a growth model that involves a combination of strategies to utilize unique marketing channels.

Corporate Profile
President: **Shiro Kaji**
Date Established: **August 1996**
Number of Employees: **2,391 (as of March 31, 2023)**
Head Office: **27-2, Shinkawa 2-chome, Chuo-ku, Tokyo**
URL <https://www.msa-life.co.jp>
(Japanese language only)

Principal Indicators (Non-Consolidated)

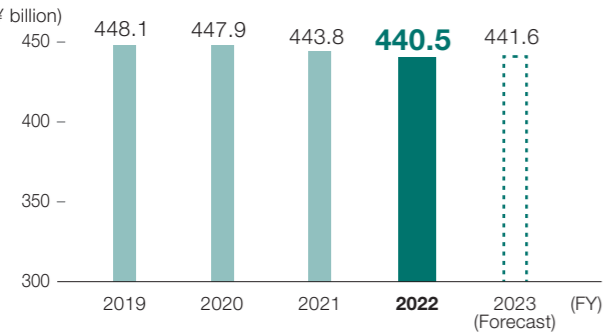
(¥ billion)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Amount of new policies	3,114.5	2,068.4	1,769.0	1,690.4	1,456.6	1,312.0
Amount of policies in force	24,533.1	24,458.0	24,266.9	23,847.7	23,249.9	22,744.4
Annualized premiums of policies in force	431.5	448.1	447.9	443.8	440.5	441.6
Ordinary profit	19.5	18.6	25.6	39.0	27.8	45.6
Core profit	15.5	13.6	24.8	34.5	24.9	-
Risk differential gains/(losses)	62.7	62.6	69.4	70.0	58.9	-
Expenses differential gains/(losses)	(13.0)	(10.8)	(5.6)	(1.3)	(2.8)	-
Investment income differential gains/(losses)	(4.3)	(7.9)	(6.7)	(6.7)	(6.6)	-
Net income	7.9	7.5	11.9	21.0	12.7	25.0
Net assets	275.9	260.7	257.4	175.7	126.0	-
Total assets	4,229.6	4,510.4	4,534.3	4,883.7	5,009.1	-
Net unrealized gains/(losses) on investments in securities (before tax effects)	114.0	86.9	73.7	41.2	(29.6)	-
Embedded value (EEV)	819.4	890.2	958.3	923.6	908.0	960.0
Solvency margin ratio	1,681.8%	1,549.3%	1,439.5%	1,151.9%	975.5%	-
Number of employees	2,604	2,588	2,529	2,436	2,391	-

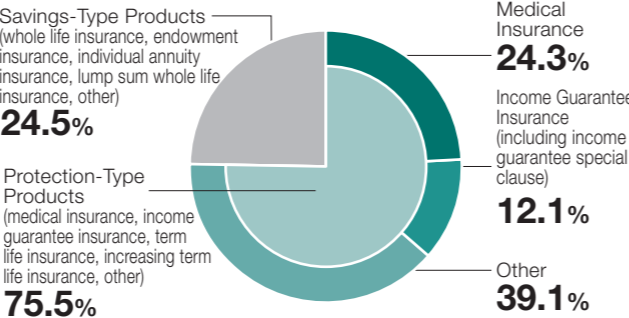
Notes: 1. The amount of new policies, amount of policies in force, and annualized premiums of policies in force are the totals of individual insurance and individual annuity insurance.
2. Core profit is an insurance business profitability indicator that is calculated by deducting “capital gains/(losses)” and “non-recurring income and losses” from ordinary profit.
3. Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference (before tax effects) between the fair value and the acquisition cost (including the amortized cost) of “available-for-sale securities with a practically determinable fair value” (except for stocks, etc., without a practically determinable fair value and investment in associations, etc. (before FY2020, except for those where it is deemed to be extremely difficult to determine their fair value)). It includes monetary claims bought, money trusts, and others that are accounted for as an investment in securities.

Principal Management Indicators

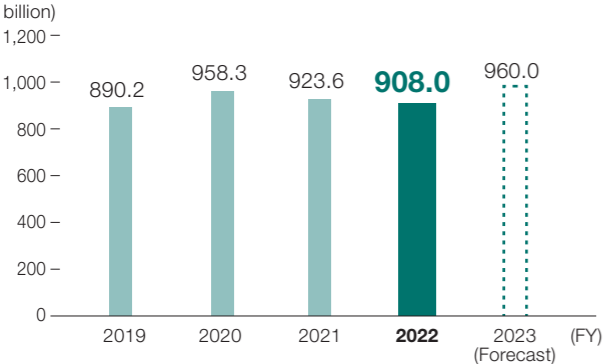
► Annualized Premiums of Policies in Force



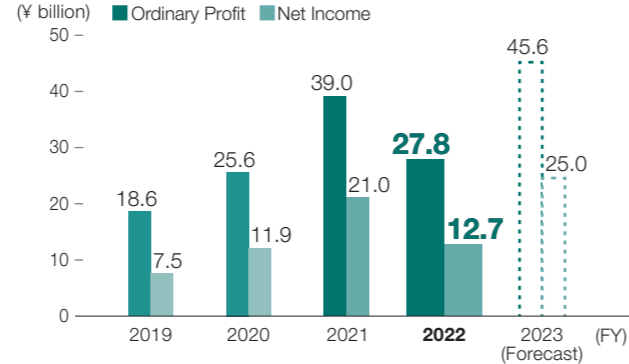
► Weight by Type of Product (FY2022)



► Embedded Value (EEV) (Refer to the “Glossary of Insurance Terminology” on page 107)



► Ordinary Profit/Net Income



Domestic Life Insurance Business

Mitsui Sumitomo Primary Life Insurance Co., Ltd.
(MSI Primary Life)

Specializing in over-the-counter sales via financial institutions, MSI Primary Life is a life insurance company that offers asset building–type and asset inheritance–type products centered on individual annuity insurance and whole life insurance.

Corporate Profile
Representative Director, President: **Jun Kurata**
Date Established: **September 2001**
Number of Employees: **410 (as of March 31, 2023)**
Head Office: **Yaesu First Financial Building, 3-7, Yaesu 1-chome, Chuo-ku, Tokyo**
URL <https://www.ms-primary.com>
(Japanese language only)

Principal Indicators (Non-Consolidated)

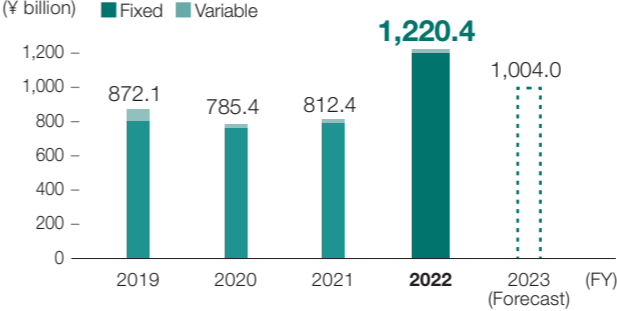
(¥ billion)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Premiums income	1,095.6	872.1	785.4	812.4	1,220.4	1,004.0
Amount of new policies	1,118.2	882.7	788.2	819.6	1,279.8	1,077.2
Amount of policies in force	6,678.5	6,514.0	6,595.8	6,803.6	6,932.2	7,113.0
Ordinary profit	35.5	31.4	160.0	87.7	31.0	26.0
Core profit/(loss)	(12.3)	(27.9)	40.8	54.8	73.2	-
Core profit + Capital gains	44.2	27.6	160.8	85.6	38.7	-
Net income	23.3	20.3	43.1	53.0	19.7	16.0
Net assets	195.3	194.8	260.5	241.4	150.1	-
Total assets	6,885.3	6,814.9	7,024.7	7,053.3	6,823.7	-
Net unrealized gains/(losses) on investments in securities (before tax effects)	27.3	(7.4)	51.3	(1.0)	(101.4)	-
Embedded value (EEV)	436.1	348.4	557.4	641.9	664.6	-
Solvency margin ratio	825.4%	746.0%	1,054.8%	1,094.8%	899.3%	-
Number of employees	400	396	390	403	410	-

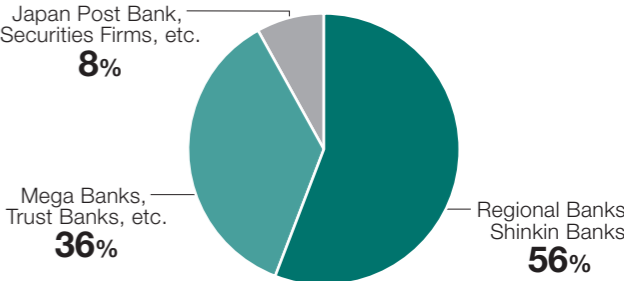
Notes: 1. The amount of new policies and amount of policies in force are the totals of individual insurance and individual annuity insurance.
2. Core profit is a life insurance business profitability indicator that is calculated by deducting “capital gains/(losses)” and “non-recurring income/losses” from ordinary profit. In this business, the sum of “core profit” and “capital gains (losses)” provides a more appropriate indicator of actual profit for the period.
3. Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference (before tax effects) between the fair value and the acquisition cost (including the amortized cost) of “available-for-sale securities with a practically determinable fair value” (except for stocks, etc., without a practically determinable fair value and investment in associations, etc. (before FY2020, except for those where it is deemed to be extremely difficult to determine their fair value)). It includes monetary claims bought, money trusts, and others that are accounted for as an investment in securities.

Principal Management Indicators

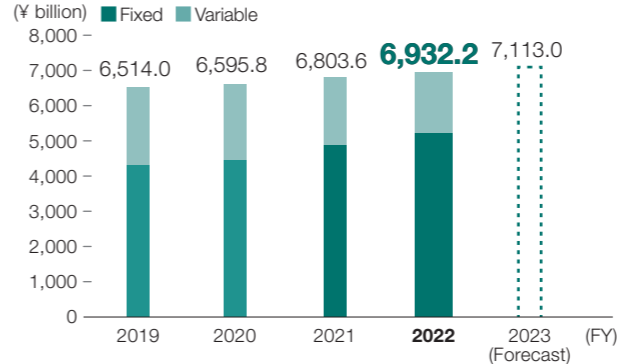
► Premiums Income



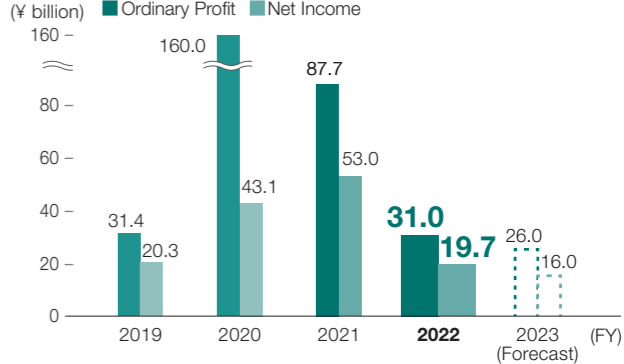
► Weight by Type of Sales Channel (FY2022)



► Amount of Policies in Force



► Ordinary Profit/Net Income



MS Amlin

Centered on three insurance operating companies—Lloyd’s, Reinsurance and Continental Europe Direct Insurance, and a service operating company—MS Amlin is one of the leading insurer brands that provides both insurance and reinsurance services globally.

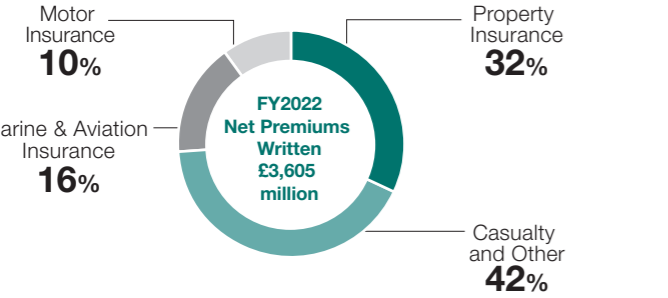
Principal Indicators

(£ million)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Net premiums written	3,050	3,220	2,681	2,814	3,605	4,061
Growth rate of net premiums written	3.2%	5.6%	(16.7%)	4.9%	28.1%	12.6%
El claims ratio	71%	67%	75%	73%	64%	-
El expense ratio	35%	34%	35%	35%	34%	-
Combined ratio	106%	102%	109%	107%	98%	-
Underwriting income/(loss)	(174)	(55)	(277)	(197)	63	311
Investment Income	54	263	144	101	(91)	60
Net income	(94)	55	(222)	(190)	(144)	291

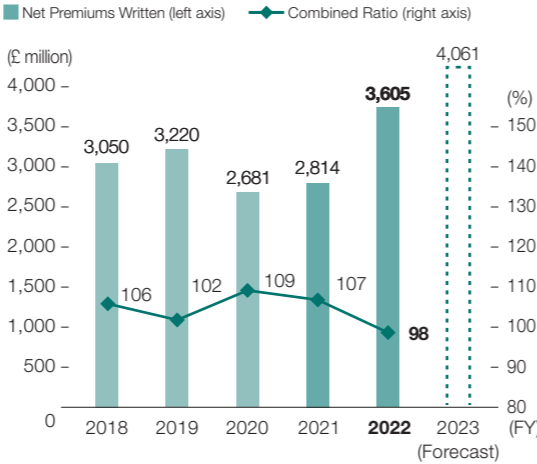
Notes: 1. On a local reporting basis. New accounting standards (IFRS 17, "Insurance Contracts," and IFRS 9, "Financial Instruments") have been applied from FY2023, and the figures for FY2023 (Forecast) are based on the new accounting standards. In accordance with the change in accounting standards, net premiums written for FY2023 (Forecast) are shown based on the former accounting standards, and underwriting income (loss) and investment income (loss) are shown based on the new accounting standards. 2. The accounting method where securities market fluctuations are reflected in the profit-loss statement has been adopted for investment income (loss) (from the previous accounting standard). 3. The El expense ratio and combined ratio are calculated by considering foreign exchange gains/losses included in underwriting income. 4. Figures for FY2020 onward are the sum of MS Amlin Underwriting Limited, MS Amlin AG (brand name: MS Reinsurance), MS Amlin Insurance SE, and other services companies.

Net Premiums Written by Product Line

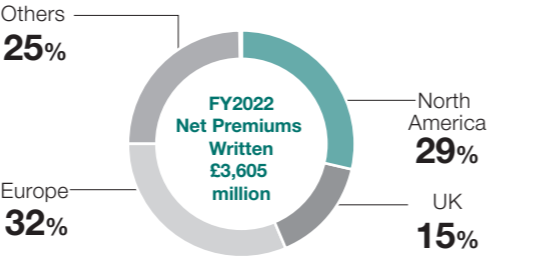


Principal Indicators

Net Premiums Written and Combined Ratio



Net Premiums Written by Geography



Main Entities of MS Amlin (as of March 31, 2023)

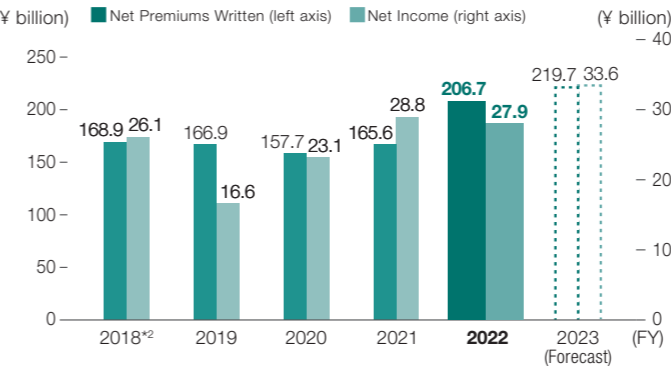
Company Name	MS Amlin Underwriting Limited	MS Amlin AG (brand name: MS Reinsurance)	MS Amlin Insurance SE	MS Amlin Corporate Services Limited
Headquarters	London, UK	Zurich, Switzerland	Brussels, Belgium	London, UK
CEO	Andrew Carrier	Robert Wiest	Ludovic Senecaut	Matthew Pasterfield
Number of Employees	Approx. 540	Approx. 230	Approx. 630	Approx. 350
FY2022 Net Premiums Written (£ million)	1,246	1,616	739	-
Business Description	Lloyd's business	Reinsurance business in Switzerland, Bermuda, the United States, etc.	Continental Europe Primary Insurance business with a focus on Belgium, the Netherlands, and France, etc.	Business to provide services such as IT and digital to MS Amlin and other Group companies

Asian Region

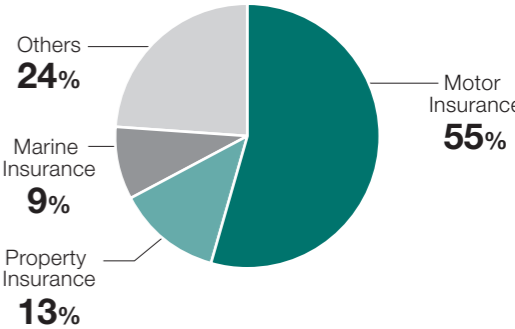
As the sole insurance group with underwriting operations in all 10 ASEAN countries in the Asian region, we are leveraging our solid business base to create further growth and expand locally rooted businesses.

Principal Indicators*1

Net Premiums Written and Net Income



Net Premiums Written by Product Line (FY2022)



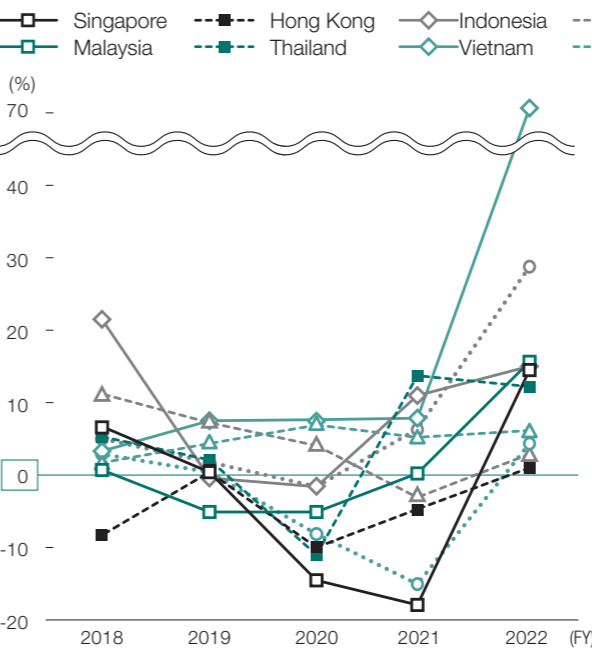
Conditions by Major Country and Region (FY2022)

Country/Region	Net Premiums Written	Net Income
Singapore	36.0	12.8
Malaysia	39.3	4.4
Hong Kong	13.2	1.1
Thailand	14.6	0.4
Indonesia	6.1	1.1

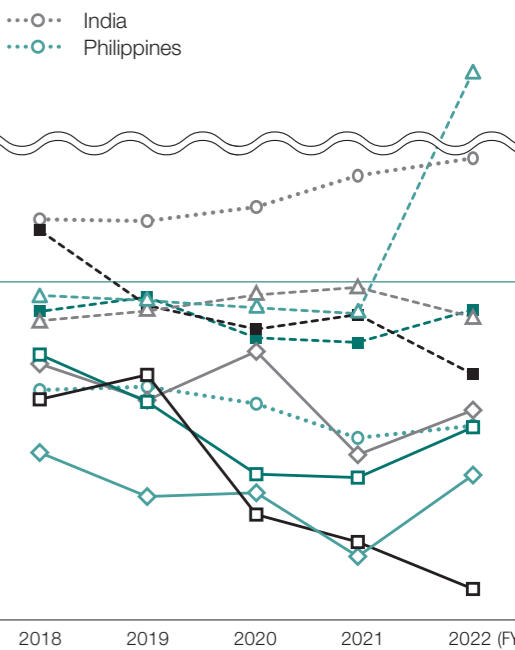
(¥ billion)

Country/Region	Net Premiums Written	Net Income
Vietnam	3.6	0.8
China	47.6	2.8
Taiwan	46.0	0.7
India*3	78.3	2.0
Philippines*3	6.1	0.6

Trends in Premium Growth Rates (FY2017–FY2022)*4,*5



Trends in Combined Ratios (FY2017–FY2022)



*1 Figures are calculated and presented using data for subsidiaries and equity-method affiliates in Asia (excluding countries in Oceania). Figures for overseas offices are not included. *2 Data reflects consolidated figures for MS First Capital Limited of Singapore from FY2018. *3 Equity-method affiliates. Net premiums written are shown on a 100% basis, regardless of equity ownership. Net income is presented on an equity ownership basis. *4 The premium growth rate is the percentage increase in net premiums written (on a local currency basis) from the previous fiscal year. *5 Singapore's FY2018 premium growth rate has been calculated after considering a comparison with MS First Capital Limited's net premiums written in FY2017 following that company's inclusion in the scope of consolidation in FY2018.

Short Commentary: Group Financial Statements

Commentary 1: Balance Sheet (B/S)

On its consolidated balance sheet as of the end of FY2022, the Group had total assets of ¥25.0 trillion, and the majority of liabilities (¥18.8 trillion) are “policy liabilities”—that is, reserves for paying future insurance claims. On the other hand, the largest asset item is investments in securities, and that has a total fair value of ¥16.1 trillion. Unrealized gains (after tax-effect deduction) in excess of the fair value of investments in securities at acquisition costs are recorded in net unrealized gains/(losses) on securities (¥1.2 trillion). This means that policy liabilities, which account for the majority of the Group’s balance sheet liabilities, are invested in securities. In addition, unrealized gains on investments in securities (after tax-effect accounting) accounted for approximately 40% of net assets (¥3.0 trillion).

(¥ billion)

(Main) assets		(Main) liabilities	
Cash, deposits and savings	2,771.9	Policy liabilities	18,869.5
Money trusts	2,082.0	Bonds issued	714.7
Investments in securities	16,149.3	Other liabilities	1,852.3
(of which: stocks)	2,693.5	Deferred tax liabilities	31.1
Loans	959.4	Total liabilities	21,944.1
Tangible fixed assets	476.7		
Intangible fixed assets	496.1	(Main) Net assets	
Other assets	1,743.7	Shareholders' equity	1,745.2
		Net unrealized gains/losses on securities	1,216.5
		Total net assets	3,056.2
Total assets	25,000.4	Total liabilities and net assets	25,000.4

Commentary 2: Statements of Income (P/L)

① Main components of the statements of income

A summary of the Group’s consolidated statements of income (see page 145) is provided below. It consists primarily of underwriting income and expenses and investment income and expenses.

FY2022	Income (+): underwriting income (¥4,482.4 billion); investment income (¥745.7 billion); other ordinary income (¥23.1 billion) Expenses (-): underwriting expenses (¥4,064.2 billion), of which ¥1.2 billion is provision for underwriting reserves; investment expenses (¥195.6 billion); operating expenses and general and administrative expenses (¥739.3 billion); other ordinary expenses (¥20.8 billion) Ordinary profit: ¥231.1 billion
FY2021	Income (+): underwriting income (¥4,239.5 billion); investment income (¥858.6 billion); other ordinary income (¥33.7 billion) Expenses (-): underwriting expenses (¥3,915.3 billion), of which ¥259.9 billion is provision for underwriting reserves; investment expenses (¥108.9 billion); operating expenses and general and administrative expenses (¥696.3 billion); other ordinary expenses (¥20.8 billion) Ordinary profit: ¥390.4 billion

② Underwriting profit and catastrophe reserves for domestic non-life insurance companies

Underwriting profit can be dramatically affected by events such as natural catastrophes. Non-life insurance companies are legally required to build up catastrophe reserves to mitigate that impact. When companies have to pay extremely large insurance claims, they can reverse the catastrophe reserves, which mitigates the impact to a certain degree. The following table indicates past underwriting profit, incurred losses related to natural catastrophes, and changes in catastrophe reserves (net provision). (See page 107 of the “Glossary of Insurance Terminology” for details on catastrophe reserves and page 111 for underwriting profit.)

Impact of natural catastrophes on underwriting profit

(¥ billion)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Underwriting profit/(loss)	(3.0)	(36.1)	28.7	43.9	121.3	89.3	62.8	8.4	11.4	71.5	(15.2)
Impact on underwriting profit (A + B)	(13.2)	(93.3)	(58.5)	(149.7)	(132.9)	(159.0)	(160.8)	(172.3)	(155.1)	(151.9)	(76.6)
Incurred losses due to natural catastrophes (A)	55.1	96.3	27.2	68.1	51.0	114.3	240.7	139.0	89.7	78.1	115.5
Great East Japan Earthquake	1.3	-	-	-	-	-	-	-	-	-	-
2011 Thailand floods	0.6	(23.0)	(5.1)	-	-	-	-	-	-	-	-
2014 massive snowfalls	-	82.1	2.2	0.3	-	-	-	-	-	-	-
Large-scale natural catastrophes including 2017 hurricanes in North America	-	-	-	-	-	41.3	-	-	-	-	-
July heavy rain, Typhoon Nos. 21 and 24 in 2018	-	-	-	-	-	-	183.7	-	-	-	-
Typhoon Nos. 15 and 19 in 2019	-	-	-	-	-	-	-	93.0	-	-	-
Other natural catastrophes	53.2	37.1	30.1	67.7	51.0	73.0	56.9	46.0	89.7	78.1	115.5
Net provision for catastrophe reserves (B)	(41.9)	(3.0)	31.3	81.6	81.8	44.6	(79.8)	33.3	65.3	73.7	(38.8)

* Simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Example: The impact of loss of ¥311.5 billion from natural catastrophes for FY2011 was mitigated by the reversal of catastrophe reserves of ¥139.5 billion and resulted in an underwriting loss of ¥190.0 billion.

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Five-Year Summary (Unaudited)

	Yen in millions					US\$ in millions
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022
Ordinary income:	¥5,500,438	¥5,168,361	¥4,892,244	¥5,132,042	¥5,251,271	\$39,189
Net premiums written	3,497,572	3,573,732	3,500,996	3,609,052	3,934,473	29,362
Ordinary profit	290,847	157,701	306,524	390,499	231,113	1,725
Net income attributable to owners of the parent	192,705	143,030	144,398	262,799	161,530	1,205
Comprehensive income/(loss)	(79,701)	(157,288)	753,938	310,470	(80,923)	(604)
Net assets	2,778,047	2,494,038	3,126,657	3,302,749	3,056,273	22,808
Total assets	23,132,539	23,196,455	24,142,562	25,033,846	25,000,433	186,570

	Yen					US\$
Net income attributable to owners of the parent per share - Basic	¥328.72	¥248.36	¥255.79	¥474.52	¥299.80	\$2.24
Net income attributable to owners of the parent per share - Diluted	328.60	248.22	255.65	474.32	299.70	2.24
Net assets per share	4,712.11	4,308.37	5,525.42	5,955.21	5,633.94	42.04
Equity ratio	11.89%	10.57%	12.78%	13.02%	12.04%	–
Return on equity	6.77%	5.50%	5.22%	8.29%	5.15%	–
Price earnings ratio	10.25	12.18	12.70	8.38	13.70	–

	Yen in millions					US\$ in millions
Cash flows						
Cash flows from operating activities	¥776,724	¥667,896	¥(323,912)	¥236,708	¥194,153	\$1,449
Cash flows from investing activities	(252,417)	(330,363)	43,925	(71,976)	480,953	3,589
Cash flows from financing activities	(33,337)	65,321	79,278	58,545	(314,502)	(2,347)
Cash and cash equivalents at the end of year	1,798,526	2,198,680	1,994,434	2,256,216	2,646,431	19,749
Number of employees	41,467	41,582	41,501	39,962	38,584	–

Note: U.S. dollar amounts in this report have been translated from yen, for convenience only, at the rate of ¥134=US\$1. For details, see Note 1 of Significant Accounting Policies (p159).

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 (176 subsidiaries and 32 associates as of March 31, 2023), 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:

- a) Mitsui Sumitomo Insurance Company, Limited (“MSI”)
- b) Aioi Nissay Dowa Insurance Company, Limited (“ADI”)
- c) Mitsui Direct General Insurance Company, Limited (“Mitsui Direct General”)

2) Domestic Life Insurance Business

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

- a) Mitsui Sumitomo Aioi Life Insurance Company, Limited (“MSI Aioi Life”)
- b) Mitsui Sumitomo Primary Life Insurance Company, Limited (“MSI Primary Life”)

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/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) 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 5. Accounting Status.” 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, 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.

3. SUMMARY OF BUSINESS RESULTS

In fiscal 2022, although the global economy showed signs of recovery due to the relaxing of COVID-19 restrictions, the economic outlook remained uncertain due to the increased upward pressure on commodity prices and the impact of monetary policies by various countries aimed at curbing inflation arising from the rising costs of raw materials and other factors caused by the protracted Ukraine conflict.

The Medium-Term Management Plan (2022-2025), which started from this fiscal year, is aiming for “Growing Together with Society as a Platform provider of risk solution.” We have been working to become a “corporate group that supports a resilient and sustainable society” under the three basic strategies of “Value (value creation),” “Transformation (business transformation),” and “Synergy (Group synergy).”

Value (Value creation)	Through the global implementation of “CSV × DX ^(*) ,” the following initiatives were undertaken with the aim of providing value to all stakeholders and enhancing corporate value, as well as increasing the profitability of our business, products, and services and strengthening our earnings base. [Details of Initiatives] <ul style="list-style-type: none">Development of products and services that come before and after coverage and protection, such as “Accident Risk AI Assessment^(*),” and establishment of a sales structureImplementation of measures to improve and expand profitability of the domestic non-life insurance business, including premium rate revisions for fire insurance, development of disaster prevention and mitigation services, and sales expansion of strategic products for casualty insurance
Transformation (Business transformation)	The following initiatives were undertaken 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 transforming the business, product, and risk portfolios to build a stable earnings base. [Details of Initiatives] <ul style="list-style-type: none">Business investment in the U.S. MGA^(*) market in international operations and expansion of domestic life insurance business and new business areasUsing DX to establish new business sectors and developing more advanced risk consulting services with InterRisk Research & Consulting playing a central roleReducing strategic equity holdings by 206.6 billion yen, exceeding the revised target (150 billion yen) for FY2022
Synergy (Group synergy)	The following initiatives were undertaken with the aim of realizing further growth by strengthening collaboration by leveraging the diversity of the Group, improving productivity by deepening Group standardization, collaboration, and integration, and realizing synergies on a global basis. [Details of Initiatives] <ul style="list-style-type: none">Implementation of the “One Platform Strategy” to improve quality and productivity in areas such as products, claims services, and administrative work for Mitsui Sumitomo Insurance and Aioi Nissay Dowa InsuranceSales promotion of the products of Mitsui Sumitomo Primary Life through the sales network of Mitsui Sumitomo Aioi Life, and the expansion of concurrent selling of life insurance and non-life insurance productsGlobal synergies including the sharing and mutual use of expertise and skills of Group companies in Japan and overseas through the TENKAI Project^(*) and other initiatives

- (*1) CSV (Creating Shared Value) × DX (Digital Transformation)
An initiative to achieve sustainable growth and increase corporate value by improving productivity and competitiveness through a combination of CSV (Creating Shared Value with Society) and DX (Digital Transformation).
- (*2) Accident Risk AI Assessment
A service for local governments that uses AI to quantify the risk of traffic accidents for each location (road segment and intersection) and visualize it on a map.
- (*3) MGA (Managing General Agent)
An agent authorized by an insurance company to underwrite insurance and to certify and assess damage amount, in addition to insurance solicitation.
- (*4) TENKAI Project
An initiative where, to maximize the synergy of our Group, our know-how, technology, and services are deployed both domestically and internationally for accelerating our efforts to enhance our corporate value and sustainable growth.

As a result of these efforts, earnings for the current consolidated fiscal year to date are as follows.

Ordinary income was ¥5,251.2 billion, due to underwriting income of ¥4,482.4 billion, investment income of ¥745.7 billion and other ordinary income of ¥23.1 billion. At the same time, ordinary expenses amounted to ¥5,020.1 billion, including ¥4,064.2 billion in underwriting expenses, ¥195.6 billion in investment expenses, ¥739.3 billion in operating expenses and general and administrative expenses, and other ordinary expenses amounting to ¥20.8 billion.

As a result, ordinary profit for the current fiscal year was ¥231.1 billion, reflecting a year-on-year decrease of ¥159.3 billion. After adjustments to ordinary profit mainly for extraordinary losses and corporate and residence tax, net income attributable to owners of the parent for the current fiscal year was ¥161.5 billion, reflecting a year-on-year decrease of ¥101.2 billion.

[Key Consolidated Financial Indicators]

(Yen in millions)				
	FY2021	FY2022	Change	Change (%)
Net premiums written	¥3,609,052	¥3,934,473	¥325,421	9.0
Life insurance premiums	520,037	453,578	(66,458)	-12.8
Ordinary profit	390,499	231,113	(159,386)	-40.8
Net income attributable to owners of the parent	262,799	161,530	(101,268)	-38.5

Net premiums written increased by ¥325.4 billion to ¥3,934.4 billion from the previous fiscal year, mainly due to increases in the domestic non-life insurance business because of fire insurance and other factors, and in the international business due to increases of revenues in Asia, Europe, and the Americas, as well as the impact of foreign exchange rates and other factors.

Life insurance premiums decreased by ¥66.4 billion from the previous consolidated fiscal year to ¥453.5 billion, mainly due to an increase in refunds of foreign currency–denominated policies that reached the investment target due to the depreciation of the yen and other factors despite an increase in insurance premium revenues.

Ordinary profit decreased by ¥159.3 billion from the previous consolidated fiscal year to ¥231.1 billion, mainly due to an increase in automobile accidents, natural disasters in Japan, an increase in insurance proceeds and benefits due to the spread of COVID-19, a decrease in investment profit/loss in the international business, and other factors.

After adjustments to ordinary profit mainly for extraordinary income, income taxes, and resident taxes, net income attributable to owners of the parent decreased by ¥101.2 billion from the previous consolidated fiscal year to ¥161.5 billion.

Insurance premiums and claims by insurance type are as follows.

(Yen in millions)						
Lines of Insurance	Previous consolidated fiscal year (From April 1, 2021, to March 31, 2022)			Current consolidated fiscal year (From April 1, 2022, to March 31, 2023)		
	Amount	Composition ratio (%)	Year-on-year increase/decrease (-) Rate (%)	Amount	Composition ratio (%)	Year-on-year increase/decrease (-) Rate (%)
Fire and Allied	¥784,527	20.3	3.5	¥877,573	21.2	11.9
Marine	201,365	5.2	5.6	254,672	6.2	26.5
Personal Accident	284,581	7.3	(3.0)	296,170	7.2	4.1
Voluntary Automobile	1,634,984	42.2	2.6	1,672,541	40.4	2.3
Compulsory Automobile Liability	276,076	7.1	(7.0)	279,102	6.7	1.1
Other	692,153	17.9	4.2	756,927	18.3	9.4
Total	¥3,873,688	100.0	2.1	¥4,136,987	100.0	6.8
Deposit premiums from policyholders included	52,185	1.3	(28.2)	41,359	1.0	(20.7)

- Notes: 1. The figures represent amounts after the elimination of internal transactions between segments.
2. Direct premiums written (including deposit premiums from policyholders) are the premiums from policyholders minus the surrender benefits and other refunds to policyholders. (Includes deposit premiums from policyholders for savings-type insurance.)

b. Net Premiums Written

(Yen in millions)						
Lines of Insurance	FY2021			FY2022		
	Amount	Share (%)	Change (%)	Amount	Share (%)	Change (%)
Fire and Allied	¥620,531	17.2	4.7	¥725,039	18.4	16.8
Marine	159,293	4.4	5.7	199,375	5.1	25.2
Personal Accident	232,288	6.5	2.6	247,630	6.3	6.6
Voluntary Automobile	1,679,430	46.5	2.4	1,730,383	44.0	3.0
Compulsory Automobile Liability	281,282	7.8	(6.5)	275,732	7.0	(2.0)
Other	636,224	17.6	7.7	756,310	19.2	18.9
Total	¥3,609,052	100.0	3.1	¥3,934,473	100.0	9.0

Note: The figures represent amounts after the elimination of internal transactions between segments.

c. Net Claims Paid

(Yen in millions)						
Lines of Insurance	FY2021			FY2022		
	Amount	Share (%)	Change (%)	Amount	Share (%)	Change (%)
Fire and Allied	¥412,825	21.2	9.6	¥510,906	22.8	23.8
Marine	66,480	3.4	(11.9)	85,586	3.8	28.7
Personal Accident	111,059	5.7	(1.7)	154,745	6.9	39.3
Voluntary Automobile	844,643	43.4	4.7	952,324	42.5	12.7
Compulsory Automobile Liability	197,440	10.1	(8.2)	183,660	8.2	(7.0)
Other	314,525	16.2	(0.2)	353,975	15.8	12.5
Total	¥1,946,975	100.0	2.4	¥2,241,198	100.0	15.1

Note: The figures represent amounts after the elimination of internal transactions between segments.

Recognition, analysis, and reviewed contents for financial performance and operating results by segment are as follows.

1) Domestic Non-Life Insurance Business (Mitsui Sumitomo Insurance Co., Ltd.)

2) Domestic Non-Life Insurance Business (Aioi Nissay Dowa Insurance Co., Ltd.)

Mitsui Sumitomo Insurance Co., Ltd., and Aioi Nissay Dowa Insurance Co., Ltd., which are core non-life insurance companies of our Group, developed and provide products and services that contribute to CSV in order to contribute to solving social issues such as climate change and growing together with society. Mitsui Sumitomo Insurance Co., Ltd., optionally added a dedicated rear camera to provide clear images of the rear of the vehicle to its voluntary automobile insurance policy (drive recorder voluntary automobile insurance)*1 to meet the needs of society, and provides products and services that contribute to the preservation and restoration of natural capital and biodiversity, including the release of the Special cover for additional expenses against marine pollution which covers the cost of restoration activities for damage to the natural environment in the event of a ship accident. Aioi Nissay Dowa Insurance Co., Ltd., provided “traffic safety EBPM support services*2” to assist local governments in planning and verifying the effectiveness of traffic safety by utilizing accumulated automobile driving data. In addition, it provided products and services that contribute to solving social and local issues, such as the launch of “Wan Nyan de Kyun,” a pet insurance policy that provides the industry’s extremely wide compensation and preventive services for injuries and illnesses. In addition, the two companies jointly launched the “Disaster Countermeasures Support Insurance,” which supports businesses’ social contribution activities in the event of disasters such as typhoons, floods, and earthquakes. To help realize a decarbonized society, was the first domestic non-life insurance company to develop and provide a “special agreement for the replacement cost of electric vehicles, etc. ,” which covers the cost of acquiring an electric vehicle, etc., as an alternative vehicle in the event of major damage to the contracted vehicle.

- *1 Voluntary automobile insurance policy to watch (premium drive recorder)
Voluntary automobile insurance provides services to prevent accidents and reduce the impact of accidents and support recovery using communication-based drive recorders with functions such as “360-degree photography” and the “use of a drive recorder outside the vehicle (photographing and talking).”
- *2 Traffic safety EBPM support service
A service that objectively estimates “dangerous intersections” based on telematics data (car driving data such as rapid deceleration) held by local governments and prefectural police when implementing traffic policies such as reviewing school routes and installing signs, and then identifies “reasons for the danger” through detailed analysis of the intersections and proposes “optimal traffic safety measures.” EBPM means “evidence-based policy making.”

1) Domestic Non-Life Insurance Business (MSI)

Net premiums written increased by ¥50.5 billion to ¥1,629.8 billion, mainly due to increased sales of fire insurance and marine insurance. On the other hand, net loss paid increased by ¥113.3 billion from the previous fiscal year to ¥944.5 billion, mainly due to increases in fire insurance and voluntary automobile insurance. As a result, the net loss ratio was 64.3%, up 5.3 percentage points from the previous year. The net expense ratio decreased 0.5 percentage point from the previous year to 32.5% due to an increase in net premiums written.

Insurance underwriting gains and losses, which are calculated by adding or subtracting deposit premiums from policyholders, maturity refunds to policyholders, provision for outstanding claims, reversal of policy reserve, and similar items, decreased by ¥56.9 billion from the previous fiscal year to a loss of ¥15.9 billion, mainly due to an increase in incurred loss from natural disasters in Japan (sum of net loss paid and provisions to reserves for outstanding claims).

A summary of asset management is as follows.
Investment income as a residual amount after deducting investment gains used for maturity refunds to savings-type insurance policyholders and other usage increased by 24.4 billion from the previous fiscal year to ¥226.1 billion. This was mainly because interest and dividend income was up ¥7.7 billion from the previous year to ¥134.9 billion, and gains on sales of securities increased by ¥19.3 billion from the previous year to ¥110.7 billion. On the other hand, asset management expenses increased by ¥11.6 billion

from the previous year to ¥52 billion, mainly due to an increase in impairment losses on securities of ¥18.7 billion.

As a result, ordinary profit decreased by ¥43 billion from the previous fiscal year to ¥141.2 billion. Net income decreased by ¥37.8 billion from the previous year to ¥107.8 billion.

2) Domestic Non-Life Insurance Business (ADI)

Net premiums written increased by ¥44.2 billion to ¥1,335.5 billion, mainly due to increased sales of fire insurance and voluntary automobile insurance. On the other hand, net loss paid increased by ¥115.1 billion from the previous fiscal year to ¥809.3 billion, mainly due to increases in voluntary automobile insurance and fire insurance. As a result, the net loss ratio was 66.6%, up 6.8 percentage points from the previous year. The net expense ratio decreased by 0.4 percentage point from the previous year to 34.6% due to an increase in net premiums written and other factors.

Insurance underwriting profits reflecting deposit premiums from policyholders, maturity refunds to policyholders, provision for outstanding claims, and reversal of policy reserve, among other factors, decreased by ¥29.8 billion from the previous fiscal year to ¥0.6 billion, mainly due to an increase in incurred loss from automobile accidents and natural disasters in Japan (sum of net loss paid and provisions to reserves for outstanding claims).

A summary of asset management is as follows.

Investment income as a residual amount after deducting investment gains used for maturity refunds to savings-type insurance policyholders and other usage increased by ¥29 billion from the previous fiscal year to ¥100.4 billion. This was mainly because interest and dividend income increased by ¥6.8 billion from the previous year to ¥63.6 billion, and gains on sales of securities grew by ¥26.2 billion from the previous year to ¥50 billion. On the other hand, asset management expenses increased by ¥14.5 billion from the previous year to ¥27.1 billion, mainly due to an increase in derivative transaction expenses.

As a result, ordinary profit decreased by ¥14.2 billion from the previous fiscal year to ¥66.7 billion. Net income decreased by ¥10.7 billion from the previous year to ¥43.1 billion.

3) Domestic Non-Life Insurance Business (Mitsui Direct General)

Mitsui Direct General Insurance Co., Ltd., has launched a new product that embodies the brand concept of “strong and gentle”: “Strong and Gentle Automobile Insurance,” which is both “strong” for compensation and claims handling and “gentle” for satisfaction thanks to customers choosing products by themselves at reasonable premiums.

The business performance of Mitsui Direct General Insurance Co., Ltd., was as follows.

Net premiums written fell ¥0.8 billion from the previous fiscal year to ¥34.5 billion. On the other hand, net loss paid increased by ¥0.5 billion from the previous year to ¥20.5 billion. The net loss ratio was 67.5%, up 3.1 percentage points from the previous year.

Commission and collection expenses, as well as the general and administrative expenses related to insurance underwriting, increased by ¥1.4 billion from the previous fiscal year to ¥13 billion. The net expense ratio was 37.9%, up 4.9 percentage points from the previous year.

Insurance underwriting gains and losses fell ¥1.1 billion from the previous fiscal year to ¥0.3 billion. Net income reflecting extraordinary profit/(loss), corporate taxes, resident taxes, and other taxation, amounted to ¥0.8 billion.

As a result, net income (segment income) after considering equity ownership increased ¥0.1 billion from the previous year to ¥0.8 billion.

Note: Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written
Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written

4) Domestic Life Insurance Business (MSI Aioi Life)

At Mitsui Sumitomo Aioi Life Insurance Co., Ltd., we have created a new type of medical insurance for hospital admissions and surgeries that provides coverage for receiving a lump sum payment at the time of hospital

admission (including one-day hospitalization). We have also added a special policy clause for cancer insurance that eliminates the need to pay premiums when cancer is definitely diagnosed to improve the attractiveness of our products. In addition to providing coverage through insurance products, we have released a new healthcare service brand, MSA Care, which aims to provide total support for the health of customers by responding to “Prevention and early detection and prevention of worsening and recurrence” and providing insurance products and healthcare services in a unified manner.

The business performance of Mitsui Sumitomo Aioi Life Insurance Co., Ltd., was as follows.

Premiums and other income fell ¥14.4 billion from the previous fiscal year to ¥489 billion, mainly due to a decrease in individual insurance premiums.

Ordinary profit decreased by ¥11.1 billion from the previous fiscal year to ¥27.8 billion, mainly due to an increase in claims for benefits due to COVID-19. Net income decreased by ¥8.3 billion from the previous year to ¥12.7 billion.

5) Domestic Life Insurance Business (MSI Primary Life)

To improve the attractiveness of products that help clients build assets and extend the life of their assets, Mitsui Sumitomo Primary Life Insurance Company, Limited, has increased the number of options available through the new guarantee-focused course and the investment-focused course in “Minori 10 Years,” an index-linked pension plan designed to provide a sense of pleasure while protecting pension resources. In addition, we completely revised the “Primary Life My Page” Web service for customers and provided highly convenient services through a new screen design and enhanced service content.

The business performance of Mitsui Sumitomo Primary Life Insurance Co., Ltd., was as follows.

Premiums and other income increased by ¥424.2 billion to ¥1,349.8 billion from the previous fiscal year due to the improvement of the market environment, the revision of core products, and active non-face-to-face sales and training activities.

Ordinary profit decreased by ¥56.7 billion to ¥31 billion compared with the previous fiscal year due to a reaction to the decrease in the burden of provision of policy reserve in the previous fiscal year due to rising interest rates and the burden of provision of policy reserve for foreign currency-denominated insurance newly subject to the standard policy reserve system. Net income decreased by ¥33.2 billion from the previous year to ¥19.7 billion.

6) International Business (Overseas Insurance Subsidiaries)

In our Group, while curbing insurance underwriting for overseas natural catastrophe risks, we promoted initiatives to expand and stabilize the Group’s profits through the growth of our international businesses. While making business investments for further business expansion, we also worked to strengthen the governance of overseas entities and the management of overseas natural catastrophe risks and other risks.

Mitsui Sumitomo Insurance Co., Ltd., acquired Transverse Insurance Group, LLC, to expand its presence in the U.S. insurance market to capture the growing MGA market in the United States. In addition, the MS Amlin business continued to improve underwriting results by controlling natural catastrophe risks, carefully selecting underwriting, and raising rates. As a result, despite the impacts of the Russia-Ukraine conflict, the damage caused by Hurricane Ian, and other natural catastrophe, the MS Amlin business became profitable, and its profitability was strengthened. In the Asian region, we continued to develop the retail market by utilizing digital technologies, collaborating with platformers, and developing the corporate market by strengthening regional cooperation taking advantage of the strengths of our respective bases such as MS First Capital Insurance Limited, thereby continuing to achieve stable profits.

Aioi Nissay Dowa Insurance Co., Ltd., promoted the telematics and mobility service business centered on five regions: Japan, the United States, Europe, China, and Southeast Asia. In Europe, we used an AI model jointly

developed with Mind Foundry to improve underwriting results by setting rates, streamlining insurance payment operations, and implementing other measures. In addition, in Thailand, the cumulative number of sales of voluntary automobile insurance reflecting driving behavior exceeded 200,000. As an advanced example of data utilization, the company was awarded the Insurtech Initiative of the Year—Thailand at the Insurance Asia Awards 2022. Its innovation initiatives using telematics technology were highly praised and contributed to the improvement of its presence in the Asian region.

Net premiums written increased by ¥231.1 billion from the previous fiscal year to ¥934.1 billion, mainly due to increases in sales in Asia, Europe, and the Americas, as well as the impact of foreign exchange rates.

Ordinary profit decreased by ¥30.5 billion from the previous fiscal year to ¥9 billion, mainly due to the recording of estimated claims related to Russia’s invasion of Ukraine, a decrease in investment profit/loss due to fluctuations in financial markets, and a decrease in equity in net income of associates of overseas life insurance affiliates.

Net income (segment income) after considering equity ownership decreased ¥8.8 billion from the previous consolidated fiscal year to ¥15.7 billion.

4. CASH FLOW ANALYSIS

With regard to cash flows in the fiscal year under review, net cash flows provided by operating activities increased by ¥560.6 billion over the previous fiscal year to ¥236.7 billion, due in part to a rebound from an increase in foreign currency insurance contracts returns of Mitsui Sumitomo Primary Life Insurance Co., Ltd. in the previous fiscal year. Net cash flows from investing activities decreased by ¥115.9 billion over the previous fiscal year to ¥(71.9) billion, due in part to a decrease in proceeds from sales and redemption of securities, despite a decrease in expenditure on the purchase of securities. In addition, net cash flows provided by financial activities decreased by ¥20.7 billion over the previous fiscal year to ¥58.5 billion, due in part to an increase in expenditure on redemption of corporate bonds, despite an increase in proceeds from the issuance of corporate bonds. As a result, cash and cash equivalents at the end of the fiscal year under review have increased by ¥261.7 billion from the end of the previous fiscal year to ¥2,256.2 billion.

5. BUSINESS ENVIRONMENT AND ISSUES TO BE ADDRESSED FROM THE BUSINESS AND FINANCIAL PERSPECTIVES

The global economy, including Japan’s, is expected to sustain a moderate pickup in economic conditions, while there are concerns about the impact of global monetary tightening, downside risks from price increases, and other areas of uncertainty.

The insurance industry is required to play a role as a social infrastructure that responds to various challenges and enhances the resilience of society, even in an uncertain environment such as the frequent occurrence of large-scale natural disasters, the transition to a society with COVID-19, and the rise of geopolitical risks.

Under such circumstances, FY2023 is the second year of the Medium-Term Management Plan and our Group continues to pursue the theme of “Growing Together with Society as a Platform Provider of Risk Solutions,” and to realize a corporate group that supports a resilient and sustainable society, works on our business based on the basic strategies of “Value (value creation),” “Transformation (business reforms),” and “Synergy (demonstration of Group synergy)” and the foundations of “Sustainability,” “Quality,” “Human assets,” and “ERM” that support the basic strategies.

Our policies by main business area are as follows.

In the domestic non-life insurance business, we will expand our top line and generate stable profits by taking advantage of our strengths such as “three distinctive non-life insurance companies,” “Japan’s largest sales network,” and “our close relationships with Japan’s leading corporate groups.” We will continue to work to improve the profitability of fire insurance

and improve profitability overall by promoting the “One Platform Strategy” and other initiatives to reduce business expenses.

In the domestic life insurance business, we will enhance customer approaches and expand earnings by leveraging the strengths of Mitsui Sumitomo Aioi Life Insurance Co., Ltd., and Mitsui Sumitomo Primary Life Insurance Company, Limited, in their channels (non-life insurance agents and sales through financial institutions) and increase profits and develop asset building markets through their cooperation to achieve sustainable growth.

In the international business, we will steadily promote initiatives to strengthen profitability, such as the expansion of underwriting of high-profitability policies in the MS Amlin business, for which profitability is recovering; penetration in the U.S. MGA market using Transverse; and the strengthening of the retail business in Asia. In addition, we will make business investments in the United States and Asia, strengthen global synergies, and take other measures. Moreover, to improve capital efficiency, we will monitor profitability and growth and work to improve international business management.

In the risk-related services business, with InterRisk Research & Consulting at the core of the Group, we will strengthen our risk management services, such as services and consulting before and after compensation and protection using digital data to create new business opportunities.

Our Group will continue to enhance capital efficiency by improving profitability in each of these business areas and strive to improve management and corporate value with a focus on capital costs and stock prices.

In addition, based on the three priority sustainability issues of “co-existence with the global environment,” “safe and secure society,” and “happiness of diverse people,” we will contribute to the sustainability of society and work toward the long-term growth of our Group.

6. 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, 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)		
	FY2021	FY2022
(A) Solvency margin total amount	¥5,778,630	¥5,234,013
(B) Risk amount	1,347,114	1,345,950
(C) Solvency margin ratio $(A/(B \times 1/2)) \times 100$	857.9%	777.7%

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 was 777.7%, down 80.2 percentage points from the end of the previous consolidated fiscal year. This was mainly because the total solvency margin fell ¥544.6 billion from the end of the previous consolidated fiscal year principally due to a decline in the fair value of shares held.

2) MSI Non-Consolidated Solvency Margin Ratio

(Yen in millions)		
	FY2021	FY2022
(A) Solvency margin total amount	¥3,598,612	¥3,405,349
(B) Risk amount	996,144	995,234
(C) Solvency margin ratio $(A/(B \times 1/2)) \times 100$	722.5%	684.3%

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 1996.

The solvency margin ratio was 684.3%, down 38.2 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin dropped ¥193.2 billion from the end of the previous fiscal year principally due to the early redemption of subordinated bonds and a decrease in net unrealized gains/(losses) on investments in securities.

3) Aioi Nissay Dowa Insurance Co., Ltd. Non-consolidated solvency margin ratio

(Yen in millions)		
	FY2021	FY2022
(A) Total solvency margin	¥1,396,160	¥1,327,493
(B) Total risk	368,045	319,545
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	758.6%	830.8%

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 increased 72.2 percentage points from the end of the previous fiscal year to 830.8%, mainly due to a decrease in the amount equivalent to the risk of major disasters and a decrease of ¥48.4 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)		
	FY2021	FY2022
(A) Total solvency margin	¥17,001	¥17,853
(B) Total risk	5,199	5,060
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	653.9%	705.5%

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 705.5%, up 51.6 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin increased ¥0.8 billion from the end of the previous fiscal year principally due to an increase in shareholders' equity as a result of net income.

5) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. Non-consolidated solvency margin ratio

(Yen in millions)		
	FY2021	FY2022
(A) Total solvency margin	¥398,033	¥338,880
(B) Total risk	69,105	69,474
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,151.9%	975.5%

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 975.5%, down 176.4 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin fell ¥59.1 billion from the end of the previous year principally due to a decrease in net unrealized gains/(losses) on investments in securities (before tax effects) because of a decline in the fair value of bonds held to maturity.

6) Mitsui Sumitomo Primary Life Insurance Company, Limited Non-consolidated solvency margin ratio

(Yen in millions)		
	FY2021	FY2022
(A) Total solvency margin	¥739,516	¥683,942
(B) Total risk	135,086	152,103
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,094.8%	899.3%

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 was 899.3%, down 195.5 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin fell ¥55.5 billion from the end of the previous year principally due to a decrease in net unrealized gains/(losses) on investments in securities (before tax effects) because of a decline in the fair value of bonds held to maturity.

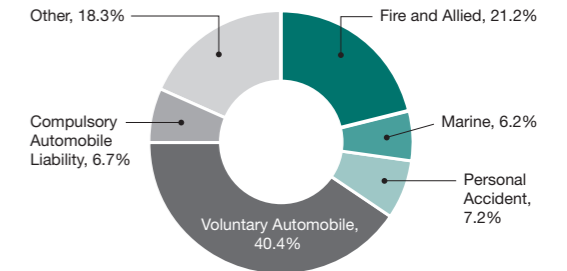
Premiums Written and Net Claims Paid – Non-Life Insurance (Unaudited)

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

	(Yen in millions)												(US\$ in millions)			
	FY2018			FY2019			FY2020			FY2021			FY2022			FY2022
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount
Lines of Insurance																
Fire and Allied	¥677,543	8.1	18.0	¥734,573	8.4	19.2	¥757,785	3.2	20.0	¥784,527	3.5	20.3	¥877,573	11.9	21.2	\$6,549
Marine	184,578	9.5	4.9	185,068	0.3	4.8	190,705	3.0	5.0	201,365	5.6	5.2	254,672	26.5	6.2	1,901
Personal Accident	321,651	0.3	8.6	311,984	(3.0)	8.2	293,409	(6.0)	7.7	284,581	(3.0)	7.3	296,170	4.1	7.2	2,210
Voluntary Automobile	1,550,037	0.3	41.2	1,570,344	1.3	41.0	1,592,952	1.4	42.0	1,634,984	2.6	42.2	1,672,541	2.3	40.4	12,482
Compulsory Automobile Liability	346,258	0.8	9.2	347,736	0.4	9.1	296,911	(14.6)	7.8	276,076	(7.0)	7.1	279,102	1.1	6.7	2,083
Other	681,779	6.0	18.1	677,583	(0.6)	17.7	664,078	(2.0)	17.5	692,153	4.2	17.9	756,927	9.4	18.3	5,649
Total	¥3,761,848	3.1	100.0	¥3,827,289	1.7	100.0	¥3,795,842	(0.8)	100.0	¥3,873,688	2.1	100.0	¥4,136,987	6.8	100.0	\$30,873
Deposit premiums from policyholders	¥80,235	(7.1)	2.1	¥75,553	(5.8)	2.0	¥72,635	(3.9)	1.9	¥52,185	(28.2)	1.3	41,359	(20.7)	1.0	309

DIRECT PREMIUMS WRITTEN (FY2022)

Total ¥4,136.9 Billion

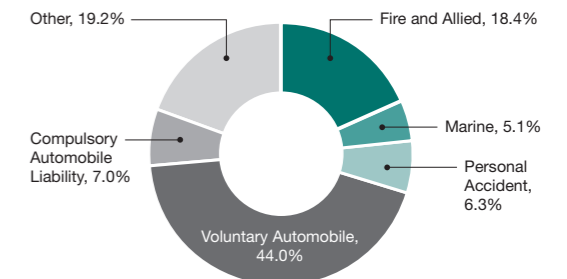


(b) Net Premiums Written

Lines of Insurance	(Yen in millions)												(US\$ in millions)			
	FY2018			FY2019			FY2020			FY2021			FY2022			FY2022
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount
Fire and Allied	¥558,427	0.9	16.0	¥589,897	5.6	16.5	¥592,798	0.5	16.9	¥620,531	4.7	17.2	¥725,039	16.8	18.4	\$5,411
Marine	152,333	7.0	4.3	147,814	(3.0)	4.1	150,662	1.9	4.3	159,293	5.7	4.4	199,375	25.2	5.1	1,488
Personal Accident	261,273	8.7	7.5	246,806	(5.5)	6.9	226,349	(8.3)	6.5	232,288	2.6	6.5	247,630	6.6	6.3	1,848
Voluntary Automobile	1,593,578	0.4	45.6	1,632,423	2.4	45.7	1,639,651	0.4	46.8	1,679,430	2.4	46.5	1,730,383	3.0	44.0	12,913
Compulsory Automobile Liability	337,844	(4.0)	9.6	347,214	2.8	9.7	300,996	(13.3)	8.6	281,282	(6.5)	7.8	275,732	(2.0)	7.0	2,058
Other	594,114	5.0	17.0	609,575	2.6	17.1	590,537	(3.1)	16.9	636,224	7.7	17.6	756,310	18.9	19.2	5,644
Total	¥3,497,572	1.6	100.0	¥3,573,732	2.2	100.0	¥3,500,996	(2.0)	100.0	¥3,609,052	3.1	100.0	¥3,934,473	9.0	100.0	\$29,362

NET PREMIUMS WRITTEN (FY2022)

Total ¥3,934.4 Billion

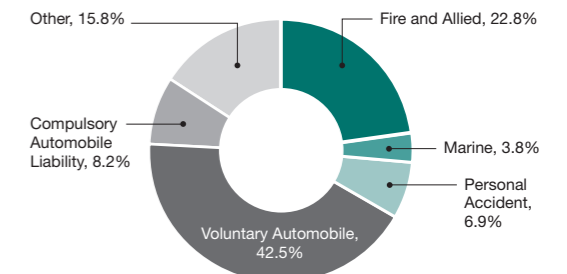


(c) Net Claims Paid

Lines of Insurance	(Yen in millions)												(US\$ in millions)			
	FY2018			FY2019			FY2020			FY2021			FY2022			FY2022
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount
Fire and Allied	¥526,294	39.1	24.7	¥405,830	(22.9)	20.0	¥376,673	(7.2)	19.8	¥412,825	9.6	21.2	¥510,906	23.8	22.8	\$3,813
Marine	83,445	1.4	3.9	81,804	(2.0)	4.1	75,439	(7.8)	4.0	66,480	(11.9)	3.4	85,586	28.7	3.8	639
Personal Accident	110,904	4.4	5.2	114,146	2.9	5.6	113,025	(1.0)	5.9	111,059	(1.7)	5.7	154,745	39.3	6.9	1,155
Voluntary Automobile	872,529	3.6	40.9	880,237	0.9	43.4	806,808	(8.3)	42.4	844,643	4.7	43.4	952,324	12.7	42.5	7,107
Compulsory Automobile Liability	247,757	(2.1)	11.6	233,215	(5.9)	11.5	215,043	(7.8)	11.3	197,440	(8.2)	10.1	183,660	(7.0)	8.2	1,371
Other	291,224	6.4	13.7	311,978	7.1	15.4	315,258	1.1	16.6	314,525	(0.2)	16.2	353,975	12.5	15.8	2,642
Total	¥2,132,155	10.2	100.0	¥2,027,212	(4.9)	100.0	¥1,902,248	(6.2)	100.0	¥1,946,975	2.4	100.0	¥2,241,198	15.1	100.0	\$16,725

NET CLAIMS PAID (FY2022)

Total ¥2,241.1 Billion



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

(a) Policies in Force

	(Yen in millions)										(US\$ in millions)
	FY2018		FY2019		FY2020		FY2021		FY2022		FY2022
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Individual insurance	¥28,117,507	4.6	¥28,056,161	(0.2)	¥27,851,835	(0.7)	¥27,814,964	(0.1)	¥27,307,492	(1.8)	\$203,787
Individual annuities	3,094,163	3.6	2,915,890	(5.8)	3,010,961	3.3	2,836,443	(5.8)	2,874,667	1.3	21,453
Group insurance	8,554,605	8.8	8,888,416	3.9	9,356,277	5.3	9,618,042	2.8	9,846,741	2.4	73,483
Group annuities	305	1.0	294	(3.4)	297	0.7	277	(6.5)	252	(9.1)	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)
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022	
	Amount	Amount	Amount	Amount	Amount	Amount	
Individual insurance	¥3,847,186	¥2,773,532	¥2,434,298	¥2,413,439	¥2,379,027		\$17,754
Individual annuities	385,662	177,730	123,035	96,731	357,413		2,667
Group insurance	92,813	96,406	114,945	43,351	68,710		513
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)
	FY2021		FY2022		FY2022
	Amount	Share	Amount	Share	Amount
Deposits and savings	¥2,357,002	9.4%	¥2,771,949	11.1%	\$20,686
Receivables under resale agreements	—	—	—	—	—
Monetary claims bought	146,489	0.7	142,976	0.6	1,067
Money trusts	2,039,135	8.1	2,082,012	8.3	15,537
Investments in securities	16,959,321	67.7	16,149,338	64.6	120,517
Loans	985,242	3.9	959,497	3.8	7,160
Land and buildings	424,841	1.7	413,872	1.7	3,089
Total investment assets	¥22,912,033	91.5%	¥22,519,646	90.1%	\$168,057
Total assets	¥25,033,846	100.0%	¥25,000,433	100.0%	\$186,570

(b) Investments in Securities

	(Yen in millions)				(US\$ in millions)
	FY2021		FY2022		FY2022
	Amount	Share	Amount	Share	Amount
Government bonds	¥4,685,265	27.6%	¥4,355,273	27.0%	\$32,502
Municipal bonds	245,703	1.5	219,781	1.4	1,640
Corporate bonds	1,348,898	8.0	1,298,299	8.0	9,689
Stock	2,905,387	17.1	2,693,594	16.7	20,101
Foreign securities	5,600,327	33.0	5,739,321	35.5	42,831
Other securities	2,173,739	12.8	1,843,066	11.4	13,754
Total	¥16,959,321	100.0%	¥16,149,338	100.0%	\$120,517

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, 2022 and March 31, 2023

	Yen in millions		US\$ in millions
	2022	2023	2023
Assets			
Cash, deposits and savings	¥2,357,036	¥2,771,981	\$20,686
Monetary claims bought	146,489	142,976	1,067
Money trusts	2,039,135	2,082,012	15,537
Investments in securities	16,959,321	16,149,338	120,517
Loans	985,242	959,497	7,160
Tangible fixed assets:	487,691	476,711	3,558
Land	227,757	220,903	1,649
Buildings	197,084	192,968	1,440
Lease assets	24,153	28,961	216
Construction in progress	3,895	1,707	13
Other tangible fixed assets	34,800	32,169	240
Intangible fixed assets:	443,159	496,124	3,702
Software	154,047	134,958	1,007
Goodwill	124,946	143,247	1,069
Lease assets	164	213	2
Other intangible fixed assets	163,999	217,704	1,625
Other assets	1,529,465	1,743,777	13,013
Assets for retirement benefits	30,265	36,372	271
Deferred tax assets	40,653	122,822	917
Customers' liabilities under acceptances and guarantees	23,000	27,524	205
Bad debt reserve	(7,614)	(8,706)	(65)
Total assets	¥25,033,846	¥25,000,433	\$186,570

See accompanying notes to consolidated financial statements.

	Yen in millions		US\$ in millions
	2022	2023	2023
Liabilities and Net Assets			
Liabilities			
Policy liabilities:	¥18,608,139	¥18,869,599	\$140,818
Outstanding claims	2,467,600	2,682,482	20,019
Underwriting reserves	16,140,539	16,187,116	120,799
Bonds issued	782,902	714,743	5,334
Other liabilities	1,837,250	1,852,392	13,824
Liabilities for pension and retirement benefits	137,710	141,137	1,053
Reserve for retirement benefits for officers	176	133	1
Accrued bonuses for employees	30,006	28,444	212
Reserve for stock payments	–	1,009	8
Reserves under the special laws:	266,381	277,998	2,075
Reserve for price fluctuation	266,381	277,998	2,075
Deferred tax liabilities	45,528	31,177	233
Acceptances and guarantees	23,000	27,524	205
Total liabilities	21,731,096	21,944,159	163,762
Net Assets			
Shareholders' equity:			
Common stock	100,534	100,808	752
Capital surplus	553,680	345,144	2,576
Retained earnings	1,251,280	1,305,928	9,746
Treasury stock	(159,850)	(6,662)	(50)
Total shareholders' equity	1,745,644	1,745,220	13,024
Accumulated other comprehensive income:			
Net unrealized gains/(losses) on investments in securities	1,565,167	1,216,563	9,079
Net deferred gains/(losses) on hedges	(998)	(21,996)	(164)
Foreign currency translation adjustments	(52,492)	79,704	595
Accumulated actuarial gains/(losses) on retirement benefits	1,566	(9,448)	(71)
Total accumulated other comprehensive income	1,513,242	1,264,822	9,439
Stock acquisition rights	762	558	4
Non-controlling interests	43,099	45,671	341
Total net assets	3,302,749	3,056,273	22,808
Total liabilities and net assets	¥25,033,846	¥25,000,433	\$186,570

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, 2022 and March 31, 2023

	Yen in millions		US\$ in millions
	2022	2023	2023
Ordinary income and expenses			
Ordinary income:	¥5,132,042	¥5,251,271	\$39,189
Underwriting income:	4,239,589	4,482,431	33,451
Net premiums written	3,609,052	3,934,473	29,362
Deposit premiums from policyholders	52,185	41,359	309
Investment income on deposit premiums from policyholders	35,631	35,591	266
Life insurance premiums	520,037	453,578	3,385
Other underwriting income	22,682	17,428	130
Investment income:	858,664	745,712	5,565
Interest and dividends income	302,615	345,468	2,578
Investment gains on money trusts	170,905	191,350	1,428
Investment gains on trading securities	31,346	–	0
Gains on sales of securities	145,320	195,948	1,462
Gains on redemption of securities	5,526	2,355	18
Gains on derivative transactions	–	44,502	332
Investment gains on separate accounts	58,239	–	0
Other investment income	180,341	1,678	13
Transfer of investment income on deposit premiums from policyholders	(35,631)	(35,591)	(266)
Other ordinary income:	33,788	23,127	173
Gains on equity method investments	16,711	2,373	18
Other ordinary income	17,076	20,754	155
Ordinary expenses:	4,741,543	5,020,158	37,464
Underwriting expenses:	3,915,377	4,064,285	30,330
Net claims paid	1,946,975	2,241,198	16,725
Loss adjustment expenses	198,925	207,021	1,545
Commissions and collection expenses	725,349	781,162	5,830
Maturity refunds to policyholders	180,991	165,278	1,233
Dividends to policyholders	58	51	0
Life insurance claims	471,410	531,253	3,965
Provision for outstanding claims	127,190	125,486	936
Provision for underwriting reserves	259,922	1,262	9
Other underwriting expenses	4,554	11,571	86
Investment expenses:	108,908	195,669	1,460
Investment losses on money trusts	14,206	28,438	212
Investment losses on trading securities	–	19,631	147
Losses on sales of securities	17,708	65,613	490
Impairment losses on securities	36,254	23,208	173
Losses on redemption of securities	240	360	3
Losses on derivative transactions	28,062	–	0
Investment losses on separate accounts	–	32,700	244
Other investment expenses	12,435	25,716	192
Operating expenses and general and administrative expenses	696,390	739,317	5,517
Other ordinary expenses:	20,866	20,886	156
Interest expense	15,482	10,383	77
Provision for bad debts	–	1,315	10
Losses on bad debts	137	408	3
Other ordinary expenses	5,247	8,778	66
Ordinary profit	390,499	231,113	1,725

	Yen in millions		US\$ in millions
	2022	2023	2023
Extraordinary income and losses			
Extraordinary income:	¥14,990	¥34,615	\$258
Gains on sales of fixed assets	14,990	34,615	258
Extraordinary losses:	35,462	30,271	226
Losses on sales of fixed assets	6,296	10,216	76
Impairment losses on fixed assets	2,684	1,801	13
Provision for reserves under the special laws:	21,405	11,616	87
Provision for reserve for price fluctuation	21,405	11,616	87
Other extraordinary losses	5,076	6,637	50
Income before income taxes	370,027	235,456	1,757
Income taxes - current	72,024	35,737	267
Income taxes - deferred	32,054	34,704	259
Total income taxes	104,078	70,441	526
Net income	265,948	165,014	1,231
Net income attributable to non-controlling interests	3,149	3,484	26
Net income attributable to owners of the parent	¥262,799	¥161,530	\$1,205

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, 2022 and March 31, 2023

	Yen in millions		US\$ in millions
	2022	2023	2023
Net income	¥265,948	¥165,014	\$1,231
Other comprehensive income:			
Net unrealized gains/(losses) on investments in securities	(62,428)	(347,106)	(2,590)
Net deferred gains/(losses) on hedges	(15,409)	(21,362)	(159)
Foreign currency translation adjustments	109,422	129,610	967
Accumulated actuarial gains/(losses) on retirement benefits	(2,261)	(11,042)	(82)
Share of other comprehensive income of equity method investments	15,199	3,962	30
Total other comprehensive income	44,521	(245,938)	(1,835)
Total comprehensive income	¥310,470	¥(80,923)	\$(604)
Allocation:			
Comprehensive income attributable to owners of the parent	¥304,979	¥(86,889)	(648)
Comprehensive income attributable to non-controlling interests	5,490	5,966	\$45

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, 2022 and 2023

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥100,276	¥553,428	¥1,078,850	¥(119,267)	¥1,613,287
Changes for the year:					
Issuance of new shares	258	258			516
Dividends paid			(90,369)		(90,369)
Net income attributable to owners of the parent			262,799		262,799
Repurchase of treasury stock				(40,847)	(40,847)
Disposal of treasury stock		(6)		264	258
Cancellation of treasury stock					–
Changes in equity resulting from increase in capital of consolidated subsidiaries					–
Changes in equity resulting from transactions with non-controlling shareholders					–
Net changes of items other than shareholders' equity					
Total changes for the year	258	252	172,430	(40,582)	132,357
Ending balance	¥100,534	¥553,680	¥1,251,280	¥(159,850)	¥1,745,644

	Accumulated other comprehensive income/(loss)					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	Total accumulated other comprehensive income/(loss)			
Beginning balance	¥1,630,325	¥14,997	¥(178,080)	¥3,819	¥1,471,062	¥1,019	¥41,288	¥3,126,657
Changes for the year:								
Issuance of new shares								516
Dividends paid								(90,369)
Net income attributable to owners of the parent								262,799
Repurchase of treasury stock								(40,847)
Disposal of treasury stock								258
Cancellation of treasury stock								–
Changes in equity resulting from increase in capital of consolidated subsidiaries								–
Changes in equity resulting from transactions with non-controlling shareholders								–
Net changes of items other than shareholders' equity	(65,158)	(15,996)	125,588	(2,253)	42,180	(256)	1,810	43,734
Total changes for the year	(65,158)	(15,996)	125,588	(2,253)	42,180	(256)	1,810	176,092
Ending balance	¥1,565,167	¥(998)	¥(52,492)	¥1,566	¥1,513,242	¥762	¥43,099	¥3,302,749

See accompanying notes to consolidated financial statements.

	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
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			161,530		161,530
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)	54,648	153,187	(424)
Ending balance	¥100,808	¥345,144	¥1,305,928	¥(6,662)	¥1,745,220

	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	Total accumulated other comprehensive income			
Beginning balance	¥1,565,167	¥(998)	¥(52,492)	¥1,566	¥1,513,242	¥762	¥43,099	¥3,302,749
Changes for the year:								
Issuance of new shares								548
Dividends paid								(106,881)
Net income attributable to owners of the parent								161,530
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)	132,196	(11,015)	(248,419)	(203)	2,572	(246,051)
Total changes for the year	(348,603)	(20,997)	132,196	(11,015)	(248,419)	(203)	2,572	(246,476)
Ending balance	¥1,216,563	¥(21,996)	¥79,704	¥(9,448)	¥1,264,822	¥558	¥45,671	¥3,056,273

See accompanying notes to consolidated financial statements.

	Shareholders'equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	750	4,132	9,338	(1,193)	13,027
Changes for the year:					
Issuance of new shares	2	2			4
Dividends paid			(798)		(798)
Net income attributable to owners of the parent			1,205		1,205
Repurchase of treasury stock				(410)	(54,946)
Disposal of treasury stock		(0)		2	2
Cancellation of treasury stock		(1,552)		1,552	–
Changes in equity resulting from increase in capital of consolidated subsidiaries		(0)			(0)
Changes in equity resulting from transactions with non-controlling shareholders		(6)			(6)
Net changes of items other than shareholders' equity					
Total changes for the year	2	(1,556)	408	1,143	(3)
Ending balance	752	2,576	9,746	(50)	13,024

	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	Total accumulated other comprehensive income			
Beginning balance	11,680	(7)	(392)	12	11,293	6	322	24,647
Changes for the year:								
Issuance of new shares								4
Dividends paid								(798)
Net income attributable to owners of the parent								1,205
Repurchase of treasury stock								(410)
Disposal of treasury stock								2
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								(6)
Net changes of items other than shareholders' equity	(2,602)	(157)	987	(82)	(1,854)	(2)	19	(1,836)
Total changes for the year	(2,602)	(157)	987	(82)	(1,854)	(2)	19	(1,839)
Ending balance	9,079	(164)	595	(71)	9,439	4	341	22,808

Consolidated Statements of Cash Flows

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2022 and March 31, 2023

	Yen in millions		US\$ in millions
	2022	2023	2023
I. Cash flows from operating activities:			
Income before income taxes	¥370,027	¥235,456	\$1,757
Depreciation	84,806	93,105	695
Impairment losses on fixed assets	2,684	1,801	13
Amortization of goodwill	12,305	13,888	104
Increase/(decrease) in outstanding claims	126,516	130,527	974
Increase/(decrease) in underwriting reserves	249,527	(4,722)	(35)
Increase/(decrease) in bad debt reserve	(6,426)	834	6
Increase/(decrease) in reserve for retirement benefits for officers	(64)	(42)	(0)
Increase/(decrease) in accrued bonuses for employees	960	(2,818)	(21)
Increase/(decrease) in reserve for stock payments	–	1,009	8
Decrease/(increase) in assets for pension and retirement benefits	–	(19,911)	(149)
Increase/(decrease) in liabilities for pension and retirement benefits	(26,016)	3,232	24
Increase/(decrease) in reserve for price fluctuation	21,405	11,616	87
Interest and dividends income	(302,615)	(345,468)	(2,578)
Losses/(gains) on money trusts	(156,698)	(162,912)	(1,216)
Losses/(gains) on investments in securities	(127,990)	(89,490)	(668)
Losses/(gains) on derivative transactions	28,062	(44,502)	(332)
Investment losses/(gains) on separate accounts	(58,239)	32,700	244
Interest expense	15,482	10,383	77
Foreign exchange losses/(gains)	(166,796)	(28,571)	(213)
Losses/(gains) on disposal of tangible fixed assets	(11,977)	(30,006)	(224)
Losses /(gains) on equity method investments	(16,711)	(2,373)	(18)
Decrease/(increase) in other assets	(39,250)	(119,068)	(889)
Increase/(decrease) in other liabilities	(11,216)	91,225	681
Others, net	(26,820)	54,428	406
Subtotal	(39,047)	(169,676)	(1,266)
Interest and dividends received	400,993	447,284	3,338
Interest paid	(15,768)	(10,449)	(78)
Income taxes refunded/(paid)	(109,469)	(73,004)	(545)
Net cash provided by/(used in) operating activities (a)	236,708	194,153	1,449
II. Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	6,289	(37,643)	(281)
Purchase of monetary claims bought	–	(4,812)	(36)
Proceeds from sales and redemption of monetary claims bought	10,577	12,135	91
Purchase of money trusts	(513,061)	(487,409)	(3,637)
Proceeds from sales of money trusts	292,136	512,110	3,822
Purchase of securities	(3,688,774)	(3,523,042)	(26,291)
Proceeds from sales and redemption of securities	3,915,082	4,184,931	31,231
Investment in loans	(196,039)	(211,739)	(1,580)
Collection of loans	195,900	234,847	1,753
Net increase/(decrease) in cash collateral under securities lending transactions	23,151	10,125	76
Others, net	(45,671)	(128,777)	(961)
Subtotal (b)	(409)	560,726	4,185
(a + b)	236,298	754,879	5,633
Acquisition of tangible fixed assets	(28,130)	(24,625)	(184)
Proceeds from sales of tangible fixed assets	20,594	48,588	363
Acquisition of intangible fixed assets	(53,020)	(57,007)	(425)
Acquisition of subsidiaries resulting in changes in scope of consolidation	(10,101)	(45,002)	(336)
Others, net	(908)	(1,725)	(13)
Net cash provided by/(used in) investing activities	(71,976)	480,953	3,589
III. Cash flows from financing activities:			
Repayments of borrowings	–	(98,381)	(734)
Issuance of bonds	149,684	–	0
Redemption of bonds	(176,191)	(72,000)	(537)
Net increase/(decrease) in payables under repurchase agreements	116,998	(22,519)	(168)
Net increase/(decrease) in cash collateral under securities lending transactions	110,259	53,229	397
Repurchase of treasury stock	(40,847)	(55,745)	(416)
Dividends paid to shareholders	(90,264)	(106,753)	(797)
Dividends paid to non-controlling interests	(3,708)	(2,284)	(17)
Purchase of shares of subsidiaries not resulting in changes in scope of consolidation	–	(2,471)	(18)
Others, net	(7,385)	(7,575)	(57)
Net cash provided by/(used in) financing activities	58,545	(314,502)	(2,347)
IV. Effect of exchange rate changes on cash and cash equivalents	38,504	29,610	221
V. Net increase/(decrease) in cash and cash equivalents	261,781	390,215	2,912
VI. Beginning balance of cash and cash equivalents	1,994,434	2,256,216	16,837
VII. Ending balance of cash and cash equivalents	¥2,256,216	¥2,646,431	\$19,749

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, 2022 and March 31, 2023

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of MS&AD Insurance Group Holdings, Inc. ("the Company") prepared in accordance with the provisions set forth in the Regulations on Corporate Accounting, the Enforcement Regulations of the Japanese Insurance Business Act and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the regulations under the Regulations on Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Solely for the convenience of readers, the accompanying consolidated financial statements as of and for the year ended March 31, 2023 have been translated into US dollar at the rate of ¥134=US\$1, the approximate exchange rate on the Tokyo foreign exchange market on the last business day of March 2023. Such translation should not be construed as presentations that the Japanese yen amounts have been, should have been, or could in the future be, converted into US dollar at that or any other rate.

The definition of subsidiaries and associates appearing in the accompanying consolidated financial statements and notes thereto are pursuant to Article 2 of the Regulations on Corporate Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

101 companies

Major consolidated subsidiaries are as follows:
Mitsui Sumitomo Insurance Company, Limited ("MSI")
Aioi Nissay Dowa Insurance Company, Limited ("ADI")
Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL")
Mitsui Sumitomo Primary Life Insurance Company, Limited ("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

Transverse Insurance Group, LLC ("Transverse") and 12 other companies have been included in the scope of consolidation since the year ended March 31, 2023 as they have become the Company's subsidiaries due to the acquisition of equity interests and other reasons.

As Phoenix Underwriters Limited is no longer a subsidiary due to completion of liquidation, it has been excluded from the scope of consolidation since the year ended March 31, 2023.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

MS&AD Grand Assistance Co., Ltd.

MS&AD Systems Company, Limited

Certain subsidiaries including the above subsidiaries are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of the equity method

(1) Number of associates accounted for under the equity method

12 companies

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

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

(2) Other associates, including unconsolidated subsidiaries and associates (e.g. MS&AD Grand Assistance Co., Ltd. and Zenkankyo Reiwa Insurance Company, Ltd.), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

(3) The Company holds 29.9% voting rights of Japan Earthquake Reinsurance Company, Limited ("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re is not included as an associate since the Company does not have the ability to exercise significant influence over the operating and financial decisions of Japan Earthquake Re in view of its public nature.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 93 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in 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 at their year-end market prices. Cost of sales is calculated using the moving average method. For certain 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) Investments in 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:

To effectively manage risks of variability in interest rates related to assets and liabilities, MSAL establishes subgroups of “individual insurance” that meet certain criteria for each type of insurance and investment policy, as well as 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.

To effectively manage risks of variability in interest rates related to assets and liabilities, MSPL establishes subgroups of “individual insurance and individual annuities” that meet certain criteria for each currency, as well as 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 year ended March 31, 2023, MSPL discontinued the subgroups of individual insurance and individual annuities (denominated in Australian dollars and New Zealand dollars), and debt securities earmarked for underwriting reserves held in these subgroups were reclassified as available-for-sale securities. This was mainly due to the improvement in ALM (asset and liability Management) efficiency in line with the decrease in the balance of underwriting reserves for these subgroups. As a result of this change, securities decreased by 19,686 million yen, net unrealized gains on available-for-sale securities decreased by 14,173 million yen, and deferred tax assets increased by 5,512 million yen at the time of transfer on September 30, 2022.

- (v) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

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 in fair values due to fluctuations in foreign exchange rates are reported in net unrealized gains and losses in net assets, while the remaining changes are reported as foreign exchange gains and losses in the consolidated financial statements of income. Cost of sales is calculated by the moving average method.

- (vi) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.
- (vii) Money trusts specifically managed for the Company and its domestic consolidated subsidiaries for trading purposes are valued at fair value.

Money trusts specifically managed for the Company and its domestic consolidated subsidiaries, other than those 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 financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

- (i) Depreciation of tangible fixed assets is computed using the straight-line method.
- (ii) Intangible fixed assets are amortized by 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 established 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 deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and 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 balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For other domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for provision similar to those of the domestic consolidated insurance subsidiaries.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

- (ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of MSI and MSAL up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

- (iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

- (iv) Reserve for share delivery

To provide for the delivery of the Company's shares in accordance with the share delivery rules under the share compensation plan for employees, the Company records Reserve for share delivery based on the estimated amount of share delivery obligations at the end of the year ended March 31, 2023.

- (v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity 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 current year using the plan's benefit formula.

- (ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 - 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 year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For certain domestic consolidated insurance subsidiaries, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method. Gains and losses on certain currency option contracts are accounted for under the fair value hedge method, and gains and losses on certain foreign exchange forward contracts are accounted for under the fair value hedge method, deferred hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by MSI are accounted for under the allocation method.

Gains and losses on 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 when they meet certain criteria.

Gains and losses on 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 when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed 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. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for the application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for the 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 “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (ASBJ Practical Issues Task Force (“PITF”) No. 40, March 17, 2022) is applied to all hedge relationships included in the scope of application of PITF No. 40. The details of the hedging relationships to which PITF No. 40 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

Domestic consolidated insurance subsidiaries account for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (IFRS) or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for the Consolidated Financial Statements (PITF No. 18 revised on 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 related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the domestic consolidated non-life insurance subsidiaries. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as Other assets and amortized over a period of 5 years on a straight-line basis.

(iii) Application of consolidated tax return filing system

The Company and certain domestic consolidated subsidiaries applied the consolidated tax return filing system for the year ended March 31, 2022.

(iv) Application of the group tax sharing system

The Company and certain domestic consolidated subsidiaries applied the group tax sharing system for the year ended March 31, 2023.

6. Goodwill

Goodwill is amortized using the straight-line method over a period of 7 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

7. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2022 and March 31, 2023

In the consolidated balance sheet of the Company as of March 31, 2022 and March 31, 2023, goodwill of ¥124,946 million and ¥143,247 million were recognized, respectively. In addition, goodwill of ¥41,067 million and ¥35,384 million related to equity method associates were included in securities therein, respectively.

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group 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. In accordance with “Accounting Standard for Impairment of Fixed Assets” (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively “the Group”) determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

The Group estimates the sum of the undiscounted future cash flows based on the relevant business plans. The recoverable amount represents the present value of future cash flows expected to be derived from the continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on the estimated future cash flows based on reasonable assumptions and projections.

An indication of impairment was identified in the current period for MS Amlin AG, an overseas consolidated subsidiary that operates the reinsurance business, as it had incurred a net loss before tax for two consecutive years. Accordingly, the Group performed an impairment test to determine whether an impairment loss should be recognized on the asset group that included the goodwill of MS Amlin AG (consisting of tangible fixed assets of ¥985 million, goodwill of ¥3,607 million, and intangible fixed assets (excluding goodwill) of ¥38,144 million). Since the sum of the undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized.

(b) Effects on the consolidated financial statements for the next year

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

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements as of March 31, 2022 and March 31, 2023

In the consolidated balance sheet of the Company as of March 31, 2022 and March 31, 2023, outstanding claims of ¥2,467,600 million and ¥2,682,482 million were recognized, respectively. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details 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 Enforcement Regulations of the Japanese Insurance Business Act, domestic consolidated subsidiaries recognize outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach

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 incurred but not reported claims, 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 next year

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

Uncertainty over the estimate of outstanding claims has been high, due to increasing severity and frequency of natural disasters both within and outside Japan in recent years, the Russian invasion into Ukraine, and inflation.

8. Change in accounting policy

(Application of “Accounting Standard for Fair Value Measurement” and Others)

The Group has applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), “Revised Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) and others since the beginning of the year ended March 31, 2022. In accordance with transitional measures set forth in Paragraph 19 of “Accounting Standards for Fair Value Measurement,” Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019) and Paragraph 27-2 of “Revised Implementation Guidance on Accounting Standard for Fair Value Measurement,” the Group has applied new accounting policies prescribed by “Accounting Standard for Fair Value Measurement” and others prospectively from the date of application.

As a result, part of investment trusts classified as financial instruments for which the fair values were not practically determinable that were recorded on the consolidated balance sheets at cost have been changed to be recorded on the consolidated balance sheets at fair value.

Information on the breakdown of financial instruments by level of fair value is included in Note 9 “Information on financial instruments” of Notes to Consolidated Balance Sheets.

9. Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months.

10. Additional information

(Share compensation plan for employees)

Effective from the year ended March 31, 2023, the Company has entered into a share compensation plan for employees (the “Plan”) of its consolidated subsidiaries MSI, ADI, Mitsui Direct, MSAL, and MSPL (the “Participating Companies”).

(i) Overview of the transaction

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

(ii) Company’s 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 year ended March 31, 2023 is 4,034 million yen, and the number of shares is 990 thousand.

(Performance-based share compensation plan for overseas consolidated subsidiaries)

Certain overseas consolidated subsidiaries implemented a performance-based share compensation plan (hereinafter, “the Plan”) for employees and officers subject to certain conditions.

(i) Overview of the transaction

The Plan is a scheme to determine the number of shares to be granted based on the average performance during a certain period, and to deliver the Company’s shares or pay the cash equivalent to the Company’s shares converted at fair value.

To prepare for future deliveries under the Plan, a trust set up using the cash contributed by subsidiaries that implemented the Plan acquired the Company’s shares from the stock market.

(ii) Shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury stock in the net assets section at the carrying amount in the trust (excluding incidental expenses). The carrying amounts of shares of the treasury stock as of March 31, 2022 and March 31, 2023 were ¥799 million and ¥1,660 million. The number of shares of the treasury stock as of March 31, 2022 and March 31, 2023 were 213 thousand shares and 440 thousand shares, respectively.

(Application of the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System”)

Effective from the year ended March 31, 2023, the Company and some of its domestic consolidated subsidiaries have transitioned from a consolidated tax return filing system to a group tax sharing system. In accordance with this change, the accounting treatment and disclosure of corporate and local income taxes and tax-effect accounting are subject to “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021). In accordance with Paragraph 32 (1) of PITF No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No. 42.

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, 2022	March 31, 2023
Accumulated depreciation	415,853	430,206
Accelerated depreciation	12,162	11,629

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, 2022 and March 31, 2023 were ¥12,162 million and ¥11,629 million, respectively.

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

	Yen in millions	
	March 31, 2022	March 31, 2023
Securities (Domestic stocks)	30,238	30,255
Securities (Foreign securities)	269,031	287,723
Securities (Other securities)	24,604	28,113
Total	323,874	346,092

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, 2022	March 31, 2023
Bankrupt and quasi-bankrupt loans	75	5
Doubtful loans	121	722
Loans overdue for three months or more	204	99
Restructured loans	1,024	301
Total	1,425	1,128

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.

(Change in presentation)

Due to the enforcement on March 31, 2022 of the “Cabinet Office Ordinance for Partial Revision of the Enforcement Regulations of the Japanese Banking Act, etc.” (Cabinet Office Ordinance No. 3, January 24, 2020), the classification of “risk-monitoring loans” based on the Insurance Business Act has been presented in accordance with the classification of loans based on the Act of Emergency Measures for the Revitalization of the Financial Functions.

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

	Yen in millions	
	March 31, 2022	March 31, 2023
Assets pledged as collateral:		
Cash, deposits and savings	19,662	30,360
Money trusts	2,521	2,750
Securities	748,974	775,768
Total	771,158	808,879

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, 2022	March 31, 2023
	227,342	204,822

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

	Yen in millions	
	March 31, 2022	March 31, 2023
	754,059	699,408

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, 2022	March 31, 2023
	1,888,006	1,569,434

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

MSI provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥64,113 million and ¥29,682 million, respectively in a negative liability position as of March 31, 2022 and March 31, 2023. These amounts were not included in Customers’ liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

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

	Yen in millions	
	March 31, 2022	March 31, 2023
	16,513	12,100

9. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies 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 external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance 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, 5. Accounting policies, (7) Hedge accounting".

Derivative transactions involve risks associated with fluctuations in 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 management method established by the Board of Directors. At major domestic consolidated insurance subsidiaries, the trading department is segregated from the backoffice and risk management departments, and maintains a structure that enables 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 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 of 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 sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of 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 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 collaterals 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 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. (as of March 31, 2021, financial instruments in which the fair values are not practically determinable) are not included in the following table (see Note 3 and Note 4).

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

Yen in millions				
Carrying amount				
	Level 1	Level 2	Level 3	Total
March 31, 2022				
(a) Monetary claims bought	–	129,326	4,368	133,695
(b) Money trusts	–	1,652,272	386,862	2,039,135
(c) Securities:				
Trading securities				
Domestic bonds	34,886	4,866	–	39,752
Domestic stocks	8,165	–	–	8,165
Foreign securities	418,245	345,549	100,330	864,125
Others	11,639	1,868,003	–	1,879,642
Available-for-sale securities				
Domestic bonds	1,746,410	1,344,937	–	3,091,347
Domestic stocks	2,782,250	–	–	2,782,250
Foreign securities	1,091,583	2,351,167	223,560	3,666,310
Others	17,676	181,720	26,405	225,802
Derivative transactions ^(*) :				
Currency	122	20,887	–	21,010
Interest rate	74	21,196	–	21,271
Equity	–	2,021	–	2,021
Bond	4,185	–	–	4,185
Credit	–	848	–	848
Others	–	–	379	379
Total assets	6,115,239	7,922,797	741,906	14,779,944
Derivative transactions ^(*) :				
Currency	70	68,273	–	68,344
Interest rate	99	7,791	–	7,891
Equity	6,042	501	–	6,544
Bond	1,250	–	–	1,250
Credit	–	2,507	–	2,507
Others	–	–	696	696
Total liabilities	7,462	79,075	696	87,233

(*) The carrying amounts of derivative transactions applying hedge accounting are ¥2,190 million as an asset and ¥47,239 million as a liability.

Yen in millions				
Carrying amount				
	Level 1	Level 2	Level 3	Total
March 31, 2023				
(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.

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

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

		Yen in millions					
		Fair value				Carrying amount	Difference
March 31, 2022		Level 1	Level 2	Level 3	Total		
(a)	Monetary claims bought	–	12,794	–	12,794	12,794	–
(c)	Securities:						
	Held-to-maturity securities						
	Domestic bonds	1,228,416	126,907	–	1,355,323	1,220,261	135,061
	Foreign securities	–	3,852	–	3,852	3,875	(22)
	Debt securities earmarked for underwriting reserves						
	Domestic bonds	1,679,742	128,728	–	1,808,470	1,928,505	(120,034)
	Foreign securities	19,822	745,950	–	765,773	762,307	3,466
	Investments in associates	156,496	2,829	–	159,325	89,538	69,787
(d)	Loans					985,242	
	Bad debt reserve ^(*)					(67)	
		–	291,971	698,840	990,811	985,174	5,637
Total assets		3,084,478	1,313,034	698,840	5,096,353	5,002,457	93,896
	Bonds issued	–	683,612	101,319	784,931	782,902	2,029
Total liabilities		–	683,612	101,319	784,931	782,902	2,029

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

		Yen in millions					
		Fair value				Carrying amount	Difference
March 31, 2023		Level 1	Level 2	Level 3	Total		
(a)	Monetary claims bought	–	23,321	–	23,321	23,321	–
(c)	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	86,630	54,482
(d)	Loans					959,497	
	Bad debt reserve ^(*)					(769)	
		–	258,587	696,555	955,142	958,728	(3,585)
Total assets		2,858,408	819,977	696,555	4,374,941	4,555,574	(180,633)
	Bonds issued	–	605,478	96,280	701,759	714,743	(12,983)
Total liabilities		–	605,478	96,280	701,759	714,743	(12,983)

(*) 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 papers (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 since 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, 2022	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 3 fair value ⁽³⁾⁽⁴⁾	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	5,927	0	(113)	(1,445)	—	4,368	—
Money trusts	71,571	29,494	7,125	278,672	—	386,862	26,849
Securities:							
Trading securities	75,527	8,886	8,340	7,575	—	100,330	4,946
Available-for-sale securities	171,669	8,632	76,117	(5,453)	(1,000)	249,966	—
Total assets	324,695	47,014	91,469	279,347	(1,000)	741,527	31,795
Derivative transactions ⁽⁵⁾	(789)	1,064	—	(591)	—	(316)	183

(1) Mainly 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 3 to Level 2 due to that observable inputs for foreign corporate bonds became available.

(5) 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 is presented in parentheses.

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 ⁽¹⁾
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 is 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, 2022 and March 31, 2023, 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, 2022	March 31, 2022
Stocks and other securities without market prices ⁽¹⁾⁽³⁾	338,763	358,089
Investments in partnerships etc. ⁽²⁾⁽⁴⁾	58,671	71,315
Total	397,435	429,405

(1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with the 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 the 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, 2022 and March 31, 2023 were ¥3,552 million and ¥8,237 million, respectively.

(4) Impairment losses on investments in partnerships etc. for the years ended March 31, 2022 and March 31, 2023 were ¥0 million and ¥4 million, respectively.

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

Yen in millions				
March 31, 2022	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,318,829	37,323	—	850
Monetary claims bought	142,125	—	—	4,180
Securities:				
Held-to-maturity securities:				
Government bonds	—	100,200	136,900	838,900
Corporate bonds	—	23,502	9,600	81,300
Foreign securities	—	1,174	1,579	1,336
Debt securities earmarked for underwriting reserves:				
Government bonds	—	—	—	1,786,200
Municipal bonds	—	—	—	9,000
Corporate bonds	1,100	3,700	4,650	110,300
Foreign securities	26,554	455,767	209,491	66,670
Available-for-sale securities with fixed maturities:				
Government bonds	36,380	321,650	312,940	924,784
Municipal bonds	10,335	57,012	82,504	67,120
Corporate bonds	139,309	503,822	285,034	169,065
Foreign securities	131,134	924,515	949,849	311,014
Loans ^(*)	136,810	543,874	149,147	90,227
Total	2,942,580	2,972,541	2,141,697	4,460,949

(*) The amounts in the above table do not include ¥196 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥64,966 million of loans without fixed maturities.

Yen in millions				
March 31, 2023	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 ^(*)	130,154	561,414	117,639	84,109
Total	3,400,267	2,857,661	2,380,191	4,205,506

(*) The amounts in the above table do not include ¥727 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥65,437 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

March 31, 2022	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 ^(*)	22,000	–	100,000	–	150,000	410,000
Total	22,000	–	100,000	–	150,000	410,000

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

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 bond 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, 2022	March 31, 2023
Carrying amount	76,237	76,893
Fair value	143,572	132,640

Notes:
1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. 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 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 U.S., 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 since 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 since the balance sheet only is consolidated, the consolidated statement of income does not include 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
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(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.

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

	March 31, 2022	March 31, 2023
Net assets per share (in ¥)	5,955.21	5,633.94
Stock acquisition rights deducted from net assets (in ¥ million)	762	558
Non-controlling interests deducted from net assets (in ¥ million)	43,099	45,671
Outstanding common stock (in thousands of shares)	547,232	534,268

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, 2022	For the year ended March 31, 2023
Premium income	1,356,791	1,743,707
Surrender benefits and ceding reinsurance premiums paid	(836,753)	(1,290,128)
Life insurance premiums	520,037	453,578

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, 2022	For the year ended March 31, 2023
	5,761	6,210

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, 2022	For the year ended March 31, 2023
	178,533	(13,676)

4. Major components of business expenses are as follows:

	Yen in millions	
	For the year ended March 31, 2022	For the year ended March 31, 2023
Commission expenses	717,494	772,616
Salaries	303,684	306,745

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, 2022

Use	Category	Description	Yen in millions		
			Impairment losses on fixed assets		
			Breakdown		
Investment properties	Buildings	2 properties, including a building for rent in Tokyo	1	Buildings	1
Idle real estate and real estate for sale	Land and buildings and other	16 properties, including an office building in Ishikawa	2,683	Land	618
				Buildings	1,938
				Other	125

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 determination of demolition or other reasons, 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, 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.

6. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2022

Other extraordinary losses include special funding, etc. of ¥4,721 million in relation to the outside career change support program in MSI and additional retirement benefits of ¥354 million due to the personnel reduction at overseas consolidated subsidiaries.

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, 2022	For the year ended March 31, 2023
Basic net income attributable to owners of the parent per share (in ¥)	474.52	299.80
Diluted net income attributable to owners of the parent per share (in ¥)	474.32	299.70

Note: The basis of calculation is as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2023
Net income attributable to owners of the parent (in ¥ million)	262,799	161,530
Average outstanding common stock during the year (in thousands of shares)	553,816	538,791
Increase in number of common stock used for calculation of diluted net income attributable to owners of the parent (in thousands of shares)	235	173

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, 2022	For the year ended March 31, 2023
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	9,316	(357,047)
Reclassification adjustments	(97,290)	(113,426)
Before income tax effect adjustments	(87,974)	(470,474)
Income tax effects	25,545	123,367
Net unrealized gains/(losses) on securities	(62,428)	(347,106)
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(12,451)	(25,474)
Reclassification adjustments	(8,464)	(4,040)
Before income tax effect adjustments	(20,916)	(29,514)
Income tax effects	5,506	8,152
Net deferred gains/(losses) on hedges	(15,409)	(21,362)
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	109,422	129,610
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	(1,556)	(13,382)
Reclassification adjustments	(1,794)	(2,107)
Before income tax effect adjustments	(3,351)	(15,490)
Income tax effects	1,089	4,447
Actuarial gains/(losses) on retirement benefits	(2,261)	(11,042)
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	22,196	3,032
Reclassification adjustments	(6,996)	930
Share of other comprehensive income/(loss) of equity method investments	15,199	3,962
Total other comprehensive income	44,521	(245,938)

NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2022

1. Type and number of issued stock and treasury stock

	in thousands of shares			
	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	593,473	159	—	593,632
Total	593,473	159	—	593,632
Treasury stock:				
Common stock	35,263	11,215	78	46,400
Total	35,263	11,215	78	46,400

Notes:

1. The increase in the total number of common stock issued and outstanding during the year was 159 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
2. The number of treasury common stock at the end of the year includes 213 thousand Company's shares held in the trust established under the share compensation plan.
3. The increase in the number of treasury common stock during the year was 11,215 thousand shares, which is due to open market repurchases of 10,988 thousand shares, purchases by the trust established under the share compensation plan of 213 thousand shares, and repurchases of 13 thousand fractional shares.
4. The decrease in the number of treasury common stock during the year was 78 thousand shares, which is due to exercise of stock acquisition rights of 77 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	762
Total		762

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 28, 2021	Common stock	44,656	80	March 31, 2021	June 29, 2021
Board meeting held on November 19, 2021	Common stock	45,712	82.5	September 30, 2021	December 6, 2021

Note: Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2022 for which the date of record is in the year ended March 31, 2022

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 27, 2022	Common stock	53,375	Retained earnings	97.5	March 31, 2022	June 28, 2022

Notes:

1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends resolved at the General shareholders' meeting to be held on June 27, 2022 includes dividends of ¥20 million for the Company's shares held in trust accounts by overseas consolidated subsidiaries that have the performance-based share compensation plan.

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:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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:

1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. 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.
3. 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:

1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. 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.

NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Yen in millions	
	2022	2023
Cash, deposits and savings	2,357,036	2,771,981
Monetary claims bought	146,489	142,976
Securities	16,959,321	16,149,338
Time deposits exceeding three months and deposits pledged as collateral	(220,906)	(273,246)
Monetary claims bought other than cash equivalents	(52,699)	(49,408)
Securities other than cash equivalents	(16,933,025)	(16,095,209)
Cash and cash equivalents	2,256,216	2,646,431

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
	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, 2022	March 31, 2023
(Assets)		
Cash, deposits and savings:	¥759,266	¥621,815
Cash on hand	8	4
Deposits in banks	759,257	621,810
Monetary claims bought	4,368	3,091
Money trusts	474	494
Investments in securities:	5,524,192	5,288,584
Government bonds	701,440	605,721
Municipal bonds	83,840	77,611
Corporate bonds	566,486	534,191
Domestic stocks	1,968,509	1,785,604
Foreign securities	2,106,705	2,166,296
Other securities	97,209	119,158
Loans:	410,660	403,552
Policy loans	4,188	3,319
General loans	406,472	400,232
Tangible fixed assets:	207,534	202,456
Land	75,891	75,299
Buildings	112,725	111,554
Construction in progress	2,257	1,139
Other tangible fixed assets	16,660	14,462
Intangible fixed assets:	93,554	84,760
Software	80,586	61,744
Other intangible fixed assets	12,968	23,016
Other assets:	359,190	358,873
Premiums receivable	6,791	4,917
Due from agencies	121,635	115,480
Co-insurance accounts receivable	10,511	9,018
Reinsurance accounts receivable	46,558	62,050
Foreign reinsurance accounts receivable	50,230	60,903
Agency business accounts receivable	602	786
Other receivables	52,524	34,467
Accrued income	4,465	4,964
Guarantee deposits	10,386	11,808
Deposits with the Japan Earthquake Reinsurance Company	2,944	1,741
Suspense payments	43,940	48,384
Initial margins for future transactions	1,372	1,474
Derivative financial instruments	3,458	2,607
Cash collateral pledged under derivative transactions	3,767	268
Prepaid pension expenses	–	19,783
Customers' liabilities under acceptances and guarantees	16,822	19,362
Bad debt reserve	(1,736)	(2,751)
Total assets	¥7,374,326	¥7,000,023

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Liabilities)		
Policy liabilities:	¥3,755,418	¥3,759,612
Outstanding claims	726,484	767,681
Underwriting reserves	3,028,933	2,991,931
Bonds issued	630,902	580,902
Other liabilities:	621,956	437,504
Co-insurance accounts payable	11,754	14,093
Reinsurance accounts payable	55,772	56,068
Foreign reinsurance accounts payable	26,097	42,856
Agency business accounts payable	520	489
Payables under securities lending transactions	161,831	72,200
Borrowings	198,381	100,000
Income taxes payable	5,300	5,372
Deposits received	59,283	68,201
Unearned income	14	15
Other payables	48,117	32,323
Suspense receipts	21,071	22,310
Derivative financial instruments	12,924	2,675
Cash collateral received under derivative transactions	16,063	16,561
Lease obligations	778	300
Asset retirement obligations	3,990	4,028
Other liabilities	53	6
Reserve for pension and retirement benefits	84,660	86,191
Reserve for retirement benefits for officers	171	130
Accrued bonuses for employees	9,806	9,609
Reserve for stock payments	–	478
Reserves under the special laws:	27,332	31,590
Reserve for price fluctuation	27,332	31,590
Deferred tax liabilities	138,075	112,111
Acceptances and guarantees	16,822	19,362
Total liabilities	5,285,144	5,037,491
(Net assets)		
Common stock	139,595	139,595
Capital surplus:	93,107	93,107
Additional paid-in capital	93,107	93,107
Retained earnings:	704,391	709,093
Legal earned reserve	46,487	46,487
Other retained earnings:	657,904	662,605
Tax-exempted reserve for accelerated depreciation	16,197	15,625
Retained earnings brought forward	641,706	646,980
Total shareholders' equity	937,095	941,796
Net unrealized gains/(losses) on investments in securities	1,134,070	1,006,761
Net deferred gains/(losses) on hedges	18,015	13,972
Total valuation and translation adjustments	1,152,086	1,020,734
Total net assets	2,089,181	1,962,531
Total liabilities and net assets	¥7,374,326	¥7,000,023

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

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary income:	¥1,888,581	¥1,956,362
Underwriting income:	1,682,089	1,724,480
Net premiums written	1,579,325	1,629,832
Deposit premiums from policyholders	38,231	31,397
Investment income on deposit premiums from policyholders	26,543	25,531
Reversal of underwriting reserves	35,031	35,553
Foreign exchange gains	2,180	1,636
Other underwriting income	777	530
Investment income:	201,655	226,104
Interest and dividends income	127,237	134,995
Investment gains on money trusts	203	20
Gains on sales of securities	91,349	110,702
Gains on redemption of securities	206	1,866
Gains on derivative transactions	2,903	–
Foreign exchange gains	6,168	3,936
Other investment income	128	115
Transfer of investment income on deposit premiums from policyholders	(26,543)	(25,531)
Other ordinary income	4,836	5,776
Ordinary expenses:	1,704,347	1,815,137
Underwriting expenses:	1,419,566	1,519,927
Net claims paid	831,256	944,572
Loss adjustment expenses	100,710	103,503
Commissions and collection expenses	300,572	308,339
Maturity refunds to policyholders	128,375	112,220
Dividends to policyholders	50	47
Provision for outstanding claims	57,624	50,595
Other underwriting expenses	976	648
Investment expenses:	40,404	52,098
Losses on sales of securities	599	19,341
Impairment losses on securities	30,708	26,137
Losses on redemption of securities	157	38
Losses on derivative transactions	–	2,294
Other investment expenses	8,940	4,287
Operating expenses and general and administrative expenses	234,209	236,770
Other ordinary expenses:	10,166	6,340
Interest expense	9,740	4,881
Provision for bad debts	3	1,198
Losses on bad debts	0	150
Other ordinary expenses	422	110
Ordinary profit	184,234	141,224
Extraordinary income:	13,777	13,745
Gains on sales of fixed assets	13,777	13,745
Extraordinary losses:	11,682	13,548
Losses on sales of fixed assets	1,958	2,186
Impairment losses on fixed assets	807	466
Provision for reserves under the special laws:	4,193	4,258
Provision for reserve for price fluctuation	4,193	4,258
Other extraordinary losses	4,721	6,637
Income before income taxes	186,329	141,421
Income taxes – current	278	8,658
Income taxes – deferred	40,306	24,863
Total income taxes	40,585	33,522
Net income	¥145,744	¥107,899

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 over indicates adequate ability to satisfy insurance claims and other payment requirements.

	Yen in millions	
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥3,598,612	¥3,405,349
Total net assets	866,008	879,498
Reserve for price fluctuation	27,332	31,590
Contingency reserve	325	814
Catastrophe reserve	625,266	620,474
General bad debt reserve	78	351
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	1,415,205	1,255,835
Net unrealized gains/(losses) on land	55,081	52,102
Excess of policyholders' contract deposits (a)	–	–
Subordinated debts, etc. (b)	380,902	330,902
Amount excluded from the margin, out of (a) and (b)	–	–
Deductions	3,642	3,642
Others	232,054	237,421
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	996,144	995,234
General insurance risk (R_1)	144,258	148,949
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	11,064	9,848
Asset management risk (R_4)	821,285	821,033
Business administration risk (R_5)	22,117	22,175
Catastrophe risk (R_6)	129,267	128,932
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	722.5%	684.3 %

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

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Assets)		
Cash, deposits and savings:	¥155,570	¥232,720
Cash on hand	16	18
Deposits in banks	155,554	232,701
Money trusts	2,821	3,050
Investments in securities:	2,643,754	2,536,311
Government bonds	430,559	407,935
Municipal bonds	39,319	23,768
Corporate bonds	305,408	254,975
Domestic stocks	888,329	863,841
Foreign securities	865,355	885,682
Other securities	114,781	100,107
Loans:	245,701	260,537
Policy loans	1,479	1,081
General loans	244,222	259,456
Tangible fixed assets:	181,973	177,201
Land	71,041	69,791
Buildings	96,245	95,434
Lease assets	0	–
Construction in progress	1,620	468
Other tangible fixed assets	13,066	11,507
Intangible fixed assets:	71,174	75,119
Software	33,561	29,714
Other intangible fixed assets	37,613	45,404
Other assets:	366,920	366,106
Premiums receivable	2,949	2,231
Due from agencies	88,264	82,934
Due from foreign agencies	1,688	1,797
Co-insurance accounts receivable	6,718	5,239
Reinsurance accounts receivable	41,772	42,103
Foreign reinsurance accounts receivable	147,666	135,015
Agency business accounts receivable	340	342
Other receivables	33,790	50,742
Accrued income	6,092	5,860
Guarantee deposits	6,408	7,827
Deposits with the Japan Earthquake Reinsurance Company	1,511	677
Suspense payments	25,340	28,621
Derivative financial instruments	4,376	2,714
Prepaid pension expenses	24,930	27,789
Deferred tax assets	45,270	45,624
Customers' liabilities under acceptances and guarantees	8,000	10,000
Bad debt reserve	(966)	(771)
Total assets	¥3,745,150	¥3,733,689

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Liabilities)		
Policy liabilities:	¥2,465,971	¥2,432,837
Outstanding claims	623,230	632,693
Underwriting reserves	1,842,741	1,800,143
Bonds issued	72,000	50,000
Other liabilities:	320,157	392,641
Co-insurance accounts payable	4,334	3,997
Reinsurance accounts payable	41,530	42,691
Foreign reinsurance accounts payable	73,222	66,882
Agency business accounts payable	2,398	2,337
Payables under securities lending transactions	88,775	201,248
Income taxes payable	4,860	3,480
Deposits received	3,419	2,866
Unearned income	16	22
Other payables	50,538	42,826
Suspense receipts	19,774	17,744
Derivative financial instruments	30,082	7,376
Asset retirement obligations	1,204	1,168
Other liabilities	0	0
Reserve for pension and retirement benefits	39,688	42,168
Accrued bonuses for employees	7,054	6,185
Reserve for stock payments	–	446
Reserves under the special laws:	33,797	35,708
Reserve for price fluctuation	33,797	35,708
Acceptances and guarantees	8,000	10,000
Total liabilities	2,946,669	2,969,987
(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:	197,213	199,386
Legal earned reserve	47,411	47,411
Other retained earnings:	149,802	151,974
Retained earnings brought forward	149,802	151,974
Total shareholders' equity	378,426	380,599
Net unrealized gains/(losses) on investments in securities	420,054	383,101
Total valuation and translation adjustments	420,054	383,101
Total net assets	798,480	763,701
Total liabilities and net assets	¥3,745,150	¥3,733,689

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

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary income:	¥1,422,301	¥1,524,367
Underwriting income:	1,343,976	1,414,491
Net premiums written	1,291,344	1,335,557
Deposit premiums from policyholders	13,953	9,962
Investment income on deposit premiums from policyholders	13,654	13,971
Reversal of underwriting reserves	12,710	42,597
Foreign exchange gains	5,768	4,103
Other underwriting income	6,545	8,299
Investment income:	71,469	100,499
Interest and dividends income	56,833	63,636
Investment gains on money trusts	0	0
Gains on sales of securities	23,758	50,026
Gains on redemption of securities	3,637	22
Foreign exchange gains	860	731
Other investment income	34	52
Transfer of investment income on deposit premiums from policyholders	(13,654)	(13,971)
Other ordinary income	6,854	9,376
Ordinary expenses:	1,341,337	1,457,610
Underwriting expenses:	1,129,637	1,233,387
Net claims paid	694,206	809,314
Loss adjustment expenses	78,382	80,318
Commissions and collection expenses	267,882	280,114
Maturity refunds to policyholders	52,615	53,057
Dividends to policyholders	7	3
Provision for outstanding claims	35,598	9,463
Other underwriting expenses	944	1,115
Investment expenses:	12,603	27,165
Losses on sales of securities	6,460	10,880
Impairment losses on securities	3,816	2,271
Losses on redemption of securities	1	2
Losses on derivative transactions	679	10,786
Other investment expenses	1,645	3,224
Operating expenses and general and administrative expenses	196,899	194,884
Other ordinary expenses:	2,197	2,172
Interest expense	789	595
Losses on bad debts	0	0
Other ordinary expenses	1,406	1,576
Ordinary profit	80,964	66,757
Extraordinary income:	916	379
Gains on sales of fixed assets	916	379
Extraordinary losses:	9,452	11,299
Losses on sales of fixed assets	4,256	7,432
Impairment losses on fixed assets	3,295	1,955
Provision for reserves under the special laws:	1,900	1,911
Provision for reserve for price fluctuation	1,900	1,911
Income before income taxes	72,427	55,837
Income taxes – current	31,507	(998)
Income taxes – deferred	(13,052)	13,640
Total income taxes	18,454	12,641
Net income	¥53,973	¥43,195

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥1,396,160	¥1,327,493
Total net assets	348,631	357,293
Reserve for price fluctuation	33,797	35,708
Contingency reserve	1,139	1,388
Catastrophe reserve	359,818	323,213
General bad debt reserve	205	183
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	523,963	478,111
Net unrealized gains/(losses) on land	35,123	36,294
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	5,394	6,594
Others	48,875	51,892
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	368,045	319,545
General insurance risk (R_1)	121,208	124,281
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	5,544	4,959
Asset management risk (R_4)	241,858	242,826
Business administration risk (R_5)	9,042	8,125
Catastrophe risk (R_6)	83,503	34,212
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	758.6%	830.8%

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

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Assets)		
Cash, deposits and savings:	¥17,499	¥16,341
Deposits in banks	17,499	16,341
Investments in securities:	35,268	33,509
Municipal bonds	18,975	15,829
Corporate bonds	9,842	17,680
Other securities	6,450	–
Tangible fixed assets:	728	761
Buildings	234	213
Other tangible fixed assets	493	547
Intangible fixed assets:	4,393	5,355
Software	3,612	3,624
Other intangible fixed assets	780	1,731
Other assets:	4,917	5,104
Premiums receivable	0	0
Reinsurance accounts receivable	0	55
Other receivables	3,218	3,195
Accrued income	30	33
Income taxes receivable	–	71
Guarantee deposits	439	482
Suspense payments	1,227	1,266
Other assets	0	0
Deferred tax assets	130	1,603
Bad debt reserve	(3)	(2)
Total assets	¥62,933	¥62,674
(Liabilities)		
Policy liabilities:	44,176	42,704
Outstanding claims	23,734	22,692
Underwriting reserves	20,442	20,012
Other liabilities:	2,267	2,486
Reinsurance accounts payable	1	1
Income taxes payable	106	93
Unearned income	24	12
Other payables	1,931	2,175
Suspense receipts	5	4
Asset retirement obligations	198	198
Reserve for pension and retirement benefits	373	432
Accrued bonuses for employees	294	332
Reserve for stock payments	–	10
Reserves under the special laws:	94	100
Reserve for price fluctuation	94	100
Deferred tax liabilities	5	–
Total liabilities	47,212	46,066
(Net assets)		
Common stock	39,106	39,106
Capital surplus:	9,006	9,006
Additional paid-in capital	9,006	9,006
Retained earnings:	(32,284)	(31,390)
Other retained earnings:	(32,284)	(31,390)
Retained earnings brought forward	(32,284)	(31,390)
Total shareholders' equity	15,827	16,721
Net unrealized gains/(losses) on investments in securities	(106)	(113)
Total valuation and translation adjustments	(106)	(113)
Total net assets	15,720	16,607
Total liabilities and net assets	¥62,933	¥62,674

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary income:	¥35,941	¥36,072
Underwriting income:	35,893	36,027
Net premiums written	35,400	34,530
Investment income on deposit premiums from policyholders	22	25
Reversal of outstanding claims	–	1,041
Reversal of underwriting reserves	470	429
Investment income:	28	23
Interest and dividends income	50	49
Transfer of investment income on deposit premiums from policyholders	(22)	(25)
Other ordinary income	19	21
Ordinary expenses:	35,138	36,633
Underwriting expenses:	23,811	23,701
Net claims paid	19,997	20,544
Loss adjustment expenses	2,791	2,771
Commissions and collection expenses	355	385
Provision for outstanding claims	666	–
Investment expenses:	–	230
Other investment expenses	–	230
Operating expenses and general and administrative expenses	11,324	12,700
Other ordinary expenses:	2	1
Losses on bad debts	–	0
Other ordinary expenses	2	1
Ordinary profit/(loss)	802	(561)
Extraordinary income	–	–
Extraordinary losses:	7	7
Losses on sales of fixed assets	0	1
Provision for reserves under the special laws:	7	6
Provision for reserve for price fluctuation	7	6
Income before income/(loss) taxes	795	(569)
Income taxes – current	184	16
Income taxes – deferred	(209)	(1,479)
Total income taxes	(24)	(1,463)
Net income	¥820	¥894

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥17,001	¥17,853
Total net assets	15,827	16,721
Reserve for price fluctuation	94	100
Contingency reserve	0	0
Catastrophe reserve	1,185	1,143
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)	(106)	(113)
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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	5,199	5,060
General insurance risk (R_1)	4,616	4,485
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	0	0
Asset management risk (R_4)	994	964
Business administration risk (R_5)	177	172
Catastrophe risk (R_6)	300	300
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	653.9%	705.5 %

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

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Assets)		
Cash, deposits and savings:	¥107,417	¥416,761
Cash on hand	0	0
Deposits in banks	107,416	416,761
Investments in securities:	4,613,652	4,422,873
Government bonds	3,499,113	3,279,976
Municipal bonds	102,265	102,572
Corporate bonds	624,513	636,994
Domestic stocks	1,001	823
Foreign securities	315,227	341,199
Other securities	71,531	61,306
Loans:	58,990	60,780
Policy loans	58,990	60,780
Tangible fixed assets:	6,855	7,157
Buildings	346	304
Lease assets	5,377	5,728
Other tangible fixed assets	1,131	1,124
Intangible fixed assets:	28,968	25,388
Software	17,571	12,577
Other intangible fixed assets	11,396	12,811
Due from agencies	1,379	1,424
Reinsurance accounts receivable	1,274	1,221
Other assets:	54,370	42,344
Other receivables	31,159	29,678
Prepaid expenses	2,569	2,209
Accrued income	7,595	7,803
Guarantee deposits	332	328
Derivative financial instruments	24	1,079
Suspense payments	920	1,227
Other assets	11,768	18
Deferred tax assets	10,923	31,316
Bad debt reserve	(91)	(89)
Total assets	¥4,883,740	¥5,009,178

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Liabilities)		
Policy liabilities:	¥4,208,571	¥4,362,853
Outstanding claims	38,970	40,386
Underwriting reserves	4,158,746	4,311,933
Reserve for dividends to policyholders	10,854	10,532
Due to agencies	2,949	2,989
Reinsurance accounts payable	309	362
Other liabilities:	480,344	499,428
Payables under repurchase agreements	227,342	204,822
Payables under securities lending transactions	228,535	269,048
Income taxes payable	632	1,024
Other payables	6,190	681
Accrued expenses	7,147	6,229
Unearned income	0	0
Deposits received	113	112
Derivative financial instruments	8,789	1,331
Lease obligations	239	151
Asset retirement obligations	414	408
Suspense receipts	938	590
Other liabilities	–	15,027
Reserve for pension and retirement benefits	4,647	4,990
Reserve for retirement benefits for officers	5	3
Reserve for stock payments	–	63
Reserves under the special laws:	11,126	12,413
Reserve for price fluctuation	11,126	12,413
Total liabilities	4,707,955	4,883,105
(Net assets)		
Common stock	85,500	85,500
Capital surplus:	19,955	19,955
Additional paid-in capital	14,746	14,746
Other capital surplus	5,208	5,208
Retained earnings:	40,662	41,913
Legal earned reserve	3,630	5,924
Other retained earnings:	37,032	35,988
Reserve for specified business investments	49	49
Retained earnings brought forward	36,982	35,938
Total shareholders' equity	146,117	147,368
Net unrealized gains/(losses) on investments in securities	29,667	(21,295)
Total valuation and translation adjustments	29,667	(21,295)
Total net assets	175,784	126,073
Total liabilities and net assets	¥4,883,740	¥5,009,178

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

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary income:	¥563,333	¥565,339
Insurance premiums and others:	503,525	489,081
Insurance premiums	501,978	487,124
Reinsurance income	1,546	1,957
Investment income:	57,273	72,266
Interest and dividends income:	50,755	54,347
Interest on deposits	0	0
Interest and dividends on securities	48,830	52,246
Interest on loans	1,651	1,664
Other interest and dividends	273	436
Gains on sales of securities	6,514	17,899
Foreign exchange gains	3	16
Reversal of bad debts	–	2
Other ordinary income:	2,534	3,991
Receipts of annuities with special conditions	821	777
Receipts of deferred insurance claims	1,267	1,193
Other ordinary income	446	2,021
Ordinary expenses:	524,281	537,477
Insurance claims and others:	228,942	270,101
Insurance claims	47,050	50,975
Annuity payments	20,455	21,126
Benefits	34,974	51,584
Surrender benefits	121,193	141,190
Other refunds	3,551	3,442
Reinsurance premiums	1,716	1,782
Provision for underwriting reserves and others:	200,119	154,603
Provision for outstanding claims	5,401	1,416
Provision for underwriting reserves	194,717	153,186
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	1,912	17,483
Losses on sales of securities	1,232	12,461
Impairment losses on securities	–	205
Losses on derivative transactions	222	2,718
Provision for bad debts	3	–
Other investment expenses	454	2,098
Operating expenses	73,860	74,576
Other ordinary expenses:	19,447	20,712
Payments of deferred insurance claims	1,306	1,389
Taxes	7,563	7,630
Depreciation	10,130	10,166
Provision for reserve for pension and retirement benefits	413	342
Other ordinary expenses	32	1,182
Ordinary profit	39,051	27,861
Extraordinary income:	0	1
Gains on sales of fixed assets	0	1
Extraordinary losses:	1,294	1,330
Losses on sales of fixed assets	21	43
Provision for reserves under the special laws:	1,272	1,286
Provision for reserve for price fluctuation	1,272	1,286
Provision for reserve for dividends to policyholders	8,969	8,533
Income before income taxes	28,787	17,999
Income taxes – current	8,839	5,848
Income taxes – deferred	(1,124)	(574)
Total income taxes	7,715	5,273
Net income	¥21,072	¥12,725

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

	Yen in 100 millions			
	March 31, 2022		March 31, 2023	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	3,858	¥232,274	3,878	¥226,521
Individual annuities	159	6,203	153	5,977
Group insurance	–	96,180	–	98,467
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, 2022				Year ended March 31, 2023			
	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	228	¥16,860	¥16,860	–	209	¥14,534	¥14,534	–
Individual annuities	0	44	44	–	0	32	32	–
Group insurance	–	433	433	–	–	687	687	–
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, 2022	March 31, 2023
Individual insurance	¥4,057	¥4,035
Individual annuities	381	369
Total:	4,438	4,405
Medical coverage, living benefits, etc.	1,524	1,575

(2) New policies

	Yen in 100 millions	
	Year ended March 31, 2022	Year ended March 31, 2023
Individual insurance	¥267	¥270
Individual annuities	1	1
Total:	269	271
Medical coverage, living benefits, etc.	140	135

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, 2022	Year ended March 31, 2023	Change
Fundamental revenues:	¥556,869	¥547,420	¥(9,448)
Insurance premiums and others	503,525	489,081	(14,444)
Fundamental expenses	522,293	522,511	217
Fundamental profit	34,576	24,909	(9,666)
Capital gains/(losses)	5,008	3,122	(1,886)
Non-recurring gains/(losses)	(533)	(170)	362
Ordinary profit	39,051	27,861	(11,190)
Extraordinary income	0	1	0
Extraordinary losses	1,294	1,330	35
Provision for reserve for dividends to policyholders	8,969	8,533	(436)
Income taxes	7,715	5,273	(2,441)
Net income	21,072	12,725	(8,346)

Note: Since the year ended March 31, 2023, calculation of fundamental profit has been changed. As a result of the change of hedge costs on foreign exchange etc. included in capital gains/(losses), capital gains/(losses) increased by ¥589 million and fundamental profit decreased by the same amount for the year ended March 31, 2023. Also, the amounts for the year ended March 31, 2022 were restated accordingly. As a result of gains/(losses) on cancellations of investment trusts etc., capital gains/(losses) decreased by ¥56 million and fundamental profit increased by the same amount.

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥398,033	¥338,880
Total capital	134,643	141,791
Reserve for price fluctuation	11,126	12,413
Contingency reserve	40,305	40,478
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)	37,083	(29,576)
Net unrealized gains/(losses) on land × 85%	–	–
Excess of continued Zillmerized reserve (a)	165,324	161,884
Subordinated debts, etc. (b)	–	–
Amount excluded from the margin, out of (a) and (b)	–	–
Brought in capital	–	–
Deductions	–	–
Others	9,545	11,884
(B) Total amount of risks $\sqrt{(R_1+R_9)^2+(R_2+R_3+R_7)^2}+R_4$	69,105	69,474
Insurance risk (R ₁)	18,369	18,163
Insurance risk of third sector insurance contracts (R ₉)	17,845	18,227
Assumed interest rate risk (R ₂)	3,263	3,274
Minimum guarantee risk (R ₇)	–	–
Asset management risk (R ₃)	53,400	53,702
Business administration risk (R ₄)	1,857	1,867
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	1,151.9%	975.5 %

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

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Assets)		
Cash, deposits and savings:	¥764,012	¥764,633
Deposits in banks	764,012	764,633
Monetary claims bought	80,995	74,996
Money trusts	2,035,737	2,078,352
Investments in securities:	3,748,856	3,451,044
Government bonds	19,266	18,884
Municipal bonds	1,302	–
Corporate bonds	54,543	67,776
Foreign securities	1,789,095	1,801,060
Other securities	1,884,649	1,563,322
Loans:	288,656	261,512
Policy loans	291	237
General loans	288,365	261,275
Tangible fixed assets:	743	1,051
Buildings	274	236
Lease assets	413	728
Other tangible fixed assets	55	86
Intangible fixed assets:	12,553	11,570
Software	12,427	11,464
Lease assets	126	105
Reinsurance accounts receivable	2,482	29,533
Other assets:	39,109	37,419
Other receivables	19,046	14,627
Prepaid expenses	1,322	1,178
Accrued income	12,874	13,365
Guarantee deposits	1,507	5,824
Derivative financial instruments	4,051	1,106
Suspense payments	303	1,313
Other assets	4	4
Deferred tax assets	80,169	113,623
Bad debt reserve	(9)	(4)
Total assets	¥7,053,307	¥6,823,733
(Liabilities)		
Policy liabilities:	6,545,794	6,375,196
Outstanding claims	27,676	22,996
Underwriting reserves	6,518,118	6,352,199
Due to agencies	2,847	5,847
Reinsurance accounts payable	4,950	22,051
Other liabilities:	64,209	72,286
Income taxes payable	4,227	8
Other payables	159	366
Accrued expenses	4,984	5,459
Deposits received	49,113	63,330
Derivative financial instruments	3,845	383
Lease obligations	607	942
Asset retirement obligations	182	185
Suspense receipts	1,088	1,609
Reserve for stock payments	–	11
Reserves under the special laws:	194,031	198,184
Reserve for price fluctuation	194,031	198,184
Total liabilities	6,811,832	6,673,577
(Net assets)		
Common stock	41,060	41,060
Capital surplus:	24,735	24,735
Additional paid-in capital	24,735	24,735
Retained earnings:	182,927	180,820
Legal earned reserve	11,943	16,315
Other retained earnings:	170,983	164,505
Retained earnings brought forward	170,983	164,505
Total shareholders' equity	248,722	246,615
Net unrealized gains/(losses) on investments in securities	(782)	(73,053)
Net deferred gains/(losses) on hedges	(6,465)	(23,405)
Total valuation and translation adjustments	(7,248)	(96,459)
Total net assets	241,474	150,156
Total liabilities and net assets	¥7,053,307	¥6,823,733

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary income:	¥1,383,799	¥1,791,523
Insurance premiums and others:	925,619	1,349,832
Insurance premiums	812,496	1,220,420
Reinsurance income	113,123	129,411
Investment income:	453,952	266,420
Interest and dividends income:	65,569	77,123
Interest on deposits	6	115
Interest and dividends on securities	55,895	66,574
Interest on loans	9,497	10,317
Other interest and dividends	169	115
Investment gains on money trusts	156,494	162,891
Investment gains on trading securities	–	117
Gains on sales of securities	14,511	6,238
Gains on redemption of securities	1,666	466
Foreign exchange gains	157,247	19,474
Reversal of bad debts	–	5
Other investment income	223	103
Investment gains on separate accounts	58,239	–
Other ordinary income:	4,227	175,270
Receipts of annuities with special conditions	3,907	4,394
Reversal of outstanding claims	–	4,679
Reversal of underwriting reserves	–	165,919
Other ordinary income	319	277
Ordinary expenses:	1,296,009	1,760,502
Insurance claims and others:	1,174,560	1,641,421
Insurance claims	127,066	150,812
Annuity payments	84,900	86,647
Benefits	265,946	283,121
Surrender benefits	506,654	765,165
Other refunds	3,692	7,557
Reinsurance premiums	186,299	348,117
Provision for underwriting reserves and others:	63,762	–
Provision for outstanding claims	3,466	–
Provision for underwriting reserves	60,295	–
Investment expenses:	3,570	46,533
Interest expense	9	11
Investment losses on trading securities	30	–
Losses on sales of securities	3,447	13,568
Losses on redemption of securities	44	218
Provision for bad debts	9	–
Other investment expenses	28	33
Investment losses on separate accounts	–	32,700
Operating expenses	44,083	59,475
Other ordinary expenses:	10,033	13,072
Taxes	5,564	8,218
Depreciation	4,447	4,850
Other ordinary expenses	21	3
Ordinary profit	87,789	31,020
Extraordinary income:	–	–
Extraordinary losses:	14,031	4,153
Provision for reserves under the special laws:	14,031	4,153
Provision for reserve for price fluctuation	14,031	4,153
Income before income taxes	73,758	26,867
Income taxes – current	23,566	5,878
Income taxes – deferred	(2,819)	1,239
Total income taxes	20,747	7,117
Net income	¥53,011	¥19,749

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, 2022		March 31, 2023		
Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount	
Individual insurance	665	¥45,874	674	¥46,553
Individual annuities	353	22,161	372	22,768
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, 2022				Year ended March 31, 2023				
Number of policies (in thousands)	Amount			Number of policies (in thousands)	Amount			Net increase by conversion
		New policies	Net increase by conversion			New policies	Net increase by conversion	
Individual insurance	87	¥7,273	¥7,273	—	140	¥9,256	¥9,256	—
Individual annuities	13	923	923	—	52	3,542	3,542	—
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, 2022	March 31, 2023	
Individual insurance	¥4,284	¥4,632
Individual annuities	2,475	2,618
Total:	6,759	7,250
Medical coverage, living benefits, etc.	6	7

(2) New policies

Yen in 100 millions		
Year ended March 31, 2022	Year ended March 31, 2023	
Individual insurance	¥682	¥768
Individual annuities	160	468
Total:	842	1,236
Medical coverage, living benefits, etc.	2	1

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, 2022	Year ended March 31, 2023	Change
Fundamental revenues:	¥1,402,838	¥1,840,205	¥437,367
Insurance premiums and others	925,619	1,349,832	424,212
Fundamental expenses	1,348,807	1,766,964	418,157
Fundamental profit	54,030	73,240	19,209
Capital gains/(losses)	31,635	(34,529)	(66,165)
Non-recurring gains/(losses)	2,124	(7,689)	(9,813)
Ordinary profit	87,789	31,020	(56,769)
Extraordinary income	—	—	—
Extraordinary losses	14,031	4,153	(9,877)
Provision for reserve for dividends to policyholders	—	—	—
Income taxes	20,747	7,117	(13,629)
Net income	53,011	19,749	(33,262)

Note: Since the year ended March 31, 2023, calculation of fundamental profit has been changed. As a result of the change of hedge costs on foreign exchange etc. included in fundamental profit, fundamental profit decreased by ¥9,846 million and capital gains/(losses) increased by the same amount for the year ended March 31, 2023. Also, the amounts for the year ended March 31, 2022 were restated accordingly. As a result of the change of hedge costs on foreign exchange etc., fundamental profit decreased by ¥803 million and capital gains/(losses) increased by the same amount.

Non-Consolidated Solvency Margin Ratio








Yen in millions		
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥739,516	¥683,942
Total capital	226,865	238,985
Reserve for price fluctuation	194,031	198,184
Contingency reserve	79,070	86,766
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)	(5,170)	(122,474)
Net unrealized gains/(losses) on land x 85%	—	—
Excess of continued Zillmerized reserve (a)	188,425	221,476
Subordinated debts, etc. (b)	—	—
Amount excluded from the margin, out of (a) and (b)	—	—
Brought in capital	—	—
Deductions	—	—
Others	56,293	61,003
(B) Total amount of risks $\sqrt{(R_1+R_3)^2+(R_2+R_3+R_4)^2}+R_4$	135,086	152,103
Insurance risk (R ₁)	1,331	1,423
Insurance risk of third sector insurance contracts (R ₃)	3	3
Assumed interest rate risk (R ₂)	29,440	38,168
Minimum guarantee risk (R ₇)	1,366	1,016
Asset management risk (R ₃)	101,598	109,901
Business administration risk (R ₄)	2,674	3,010
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	1,094.8%	899.3 %

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.
MSI Aioi Life, MSA Life	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
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, 2023, the MS&AD Insurance Group was included in the following ESG-related indices.

Dow Jones Sustainability Indices (Asia Pacific) 	FTSE4Good Index Series 	FTSE Blossom Japan Index 
MSCI Japan ESG Select Leaders Index* 	MSCI Japan Empowering Women Index (WIN)* 	S&P/JPX Carbon Efficient Index 
ISS ESG Corporate Rating Prime 		

* 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.

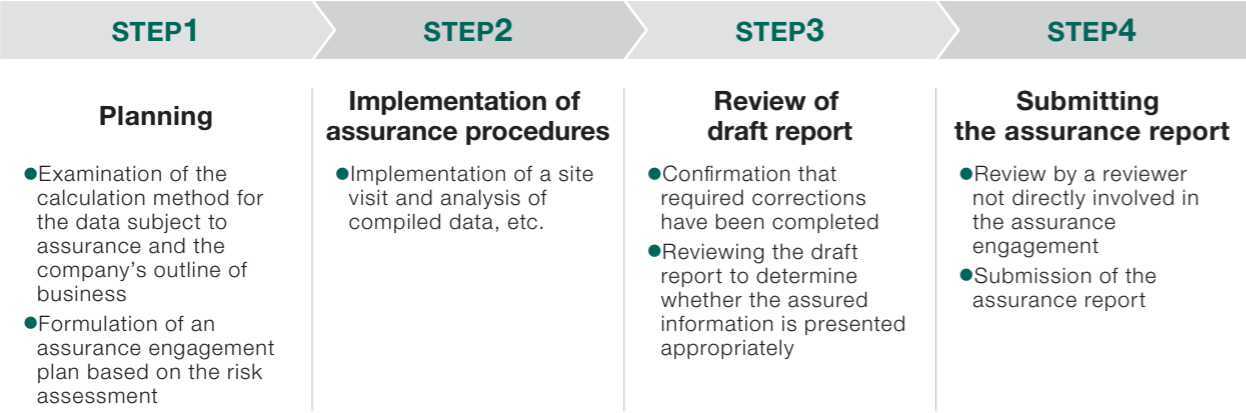
The UN Global Compact* 	United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance 	Principles for Responsible Investment 
CDP investor signatory 	Partnership for Carbon Accounting Financials (PCAF) 	30% Club Japan 
The Japan Business Initiative for Biodiversity (JBIB) 	Taskforce on Nature-related Financial Disclosures (TNFD)  We are a member of the TNFD Forum.	<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 2023, 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 18, 47, and 49)
- Total energy consumption (pages 17 and 47)
- Amount of waste discharged (final disposal) (page 18)
- Number and ratio of female managers (pages 29, 48, and 49)
- Number and ratio of global employees (page 48)

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 2023


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. We believe the issuance of the Integrated Report offers the opportunity for constructive dialogue with many stakeholders, including customers, shareholders, investors, and employees, regarding the Group's "value creation story."

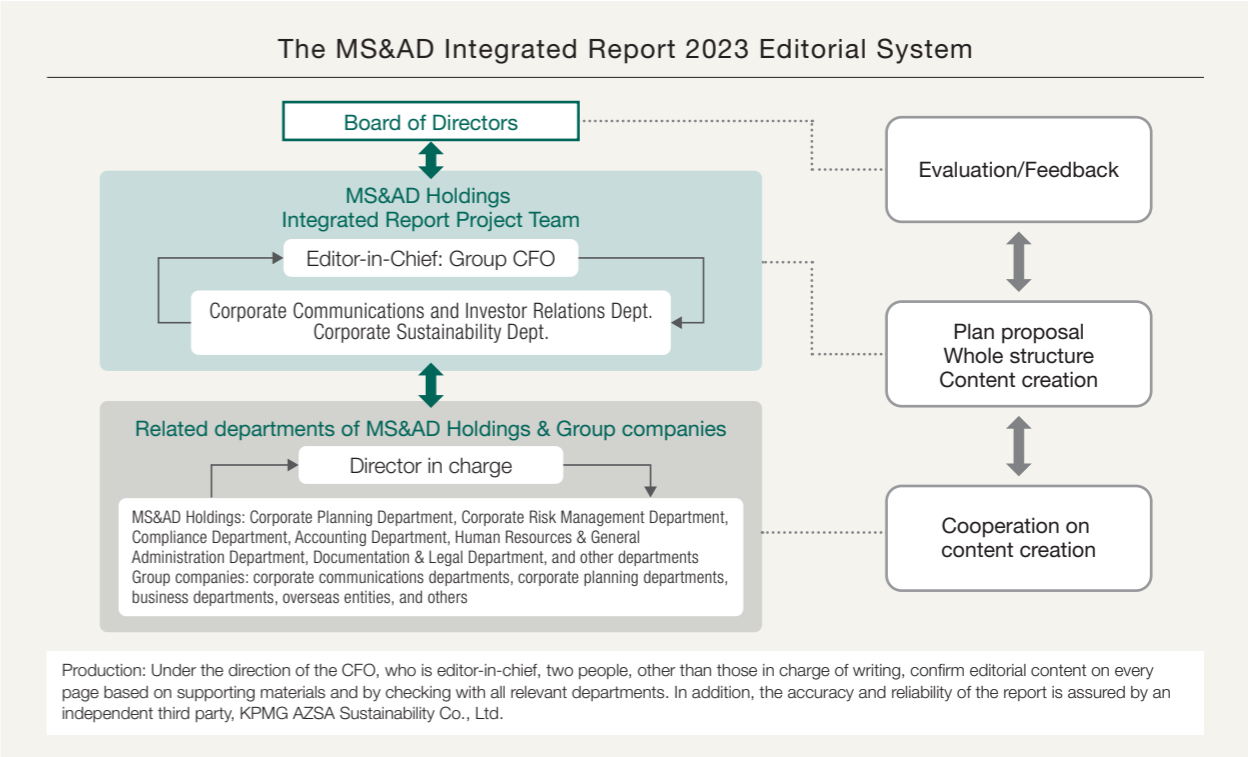
In the Medium-Term Management Plan "Vision 2021," launched in FY2018, the Group has developed management based on its CSV under its aspirations to be by 2030 "a corporate group supporting a resilient and sustainable society." Under the Medium-Term Management Plan (2022–25), launched in FY2022, we will accelerate efforts to translate the Group's deeply rooted high awareness of CSV and DX into getting results such as providing solutions and creating new businesses.

One of our aspirations in the "MS&AD Integrated Report 2023" is that "as a platform provider of risk solutions, we will grow together with society." We introduce this key message and its initiatives in our Special Feature. In addition to reviewing the composition of the value creation story and materiality, the three basic strategies (Value, Transformation, and Synergy) of the Medium-Term Management Plan (2022–25) and the sustainability and other fundamental initiatives that support these strategies are explained, focusing on a summary of the first year of the Plan.

With the goal of improving the objectivity and accuracy of the Integrated Report, we have engaged the services of a third-party assurance firm to independently verify the key nonfinancial data indicated since FY2017. For the results of the third-party verification included in the "MS&AD Integrated Report 2023," see page 189. Moreover, as a representative of the management team, the CEO has included a signed message at the beginning of the Report. As CFO, I am responsible for the editing process and, accordingly, reiterate 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.

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

August 2023

Tetsuji HIGUCHI
Representative Director, Executive Vice President, Group CFO



Contact Information

(Securities code: 8725)

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<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.