

MS & AD

INTEGRATED REPORT 2024



On the Issuance of the MS&AD Integrated Report 2024

Thank you for reading the MS&AD Integrated Report 2024.

In the last fiscal year, various problems occurred because of business practices in the non-life insurance industry, including price-fixing and fraudulent insurance claims by agents. In response to these problems, the MS&AD Insurance Group has returned to our “Mission,” “Vision,” and “Values” (“MVV”) and we are working to transform into companies committed to serving the “best interests of our customers.”

In the MS&AD Integrated Report 2024, we have emphasized the declarations of intent for medium- and long-term growth by Shinichiro Funabiki, the newly appointed CEO, and each CxO. We have also introduced employees who are working on “major reforms of business style transformation,” with the aim of enhancing our inherent value as an insurance company and becoming the insurance company of choice for customers.

We hope that this integrated report will help readers understand the Group’s commitment to sustainable growth and the enhancement of corporate value along with social progress.

Editorial Policy

The MS&AD Group publishes an Integrated Report to provide customers, shareholders, investors, and all other stakeholders with an understanding of our initiatives aimed at solving social issues and increasing corporate value throughout our business. In the 2024 edition, we have focused on the following two points.

(1) Dynamic communication of the direction of management

Through this Integrated Report, we aim to clearly communicate our management direction. We have focused on portraying the Group’s growth story beyond the time frame of the Medium-Term Management Plan, particularly in the message from CEO Shinichiro Funabiki and other CxO messages.

(2) Strengthening “Findability,” “Connectivity,” and “Reality”

While maintaining the comprehensiveness of the report with an awareness of statutory and regulatory disclosures, we have structured this report in a way that maintains its readability and accessibility, and making it easy for readers to find the necessary information. We are also conscious of the connection between the organization of information to convey “Connectivity (consistency of financial and nonfinancial information)” and strategies and measures to ensure they have “Reality (concreteness).”

To prepare this report, we refer to the “International Integrated Reporting Framework” recommended by the IFRS Foundation and the “Guidance for Collaborative Value Creation” provided by the Ministry of Economy, Trade and Industry, and explain our Group’s business model-based story of value creation and our creation of shared value with society (CSV initiatives) in an easy-to-understand manner.

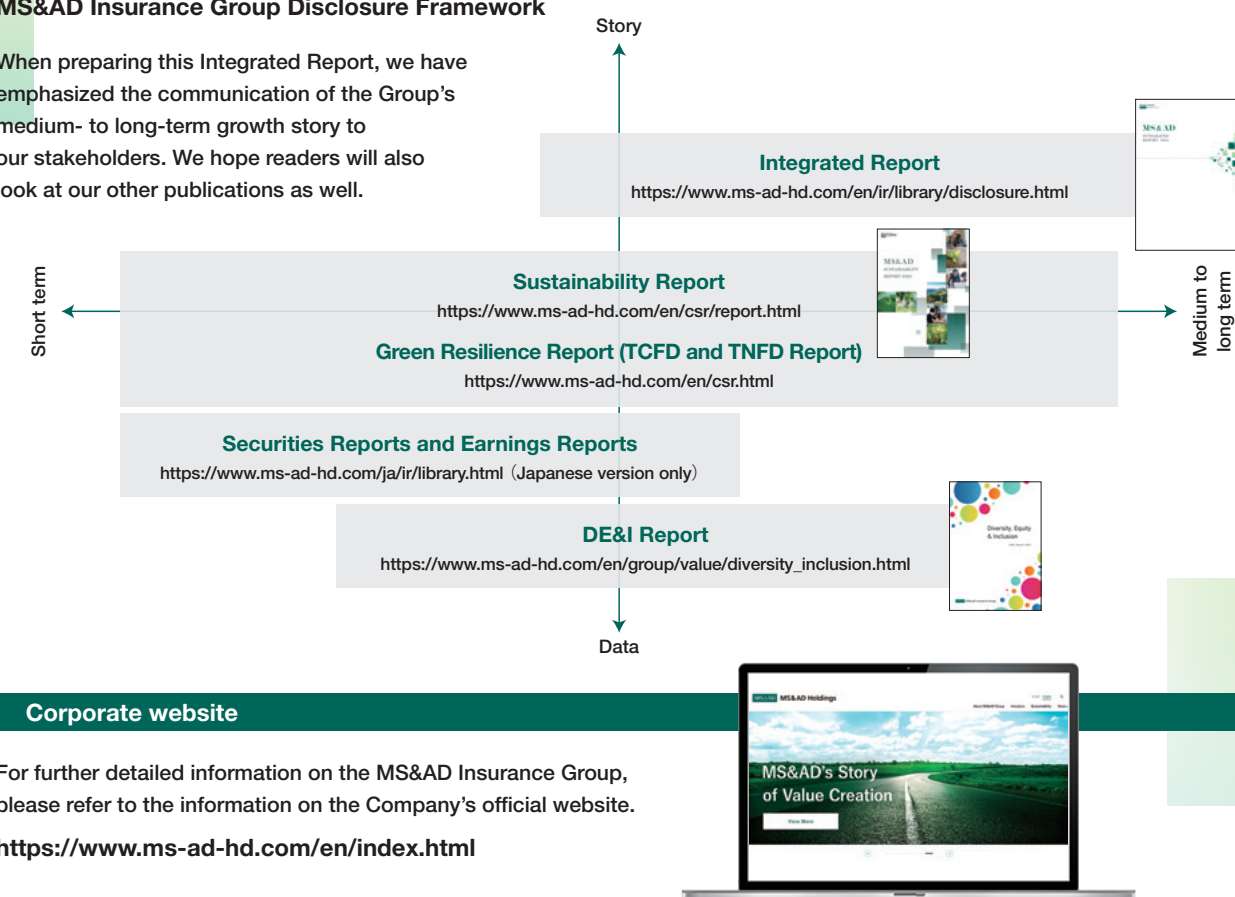
Explanation of cover

With the color “white” symbolizing a new start, the cover shows our determination to reform ourselves into a “company that pursues the best interests of customers.”



MS&AD Insurance Group Disclosure Framework

When preparing this Integrated Report, we have emphasized the communication of the Group’s medium- to long-term growth story to our stakeholders. We hope readers will also look at our other publications as well.



About MS&AD

WHO WE ARE

<https://www.ms-ad-hd.com/en/group/about.html>

- Our Purpose
- Company Information
- Our Strengths



WHAT WE DO

<https://www.ms-ad-hd.com/en/group/what.html>

- Our Businesses
- Management Plans and Policies
- MS&AD’s Story of Value Creation



OUR PLATFORM

<https://www.ms-ad-hd.com/en/group/value.html>

- Risk Management
- Corporate Governance
- Internal Control
- Disclosure and Information
- Human Resource Strategy



Investors

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



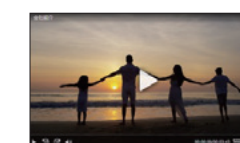
Sustainability

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



Corporate Video

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



MS&AD’s aspirations (video)

<https://www.ms-ad-hd.com/ja/ir/library/disclosure.html>



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When structuring this Integrated Report, we have referred to the “four pillars (governance, strategy, risk management, and metrics and targets)” of disclosure items recommended in the TCFD, IFRS Sustainability Disclosure Standards, etc.

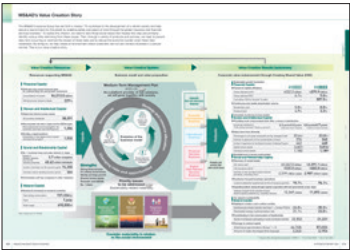
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019 CEO Message

We will achieve sustainable growth by resolutely implementing major reforms of business style based on the premise of “fair competition”

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Our Mission

Our Mission

The Group's Raison d'être

To contribute to the development of a vibrant society and help secure a sound future for the planet by enabling safety and peace of mind through the global insurance and financial services business

Our Vision

The Group's aspirations for the medium term

To create a world-leading insurance and financial services group that consistently pursues sustainable growth and enhances corporate value

Our Values

The credo for all employees aimed at realizing the Group's mission

CUSTOMER FOCUS

Striving to provide security and satisfaction to our customers

INTEGRITY

Being sincere, kind, and fair in our dealings with people

TEAMWORK

Growing together as a team by respecting one another's individuality and opinions and sharing knowledge and ideas

INNOVATION

Always improving the way we work while responding to stakeholders' interests

PROFESSIONALISM

Providing high-quality services by constantly enhancing our skills and proficiency

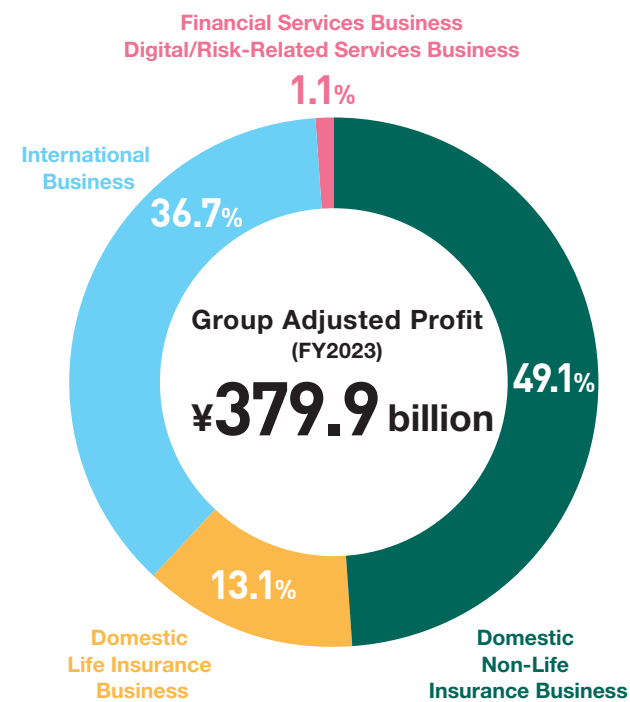
Contribute to the development of a vibrant society and help secure a sound future for the planet



At a Glance

The MS&AD Insurance Group is an insurance and financial group with two core companies, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. We operate non-life and life insurance businesses in Japan and overseas, offering various products and services to address the diverse risks of our customers. We aim to become a “world-leading insurance and financial services group” by leveraging the strengths of each Group company to meet the needs of our customers.

Five Business Domains Comprising the Group



Domestic Non-Life Insurance Business	MS&AD Mitsui Sumitomo Insurance
	MS&AD Aioi Nissay Dowa Insurance
	MS&AD Mitsui Direct General Insurance
Domestic Life Insurance Business	MS&AD Mitsui Sumitomo Aioi Life Insurance
	MS&AD Mitsui Sumitomo Primary Life Insurance
International Business	MSIG
	MS Reinsurance
	MS FirstCapital
	MS Transverse
Financial Services Business	MS&AD MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.
	MS&AD MS&AD VENTURES
	MSI GuaranteedWeather
Digital/Risk-Related Services Business	MS&AD MS&AD InterRisk Research & Consulting, Inc.

Numeric data representing the current status of the Group*

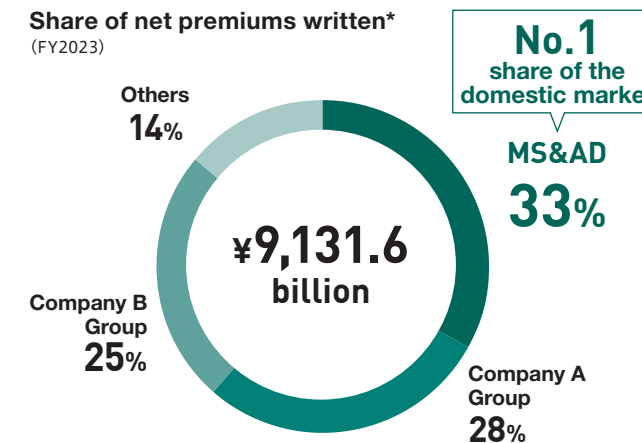
*Data as of the end of FY2023, except where noted

Financial base	Consolidated total assets	¥26,960.2 billion	Market capitalization	¥5,749.3 billion (as of June 30, 2024)
				*Source: Bloomberg
Profitability	Consolidated net premiums written	¥4,261.7 billion	Rate of growth in earnings per share (EPS)*	17%
	Group Adjusted Profit	¥379.9 billion	Group Adjusted ROE	9.0%
Soundness	ESR (Economic Solvency Ratio)*	229%	Consolidated solvency margin ratio	771.8%
		*An indicator of whether the company is adequately capitalized for risk		
Rating information*	Standard & Poor's	A+	Moody's	A1
	Rating and Investment Information, Inc. (R&I)	AA		
ESG evaluation	MSCI ESG Rating	AA		
	CDP	A-		
Growth foundation	Consolidated number of employees	38,391 persons	Ratio of global employees	24.9%
ESG evaluation	MSCI ESG Rating	AA		
	CDP	A-		
ESG evaluation	Selected for inclusion in the Dow Jones Sustainability Asia Pacific Index			

Position in domestic business and overseas expansion

Domestic Non-Life Insurance Business

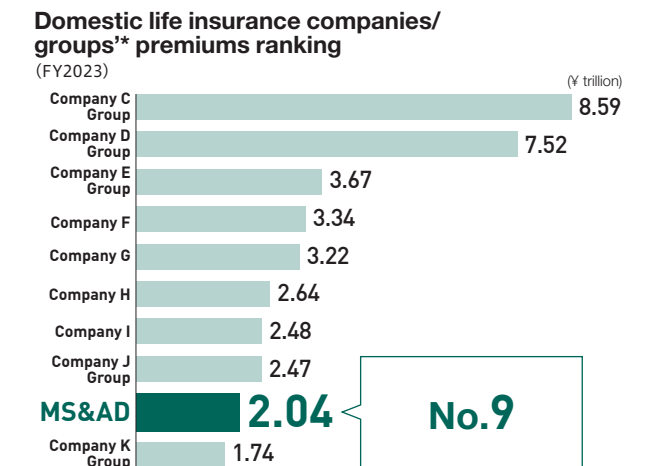
The non-life insurance group most chosen by customers in Japan



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 the simple sum of the non-consolidated figures for Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct General Insurance.

Domestic Life Insurance Business

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

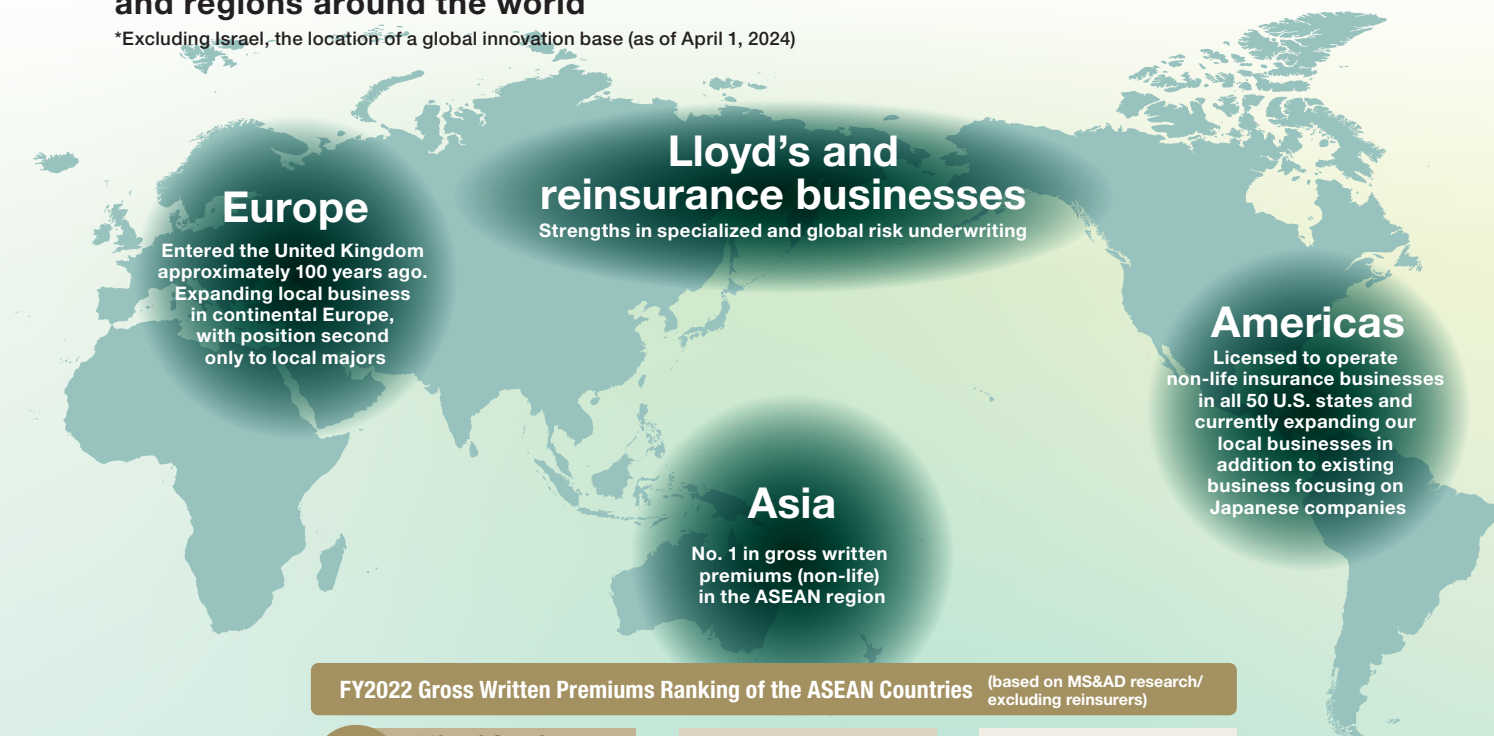


Source: Prepared by MS&AD based on publicly announced information from each insurance company

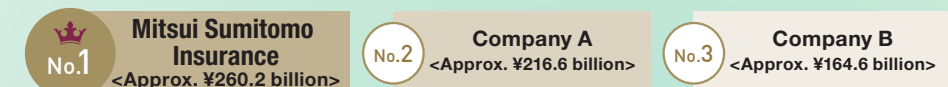
International Business

Overseas network in **48** countries* and regions around the world

*Excluding Israel, the location of a global innovation base (as of April 1, 2024)



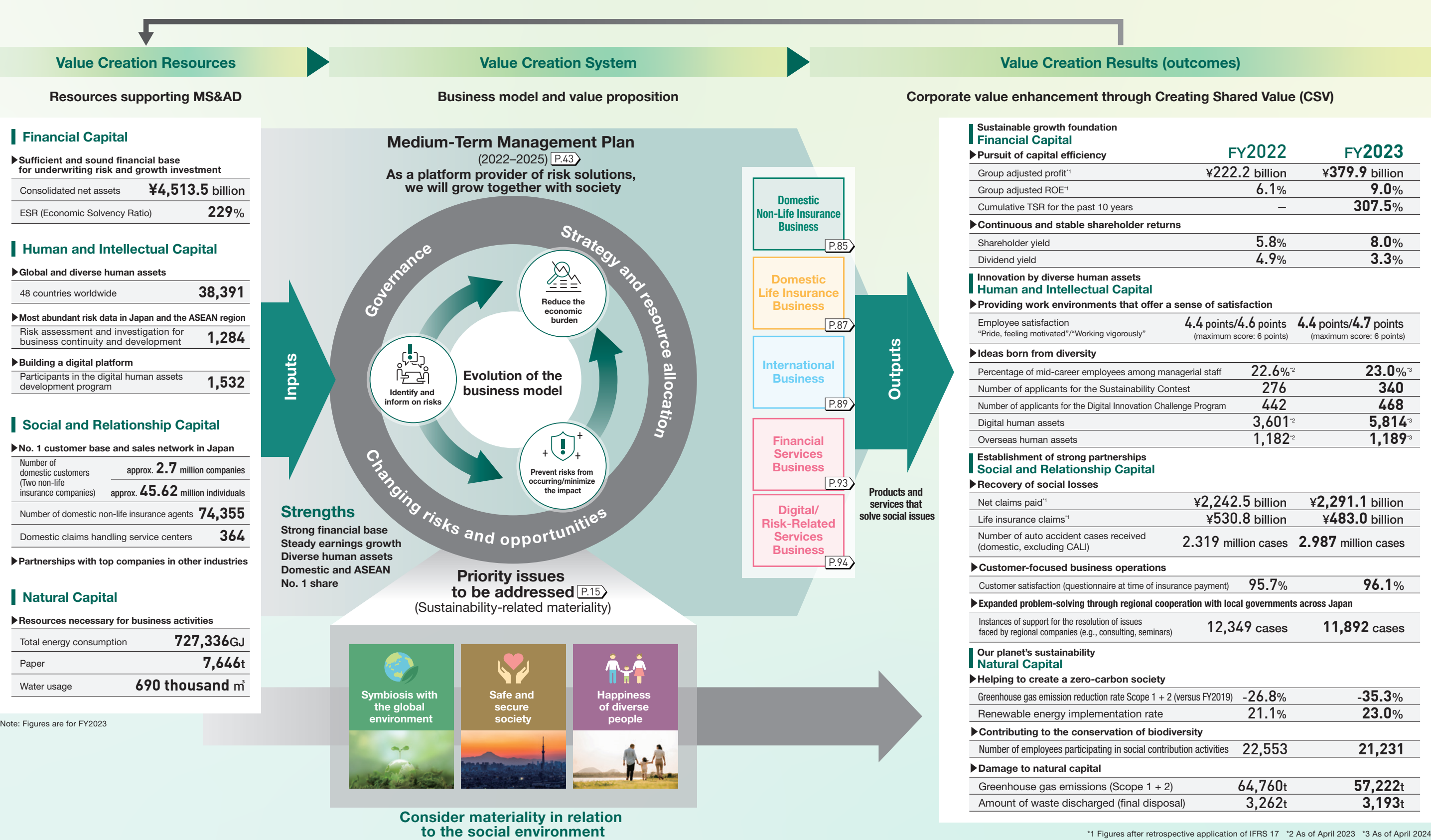
FY2022 Gross Written Premiums Ranking of the ASEAN Countries (based on MS&AD research/excluding reinsurers)



Figures in <> are GWP totals for the following countries: Singapore, Malaysia, Thailand, Indonesia, Philippines, and Vietnam

MS&AD's Value Creation Story

The MS&AD Insurance Group has set forth a mission “To contribute to the development of a vibrant society and help secure a sound future for the planet by enabling safety and peace of mind through the global insurance and financial services business”. To realize this mission, we need to face those social issues that impede this idea and promptly identify various risks stemming from these issues. Then, through a variety of products and services, we need to prevent risks from occurring or minimize the impact of those risks and to reduce the economic burden when those risks materialize. By doing so, we help create an environment where customers can live and conduct business in a secure manner. That is our value creation story.



The business model of the MS&AD Insurance Group is to provide solutions to social issues. We will further evolve from a conventional insurance business compensating for economic losses to become a “platform provider of risk solutions.” We will combine the Group’s diverse knowledge, experience, and technologies with advanced technologies such as AI, telematics, and digital data to help discover and prevent risks in advance, prepare to reduce damage, and recover quickly. In this way, we will provide safety and security to our customers, while at the same time contributing to the growth of the Group.

[Activities as a platform provider of risk solutions]

Business model of the MS&AD Insurance Group

Identify and inform on risks

The issues that society faces are becoming increasingly complex and diverse, such as global warming, the biodiversity crisis, the declining birth rate and aging population, and cyberattacks. In such a society, the Group’s professionals, who possess specialized knowledge and expertise, use a wealth of accumulated data and the latest analytical technology to quickly visualize previously undetected risks and support the “preparedness” of our customers.

Reduce the economic burden

We provide economic compensation after an accident, disaster, illness, or other incident occurs. Compensation not only supports the restoration of people’s livelihoods and business activity but also provides emotional support. While leveraging the strengths of each Group company, we provide products and services suited to increasingly diversified risks based on customer feedback and thus meet all the needs of our customers.

Prevent risks from occurring / minimize the impact

In addition to risk prevention and avoidance measures, we provide services to support customers’ recovery from the onset of risk. For example, we reduce the risk of accidents by analyzing vehicle driving characteristics and providing safe driving scores and advice. In the event of an accident, we also provide services to facilitate quick and accurate assessments of the situation. In addition, as a new form of value in the life insurance field, we provide services to prevent illnesses from becoming serious or their recurrence, as well as early detection and early treatment, and we are focusing on security and safety after incidents.

Advance prevention

Full compensation

Minimization of damage and rapid recovery

Major capital utilized

Human and Intellectual Capital
MS&AD InterRisk Research & Consulting

We conduct advanced research on risk management and provide various risk solutions, including using AI to evaluate and visualize the risk of traffic accidents and analyzing the risk of flooding due to climate change.

Data scientists and other digital human resources

The Group has digital human resources consisting of approximately 5,800 persons, of which 65* are skilled data scientists.

*As of April 1, 2024

Financial Capital
Sufficient financial base for underwriting risk

Our strong financial base enables us to take on a wide variety of risks. It also increases our ability to withstand economic fluctuations, unexpected large-scale disasters, etc., thereby ensuring long-term business stability.

Human and Intellectual Capital
Development of new insurance products

We are developing and offering new insurance products adapted to the digital age, such as safe driving assistance using telematics technology and variable annuity insurance that allows all procedures to be completed via a smartphone.

Human and Intellectual Capital
Provision of healthcare services

In the life insurance field, we offer “MSA Care,” a range of various healthcare services, including early detection of illness to prevent illnesses from becoming serious or their recurrence.

Social and Relationship Capital

Domestic claims handling service centers

We have a network of 364 claims handling service centers in Japan, and we work to minimize the impact of accidents when they occur.

Results of value co-creation with stakeholders and CSV initiatives

Customers
Provision of safety and peace of mind

Shareholders
Long-term improvement in corporate value

Agents
Mutual growth as a partner

Business Partners
Value creation throughout the supply chain

Employees
Human assets as a source of competitiveness

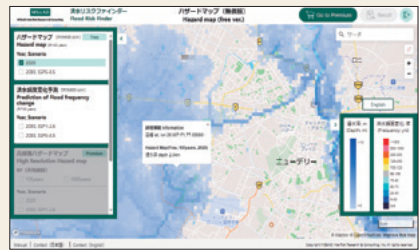
Local Communities/International Society
Cooperation and collaboration for solving issues

Environment
Improvement of our planet’s sustainability

Flood Risk Finder

MS&AD InterRisk Research & Consulting

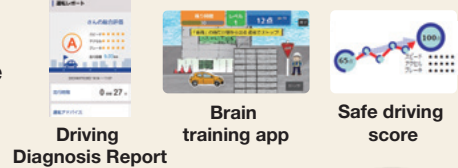
The increased frequency and severity of flooding in recent years has resulted in growing demand among companies to ascertain the impact of flood risk with an eye to the future. Our “Flood Risk Finder,” which we developed through industry-academia collaboration, enables quantitative impact assessments across the globe and assists in quantifying the physical risks of climate change.



Telematics auto insurance

Aioi Nissay Dowa Insurance

In addition to compensation in the event of an accident, “telematics auto insurance” provides services that help prevent accidents from occurring, such as premium rates according to safe driving scores and safe driving advice, based on driving data obtained using communication technology. It also contributes to the promotion of eco-driving by providing information on CO₂ emission reductions attributable to safe driving. As of June 2024, we had contracts for more than 1.85 million vehicles.



Specialist insurance for frozen ova

Mitsui Sumitomo Insurance

Demand for infertility treatment is increasing as more women are entering the workforce and marrying later in life. In this context, egg freezing is an effective option, but there is low awareness of it, the fees are high, and there is no compensation when frozen ova perish. Therefore, to ensure that more women have options and can use such services with peace of mind, we have developed an insurance policy specifically for frozen ova. This insurance compensates for accidental damage, thus contributing to the promotion of egg banks, the promotion of women’s participation in society, and the solution to the problem of declining birth rates.



Value Co-Creation with Stakeholders

In co-creation with diverse stakeholders, the MS&AD Group will drive sustainable growth and corporate value enhancement by addressing a wide range of social issues while promoting environmental and social sustainability.



Quality improvement and provision of products and services utilizing customer feedback

All employees implement the “Customer Focus” attitude expressed in the code of conduct (Our Values), listen to customer feedback broadly, and provide high-quality products and services to solve social issues and achieve the “security and satisfaction of our customers.”

Communication channel

- Customer surveys
- Annual report on the status of “Customer-Focused Management Policy” initiatives
- Contact center
- Official website
- Communication with agents and employees (e.g., inquiries, consultations, requests, complaints)
- Disaster prevention and reduction information is made available to the public, and alerts are notified via an app.

Examples of initiatives

We release social media posts related to the number of damaged buildings and disasters on cmap, a real-time damage forecasting website. We also made a hail and torrential rain alert service available via the app from 2024.



Value creation across the entire supply chain

We, together with our supply chain, meet the expectations of society with stronger compliance, respect for human rights, and consideration of the environment.

Communication channel

- Communication with outside vendors
- Periodic inspections of outside vendors
- Human rights risk management support, etc.

Examples of initiatives

We provided information on the MS&AD Insurance Group Basic Human Rights Policy to all vendors and encouraged them to prevent or mitigate any negative impact on human rights in their business activities. In addition, a common Group relief counter was established to redress human rights violations by employees of vendors.



Improvement of employees' satisfaction and motivation, which are a driver of the MS&AD Group's growth

We create a working environment where employees can work with a sense of feeling motivated and job satisfaction and provide opportunities for everyone to play an active role. We foster a corporate culture that respects a diverse sense of values, thereby generating innovation.

Communication channel

- Conducting an employee awareness survey
- Speak-up system for whistleblowing and consulting on breaches of laws, company rules, and inappropriate behavior
- Based on improvement proposals, each head office department submits the results of feedback to the departments

Examples of initiatives

We conducted awareness surveys of employees in Japan and overseas and implemented training for national staff to further disseminate and implement MS&AD's mission, vision, and values.



Our Group's sustainable growth and medium- to long-term improvement in shareholder value

We make highly transparent information disclosure, actively engage in constructive dialogue with shareholders, and reflect outcomes of these activities in managing our Group, thereby striving to create more value and improve corporate value.

Communication channel

- FY2023 dialogue results
- Strategy briefings for institutional investors and analysts: 2 sessions
 - Results briefing conference calls: 4 sessions
 - ESG briefings: 1 session
 - Thematic meetings: 1 session
 - Briefings for individual investors: 4 sessions
 - Japanese and overseas analyst/investor interviews: 223 sessions

Examples of initiatives

Held theme meetings for institutional investors and analysts in December 2023. Provided an opportunity for an exchange of views with the CEOs of two subsidiaries concerning the performance and strategy of the Lloyd's and reinsurance businesses, etc.



Mutual growth as business partners

By communicating smoothly, and thinking and acting together with our agents, we will provide high-quality services and optimal insurance products to customers and mutually pursue the growth of agents and our Group.

Communication channel

- Agent meetings
- Agent study sessions
- Provision of “CO₂ emission calculation service” for motor channel agents

Examples of initiatives

We enhanced the “MS1 Brain,” an AI-powered agent sales support system, and combined agent knowledge and AI-based data analysis to provide optimal proposals that meet the needs of each individual customer, including pre- and post-compensation solutions.



Solving social issues through collaboration with diverse partners

We work together with diverse partners such as cooperating with domestic and overseas industrial organizations and local governments and collaborating among industries, academia, and government, thereby protecting the Earth's environment and social sustainability and contributing to developing a vibrant society.

Communication channel

- Collaboration agreements with local governments
- Collaborative research with universities and other organizations on disaster prevention and mitigation and the local environment
- Dialogue with NPOs and NGOs
- Communication/exchanges with local communities
- Holding of seminars/symposiums

Examples of initiatives

In collaboration with universities, local NPOs, and municipal governments, the MS&AD Green Earth Project has launched initiatives for disaster prevention and reduction, decarbonization, and regional co-creation through conservation and restoration of the natural environment in the Kuma River basin (Kumamoto Prefecture), Minamisanriku Town (Miyagi Prefecture), and the Inba marshlands (Chiba Prefecture).



Improving the sustainability of the Earth

To live in harmony with the global environment, we consider sustainability in all of our business activities and are working to address climate change and improve the sustainability of natural capital.

Communication channel

- Dialogue with experts and NPOs/NGOs
- Collaborative research with universities on climate change and natural capital
- Participation in initiatives and international conferences
- Employee participation in environmental and social contribution activities
- Holding of seminars/symposiums

Examples of initiatives

We held a launch event attended by the Taskforce on Nature-related Financial Disclosures' (TNFD) Co-Chair David Craig, Executive Director Tony Goldner, and other key TNFD members as convener of the TNFD Japan Council, following the release of the TNFD Disclosure Framework in September 2023.



Materiality Analysis

Step 1

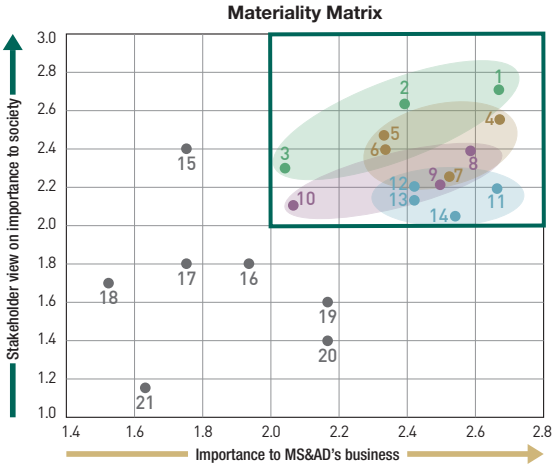
Twenty-one social issues to be resolved were selected from among the social issues listed in national and international government reports, ISO 26000, GRI Standard, SASB, and other guidelines

1	Acceleration of global warming	8	Aging population and declining birthrate	15	Price instability
2	Damage to natural capital (ecosystem degradation and crisis)	9	Human rights violations and exclusion of diversity	16	Hunger and food crises
3	Environmental pollution and noncircular economy	10	Increasing poverty and inequality	17	Debt crises
4	Emergence of new risks	11	Customer responsibility	18	Frequent and spreading regional conflicts and terrorism
5	Spread of infections	12	Compliance	19	Disillusionment among young people
6	Large-scale earthquakes	13	Corporate governance	20	Commodity shock
7	Decline of local industry	14	Human resources	21	Immigration problems

Step 2

Evaluate the selected social issues using the materiality matrix

The materiality matrix is analyzed from two perspectives: the impact of us on society (importance to stakeholders) and the impact of society on us (importance to us).



Step 3

Identify social issues (materiality) of high importance to stakeholders and the Company, and establish three priority sustainability issues from among these issues

Symbiosis with the global environment
Planetary Health

Safe and secure society
Resilience

Happiness of diverse people
Well-being



Foundation to support our basic strategy

Quality
P.54

Human Resources
P.67

ERM
P.57


[Three Key Sustainability Issues]

		Social issues		Risks and opportunities			Time axis		Examples of major measures and initiatives		◎ Response to risks ★ Response to opportunities		KPI		FY2023 Results	
							Short Medium Long									
<div></div> <div>Symbiosis with the global environment</div> <div>Planetary Health</div>	1	Acceleration of global warming	Risk	Reduction of earnings due to the inability to achieve a rapid transition to a net zero society				●	●	◎★ Promotion of information disclosure and strategy in line with the TCFD recommendations ◎ Implementation of business activities with sustainability in mind ◎ Introduction of renewable energy ◎ Diversification of the business portfolio ◎ Possession control of natural disasters in the United States	Greenhouse gas emission reduction rate Scope 1 + 2 (versus FY2019) Greenhouse gas emission reduction rate Scope 3 (versus FY2019) Renewable energy consumption rate Premium growth rate for products that contribute to the decarbonization of society and a circular economy	[2030] -50% [2050] Net zero [2030] -50%* [2050] Net zero [2030] 60% [2050] 100% FY2025 Annual average 18%	<div>P.80</div>			
				Loss of reputation due to insufficient information disclosure and delayed response to climate change			●	●								
				Deterioration of income and expenditure due to intensification of natural catastrophes, etc., and an increase in capital costs due to increased profit volatility			●	●	●							
	Opportunity	Provision of products and services that contribute to reducing greenhouse gas emissions			●	●		★ Provision of products and services to support companies in decarbonization and disclosing climate-related information ● Provision of greenhouse gas emission calculation and visualization services ★ Provision of products and services for natural disaster preparedness ● Weather derivatives ● Related services to assess the impact of climate change								
		Provision of products and services that support corporate decarbonization and climate-related information disclosure			●	●										
		Provision of products and services that prepare for natural disasters			●	●										
2	Damage to natural capital (ecosystem degradation and crisis)	Risk	Deterioration of earnings due to business partners' stagnation of economic activities caused by the depletion of natural resources					●	◎ Promotion of initiatives on the themes of preservation of the natural environment and reduction of environmental impact (also corresponding to ①) ● MS&AD Green Earth Project ◎ Efforts for preservation of biodiversity in Asia and Japan ◎★ Efforts to develop and disseminate the TNFD disclosure framework							
			Decline in earnings caused by the deterioration in business performance of business partners due to tighter regulations on the circular economy, etc.				●	●								
3	Environmental pollution and noncircular economy	Opportunity	Increased need for risk assessment of natural capital and preservation of biodiversity and its sustainable use			●	●		★ Provision of products and services that support natural capital, preservation of biodiversity, and sustainable use ★ Provision of products and services that contribute to the circular economy ★ Launching of a financial alliance to promote nature positivity							
			Business opportunities to address the decline in earnings due to an inability to capture the transition to a circular economy				●									
<div></div> <div>Safe and secure society</div> <div>Resilience</div>	4	Emergence of new risks	Risk	Impact of an increase in large-scale cyberattacks on the Group			●	●		◎ Building an information security management system	Growth rate of the number of subscriptions for products that contribute to improving social resilience	FY2025 Annual average 20%	<div>P.80</div>			
				Emergence of new risks due to the spread of IoT and in the post-digital era			●	●								
			Opportunity	Creation of new markets due to the emergence of new risks such as cyberattacks			●	●						★ Provision of products and services for new risks manifested by changes in society ● Products and services that address cyber risks ● Voluntary automobile insurance and accident reduction services using telematics technology		
				Building of new business models through Creating Shared Value and digital transformation (CSV×DX) and social digitalization			●	●								
	5	Spread of infections	Risk	Impact of a new pandemic on operations			●	●	●	★Infectious disease control and provision of products and services to healthcare providers						
				Business opportunities related to infectious disease control and healthcare providers			●	●								
	6	Large-scale earthquakes	Risk	Increase in disaster risks due to the increased probability of huge earthquakes, particularly those concentrated in urban areas			●	●	●	◎ Ensuring effectiveness through periodic review of risk management manuals and business continuity plans (also corresponding to ⑤) ★ Provision of products and services to prepare for massive earthquakes ★ Provision of services that meet the needs of companies for BCP measures						
				Increased need for earthquake countermeasures			●	●								
	7	Decline of local industry	Risk	Declining regional vitality due to depopulation, lack of access to mobility and financial services, and aging social infrastructure			●	●		★ Provision of insurance and services in response to local revitalization and regional issues (also corresponding to ③) ● Seminars to help local companies solve problems				Instances of support for the resolution of issues faced by regional companies	FY2025 10,000 cases	
				Increased demand for regional and customer resilience, including expansion of regional economic cycles and support for next-generation mobility services such as CASE and MaaS			●	●								

* Scope 3 target categories 1, 3, 5, 6, 7, and 13 Indirect emissions from the Group's business activities other than Scope 2. Category 1 is purchased products and services (covered: paper and mailing), Category 3 is fuel- and energy-related activities other than Scope 1 and 2, Category 5 is waste generated in operations, Category 6 is business travel, Category 7 is employee commuting, and Category 13 is downstream leased assets.

We have set an interim GHG emission reduction rate target of 37% by FY2030 compared with FY2019 for our major domestic clients (approximately 3,300 companies), selected based on premiums, in relation to our underwriters and investees (financed emissions).


[Three Key Sustainability Issues]

Social issues		Risks and opportunities		Time axis			Examples of major measures and initiatives	◎ Response to risks ★ Response to opportunities		KPI		FY2023 Results
				Short	Medium	Long						
<div> Happiness of diverse people Well-being</div>	8 Aging population and declining birthrate	Risk	Decrease in earnings caused by a decline in the total population (labor force) and medium- to long-term contraction of the domestic market due to the ongoing depopulation of local areas			◎ Prediction of risk development due to market changes through monitoring	Number of policies in force for asset-building products to support longevity	FY2025 100,000 cases	<div>P.80</div>			
			Crisis of sustainability in social security systems and financial systems									
			Loss of earnings due to inability to address needs in an aging society									
		Opportunity	Increased interest in local revitalization initiatives that can revive local economies and solve labor shortages			★ Provision of products and services in line with the needs of an aging society ● Products for pensions, nursing care, dementia, etc. ● Financial gerontology training ★ Provision of products and services that help solve health-related social issues ● Health management support insurance and services ● Breast, uterine, and colorectal cancer seminars	Number of policies in force for products that help solve health-related social issues	FY2025 2.6 million cases				
			Increased need for security systems in cooperation with local governments									
			Services related to nursing care and dementia, increasing the need for asset formation and asset inheritance measures in the super-aged society									
	9 Human rights violations and exclusion of diversity	Risk	Decrease in reputation due to actual or possible human rights violations			◎ Provision of human rights training to employees and agents ◎ Speak-up system (internal reporting system) and establishment of a consultation service ◎ Implementation of business activities with sustainability in mind	Number of companies supporting human rights-related measures	FY2025 1,000 cases				
			Increased awareness of respect for human rights and the increased need for corporate responses									
	10 Increasing poverty and inequality	Risk	Widening and entrenchment of the gap between the rich and poor due to the escalation of inter-state conflicts, etc., and destabilization of the economic environment from an increase in refugees			◎★ Activities and active disclosure of information related to social contribution and collaborative value						
			Grasping of new markets through financial inclusion							★ Provision of microinsurance		

[Impact of CSV Initiatives]

We promote our CSV initiatives based on risks and opportunities in accordance with the three priority issues we have set, thus creating a positive impact in terms of both increasing corporate value and solving social issues. Through the Group's products and services, we will solve social issues and support a resilient and sustainable society.

Note: Figures are estimates for FY2023



Symbiosis with the global environment
Planetary Health

Quantitative assessment service on the climate change impact of the TCFD recommendations

13,111 bases

(Cumulative number of bases to which we provided quantitative assessment services for physical risks from climate change impacts*)

Work with Jupiter, a climate analysis company, to provide quantitative risk assessments of climate change impacts


*Cumulative total from FY2020

Real-time damage forecasting website/app cmap

4.04 million accesses

(Number of page views per year on a site that forecasts and publishes the number of buildings affected by typhoons, heavy rains, and earthquakes in real time)

It is open to the public free of charge as a disaster prevention and reduction measure against natural disasters.



Safe and secure society
Resilience

Products to cover cyber risks

21,148 companies

(Number of corporations and organizations protected from cyber risks)


Support cybersecurity countermeasures and provide coverage to hedge damage resulting from the unlikely event of a cyberattack

Telematics-based safety driving support services

2.39 million cases

(The number of contracts for insurance policies for Mimamoru Car Insurance and Tsunagaru Car Insurance)

We offer automobile insurance that utilizes telematics-based safety driving support services.



Happiness of diverse people
Well-being

Tontine pension plans

50,000 cases

(Number of tontine annuity contracts)

A foreign currency-denominated individual pension insurance that meets the usage needs of customers who receive a greater amount of pension the longer they live

Support for companies that address human rights issues

1,047 cases

(Number of human rights-related consultations, training, seminars, etc., conducted for companies, etc.)

We support companies in their efforts to address human rights issues and develop insurance proposals related to corporate welfare and health management.

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INTEGRATED REPORT 2024 018

Introduction

Governance

Strategy and risk management

Metrics and targets (performance)

Data section



Shinichiro Funabiki

Representative Director
President & Group CEO

We will achieve sustainable growth

by resolutely implementing major reforms of business style based on the premise of “fair competition”

On assuming the position of CEO

My name is Shinichiro Funabiki, and I was appointed Representative Director, President & CEO of MS&AD Holdings in June 2024.

The major role expected of me is to achieve sustainable growth and enhance corporate value by utilizing the Group's financial, human, and intellectual capital to the maximum possible extent, on the basic precondition of fair competition, in response to various problems resulting from business practices in the non-life insurance industry, including premium adjustment and improper insurance claims that have occurred in Japan.

Our market capitalization was ¥5.7 trillion as of the end of July 2024. We aim to achieve a market capitalization of ¥10 trillion and return on equity (ROE) in the mid-10% range as soon as possible, as part of our endeavor to catch up with and surpass competitors in Europe and America.

The insurance industry is now at a major crossroads. In Japan, the traditional market is expected to shrink owing to factors such as a declining population, the falling birth rate, and an aging population, and a decrease in traffic accidents caused by the spread of advanced safety devices. Globally, we must also respond to unprecedented circumstances, including climate change, the increasing severity and frequency of natural disasters, the social impact of the rapid evolution of AI, and threats in cyberspace.

To this end, I will make full use of my own strength, the ability to overcome obstacles, to resolutely implement reforms without being constrained by the conventional framework of the insurance business.

Strengthening the holding company's functions and improving the independence and objectivity of the Board of Directors

Our highest priority is the development of a system that supports our medium- to long-term growth strategy.

The Group includes five domestic insurance companies, which each have individual characteristics. Since the business integration in 2010, we have continued to grow by utilizing the strengths of each of these companies to the maximum possible extent as the pillar of our management strategy. As a result, in the domestic non-life insurance business,

Return on equity (ROE)

An indicator of how much profit a company makes in relation to the funds invested by shareholders.

we are the top company in Japan in terms of sales, and we have strong business foundations supported by one of the largest customer and agent networks in Japan.

In addition, to complement our domestic non-life insurance business and build a balanced business portfolio, we have expanded the scope of our business in five business domains, including the international business, domestic life insurance business, financial services business, and digital/risk-related services business.

To further pursue the Group's comprehensive strengths, we will strengthen functions related to the management strategy of the Group as a whole, centered on the holding company, and allocate the necessary capital to growth areas in a timely manner.

From the perspective of corporate governance, to strengthen the supervisory function of the holding company's Board of Directors in response to the demands of the times, we intend to improve its independence and objectivity, while also making prompt management decisions and engaging in bold risk-taking through in-depth discussions with Outside Directors.

Execute growth strategies that utilize proceeds from the sale of strategic equity holdings

Strategic equity holdings will serve as the source of funds for the implementation of medium- and long-term growth strategies. As of March 31, 2024, the Group's strategic equity holdings had a fair value of approximately ¥3.6 trillion, and we aim to reduce this amount to "zero" by the end of March 2030. We will allocate the funds obtained from the sale of strategic equity holdings to new business investments, next-generation system/DX-related investments, and asset management.

The main targets for business investment will be the United States, the largest market for non-life insurance, and Asia, where the Group has strengths.

In the Lloyd's and reinsurance businesses, which were the core businesses of Amlin (U.K.), which we acquired in 2016, we have faced various hardships, including an increase in large-scale natural disasters, the spread of COVID-19, and the war in Russia and Ukraine, but we have steadily increased profitability through disciplined underwriting and appropriate risk control, and as a result, this business has become a driver of growth in the international business. While building on these foundations, we aim to diversify sources of profit and distribute risks by expanding our business foundations in the United States and Asia.

In the digital/risk-related services business, we feel there is significant potential that goes beyond the concept of the insurance business, such as the creation of business opportunities through the development and sale of new solutions before and after compensation and protection, the provision of products and services that will help solve social issues, and the strengthening of our earnings foundations based on revisions to business processes.

In our Medium-Term Management Plan (2022–2025), we have positioned MS&AD InterRisk Research & Consulting as the core of the digital digital/risk-related services business, and we are promoting the development and sales of solutions that utilize digital data. In the past, we have introduced services that contribute to enhancing the value of our offerings, such as the "MS&AD Cyber Risk Finder," which diagnoses and assesses vulnerability risks across the entire supply chain, to counter the threat of cyberattacks.

Our "Business Innovation Challenge Program," in which all Group employees are invited to submit business ideas, has also led to a succession of new business initiatives. Our "Dashcam Road Manager"

service for local governments, in which a dashcam installed in the customer's vehicle automatically detects road damage, thus supporting road maintenance and management operations, is a typical example of this approach.

We will consider proactive capital allocation on the expectation that business development based on social issues, environmental changes, and customer needs will not only increase earnings but also contribute to improved profitability through the provision of accident prevention and recovery services, as well as synergies with existing businesses.

"Major reforms of business style"

To firmly establish business operations that are based on the major precondition of fair competition, we will promote major reforms of business style, particularly in the domestic non-life insurance business.

We will engage in a thorough review of excessive core business support and secondment to customers and agents, which have become competitive disincentives, and we will restructure our relationships with agents, which are our business partners.

In addition to the original function of insurance, we will strengthen our solutions for before and after compensation and protection, enabling us to provide the most valuable products and services to our customers and society, and demonstrate our competitiveness and growth in the changing business environment in Japan.

Data, digital technologies, and AI will support stronger solutions for both before and after compensation and protection. At the same time, by digitizing all insurance-related procedures, we will promote bold reforms that will enhance customer satisfaction and convenience, as well as the productivity of the Company and our agents. In addition, we will pursue ease of use for products and convenience for procedures from the customer's perspective and optimize the structure of our IT systems accordingly, thereby changing our earnings structure.

The reduction of our business expense ratio is also a pressing issue. Under our Medium-Term Management Plan, we will take steps to enhance operational efficiency and improve quality through our "One Platform Strategy," whereby we will promote standardization, collaboration, and integration centered on the middle- and back-office divisions of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. To remain the company of choice for customers in the domestic market, we feel that we are at a point where we must evaluate our options, including a review of our structure of having two core insurance companies.

We believe that the utilization of AI is key to improving operational efficiency. We have already created an environment where approximately 30,000 employees can safely use generative AI, and many examples of improved operational efficiency have emerged. In the Group, we plan to increase our digital human resources to 7,000 by 2025, and we expect these human assets to lead our digitalization efforts, along with approximately 100 data scientists. We also intend to incorporate outside knowledge as necessary to improve the effectiveness of operations that utilize AI.

Price competition might occur in the right competitive environment. If price competition occurs, profitability will undoubtedly decline. To sustainably continue providing products and services under such circumstances, more ingenuity is required, for example, in setting the scope of coverage and calculating optimal premiums. How do we evaluate and select the risks in the world? We have deepened our underwriting knowledge and enhanced our risk management capabilities through our Lloyd's and reinsurance businesses. Now is the time for us to maximize the abundant underwriting expertise that we have accumulated.



Toward diverse human assets

It is “people” who will implement reforms. The Group has approximately 40,000 employees in Japan and overseas. An important role of management is to create an environment where employees are highly motivated and can work with trust in the Company.

Our business domains are increasingly expanding, both in Japan and overseas. Having each site share our Mission, Vision, and Values as shared values and executing growth strategies across the Group will contribute to our competitiveness in the global insurance market. 2024 marks the 100th anniversary of the establishment of our first overseas office in the United Kingdom. With sites in 48 countries and regions, the Group operates businesses with roots in local communities, and we thus believe this gives us a competitive advantage.

My motto has always been “Be sincere.” This is connected to “integrity,” which is one of the Group’s values, and it is the guiding principle that I consider most important. I think of “integrity” as a concept like the ethical principle of “what people are supposed to do.”

There are many athletes among the Group’s employees, and they actively participate in world-class competitions and have achieved results. Listening to them speak, I feel that top athletes always act with integrity and never forget to express gratitude to

those around them. That is why they are able to practice with all their heart and do their best in games and competitions. This is true in business as well. We are grateful to our stakeholders. We provide better products and services, and in the event of an emergency, we will support our customers through prompt insurance claim payments. I hope that employees will be able to act without being conscious of this and instead take it for granted.

We will also consider introducing a new personnel system, replacing the seniority-based system, to ensure that every employee can grow further. We will allow employees to choose their own posts and duties at their own will. All employees of the Group will thus fully exercise their individuality and abilities as they actively participate. I hope to create such a company in the near future.

Management that is conscious of the cost of capital and the stock price

In recent years, we have made progress in curbing profit and capital volatility through efforts to improve profitability in the domestic non-life insurance business, improvements in profit levels through disciplined underwriting in the Lloyd’s and reinsurance businesses, reductions in strategic equity holdings, and stronger controls on catastrophe risk. As a result, the Company’s stock price has risen, with the price-to-book ratio (PBR) finally exceeding 1x in the second half of FY2023, and remaining at the 1.2x level as of the end of July 2024. A P/B ratio of 1x is only a passing point, and we aim to further raise the level of our P/B ratio.

To achieve this, we must enhance both profitability and growth, and we will strongly promote improvements to capital efficiency, while also raising our underwriting capabilities and operational efficiency.

We have continued to face difficult conditions concerning insurance underwriting income in the domestic non-life insurance business over the past few years, owing to factors such as the deteriorating profitability of voluntary automobile insurance as a result of the recovery of traffic volume in the post-COVID-19 era and inflation, and the fact that it is taking time to improve the profitability of fire insurance, partly because of the increase in windstorms and hailstorms.

To achieve ROE in the mid-10% range in such an environment, we must, of



Celebrated the 100th anniversary of our expansion into the United Kingdom in the financial district known as the City

Price-to-book ratio (PBR)

An indicator that measures the level of a company’s stock price based on its assets and financial condition.

course, accelerate the reduction of our business expense ratio through such measures as operational efficiency improvements and reviews of the roles of the two core non-life insurance companies amid major reforms of business style, and at the same time, we must take urgent measures to improve profitability, including implementing premium rate increases after carefully explaining to customers that they are truly necessary.

When executing business investments, we will assess the investment from multiple perspectives, focusing on whether it will contribute to improving the return on risk (ROR) of the Group as a whole, as well as factors such as whether it will help diversify our portfolio and generate synergies with existing businesses, and whether it will provide capabilities that will help accelerate the Group’s growth.

We will also further strengthen profitability improvements in existing businesses. In the first stage of the current Medium-Term Management Plan, we have been reviewing and reconfiguring our portfolio after resolutely deciding to withdraw from the nursing care business in Japan, as well as retail insurance in Brazil, telematics insurance in the United Kingdom, insurtech in the United States, and other businesses overseas. In business management, we will use ROI, which measures return on investment, as a monitoring indicator as we take steps to shift capital from less profitable businesses to more profitable ones.

Furthermore, in terms of shareholder returns, we will realize returns commensurate with steady profit growth in line with our basic policy of stably returning 50% of Group adjusted profit, including gains from the sale of strategic equity holdings. In addition, we will emphasize predictable returns by limiting volatility in profits and capital.

To shareholders and investors

Since 2021, when I became president of Mitsui Sumitomo Insurance, I have devoted significant time to listening to the views of our stakeholders. We held so-called town hall meetings with employees in 68 departments and branches in Japan and overseas in FY2023 alone. We have promptly utilized the various opinions we have received in product and service development, system development, and human resource policies. For example, we achieved results such as jobs that contribute to society and facilitate reskilling thanks to learning things from employee input.

As CEO, I would like to have as many opportunities as possible to directly engage in dialogue with shareholders and investors. We will take your comments and suggestions seriously as we endeavor to increase shareholder value. We also hope to increase the number of investors who become new shareholders by carefully communicating the Group’s growth story to the stock market.

As the head of the Group, I will exercise leadership, so please look forward to the future growth of the Group.



Return on Risk (ROR)

An indicator that shows how much profit (return) is secured in relation to the amount of risk.

Renewing our aspirations

Even if we achieve the targets that we have set for major reforms of business style, it will not mean the end of our reforms. This is because insurance is a business that should change in line with people's mindset and the state of society.

The scroll in the photo was written by my calligraphy teacher. It says “nisshin-no-kokorozashi,” which means “a positive attitude of trying to make progress with renewed aspirations day by day.” I want to always look at things from new angles and create a world supported by a new sense of values.



Green resilience—the emergence of businesses that utilize nature's bounty

Taskforce on Nature-related Financial Disclosure (TNFD)

This entity provides a framework for companies to understand their relationship to nature and to appropriately disclose information.

Green Earth Project

A cross-group project focused on the themes of preservation and restoration of the natural environment, reduction of environmental impact, disaster prevention and reduction, and regional development.

The Group has identified “Symbiosis with the global environment (Planetary Health)” as one of our key issues among the social issues of high importance to stakeholders, and we are focusing on the two aspects of “addressing climate change (carbon neutrality)” and “improving the sustainability of natural capital (nature positivity).”

Specifically, we actively develop and provide products and services that contribute to the decarbonization of society and the transition to a circular economy, including the “Flood Risk Finder,” a SaaS-type platform that facilitates global flood risk assessments, and the provision of nature-related information disclosure services in line with the TNFD. We are also committed to management that considers our impact on the global environment. These efforts will not only mitigate risks related to climate change and natural capital and positively affect sustainable growth but also be viewed as a positive factor in the stock market. This is because natural capital is one of the components in the value creation mechanism of a company, alongside financial and human capital.

In recent years, global attention has been drawn to efforts related to “Nature-Based Solutions,” where social issues are solved by utilizing the functions of nature, such as disaster prevention and mitigation utilizing nature, carbon capture and storage using forests and seaweed beds, and the promotion of primary industries that add value through consideration for nature, such as organic farming. We call such efforts “green resilience,” and we have been among the first to incorporate this concept into our business activities.

A typical activity is our “Green Earth Project.” At three locations in Japan, we are working with governments, research institutions, and NPOs on activities to preserve and restore wetlands, rural mountain villages, seaweed beds, and other landscapes, one of which is the Kuma River basin in Kumamoto Prefecture. Here, we aim to preserve biodiversity and restore disaster prevention and reduction functions through wetland restoration. I visited the site in June 2024 and experienced rice planting and bamboo cutting with the participants.

The progression of global warming and the erosion of natural capital are significantly impacting primary industries such as agriculture, fisheries, and forestry. When you visit regional areas, you can clearly see what is happening in Japan, what industries are undergoing change, and what the local people are

struggling with. As the number of workers decreases, forests and farmlands fall into ruin and biodiversity deteriorates. The more primary industry workers are in an area, the more damage is done.

To solve the critical issues facing regional areas, we must work with local people to understand their aspirations and draw a road map. When entering local communities, it is essential that there is a receiving local government or NPO and that we build a network of industry, government, and academia.

We feel that as the Group has become part of local communities, winds from the outside are blowing and collaboration among various local stakeholders is accelerating. There are issues that cannot be solved by our activities alone, but we intend to act as a catalyst in expanding the circle of cooperation between stakeholders in each region.



[Response to administrative action and efforts to prevent recurrence]

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance received business improvement orders from the Financial Services Agency of Japan under the Insurance Business Act for premium adjustment activities in the corporate insurance field, and in February 2024, they formulated improvement plans to prevent such a situation from occurring again.

Currently, the two operating companies and the holding company are taking the following actions to ensure that business operations are conducted in a customer-focused manner, through the steady implementation of measures to prevent recurrence.

We will regularly report the progress of measures to prevent recurrence and the status of improvements to the Financial Services Agency and appropriately disclose information.

The Group as a whole will continue working to ensure thorough compliance, including compliance with the Antimonopoly Act, and to further strengthen governance.

■ Key points of the business improvement plan

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

We will return to our “Mission,” “Vision,” and “Values” (“MVV”) and reform ourselves into a company that pursues the “best interests of customers”

Create an appropriate competitive environment

- **Correction of competitive factors**
 - Further reduction of strategic equity holdings
 - Review of the standards for core business support and secondment
- **Optimization of co-insurance operations**
 - Review of approach to co-insurance and corporate agents

Establish an appropriate sales promotion system

- **Review of evaluation criteria**
 - Review of evaluation criteria for sales departments
 - Ensure proper management of individual evaluations
- **Stronger framework for corporate sales departments**
 - Establish new support organizations

Establish an appropriate underwriting management framework

- **Dramatically strengthen profitability management**
 - Enhance underwriting operations
 - Premium rate management based on risk
 - Review of evaluation indicators for sales departments
 - Verify the appropriateness of insurance premiums, etc., offered to corporate customers

Establish an appropriate legal compliance system

- **Improve the effectiveness of three-line management**
- **Strengthen second-line legal and conduct risk detection capabilities**
- **Strengthen the third-line suggestion function**

Foster a healthy corporate culture

- **Share messages from top management and ensure the penetration of the MVV**
- **Review of the personnel system and personnel evaluation system**
- **Stimulate internal communication**

Fundamentally strengthen the governance framework

- **Further fulfillment of the functions of the Board of Directors**
- **Strengthening of audits by Audit & Supervisory Board Members**

Progress report on the business improvement plan

Report to the Financial Services Agency on the status of progress and improvements every three months until the implementation of the business improvement plan is completed

MS&AD Holdings

Establish a framework for appropriate management administration of all Group companies and strengthen governance

Strengthen the functions of management committees

- Establishment of the “Group Risk Response Conference”
- Strengthening the cooperation of Audit & Supervisory Board Members within the Group
- Strengthening our framework to ensure that important management matters of operating companies are reported to the holding company in a timely and appropriate manner
- Participation in management committees of operating companies by dedicated officers of the holding company

Strengthen second-line and third-line functions

- The second line (administrative departments) detects signs of risk, ascertains the actual status of first-line compliance, etc.
- The third line (internal audit departments) strengthens the monitoring of operating companies, establishes frameworks to make recommendations to management, etc.

Supervision and guidance on the steady implementation of business improvement plans by Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance



Tetsuji Higuchi
Representative Director
Executive Vice President, Group CFO

Seizing the opportunity of a major turning point, we are taking on the challenge of a capital management policy to achieve dramatic growth

Execute growth investments to increase earning power

I was appointed Group CFO in 2020. Since then, I have consistently considered and practiced ways of striking a balance among investment for growth, shareholder returns satisfactory to shareholders, and the maintenance of financial soundness to enhance corporate value and meet shareholders' expectations. Although the business environment surrounding the Company has undergone significant change during this period, I believe that the market has generally valued us positively, for example, our stock-related valuation indicators have remained well above the market average.

Currently, as a response to industry problems that occurred in 2023, including within the Group, we have decided to reduce our strategic equity holdings to zero, and over the next six years, we expect to generate funds (gains on sales) amounting to several trillion yen.

As CFO, I have faced capital policy challenges of a scale never before seen in the Company's history, focused on how to translate these funds into increased corporate and shareholder value.

We have already presented our major policies (see next page and beyond). We will allocate the funds generated from the sale of strategic equity holdings toward growth investments and other initiatives, aiming to enhance our earning power across each business domain. In particular, in our international business, we

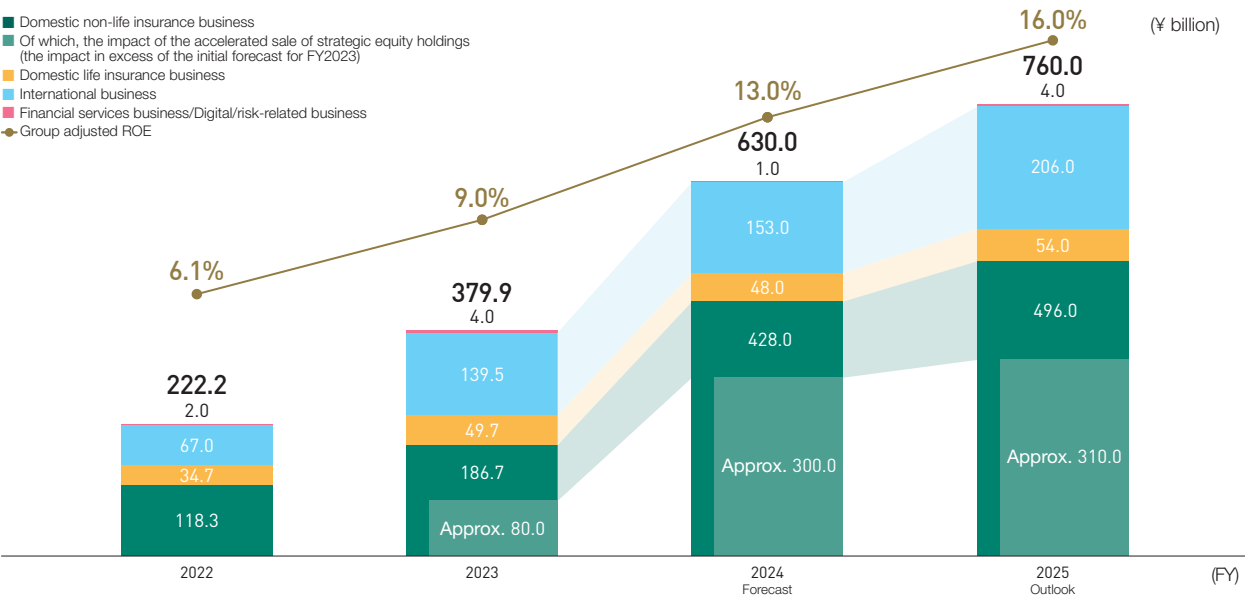
will embark on expanding our business in the United States, the world's largest insurance market. In high-growth-potential Asia, we will leverage our existing advantages with digital transformation (DX) to pursue further growth. We believe it is crucial to significantly enhance our profitability by making disciplined yet bold investments, including M&A, while carefully assessing appropriate valuation levels. Regarding shareholder returns, we will not only adhere to our previously promised return policies but also aim to maintain attractive return levels over the long term.

As CFO, I feel an immense amount of pressure. However, at the same time, I also believe this is an excellent opportunity to achieve discontinuous and exponential growth, not merely an extension of past growth. For instance, while our current market capitalization is approximately ¥6 trillion, I aim to elevate it to a level comparable with our global peers in the not-so-distant future. With this expectation and sense of mission, I will tackle these significant challenges.

Group adjusted profit, FY2023 results, and outlook

Consolidated net premiums written (non-life) for FY2023 increased 8.4% year on year to ¥4,261.7 billion, thanks to growth in revenues in both domestic non-life insurance and overseas subsidiaries. Group adjusted profit increased 71.0% year on year to ¥379.9 billion, the highest profit since the founding of the MS&AD Group, as a result of factors such as record-high profits from our international business.

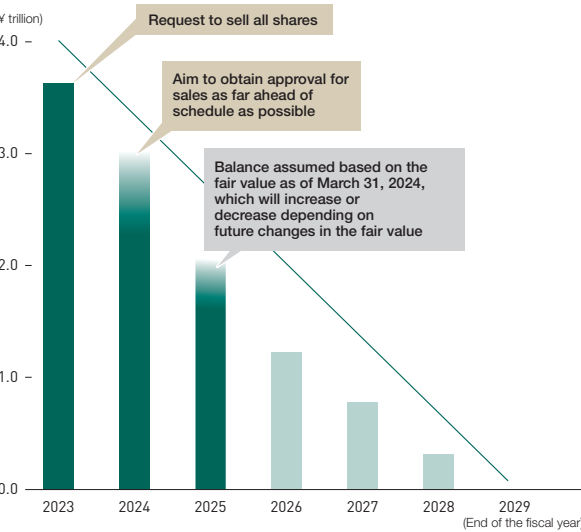
We expect Group adjusted profit for the second stage of the Medium-Term Management Plan to be ¥630 billion in FY2024 and ¥760 billion in FY2025, thanks to the impact of accelerated sales of strategic equity holdings, as well as the recovery of profitability in the domestic non-life insurance business, and the further expansion of the international business.



Reduction of strategic equity holdings and growth investment

We have committed to reduce the balance of strategic equity holdings to zero by the end of FY2029. We believe that the most important issue for our financial and capital strategy for the time being is how we can promote the sale of strategic equity holdings as far in advance of the schedule as possible, rather than evenly over a six-year period, and smoothly allocate the funds generated from these sales to

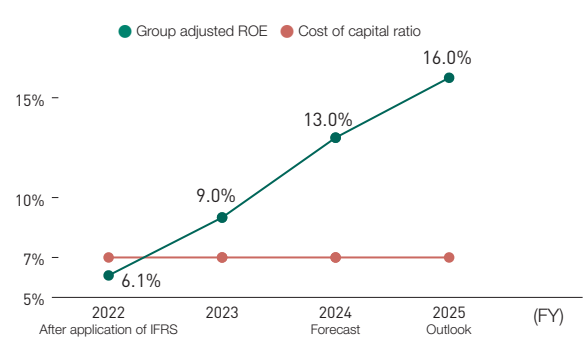
investments for growth.
Our main targets for growth investments include business investments to accelerate the growth of the international business, DX investments to improve productivity and create innovation, and investments in domestic listed stocks and other high-return assets as pure investments under the jurisdiction of the asset management department.



Efforts to increase the equity spread

To sustainably increase corporate and shareholder value, we have maintained a target of achieving a stable Group adjusted ROE of 10% or more, and we have made progress to the point where we can achieve this goal from FY2024 onward.

At the same time, we believe that we will be able to control the volatility of profits and net assets, and reduce the cost of equity ratio, by accelerating the sale of strategic equity holdings, which has been the Group's biggest risk factor, by continuing to appropriately control catastrophe risk in Japan and overseas, and other measures.



ROE improvement

- Revision and reconfiguration of the business portfolio
- Profitability improvements in existing businesses
- Maintenance of appropriate capital levels

Reduction in the cost of capital

- Reduction in volatility of profits and net assets
- Proactive disclosure and dialogue with the markets

Natural catastrophe risk

[Domestic natural disasters]

- Continue the reinsurance policy that emphasizes the stability of periodic profit and loss
- Maintain resilience to large-scale domestic natural disasters by continuing aggregate annual coverage for the two companies
- Appropriately control the level of exposure to wind and flood risk
- Strengthen the response to secondary perils such as hailstorms

[Overseas natural disasters]

- Continue to control the amount of catastrophe risk
- Cautiously handle the catastrophe risk associated with the expansion of underwriting of high-quality general lines based on the risk/return outlook

(Reference) Reduction in U.S. wind and flood disaster risk over the past five years (10-year recurrence period)*

(US\$ million)

Fiscal Year	MS Amlin(AUL/MS Re combined)	ADI Head Office reinsurance
2019	120	80
2023	80	40

*For MS Amlin, the net risk of North American wind and flood disaster (recurrence period: 10-year PML) after the renewal on July 1 of each fiscal year. For ADI Head Office reinsurance, the net risk of U.S. wind and flood disaster (recurrence period: 10 years) as of the end of March of each fiscal year.

Attractive shareholder returns

We conducted a stock split on April 1, 2024, but the Shareholder Return Policy in the Medium-Term Management Plan remains unchanged. Our basic policy is to return 50% of Group adjusted profit to shareholders, and we will conduct returns through dividends and share

buybacks. In addition, the Company will monitor ESR levels and flexibly implement additional returns as needed. We will return profits from the accelerated sale of strategic equity holdings through special dividends and share buybacks.

Shareholder return method

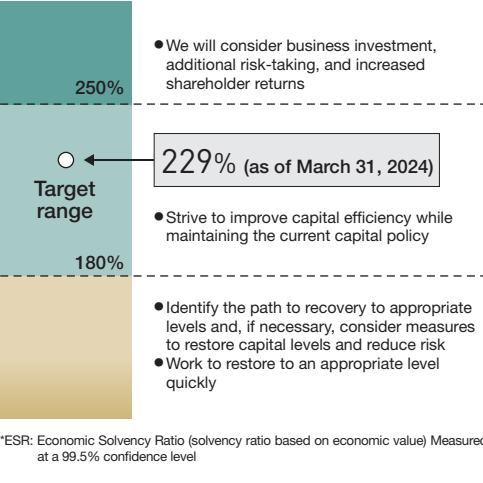
Basic returns	
Total amount of returns	50% of Group adjusted profit
Dividends	(Breakdown) Ordinary dividends: <ul style="list-style-type: none">Conducted in relation to profit excluding the impact of the accelerated sale of strategic equity holdingsThe ordinary dividend will not be less than the actual amount paid in the previous year Special dividends: <ul style="list-style-type: none">Conducted in relation to profit associated with the impact of the accelerated sale of strategic equity holdings, for the period when strategic equity holdings are sold (up to six years)
	Share buybacks <ul style="list-style-type: none">Conducted for the total amount of returns minus dividends

Additional returns

Guidelines for consideration of additional returns

- When the ESR is consistently above the upper limit of the target range
- To maintain stable returns in the event of a decline in profits due to large-scale natural disasters, etc.
- When efficient growth investment is not foreseen
- When capital efficiency improvements, etc., are deemed necessary

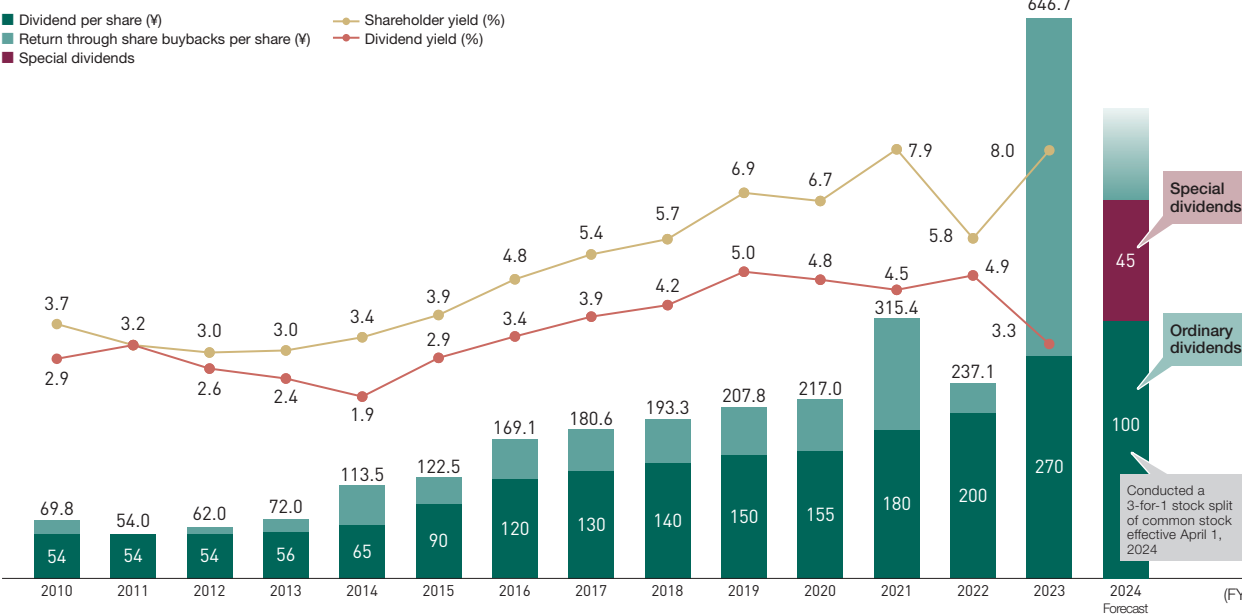
Status of ESR*



We have set the shareholder return for FY2023 at ¥270 (¥90 after the 3-for-1 stock split), an increase of ¥70 from the previous fiscal year. In addition, the Company decided to repurchase up to ¥200 billion of its own shares, including

¥150 billion as a capital level adjustment. After the 3-for-1 stock split, the Company expects to pay an annual dividend of ¥145 per share for FY2024 and will endeavor to continue to provide attractive shareholder returns.

Total return per share, total shareholder yield, and dividend yield



Enhancing Capital Efficiency and Achieving Sustainable Profit Growth

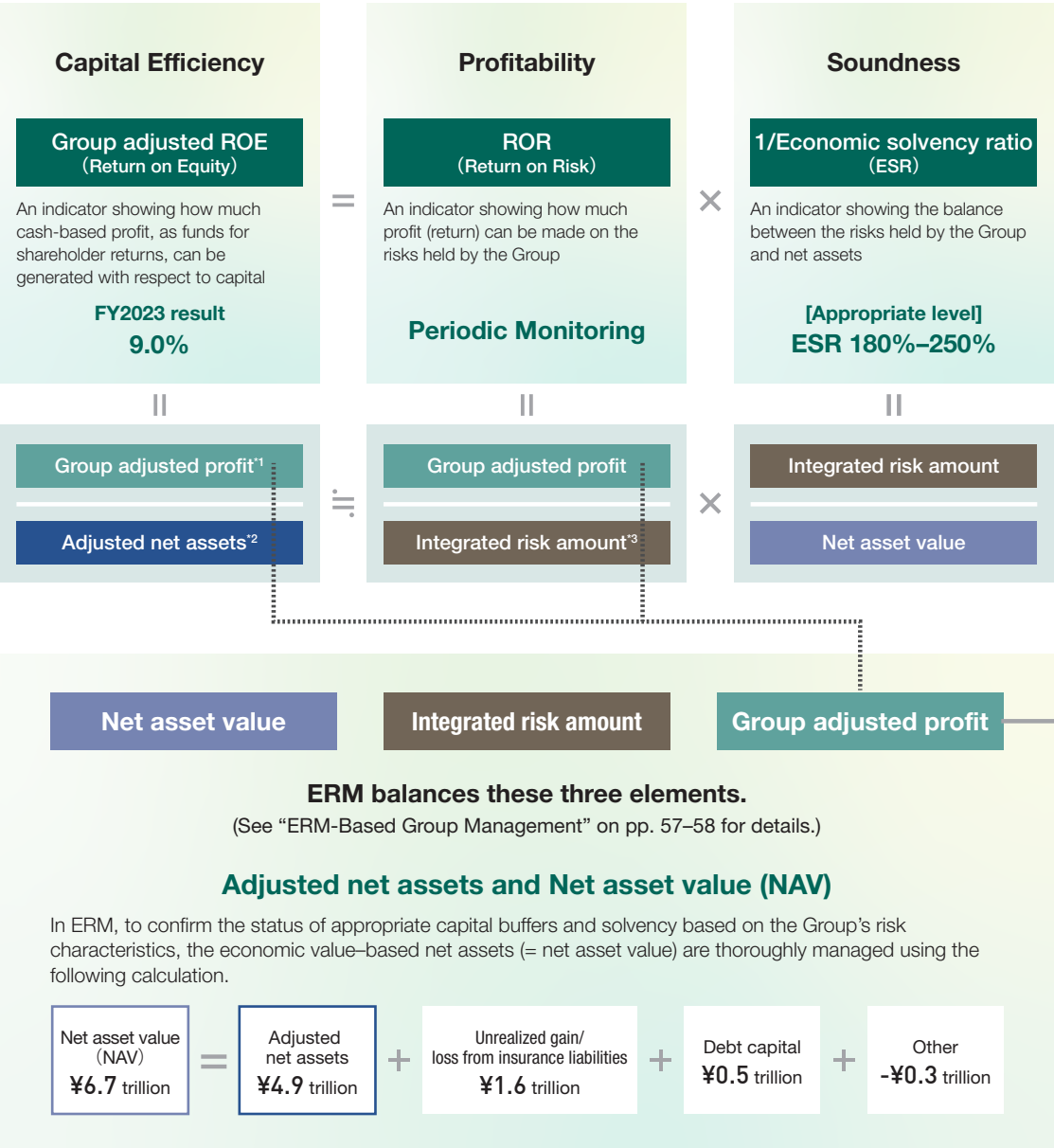
Group Adjusted ROE

The MS&AD Insurance Group regards Group Adjusted ROE as the most important indicator among the numerical management targets set out in the Medium-Term Management Plan (2022–2025). Group adjusted ROE can be broken down into return on risk (ROR), which shows the balance between the risk the Group faces and return (profit), and ESR, which shows the Group’s financial soundness. These indicators can be further broken down into three

elements: Group adjusted Profit, integrated risk amount, and net asset value.

The Group manages to balance these three elements through its ERM. (See “ERM-Based Group Management” on pp. 57–58 for details.)

Furthermore, in activities in each business domain, we are promoting various initiatives by setting performance indicators for business divisions to expand Group adjusted Profit.



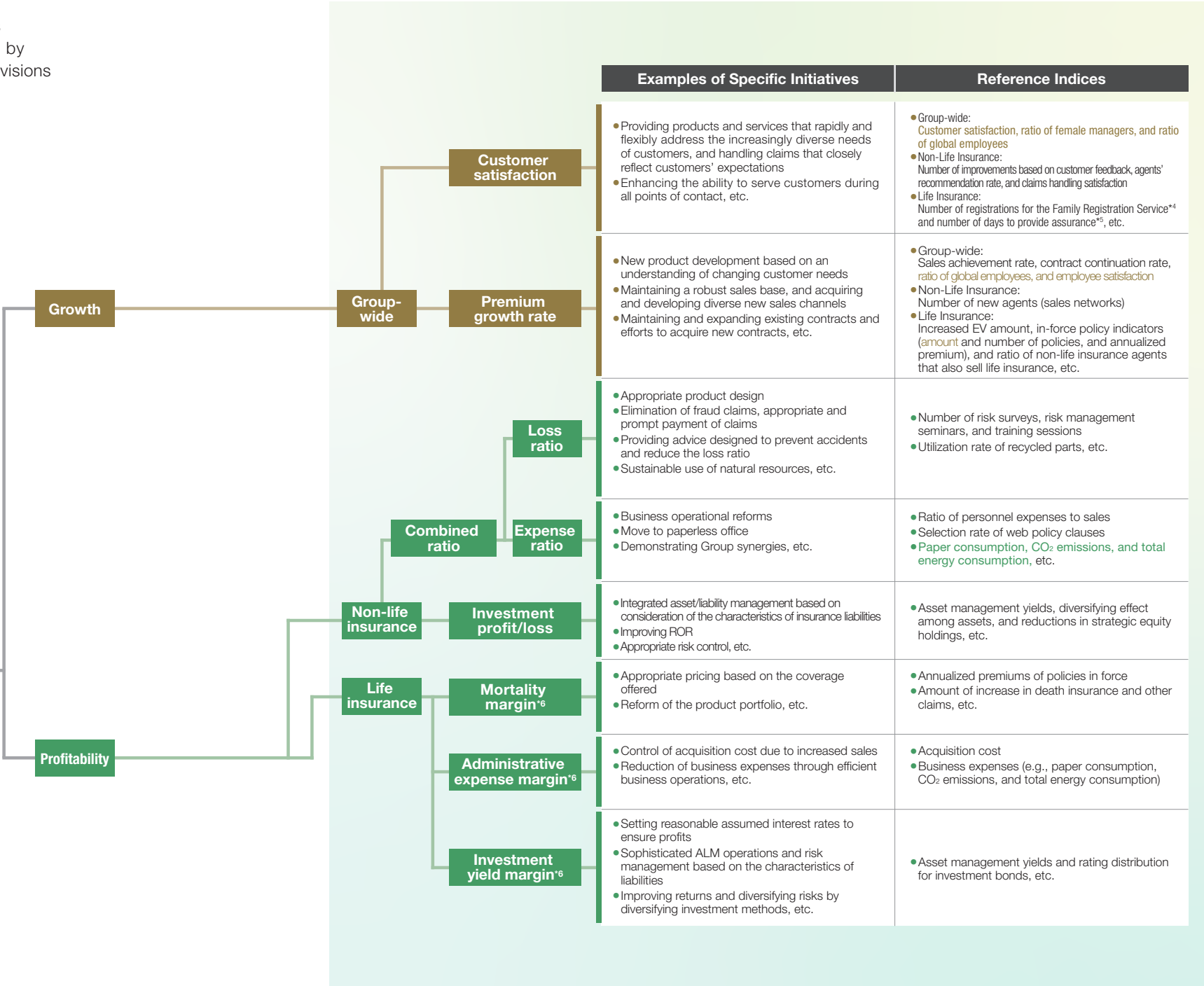
*1 Group adjusted profit = Consolidated net income + Provision for catastrophe loss reserve and others – Other incidental factors (amortization of goodwill and other intangible fixed assets)

*2 Adjusted net assets = Consolidated net assets + Catastrophe loss reserves and others – Goodwill and other intangible fixed assets

*3 The integrated risk amount represents insurance underwriting risk, asset management risk, and operational risk, etc., quantified through stochastic methods.

Initiatives to Achieve the Group Adjusted Profit Target in Each Business Domain

See pp. 81–82 for Financial and Nonfinancial Highlights



*4 The Family Registration Service allows pre-registered family members, in addition to the policyholder, to receive information about the insurance policy.

*5 Number of days to provide assurance is an indicator of how long it takes for the company to complete administrative tasks for customers, such as applications for new insurance contracts, applications to cancel policies, claims for insurance payments, and claims for other benefits. It is broken down into 1) the average number of days to conclude a new policy, 2) the average number of days required to pay an insurance claim, and 3) the average number of days required to pay a cancellation refund.

*6 Mortality margin, administrative expense margin, and investment yield margin are indicators for core profit, which represents the fundamental profitability of life insurance companies. Together, these terms are referred to as the “three surplus factors.” Mortality margin is the profit or loss on the difference between projected insurance benefits payments, based on assumed mortality rates, and actual insurance benefits payments. Administrative expense margin is the gain or loss on the difference between projected business expenditures, based on assumed expense ratios, and actual business expenditures. Investment yield margin is the gain or loss on the difference between projected investment income, based on assumed interest rates, and actual investment income.



Naomi Motojima
Managing Executive Officer
Group Chief Sustainability Officer (CSuO)

Using the challenge of solving social issues to provide insurance value

Insurance value and sustainability

The MS&AD Insurance Group believes that the role of insurance is “not only to compensate for economic losses but also to find and prevent risks and to reduce the impact of risks,” and we support the safe and secure lives and business activities of our customers accordingly. Accompanying customers in resolving the challenges they face today and in the future is the most important pillar of this effort.

In addition, the sustainability of the insurance business comes from the sustainability of society. This is because the need for insurance arises from the desire to “continue current lifestyles and businesses tomorrow and to make them better tomorrow.” Our key

sustainability issues of “Symbiosis with the global environment,” “Safe and secure society,” and “Happiness of diverse people” are social issues, and at the same time, they are the foundation on which our business depends.

Working together with customers to solve social issues they face, I am convinced that this is the proper role of insurance and the only solution that will enable the sustainable growth of the Group. I also believe that these efforts come from the heartfelt feeling of all officers and employees that their “day-to-day work is connected to solving social issues.”

Incorporating sustainability into our work and making it into “earning power”

Since FY2024, we have incorporated sustainability into organizational and individual plans and targets to ensure that we put into practice the sharing of

connections between the work of all officers and employees and sustainability. Then, in line with our plans and targets, we implement a cycle of working

together with customers to resolve issues such as climate change, natural capital, biodiversity, and respect for human rights, then reviewing such efforts.

We position the annual “MS&AD Sustainability Contest” as one opportunity to review our efforts. This

fiscal year, the purpose of the contest was to create “earning power” for the Group, and it was an opportunity to encourage employees to take on the challenge of solving our customers’ issues.

Working together for “Green Resilience”

In November 2023, we set and announced an interim target¹ for 2030 for the reduction of greenhouse gas (“GHG”) emissions by our major business partners in Japan. As part of efforts to address climate change, which is the most important issue, it should be a mission of insurance and financial service providers to reduce the GHG emissions of their business partners through insurance underwriting, investment, and loans, while also working to reduce their own GHG emissions, of course. By confronting this difficult issue head-on together with our many business partners, we hope to increase our contribution to solving the issue, while at the same time capturing business opportunities for the Group. With this in mind, we determined that our targets will apply to all business partners for which premiums income exceeds a certain size, regardless of industry.

We have also been engaged in activities to preserve and restore the natural environment, under our approach of creating a virtuous cycle that mitigates damage from natural disasters and revitalizes communities, while making the most of nature’s bounty and protecting biodiversity, which we call “Green Resilience.” We intend to use the slogan “Green Resilience” as a new value that we offer to customers through the development of our products and services, as it will make it easy for our employees to feel the close connection with our Mission.

Specifically, in collaboration with a start-up company capable of analyzing river and groundwater flows, we have begun providing services to help companies assess and disclose their water-related risks, and we are developing tools to assess how the environmental and biodiversity impacts of corporate activities such as urban and agricultural land development affect companies’

financial position.

We are also taking on the challenge of investing in and fostering start-ups with promising solutions through an alliance of four financial companies² formed in February 2023, as well as establishing a “water positive system”³ in areas where groundwater resources might be depleted owing to the presence of large industries.

Furthermore, we intend for our “environmental and social risk assessment,”⁴ which checks the risk of damage to biodiversity associated with large-scale development and the status of certification in the supply chain, to also cover some renewable energy power plants where there is large-scale development, from the perspective of preserving natural capital and disaster prevention and reduction. Addressing climate change requires a balance between both the preservation of natural capital and disaster prevention and reduction, and at the same time, the introduction of renewable energy has been expanding rapidly in recent years, and the increasing burden on the natural environment has become an issue.

We will use the “environmental and social risk assessment” more proactively in our dialogues with business partners, as an effective means of reducing our impact on the environment and local communities.

¹ We will reduce GHG emissions across approximately 3,300 major domestic business partners by 37% compared with FY2019 by FY2030.

² “Finance Alliance for Nature Positive Solutions (FANPS)” launched with Sumitomo Mitsui Financial Group, Inc., Development Bank of Japan Inc., and Norinchukin Bank

³ A system in which businesses that have reduced stormwater infiltration capacity through land use, alteration, etc., pay at least the equivalent amount for restoration to businesses that have increased groundwater recharge capacity through nature-based solutions.

⁴ This applies to new projects in agriculture, forestry, fisheries, and hydroelectric power generation that involve large-scale development in currently undeveloped areas.

Taking pride in changing society

We expect the Group to secure a strong reputation among customers when all officers and employees believe and act on the belief that our role is to work with customers to solve the social issues they face and that this is the value we should provide to them. Through our strong reputation among customers, we

will reaffirm the value of insurance and the pride we take in our work and again ensure that this is a core part of our approach. We intend to involve various stakeholders in this spiral and make it a significant movement that changes society.

That is the Group’s aspiration.



Jun Suzuki
Outside Director

Held prominent positions including as the Chief Representative in Europe of the TEIJIN Group and CEO of TEIJIN LIMITED, etc. He has extensive knowledge of international business and a perspective as a manager. While adapting to the changing business environment, he provides advice and leadership from a wide range of perspectives as an opinion leader, particularly in terms of management that is conscious of increasing corporate value and the stock price.

Akemi Ishiwata
Outside Director

Through her service as an Executive Officer of Kao Corporation, she has a wealth of knowledge on sustainability, public relations, and corporate branding, and has contributed to the promotion of ESG activities. Furthermore, through her experience in consumer counseling and interaction with consumers, she has a perspective from the consumers' standpoint, and has shown the way forward based on a broad perspective in sustainability management to achieve both MS&AD's growth and social development.

Junichi Tobimatsu
Outside Director

He has a wealth of knowledge and experience concerning overall corporate legal affairs including those of overseas companies as an attorney at law. In particular, he contributes to improving governance from a specialist perspective. Now in his seventh year as an Outside Director of MS&AD, he actively contributes at meetings of the Board of Directors, thereby playing an important role in the Company's decision-making process.

At the MS&AD Insurance Group ("MS&AD"), we aim to achieve sustainable growth by strengthening the governance of the Group as a whole, while also undertaking major reforms of business style. The three Outside Directors exchanged opinions on three themes of importance to the Group in charting a new growth story, focusing on issues and areas for improvement.

Theme 1 Evolution of Group governance and challenges

Efforts to strengthen relationships between the holding company and Group companies

Suzuki While the holding company is in a position for management administration over Group companies, there are also Outside Directors at two wholly owned subsidiaries, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, meaning that a dual monitoring mechanism is in place. Under such circumstances, it is regrettable that we received an administrative disposition concerning the price-fixing issues, etc.

Ishiwata I think our governance structure itself is solid, including a board composition focused on sustainable growth and proactive information disclosure, but we still failed to notice these events. We are reflecting on the fact that this situation occurred despite effective governance, and we are discussing measures to prevent recurrence.

Tobimatsu As a result of this problem, I have become aware of the approach to the division of roles between the

holding company and its subsidiaries. In the case of MS&AD, there are special circumstances in two regards. One, control over subsidiaries that are insurance companies must be limited. For example, when consolidating legal functions into a holding company, regulations under the Insurance Business Act must be considered. The other is the strength of the authority of operating companies. To begin with, the planning departments of operating companies are deeply involved in operating the holding company, and sometimes this also affects the holding company's personnel strategy and individual personnel changes. Nevertheless, the authority of the holding company must be strengthened to implement Group strategies, including the expansion of the international business. In the business improvement plan, Outside Directors and Outside Audit & Supervisory Board Members offered opinions from various.

perspectives on proposals put forth by operating companies. We had a series of discussions on matters such as whether the formulated plan could be effectively and continuously operated, and if necessary, whether we should make course corrections in the process of operating the plan. That might act as a touchstone for strengthening the governance of the holding company.

Suzuki Considering the increase in three-layered governance structures in which foreign operating companies are controlled by wholly owned subsidiaries, I think the time is ripe to discuss how much cost and effort should be spent to develop this system. In addition, as we develop strategies for growing our business overseas through M&A, I think we will face the issue of how to ensure communication between non-Japanese top management and the holding company regarding factors such as the penetration of our Mission, Vision, and Values (MVV) and the realization of Group

Evolution of Group governance and efforts to practice sustainability management

synergies. For example, perhaps we should consider a mechanism where non-Japanese managers of Group companies participate in the Management Committee of the holding company. Although there is a risk that sometimes discussions will not proceed well amid a clash of diverse values, and that progress will take time, we can expect to encounter radical opinions that we were previously unaware of, and that will give us a shot at new growth.

Ishiwata Communication is extremely important in a multi-layered Group management administration structure. Based on my experience to date, I value the consumers' perspective. In this sense, I think we should know more about what is happening at operating companies that have contact with our customers. To this end, I think,

there should be more opportunities for the Outside Directors of the holding company and the two subsidiaries to exchange information. We have a joint meeting once a year, but that is not enough.

Tobimatsu I agree with you regarding the frequency of joint meetings. Although the Outside Directors of the holding company are not involved in execution at the operating companies, we must make progress on "a major business style transformation" as a Group while building appropriate communication and trust between the holding company, Mitsui Sumitomo Insurance, and Aioi Nissay Dowa Insurance, and from this perspective I feel we must increase dialogue between the Board of Directors of the holding company and the Boards of Directors of the operating companies.

Theme 2 Expectations and challenges for management that is conscious of the cost of capital and the stock price

Using the sale of strategic equity holdings as an opportunity to take on new challenges

Tobimatsu We will review discussions at previous meetings of the Board of Directors. Optimizing the allocation of management resources is a major theme from the perspective of capital cost management. Over the past few years, we have had active discussions about the reorganization of our business portfolio, particularly the treatment of the international business, on numerous occasions. The price-to-book ratio (PBR) has been below 1x for a long time, and the improvement of business performance has been viewed as an issue. I feel, however, that a positive trend is beginning to emerge as the share price rose significantly in FY2023 and our PBR exceeded 1x, partly thanks to profitability improvements in the Lloyd's and reinsurance businesses, as well as the domestic automobile and fire insurance businesses.

Ishiwata If we ask ourselves, is it enough if the PBR exceeds 1x? That is certainly not the case. At meetings of the Board of Directors, I stress that it is important that we aim to become a sustainable company by securing sustainable earnings while our raison d'être is recognized by society, and that we must not misunderstand our objectives.

Suzuki Business performance was good in FY2023, and I understand the feeling of breathing a sigh of relief that the PBR has exceeded 1x, but 1x is merely a passing mark. Unless the Company can demonstrate to investors that it is a company that will grow over the medium to long term, it will be difficult to sustainably increase corporate value. The Tokyo Stock Exchange, which has requested that companies engage in "action to implement management that is



conscious of the cost of capital and the stock price,” expects multifaceted analysis and evaluation, not just concerning whether the current PBR is above 1x or whether the return on equity (ROE) is above 8%.

Tobimatsu Currently, the Company has established a policy of selling all strategic equity holdings over a six-year period. In the non-life insurance industry, the price-fixing issues in the corporate insurance operations have been viewed as a problem, and the Financial Services Agency has pointed out that factors other than the terms of insurance contracts, such as the percentage of strategic equity holdings, can affect the outcome of bidding processes. Given this indication, the Company is implementing a wholesale reduction of strategic equity holdings. This is one of the major themes being discussed at recent meetings of the Board of Directors.

Suzuki The planned sale of strategic equity holdings is equivalent to disclosing surplus profits in advance and can be understood as raising shareholders’ expectations for higher dividends, which in turn contributes to a higher valuation in terms of stock price. Considering that the Company will continue to increase dividends even after completing the sale of strategic equity holdings, it will become increasingly necessary to further enhance profitability in the core insurance business.

Ishiwata In the domestic non-life insurance business, the market is expected to shrink owing to the falling birth rate, aging population, and shrinking population. Even if the Company sets appropriate premium rates, it will surely be difficult to make up for the shrinking of the market. For this reason, MS&AD is oriented toward the expansion of the international business. The Lloyd’s and reinsurance businesses, which were the core businesses of Amlin in the United Kingdom, acquired by Mitsui Sumitomo Insurance in 2016, overcame a number of challenges, including withdrawal from unprofitable lines of business, and by 2023 its performance had improved significantly.

Suzuki In the international business, we will require time to change our portfolio. The Lloyd’s and reinsurance businesses are finally starting to produce results. I believe that the role of an Outside Director is to encourage risk-taking by the company while also restraining the executive side in terms of risk management, that is, to contribute with a kind of accelerate and brake function. Personally, I tend to say that the market is marginal for domestic businesses, but I feel that we should discuss more about the significance of having two non-life insurance brands, Mitsui Sumitomo Insurance and Aioi

Nissay Dowa Insurance, including whether they should be maintained.

Tobimatsu I think discussion concerning the integration of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance was rather more active at meetings of the Board of Directors held before the COVID-19 pandemic. The option of a merger might have been mentioned more often, particularly by Outside Directors, when the Group had not made so much progress with the One Platform Strategy to promote standardization, collaboration, and integration, particularly for the middle- and back-office divisions of the two companies. With the progress of the One Platform Strategy, however, I have the impression that the members of the Board of Directors, including myself, have come to feel that we should wait to see the results of the strategy before considering it. The presence of two brands has advantages, such as expanding the potential trading area with different customer bases, but speed is required in the current market. Again, we must surely fully discuss all options, including mergers. It is also important to fully and objectively measure and evaluate the effectiveness of the One Platform Strategy. I think that if we cannot see the benefits of integration, it will be difficult to differentiate ourselves from our competitors when explaining our growth investments, including externally.

Ishiwata I have met people from the two companies many times and they are sincere, earnest, and positive. The things that they have accumulated differ, however, and some might therefore feel that coming together is difficult to accept as a reality. As we share and disseminate the MVV throughout the Group, we might need opportunities to further discuss what kind of business structure is optimal for sustainable growth. The Board of Directors frequently discusses the One Platform Strategy, but I think we need to make further progress.

Suzuki If it is recognized that having two brands offers a competitive advantage and cost benefit, it is important that we clearly explain those advantages to investors. For example, customers benefit from having more choices when selecting an insurance company. It could be said that for MS&AD to offer multiple options will also give it an advantage in competition.

Ishiwata For MS&AD to grow sustainably, it is important that the Company is highly evaluated by the capital markets, of course. On the other hand, to expand corporate value, value co-creation with diverse stakeholders will be required, including employees, business partners, society, and the environment, in addition to the absolute necessity of support from customers. I believe that a sense of management with a broad perspective will be required, especially as the business environment undergoes major changes.



Theme 3 Evaluation and issues in the Group’s sustainability management

Contributing to the sustainability of society through our businesses

Tobimatsu Insurance companies are unique in that their core business itself has an affinity with sustainability. For example, for non-life insurance, if reductions in carbon dioxide emissions lead to a reduction in extreme weather events, then there will be fewer related insurance accidents, which will be positive for the business side for non-life insurance companies. In this sense, I believe that employees of insurance companies are likely to have an awareness of sustainability.

Ishiwata Since 2018, MS&AD has been holding the “MS&AD Sustainability Contest,” in which awards are given to initiatives that contribute to solving social issues. I think this is a wonderful initiative for sharing MS&AD’s value creation story with the Group, thereby spreading MS&AD’s Mission to approximately 40,000 Group employees and encouraging the expansion of the circle of empathy. On the other hand, if we look only at emissions of carbon dioxide and other greenhouse gases, they might be limited compared to the toiletries and manufacturing industries that I have been involved in. Still, if we look at Scope 3 emissions, there are a diverse range of non-life insurance policyholders, and our influence is not small. I believe that MS&AD can be a leader in Japan because it has set targets for reducing emissions ahead of its competitors and is actively working on them.

Suzuki Insurance companies hold the choke point for sustainability. If we decide not to underwrite insurance, financial institutions might stop providing financing. I feel that the range of industries that could be considered customers is broader than that of the manufacturing industry. In addition, the more we can envision the foreseeable future, the more stable our insurance business will be, of course. Accordingly, our activities aimed at achieving a sustainable society should also benefit our own company.

Tobimatsu In corporate finance, there is a tendency to focus more on transitions than divestments. In addition to not taking on specific new projects, such as coal-fired power generation, I think we can also choose, for example, to be involved in transitions in cooperation with financial institutions that are active in transition financing.

Ishiwata As human assets are the cornerstone of the insurance business, I believe that increasing employee engagement will be fundamental to sustainability management. MS&AD has identified “Symbiosis with the Global Environment (Planetary Health),” “Safe and secure society (Resilience),” and “Happiness of a diverse people (Well-being)” as three key issues. First, it is important to focus on “Well-being” and to work toward “Resilience” to control social risks and catastrophe risk, based on our unique perspective as an insurance company. As these are fields in which we have knowledge, it should be easy to obtain an

understanding of society in this regard.

Tobimatsu An increasing number of investors are focusing on KPIs related to human capital as evaluation criteria, and I feel it is important that we are aware of this. The disclosure of information such as the ratio of female managers and duration of male childcare leave are, so to speak, a kind of compulsory exercise, and investors might consider these disclosures alone as insufficient. When setting nonfinancial KPIs for voluntary disclosure based on independent action, it will also be necessary to endeavor to organize and externally communicate information concerning MS&AD’s own efforts related to human assets. I think the time has come for us to show that we are willing to improve engagement and to use specific numbers to demonstrate this point.

Suzuki How well a company’s brand is loved by people is a major factor in determining its corporate value. To achieve this, we must further strengthen employee engagement. The MS&AD brand has become very established in society as a whole. I intend to make every effort to promote our potential as a group with multiple growth drivers.



Ishiwata Yes, that’s right. Recently, I feel that I see the “MS&AD” logo more often. We naturally associate this logo with safety and security, and I feel this is true for many people. We should take care of the corporate brand to ensure that more people will know and love MS&AD. This will contribute to the growth of our businesses and enrich society.

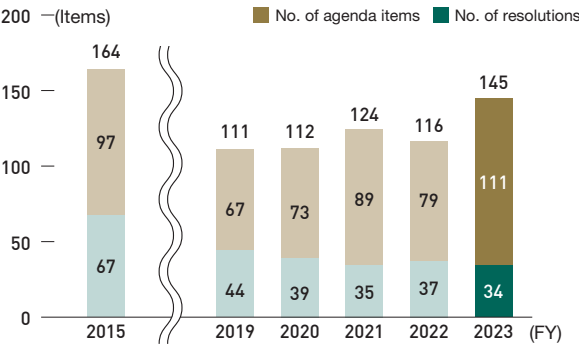
Content of Discussions at Meetings of the Board of Directors

To improve corporate governance and ensure its effectiveness, we are continuing efforts to improve the operation of the Board of Directors. At meetings of the Board of Directors, top management engages in lively discussions on management issues.

Efforts aimed at Improving the operation of the Board of Directors

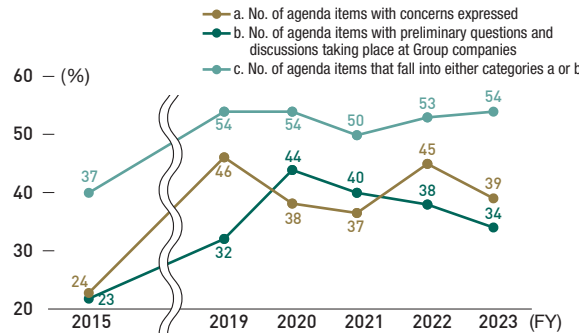
Number of agenda items

- In FY2023, the total number of agenda items was 145 (116 in the previous fiscal year), consisting of 34 resolution items (37 in the previous fiscal year) and 111 report items (79 in the previous fiscal year), meaning that although the number of resolutions decreased from the previous year, the number of reports increased, resulting in an overall increase of 29 items.
- The increase in the number of report items was mainly due to an increase in the number of items related to the second stage of the Group's Medium-Term Management Plan (2022–2025) (13 items), as well as items related to premium adjustment and fraudulent insurance claims cases (13 items).



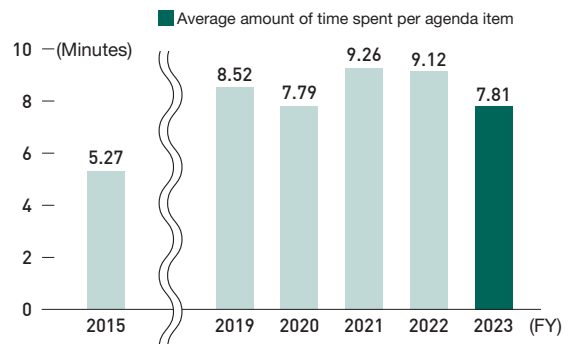
Assessing the presence of preliminary questions

- As noted, the percentage of agenda items with preliminary questions or where concerns were expressed increased to 54% in FY2023 (53% in the previous year) because of the large number of important agenda items reported.
- In FY2023, all meetings of the Board of Directors were held in a combination of face-to-face meetings and online conference calls. The efficient utilization of time by Directors resulted in 100% attendance at all meetings of the Board of Directors.



Average amount of time spent per agenda item

- For important agenda items (e.g., premium adjustment cases, fraudulent insurance claims cases), detailed prior explanations, etc., were provided on the content and key points of the agenda, and sufficient time was secured (five agenda items took more than 30 minutes) for deliberation. On the other hand, for agenda items related to regular reports, etc., we prepared summaries of the agenda materials and operated meetings such that explanations were provided as necessary, etc., thereby streamlining and shortening the time required.



Topics and content of discussion at Board of Directors meetings

Theme	Content of the discussion
Status of response by Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance to the Financial Services Agency's reporting and collection order (price fixing issues and fraudulent insurance claims)	<ul style="list-style-type: none">• Discussion and confirmation to ensure functioning governance with a focus on restoring customer trust, including an accurate understanding of the actual situation, investigation of the true cause, investigation methods, measures to prevent recurrence, and confirmation of progress in relation to the Financial Services Agency's reporting and collection order
Consideration of the second stage of the Group's Medium-Term Management Plan (2022–2025) based on the status of progress of the Group's Medium-Term Management Plan (2022–2025), etc.	<ul style="list-style-type: none">• To achieve our goal of becoming "a corporate group supporting a resilient and sustainable society," we will confirm our progress on the three basic strategies of "Value (value creation)," "Transformation (business reforms)," and "Synergy (demonstration of Group synergies)" and the foundation to support our basic strategies of "Sustainability," "Quality," "Human Resources," and "ERM," and will continue making related efforts.• Considerations related to the second stage of the Group's Medium-Term Management Plan (2022–2025) include a fundamental review of existing business practices, and we have added the promotion of major reforms of business style, namely, "reforms to value provided," "transformation of the business structure," and "reforms to productivity and profitability," in order to regain the trust of customers.• We confirmed that we will focus on improving Group ROE and lowering the cost of capital to achieve sustainable growth in corporate value, as well as the fact that we will work to lower the cost of capital through zero strategic equity holdings, controls on catastrophe risk, and other factors.• The Company confirmed that we will implement measures to achieve our Vision while strengthening the governance framework of the Group as a whole, with the aim of achieving the above initiatives.

Group Governance

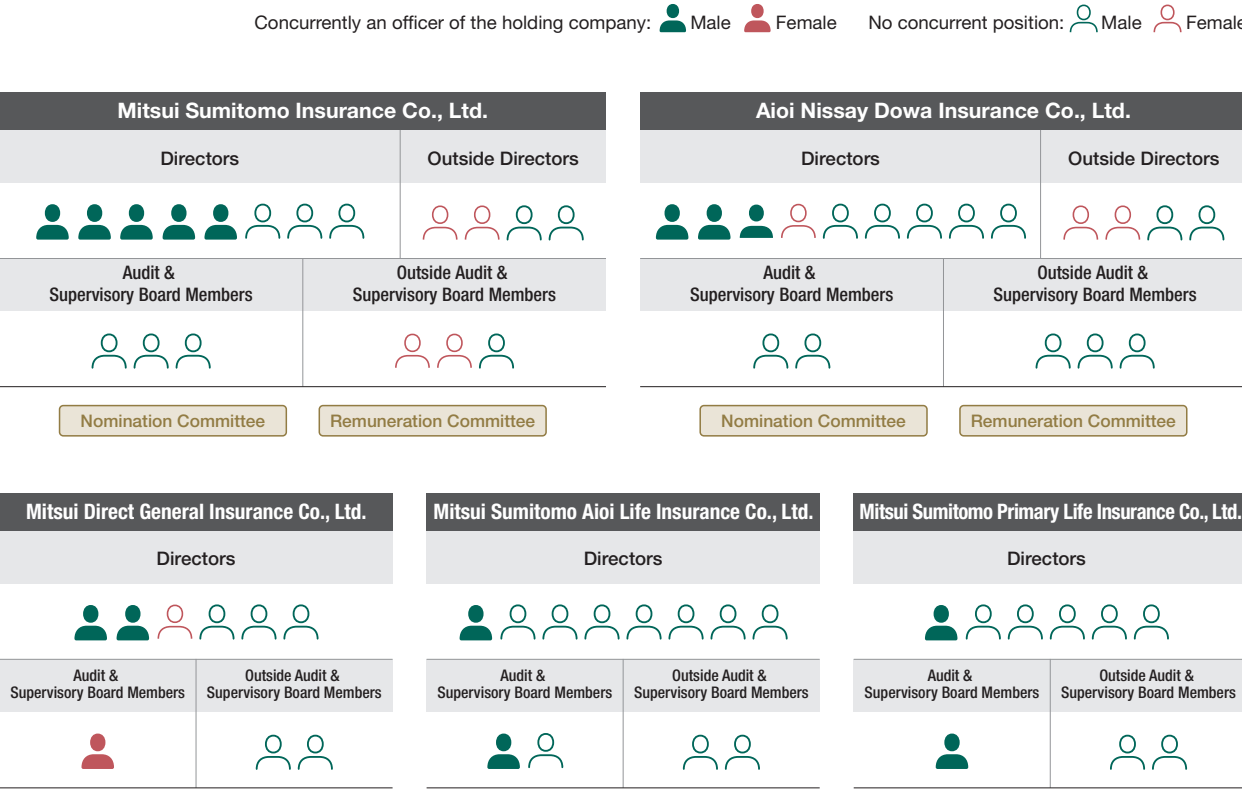
To fulfill our function as a holding company and achieve sustainable growth with the Group working in unison to generate synergies, we are working to strengthen Group governance.

Group management administration structure

The Company (the holding company) enters into Group management supervision contracts with directly invested operating companies and conducts management administration of each Group company, the main points of which are as follows:

Role of the holding company in the Group	<ul style="list-style-type: none">• Formulate and implement Group management strategies• Consider and implement effective capital allocation to Group companies to strengthen our earnings foundation• Enhance the Group's comprehensive strength and implement initiatives to further strengthen governance
Matters to be approved by and reported to the holding company	<p>The approval of the holding company or reports to the holding company are required for important matters at directly invested companies, based on management supervision contracts.</p> <p>[Examples of prior approval items]</p> <p>1) Management plans, Risk Appetite Statement, and income and expenditure plans; 2) election and dismissal of Directors and Audit & Supervisory Board Members; 3) issuance of new shares, stock splits, etc.</p>
Compliance with the Basic Policy on Group Management and Administration	<p>The holding company has established basic Group policies, including the Basic Policy on the Group Internal Control System, the Risk Management Basic Policy, the Compliance Basic Policy, the Basic Policy for Internal Audits, the Risk Appetite Statement, and the Basic Policy on Information and Technology Governance, and requires compliance by all Group companies.</p>
Conducting internal audits	<p>In accordance with the "Group Basic Policy for Internal Audits," the holding company and the Group's domestic insurance companies have established independent specialized organizations as internal audit departments, which conduct internal audits of the Group as a whole in cooperation with each company.</p>

Management structure of operating companies



Our Management Team

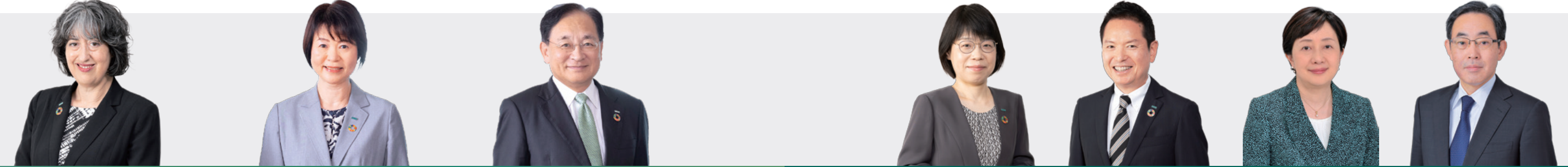
[Directors] (As of July 1, 2024, and the number of Company shares owned is the number after the April 1, 2024, stock split)



Noriyuki Hara Yasuzo Kanasugi Shinichiro Funabiki Tetsuji Higuchi Tomoyuki Shimazu Yusuke Shirai Mariko Bando Junichi Tobimatsu

Chairman & Director Chairman Executive Officer	Representative Director Vice Chairman & Director Vice Chairman Executive Officer	Representative Director President & CEO	Newly appointed Representative Director Executive Vice President	Director Executive Officer	Director Executive Officer	Outside Director Chairperson of the Governance Committee	Outside Director Chairperson of the Governance Committee																																		
Date of birth: July 21, 1955 Number of Company shares owned: 184,890 Important concurrent positions: Chairman and Director, Chairman Executive Officer, Mitsui Sumitomo Insurance Co., Ltd. (MSI) Biography: April 1978 Entered Taisho Marine and Fire Insurance Co., Ltd. Has business experience in market development, sales, product operations, corporate planning, etc. Present position since June 2024	Date of birth: May 29, 1956 Number of Company shares owned: 197,145 Important concurrent positions: Chairman & Director, Aioi Nissay Dowa Insurance Co., Ltd. (ADI) Biography: April 1979 Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd. Has business experience in human resources, sales, corporate planning, merger preparation, etc. Present position since June 2020	Date of birth: May 11, 1960 Number of Company shares owned: 150,480 Important concurrent positions: President & CEO, MSI Biography: April 1983 Entered Sumitomo Marine and Fire Insurance Co., Ltd. Has business experience in corporate planning, marketing & sales, administration and information systems, DX promotion, etc. Present position since June 2024	Date of birth: June 24, 1961 Number of Company shares owned: 75,042 Important concurrent positions: — Biography: April 1984 Entered Sumitomo Marine and Fire Insurance Co., Ltd. Has business experience in sales, product operations, human resources, corporate planning, etc. Present position since April 2021	Date of birth: March 16, 1963 Number of Company shares owned: 62,637 Important concurrent positions: Director, Vice President Executive Officer, MSI Biography: April 1985 Entered Taisho Marine and Fire Insurance Co., Ltd. Has business experience in human resources, sales, claims support, business planning, etc. Present position since June 2022	Date of birth: June 13, 1964 Number of Company shares owned: 36,756 Important concurrent positions: Director, Managing Executive Officer, ADI Biography: April 1988 Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd. Has business experience in corporate planning, compliance, etc. Present position since June 2022	Date of birth: Aug. 17, 1946 Number of Company shares owned: 20,700 Attendance record: Board of Directors' meetings 12 of 12 (100%) Important concurrent positions: President of Showa Women's University Director, Mitsubishi Research Institute, Inc. (Outside Director) Director, ITOKI CORPORATION (Outside Director)	Date of birth: Aug. 15, 1972 Number of Company shares owned: 0 Attendance record: Board of Directors' meetings 12/12 (100%) Important concurrent positions: Attorney-at-law, GAIIEN PARTNERS Director, CANDEAL Co., Ltd. (Outside Director (Auditor))																																		
						<table><tr><td>July 1969</td><td>Entered the Prime Minister's Office</td></tr><tr><td>Oct. 1985</td><td>Counselor to the Prime Minister's Secretariat, Cabinet Counselor</td></tr><tr><td>July 1989</td><td>Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency</td></tr><tr><td>July 1994</td><td>Director of Gender Equality Bureau, Cabinet Secretariat</td></tr><tr><td>April 1995</td><td>Vice-Governor of Saitama Prefecture</td></tr><tr><td>June 1998</td><td>Consul General of Japan in Brisbane, Australia</td></tr><tr><td>Jan. 2001</td><td>Director General of Gender Equality Bureau, Cabinet Office</td></tr><tr><td>Oct. 2003</td><td>Director, Incorporated Educational Institution, Showa Women's University</td></tr><tr><td>April 2007</td><td>President, Showa Women's University</td></tr><tr><td>April 2014</td><td>Chancellor, Incorporated Educational Institution, Showa Women's University</td></tr><tr><td>July 2016</td><td>Chairperson of the board, Showa Women's University (present)</td></tr><tr><td>June 2017</td><td>Director, the Company (present)</td></tr></table>	July 1969	Entered the Prime Minister's Office	Oct. 1985	Counselor to the Prime Minister's Secretariat, Cabinet Counselor	July 1989	Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency	July 1994	Director of Gender Equality Bureau, Cabinet Secretariat	April 1995	Vice-Governor of Saitama Prefecture	June 1998	Consul General of Japan in Brisbane, Australia	Jan. 2001	Director General of Gender Equality Bureau, Cabinet Office	Oct. 2003	Director, Incorporated Educational Institution, Showa Women's University	April 2007	President, Showa Women's University	April 2014	Chancellor, Incorporated Educational Institution, Showa Women's University	July 2016	Chairperson of the board, Showa Women's University (present)	June 2017	Director, the Company (present)	<table><tr><td>April 1998</td><td>Registered as Attorney-at-Law Attorney-at-Law, Mori Sogo (currently, Mori Hamada & Matsumoto)</td></tr><tr><td>June 2004</td><td>Registered as Attorney-at-law in New York</td></tr><tr><td>April 2010</td><td>Associate Professor, Graduate School of Law and Political Science, the University of Tokyo</td></tr><tr><td>July 2016</td><td>Attorney-at-law, Tobimatsu Law (currently, GAIIEN PARTNERS) (present)</td></tr><tr><td>June 2018</td><td>Director, the Company (present)</td></tr></table>	April 1998	Registered as Attorney-at-Law Attorney-at-Law, Mori Sogo (currently, Mori Hamada & Matsumoto)	June 2004	Registered as Attorney-at-law in New York	April 2010	Associate Professor, Graduate School of Law and Political Science, the University of Tokyo	July 2016	Attorney-at-law, Tobimatsu Law (currently, GAIIEN PARTNERS) (present)	June 2018	Director, the Company (present)
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[Audit & Supervisory Board Members]



Rochelle Kopp Akemi Ishiwata Jun Suzuki Atsuko Suto Keiji Suzuki Kyoko Uemura Taisei Kunii

Outside Director

Chairperson of the Nomination Committee

Date of birth:

 June 29, 1964

Number of Company shares owned:

 0

Attendance record:

 Board of Directors' meetings 12/12 (100%)

Important concurrent positions:

 Managing Principal, Japan Intercultural Consulting Director (Outside Director), Lightworks Corporation

June 1986	Business analyst, ZS Associates International, Inc.
June 1987	Senior business analyst, ZS Associates International, Inc.
Aug. 1988	International Public Relations Specialist, The Yasuda Trust & Banking Co., Ltd. (currently, Mizuho Trust & Banking Co., Ltd.)
Oct. 1992	Consultant, IPC Group, Inc.
July 1994	Managing Principal, Japan Intercultural Consulting (present)
Jan. 2015	Professor of Global Leadership Course, Business Break Through University
April 2019	Professor of Faculty of Foreign Studies, The University of Kitakyushu
June 2020	Director, the Company (present)

Outside Director

Date of birth:

 Aug. 23, 1960

Number of Company shares owned:

 1,200

Attendance record:

 Board of Directors' meetings 12/12 (100%)

Important concurrent positions:

 —

April 1983	Entered Bristol-Myers Company
Dec. 1985	Entered Kao Corporation ("Kao") Assigned to Kao Life Science Laboratory
March 2003	Product Development Manager, Household Business Division, Kao
Dec. 2005	Section Chief, Consumer Research Center, Kao
March 2010	General Manager, Consumer Research Center, Kao
March 2015	Executive Officer, Supervisor of Corporate Communications Division, Kao
Jan. 2021	Executive Fellow, Kao
Jan. 2022	Special Mission Fellow, Kao
June 2022	Director, the Company (present)

Outside Director

Date of birth:

 February 19, 1958

Number of Company shares owned:

 7,500

Attendance record:

 Board of Directors' meetings 10/10 (100%)*

Important concurrent positions:

 Director (Outside Director), Idemitsu Kosan Co., Ltd.

*Mr. Jun Suzuki was newly elected and assumed office as a Director at the 15th Annual Shareholders Meeting held on June 26, 2023, and his attendance at meetings of the Board of Directors held from that date onward is shown.

April 1983	Entered Teijin Limited
April 2011	Teijin Group Chief Representative in Europe, Teijin Limited President, Teijin Holdings Netherlands B.V.
April 2012	Teijin Group Corporate Officer, Teijin Limited
April 2013	Teijin Group Managing Executive Officer, Teijin Limited
June 2013	Director, Managing Executive Officer, Teijin Limited
April 2014	Representative Director, President & CEO, Teijin Limited
April 2022	Director, Chairperson, Teijin Limited
April 2023	Director, Senior Advisor, Teijin Limited
June 2023	Senior Advisor, Teijin Limited (present)
June 2023	Director, the Company (present)

Audit & Supervisory Board Member (Full-time)

Date of birth:

 May 21, 1967

Number of Company shares owned:

 22,137

Important concurrent positions:

 —

April 1990	Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd.
April 2020	Administrative Director, General Manager of Accounting Dept., ADI
April 2021	Advisor, ADI
June 2021	Audit & Supervisory Board Member, the Company (present)

Audit & Supervisory Board Member (Full-time)

Date of birth:

 June 18, 1968

Number of Company shares owned:

 7,500

Important concurrent positions:

 —

April 1991	Entered Mitsui Fire & Marine Insurance Co., Ltd.
April 2016	General Manager, Accounting Dept., MSI
April 2018	General Manager, Corporate Risk Management Dept., MSI
April 2019	General Manager, Corporate Risk Management Dept., the Company
April 2022	Executive Officer, General Manager, Corporate Risk Management Dept.
June 2023	Audit & Supervisory Board Member, the Company (present)

Outside Audit & Supervisory Board Member

Date of birth:

 July 22, 1961

Number of Company shares owned:

 1,500

Attendance record:

 Board of Directors' meetings 12/12 (100%)
Audit & Supervisory Board meetings 11/11 (100%)

Important concurrent positions:

 Attorney-at-Law, Miyama, Koganemaru & Associates

April 1994	Assistant Judge, Osaka District Court
April 2004	Judge, Numazu Branch, Shizuoka Family Court
April 2005	Judge, Yokohama District Court
April 2008	Admitted as Attorney-at-Law, LM Law Offices
June 2017	Audit & Supervisory Board Member, the Company (present)
Oct. 2018	Attorney-at-Law, Miyama, Koganemaru & Associates (present)

Outside Audit & Supervisory Board Member

Date of birth:

 June 12, 1959

Number of Company shares owned:

 0

Important concurrent positions:

 Certified Public Accountant, Taisei Kunii Certified Public Accountant Office

Oct. 1985	Entered Tohmatsu, Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
Aug. 1989	Registered as Certified Public Accountant
Oct. 2013	Executive Officer, General Manager of Tokyo Audit Division, Deloitte Touche Tohmatsu LLC
June 2018	CEO, Deloitte Touche Tohmatsu LLC
Feb. 2023	Certified Public Accountant, Taisei Kunii Certified Public Accountant Office (present)
June 2024	Audit & Supervisory Board Member, the Company (present)

For more information related to corporate governance, see the Group's official website. ● Corporate Governance (<https://www.ms-ad-hd.com/en/group/value/corporate.html>)

- Basic Policies on Corporate Governance
- Corporate Governance Stance
- Supervision System (Board of Directors)
- Support Systems for Outside Directors and Outside Audit & Supervisory Board Members
- Auditing
- Nomination and Remuneration
- Remuneration Committee
- Criteria for the Selection of Board Members and for the Independence of Outside Directors and Outside Audit & Supervisory Board Members
- Appointment of Outside Directors and Outside Audit & Supervisory Board Members and Related Matters

Review of the Medium-Term Management Plan and Aspiration for 2030

The MS&AD Insurance Group, together with its customers, shareholders, and other stakeholders, has developed a value creation story and has made steady progress toward the realization of becoming the “world’s leading insurance and financial group,” which it set out to become at its inception, by maintaining its position among the top 20 non-life insurance companies in the world.

New Frontier 2013

Development of the Mission

The MS&AD Insurance Group was founded with the mission of “contributing to the development of a vibrant society and helping to secure a sound future for the planet.”

Next Challenge 2017

Building of a value creation story

Evolve and develop Group integration based on the value creation story that embodies our mission

Vision 2021

Develop management based on CSV

Set the SDGs as a guidepost, set the social vision for 2030, and promote CSV

Medium-Term Management Plan (2022–2025)

Implementation of growth strategies based on CSV

Full-scale development of CSV×DX×Global

Aspiration for 2030

A corporate group supporting a resilient and sustainable society

Achievements We have promoted the integration of Group management, including the construction of a system that will serve as a common foundation for the domestic non-life insurance business, and clarified the form of Group management through “reorganization by function.”

Issues The Group ultimately missed its targets for Group core profit and Group ROE owing to the occurrence of large-scale natural disasters, including the Great East Japan Earthquake and floods in Thailand.

Achievements We have put in place a stable earnings foundation through Group management integration via “reorganization by function.” We strengthened ERM and promoted sales of strategic equity holdings and international business investment, thereby improving capital efficiency and building a growth base.

Issues Owing to the impact of the U.S. hurricanes and other factors in FY2017, profits fell substantially in the international business, and we did not achieve our targets for Group core profit and Group ROE.

Numerical Management Targets	(¥ billion)							
	FY2010 Results	FY2013			FY2014 results	FY2017		
		Results	Initial targets	Revised targets		Results	Initial targets	Revised targets ^{*1}
Group Core Profit ^{*1}	14.5	94.8	150.0	110.0	155.7	105.0	160.0	220.0
Domestic non-life insurance	6.5	47.8	100.0	60.0	92.4	190.1	100.0	135.0
Domestic life insurance	4.1	24.4	15.0	15.0	20.4	34.3	16.0	15.0
International business	1.8	18.0	30.0	30.0	38.2	-125.0	39.0	66.0
Financial services business/ Risk-related services business	1.9	4.4	5.0	5.0	4.6	5.6	6.0	5.0
Group ROE ^{*1}	0.8%	4.5%	7.0%	7.0%	5.9%	3.7%	7.0%	7.5%
Consolidated net premiums written	2,541.4	2,809.5	2,700.0	2,700.0	2,940.7	3,446.9	3,100.0	3,570.0
Combined ratio (domestic non-life insurance)	-	-	-	-	96.0%	92.8%	95% or less	93% range
Annualized premiums of policies in force (life insurance) ^{*2}	278.0	333.5	330.0	330.0	-	-	-	-
Increase in EV ^{*3} of MSI Aioi Life	-	-	-	-	59.7	41.3	more than 45.0	more than 50.0

^{*1} The definitions for Adjusted Profit and Adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan “Vision 2021,” which was initiated in FY2018.
^{*2} Figures for MSI Aioi Life (excluding group insurance). The figure for FY2010 is the total for MSI Kirameki Life and Aioi Life.
^{*3} EV: Embedded Value (see “Glossary of Insurance Terminology” on p. 116)

To become a corporate group that supports a resilient and sustainable society in 2030, we aim to achieve sustainable growth by creating shared value with society by providing solutions to social issues through the promotion of the CSV×DX strategy.

Achievements While deepening “reorganization by function,” Group adjusted profit of ¥347.1 billion exceeded the target and Group adjusted ROE exceeded expectations at 9.5%. In terms of scale, the Group remained high among global non-life insurance groups.

Issues Due to the impact of overseas natural disasters and COVID-19 on stock market conditions, etc., the diversification of risk and business portfolios became an ongoing issue.

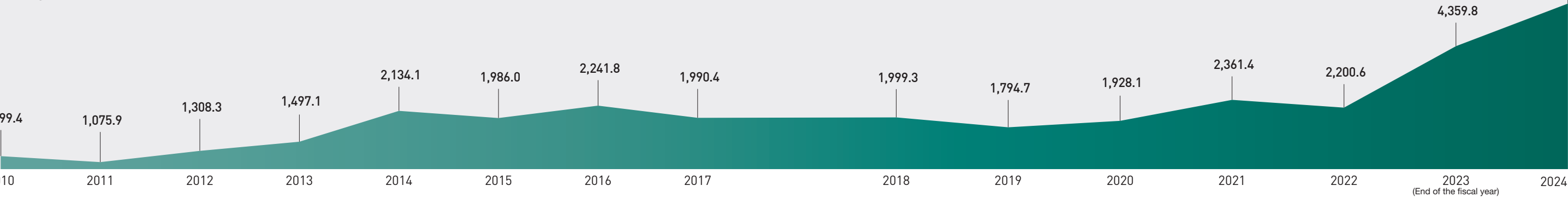
	(¥ billion)			
	FY2018 Results	FY2021		
		Results	Initial targets	Revised targets ^{*3}
Group Adjusted Profit	189.8	347.1	350.0	300.0
Domestic non-life insurance (excluding gains/losses on sales of strategic equity holdings)	146.9 (65.1)	230.7 (173.5)	182.0 (142.0)	177.0 (150.0)
Domestic life insurance	31.6	75.7	45.0	41.0
International business	5.4	34.3	117.0	75.0
Financial services business/ Digital/risk-related services business	5.8	6.3	6.0	7.0
Group Adjusted ROE	6.1%	9.5%	10.0%	10.0%
Consolidated net premiums written	3,500.4	3,609.0	3,710.0	3,580.0
Life insurance premiums (Gross premiums income) ^{*5}	1,599.9	1,314.4	1,600.0	1,000.0
MSI Aioi Life’s EEV	819.4	923.6	1,050.0	962.0
ESR (Economic Solvency Ratio)	199%	228%	180%–220%	180%–220%

^{*4} FY2017 numerical management targets were revised higher from the initial targets in FY2016.
^{*5} Life insurance premiums (gross premiums income) are those of domestic life insurance subsidiaries only.
^{*6} FY2021 numerical management targets were revised from their initial values in FY2020 given Stage 1 progress.
^{*7} Figures after retrospective application of IFRS 17

Target			
IFRS net income		Group adjusted profit	
FY2025 ¥450 billion		FY2025 ¥760 billion (excluding the ¥450 billion impact of accelerated sales of strategic equity holdings)	
Adjusted ROE ^{*1}		Group adjusted ROE ^{*2}	
FY2025 12%		FY2025 16% (excluding the 10% impact of accelerated sales of strategic equity holdings)	
<small>^{*1} IFRS net income / (Net assets on an IFRS basis – Net unrealized gains/losses on strategic equity holdings) Under IFRS, gains/losses on sale of strategic equity holdings are no longer included in net income. To align the standards for the denominator (net assets) and numerator (net income) of ROE, gains/losses on strategic equity holdings are excluded from net assets. ^{*2} Group adjusted profit / Group adjusted net assets Adjusted net assets = Consolidated net assets + Catastrophe reserve and others – Goodwill and other intangible fixed assets</small>			

	(¥ billion)	
	FY2022 results ^{*7}	FY2025 target
Group Adjusted Profit	222.2	760.0
Domestic non-life insurance (excluding gains/losses on sales of strategic equity holdings)	118.3	496.0
Domestic life insurance	34.7	54.0
International business	67.0	206.0
Financial services business/ Digital/risk-related services business	2.0	4.0
Group Adjusted ROE	6.1%	16.0%
Consolidated net premiums written	3,933.2	4,890.0
Life insurance premiums (Gross premiums income) ^{*5}	1,707.5	1,670.0
MSI Aioi Life’s EEV	908.0	-
ESR (Economic Solvency Ratio)	228%	180%–250%

Changes in Market Capitalization



(Source: Bloomberg)

Aspirations, Basic Strategies, and Foundations of the Medium-Term Management Plan (2022–2025)

The Medium-Term Management Plan (2022–2025) aims for us to become a “corporate group supporting a resilient and sustainable society” that contributes to solving social issues and grows together with society by implementing a value creation story and acting as a platform provider of risk solutions.

To realize our aspirations, we will use “Value (value creation),” “Transformation (business reforms),” and “Synergy (pursuit of Group synergies)” as our basic strategies, and “Sustainability,” “Quality,” “Human Resources,” and “ERM” as the foundation to support our basic strategies.

Aspirations

Qualitative Targets

A corporate group supporting a resilient and sustainable society

As a platform provider of risk solutions, we will help solve climate change and other social issues, while growing together with society.

- In addition to covering economic losses, seamlessly provide products and services before and after coverage and protection.
- Offer optimal solutions through marketing, underwriting, payment services, and risk consulting that utilize digital technologies.

Quantitative Targets

IFRS net income	Group adjusted profit
FY2025 ¥450 billion	FY2025 ¥760 billion <small>(excluding the ¥450 billion impact of accelerated sales of strategic equity holdings)</small>
Adjusted ROE ^{*1}	Group adjusted ROE ^{*2}
FY2025 12%	FY2025 16% <small>(excluding the 10% impact of accelerated sales of strategic equity holdings)</small>

^{*1} IFRS net income / (Net assets on an IFRS basis – Net unrealized gains/losses on strategic equity holdings): Under IFRS, gains/losses on sale of strategic equity holdings are no longer included in net income. To align the standards for the denominator (net assets) and numerator (net income) of ROE, gains/losses on strategic equity holdings are excluded from net assets.

^{*2} Group adjusted profit / Group adjusted net assets: Adjusted net assets = Consolidated net assets + Catastrophe reserve and others – Goodwill and other intangible fixed assets

Basic Strategies and Foundations Supporting Basic Strategies

Basic strategies

Value (value creation)

- Enhance the profitability of our businesses, products, and services to strengthen the earnings foundation
- Roll out CSV×DX globally to provide value to all stakeholders and enhance corporate value

Transformation (business reforms)

- Complete a fundamental review of the business structure and implement reforms aimed at a business structure based on customer-focused operations and compliance with laws and regulations
- Transform our business structure to adapt to changes in the business environment, including the creation of new businesses
- Transform our businesses, products, and risk portfolio to build a stable earnings foundation

Synergy (pursuit of Group synergies)

- Take advantage of the diversity of the Group and strengthen cooperation to achieve further growth
- Deepen standardization, collaboration, and integration in the Group to improve productivity
- Pursue synergies on a global basis

Foundation

Sustainability

- Employ initiatives to address the three priority issues
Symbiosis with the global environment (Planetary Health)
Safe and secure society (Resilience)
Happiness of diverse people (Well-being)

Quality

- Re-emphasize customer-focused business operations and compliance
- Be a corporate group that continues to evolve based on customer feedback
- Engage in highly transparent and effective corporate governance

Human Assets

- Build an optimal portfolio of human resources
- Develop a working environment in which employees can fully demonstrate their abilities, skills, and motivation

ERM

- Improve earning power and capital efficiency
- Reduce strategic equity holdings

Value Creation

Basic Strategy 1 Value

In our Basic Strategy 1, “Value,” in addition to increasing the profitability of our businesses, products, and services and strengthening our earnings foundation, we will roll out CSV×DX globally and provide value to all stakeholders, thereby contributing to solving social issues and enhancing corporate value.

In the Value strategy, we will strengthen our earnings foundation and provide new value based on the Group’s strong financial base, steady profit growth, diverse human assets, etc.

Enhancing the revenue base

- In our efforts to strengthen the earnings foundation, in light of changes in the business environment, such as an increase in natural disasters and continued inflation, we are promoting efforts to improve insurance profitability and enhance productivity.
- In the first stage of the Medium-Term Management Plan (2022–2025), we worked to improve efficiency, including promoting cashless and paperless operations and other revisions to business processes, as well as to reform our business style, including promoting remote work and revising office space. Furthermore, in voluntary automobile and fire insurance, in addition to product and premium rate revisions, we worked to improve profitability through measures such as disciplined underwriting and line size controls.

MS&AD Value strategy

- Under our MS&AD Value strategy, we are utilizing the latest digital technology and data to develop and monetize new products and services.
- In the first stage of the Medium-Term Management Plan (2022–2025), we worked to develop and monetize new products and services for before and after compensation and protection through collaboration with other industries and the utilization of digital technology, in addition to the original function of insurance, which is to compensate for losses. In addition, we focused on utilizing knowledge gained through investment in start-ups by MS&AD Ventures, a corporate venture capital firm based in Silicon Valley, across the Group as a whole.

Before an accident

At the time of an accident

After an accident

Prevention

Coverage

Recovery

Preventing accidents and disasters

Compensating for economic losses

Supporting the recovery

Risk Solutions

CSV×DX

- We are developing and expanding products and services that will lead to the resolution of social issues and building a sales system.

Examples of initiatives

MS&AD Cyber Risk Finder

Hailstorm forecast model

Forecast information

Matching forecast information with location information

Location information

Hailstorm alerts

Notification via SMS or app

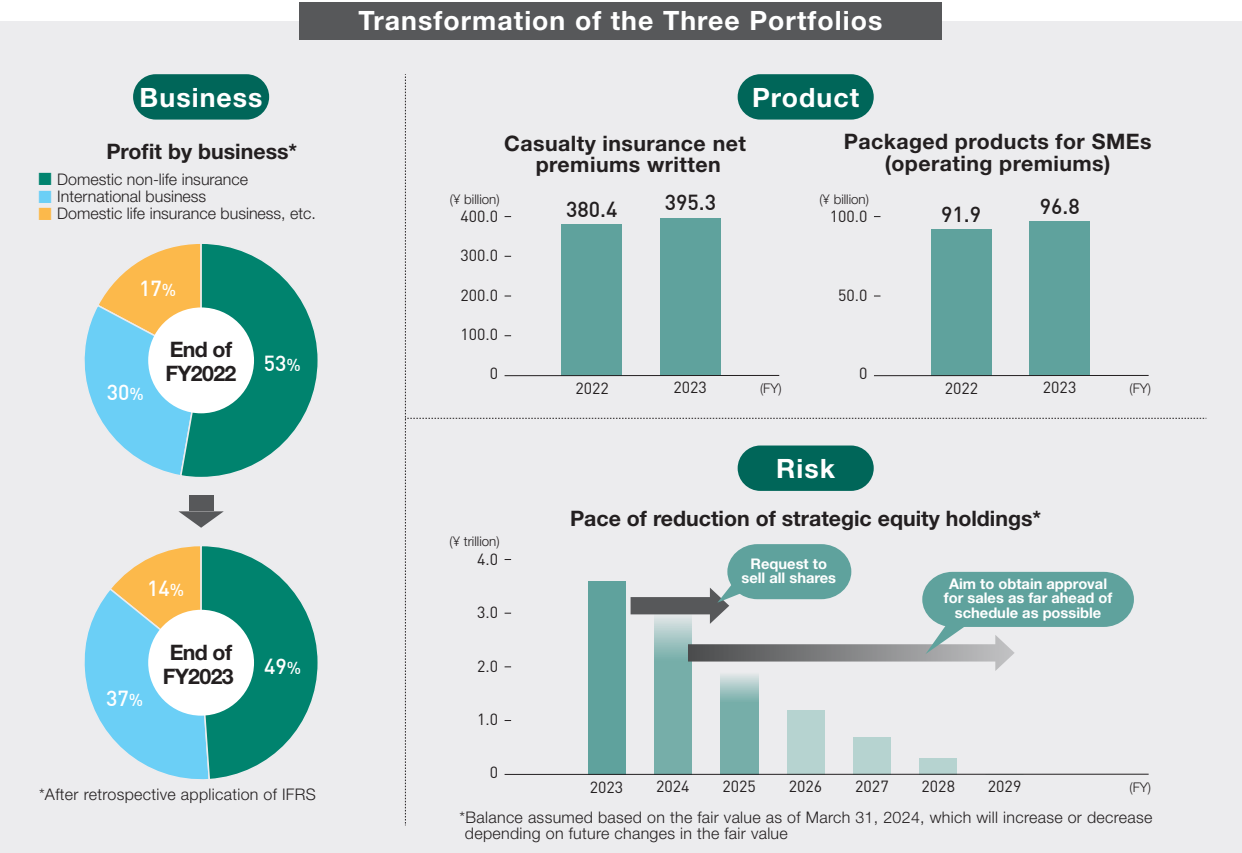
Avoidance actions by customers

Business Reforms

Basic Strategy 2 Transformation

Basic Strategy 2, “Transformation,” aims to build a stable earnings foundation by implementing reforms in three portfolios: business, product, and risk. We will also transform the structure of our business, including the creation of new businesses, and adapt to changes in the business environment.

- In “Business Portfolio Reform,” we aim to secure approximately 50% of our profit from businesses other than the domestic non-life insurance business by FY2025, and we are taking steps to diversify profit sources by expanding the international business, domestic life insurance business, and new business areas. In the first stage of the Medium-Term Management Plan, we increased profits from the international business through measures such as the development of the U.S. market through our investment in MS Transverse, in addition to profitability recovery and expansion at MS Amlin.
- In “Product Portfolio Reform,” we are reforming our product portfolio to a more diversified portfolio by expanding casualty insurance (expanding sales of new products in response to new risks), taking into consideration the slowing growth of voluntary automobile insurance and fire insurance over the medium to long term. In the first stage of the Medium-Term Management Plan, we expanded casualty insurance by expanding sales of products to address new risks and needs, such as cybersecurity, as well as products for midsize and small businesses. In the domestic life insurance business, we expanded sales of highly profitable products.
- In “Risk Portfolio Reform,” we reduced strategic equity holdings, which account for the largest portion of the Group’s risk volume. We are further accelerating our efforts to achieve zero strategic equity holdings by the end of FY2029. In the first stage of the Medium-Term Management Plan, we sold ¥450.8 billion worth of strategic equity holdings, more than double our initial sales target of ¥200 billion.



Utilization of digital technology to pursue optimal solutions

In the first stage of the Medium-Term Management Plan (2022-2025), we accelerated collaboration with platform providers to develop insurance sales using a built-in e-commerce website, and as part of our aim to utilize business operations based on generative AI, we built a usage environment and trained core human resources to promote its utilization.

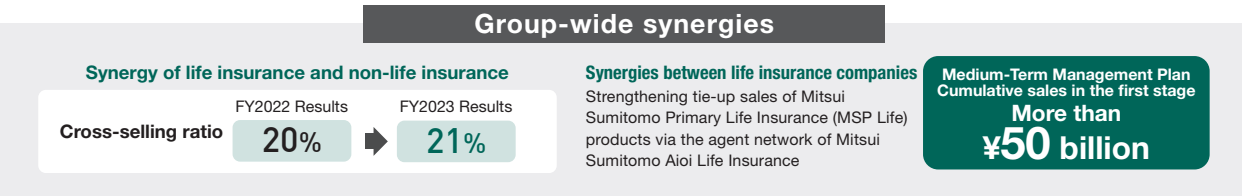
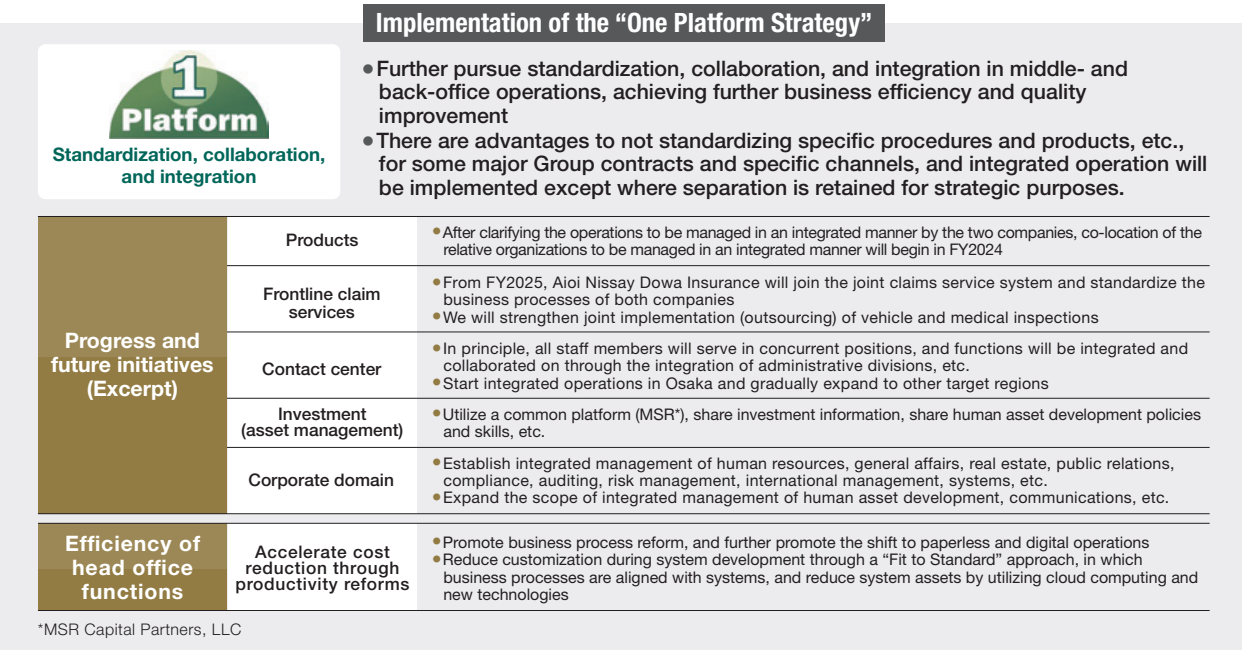
Demonstration of Group Synergies

Basic Strategy 3 Synergy

Under Basic Strategy 3, “Synergy,” the Group will leverage its strengths in diversity to drive growth, while leveraging its scale to improve productivity. We will take advantage of the economies of scale in the domestic non-life insurance business, which boasts the largest market share; boldly promote standardization, collaboration, and integration across the Group by centering on the middle- and back-office divisions of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance as the “One Platform Strategy”; and achieve greater operational efficiency and quality improvement at the same time. We are also actively working to demonstrate synergies between domestic Group companies and global synergies.

In the “One Platform Strategy,” Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance will continue to operate as one, excluding strategic differences such as some large Group contracts and specialized office work and products for specific channels. We will promote the integrated management of head office functions, expand the use of BPO* for routine operations, and use shared bases to improve the efficiency of head office functions. As a synergy between the domestic non-life insurance business and the domestic life insurance business, we will increase the ratio of non-life insurance agents who also sell life insurance from about 20% currently to 25%. As a global synergy, we will pursue synergies between Group companies and investee companies in all areas in and outside Japan, including insurance products, non-life insurance services, and DX.

*BPO: Business Process Outsourcing (the outsourcing of operations)



Additional reductions in business expenses (compared with FY2019)

Category	¥ billion
2022 Results	18.0
2023 Results	16.0
2025 Outlook	46.0

Legend: Additional amount under the Medium-Term Management Plan (2022–2025) (dark green), FY2022 reduction results and reduction plan up to FY2025 (light green), Reduction results up to the previous Medium-Term Management Plan (blue)



Special Feature

As a platform provider of risk solutions

Taking on the challenge of major reforms of business style

In FY2023, two of the Group's non-life insurance companies received business improvement orders and submitted business improvement plans. We must achieve major reforms of business style, with all employees in the Group returning to our "Mission, Vision, and Values."

As a platform provider of risk solutions, here are messages from eight employees working in the Group who are working on reforms of business style, and value provided, without being bound by precedent or convention.



I work in the claims support department at Mitsui Sumitomo Insurance, focusing on automobile accident resolution and claims payment work. Claims support work is a rewarding job where I can utilize my expertise and experience as a professional to help many people.

In response to the fraudulent claims by repair shops in 2023, we have made significant changes to our previous approach, including our repair shop referral service.

When handling claims, the most important thing is that we resolve them in a sympathetic, prompt, and appropriate manner. To this end, it is necessary for us to continually consider the needs of each customer, but as a result, I feel that we are often unable to refer the right repair shop to each customer.

The company is moving to eliminate any sense of discomfort that frontline employees might have had, and strong progress is being made on efforts to reform the culture and foster an open corporate culture. That might take some time, but I feel that the Company has begun moving in a better direction, and many employees, including myself, are hopeful.

With claims support work, it is difficult to understand the differences in responses between insurance companies until an accident occurs. For that reason, we must ensure that one of the strengths of our company is the fact that employees in claims support departments are professionals in their fields. I intend to become such an employee myself, and at the same time, I intend to train other employees well as we aim to become the insurance company of choice for customers.

As a professional in claims support work

Miku Kobayashi

Mitsui Sumitomo Insurance

Tokyo Automobile Claims Dept.



Delivering new value to customers

Yoshihiko Asakuma

Aioi Nissay Dowa Insurance

Yokohama Branch

As a manager in a retail sales department at Aioi Nissay Dowa Insurance, I work with our partner agencies to solve regional issues by utilizing our company's products and services.

For example, although we have not yet achieved any results or concrete achievements at this time, we are working with local governments to improve the future of their regions, in areas such as initiatives related to the spread of decarbonization and the circular economy, and efforts to promote ridesharing in regions where there is a shortage of cab drivers.

We have been working under the approach that we can best serve our customers by delivering our products to more customers, thus achieving our sales targets, and by improving the indicators of efficiency in our operations, such as paperless and digital procedure rates in our sales activities. However, a series of scandals in the non-life insurance industry has caused us to revisit the meaning of customer-oriented business operations and the value we provide.

Currently, I am working with agents to face the issues and needs of our customers and to help them make the best choices by providing them with good information concerning a variety of options in terms of insurance products, contract procedures, etc. Furthermore, we utilize our products and services as an insurance company to take on the challenge of creating shared value with local communities, including our customers.

I believe that giving these initiatives a concrete form and spreading related information nationwide will contribute to the development of human assets and lead to us becoming the insurance company of choice for our customers.

I built my career mainly in corporate sales, both in Japan and overseas, and after a stint in the United States, I was assigned to a new business department. Our mission was to establish new businesses related to insurance and to drive transformation.

After considering and failing at numerous new businesses, we finally succeeded in commercializing “MS LifeConnect,” an IoT platform service. When customers use insurance, it means that they have suffered an unfortunate event, and there might be things that cannot be recovered through insurance payouts. To create a world where people can avoid using insurance as much as possible, we have focused on IoT as a means of reducing risk, resulting in the release of the AI Smart Camera as the first of a series of linked devices.

There were some negative opinions about developing an IoT business as an in-house solution as an insurance company. We gathered colleagues from across departments who agreed with us, formed a project team, and continued to take on the challenge of providing new value. We considered ways to achieve solutions to issues and solved the missing elements by partnering with companies in Japan and overseas.

As an insurance company, we feel that we have taken a big step forward by creating a service other than insurance, but there is still work to do to develop “MS LifeConnect.” In the future, we will increase the number of smart locks and other IoT devices that can be linked and strengthen our consideration of service provision models linked to our core business by collaborating with the sales, claims service, and head office departments.

Through this project, we will continue to build momentum for a major transformation of business style, involving the Company as a whole.



A wave of transformation starts with the actions of each one of us

Koji Hiraiwa
Mitsui Sumitomo Insurance
Business Design Dept.

As a concierge for direct voluntary automobile insurance policies, which can be contracted only over the Internet and telephone, I support safe and secure car lifestyles by attending to the feelings of all customers, including those who are new to insurance or unfamiliar with the Internet. Communicating directly with customers daily is central to my work.

I have always thought that we were close to our customers, but last year, there were a series of scandals involving Group companies, resulting in many discussions in the workplace about the importance of maintaining a customer-focused attitude. Looking back, I realize that I could have done more.

For example, when assisting a customer with renewal procedures for their policy, I discovered that the scope of drivers had changed during the policy period. I renewed the policy after changing the driver age requirement, but the customer said, “If I had contacted you when the driver range changed, the premiums could have been reduced. It feels a little wasteful.”

I also thought that there was nothing we could do about it because we would not have noticed it without the customer mentioning it, but the moment I used that one word, “impossible,” to explain away this incident, I realized that I was not being customer focused in the true sense. Then, we introduced a management system to check “if there is any change in customers’ car lifestyles” by phone or e-mail when six months had passed after the contract was signed. What can we do ourselves? Beyond the pursuit of this point lies the true value that we can provide.

To meet the expectations of our customers, I would like to maintain a stance of being proactive and working to improve my work, even on trivial matters.



What does it mean to be truly customer focused?

Rina Kawano
Mitsui Direct General Insurance Co., Ltd.
Customer Center Dept.



Transforming into an industry that gives hope to those who come after us

Shohei Matsuo
Aioi Nissay Dowa Insurance
Digital Business Design Dept.

As a data scientist working on DX at Aioi Nissay Dowa Insurance, I have been focusing on solving various internal and external issues. Most recently, we have proposed a service to local governments to quantitatively assess transportation issues.

I have liked statistics since I was a student, and I find my work as a data scientist at a non-life insurance company rewarding. In the future, I would like to work with more data and engage in activities that create new value to offer.

However, for young people of my generation, the insurance industry does not feel familiar. Work in the insurance industry is also perceived as not very exciting. For the Group to be reborn in a truly meaningful sense, I think we will need to take action to dispel this negative image.

With the formulation of the business improvement plan, there is now more momentum than ever to respect the opinions of each employee in the company. I would like to take this opportunity to actively express myself as an employee and utilize my strength in working with data to develop services that customers truly desire. I hope we will ensure that the company is one that is needed by many people as we utilize data to solve social issues, such as regional development, and work in a concentrated manner on activities that will contribute to CSV. By doing so, I believe that we will be able to show hope to our less experienced colleagues and become a company and human assets that society needs.



Turning adversity into an opportunity for transformation

Kaori Anzai
Mitsui Sumitomo Aioi Life Insurance
Digital Innovation Dept.

I spent many years in sales promotion departments. During that time, I was thinking about how to get agents to sell insurance products. Of course, this does not mean that we do not consider the position of the customer, who actually purchases insurance, but I think there were times when we focused on the agent without even being aware of it.

Currently, I am working day by day to deliver “MSA Care,” a healthcare service that provides total support for customers’ health, to as many customers as possible. The major difference from the past is that through MSA Care, I now have more opportunities to listen to feedback from customers, and naturally, I began to think about what it means to be customer focused, which was previously difficult to see. Then, business improvement orders were issued to two non-life insurance companies in the Group, owing to price adjustments in corporate insurance. Both companies are working to transform the value they provide and are trying to become companies that provide valuable products and services that are useful to customers and society. Going forward, insurance companies will be selected based on the quality of their products and services. Accordingly, this has given us an opportunity to think about our customers more than ever before and to be more strongly aware of delivering the value we offer.

I am aware that MSA Care has become one of the most important services that will affect the future of the company. More than 2,500 companies have introduced this service as part of their benefit programs, and I believe that we will be able to deliver our products and services to many customers. I would like to continue to develop this service into one that will be truly appreciated by our customers.

I joined the company in 2012 and have spent more than a decade on the front line of sales, helping agents propose and sell insurance products that support their customers' life planning. This spring, my position changed to the product development side. I take this transfer as a message from the company that they want me to develop products that offer more value to customers, as someone who knows the front line of sales well.

Even though my position within the company has changed, my goal of engaging in customer-focused operations remains unchanged. In our position as an insurance company, we must first check the customer's knowledge of insurance products and the status of their assets, and then appropriately explain the risks and returns and gain their understanding. I also began to think more deeply about the need to design products that address the needs of customers, with a full understanding of the sales methods of the agents who sell the products.

I intend to always be conscious of whether we are meeting the expectations of society and our customers and taking on the challenge of creating products that support our customers' lives with integrity.



Reconsidering the form of “customer-focused financial products”

Suguru Sakama
Mitsui Sumitomo Primary Life Insurance
Product Dept.

Today, the risks surrounding companies are becoming increasingly complex. One of these risks is risk related to natural capital, which is my specialty. For example, semiconductor manufacturing requires as much as 200,000 tons of fresh water per day per plant, and the reality is that manufacturers depend on nature to provide a stable supply of large volumes of water. At the same time, the impact of corporate activities on nature cannot be ignored. Modern companies must consider risk in terms of both dependence and impact on nature.

As a consultant in the sustainability domain, I have supported the corporate activities of many of our customers, but I am aware that I am in a special position within the Group. This is because if something happens, I am not in a position to offer compensation. We have focused on addressing the risks faced by customers head-on and creating measures to prepare for those risks.

As the Group transformation the way we conduct our insurance business, I believe that risk management will become even more important when proposing total risk solutions to customers. Accordingly, I would like to work in a manner that is more integrated than before with other Group companies.

I believe that for the Group, which is under pressure to transformation, it has become even more important to address risk head-on. In an age when even a single risk can jeopardize the survival of a company, we can quickly recognize risks that customers are not even aware of and move forward together in the right direction. Through the provision of such consulting services, I hope to continue to increase the value of the Group as a whole.

Addressing our customers' risks head-on

Chisa Awagakubo
MS&AD InterRisk Research & Consulting
Risk Management Dept. 5th

Medium-Term Management Plan (2022–2025)

Foundations Quality

Efforts to regain customer trust

The MS&AD Insurance Group has positioned “quality” as one of the foundations supporting the basic strategies of the Medium-Term Management Plan (2022–2025), and we are working to improve quality under the slogans “re-emphasize customer-focused business operations and compliance” and “a corporate group that continues to evolve based on customer feedback.” Considering the premium adjustment case and fraudulent insurance claims by referred repair shops in FY2023, we will further strengthen our efforts from the second stage of the Medium-Term Management Plan (2022–2025) as we endeavor to regain customers' trust.

Basic Policy for Responding to Customer Feedback

Based on our mission, the Group has established the Basic Policy for Responding to Customer Feedback, and we are committed to responding to all customer feedback in a prompt, appropriate, and sincere manner.

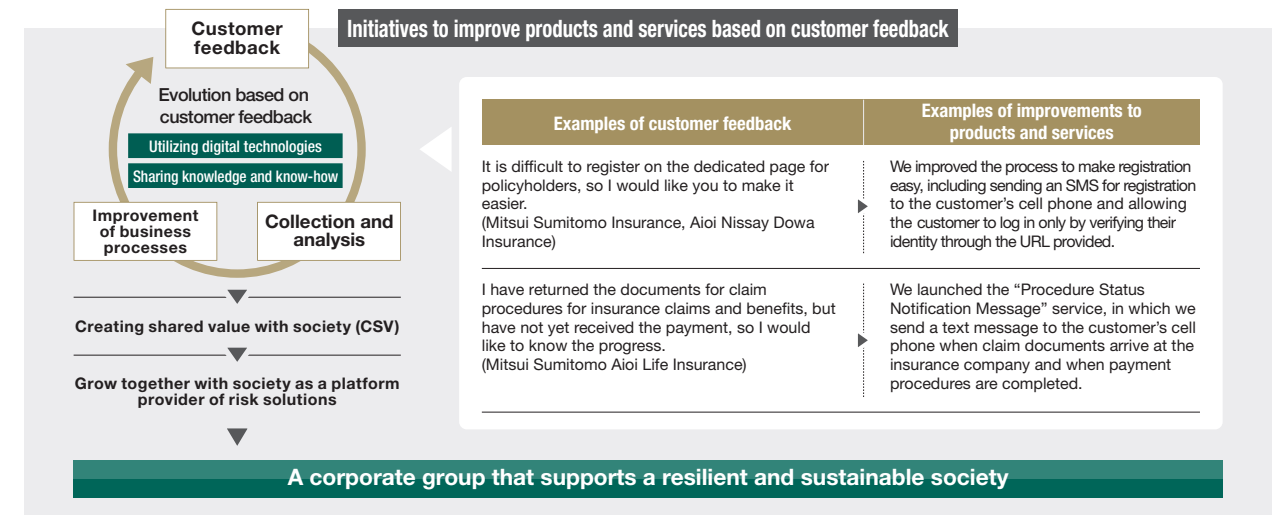
Basic stance toward customer feedback

- (1) All officers and employees shall respond promptly, appropriately, and sincerely to all customer feedback received from customers.
- (2) All officers and employees shall recognize that customer feedback is “important information for securing customers' trust, achieving business growth, and achieving further improvements in quality.”
- (3) All officers and employees shall collect and analyze information on customer feedback, strive to reduce complaints, and at the same time utilize customer feedback in various measures to improve quality and enhance customer satisfaction.

Initiatives related to customer-focused business operations

- On May 31, the five Group insurance companies announced the status of initiatives for FY2023 based on the “Policy Regarding Customer-Focused Business Operations.” For details, please refer to each company's website.
- The five Group insurance companies have declared that they will comply with ISO 10002 (Quality management – Customer satisfaction – Guidelines for complaints handling in organizations), an international standard related to handling complaints.

Initiatives to improve products and services based on customer feedback



Practice highly transparent and effective corporate governance (see p. 95)

Topics

Provision of quality that meets customer expectations and examples of evaluations by external organizations

Each Group company has received the highest level of evaluation from HDI-Japan (managed by Think Service Corporation), a customer center evaluation by an external organization, because of quality improvements based on stakeholder feedback.

- Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct received the highest rating of “3 Stars” in the categories of “Contact” and “Web Support” in the open rating survey.





Moving from an insurance company that only provides economic compensation to an insurance company that utilizes digital technology to solve customers’ problems

CDO Message
Tomoyuki Motoyama
Group CDO
(DX Promotion)

Our understanding of current circumstances

In recent years, risks to society have steadily increased, including global outbreaks of infectious diseases, heightened geopolitical risks, cyberterrorism, and increasing natural disasters associated with climate change. On the other hand, changes in the social environment associated with the advancement of technology have expanded what we can do for our customers and the possibilities for our businesses. By analyzing various types of data, it is now possible to forecast the incidence of disasters and accidents with a high degree of accuracy, and technologies are emerging that enable rapid recovery in the event of an accident. As CDO, I believe that we can deliver new value to our customers that goes beyond insurance by utilizing all kinds of data from within and outside the Group and collaborating with many start-ups and other organizations attempting to solve social issues using cutting-edge technology. Although we cannot prevent accidents and disasters 100% of the time, we believe that if we can alleviate some of our customers’ problems and help them recover in the event of an emergency, we can make them happy. In addition, as a major change in business style, we will fundamentally review existing approaches to business operations. Through the enhancement of solutions before and after compensation (protection), full digitalization of procedures, investment in digital human resources, and other measures, we will transform ourselves from “an insurance company that only provides economic compensation” to “an insurance company that utilizes digital technology to solve customers’ problems, including risk sign detection and prevention, early recovery from accidents, and recurrence prevention, in addition to economic compensation.”

Review of the first stage of the Medium-Term Management Plan (2022–2025)

In the first half of the Medium-Term Management Plan (2022–2025), we promoted initiatives that combine CSV and DX, with MS&AD InterRisk Research & Consulting playing a central role. As a platform provider of risk solutions, we have worked to solve the problems of our customers and society by developing and providing solutions before and after compensation (protection) to a wide range of customers. These solutions include accident prevention, burden mitigation in the event that accidents occur, early recovery after accidents, and recurrence prevention—not just economic compensation for losses through conventional insurance. One example is our solutions related to cybersecurity. In recent years, there has been an increase in sophisticated cyberattacks that even utilize generative AI. We are developing solutions capable of diagnosing and assessing the vulnerability risk of the entire supply chain to prevent cyberattacks, as well as comprehensive solutions for specialized responses to cyber incidents.

Solution name	Description
MS&AD Cyber Risk Finder	Continuous implementation of Attack Surface Management (ASM) ¹ , which is also recommended by the Ministry of Economy, Trade and Industry, to enable the detection of devices unidentified by the organization administrator and unintentional configuration errors from an attacker's perspective.
Cyber Incident Guard	Provision of a commander ² function for a Cyber Security Incident Response Team (CSIRT), a team that responds to cyber incidents (incident response), to solve contingency response issues faced by customers.



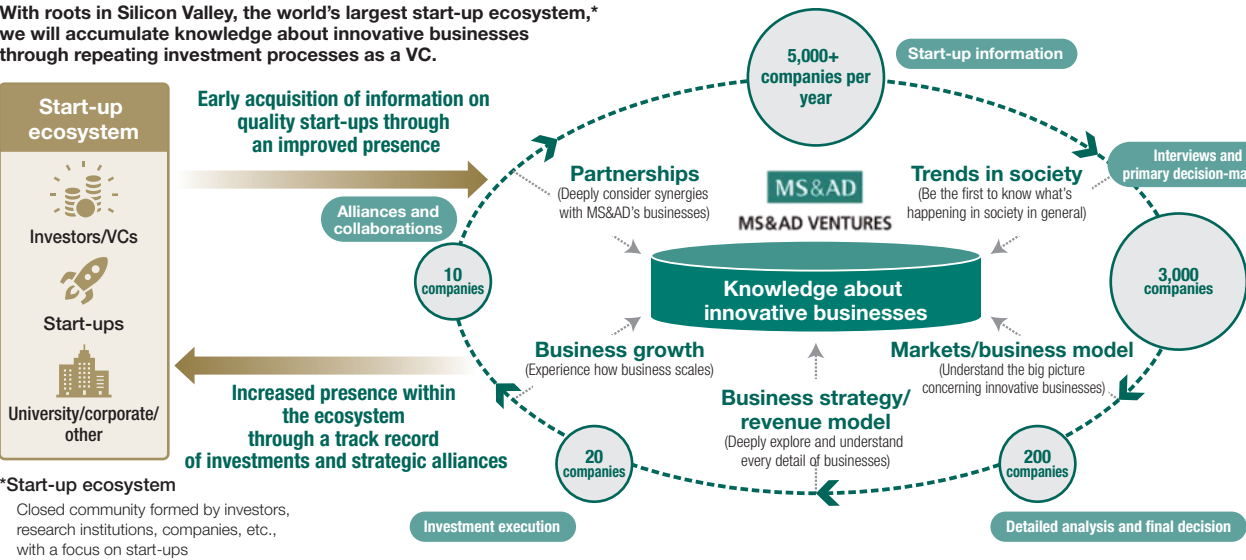
¹ A series of processes to discover IT assets accessible from outside the organization (the Internet) and to continuously detect and evaluate vulnerabilities and other risks that exist in those assets.
² Communicate with forensic service providers, attorneys at law, and other external parties, as well as internal parties such as management and contact points with related departments when responding to cyber incidents, and integrate and coordinate to minimize damage, achieve early recovery, etc.

Initiatives related to the latest technologies and business models

In addition, at MS&AD Ventures¹, Global Digital Hub², and Aioi R&D Lab-Oxford³, we are researching cutting-edge technologies, business models, etc., from around the world, and through co-creation with various companies, we aim to develop attractive solutions that meet customer needs and create new businesses.

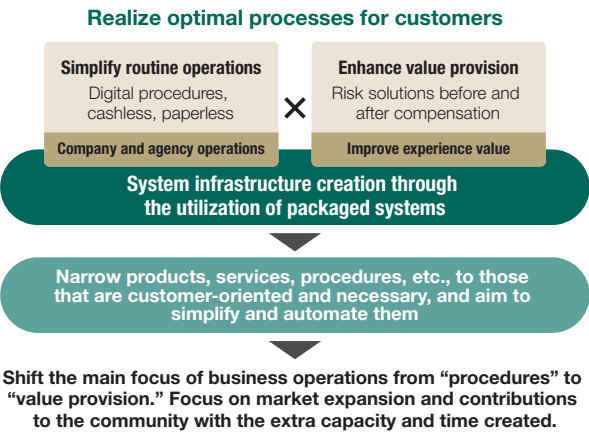
Regarding generative AI, we have built a secure environment that enables safe usage by approximately 30,000 Group members, and we utilize it in day-to-day operations such as search, translation, summarization, and image generation. We are also promoting operational efficiency by integrating generative AI into actual business processes, for example, by introducing a system that uses generative AI to automatically convert into text and summarize the content of calls with customers and other parties when handling claims.

¹ CVC (Corporate Venture Capital) was established in 2018 as the first such organization by a Japanese insurance group in Silicon Valley.
² Six digital hubs established by Mitsui Sumitomo Insurance in Japan and overseas (Tokyo, United States, London, Israel, Singapore, Shanghai)
³ A joint research institute jointly established by Aioi Nissay Dowa Insurance and Mind Foundry Ltd., an AI start-up of the University of Oxford, to conduct research-and-development activities related to cutting-edge technology and science



Business process reform

Furthermore, we will again review our products and business processes to ensure that we are operating in a customer-oriented manner. To date, we have offered various special policy conditions, many premium payment methods, etc., to meet the needs of many customers. However, this has led to increased product complexity and created obstacles to the reduction of processing time for contract and claims payment procedures. As a medium-term initiative, the Company will again consider what the most desirable products and business processes are for customers and agents, and fully utilize digital technology as part of our aim to create products and business processes that are easy to understand and highly convenient.



Developing digital human resources

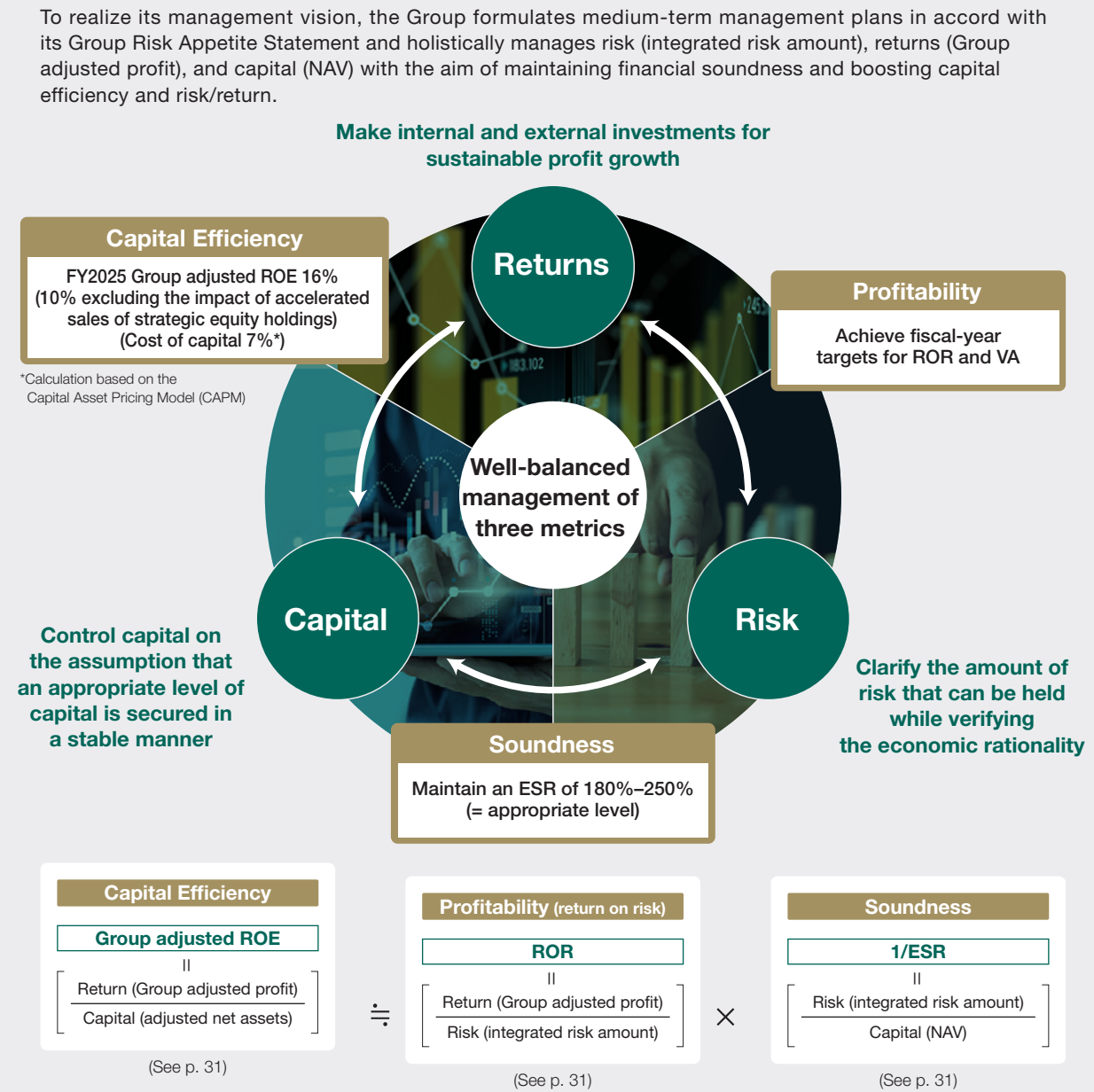
The most important factor in these efforts is human resources. In collaboration with Toyo University, the Kyoto University of Advanced Science, and other universities, the Group has been focusing on the development of digital and innovative human resources since FY2018, with the target of developing 7,000 human resources in the Group by FY2025 (developed approximately 5,800 people as of April 2024). In addition, we actively appoint data scientists and other specialized human resources from both within and outside the Company and have created an environment where it is easy for people to work in job-type roles.

MS&AD Digital Academy	MS&AD Digital College from Kyoto	Data Science Training	Development of data scientists in the field of medicine
Information Networking for Innovation and Design Collaboration with INIAD (Faculty of Information Networking for Innovation and Design, Toyo University)	京都先端科学大学 Cooperation with the Kyoto University of Advanced Science (KUAS)	滋賀大学 Cooperation with Shiga University	東京医科歯科大学 Collaboration with Tokyo Medical and Dental University

ERM-Based Group Management

In the Group, we position the Enterprise Risk Management (ERM) cycle as the base of Group management and work to improve profitability and capital efficiency under the precondition of ensuring soundness. We allocate capital to each business based on our Risk Appetite Statement and other factors, and take risks utilizing allocated capital, while appropriately controlling risk through monitoring Return on Risk (ROR) and other measures. Under the Medium-Term Management Plan (2022–2025), the ERM Committee will play a central role in the Group’s efforts to improve the assessment and management of each Group business based on capital, risk, and return, while also reducing strategic equity holdings and flexibly allocating capital to business opportunities with higher capital efficiency, including investing in growth businesses, as part of the Group’s measures to enhance capital efficiency.

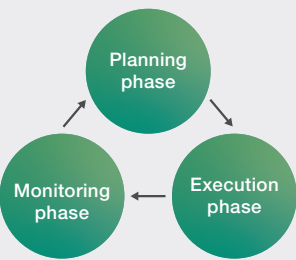
Integrated Management of Risk, Returns, and Capital



ERM Cycle

Planning phase	1 Formulate strategies based on the Group Risk Appetite Statement and establish capital allocation amounts after confirming the amount of risk that can be taken.
Execution phase	2 Take risks within the risk limits based on the capital allocation amounts and other considerations.
Monitoring phase	3 Conduct regular monitoring of financial soundness, profitability, and capital efficiency, etc.* 4 Based on the outcome of monitoring, examine and implement any necessary measures.

*During the monitoring phase, we check the Group adjusted ROE, ROR, ESR, compliance relative to risk limits, etc., on a quarterly basis.

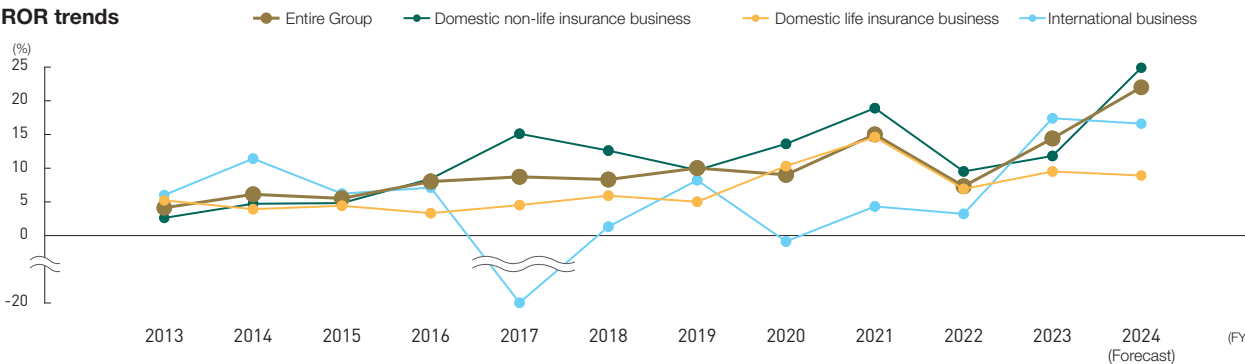


Initiatives to Boost Profitability

To boost capital efficiency while maintaining financial soundness, the MS&AD Insurance Group seeks to earn adequate risk/return through the following initiatives in each of its business domains.

*MSI Aioi Life: Mitsui Sumitomo Aioi Life Insurance;
MSI Primary Life: Mitsui Sumitomo Primary Life Insurance

Product development/sales/initiative management	P/L management by product/line	
	Domestic non-life insurance	Risk/return management according to insurance line attributes, voluntary automobile insurance profitability improvements, fire insurance profitability improvements, and revenue growth for casualty insurance
	MSI Aioi Life*	Assessing ROR for new policies when products are developed and revised and a sales policy is formulated
	MSI Primary Life*	Product-by-product profitability assessment (estimated value at the start of sales and actual value after sales)
Asset management strategy	Promoting diversified investment in assets with relatively high expected returns coupled with appropriate risk control through comprehensive asset and liability management (ALM)	
Retention/reinsurance policy	Establishing a retention and outward reinsurance scheme that maintains the financial soundness and stability of periodic profit and loss and contributes to improving profitability Controlling the net retained risk amount associated with natural disasters	



Strengthen the risk management framework

Strengthen the risk management framework	Strengthening our framework for identifying risks by horizontally deploying risks detected at each Group company, utilizing external advisors, etc.
Forward-looking risk detection	Conduct qualitative assessment of risks that are difficult to quantify, such as legal and conduct risk, and work to detect or uncover risks at an early stage
Cultivation of a risk culture	Further cultivate a risk culture as the foundation of governance to improve corporate value and build a sustainable business

Zero strategic equity holdings

Efforts to further reduce strategic equity holdings*

We will accelerate the reduction of strategic equity holdings to achieve zero holdings by the end of March 2030. This will contribute to the reduction of risk and the improvement of capital efficiency. While maintaining our shareholder return policy, returning 50% of Group adjusted profit, we will utilize the funds remaining from the sale of strategic equity holdings for growth investments, etc. (e.g., business investments, system investments, DX investments).

*Excluding business investments, etc., such as the development of insurance products and services or stocks that are deemed reasonable to hold as portfolio investments



Practice forward-looking risk management and business operations that emphasize quality to meet stakeholder expectations

CRO Message
Satoru Tamura
Senior Executive Officer
Group CRO

As the environment surrounding the MS&AD Insurance Group undergoes significant changes, we will practice forward-looking risk management and continue to operate our businesses in a stable manner, as a corporate group that supports a resilient and sustainable society through our global insurance and financial services businesses.

Financial Soundness

The Group appropriately controls risk through measures such as strengthening underwriting, adjusting the amount of catastrophe risk through the utilization of reinsurance, reducing strategic equity holdings, and comprehensive asset and liability management (ALM), and we ensure that we have sufficient capital for risks with a probability of occurrence of once in 200 years. In addition, we conduct stress tests, etc., based on the assumption of the occurrence of various events, such as large-scale storms, floods, and earthquakes in Japan and overseas; significant fluctuations in financial markets; increased cyberattacks; pandemics; and the emergence of geopolitical risks, thereby confirming that there are no problems with our financial soundness.

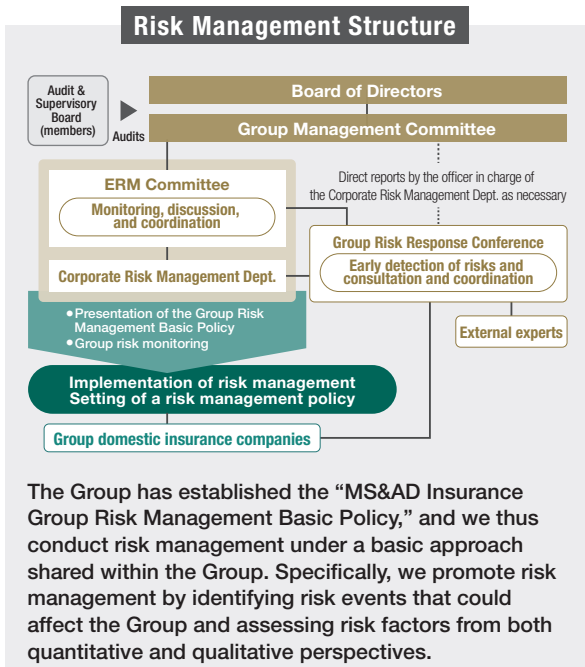
In terms of quality, we will also thoroughly implement customer-focused business operations by enhancing risk detection and management. In this section, we would like to discuss key themes and initiatives related to risk management and business operations that support the execution of strategies for the Group's development together with our stakeholders.

Strengthening risk detection capabilities ~Forward-looking risk detection and response~

Given the occurrence of premium adjustment activities, etc., the Group strives to ensure not only thorough compliance to avoid violations of the Antimonopoly Act and other laws and regulations but also customer-focused business operations by revisiting the Group's Mission, Vision, and Values.

Furthermore, to enhance sensitivity to risks such as those related to the violation of laws and regulations and conduct, and to detect risks inherent in the Group in a forward-looking manner, manage them horizontally within the Group, and respond to risks in an autonomous manner, we have established the new "Group Risk Response Conference," attended by officers from the Company (holding company) and domestic Group insurance companies, and we are working to strengthen risk detection capabilities. External experts also participate in this conference to provide advice and guidance from a wide range of perspectives.

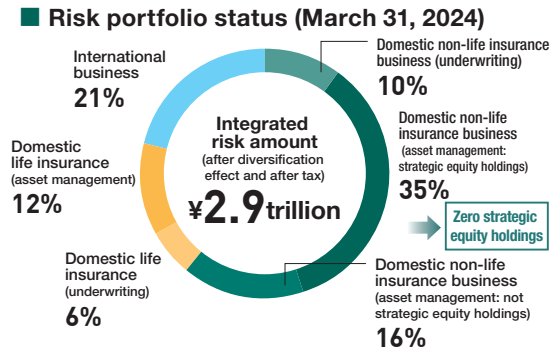
By working together as a group to detect and respond to risks as early as possible, we intend to always meet the expectations of our stakeholders and develop as a group, even as the environment surrounding the Group and societal values change.



Responding to changes in risk portfolios

The Group formulates management plans and takes risks in accordance with the Group Risk Appetite Statement, while also monitoring returns on risk and other factors through the ERM cycle to control risk, thereby ensuring soundness, improving capital efficiency, and enhancing profitability.

The Group will reduce the amount of strategic equity holdings held by the Group to zero by the end of FY2029, and we will use the proceeds from the sale for business investments, asset management, system and DX-related investments, etc., as well as shareholder returns. Although the Group's risk portfolios will change significantly as a result of these efforts, we will upgrade and strengthen risk management, as we aim to build a risk portfolio that enables us to steadily improve capital efficiency and return on risk (ROR) while maintaining financial soundness.

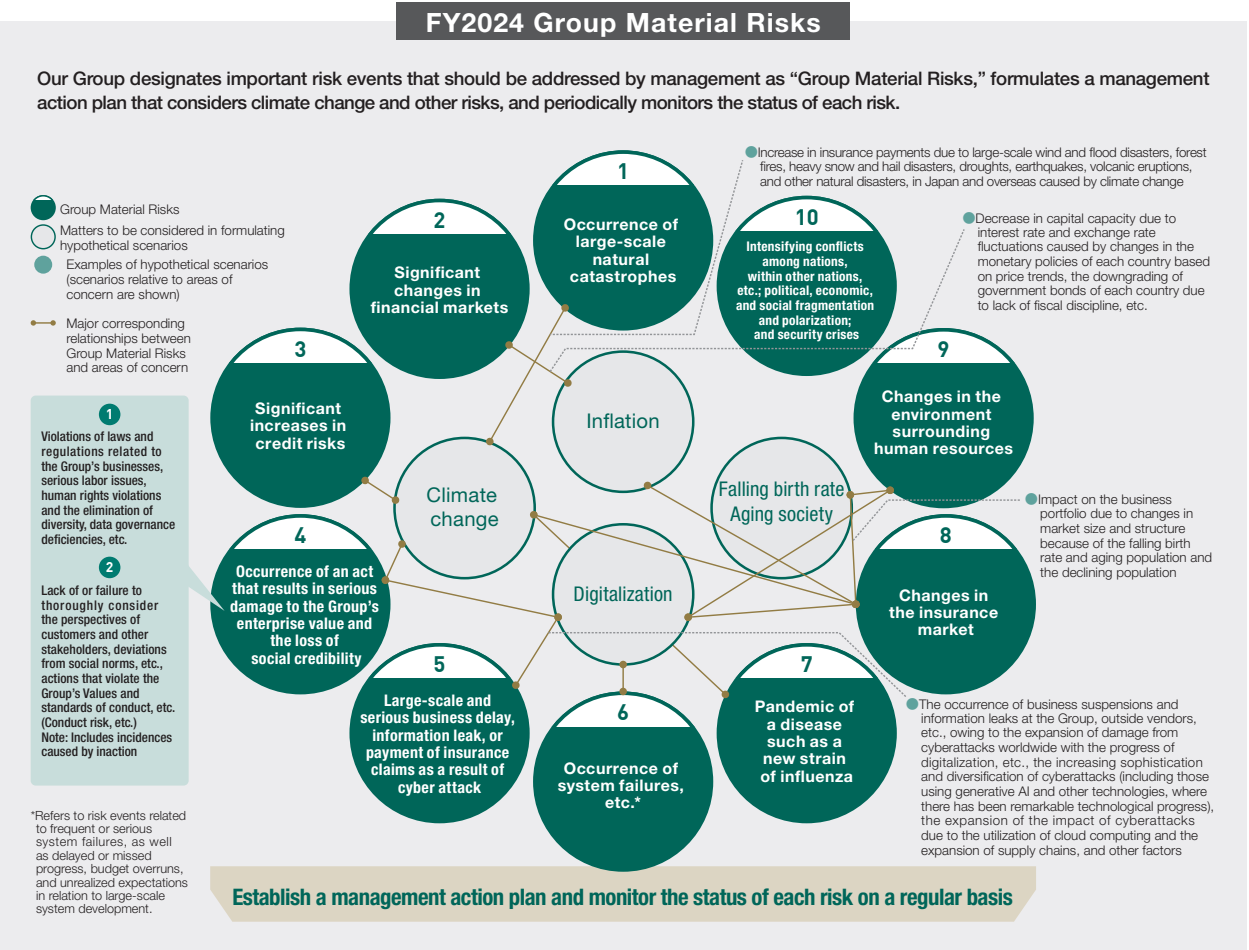


Identifying and addressing important risks

As I mentioned at the outset, the environment surrounding the Group is continually changing. FY2023 saw typhoons and hailstorms, the Noto Peninsula earthquake, heightened geopolitical risks, and fluctuations in financial markets due to inflation, monetary tightening, and other factors.

Recently, geopolitical tensions have been continuing and protectionism is on the rise, and these and other factors could spill over into supply chain and economic instability, as well as risks related to security. Elections will also be held in many countries, including the U.S. presidential election, and there are concerns that this will accelerate political and social divisions and increase international polarization. Based on the above, in FY2024, we added "intensifying conflicts among nations, within other nations, etc.; political, economic, and social fragmentation and polarization; and security crises" to the Group's important risks, and we are strengthening related management and initiatives.

In addition, we will promote measures to address climate change, conserve natural capital, respect human rights, and respond to new risks associated with technological innovations such as self-driving and AI, while also thoroughly engaging in business operations that emphasize quality to ensure perspectives oriented to customers and other stakeholders, to prevent violations of the Group's Values, etc., and to contribute to solving social issues through our business activities.



For more information, see the Group's official website. ●Risk management (https://www.ms-ad-hd.com/en/group/value/risk_management/erm.html)

●Risk Management Basic Policy ●Risk Management Structure ●The "three lines of defense" of risk management
●Insurance business risks ●Risk management in the international business ●Crisis management system (including business continuity plans)

Information Security Management

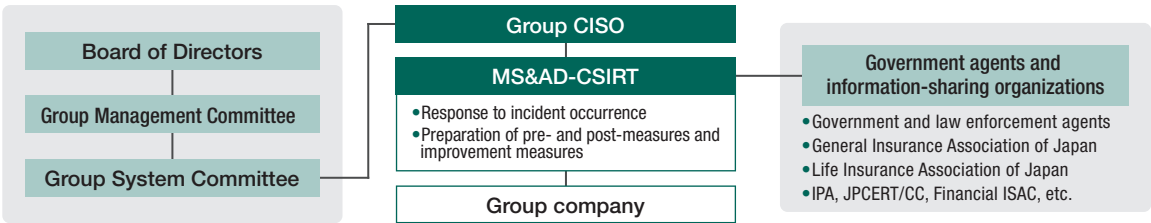
The MS&AD Insurance Group positions the implementation of information security management as one of the most important Group management issues to create a world-class insurance and financial group that continues to pursue sustainable growth and corporate value improvement.

We are also working to strengthen our framework for addressing cyber risks and threats from an economic security perspective.

Takuya Tsuda Executive Officer Group CISO

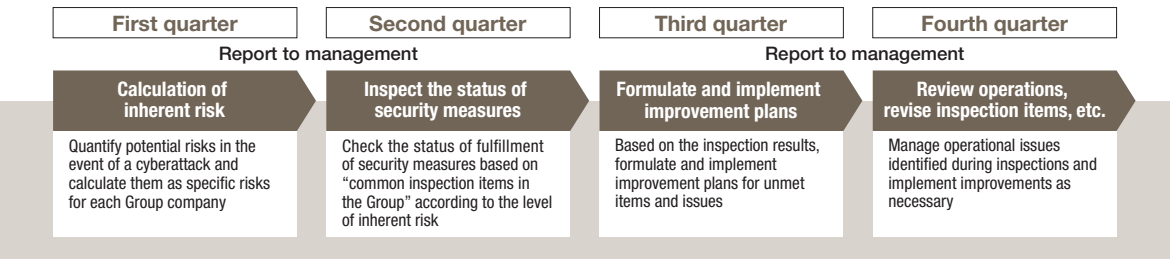
Information security management system of the Group

- The Board of Directors, the Group Management Committee, and the Group System Committee have established a governance framework for information security across the Group as a whole, including cybersecurity, and they receive regular reports from the Group CISO, who is in charge of information security, and engage in discussions concerning information management systems.
- We are aware of threats to information assets and constantly monitor changes in the external environment, including cybersecurity, as part of efforts to ensure information security and establish a framework for prompt response. In particular, regarding cybersecurity, we have established the MS&AD-CSIRT to respond to incidents when they occur, collect information on security threats, share information among Group companies, and strengthen information linkage with government agencies, information-sharing organizations, etc.



Monitoring activities of our Group

We regularly check the status of security measures (monitoring activities) for Group companies, including overseas entities, using common Group indicators developed independently based on domestic and overseas standards, guidelines, and frameworks, to continuously improve security levels.

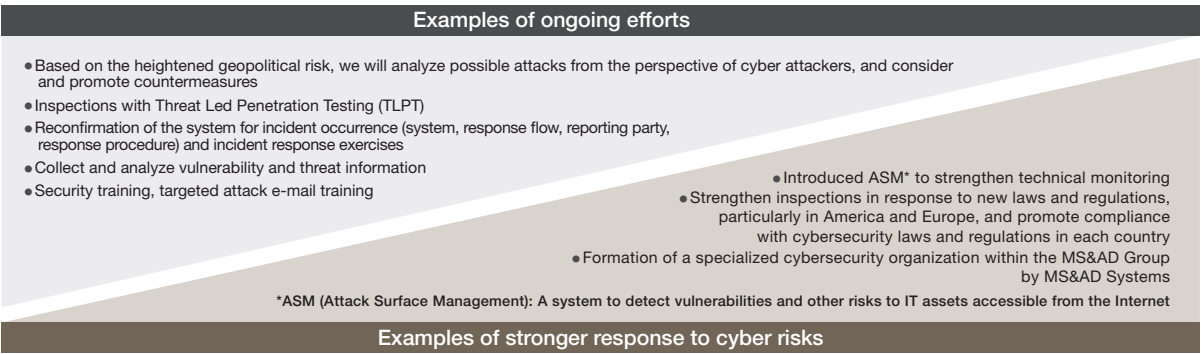


FY2023 initiatives

We are continuing to strengthen our cybersecurity preparedness through our existing security measures.

In addition, we have established procedures and response methods in case of an emergency, and through exercises we strive to minimize damage in the event of an emergency. As a result of these efforts, no serious incidents affecting business continuity occurred within the Group in FY2023.

To supplement the latest trends in cybersecurity in a timely manner and promptly implement necessary measures, MS&AD Systems has newly established the Cyber Security Promotion Department as a specialized organization. We will aim to advance the Group's centralized cybersecurity framework.



Promotion of Compliance

The MS&AD Insurance Group regards compliance as one of the most important issues in the management of the Group and requires all officers and employees of the Group to comply with laws, internal regulations, etc., related to business activities.

Mechanism to ensure the effectiveness of rules and systems

We have established the "Basic Policy on Compliance of the MS&AD Insurance Group," which is shared across the Group as a whole, and we are developing a compliance promotion framework based on this policy. As a company-wide implementation plan for compliance, the Company and our Group companies have each formulated a "Compliance Program," and are promoting specific initiatives. The status of implementation of the plan, issues to be addressed, etc., are reported to the compliance committees, Boards of Directors, etc., of each Group company. In addition, the Quality Improvement and Compliance Committee has been established to monitor the quality improvement and compliance of the entire Group and establish corporate ethics, etc. Important matters are reported to the Board of Directors.

Speak-up system (whistleblowing system)

In addition to the regular reporting lines, our Group has established the Speak-up system (whistleblowing system), which allows officers and employees, etc., of each Group company to report directly to us when an organization or individual violates laws or regulations, violates internal regulations, acts inappropriately, or conducts any other acts that might lead to any such violations. We have established reception desks inside and outside the Group and make them available 24 hours a day, 365 days a year, to ensure easy access for whistleblowers. We also maintain the confidentiality of whistleblowers and consulters, secure the information provided, and protect whistleblowers and consulters so that they will not be treated unfavorably if they report or consult with us.

For officers and employees working at overseas entities, we have established a global reporting contact in addition to the reception desks at our domestic offices. We respond to reports in 16 languages, and it is possible to report to the Japanese head office from overseas.

Measures to prevent money laundering, terrorist financing, counter-proliferation financing, and corruption and bribery

Our Group has established the Policy on Countermeasures against Money Laundering, Terrorist Financing, and Counter-Proliferation Financing and is promoting initiatives to prevent the use of the products and services of Group companies for money laundering, terrorist financing, and proliferation financing. In addition, we have established the Policy on Fair Business Practices to ensure fair business practices (e.g., prohibition of corrupt practices such as bribery and compliance with laws and regulations concerning political activities and political funds).

At overseas entities, in addition to establishing a section on "money laundering regulations, terrorist financing, and counter-proliferation financing" as part of our "Compliance Manual" for overseas entities, and taking measures against money laundering, terrorist financing, and counter-proliferation financing accordingly at overseas entities, we have established a section on "Prevention of Bribery" and implemented measures to prevent bribery through appropriate rule development, training, and other measures.

Initiatives for tax compliance

Our Group believes that the origin and important value of its insurance business is as a company that can be trusted to support stability in people's lives and dynamic business activities in the pursuit of a resilient and sustainable society. In recent years, as the importance of ensuring tax transparency has increased as a corporate social responsibility and as efforts to strengthen the international tax framework have progressed, the tax environment has changed significantly. Our Group believes that it is important to fully recognize the importance of ensuring tax transparency and to demonstrate the Group's approach to tax compliance and its initiatives both internally and externally as responsible corporate actions.

■ Amount of tax paid in major countries (FY2022, based on national reports)(¥ billion)

Country	Tax amount
Japan	49.2
U.S.A.	4.2
Taiwan	2.5
Malaysia	1.9
Singapore	1.7
Other	5.9
Total	65.6

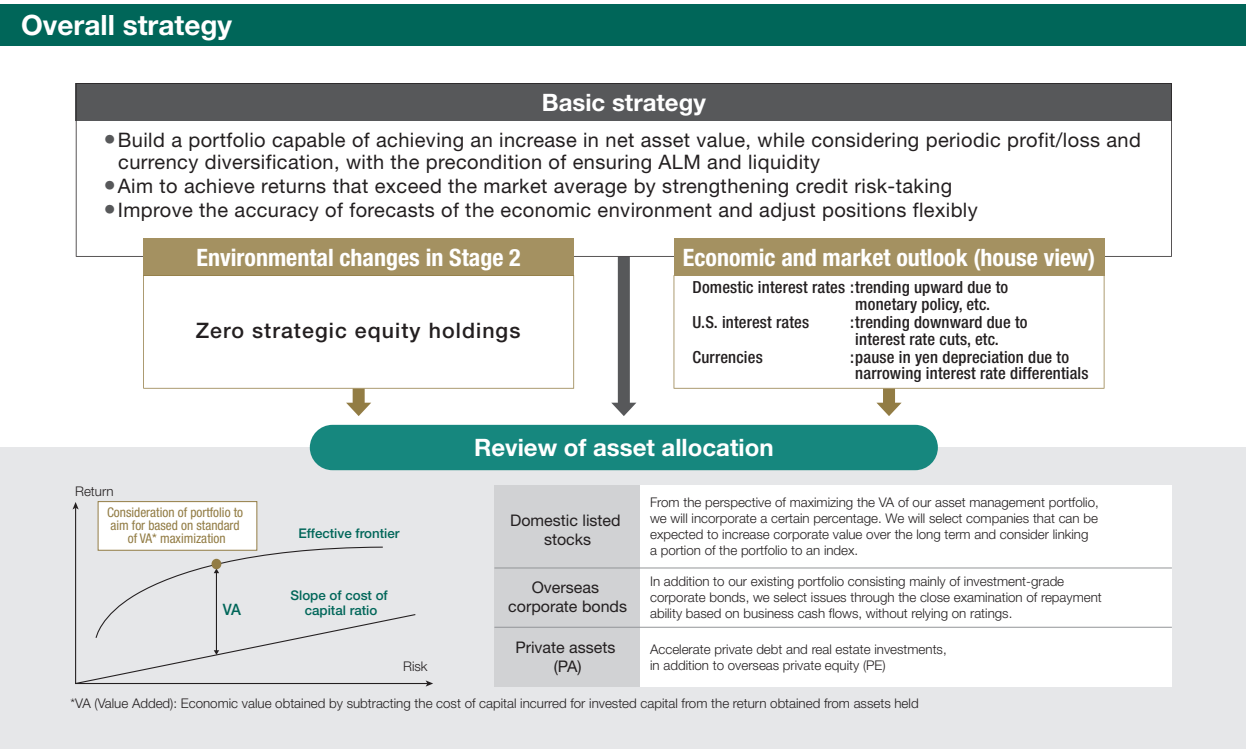
For more information, see the Group's official website.

●Our compliance (https://www.ms-ad-hd.com/en/group/value/risk_management/compliance.html)

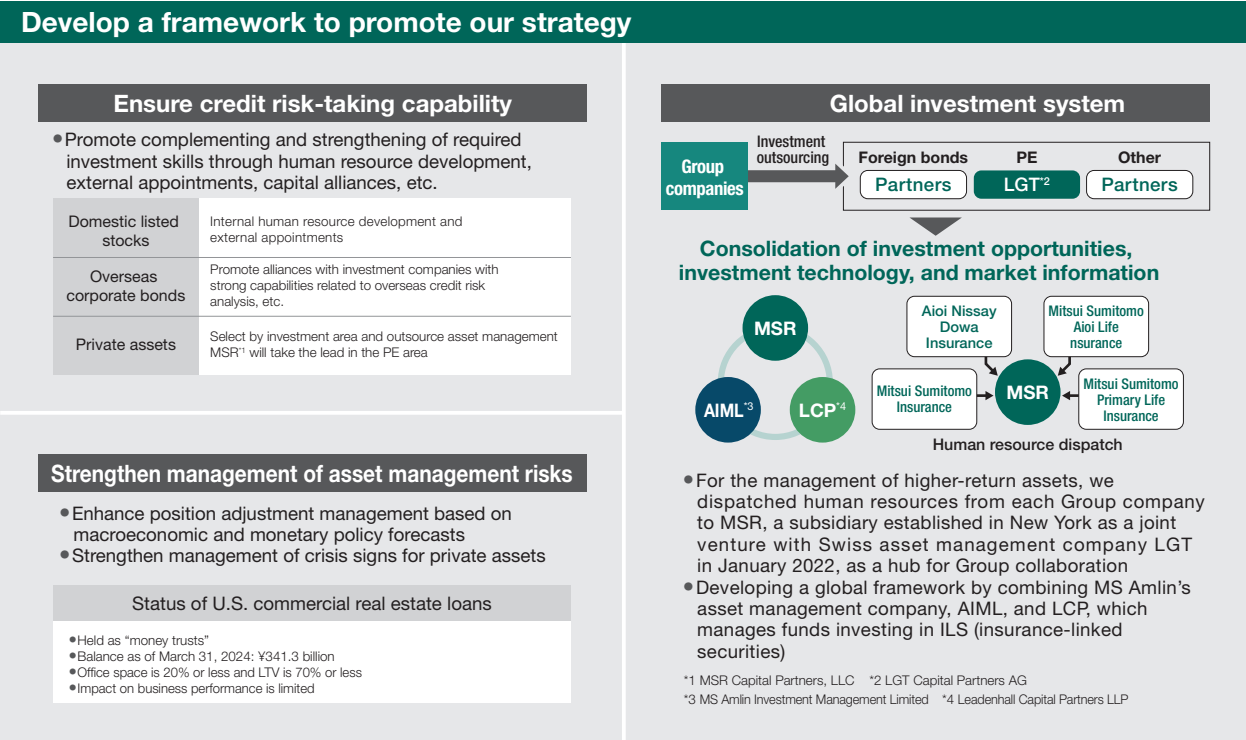
●Basic Policy on Compliance ●Compliance promotion system ●Specific activities: Compliance program, Compliance manual, Compliance education, Training, Compliance inspection, Monitoring activities, Speak-up system (whistleblowing system), Anti-money laundering and terrorist financing, Counter-proliferation financing, Initiatives to prevent corruption and bribery ●Compliance promotion system for the international business ●Initiatives for tax compliance

Asset Management Strategy

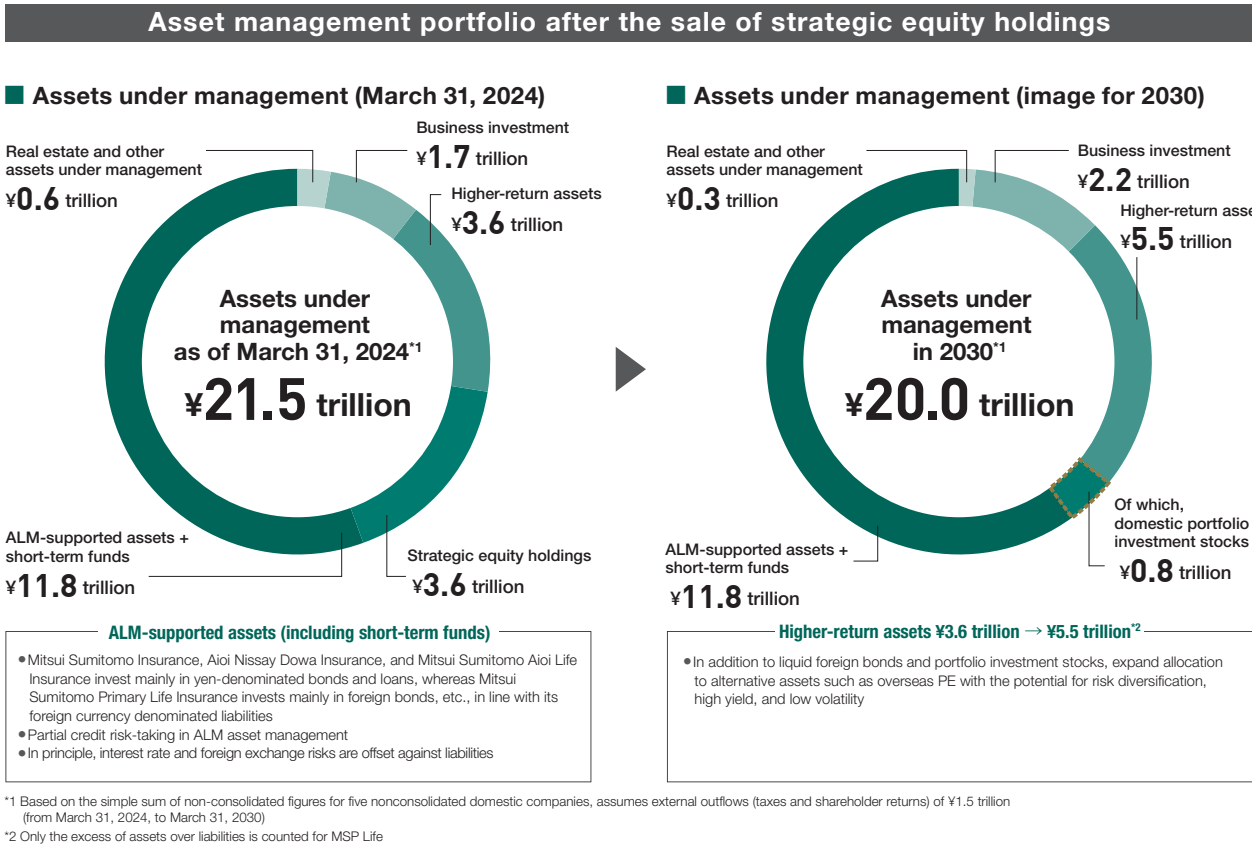
The main theme of our asset management strategy in the Medium-Term Management Plan (2022–2025) has been to improve profitability, and given the major change in the environment of reducing strategic equity holdings to zero, we will review our asset allocation and thus further strengthen profitability.



Achieve investment income exceeding interest and dividend income from strategic equity holdings (approximately ¥70 billion per year)



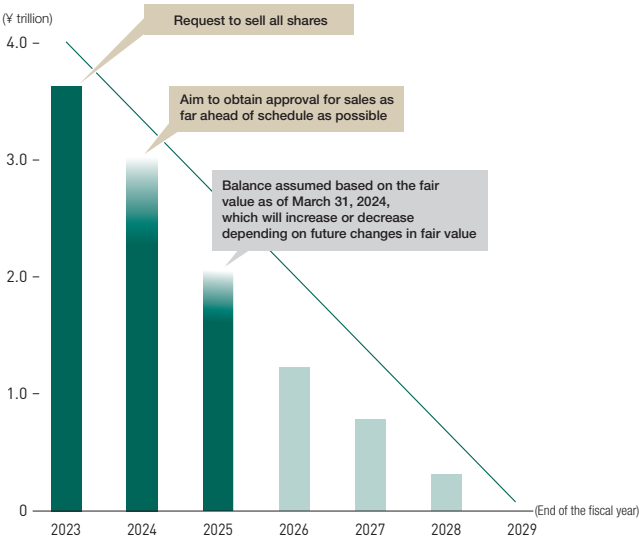
Initiatives to achieve zero strategic equity holdings



Pace and process of strategic equity holdings reduction

- As we aim to achieve zero strategic equity holdings by the end of FY2029, work to reduce the balance as far ahead of schedule as possible
- From the viewpoint of optimizing our asset management portfolio, consider transferring a portion of strategic equity holdings to business investments and portfolio investments
- Stocks held as portfolio investments are bought and sold at the discretion of the investment department
- The status of reductions will be disclosed at future IR meetings as appropriate

Trends in strategic equity holdings (outlook)



Use of proceeds from the sale of strategic equity holdings

- The funds from the sale of strategic equity holdings will be allocated to business investments, asset management, and system/DX-related investments
- Fifty percent of Group adjusted profit from the sale of strategic equity holdings will be returned to shareholders in accordance with the Shareholder Return Policy

Image of distribution



ESG Investing

Investments and loans considering ESG issues

As a signatory of the Principles for Responsible Investment (PRI), our Group invests and lends considering ESG issues. Specifically, we collect and evaluate ESG information in accordance with asset characteristics and investment methods and make investment and loan decisions in conjunction with conventional analysis such as financial analysis. We are working on investments and loans with themes that lead to solutions to sustainability-related issues on the premise of securing profits. In addition, we will engage in constructive “purposeful dialogue” with investee companies based on ESG factors to raise awareness of ESG among investee companies and to enhance corporate value over the medium term.

Our Group’s ESG investment and loan initiatives

ESG investment and loan initiatives	Content	Target assets	Investment and loan balance
Integration			
Reflection of the response to the Group's “business activities considering sustainability”	Screening specific uses of funds and industries without investments and loans, and making prudent decisions on whether to engage in transactions from the perspectives of responding to climate change, improving the sustainability of natural capital, and respecting human rights	All asset classes	¥17.1 trillion*
Incorporation of the Group's priority issues into the research	Focusing on “CO ₂ emissions,” “deforestation,” “water risk,” and “human rights violations,” evaluations by ESG evaluation companies and international initiatives (such as GDP) are used for investment decisions and monitoring	Corporate bonds, stocks, and loans	¥9.3 trillion
Constructive Engagement			
Engagement	Conduct dialogue centered on stewardship activities	Shares	¥2.9 trillion
Positive Impact			
Sustainable/thematic investing	ESG issues, investments, and loans in themes such as renewable energy (e.g., solar, wind, hydrogen), green transition finance (greenhouse gas reduction), and regional revitalization	Bonds, stocks, loans, and private equity	¥722.9 billion
Impact investing	Investment in themes such as healthcare and education, focusing on climate change	Private equity	

*The scope of coverage excludes cash and cash equivalents, real estate holdings, and funds that also have funds invested by other investors

Breakdown of ESG-themed investments (end of March 2024)

By theme	Investment and loan balance
Investment in ESG-themed funds	¥232.3 billion
Support for efforts to reduce greenhouse gases	
Renewable energy (e.g., solar, wind, hydrogen)	¥73.3 billion
Transition/Sustainability-linked finance	¥28.0 billion
Green finance	¥146.6 billion
Support for sustainable global development	
Social sustainability (including supranational bonds)	¥221.3 billion
Regional revitalization, healthcare, impact investment*, etc.	¥21.5 billion
Total	¥722.9 billion

*Of the investment amount commitment to the fund, only the invested amount is included

Started Group joint impact investments

The MS&AD Insurance Group’s management philosophy is “Provision of security and security through global insurance and financial services businesses to support the development of a vibrant society and a healthy future for the planet.” Through this investment, we aim to generate a positive and measurable impact on the environment and society while also achieving economic returns. In addition, we will use this investment as an opportunity to build a network related to impact investments and to contribute to the achievement of the SDGs and the creation of a sustainable society by accumulating knowledge on environmental and social impact assessment and management.

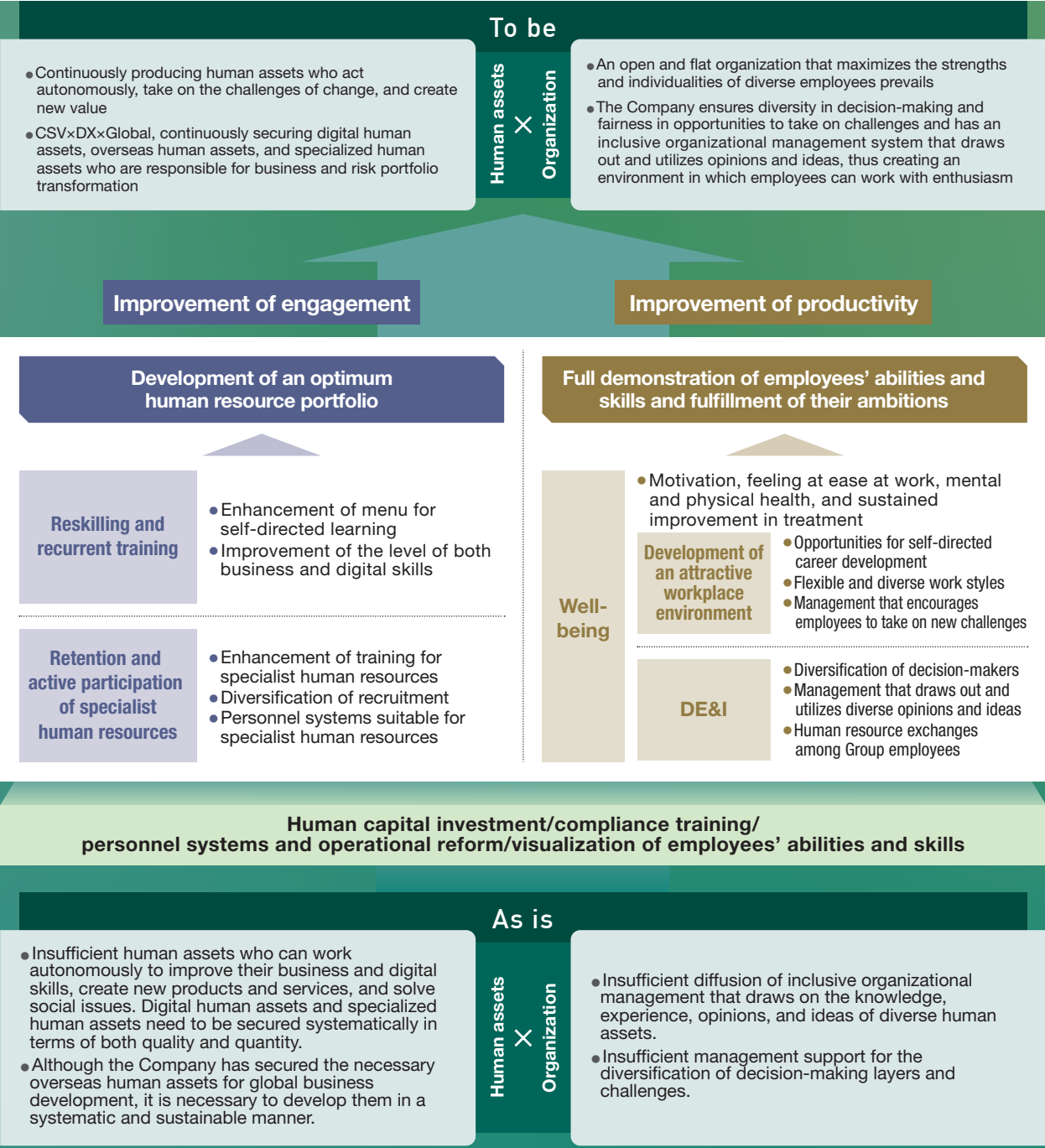


Foundations Human Resource Strategy

The Group’s greatest asset is its human resources, and every employee of the Group is the driving force behind the improvement of corporate value.

Under our human asset strategy linked to the basic strategy of the Medium-Term Management Plan (2022–2025), we are working on “building an optimal portfolio of human resources” and the “full demonstration of employees’ abilities and skills and fulfillment of their ambitions,” and we are focusing on “Value (value creation),” “Transformation (business reforms),” and “Synergy (pursuit of Group synergies).”

In addition, to improve employee engagement, we are developing a working environment that includes opportunities for self-directed career development; flexible, efficient, and effective work styles; and a corporate culture that encourages a spirit of taking on new challenges. (See “Employee satisfaction” on p. 82)



The Group as a whole is focusing on human asset development, which is the cornerstone of the MS&AD Insurance Group’s human asset strategy, having formed a “Human Asset Development Team” consisting of members from Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, the Group’s core non-life insurance companies, within the holding company. For this report, we spoke with the line managers in charge of human asset development at both companies who are responsible for “human asset development” to talk about the present and future of human asset development.

Human asset development measures at Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Takada In human capital management, human asset development is the cornerstone of management strategy. If each employee takes on the challenge of autonomous growth, it will lead to the sustainable growth of the company. At Aioi Nissay Dowa Insurance, we have three priority initiatives related to human asset development. The first is to “strengthen the management layer,” under which we will reclarify its role as the cornerstone of organizational management, and systematically acquire the required management skills. The second point is the “training of young employees.” By their third year in the company, we expect new graduate employees to have acquired product knowledge, problem-solving skills, and digital literacy as basic skills. The third point is “CSV×DX experts,” under which we will focus on developing human assets who possess advanced digital knowledge and skills, and who will lead all employees in implementing CSV×DX.

Sugawara At Mitsui Sumitomo Insurance, we are planning “personnel reforms” in FY2025 that will significantly overhaul our existing personnel management, and we will review our management of human asset development with a focus on skills. Specifically, we have defined the “common skills” required of all employees and the “job skills” to achieve expected results in departments and jobs, and we are considering a system in which employees work on the skills they wish to acquire and are evaluated according to the degree to which they demonstrate these skills. As the number of skills needed by employees is more than 900, we have



Dialogue

Human asset development now and in the future

prepared a “Skill Training Navi” that contains more than 1,500 training options to support employees in acquiring skills.

Strengths of the Group’s common human asset development measures

Takada We have training programs operated jointly by the two companies in areas such as follow-up measures for young employees and opportunities to think about their future careers, and we have been able to achieve more efficient and higher-quality operations compared to our own stand-alone programs. It also makes employees feel that they are employees of the Group, and they are stimulated by Mitsui Sumitomo Insurance employees who are undergoing training with them. Training with employees of other Group companies away from the workplace has benefits for employees, such as the opportunity to learn by being exposed to characteristics that are not available in their own companies.

Sugawara Because economies of scale are effective in human asset development measures, increasing the amount of content available for selection through standardization is a major advantage for employees. As we can expect efficiency gains, including in terms of costs, we intend to expand the shared use of this system to other Group companies in the future, which will contribute to the active exchange of human resources.

Investment in human asset development

Takada We should expand investment in human asset development itself, but I believe that we cannot measure such efforts only by the amount of money

invested. For example, we are accumulating external expertise and bringing it in-house, with employees taking on the role of instructors. In such ways, we are becoming more independent, and it is important to devise ways to invest in human asset development, including our use of time.

Sugawara As part of the selection and concentration of strategies, we must also determine “which areas to invest in.” Looking at the Group as a whole, I believe that we should focus more on areas of human asset development, such as management human assets and specialist human assets, particularly in the digital and overseas fields.

Toward the sustainable growth of the Group

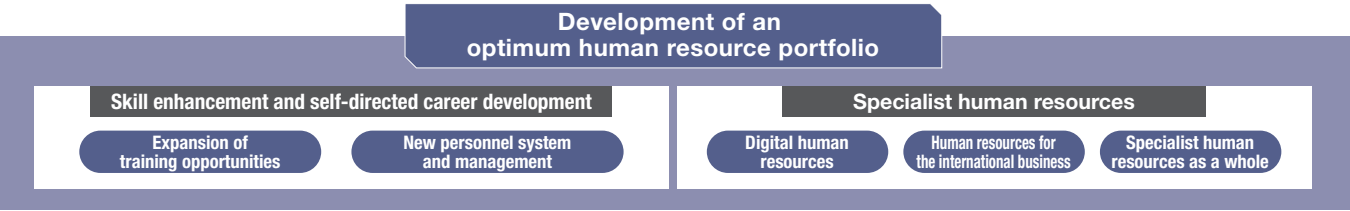
Takada As the world becomes increasingly diverse, we will be left behind if there is no variation in our thinking and approaches. Diverse employees at each Group company will utilize their own individuality and characteristics to excel in their respective fields of expertise, and management will combine these diverse areas of expertise to enhance team strength. As a result, we intend to create a group in which diverse human assets can play an active role.

Sugawara We intend to develop human assets who can respond to change and take on challenges. As we live in an era of VUCA,* where we do not know what will happen in five to 10 years, we will continue to develop human assets who can flexibly respond to changes in the social and business environment.

*VUCA: Volatility, Uncertainty, Complexity, and Ambiguity. “A state of uncertainty and difficulty in predicting the future.”

Human asset strategic domain

We aim to be a company that continues to produce human assets who are not bound by the existing framework of the insurance business, but who act autonomously and take on the challenge of reform utilizing advanced knowledge and cutting-edge technology



Skill enhancement and self-directed career development

Expansion of training opportunities

By expanding our investment in human resources, we provide a variety of learning opportunities both within and outside the Group, which contributes to maximizing the skills of each employee.

New personnel system and management

We will continue revising conventional personnel systems and operations to respond to increasingly diverse perspectives on employment, achieve DE&I, and enhance the skills of our employees, thereby strengthening our human capital.

Taking on challenges across boundaries

By participating in the operations of local companies, start-ups, etc., and through collaboration with diverse members, we acquire new knowledge that cannot be obtained within the Company or the Group, which contributes to self-directed career development.

Open recruitment and post challenge

By allowing employees to determine transfers to departments and posts of their choice for themselves, we further enhance their attitude toward their work, enabling them to exercise their skills more quickly and produce high-level results.

Clarification of skills

By clarifying the skills required for jobs and motivating employees to acquire them, we encourage the self-directed career development of each individual.

Investment in education and training (¥ billion)

Training duration per person (hours)

Category	FY2022	FY2023
Investment in education and training (¥ billion)	1.12	1.28
Training duration per person (hours)	48.3	53.6

Specialist human resources

Digital human resources

The use of digital technology will be essential to improve the efficiency and sophistication of operations and to resolve risks and issues for customers and society. Through a variety of internal and external opportunities, we are working to enhance the skills of our employees to enable them to apply their business abilities to digital technology.

Raising the level of basic knowledge

- Provision of a practical program on fundamental knowledge related to utilizing digital data.
- Appointment of a driving force for digital promotion in each organization and promotion of self-directed enhancement of digital literacy.

→ Utilizing digital technology to improve the efficiency and sophistication of operations, etc.

→ Utilizing our expertise to create new value (e.g., products, services) that has never existed before.

Advanced expertise

- Development of partnerships with universities and other external institutions* to train employees who are expected to play advanced roles.

*INIAD (Toyo University Faculty of Information Networking for Innovation and Design), KUAS (Kyoto University of Advanced Sciences, Faculty of Engineering), Shiga University Graduate School, AIOI R&D Lab-Oxford, etc.

Digital human assets (headcount)

Period	Headcount
April 2022	2,179
April 2023	3,601
April 2024	5,814
FY2025 target	7,000

Human resources for the international business

Employees capable of promoting business in a global environment will be essential for the development of the international business. We are developing human resources in a multifaceted and systematic manner, while promoting a generational shift in the “management human resources” and “specialist human resources” required for the international business.

Overseas dispatch training

- Based on open recruitment, employees are posted overseas for one year, in principle, contributing to the development of human resources that will support management strategies and operations in various specialized areas (e.g., accounting, systems, asset management, risk management) in the international business from a medium- to long-term perspective.

→ We have built good relationships with domestic and international business partners with a diverse sense of values, contributing to results.

Note: In addition to the above, we have systems aimed at the acquisition of skills and elements required of international human resources through the simulated experience of global business with overseas entities from within Japan, etc.

Overseas human assets (headcount)

Period	Headcount
April 2022	1,129
April 2023	1,182
April 2024	1,189
FY2025 target	1,200

Specialist human resources as a whole

In addition to digital human resources and international human resources, we are developing systems and environments to stably and flexibly secure and develop human resources who can be expected to play highly active roles utilizing their expertise in areas such as accounting, actuarial operations, and legal affairs.

Development of a job-based system suitable for specialist human resources

We have developed a compensation system for specialist human resources, and we are promoting people based on their abilities and strengthening the hiring of experienced personnel through open recruitment.

Incentives to encourage increased expertise

We have established compensation benefits for employees who possess advanced qualifications and demonstrate expertise, as part of our efforts to secure specialist human resources.

Group standardization

In addition to efforts at each company, we will expand opportunities for the development of human resources through collaboration among specialized departments across the Group and promote allocation of such resources to growth areas.

We aim to be a company that accepts the strengths and individualities of each member of a diverse workforce, and where an open and flat organization that enables employees to exercise their capabilities to the maximum possible extent has permeated



Well-being

For each and every employee to work energetically and exercise their abilities to the maximum possible extent, we are working to maintain and improve employee “motivation,” “feeling at ease at work,” and “mental and physical health.”

Motivation

We implement a cycle in which we improve employee engagement by continuously surveying various factors that contribute to feeling motivated, such as a sense of growth, demonstration of initiative, and trust.

Ease of working

- To create flexible work styles suited to employees' life stages, we have introduced a personnel system that allows employees to choose whether to relocate.
- We are fostering a culture in which all employees work to deepen their understanding and mutual appreciation of housework, childcare, nursing care, and other factors.

Mental and physical health

We aim to achieve work styles that allow employees to leave the office on time. Accordingly, we will create an environment in which each employee can work healthily and energetically, ensuring that they have time for exercise and sleep, by reducing working hours through work-style reform.

DE&I Diversity, Equity & Inclusion

Diversity

We are promoting efforts to incorporate the knowledge of our diverse human assets and utilize this knowledge in decision-making, including expanding the promotion of women to officers and management roles.

Appointment of women as “non-executive directors” of affiliated operating companies

By appointing female General Managers as non-executive directors of affiliated operating companies, we provide them with opportunities to practice management-level decision-making at an early stage and encourage them to raise their awareness of further advancement and desire for self-education.

Note: Appointment of women as non-executive directors of affiliated operating companies directly invested in by the Company: 32 women in total since FY2019

Assignment of women to deputy general manager and assistant branch manager posts

By appointing female employees as deputy managers of departments and branches and providing them with opportunities to gain work experience with an eye toward a higher level, we are developing women who can look forward to becoming General Managers of lines, meaning the heads of departments and branches.

Note: 44 people as of April 2024

Percentage of female managers

Period	Percentage
April 2022	17.5%
April 2023	19.5%
April 2024	21.6%
FY2030 target	30.0%

Percentage of female line managers

Period	Percentage
April 2022	10.5%
April 2023	12.9%
April 2024	18.4%

Note: The target of 15% by the end of FY2030 has been achieved early, and we will continue endeavoring to improve the ratio

Equity

We promote initiatives with a strong awareness of equity, and by eliminating differences and inequalities based on gender, employee classification, and other attributes, we create an environment in which everyone can exercise their abilities, skills, and motivation to the maximum possible extent.

Change in mindset through unification of employee categories

Previously, employee classifications were mainly centered on the approach that male employees = “all-area type” and female employees = “regional type,” which might have resulted in differences between men and women in terms of job descriptions and opportunities to play an active role.

→ By abolishing the “all-area type” and “regional type” employee classifications, and by eliminating gender-based and classification-based perceptions of employees' roles, we have made it possible to fairly provide opportunities and set evaluation criteria, and created an environment that allows each employee to exercise their abilities and skills to the maximum possible extent.

Inclusion

To leverage diversity, inclusive organizational management is essential for drawing out opinions and ideas based on the knowledge, experiences, and values of diverse human assets and utilizing them in organizational decision-making. We are working to ensure psychological safety and foster and instill a corporate culture that embraces and leverages diversity.

Ensuring psychological safety

We are working to foster an open and flat corporate culture by thoroughly training management on the background of the need for psychological safety and its effects, and by reforming the conventional top-down management style.

Inclusive organizational management

Through opportunities such as the “e-Business Seminar,” in which officers and employees of Group companies interact across the Group, transcending the boundaries of individual companies, we create opportunities to experience the sense of values of diverse employees and utilize them in inclusive organizational management.

Green Resilience Report

(Excerpt)

The following is an excerpt from the MS&AD Green Resilience™ Report 2024 (TCFD and TNFD Report), which is scheduled to be released in October, mainly from the “Strategy” section.

The average global temperature in 2023 was 1.45°C above pre-industrial levels, making it the hottest year in recorded history. Average temperatures have been rising steadily because of climate change, while large-scale floods, forest fires, and other natural disasters have occurred frequently and caused serious damage in many parts of the world. MS&AD Insurance Group is making integrated efforts to address climate change and preserve and restore natural capital.

Climate and nature are closely interrelated. Forests are an important CO₂ sink, and at the same time, they prevent downstream flooding and landslides by storing large amounts of rainwater and slowly discharging it into rivers. Rising temperatures and droughts, however, have increased the risk of forest fires, and there is an increased risk of landslides when forests are left densely packed. Accordingly, to limit the damage caused by extreme weather events, we believe it is important to take the climate-nature nexus approach.

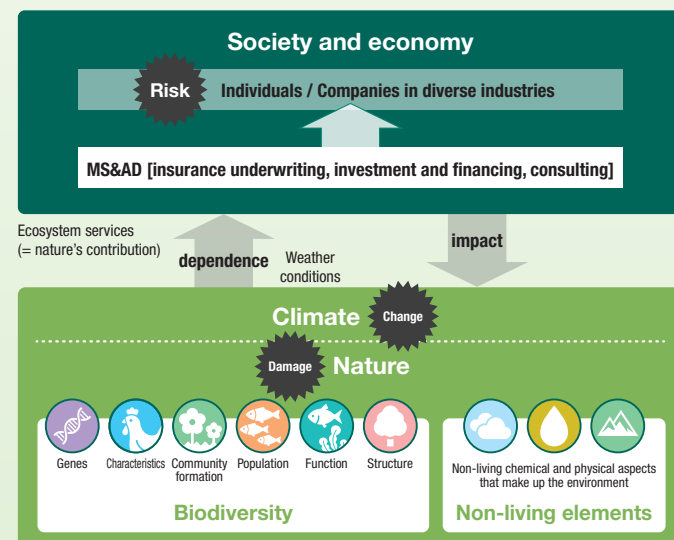
Natural capital acts as a foundation of society that provides us with diverse blessings, and it is essential for the development of a vibrant society and a healthy future. The Group has been focusing on an approach that aims for a safe and secure society and the well-being of diverse people by protecting nature and using its power to mitigate and adapt to climate change, which we call “Green Resilience.”

Based on this belief, the Group has been taking a multifaceted and integrated view of climate/nature-related risks and opportunities, and we will disclose information based on the disclosure recommendations of the Task Force on Climate-related Financial Disclosure (“TCFD”) and disclosure recommendations of the Taskforce on Nature-related Financial Disclosures (“TNFD”), as the “MS&AD Green Resilience™ Report” starting from this fiscal year.

Strategy Strategies for climate/nature-related risks and opportunities

STRATEGY

Dependence and Impact on Climate and Nature



Our society and economy depend on various contributions from nature (ecosystem services). According to the World Economic Forum, half or more of the world's GDP is dependent on nature.

On the other hand, we place a heavy burden on nature through our daily lives and business activities. Damage to natural capital and changes in climate systems cause various negative social and economic impacts.

The Group supports the business activities of customers in all industries through the provision of insurance products and services, as well as investment and financing, and other services. Therefore, we believe it is important to understand on a medium- to long-term time frame how our business partners' activities depend on and impact the climate and nature, and how they will affect society and the economy in the future, leading to risks to our customers' business activities.

Source: Modified by the Company from Dasgupta, P. (2021), *The Economics of Biodiversity: The Dasgupta Review* (London: HM Treasury) (2021.2)

Risk at the MS&AD Insurance Group

~ Capturing changes in climate, nature, and society in underwriting/investment and financing ~

Climate/nature-related risks include the direct impact of climate change and damage to nature (physical risk), as well as the impact of rapid social change toward net zero or nature positive (transition risk). As an insurance and financial group focused on the non-life insurance business, the Group must assess physical and transition risks from both underwriting/investment and financing (asset management) perspectives to analyze climate/nature-related risks and opportunities.

Climate/nature-related physical risks

Within the Group, our underwriting has already been financially impacted by increased catastrophe risk related to climate change, including forest fires and hailstorms, as well as wind and flood disasters caused by typhoons and torrential rains. In addition to climate change, the impact of the depletion of water resources and various other risks on society and business activities is expected to increase over the medium to long term.

H+: Very High H: High M: Medium L: Low

Classification	Event	Examples of main impacts on policyholders and investment and financing recipients	Examples of main impacts on the Group and degree of impact ◆ Underwriting ◇ Investment and financing	Period of manifestation		
				Short term	Medium term	Long term
Acute risks	Typhoons, hurricanes, storm surges	Stronger tropical cyclones cause significant damage to homes and businesses. Depending on their course, such cyclones could cause damage over a wide area. Storm surges also cause significant damage to coastal areas	◆ Insurance claims payouts occur, particularly concerning many homes, businesses, vehicles, and other property ◇ Asset management returns deteriorate owing to large-scale damage affecting important business sites at the recipients of investment and financing	H+	●	●
	Torrential rain, flooding	Increased temperatures increase the amount of water vapor in the atmosphere, causing torrential rainfall. Extensive flooding caused by improper land use or flood control conditions cause significant damage. Lack of soil stability due to deforestation and vegetation removal, or cutting and reclamation of slopes, causes landslides triggered by torrential rainfall		H	●	●
	Hail and snow damage	Hailstorms are caused by active convective activity due to warm, moist air currents in the updrafts generated by strong solar radiation and cold air inflows into the sky. Falling hail damages vehicles and buildings. Many facilities of non-heavy snowfall areas are not strong enough to withstand, and heavy snowfall damages facilities	◆ Insurance claims payouts occur for damage to vehicles and facilities ◇ Not likely to lead to a significant deterioration in asset management returns	H	●	●
	Forest fires	Heat waves and extreme heat cause forest fires. Insufficient tending to forests, such as the neglect of dead trees and underbrush, increases the risk of fire. Fire spreading to surrounding urban areas, etc., will lead to significant damage	◆ Insurance claims payouts occur for forests, as well as homes and businesses in the event of fires spreading ◇ Asset management returns deteriorate owing to large-scale damage affecting important business sites at the recipients of investment and financing	M	●	●
	Heat wave, cold wave	Severe heat and cold waves cause human suffering, sudden strains on energy and water resources, and logistical disruptions such as traffic paralysis	◆ Not likely to result in large insurance claims payouts ◇ Not likely to lead to a significant deterioration in asset management returns	M	●	●
Chronic risks	Dry spells and droughts	Agriculture, food, and water-intensive businesses experience increased costs and losses owing to difficulties in procuring materials and interruptions in manufacturing. In addition, the interruption of water transportation and the shortage of cooling water could affect a wide variety of industries	◆ Not likely to result in large insurance claims payouts ◇ Asset management returns deteriorate as performance worsens at companies dependent on water resources	L	●	●
	High temperatures (heat)	Disruptions due to rapid increases in energy demand could occur. Data centers, power plants, and other facilities face an increased burden for cooling. Labor efficiency falls as outdoor activities, such as construction sites are restricted, and there is an impact on health, such as increased stress due to heat and the spread of infectious diseases	◆ Not likely to result in large insurance claims payouts ◇ Asset management returns deteriorate as performance worsens at companies for which high temperatures can be a risk	L	●	●
	Depletion of water resources	The depletion of water resources, such as excessive groundwater pumping and development in groundwater recharge areas, significantly impacts the business activities of companies that use a lot of water for raw materials and manufacturing processes	◆ Not likely to result in large insurance claims payouts ◇ Asset management returns deteriorate as performance worsens at companies dependent on water resources	L	●	●
	Degradation of other ecosystem services	Serious losses might occur when ecosystem services on which livelihoods and business activities depend, such as pollination for agriculture, are degraded or destroyed owing to damage to natural capital	◆ Not likely to result in large insurance claims payouts ◇ Asset management returns deteriorate as performance worsens at companies overly dependent on ecosystem services where natural capital is severely damaged	L	●	●

◇ Physical risk analysis in underwriting

The Group believes that our social mission is to continue to provide compensation, even in a society where natural disasters are increasing because of climate change. We have formulated a basic policy on net exposure to catastrophe risk as a Group, and each Group company procures reinsurance (ceding and receiving reinsurance) based on this policy, as part of our efforts to control catastrophe risk across the Group as a whole. In addition, we conduct scenario analysis to identify changes in catastrophe risk caused by the progression of climate change, and we endeavor to refine future risk assessments. (See “Risk Management” on pp. 59–60)

Analysis of impact of typhoons based on temperature rise scenarios

With respect to the impact on underwriting of damage caused by typhoons in Japan (physical risk), the Group analyzed changes in insurance claim payments due to typhoons for which the force and frequency have changed by global warming, based on the RCP8.5 scenario. We confirmed that insurance claim payments might increase, as shown in the table on the right.

Examples of typhoons in 2050

Scenario used	Changes in typhoon “force”	Changes in typhoon “frequency”
RCP8.5 (4°C scenario)	Approx. +5% to +50%	Approx. -30% to +28%

◇ Analysis of physical risk, etc., in insurance and financing

As an institutional investor, the Group invests in and lends to many companies, and we believe that an increase in flood damage at key sites of investment and financing entities because of climate change could lead to a deterioration in our return. Therefore, we analyze the physical risk of our major investee assets to identify climate change risks in our asset management. We also analyze the relationship between the business sites of our investment and financing entities and nature-related sensitive locations.

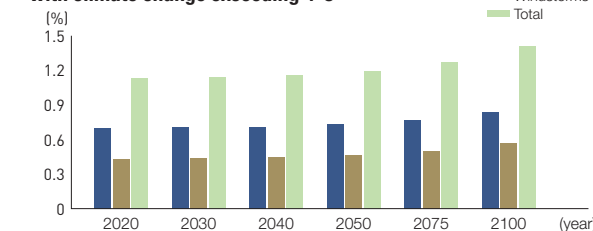
Climate change physical risk assessment at investment and financing entities and nature-related sensitive locations

We used data of direct operating sites (108,600 sites) from the top 500 companies in our investment and loan portfolio to quantitatively assess the financial impact of climate change and analyze sensitive locations, which is one of the TNFD's sector disclosure metrics for financial institutions.

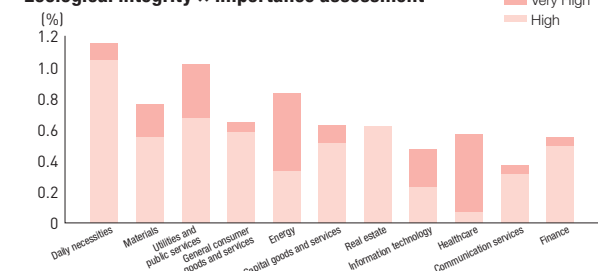
We analyzed the impact of flooding and windstorm risks attributable to climate change on the sales of the relevant entities and found that the impact of lost sales (flooding and windstorms combined) could increase by 5.2% by 2050 compared with 2020 under the 4°C scenario.

Our analysis of sensitive location was based on the criteria presented in the TNFD's LEAP approach, conducting the assessment from four perspectives: importance of biodiversity, ecological integrity, importance of ecosystem services (including indigenous peoples, etc.), and water-related physical risk. We rated all sites on a 5-point scale and calculated the ratio of sites rated 4 (High) or 5 (Very High) for each entity, then calculated the total ratio for all entities. We then calculated the total ratio for each industry sector, confirming the level of sites in sensitive locations for each sector. For details of these analyses, please refer to the MS&AD Green Resilience Report 2024.

Sales impact under scenario with climate change exceeding 4°C



Ecological integrity × importance assessment



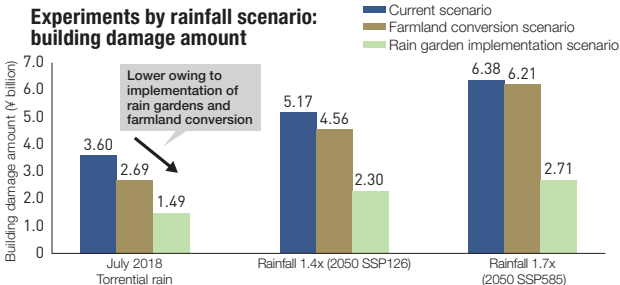
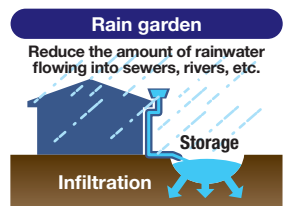
◇ Analysis of the effectiveness of “rain gardens” for reducing damage from flooding

In Japan, the frequency of torrential rain (50 mm or more of rainfall per hour) increased approximately 1.5 times¹ in 2014–2023 compared with 1976–1985, and flood disasters have become more frequent in this regard. In recent years, the damage caused by inland flooding in urban areas has accounted for approximately 40% of all disasters, and in Tokyo, it amounts to approximately 70%.² In addition to the increased frequency of torrential rainfall, the increase in paved surfaces due to urbanization is preventing rainwater infiltration, resulting in an increase in inland flooding as rainwater that exceeds the capacity of drainage flows out into rivers and sewers at once, which has created a need for urban planning adapted to climate change.

To prevent natural disasters and mitigate damage, the Group is committed to “Green Resilience,” which means protecting nature and using its function to mitigate disasters. As one measure, we are focusing on “rain gardens,” which reduce the rapid runoff of rainwater into rivers, etc. “Rain gardens” provide multifaceted value to the community, including improving biodiversity and preserving water resources while mitigating the risks caused by flood disaster, and we consider them a typical example of an integrated approach to addressing climate change and restoring natural capital. To clarify the effect of a “rain garden” in reducing the damage caused by flooding, the Group conducted a quantitative analysis using actual locations and confirmed its effect. In the future, we will accelerate efforts to spread awareness in cooperation with local governments and research institutions, thereby supporting the creation of safe and secure communities.

Quantitative analysis of the effect of “rain gardens” on flood disaster risk reduction in urban river basins

In northern Kyushu, the annual frequency of extreme heavy rainfall of 50 mm or more per hour is trending upward, and there has been much flood damage. We set scenarios where “rain gardens” and “park water storage” were implemented for rainwater retention infiltration within the basins (7.8 km²) of small rivers in cities that have been affected by continuous flooding in recent years (see table below for details), and analyzed the effect on reducing the amount of damage to buildings. As a result, the amount of damage was reduced by nearly 60% in torrential rain in July 2018, and we confirmed that the reduction effect would be further enhanced in scenarios where temperatures rise in the future.



Regarding the amount of building damage, we calculated asset values by multiplying the total floor area (3D urban model data) by the house asset table value per unit area for 2018, and then applied the house damage function from the Manual for Economic Evaluation of Flood Control Investment (2020) of the Ministry of Land, Infrastructure, Transport and Tourism

Target	Case setting
Public facilities, commercial facilities, residential	<ul style="list-style-type: none">• Rainwater is collected from the roof in a rain garden (20 cm deep) with a base area 1/5 that of the roof area• Infiltration capacity from base layer: 100 mm/hr
Park	<ul style="list-style-type: none">• Storage facility with the area of the base of the park (20 cm depth)• No infiltration is expected from the park

This calculation result is a partial modification of the Rainfall-Runoff-Inundation (RRI) model program of the Public Works Research Institute.

¹ Japan Meteorological Agency website, “Past Changes in Heavy Rainfall and Extreme Heat Days (Extreme Phenomena)”
² Ministry of Land, Infrastructure, Transport and Tourism, “Status of Recent Rainfall and Inland Water Damage, and Current Status of Sewerage System Development”

Climate/nature-related transition risks

As we transition to a net zero and nature-positive society, rapid changes in various areas, such as laws and regulations, technology, and markets, pose a risk (transition risk) to business activities. The Group believes that these risks could lead to a deterioration in underwriting and investment returns. We believe, however, that the impact will be limited because, except for a few products, we have few directly underwritten products that provide compensation for transition risk. Technological innovation and the introduction of new laws and regulations will provide new opportunities for insurance provision but also pose risks if we are unable to address these needs.

H+: Very High H: High M: Medium

Classification	Event	Examples of main impacts on policyholders and investment and financing entities	Examples of main impacts on the Group and degree of impact	Period of manifestation		
			Insurance underwritingInvestment and financing	Short term	Medium term	Long term
Technology	Advances in net zero and nature-positive technologies and changes in industrial structure	As technologies that contribute to net zero and nature positive, such as decarbonization, recycling, and pollution removal technologies, spread rapidly, could render existing technologies and infrastructure obsolete and result in loss of our share of the traditional market		M	●	●
Market	Changes in demand for products and services that contribute to net zero and nature positivity	Increased demand to net zero and nature positivity among consumers and clients could reduce demand for products and services that lead to global warming and excessive impacts on nature		M	●	●
Policies, laws, and regulations	Rising carbon prices, emission regulations, and changes in the energy mix	Additional carbon price-related costs incurred by businesses that emit large amounts of GHGs, like the imposition of carbon prices by governments, and responses to requests from customers to introduce renewable energy could lead to a loss of earnings and a decline in competitiveness	◆Loss of opportunities to offer insurance ◇Decline in investment returns	M	●	●
	Strengthening of environment-related regulations and standards	The strengthening of laws and regulations, etc., as part of efforts to achieve net zero and nature positivity might not only increase regulatory compliance costs but also lead to business downsizing and suspensions, and difficulties in procuring raw materials, resulting in a loss in profitability. In addition, the burden of disclosure could increase costs, and inadequate disclosure might have a negative impact on management		M	●	●
	Increase in climate/nature-related litigation	Errors in climate/nature-related measures have resulted in significant business losses, and there is a risk that such errors in management strategy could lead to high costs, including officer lawsuits and compensation, as well as a decline in corporate value due to brand damage	◆Possibility of high insurance claims payments in D&O insurance ¹ ◇Decline in investment returns	M	●	●
Reputation	Criticism due to errors or delays in climate/nature-related measures	Risk that the discovery of involvement in businesses that have significant adverse effects on global warming and nature could lead to consumer boycotts and suspension of business with clients, resulting in reduced sales, brand damage, a decline in corporate value, and worsening financing costs	◆Possibility of insurance claims payments for brand image insurance ² ◇Decline in investment returns	H+	●	●

¹ D&O: Directors & Officers' liability insurance. Compensation for damages, litigation expenses, etc., incurred by corporate officers because of claims for damages arising from acts (including omissions) committed by corporate officers in their capacity as officers

² Compensation for expenses incurred for measures necessary to restore brand image in the event of an accident requiring compensation, etc.

◇ Analysis of transition risk in insurance and financing

The Group conducts scenario analysis of the impact of transition risk on investments and loans. We have checked the impact of the mounting burden of carbon prices on the investment portfolio if carbon pricing is implemented. This analysis is based on the current greenhouse gas emissions of investee companies. As investee companies move forward with decarbonization efforts, the carbon costs they will bear in the future will decrease, and the impact on their management will be reduced. We will continue taking steps to mitigate the impact on our investment portfolio through engagement with investee companies.

Analysis of impact of carbon cost on investments

Using analysis tools from S&P Global Trucost, we calculated the current ability of investee companies to pay for future carbon costs they will incur (Carbon Earnings at Risk).

Impact of carbon costs on the Group's investee companies

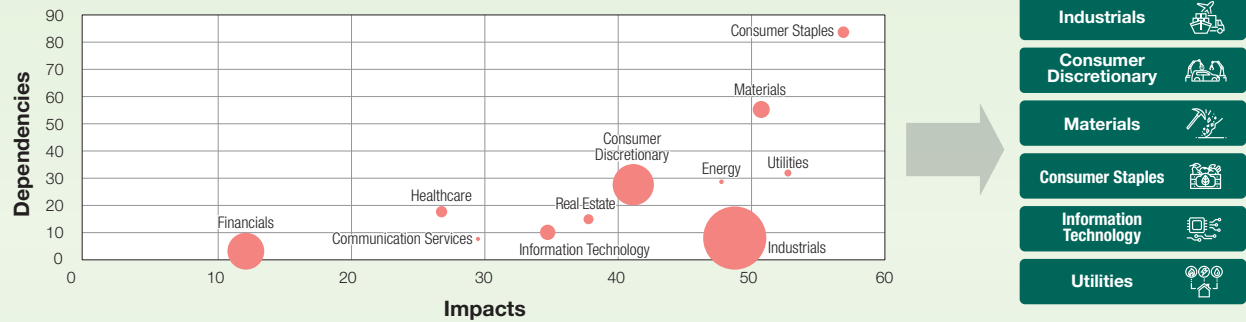
Example of stocks: 2030
Low scenario: 4.5%
Medium scenario: 13.2%
High scenario: 18.2%

Trucost's high, medium, and low scenarios based on Nationally Determined Contributions (NDCs) and the OECD and IEA scenarios

Identification of key industry sector relating to climate- and nature

The impact of climate/nature-related physical risks, such as heat waves and depletion of water resources, varies greatly from industry to industry. Regarding transition risks, there are many industry-specific changes in the social environment, such as technological innovation and changes in policies, laws, and regulations, and industry-specific considerations are important for properly analyzing climate/nature-related risks. To this end, we have identified six key industries based on the extent of the dependencies and impacts of our client companies on climate and nature, as well as our Group's ownership ratio of underwriting and investments and loans, and analyzed associated risks and opportunities. In this section, we analyze risks and opportunities in the “automotive and parts industry” and the “transportation industry,” two of the six key industries.

Dependencies, impacts, and exposure by industry



Explanation of table

- We identified business activities that depend on ecosystem services and those that have a large impact on natural capital, and arranged them in a table by adding up the ratings for each item of dependence and impact (within the impact, greenhouse gas emissions are calculated with double the weighting).
- The size of the bubble shows the total percentage of insurance (coverage for 10% of premiums income as of March 31, 2024) and investments and loans for both domestic and foreign listed stocks, corporate bonds, and corporate loans as of March 31, 2023.

Climate/nature-related risks in key industries

	Automotive and parts industry	MS&AD Group
	Risks: ◆ Upstream ■ Own operation ◇ Downstream Opportunities: ◆ Upstream ■ Own operation ◇ Downstream	Risks: ● Underwriting ○ Investment and financing ◎ Consulting services, etc. Opportunities: ● Underwriting ○ Investment and financing ◎ Consulting services, etc.
Physical Risks	◆ Disruptions in the supply chain, such as damage to suppliers and contract manufacturers and suspension of logistics functions due to natural disasters ◆ Increased raw material costs due to lower yields and deteriorating quality of raw material caused by rising temperatures, drought, and ecosystem degradation ■ Damage to facilities and equipment due to natural disasters, losses incurred because of manufacturing stoppages, and sales declines ■ Deterioration in quality and operating rates due to temperature increases, increased energy costs, and employee health risks due to the deteriorating efficiency of air-conditioning and reduced productivity ◇ Damage to suppliers and delivery destinations, suspension of operations, disruption of store operations, and customer outflow because of natural disasters ■ Strengthen BCP measures for large-scale disasters caused by extreme weather conditions to win customer trust and increase orders ■ Increase added value by enhancing product durability in response to rising temperatures, precipitation, and changing weather patterns	● Increase in insurance payments due to natural disasters ● Decline in premiums income due to business downturn of client companies ○ Decrease in asset value and business downturn at investee companies due to damage from natural disasters ◎ Support for the development of business continuity plans to prepare for natural disasters, extreme temperature increases, water shortages, etc. ◎ Increased income from the provision of services related to adaptation measures, disaster prevention and reduction, and nature conservation
Transition Risks	◆ ■ Increased costs due to the introduction of a carbon tax ■ Decrease in demand for ICE cars due to growing awareness among consumers ■ Increased costs due to stricter regulations, such as emission regulations, fuel efficiency GHG emissions, water resources and waste management, and investment for energy efficiency and renewable energy ■ Loss of revenue due to negative reputation from air pollution, water pollution, plastic pollution, and waste from business operations ■ Decrease in reputation among stakeholders and investors and decline in sales due to delays in climate change measures and response to ESG disclosure ■ Increased sales due to growing demand for EVs and FCVs ■ Gain market share through the successful introduction of environmentally friendly technologies, such as the use of renewable energy, and the reduction of water and plastics usage ■ Reduce costs by using recycled materials or resources and increase sales by promoting associated value ◇ Reduce costs and GHG emissions by efficient logistics (joint transportation, modal shift)	● Decline in premiums due to business downturn in companies and markets concerned ● Decrease in premiums due to stricter underwriting standards and conditions resulting from stricter environmental regulations ○ Lower investment returns due to business downturn in companies and markets with insufficient responses to climate/nature-related issues ● Negative reputation due to involvement in businesses that lead to global warming and the destruction of nature ● Increase sales by providing insurance that support new technologies such as EVs and FCVs, establish related value chains, introduce business models such as recycling ○ Business leap of such companies and markets which make progress in responding to climate/nature-related issues ◎ Increased income from credit intermediation to offset GHG emissions ◎ Develop and provide new services to mitigate negative impacts on nature related raw material procurement, etc. ◎ Increase in income from services supporting disclosure and business strategies considering climate/nature-related risks

	Transportation industry	MS&AD Group
	Risks: ◆ Upstream ■ Own operation ◇ Downstream Opportunities: ◆ Upstream ■ Own operation ◇ Downstream	Risks: ● Underwriting ○ Investment and financing ◎ Consulting services Opportunities: ● Underwriting ○ Investment and financing ◎ Consulting services
Physical Risks	◆ Severe impact on transportation infrastructure or flight schedules and increased risk of accidents due to natural disasters and weather changes ◆ Decline in labor productivity under high temperatures, and an increase in costs due to a shortage of laborers ■ Reduced durability of vehicles and infrastructure, increased maintenance, and energy costs due to a deterioration in efficiency of air-conditioning because of extreme temperatures ■ Increased transportation costs due to the depletion of fossil fuels and other natural resources ■ Increased risk of accidents due to collisions with cetaceans, deer, bears, and other large animals ◇ Increased costs for alternative logistics and lost business opportunities due to damage and suspension of business partners caused by natural disasters ◇ Decrease in passengers due to degradation of natural tourism resources ■ Increase in income associated with services to meet increased transportation demand for responding rapidly to natural disasters	● Increase in insurance payments due to natural disasters ● Decline in premiums income due to business downturn of client companies ○ Decrease in asset value and business downturn at investee companies due to damage from natural disasters ◎ Increased income from provision of services related to adaptation measures, disaster prevention and reduction, and nature conservation
Transition Risks	■ Increase in operating and technological costs due to stricter emission regulations and fuel efficiency ■ Decrease in demand for conventional means of transportation due to a rise in environmental awareness ■ Increase in costs with the introduction of a carbon tax, credits, and the shift to biomass and SAF fuels ■ Loss of market share due to the failure to introduce environmentally friendly technologies, such as the use of renewable energy and the reduction of GHG emissions ■ Negative reputation from air pollution, water pollution, and waste from business operations ■ Accidents during transportation resulting in fines, compensation, pollution removal and habitat restoration expenses, etc., and reputation damage ■ Decrease in reputation among stakeholders and investors and decline in sales due to delays in climate change measures and response to ESG disclosure ■ Increase in sales due to introduction of EVs, FCVs, and other decarbonized energy-based transportation ■ Reduction in costs and creation of a new market for environmentally and nature-friendly transportation services or joint transportation ■ Reduce costs by using recycled materials and resources, and increase sales by promoting associated value ■ Reduce transportation costs and GHG by efficient logistics (joint transportation, modal shift)	● Decline in premiums income due to business downturn in the companies and markets concerned ● Decrease in premiums due to stricter underwriting standards and conditions resulting from stricter environmental regulations ○ Lower investment returns due to business downturn in companies and markets with insufficient responses to climate/nature-related issues ● Negative reputation due to involvement in businesses that lead to global warming and the destruction of nature ◎ Increased demand for new compensation due to support for innovation in areas such as new energy and transportation means ○ Dramatic business progress of companies and markets that successfully respond to climate/nature-related issues ◎ Increased income from mediation in areas such as credits to offset GHG emissions ◎ Increase in income from the provision of services related to information disclosure and business strategies considering climate/nature-related risks

Opportunities within the MS&AD Insurance Group

The Group aims to contribute to solving social issues and grow together with society to realize a resilient and sustainable society. Our business model, “Value Creation Story,” is centered on the highly public nature of the insurance business, where we provide value to society by solving social issues, and at the same time, we achieve value in terms of sales and profits.

Based on the “Perspective of Sustainability of the MS&AD Insurance Group,” the MS&AD Insurance Group, as an operator of insurance and financial service businesses, underwrites various risks including accidents and disasters, and provides compensation in case of emergency. In addition to reducing the occurrence of risks, we focus on solving social issues that cause risks. Through our efforts to “identify and inform on risks,” “prevent risks from occurring/minimize the impact,” and “reduce the economic burden,” we are creating shared value with society through our activities.

◆ Initiatives to “identify and inform on risks” ~ Business Activities with Consideration for Sustainability ~

Based on our “Perspective of Sustainability,” the Group practices business activities with consideration for sustainability, aiming to solve social issues together with our stakeholders. When underwriting and making investments and loans, we evaluate and analyze risks that could pose a negative impact on the environment and society and work with our business partners to reduce these risks. In addition to climate/nature-related physical and transition risks, assessments also cover risks related to the impact on nature and local communities, as well as risks related to indigenous peoples’ rights; associated with renewable energy projects, which are rapidly spreading as part of efforts to achieve decarbonization; and new agriculture, forestry, and fisheries projects that involve large-scale development in unexplored areas. We support net zero and nature positive through the provision of products and risk consulting services that contribute to the prevention and reduction of discovered risks and the resolution of issues.

“Perspective of Sustainability” (<https://www.ms-ad-hd.com/en/csr/summary/materiality.html>)

Expand efforts for before and after compensation and protection for natural disasters

In response to the frequent occurrence of natural disasters, the Group supports local disaster prevention and reduction activities through services such as the “Cmap Real-Time Damage Forecasting Website and App” and the “Disaster Prevention Dashboard” disaster prevention and reduction system.” Japan’s first alert service that notifies users of information on hailstorm forecasts helps to avoid and mitigate damage by delivering push alerts to users in areas where the probability is increasing. In addition, our “Inland Flooding Forecast System,” which is currently undergoing verification experiments, predicts inland flooding, which is frequent in urban areas, thus fulfilling a useful purpose in helping residents evacuate and take countermeasures, with the aim of mitigating damage.

In addition, to help disaster victims rebuild their lives as quickly as possible, we support the prompt issuance of disaster damage certificates as a post-compensation service, as well as more efficient administrative work for their delivery.

To implement these various services and local disaster prevention and reduction activities, we have launched the “Disaster Prevention Partner” system in cooperation with agents and other organizations. With the Group playing a central role, we will work together to conduct disaster prevention activities suited to local characteristics and build frameworks for cooperation with local governments and disaster relief organizations. In this way, we will improve local disaster preparedness while also creating business opportunities by strengthening our points of contact with customers.

Check hail fall area, etc.

Push alert delivery

Actions to mitigate damage

Development and provision of products and services that contribute to climate change adaptation

“Flood compensation,” which is attached to fire insurance for homes and businesses, covers damage to buildings, household goods, and equipment caused by floods. Prompt compensation for damages is extremely important for supporting disaster victims in rebuilding their lives. “Weather derivatives” are designed to stabilize earnings by avoiding or mitigating losses, such as reduced sales or increased costs, caused by extreme or unfavorable weather conditions. Their effect is particularly noticeable in industries that depend heavily on the weather, such as agriculture and tourism. In Australia, the “Weather Index Insurance Platform for Farmers” enables online, real-time insurance quotes. We leverage insurtech technology to provide this service, making it possible to obtain coverage quickly and conveniently. In addition, in countries where insurance markets are not fully developed, recovery and reconstruction can be extremely difficult if natural disasters of a certain scale occur, which could lead to further poverty and political instability. Accordingly, we work with the World Bank and other international institutions to endeavor to promptly provide funds to such countries, through participation in public natural disaster compensation programs.

Support for net zero and nature positivity through insurance products and services

The Group provides insurance and services to support businesses as they transition to net zero and nature positivity, including analysis of risks associated with renewable energy projects and compensation for such risks. We provide insurance for reduced earnings if equipment expected to generate J-Credits is affected by natural disaster. “RoofPlus” is a scheme to support the introduction of solar power generation for in-house consumption by SMEs through a leasing system in cooperation with solar O&M companies. The installation of power generation on rooftops was previously mainly performed by large companies, but this scheme makes it easy for SMEs to do so.

To support decarbonization, we have also developed a special policy to compensate for additional costs. With a conventional insurance policy, we could only pay insurance claims to restore a property to its original condition, but based on the concept of “Build Back Better,” we are supporting the transition to a net-zero society. The “Carbon Neutral Support Agreement” provides compensation associated with the installation to reduce CO₂ emissions when restoring damaged buildings, and the “EV Replacement Expense Clause” provides compensation to replace an ICE vehicle with an EV after major damage due to an accident.

Reducing resource use is a key element in the transition to nature positivity, and the promotion of a circular economy is thus essential. In response to the social issue of mass disposal in the apparel industry, “Clothing Recycling Expense Compensation (No-burn Insurance)” supports the recycling of clothing by providing compensation associated with recycling when apparel manufacturers and retailers suffer damage. In addition, we are working with customers to utilize recycled parts in automobile repairs, thus contributing to a circular economy.

In terms of products and services that contribute to the preservation and restoration of natural capital and biodiversity, the “Marine Pollution Response Additional Expense Compensation Clause” covers the cost of preservation and restoration activities for damage to nature to complement the social responsibilities of ship operators, which were previously not subject to compensation. The “Reforestation Expense Compensation Clause (Forest Keeper)” covers the cost of reforestation of damaged forests. We also offer an insurance program that provides compensation for the risk of fire spread from “noyaki (open burning),” which is essential for maintaining grasslands in the Aso region of Kumamoto Prefecture. In some cases, noyaki had to be suspended owing to lack of allowance for the risk of fire spread, but thanks to the provision of “noyaki insurance” by the Group, traditions closely tied to the nature and history of Aso have been maintained, contributing to the nurturing of agricultural and livestock products, as well as preserving abundant water resources, among other ecosystem services.

*A concept advocated in the field of disaster prevention, based on the idea of achieving community development with more resilient measures, in addition to restoring communities to their original state during the reconstruction phase after a disaster occurs.

Support for analysis, assessment, and disclosure of climate/nature-related risks and opportunities

MS&AD InterRisk Research & Consulting provides services to analyze and assess climate/nature-related physical and transition risks and support disclosure. We have focused on quantitative assessment of physical risks related to climate change in collaboration with external organizations with advanced knowledge. In 2020, we collaborated with U.S. start-up Jupiter Intelligence to launch a service that quantitatively assesses various forms of catastrophe risk in the future to within 90 m² accuracy for the entire world, leveraging AI-based climate change impact assessments. In our “Large-scale risk assessment of Climate change for Flood (LaRC-Flood®)” project in collaboration with the University of Tokyo and Shibaaura Institute of Technology, launched in 2018, we estimate changes in future flood frequency and inundation depth distribution with a high degree of accuracy worldwide, and we utilize the results in consulting. In addition, in FY2023, we began offering “Flood Risk Finder,” a SaaS-type platform that enables global flood risk assessment, as a new business.

For nature-related risks, the entire value chain, including raw material procurement, as well as direct business activities, should be subject to assessment. It is important to conduct scientific analysis and assessment on a regional basis, as risks differ depending on the state of nature and ecosystems in each region that businesses have contact with and the details of the business. With the evolution of AI and DX technologies, “naturetech” start-ups, which understand and analyze complex nature, are emerging in Japan and abroad. The Group has performed a series of demonstrations with companies with groundbreaking technologies, including a partnership with Think Nature Inc., which possesses big data related to natural capital, in 2022. While engaging in these demonstrations, we provide support focused on industries with particularly strong connections to nature, such as TNFD disclosure support focused on the urban real estate industry and freshwater resources, in addition to general support.

Flood Risk Finder screen image

Collective action to encourage the transition to nature positive

Unlike net zero, the transition to nature positive requires different initiatives depending on the state of the local nature and ecosystem. It is important to share clear targets for nature positive based on the details and degree of dependence on nature and the impact of land use change, as we work to solve local social issues. Then, we must formulate effective measures and promote collective action by various stakeholders. In the MS&AD Green Earth Project, we engage in collective action to encourage a shift to nature positive through activities to preserve and restore nature in three locations across Japan, in collaboration with research institutions and involving local businesses, NPOs, etc. As part of our efforts to achieve Green Resilience in local communities, we aim to build safe, secure, and vibrant regional models, such as mitigating flood damage through preservation and restoration of wetlands across entire basins, and the formation of alliances for groundwater preservation and use.

“Green Basin Flood Control Project” for the Kuma River in Kumamoto Prefecture: In the Kuma River basin, which suffered serious flood damage in July 2020, we are focusing on disaster prevention and reduction and local regeneration by protecting and utilizing nature, including the preservation of wetlands. We are also focusing on developing “rain garden partnerships” within the prefecture, in which both citizens and businesses participate.

Foundations Sustainability

Sustainability initiatives and dissemination among employees

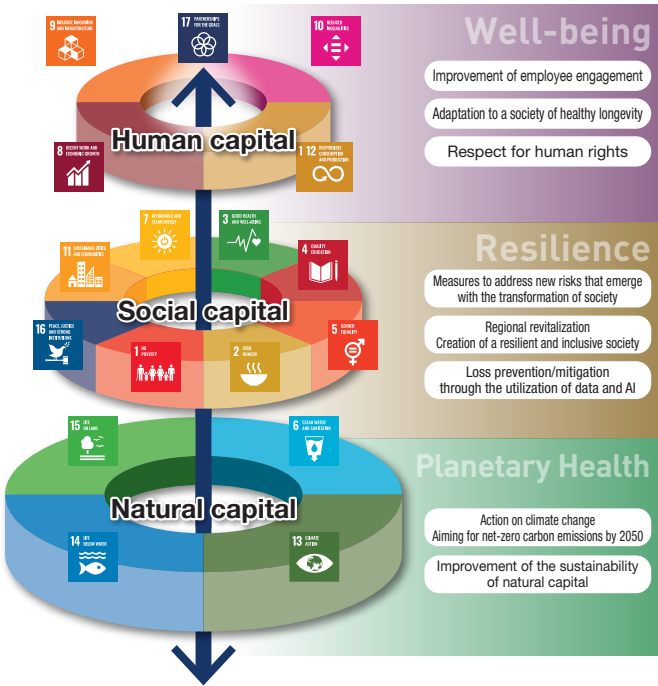
The MS&AD Insurance Group has identified “Symbiosis with the global environment (Planetary Health),” “Safe and secure society (Resilience),” and “Happiness of diverse people (Well-being)” as three key issues from among various social issues, and we are focused on finding solutions to these issues.

Although the three might appear to be separate issues, they are deeply interrelated and require integrated efforts to address them.

The SDGs Wedding Cake model proposed by the Stockholm Resilience Centre is a model that illustrates how the 17 SDGs are made up of three layers, which are closely related to each other.

Translated into key social issues for the Group, the happiness of diverse people is made possible by a safe and secure society, which in turn has symbiosis with the global environment, or the natural environment necessary for people to live in.

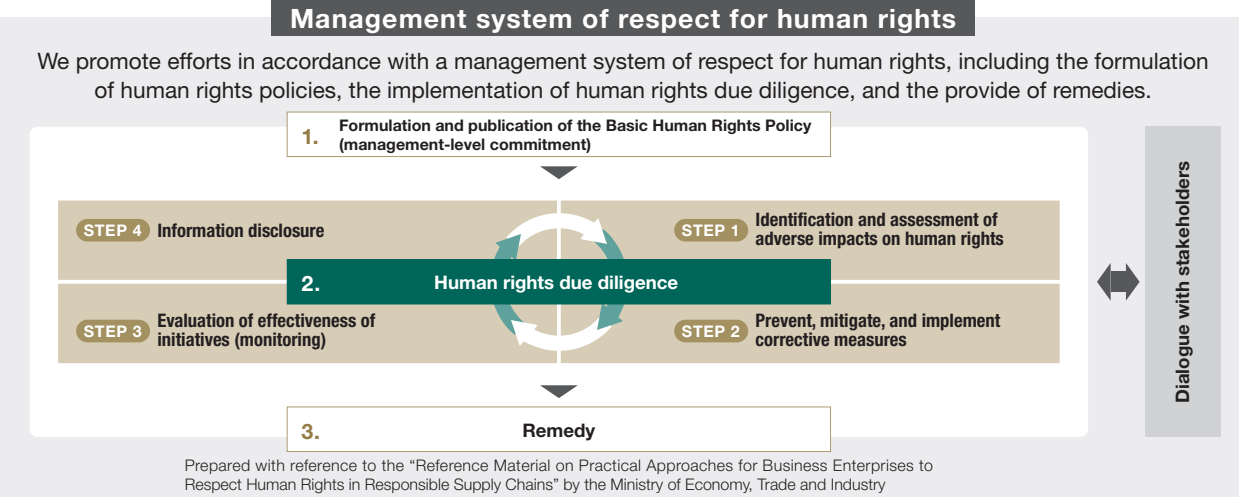
Source: Prepared by the Company based on the SDGs Wedding Cake model by the Stockholm Resilience Centre



Happiness of diverse people (Well-being): Respect for human rights

The MS&AD Insurance Group will fulfill its corporate responsibility to respect human rights in the way required of corporations and contribute to the realization of a sustainable society, in accordance with the UN Guiding Principles on Business and Human Rights.

To realize the Group’s mission, “To contribute to the development of a vibrant society and help secure a sound future for the planet by enabling safety and peace of mind through the global insurance and financial services business,” it is important that we consider the mutual impact of all our business activities on society, including the environment and human rights, when acting. The MS&AD Insurance Group Basic Human Rights Policy, which applies to all officers and employees of the Group, agents, and other business partners, etc., and a wide range of other parties involved with the Group, clarifies that the Group has a responsibility to respect and protect human rights. Based on this Basic Human Rights Policy, we identify and assess potential negative impacts on human rights that might occur in our business activities and work with a wide range of stakeholders to promote efforts to respect human rights (human rights due diligence) to prevent or mitigate such impacts.



Activities and dialogue that respect human rights

Establishment of the Basic Human Rights Policy

Since February 2017, we have established the “MS&AD Insurance Group Basic Human Rights Policy” and have been fulfilling our corporate responsibility to respect human rights.

Identification and assessment of adverse human rights impacts

We have organized the points of contact where human rights risks occur from the Group’s value chain and stakeholders, created a risk map, and identified three priority issues in our efforts to respect human rights.

- 1) Fair and impartial customer service
- 2) Consideration of human rights measures by underwriters, investors, and external contractors
- 3) Consideration for the health of employees and a working environment free of discrimination

In response to the April 2023 release of METI’s “Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains” and reflecting the overall efforts to respect human rights at our overseas entities, we conducted a reassessment of the FY2021 assessment in FY2023.

Implementation of prevention, mitigation, and corrective measures, and monitoring

Examples of prevention and mitigation measures

Fair and impartial customer service

We listen to a wide range of customer opinions through the implementation of initiatives in line with our “customer-first policy in business operations” and are working on continuous improvements to our quality and operations

Consideration of human rights measures by underwriters, investors, and external contractors

We have formulated the Group policy on “business activities with sustainability in mind” and implemented business activities with ESG factors in mind. We consider these factors, including respect for human rights, in underwriting and investment and financing

Consideration for the health of employees and a working environment free of discrimination

We implement initiatives to prevent harassment in workplace training, position-based training, and e-learning training, etc., for all employees (including contract employees and dispatch employees)

Through various types of monitoring, including inspections of outside vendors, we confirm the efficiency and effectiveness of prevention and reduction measures, and implement dialogue and corrective actions.

Remedy

We have established a reporting and consultation system for employees and others, a harassment hotline, and a human rights issues consulting desk mainly for outside vendors, so that in the event of a violation of laws and regulations or internal regulations, or inappropriate behavior, we can promptly recognize that fact and take the necessary measures as a company.

Topics

Sustainability Contest

Approximately 40,000 Group employees in Japan and overseas working on sustainability issues

The Group believes that it is important for every employee to feel that their day-to-day work is connected to the sustainability of society and to work together with customers to resolve sustainability issues.

At the 2nd Sustainability Contest held at Aioi Nissay Dowa Insurance Century Hall (Ebisu) in 2019

Since 2018, we have held the Sustainability Contest with the aim of instilling an understanding of our story of value creation and CSV (Creating Shared Value with society) in our daily operations. To date, we have received approximately 2,200 applications from Group companies in Japan and overseas, and the contest has contributed to solving sustainability issues while also sharing excellent initiatives within the Group.

We held Sustainability Contests from 2020 to 2022 (3rd to 5th contests) online without cancellation despite the COVID-19 pandemic. A local subsidiary in India was awarded the Grand Prize in 2022.

Future Sustainability Contests

For the FY2024 Sustainability Contest, we plan to establish awards by theme to recognize a variety of initiatives, such as initiatives by young employees and senior employees, collaboration with external parties, and inter-group cooperation, to enable many employees to apply to the contest as a forum for reflecting on the cycle of sustainability initiatives. We will encourage our employees to take on the challenge of solving social issues and foster the “earning power” of the Group.

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

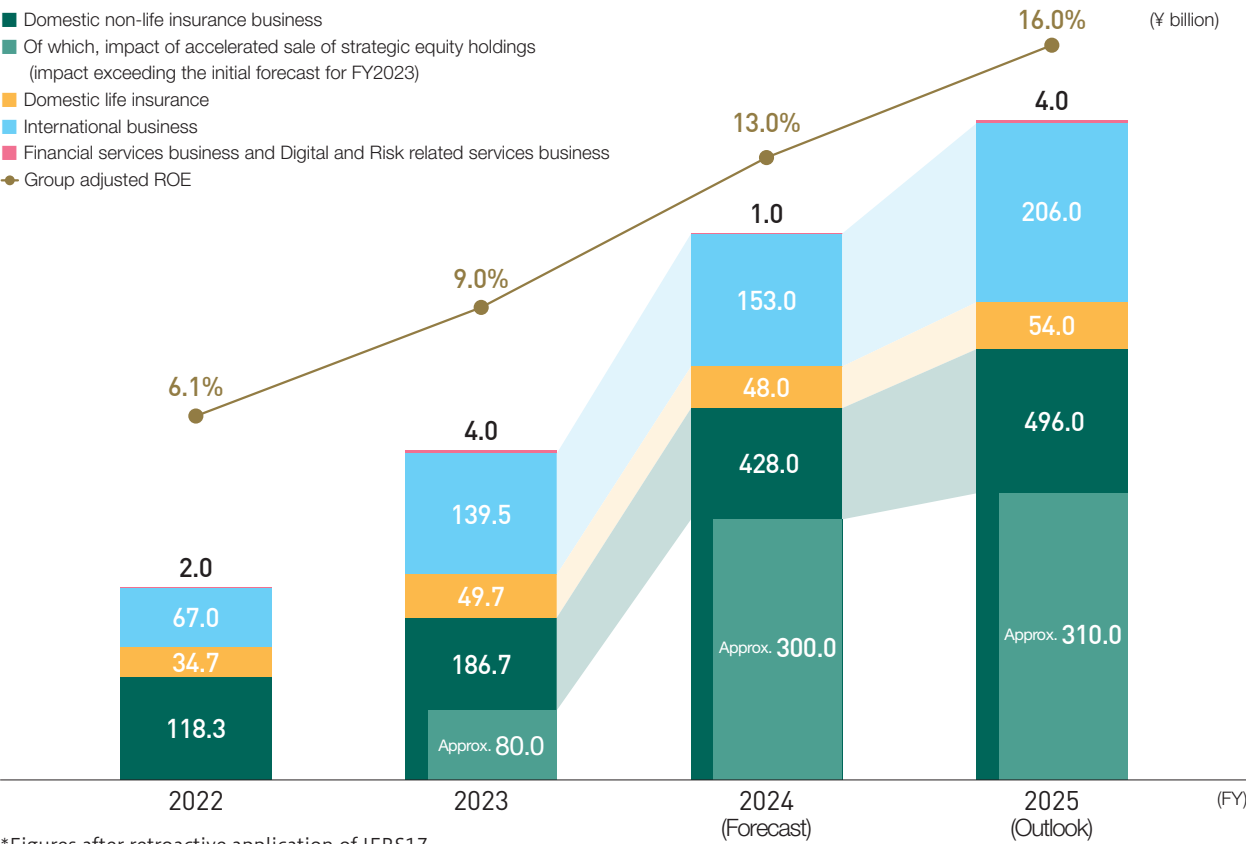
Progress of numerical management targets financial

The quantitative targets (financial) of the Medium-Term Management Plan (2022–2025) are to achieve Group adjusted profit of ¥760 billion (¥450 billion excluding the impact of the sale of strategic equity holdings) and Group adjusted ROE of 16% (10% excluding the impact of the sale of strategic equity holdings), with the aim of achieving global peer-level profits and profitability by FY2025. Efforts to strengthen profitability are steadily progressing, and we are responding appropriately to changes in the environment. Together with the impact of accelerated sales of strategic equity holdings, this has resulted in a significant expansion in the Group adjusted profit forecast for FY2025 to ¥760 billion, compared with the target of ¥440 billion–¥470 billion set at the time the Medium-Term Management Plan was formulated. We have also revised the timing of the application of IFRS to the end of FY2025 from the viewpoint of appropriate financial reporting.

Structure of the FY2025 profit target

We aim to increase Group adjusted profit by ¥380.1 billion over the next two years, from ¥379.9 billion in FY2023. The factors contributing to growth in profit are expected to be as follows: in the domestic non-life insurance business, approximately ¥309.0 billion from the impact of accelerated sales of strategic equity holdings, as well as the promotion of improvement in profitability and major business style reforms; in the domestic life insurance business, approximately ¥4.0 billion; in the international business, approximately ¥67.0 billion from the improved profitability of Lloyd's and the reinsurance business, as well as the accelerated growth of the Americas business, and improvements in the profitability of the Toyota retail business and other factors.

	FY2023 results	FY2024 (forecast)	FY2025 (outlook)
Total	379.9	630.0	760.0
Domestic non-life insurance business	186.7	428.0	496.0
Domestic life insurance business	49.7	48.0	54.0
International business	139.5	153.0	206.0
Financial services business/ Digital and Risk related services business	4.0	1.0	4.0



Progress of numerical management targets non-financial

For the four aspects of the foundation (sustainability, quality, human assets, ERM) that support the three basic strategies of the Medium-Term Management Plan (2022–2025), we have set the following numerical management targets (non-financial) for sustainability, quality, and human asset initiatives. By achieving these numerical management targets, we will support the promotion of our basic strategy to become a corporate group that supports a resilient and sustainable society.

Sustainability KPIs

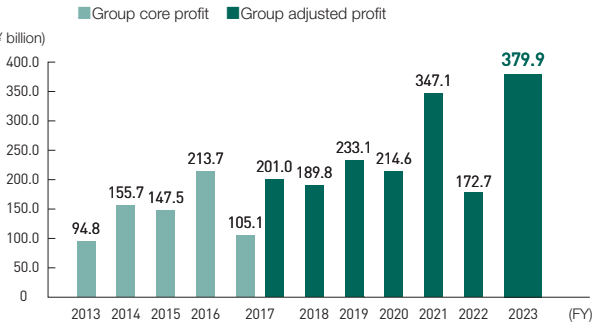
Priority issue	KPI progress	Target	FY2023 results
Symbiosis with the global environment (Planetary Health)	GHG emission reduction rate (versus FY2019)	FY2030: -50% FY2050: Net zero	-35.3% (Scope 1 + 2)
	Renewable energy usage rate	FY2030: 60% FY2050: 100%	23.0%
Safe and secure society (Resilience)	FY2025 Premium growth rate for products that contribute to the decarbonization of society and a circular economy Example: Carbon Neutral Support Agreement	Annual average 18%	24.5%
	FY2025 Growth rate of the number of subscriptions for products that contribute to improving social resilience Example: Cybersecurity insurance	Annual average 20%	17.6%
Happiness of diverse people (Well-being)	FY2025 Instances of support for the resolution of issues faced by regional companies Example: Seminars on regional revitalization	10,000 instances a year	11,892 cases
	FY2025 Number of companies supporting human rights-related measures Example: Harassment prevention consulting	1,000 instances a year	1,047 cases
	FY2025 Number of policies in force for asset-building products to support longevity Example: Tontine annuity insurance	100,000	70,000 cases
	FY2025 Number of policies in force for products that help solve health-related social issues Example: Medical insurance covering dementia and infertility treatment	2.60 million	2.22 million cases

Human assets and quality KPIs

Human Assets	End of FY2030 (aiming for early achievement)	Percentage of female managers	30% (21.6%)	Percentage of female line managers	15% (18.4%)
	FY2025	Digital human resources	Overseas human resources	Productivity improvement	
		7,000 persons (5,814 persons)	1,200 persons (1,189 persons)	8.5% (9.2%)	
		Percentage of mid-career hires among managerial staff	Percentage of non-Japanese managers among officers of overseas subsidiaries	Percentage of employees who exercise regularly	
		Current level (23.0%) or higher	Current level (83.2%) or higher	Current level (27.8%) or higher	
		Male childcare leave	Employee awareness survey		
		Percentage of male employees taking childcare leave: 100% Duration of leave: 4 weeks (89.9%, 12.1 days)	<div><div><ul style="list-style-type: none">• Sense of feeling that our business helped create shared value• Constant awareness of Mission, Vision, and Values• Pride in work, feeling motivated• Playing active roles</div><div>See P.82 for employee satisfaction data</div></div> <div>The same level or higher compared with the previous year</div>		
Number of annual paid leave days taken					
	The same level or higher compared with the previous year (16.5 days)				
Quality	FY2025	Customer satisfaction level (on contract procedures and the claim payment process)	The same level or higher compared with the previous year		

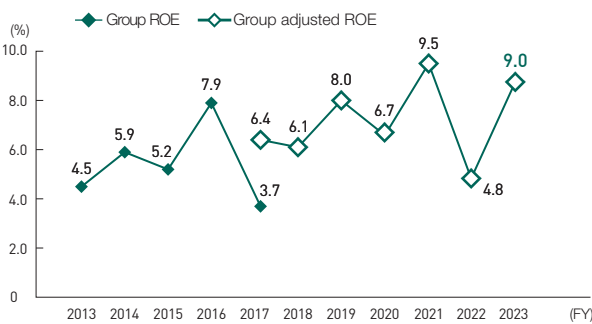
Numerical Management Targets

Group core profit/Group adjusted profit^{*1}



This is profit that serves as a source of shareholder returns and is the numerical management target in the Medium-Term Management Plan.

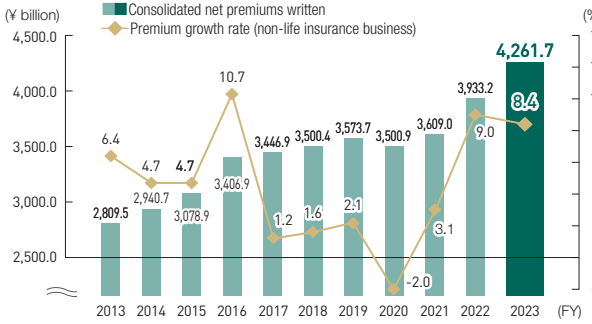
Group ROE/Group adjusted ROE^{*1}



This is one of the numerical management targets in the Medium-Term Management Plan and indicates the ratio of Group core profit/Group adjusted profit, as shown to the left, in respect to consolidated net assets.

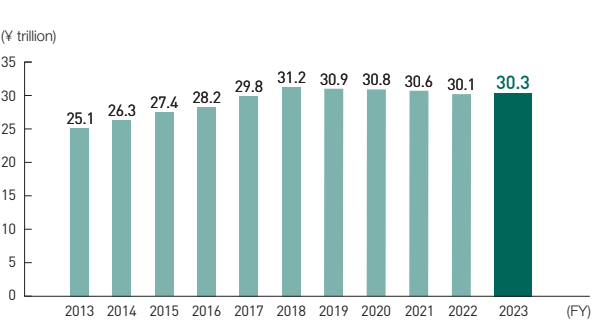
Growth Potential Indicators

Consolidated net premiums written^{*4} and premium growth rate (non-life insurance business)



Consolidated net premiums written is one of the numerical management targets in the Medium-Term Management Plan. The premium growth rate indicates growth potential in premium income for the domestic non-life insurance business and international non-life insurance business.

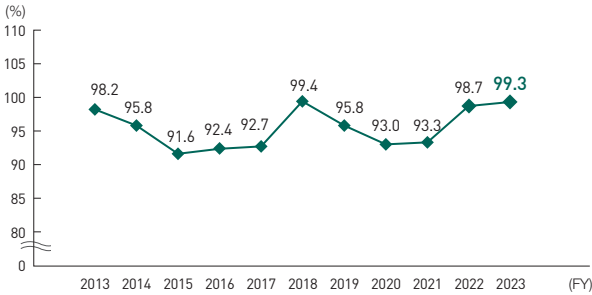
Policies in force^{*7} (domestic life insurance business)



Policies in force is one of the basic indicators of the performance of life insurance companies. It represents the total amount of money guaranteed to policyholders of valid policies at the end of a fiscal year. (See "Basic Knowledge about the Insurance Industry" on p. 120.)

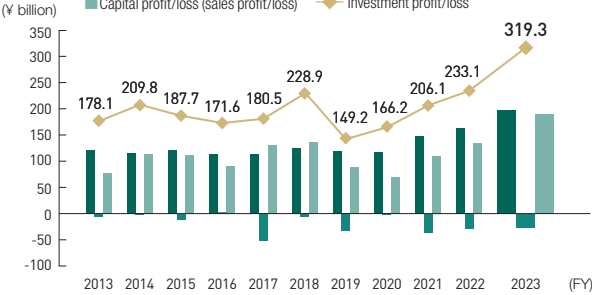
Profitability Indicators

Combined ratio^{*2} (domestic non-life insurance business)



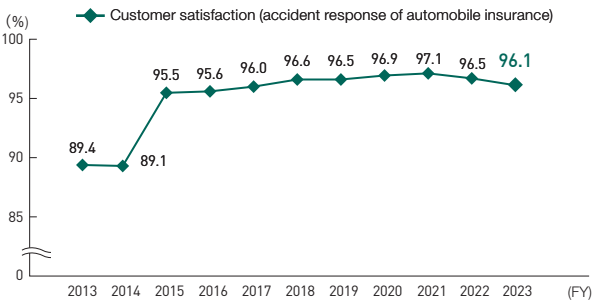
The combined ratio is a key indicator of profitability for underwriting in the non-life insurance business. Profitability is negative when this indicator exceeds 100% and positive when this indicator falls below 100%.

Investment profit/loss^{*2} (domestic non-life insurance business)



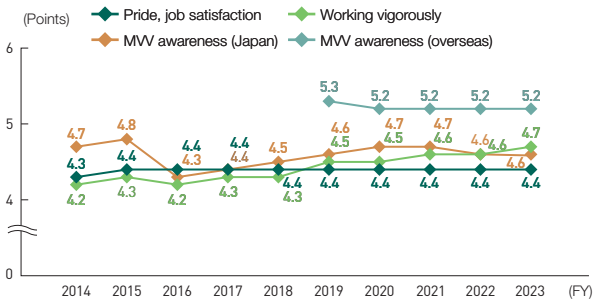
For non-life insurance companies, this is a major source of earnings, next to insurance underwriting profit, and consists of components such as interest and dividend income and gains/losses on sales of securities.

Customer satisfaction^{*5}



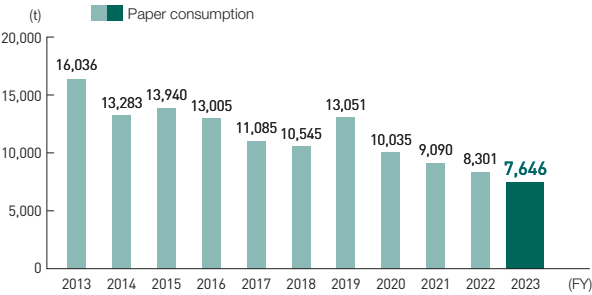
Our growth potential depends on improving customer satisfaction. Along with these indicators, customer opinions are helpful in improving quality.

Employee satisfaction



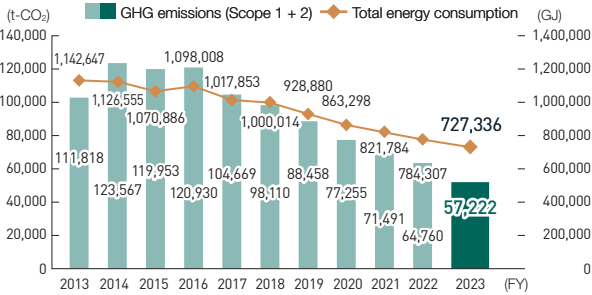
Scope: Domestic Group companies. All-employee average on a 6-point scale. We consider "mission/vision/value (MVV) awareness" and "pride, job satisfaction" on the part of Group employees to be important elements in achieving sustainable growth in corporate value and always aim to improve these areas.

Paper consumption



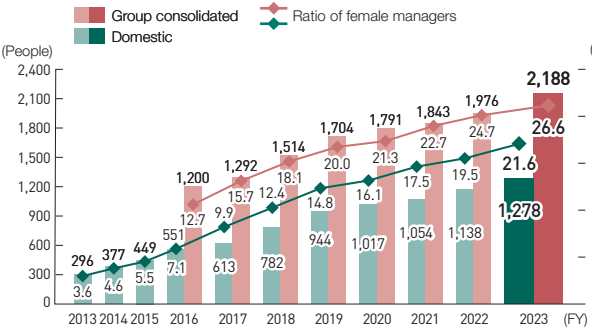
Paperless meetings, PDF-format pamphlets, and portable device and tablet use are being actively incorporated to help reduce paper consumption through various measures including increased application of RPA. FY2019 saw a temporary increase in printed materials due to the change in Japan's era name and product revisions.

Greenhouse gas (GHG) emissions and total energy use^{*3}



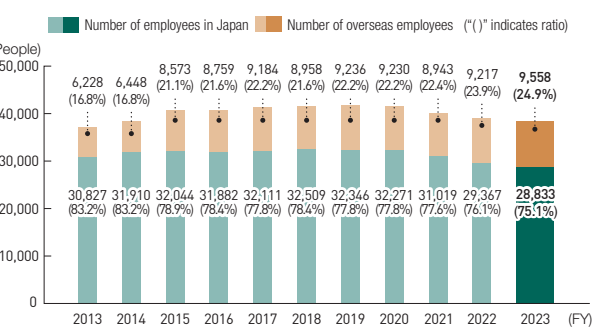
Reducing GHG emissions will contribute to mitigating climate change, which is a risk to the insurance business. It also contributes to a reduction in business expenses related to energy use.

Number and ratio of female managers^{*6}



By promoting diversity in the manager position (section managers and above), we believe that we will allow for strategies, product development, and organizational management that incorporate diverse perspectives and sense of values, leading to higher customer satisfaction and growth potential.

Number and ratio of global employees



Increasing the number of employees from different cultures and with a diverse sense of values, and deepening mutual understanding among employees, leads to stronger organizational capacity for the Group and is a driving force especially in international business development.

^{*1} The definitions for adjusted profit and adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan "Vision 2021," which was initiated in FY2018. (See the "Glossary of Insurance Terminology" on p. 117 for details.)
^{*2} Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
^{*3} For FY2013 to FY2016, GHG emissions resulting from tenant use of rental properties were included in our own GHG emissions. Moreover, emissions for FY2013 to FY2015 were calculated before the acquisition of MS Amlin, etc., and thus its emissions are not included in these figures. Total energy consumption is calculated based on the energy conversion coefficient from the Law Concerning the Promotion of Measures to Cope with Global Warming. Electric power energy use, however, is 3.6 GJ/MWh.

^{*4} Excludes the Good Results Return premiums of the "ModoRich" voluntary automobile insurance product
^{*5} Customer survey choices were streamlined from five options to four in FY2015 and unified within the Group. This figure indicates the ratio of customers who chose the top two options (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance).
^{*6} As of April 1 of the subsequent fiscal year for domestic Group companies and as of December 31 for overseas Group companies
^{*7} Total amount of policies in force for individual insurance and individual annuity insurance at MSI Aioi Life and MSI Primary Life

■ Key Management Indicators

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
Consolidated financial data (¥ million)												
Ordinary income	4,362,754	4,689,658	5,013,038	5,335,239	5,217,835	5,500,438	5,168,361	4,892,244		5,132,042	5,251,271	6,572,889
Net premiums written	2,811,611	2,939,113	3,078,732	3,407,389	3,440,976	3,497,572	3,573,732	3,500,996		3,609,052	3,934,473	4,261,736
[Net premiums written] ^{*1}	[2,809,581]	[2,940,756]	[3,078,995]	[3,406,966]	[3,446,940]	[3,500,403]	[3,573,732]	[3,500,996]		[3,609,052]	[3,934,473]	[4,261,736]
Insurance claims paid (non-life + life)	2,025,545	1,996,675	2,023,599	2,162,773	2,311,295	2,528,145	2,403,833	2,307,722		2,418,385	2,772,451	2,774,237
Ordinary profit/(loss)	190,259	287,061	291,578	352,612	211,548	290,847	157,701	306,524		390,499	231,113	416,440
Net income attributable to owners of the parent ^{*2}	93,451	136,247	181,516	210,447	154,057	192,705	143,030	144,398		262,799	161,530	369,266
Comprehensive income/(loss)	322,865	807,972	-233,116	114,294	311,096	-79,701	-157,288	753,938		310,470	-80,923	1,527,696
Net assets	2,285,832	3,036,663	2,725,274	2,734,432	2,968,387	2,778,047	2,494,038	3,126,657		3,302,749	3,056,273	4,513,562
Total assets	16,878,148	18,788,046	20,303,649	21,234,300	22,472,927	23,132,539	23,196,455	24,142,562		25,033,846	25,000,433	26,960,207
Consolidated solvency margin ratio ^{*3}	772.5%	803.9%	743.3%	872.6%	819.3%	807.3%	781.3%	916.0%		857.9%	777.7%	771.8%
Equity ratio	13.4%	16.0%	13.3%	12.8%	13.1%	11.9%	10.6%	12.8%		13.0%	12.0%	16.6%
Return on equity (ROE)	4.42%	5.18%	6.36%	7.78%	5.45%	6.77%	5.50%	5.22%		8.3%	5.2%	9.8%
Combined ratio ^{*4} (domestic non-life insurance)	98.2%	95.8%	91.6%	92.4%	92.7%	99.4%	95.8%	93.0%		93.3%	98.7%	99.3%
Group core profit ^{*5} /Group adjusted profit ^{*6}	¥94.8 billion	¥155.7 billion	¥147.5 billion	¥213.7 billion	¥105.1 billion	¥189.8 billion	¥233.1 billion	¥214.6 billion		¥347.1 billion	¥172.7 billion	¥379.9 billion
Group ROE ^{*7} /Group adjusted ROE ^{*8}	4.5%	5.9%	5.2%	7.9%	3.7%	6.1%	8.0%	6.7%		9.5%	4.8%	9.0%

Per share data (yen)

Net income per share (basic) ^{*9}	50.19	73.78	99.57	116.98	86.68	109.57	82.78	85.26		158.17	99.93	231.83
Net income per share (diluted) ^{*10}	—	—	—	116.96	86.66	109.53	82.74	85.21		158.10	99.90	231.77
Group core profit/(Loss) per share/ Group adjusted profit ^{*11}	50.93	84.33	80.94	118.79	59.15	107.95	134.97	126.73		208.96	106.86	238.54
Dividend per share (DPS)	18.66	21.66	30.00	40.00	43.33	46.66	50.00	51.66		60.00	66.66	90.00
Book-value per share (BPS)	1,215.40	1,673.13	1,489.86	1,524.27	1,654.88	1,570.70	1,436.12	1,841.80		1,985.07	1,877.98	2,817.00

Stock price–related data

Year-end market price (closing price) (yen)	788	1,123	1,045	1,180	1,118	1,123	1,008	1,083		1,326	1,368	2,711
Price-earnings ratio (PER) ^{*12} (times)	15.70	15.23	10.50	10.09	12.90	10.25	12.18	12.70		8.38	13.70	11.69
Price-to-book ratio (PBR) ^{*12} (times)	0.65	0.69	0.70	0.77	0.68	0.72	0.70	0.59		0.67	0.73	0.96
Dividend yield ^{*12}	2.4%	1.9%	2.9%	3.4%	3.9%	4.2%	5.0%	4.8%		4.5%	4.9%	3.3%
Annual total shareholder return (TSR) ^{*13}	17.1%	45.3%	-4.9%	16.7%	-1.6%	4.6%	-5.8%	12.5%		28.0%	8.2%	104.8%
Stock price volatility (annual rate) ^{*14}	39.0%	25.3%	41.0%	36.9%	19.7%	16.2%	19.4%	23.2%		21.7%	23.7%	27.2%

Capital management policy data (¥ million)

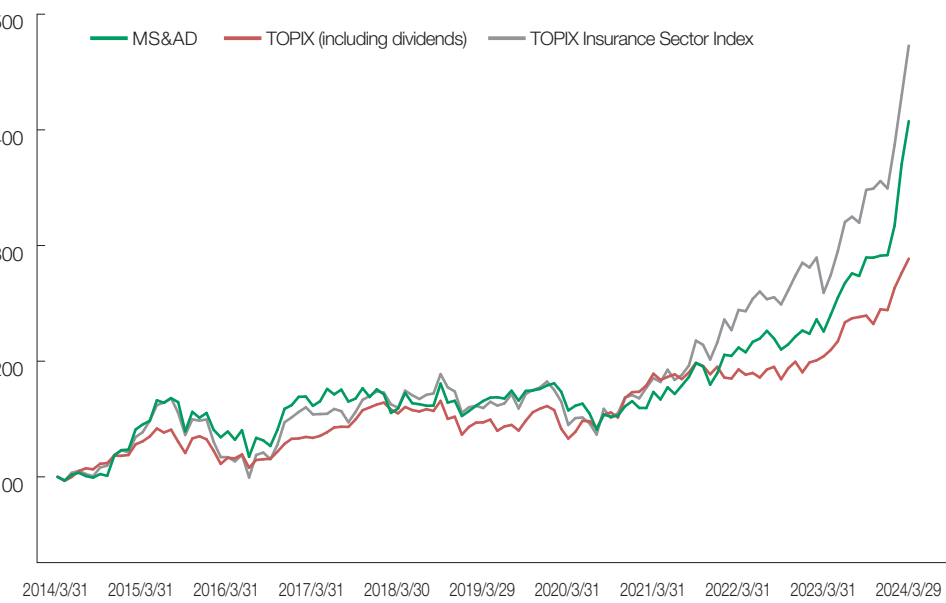
Total dividends	34,715	39,900	54,447	71,489	77,014	81,720	85,770	86,995		99,088	107,140	143,348
Dividend payout ratio (consolidated)	37.2%	29.4%	30.1%	34.2%	50.0%	42.6%	60.4%	60.6%		37.9%	66.7%	38.8%
Aggregate amount of repurchase ^{*15}	9,997	29,992	19,996	29,938	29,981	31,972	34,999	34,999		74,999	19,999	(Maximum) ¥200 billion
[Average repurchase price (yen)] ^{*16}	(841)	(1,124)	(1,014)	(1,246)	(1,146)	(1,160)	(1,135)	(1,095)		(1,346)	(1,706)	—
Shareholder return ratio ^{*17}	47.2%	44.9%	50.4%	47.7%	101.8%	60.0%	52.0%	57.0%		50.0%	74.0%	(Plan) 90.0%

Nonfinancial data

Customer satisfaction (accident response for automobile insurance) ^{*18}	89.4%	89.1%	95.5%	95.6%	96.0%	96.6%	96.5%	96.9%		97.1%	96.5%	96.1%
Number of employees	37,055	38,358	40,617	40,641	41,295	41,467	41,582	41,501		39,962	38,584	38,391
(of which at consolidated overseas subsidiaries) <input checked="" type="checkbox"/>	(6,228)	(6,448)	(8,573)	(8,759)	(9,184)	(8,958)	(9,236)	(9,230)		(8,943)	(9,217)	(9,558)
Number of female managers ^{*19} (domestic) <input checked="" type="checkbox"/>	296	377	449	551	613	782	944	1,017		1,054	1,138	1,278
Number of employees participating in social contribution activities (domestic)	11,373	15,124	16,507	19,861	20,022	23,601	27,673	26,519		23,024	22,553	21,231
Greenhouse gas emissions (Scope 1 + 2) ^{*20} (t-CO ₂) <input checked="" type="checkbox"/>	111,818t-CO ₂	123,567t-CO ₂	119,953t-CO ₂	120,930t-CO ₂	104,669t-CO ₂	98,110t-CO ₂	88,458t-CO ₂	77,255t-CO ₂		71,491t-CO ₂	64,760t-CO ₂	57,222t-CO ₂
Paper consumption (domestic)	16,036t	13,283t	13,940t	13,005t	11,085t	10,545t	13,051t	10,035t		9,090t	8,301t	7,646t

☒ A check mark indicates that FY2023figures have been assured by KPMG AZSA Sustainability Co., Ltd.

■ Total shareholder return (TSR) over the past 10 years



- The graph shows the fair value (investment performance) of investments at each point in time, with the investment amount as of March 31, 2014, set as 100.
- We have calculated our total shareholder return (TSR) based on the accumulated amount of dividends and the share price. Moreover, when accumulating dividends, the amount of dividends prior to the stock split is calculated using detailed figures without rounding fractional amounts.
- Returns for TOPIX data are calculated using the index including dividends.
- Rates of return beyond one year are converted to annualized rates of return by averaging over multiple years.

Source: Calculated by MS&AD Holdings based on data from Bloomberg

- ^{*1} Figures are presented exclusive of the Good Results Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich," which contains a special clause for premium adjustment and refund at maturity.
- ^{*2} The net income or net loss attributable to parent company shareholders is disclosed.
- ^{*3} Consolidated solvency margin ratios have been calculated from FY2011 reflecting the revision of the Insurance Business Act, etc.
- ^{*4} Simple sum of non-consolidated figures of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
- ^{*5} Group core profit = Consolidated net income – Net capital gains/losses on stock (e.g., gains/losses on sales) – Net evaluation gains/losses on credit derivatives – Other incidental factors + Equity in earnings of the non-consolidated Group companies (before FY2017)
- ^{*6} Group adjusted profit = Consolidated net income + Provision for catastrophe loss reserve and others – Other incidental factors (e.g., amortization of goodwill and other intangible fixed assets) + Equity in earnings of the non-consolidated Group companies (from FY2018)
- ^{*7} Group ROE = Group core profit ÷ Consolidated net assets (average of beginning and ending amounts excluding stock acquisition rights and non-controlling interest) (before FY2017)
- ^{*8} Group adjusted ROE = Group adjusted profit ÷ Average of beginning and ending amounts on the B/S of adjusted net assets (Consolidated net assets + Catastrophe loss reserve and others – Goodwill and other intangible fixed assets) (from FY2018)
- ^{*9} Net income/(loss) per share (EPS) disclosed
- ^{*10} Net income per share (EPS) and diluted EPS disclosed. Diluted net income/(loss) per share data before FY2015 are not disclosed because there was no potential dilution during that period.
- ^{*11} Group core profit/(loss) per share (before FY2017) or Group adjusted profit/(Loss) per share (from FY2018)
- ^{*12} Stock price–related indicators are based on the market price of the stock at the end of the fiscal year.
- ^{*13} Total shareholders' return is calculated as follows: (Fiscal year-end stock price – Previous fiscal year-end stock price + Annual dividends) ÷ Previous fiscal year-end stock price
- ^{*14} Stock price volatility is the annualized standard deviation of returns based on daily closing prices.
- ^{*15} The aggregate amount of repurchase price in FY2023 is ¥200 billion (maximum). Of this amount, ¥10 billion has already been acquired. The acquisition period for the remaining ¥190 billion is from May 21, 2024, to December 23, 2024 (resolved at the Board of Directors meeting held on May 20, 2024).
- ^{*16} The average repurchase price for FY2023 has not been stated because the repurchase of own shares has not been completed.
- ^{*17} Shareholder return ratio = (Dividends applicable to the fiscal year (paid in December of that year and June of the following year) + Value of share repurchases during the period through the time of the general shareholders' meeting in the following fiscal year) ÷ Group core profit for the fiscal year (from FY2018: Group adjusted profit)
- ^{*18} Ratio of customers satisfied with accident response for automobile insurance (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance). From FY2015, the client survey was modified from five stages to four stages.
- ^{*19} Number of female employees in positions of manager or higher (as of April 1 of the subsequent fiscal year for domestic Group companies)
- ^{*20} From FY2013 to FY2016, greenhouse gas emissions resulting from the tenant use of rental real estate are reported as in-house emissions. The figures from FY2013 to FY2015 were those before the acquisition of MS Amlin and others, and do not include emissions from that company.

Domestic Non-Life Insurance Business

Aspirations

In the domestic non-life insurance business, we will leverage our strengths in “three distinctive insurance companies,” the “largest sales network in Japan,” and a “strong network” to improve profitability in voluntary

automobile insurance; enter the black earlier in fire insurance; and accelerate the expansion of casualty insurance to increase profits and continue to achieve strong growth.

Business Environment

Strengths and features

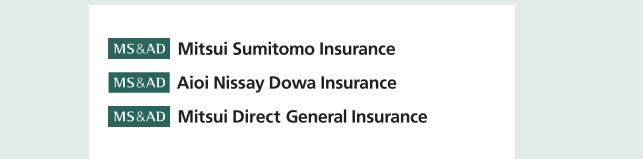
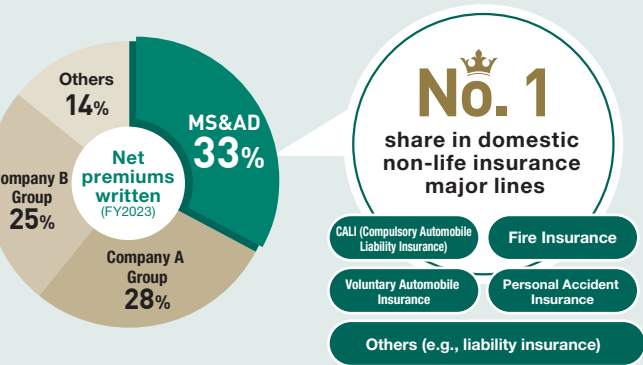
- To meet diversifying customer needs brought on by changes in social structure and lifestyles, our Group provides products and services through three non-life insurance companies with different business models (such as products and sales channels). Mitsui Sumitomo Insurance conducts businesses globally mainly based on the broad networks of the Mitsui Group and the Sumitomo Group. Aioi Nissay Dowa Insurance centers on foundations with the Toyota Group and the Nippon Life Insurance Group and conducts locally rooted businesses. Mitsui Direct General Insurance specializes in direct sales to individual customers. We leverage their respective strengths to maintain scale and superiority in Japan.

Risks and opportunities

- In the domestic non-life insurance market, the environment surrounding traditional insurance lines such as fire insurance and voluntary automobile insurance has become increasingly severe. In recent years, insurance payments have increased due to frequent and severe natural disasters, and the burden on business expenses has increased because of rising inflation and wage increases. There are also concerns about the future contraction of the insurance market due to the falling birth rate and aging population in Japan. In this environment, our Group will continue to work toward sustainable growth with this business as our core business, by steadily incorporating insurance needs for new risks and taking as a business opportunity the solution of social issues that emerge in the wake of various changes in the environment, such as the advancement of digitalization.

Market position

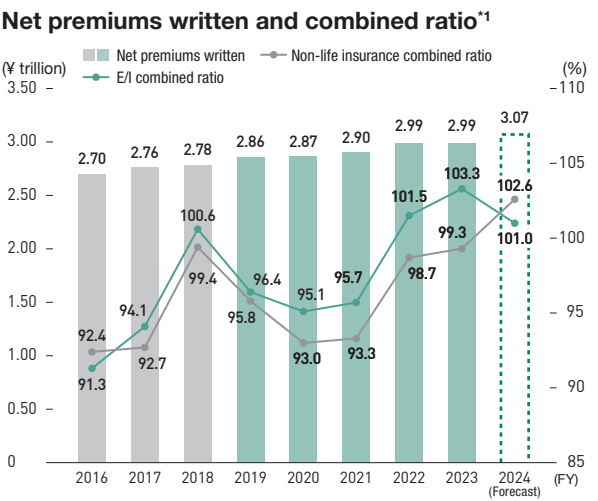
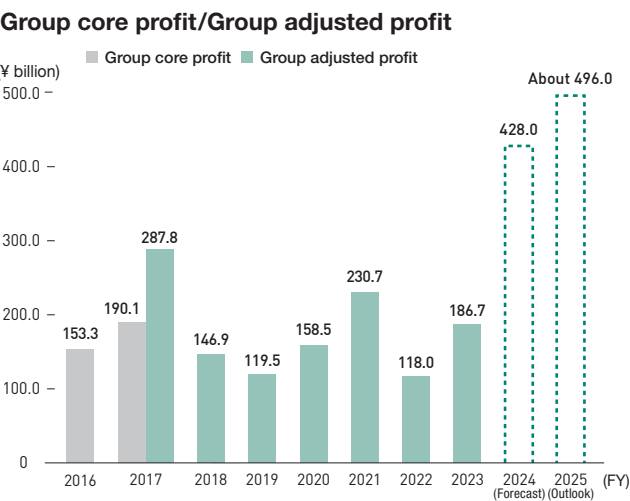
- With diverse partnerships and the largest number of distribution channels in the industry, we have the largest market share in major lines of business in the domestic non-life insurance market.



Source: Prepared by MS&AD based on publicly announced information from each insurance company and data from the General Insurance Association of Japan

Group Management Figures

(Non-consolidated simple sum of Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct General Insurance)



*1 Non-consolidated simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

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

Voluntary automobile insurance profitability improvements

Measures	Achievements
<ul style="list-style-type: none">Premium rate increase (January 2024) and optimization of underwriting and claim paymentsStrengthen response to secondary perils such as hailstormsStrengthen sales of telematics insurance (including products with dashcams), which contribute to lower accident rates, and enhance efforts to reduce traffic accidents and detect fraudulent claims	<ul style="list-style-type: none">In FY2023, the loss ratio worsened and insurance underwriting profit turned negative owing to an increase in the frequency of accidents, increases in labor and parts unit costs, and an increase in the average payout per claim owing to inflation and other factorsWe aim to increase underwriting profit and achieve our target for FY2025 by lowering the loss ratio through strengthening the measures described on the left, etc., and by closely monitoring the earnings situation and revising premium rates as necessary

FY	Insurance underwriting profit* (¥100 million)
2022	770
2023	-141
2025 (Outlook)	214

Fire insurance profitability improvements

Measures	Achievements
<ul style="list-style-type: none">Revise products and premium rates (October 2022) and strengthen measures to deal with unprofitable individual policiesDevelop initiatives to prevent and mitigate loss through risk consulting and the utilization of data and digital technologiesDevelop initiatives to improve profitability, such as strengthening responses to specific contractors and promoting the use of specialized disaster recovery companies	<ul style="list-style-type: none">Making steady progress on efforts to improve profitability. Significant improvement in insurance underwriting profit in FY2023The percentage of contracts that can be ensured to break even will exceed 50% this fiscal year, improving our underwriting portfolioWe expect to achieve profitability in FY2026 by implementing measures such as large-lot loss prevention and products and premium rate revisions (October 2024)

FY	Insurance underwriting profit* (¥100 million)
2022	-924
2023	-221
2025 (Outlook)	-35

Expansion of casualty insurance

Measures	Achievements
<ul style="list-style-type: none">Strengthen sales of products for SMEsExpand earnings as a growth driver by improving the ability to deal with new risksDevelop new markets through data services such as RisTech and develop new sales channels such as embedded insurance on e-commerce sites	<ul style="list-style-type: none">Steady growth in insurance underwriting profitIn addition to responding to new risk areas, we aim to achieve our target for FY2025 by continuing to strengthen sales of packaged products for SMEs that have excellent growth potential and profitability

FY	Insurance underwriting profit* (¥100 million)
2022	20
2023	145
2025 (Outlook)	417

Reduction of business expense ratio

Measures	Achievements
<ul style="list-style-type: none">In addition to capturing the benefits of large-scale system development projects, we will promote the further integration of middle- and back-office operations through the “One Platform Strategy,” and thus accelerate productivity improvementAccelerate cost reductions through the utilization of digital technology and business process transformation	<ul style="list-style-type: none">The business expense ratio is steadily declining toward the 30% level, thanks to steady progress on efforts to reduce the business expense ratio, centered on the “one platform strategy”We will continue to transform productivity based on our “One Platform Strategy” and promote further cost reductions, aiming to achieve our target for FY2025

FY	Business expense ratio**
2022	33.4%
2023	33.3%
2025 (Outlook)	32.1%

*1 Simple sum of non-consolidated figures of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
*2 Simple sum of figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Value creation (CSV×DX)

We are promoting the utilization of AI throughout the Group, and in the domestic non-life insurance business, we have begun to introduce generative AI into our business processes

Promotion of AI utilization

Steady progress in introduction throughout the Group

Research & development, etc.	Utilization of generative AI (ChatGPT)	Introduce to business processes	Customer service
Technical verification of generative AI utilizing OSS ³	Began using in May 2023 and expanded to all Group members in September	Begin utilization in the claim services and call center domains, etc.	Considering solution introduction at MS&AD InterRisk Research & Consulting

Examples of introduction in business processes

Claim services domain

- By combining the transcription of telephone audio with a summarization function using generative AI, we expect to achieve a reduction of approximately 290,000 hours of work per year by streamlining the creation of conversation transcripts
- As a countermeasure against fraudulent claims, we are considering systems that utilize AI to detect photographs that use fake images for insurance claims, etc.

Call center domain

- We have introduced AI voice chat for part of our accident reception operations, enabling responses that do not keep customers waiting even during times of high call volume due to natural disasters, etc.

*3 Open source software

Domestic Life Insurance Business

Aspirations

We operate our domestic life insurance business utilizing the respective strengths of two life insurance companies with different characteristics, Mitsui Sumitomo Aioi Life Insurance providing protection-type products and Mitsui Sumitomo Primary Life Insurance offering asset-building products.

Business Environment

Strengths and features

- [Strengths of Mitsui Sumitomo Aioi Life Insurance]
- Strong sales network consisting of the largest domestic sales network of Mitsui Sumitomo Insurance and Aioi Nissay Dowa, as well as close relationships with leading Japanese corporate groups
- [Strengths of Mitsui Sumitomo Primary Life Insurance]
- Close relationships with financial institutions backed by product development and education and training capabilities as a pioneer in over-the-counter sales via financial institutions

Risks and opportunities

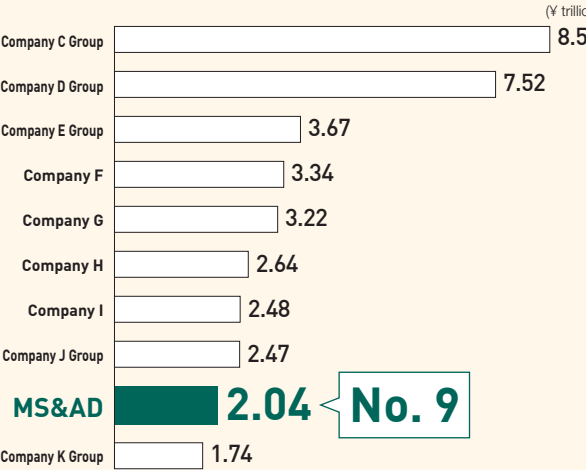
- The social structure is changing daily, including increases in the burden of nursing care and medical expenses with the falling birth rate and aging population, and the arrival of the era of considerable inheritances and living wills. In the domestic life insurance business, we are achieving growth by positioning the social issues emerging because of these changes as business opportunities and by steadily capturing demand related to new risks.
- In the first stage of our Medium-Term Management Plan (2022–2025), we expanded our products and services to contribute to solving social issues in the age of 100-year life spans. Mitsui Sumitomo Aioi Life Insurance sold protection-type products such as income guarantee insurance, palliative medical insurance, and nursing care/dementia insurance. We also provided new insurance value through the release of “MSA Care,” a healthcare service that provides support before and after protection, including prevention before illness, early detection of illness, and prevention of serious illness after onset, in addition to conventional protection. Mitsui Sumitomo Primary Life Insurance sold whole life insurance for asset life extension and smooth asset inheritance through inheritance and living wills, etc., as well as pension insurance for asset formation and other products. In addition, for customers who want to prepare for future inflation and other factors, we began sales of the industry’s first individual pension insurance with a feature whereby the annuity amount increases in tandem with an index.

We will achieve growth by providing products and services that contribute to solving the social issues of the age of 100-year life spans: “extending healthy life expectancy” and “extending asset life.”

Market position

- It has been growing steadily as the core business of the Group, including ranking ninth in the domestic life insurance industry in terms of premiums and other income (FY2023).
- We will continue to build a well-diversified business portfolio by expanding our domestic life insurance business.

Domestic life insurance companies/ groups’ premiums ranking (FY2023)

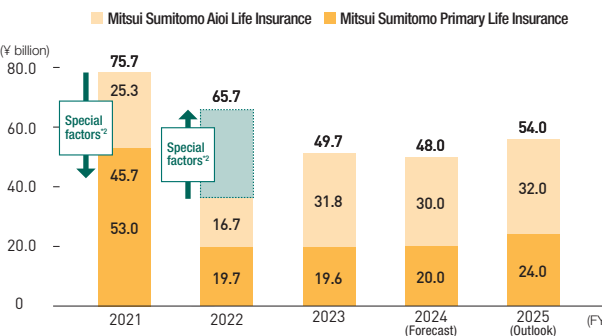


MS&AD Mitsui Sumitomo Aioi Life Insurance
MS&AD Mitsui Sumitomo Primary Life Insurance

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

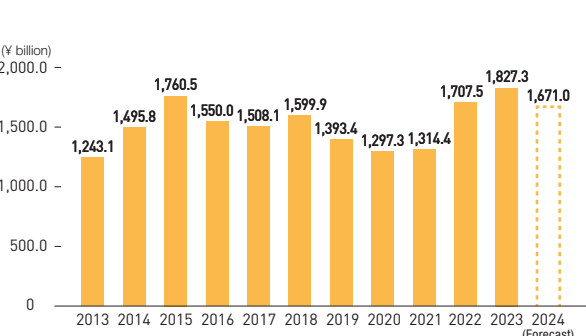
Group Management Figures

Group adjusted profit^{*1}



^{*1} Life insurance business totals include purchase difference adjustments, etc.
^{*2} Factors affecting profit on a one-time or individual basis

Life insurance: premiums (gross premiums income)^{*3}



^{*3} Premiums (gross premiums income) are for domestic life insurance subsidiaries only

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

Step up customer approaches utilizing distribution channels

Measures	Achievements
Mitsui Sumitomo Aioi Life Insurance <ul style="list-style-type: none">Step up cross-selling of life insurance and non-life insurance by non-life insurance agencies and strengthen partnership sales of Mitsui Sumitomo Primary Life Insurance products	<ul style="list-style-type: none">Mitsui Sumitomo Aioi Life Insurance pursued group synergies and increased the life and non-life cross-selling ratio to 21.1%. In addition, Mitsui Sumitomo Primary Life Insurance’s product sales expanded beyond ¥50 billion in the first stage of the Medium-Term Management Plan (2022–2025). We also promoted “MSA Care,” a pre- and post-protection healthcare service, which has been introduced in more than 2,500 companies.Mitsui Sumitomo Primary Life Insurance promoted training for financial institution agents and sales support for consulting-type products based on a customer-focused perspective, resulting in an increase in the amount of policies in force of more than ¥1 trillion in the first stage of the Medium-Term Management Plan (2022–2025).
Mitsui Sumitomo Primary Life Insurance <ul style="list-style-type: none">Solidify our leading position through training that contributes to the practice of customer-focused business operations at financial institution agents, support for the development and strengthening of sales frameworks, etc.	

Improvement in profitability through expansion of investment income

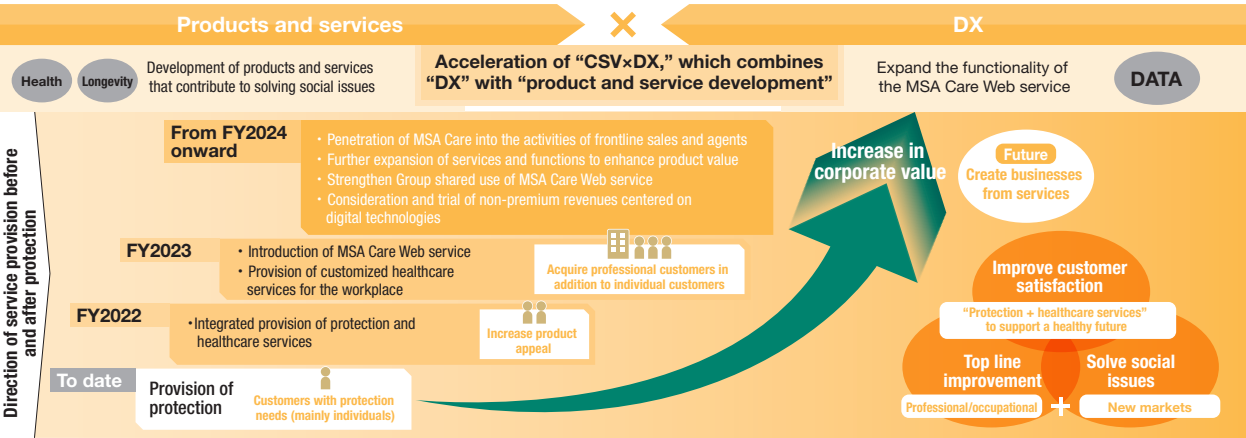
Measures	Achievements
Mitsui Sumitomo Aioi Life Insurance <ul style="list-style-type: none">Expand the scale of higher-return assets to ¥980 billion (FY2025)	<ul style="list-style-type: none">Mitsui Sumitomo Aioi Life Insurance controlled interest rate risk by purchasing ultra-long-term bonds, and increased open foreign bonds and other assets, thus ensuring soundness and liquidity, while also promoting risk-taking. (Higher return assets stood at ¥764.4 billion as of March 31, 2023.)Mitsui Sumitomo Primary Life Insurance took steps to diversify investment methods, including promoting investment in assets that can be expected to earn illiquidity premiums, while also strengthening ALM management and paying sufficient attention to risks. In addition, we promoted the advancement of our asset management risk management and monitoring framework, including expanding the number of specialized personnel.
Mitsui Sumitomo Primary Life Insurance <ul style="list-style-type: none">Improve the return on risk (ROR) through appropriate risk-taking in line with the advancement of risk management, based on rigorous ALM management	

Provision of products and services that contribute to solving social issues

Measures	Achievements
Mitsui Sumitomo Aioi Life Insurance <ul style="list-style-type: none">Development of products and services that contribute to solving social issues such as nursing care and dementiaIntegrated provision of products and the “MSA Care” healthcare service to address the progression of the aging society	<ul style="list-style-type: none">Mitsui Sumitomo Aioi Life Insurance promoted integrated proposals, etc., for “MSA Care,” a new service covering cancer insurance, palliative medical insurance, nursing care/dementia insurance, etc., with other products.Mitsui Sumitomo Primary Life Insurance has developed highly original products such as tontine-type annuities, index-linked annuities, and level premium payment products, and expanded its product lineup to contribute to asset formation, asset utilization, and asset succession for a wide range of customers.
Mitsui Sumitomo Primary Life Insurance <ul style="list-style-type: none">Development and revision of products that meet customer needs, and expansion of yen-denominated productsDiversify access to asset builders through the diversification of sales channels	

Value creation (CSV×DX)

We will support a “healthy future” for our customers and achieve a combination of CSV and DX through healthcare services integrated with protection.



International Business

Aspirations

Growth in the domestic non-life insurance business is expected to slow over the medium to long term due to a falling birth rate and aging population, therefore increasing revenue in the international business is increasingly important for the growth of the Group. On the other hand, due to various changes in the environment, including changes in lifestyle due to technological innovations, new risks and associated insurance needs are emerging globally. In this business environment, we will provide products and services that meet the insurance needs of international and local communities and customers, and thus drive the sustainable growth of the Group.

Business Environment

Market position

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

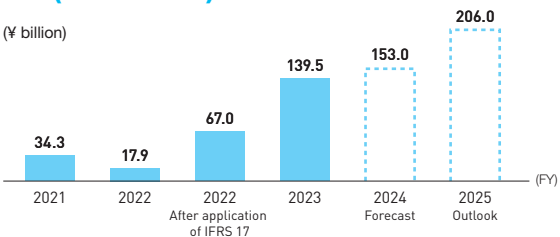
Understanding of the environment	
Uncertainty in the business environment	Business opportunities from environmental changes
<p>Increasing severity and frequency of natural disasters and climate change</p> <p>International conflicts and geopolitical risks</p> <p>International economic and financial conditions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

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

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

Group adjusted profit

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



Recovery of profitability in the Lloyd's and reinsurance businesses

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

Growth of regional businesses

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

Pursuit of the Group's comprehensive strengths

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



Value creation (CSV×DX)

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

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

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

- Generating sales through effectively embedding simple, bite size insurance policies into various products and services offered by platform providers with large customer bases (embedded insurance sales)
- Contributing to the spread of insurance among low-income groups

Initiatives by major international business

▶ Lloyd's and reinsurance businesses

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

1. AUL

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

2. MS Re

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



AUL



MS Re Zurich



MS Re Bermuda

▶ Americas business

- We have bases in North America and Latin America and engage in the non-life insurance business.
- In the United States, the world's largest insurance market, we have previously focused mainly on Japanese companies in our business, but we are also making full-scale inroads into the local market. We acquired Transverse Insurance Group, LLC, a leading fronting company in the U.S. MGA^{*1} market, in January 2023. Together with MSIG USA^{*2}, these two companies will accelerate profit growth and the diversification of revenue sources in the United States.
- We will also consider business investments in specialty insurance companies that have low correlation with catastrophe risk, high specialization, and stable profitability.

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

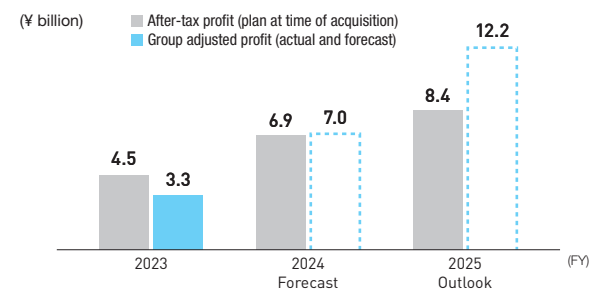
^{*2} Brand name used by Mitsui Sumitomo Marine Management (U.S.A.), Inc., for its full-scale entry into the local market

New business structure in the United States

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

MS Transverse business expansion

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

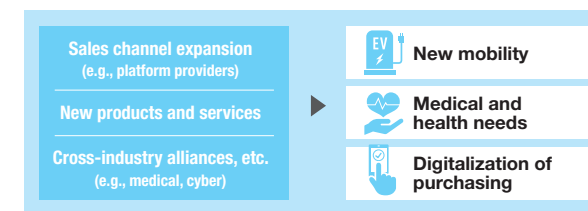


▶ Asia business

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

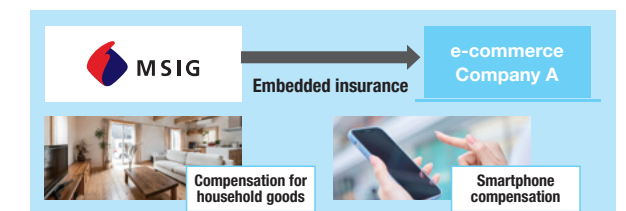
Main initiatives

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



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

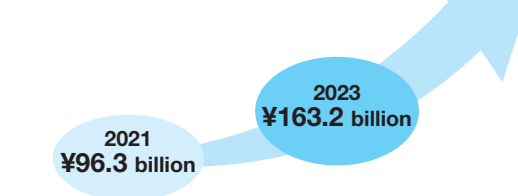
Streamlining existing sales channels such as agents, while expanding collaboration with platform providers, etc. (The following is an example of a new sales method.)



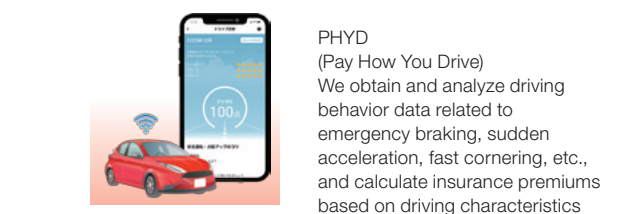
▶ Toyota retail business and international telematics business

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

Trend in net premiums written



Telematics automobile insurance (example)

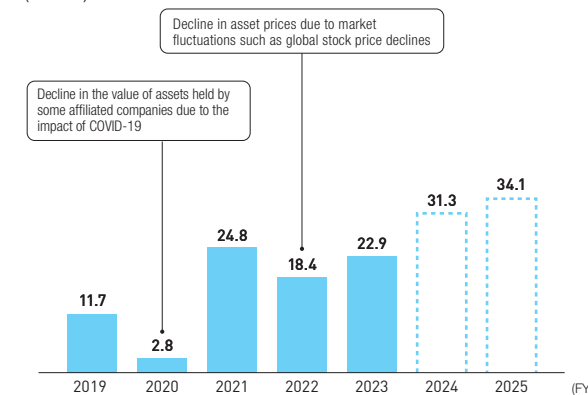


▶ International life insurance business

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

Group adjusted profit

(¥ billion)



Note: Data for FY2022 onward after application of IFRS 17

Growth of the life insurance market

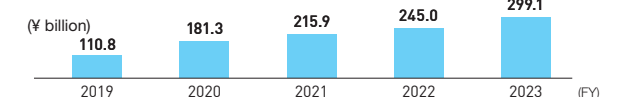
Life insurance market	Partners
China, India, Malaysia, Indonesia: Expected to grow at an annual average rate of 10.7% through 2031 ^{*1}	交銀人壽 (Jiayin Life), 安邦人壽 (Anbang Life), 香港人壽 (Hong Kong Life), 香港人壽保險有限公司 (Hong Kong Life Insurance Co., Ltd.)
Australia (annuity insurance business): Expected to grow at an annual average rate of 5.1% through 2041 ^{*2}	challenger
UK (annuity and asset formation business): Huge market of GBP3 trillion growing at GBP150 billion/year ^{*3}	Phoenix

^{*1} Source: Allianz Insurance Report 2021

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

^{*3} Source: Phoenix IR data

Transition of EV (our share)^{*4}



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

Financial Services Business

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

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

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

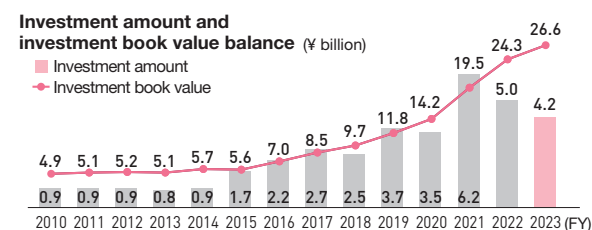


*Insurance-linked securities: Collective term for securitization products that transfer natural catastrophe risks and other insurance risks to the capital markets

Examples of initiatives

Venture capital

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



ART*

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

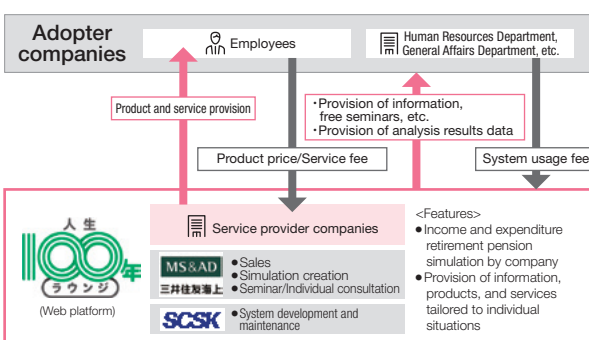
*ART: Alternative Risk Transfer. Among risk-handling methods, a method that uses financial technologies other than insurance.

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

Financial services for individuals

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

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



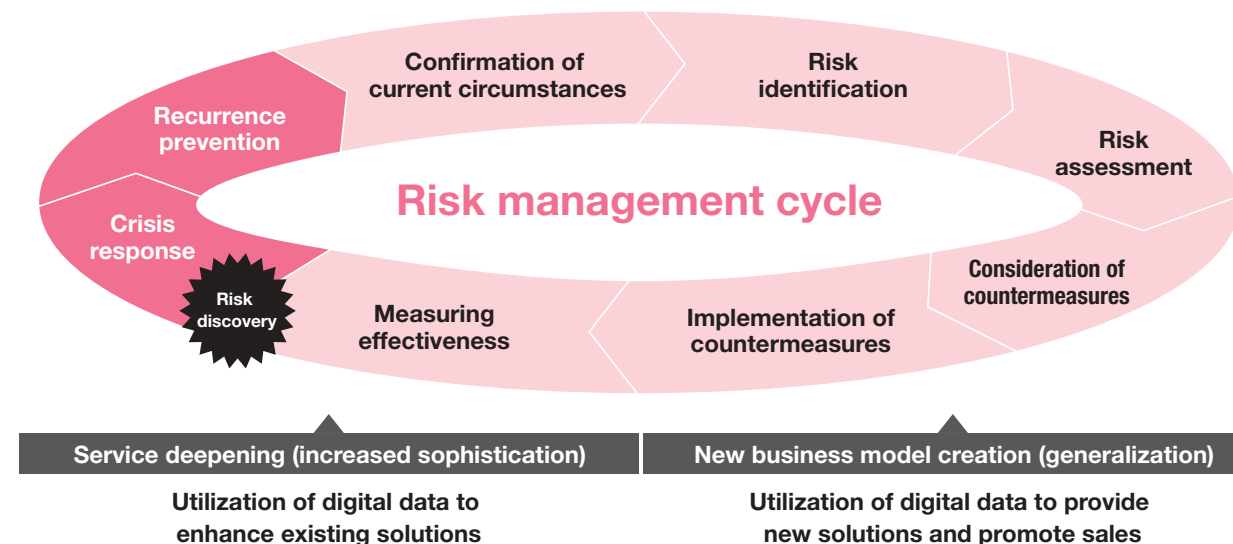
Defined Contribution Pension

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

Digital and Risk Related Services Business

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

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



Case studies

RM NAVI

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



Cyber Risk Finder

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



Flood Risk Finder

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



Other businesses

Assistance services

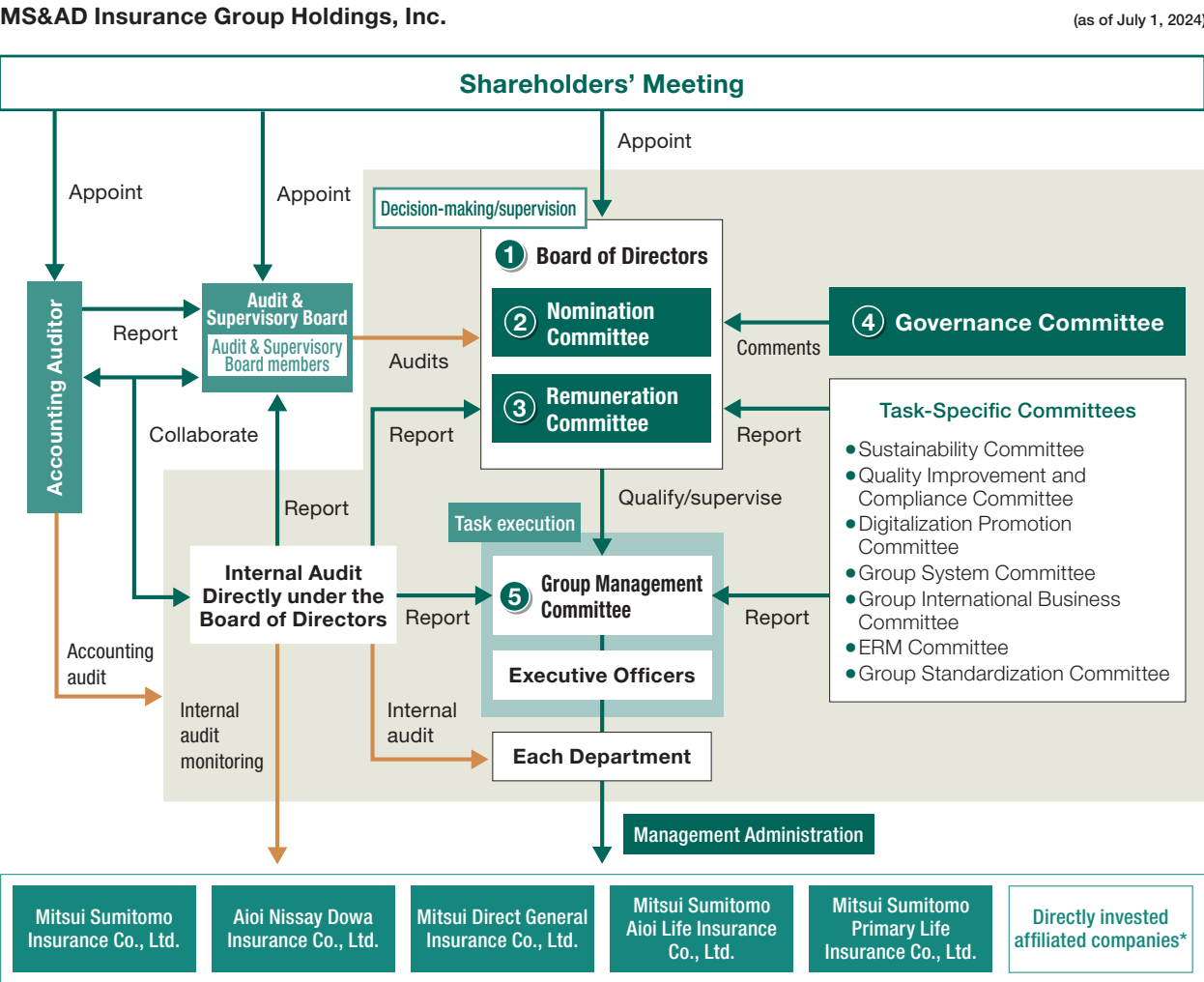
MS&AD GRAND ASSISTANCE Co., Ltd., provides high-quality services in a wide range of areas, including road assistance, house support, international travel assistance, and emergency alarm response.



Corporate Governance System and Initiatives

Corporate Governance System

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



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

1 Board of Directors

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

2 Nomination Committee

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

3 Remuneration Committee

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

4 Governance Committee

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

5 Group Management Committee

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

Task-Specific Committee Approach to Value Creation

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

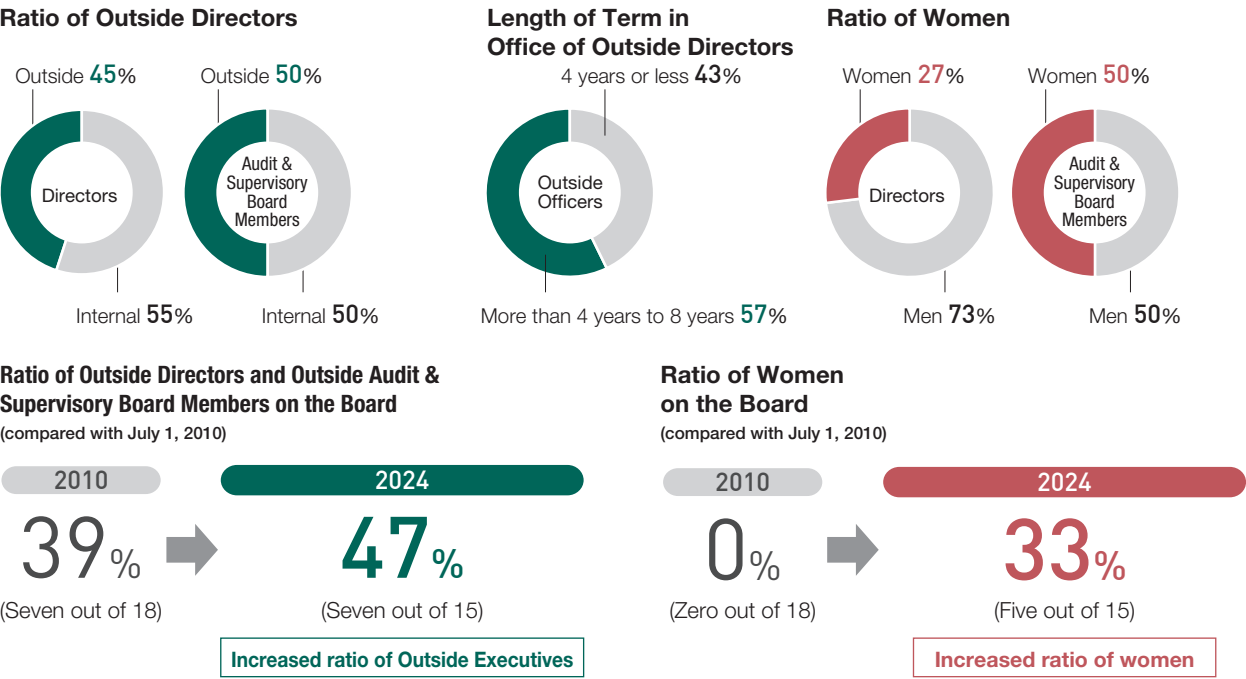
Task-Specific Committee Overview

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

Corporate Governance Evolution

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

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



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

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

- i) Basic skills that are generally required

Corporate ManagementHuman Resources and Human Asset DevelopmentLegal Affairs, Compliance, and Internal AuditRisk ManagementFinance and Accounting
- ii) Relevant skills given that the Group's core business is insurance and the Group is operated globally

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

IT and DigitalSustainability

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

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

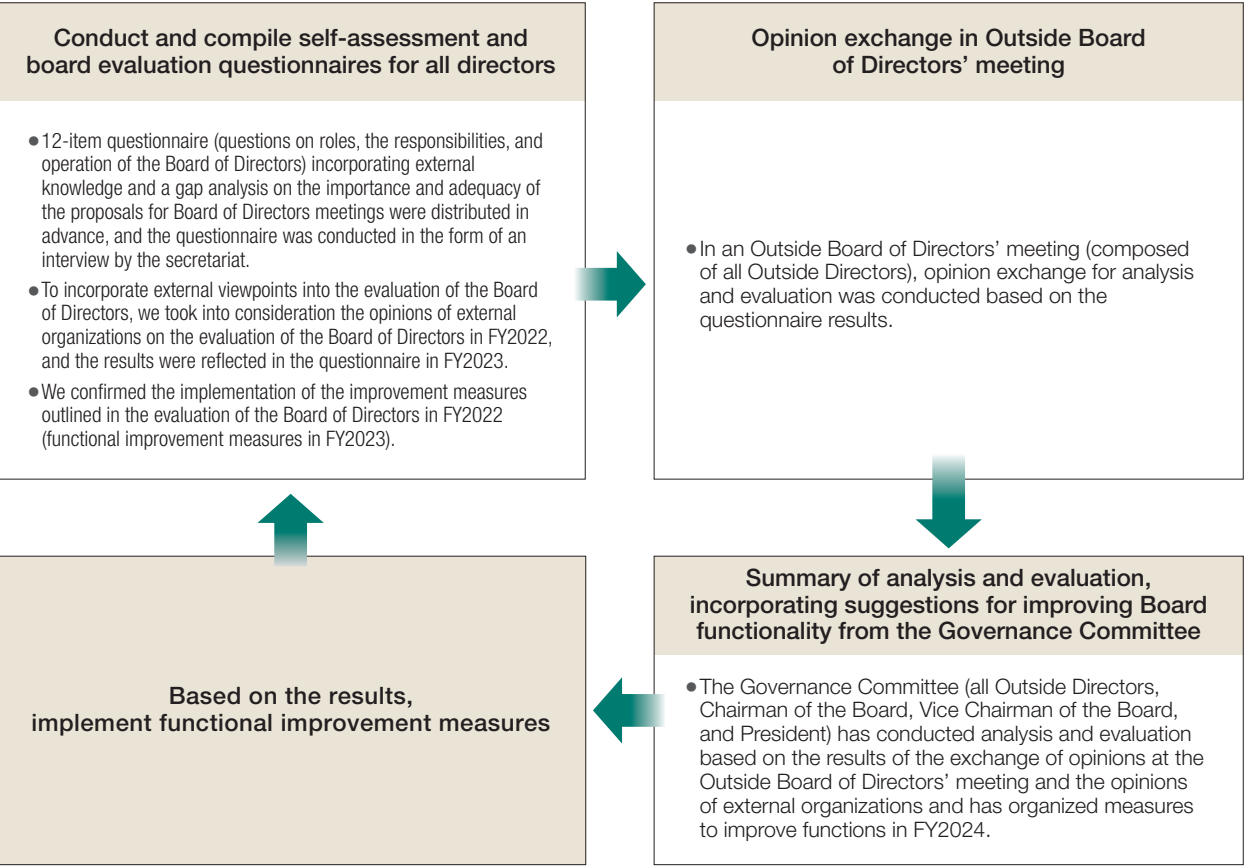
In addition, we have installed an executive officer system. The skills for Executive Officers who are not Directors are as follows.

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

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

Evaluation of Board of Directors' Effectiveness and the Analysis Process

Analysis and evaluation process



Analysis and assessment of the Board of Directors' effectiveness

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

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

Remuneration Plan Targeting Strengthened Governance

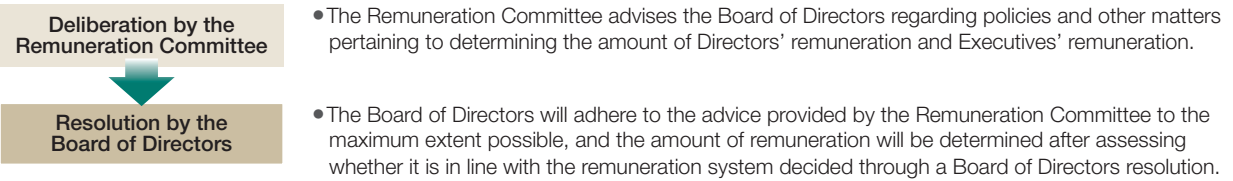
Basic Policy

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

Process for determining remuneration

Remuneration for Directors

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



Remuneration for Audit & Supervisory Board Members

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

Composition of remuneration

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

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

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

President and CEO:

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

Fixed remuneration	Performance-linked remuneration Monetary remuneration	Performance-linked remuneration Stock-based remuneration
50%	25%	25%

Other roles:

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

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

Stock-based remuneration details

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

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

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

		Indicators/Evaluation items	Selection reasons
Financial indicators (single fiscal year performance)		● Group adjusted profit ● Consolidated net income ● Group adjusted ROE	The indicators we have selected are Group adjusted profit, which is an indicator of shareholder return; Group adjusted ROE, which is an indicator of capital efficiency; and consolidated net income, which is an important performance indicator of the Group. <small>Note: Following the introduction of IFRS, we plan to change "consolidated net income" to "IFRS net income" and "Group adjusted ROE" to "IFRS adjusted ROE."</small>
Nonfinancial indicators (medium to long term)	Basic strategy	● Value (creation of value) ● Transformation (business transformation) ● Synergy (demonstration of Group synergies)	The evaluation items of nonfinancial indicators are the basic strategies and the foundations that support the basic strategies to realize a "corporate group that supports a resilient and sustainable society," which is the goal of the Group's Medium-Term Management Plan (2022–2025).
	Foundations	● Sustainability ● Quality ● Human assets ● ERM	

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

Financial Indicators (FY2023)

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

Nonfinancial Indicators (FY2023)

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

■ Total amount of remuneration (FY2023)

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

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

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

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

CEO Succession Plan

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

■ Criteria for CEO selection

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

■ CEO selection process

Recommendation by the current CEO	● The current CEO prioritizes several candidates and recommends them to the Nomination Committee. ● Candidates can be from within the Group or outside the Group.
Deliberation by the Nomination Committee	● Deliberation of the nomination from the CEO's recommendation. ● Outside Directors can recommend other candidates.
Resolution by the Board of Directors	● The Nomination Committee advises the Board of Directors, which makes the final decision.

■ Development plan for CEO candidates

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

■ CEO dismissal process

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

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

Results of FY2023 activities

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

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

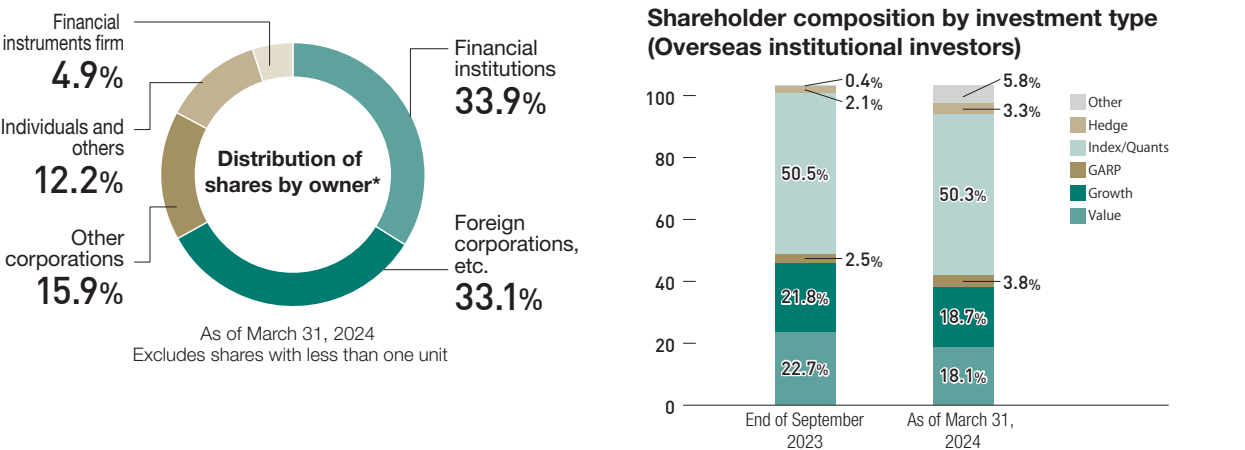
Key dialogue themes and concerns

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

Theme	Concerns
Business environment	●The impact of changes in the business environment, including continued inflation, a rise in personnel expenses, the frequent and severe occurrence of natural disasters, and the hardening of the reinsurance market, and countermeasures against them
Shareholder return policy	●Concept on basic and additional returns ●Stable shareholder returns
Capital management	●Overseas M&A policies and targets ●Plans to reduce strategic equity holdings and use of funds ●Specific initiatives to increase ROE and reduce the capital cost ratio
Domestic non-life insurance	●Improvement in profitability and revision in the premium rate of fire insurance ●Outlook of post-coronavirus voluntary automobile insurance earnings and revisions in the premium rate ●Details and progress of business cost reduction initiatives
Domestic life insurance	●Impact of recent domestic and foreign interest rate and exchange rate fluctuations and the future outlook
International business	●MS Amlin’s earnings outlook given the hardening of the market ●Drivers and outlook for business expansion in the Americas

Overview of shareholders and IR activities for investors

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



Information disclosure as a basis for dialogue

Website (Japanese/English)

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

Consolidated reports (Japanese/English)

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

Shareholders’ Meeting

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

For more information, see the Group’s official website. ●Investor relations (<https://www.ms-ad-hd.com/en/ir.html>)

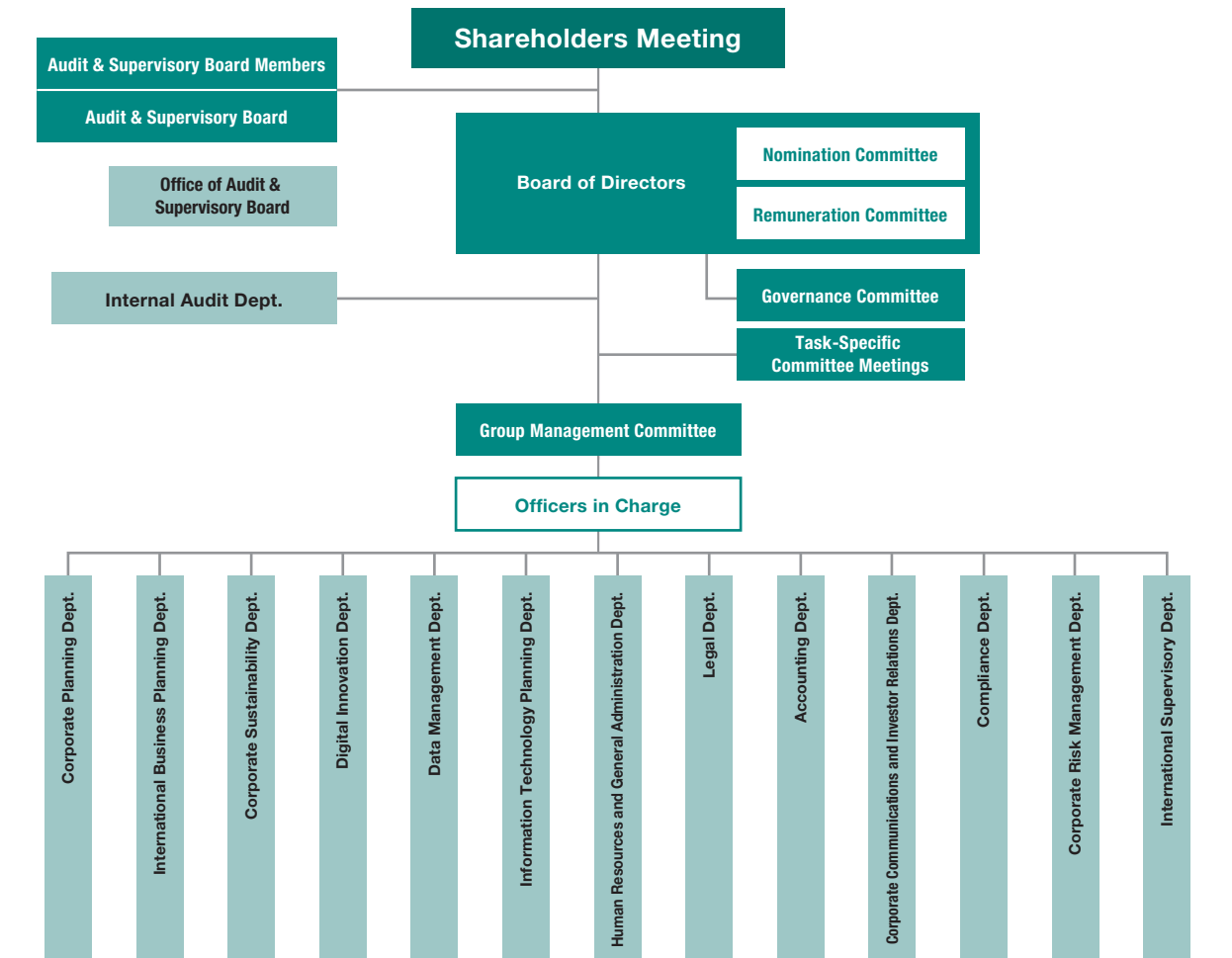
●Policy on constructive dialogue with shareholders ●Financial and nonfinancial information (timely disclosure materials, securities reports, earnings conference call materials, corporate governance reports, information meeting materials*, sustainability reports) ●Video of the President’s presentation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

*Including capital costs and initiatives to improve stock prices

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

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

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



Stock and Shareholders (as of March 31, 2024)

1 Summary of Issued Shares

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

2 Shareholding Profile

Breakdown by Sector

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

Breakdown by Number of Shares Held

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

Breakdown by Region

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

3 Major Shareholders

(as of March 31, 2024)

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

Notes:
1. The number of shares is rounded down to the nearest thousand shares. The percentage of shares is rounded to the nearest unit.
2. The Company owns 5,968 thousand treasury shares, but these are omitted from the table above.
3. On April 1, 2024, a 3-for-1 stock split was conducted in relation to the Company's common stock, but the number of shares held above represents the number of shares held prior to the stock split.

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

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

^{*1} The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
^{*2} The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
^{*3} The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
^{*4} The decrease in the total number of issued shares was due to the retirement of treasury shares.
^{*5} The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
Note: On April 1, 2024, the Company conducted a 3-for-1 stock split in relation to its common stock, increasing the total number of outstanding shares by 1,072,142,800 shares.

5 Basic Information

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

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

Group Business Schematic (as of March 31, 2024)

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

Business Overview



■ Main Subsidiaries

1. CONSOLIDATED SUBSIDIARIES

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

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

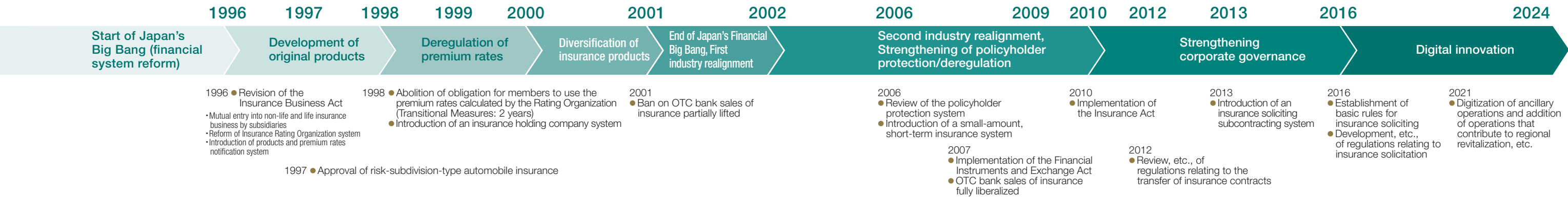
2. EQUITY-METHOD AFFILIATES

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

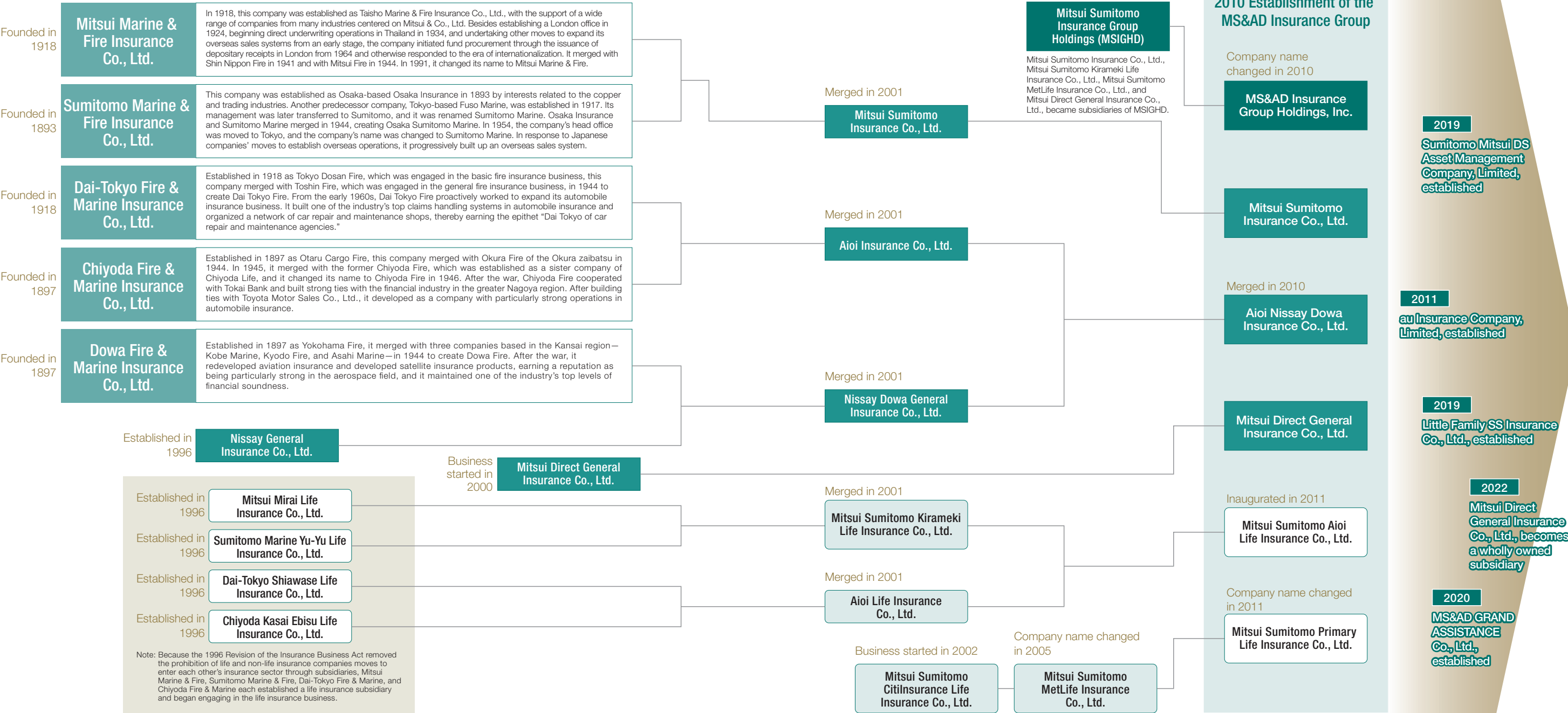
Note: Figures in brackets [] represent the percentage of voting rights belonging to closely allied entities or entities that are in agreement with MS&AD on voting issues.

History of the MS&AD Insurance Group in Japan

Major events in the insurance industry

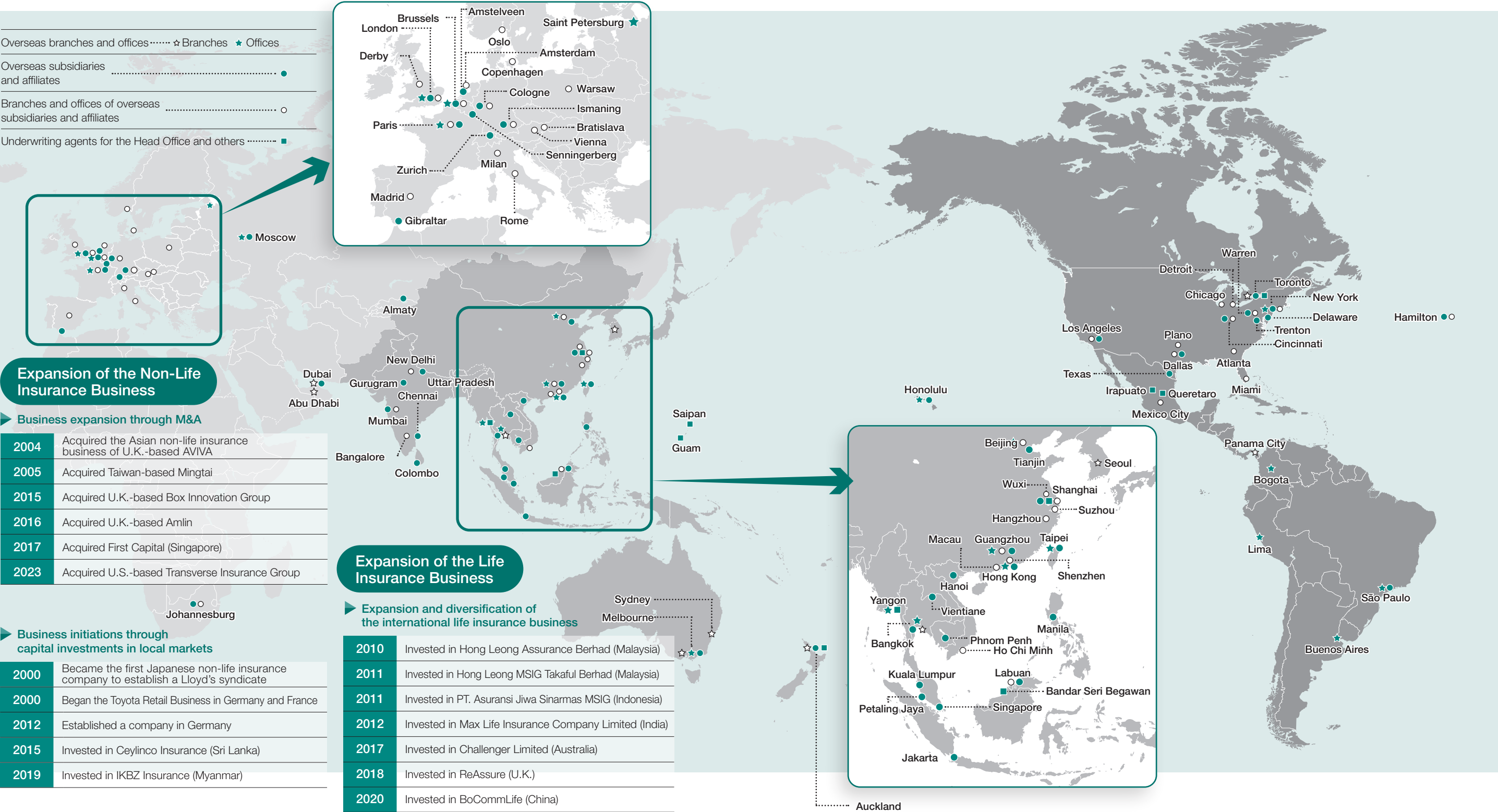


History of the MS&AD Insurance Group



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

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



Developing Business in Major Countries/Regions

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

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

Credit Ratings

Credit Ratings for Domestic Insurance Companies

This section contains information about credit ratings assigned to the following companies in the Group. As of July 1, 2024

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

Credit Ratings for Overseas Insurance Companies

The table below indicates information about the credit ratings of overseas subsidiaries. As of July 1, 2024

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

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

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

Basic Knowledge about the Insurance Industry

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

Glossary of Insurance Terminology

A

Alternative Risk Transfer (ART) Business

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

Annualized Premiums

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

Asset Liability Management (ALM)

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

Assumed Interest Rate

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

C

CAPM (Capital Asset Pricing Model)

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

Catastrophe Reserves

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

CAT Bond (Catastrophe Bond)

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

Combined Ratio

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

Commissions and Collection Expenses

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

Compulsory Automobile Liability Insurance (CALI)

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

Core Profit (Fundamental Profit)

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

Cross-Selling

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

D

Direct Insurance

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

E

Earned-Incurred Loss Ratio (EI Loss Ratio)

After adjusting for provisions and reversals of loss reserves and

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

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

EEV
See “Embedded Value” below.

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

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

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

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

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

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

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

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

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

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

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

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

Group Adjusted Profit
Group Adjusted Profit, which is a numerical management target within the “Vision 2021” Medium-Term Management Plan and Medium-Term Management Plan (2022–2025), is calculated as follows.
Group Adjusted Profit = Consolidated net income + provision for catastrophe reserve and others – other incidental factors (e.g., amortization of goodwill and other intangible fixed assets) + equity in earnings of the non-consolidated Group companies

Group Adjusted ROE
Group Adjusted ROE, which is a numerical management target within the “Vision 2021” Medium-Term Management Plan and the Medium-Term Management Plan (2022–2025), is calculated as follows.
Group Adjusted ROE = Group Adjusted Profit ÷ average of beginning and ending amounts on B/S of adjusted net assets (consolidated net assets + catastrophe reserve and others – goodwill and other intangible fixed assets)

Group Core Profit
Group Core Profit, which is a numerical management target within the Next Challenge 2017 Medium-Term Management Plan, is calculated as follows.
Group Core Profit = Consolidated net income – net capital gains/losses on stock portfolio (gains/losses on sales, etc.) – net evaluation gains/losses on credit derivatives – other incidental factors + equity in earnings of the non-consolidated Group companies

Group Return on Equity (Group ROE)
Group ROE, which is a numerical management target within the Next Challenge 2017 Medium-Term Management Plan, is calculated as follows.
Group ROE = Group Core Profit ÷ consolidated total net assets excluding non-controlling interests (average of beginning and ending amounts of B/S)

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

Incurred but Not Reported Loss (IBNR)
The portion of underwriting reserves corresponding to claims that have been incurred but had not been reported to the company at the end of the period. The IBNR is estimated using statistical methods.
→ **Ordinary Outstanding Claims Reserve**

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

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

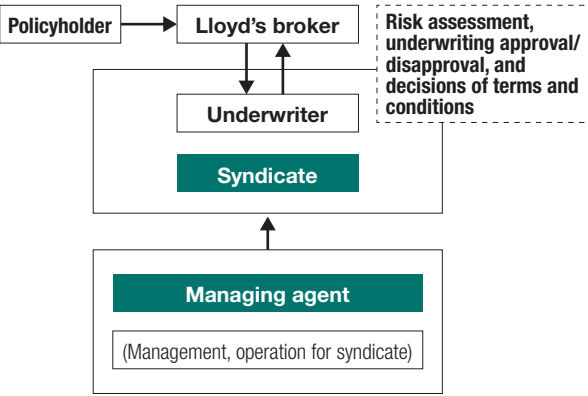
Insurance Claim (Benefit)
In the case of non-life insurance, the sum of money paid by an insurance company to the insured based on the amount of damage incurred due to an insured event. (In the case of life insurance,) the sum of money decided beforehand in the insurance contract paid by the insurance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

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

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

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

Lloyd’s (Insurance Market)
The generic name for an insurance market established in London in the 17th century, having more than a 300-year history. On a day-to-day basis, huge and complex risks are brought to Lloyd’s, where that risk is assessed, premiums decided, and insurance underwritten by underwriters that have a high level of specialized expertise and that belong to individual syndicates (the risk underwriting bodies at Lloyd’s). Lloyd’s is supervised by the British authorities and has a strong management and supervisory system unique to Lloyd’s. It is not easy to become a Lloyd’s member (syndicate fund contributor) or establish a syndicate as many strict requirements must be satisfied.
As of the end of December 2023, it was underwritten by 78 Lloyd’s syndicates, and the gross written premiums in FY2023 for the whole of the Lloyd’s market amounted to approximately £52.1 billion.



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

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

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

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

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

N

Net Claims Paid

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

❶ Direct claims paid

❷ Reinsurance claims ceded

❸ Reinsurance claims paid

❹ Retrocession claims ceded

❺ Net claims paid

(Income statement item)

Net Expense Ratio

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

Net Loss Ratio

The net loss ratio is obtained by adding net claims paid and loss adjustment expenses, and dividing this by net premiums written, and it indicates the company's insurance underwriting business performance. It can also be called the “published loss ratio” or the “loss ratio.” The net loss ratio is what is called a “written paid basis” indicator, as it can be calculated based simply on written premium and paid claims during the accounting period in question.
→ [Earned-Incurred Loss Ratio \(EI Loss Ratio\)](#)

Net Premiums Written

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

❶ Direct premiums written

❷ Reinsurance premiums ceded

❸ Reinsurance premiums written

❹ Retrocession premiums ceded

❺ Net premiums written

(Income statement item)

Non-Fleet Grade System (Automobile Insurance)

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

O

Ordinary Outstanding Claims Reserve

A type of outstanding claims reserve set aside based on an estimation of future liability of individual claims that have occurred and been reported but not yet settled.
→ [Incurred but Not Reported Loss \(IBNR\)](#)

Ordinary Underwriting Reserves

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

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

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

Outstanding Claims

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

P

Policies in Force

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

Policy Clauses

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

Policyholder

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

Policy Reserve

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

R

Reinsurance

Reinsurance is a form of insurance that an insurance company purchases to share the risks of its insurance policies with another insurance company.
→ [Direct Insurance](#)

Reinsurance Premium

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

Reinsurance Premium Ceded

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

Reorganization by Function

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

Reserve for Price Fluctuation

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

Retrocession Premium

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

S

Solvency Margin Ratio

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

Strategic Equity

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

T

Telematics

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

Term Insurance

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

Third Sector

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

Three Surplus Factors (Life Insurance)

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

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

Tontine-Type Annuity

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

U

Underwriting Profit (Loss)

Claims payment and loss adjustment expenses, maturity refunds and other underwriting expenses, and operating expenses and other general administrative expenses required for insurance underwriting are subtracted from net premiums written and other underwriting profit, and this is then adjusted to reflect other income and expenditure (such as expenses associated with compulsory automobile liability insurance, etc., corresponding to corporate taxes) to calculate underwriting profit (loss).
As for non-life insurance companies, the principal revenue sources are underwriting income and investment income, and underwriting profit indicates the profitability level of underwriting operations.

Underwriting Reserves

The general term for reserve funds set aside by insurance companies based on the legal requirement, for use toward insurance claims payments and other insurance-related obligations that could arise in the future. Underwriting reserves are broadly classified into five types:
❶ ordinary underwriting reserves, ❷ catastrophe reserves, ❸ contingency reserves, ❹ refund reserves, and ❺ policyholder dividend reserves.

V

Variable Insurance

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

W

Whole Life Insurance

Of the types of insurance providing for the receipt of death benefits on death, this is a type that is not for a fixed period but continues for a lifetime and does not have benefits on maturity.
→ [Term Insurance](#)

Accounting Line-Item Terminology

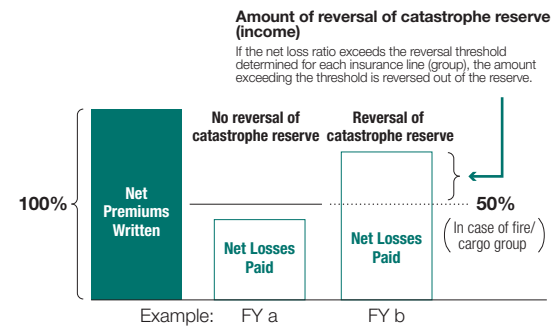
Please refer to the Guide Book for the Understanding of Disclosure Materials of Non-Life Insurance Companies 1 (prepared by the General Insurance Association of Japan) and the Life Insurance Company Disclosure Notes Glossary 2 (prepared by the Life Insurance Association of Japan) for details of accounting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

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

2. <https://www.seiho.or.jp/data/publication/tora/> (Japanese only)

Catastrophe Reserves

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

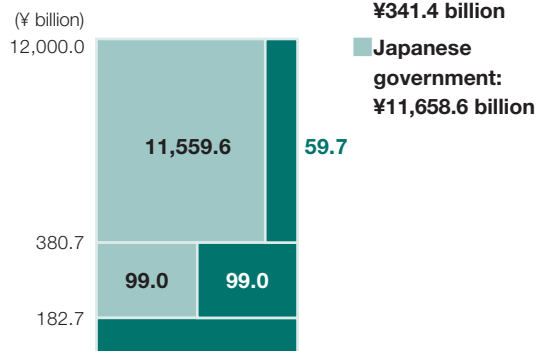


About Residential Earthquake Insurance

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

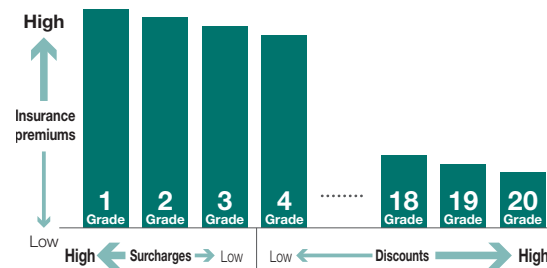
Government and Private-Sector Burdens

As of April 2024



Non-Fleet Grade System (Automobile Insurance)

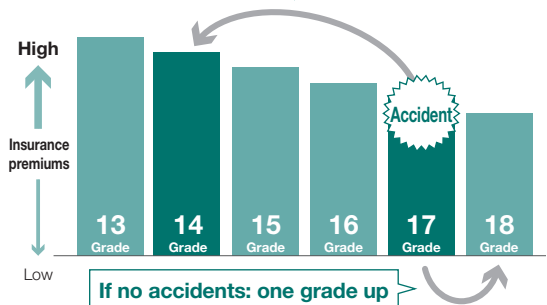
- This system applies discount percentages to grades defined from Grade 1 to Grade 20.



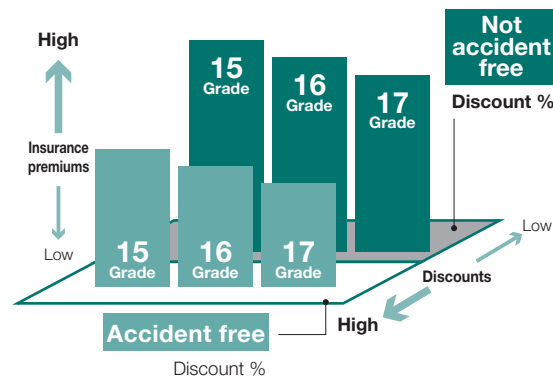
- When the contract is first concluded, the customer starts at Grade 6 (or Grade 7) and then rises by a one-grade increment if there are no accidents.
- If there is an accident, the grade drops by three-grade increments and moves to an accident-existence rate table.

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

Principle 3 grades down per one accident



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



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Five-Year Summary (Unaudited)

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

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

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

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

Management’s Discussion and Analysis

1. OVERVIEW

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

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

Description of Businesses

1) Domestic Non-Life Insurance Business

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

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

2) Domestic Life Insurance Business

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

- a) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“MSAL”)
- b) Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“MSPL”)

3) International Business

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

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

- a) Financial Services Business
MS&AD’s financial services business, including asset management, financial guarantees, 401k, ART (alternative risk transfer), personal finance, and venture capital finance, is operated by the domestic non-life insurance subsidiaries; Sumitomo Mitsui DS Asset Management Company, Limited; MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.; Leadenhall Capital Partners LLP; and others.
- b) Digital/Risk-Related Services Business
MS&AD’s risk-related services business, including risk management, is operated by MS&AD InterRisk Research Institute & Consulting, Inc., and others.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

1) Method for Determination of Fair Value

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

2) Impairment of Securities

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

3) Impairment of Fixed Assets

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

4) Deferred Tax Assets

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

5) Allowance for Credit Losses

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

6) Outstanding Claims

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

7) Underwriting Reserves

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

8) Retirement Benefit Expenses and Retirement Benefit Obligations

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

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

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

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

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

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

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

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

Reassuring Compliance and Strengthening Governance

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

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

[Key measures]

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

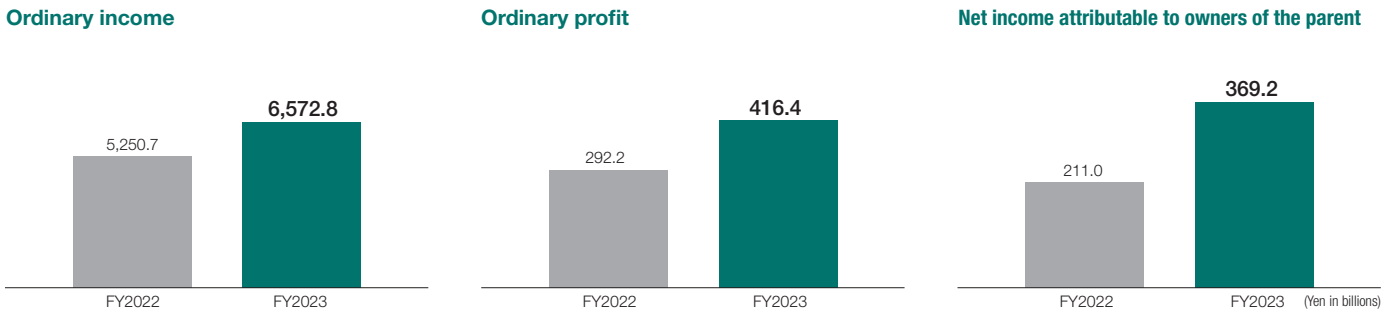
^{*1} Three-line management system
Also referred to as the three lines of defense, where a first line (e.g., sales department), second line (administrative departments), and third line (internal audit department) bear risk management responsibilities according to their respective roles, and the three lines work together to operate as a single line in executing internal control.

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

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

^{*2} CSV×DX
An initiative to achieve sustainable growth and increase corporate value by combining “creating shared value” with society and “digital transformation” with the aim of improving productivity and competitiveness.
^{*3} Underwriting
The process of deciding whether to accept an insurance policy and determining the terms and conditions thereof.
^{*4} Managing General Agent
An agent authorized to perform a wide range of tasks such as underwriting, loss amount certification, and assessment, in addition to insurance solicitation on behalf of an insurer.
^{*5} MS Transverse Insurance Group, LLC
Hereinafter referred to as “MS Transverse.”
^{*6} One Platform Strategy
The Group’s initiative to further promote standardization, collaboration, and integration of the middle-and back-division operations between MSI and ADI, with strategic exceptions where differences are is to be left untouched.

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



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

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

Domestic Non-Life Insurance Business

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

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

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

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

[Key measures]

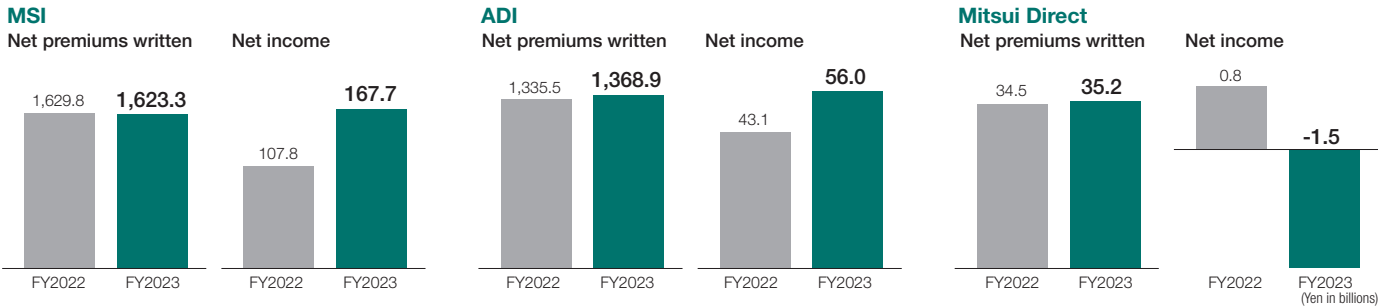
- Adopt fraudulent claim detection systems and review business processes, including loss investigation methods
- Review quality standards of repair shops referred to customers and strengthen inspections
- Strengthen monitoring of claims departments by headquarters administrative departments

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

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

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

Operating results by segment were as follows:



Domestic Life Insurance Business

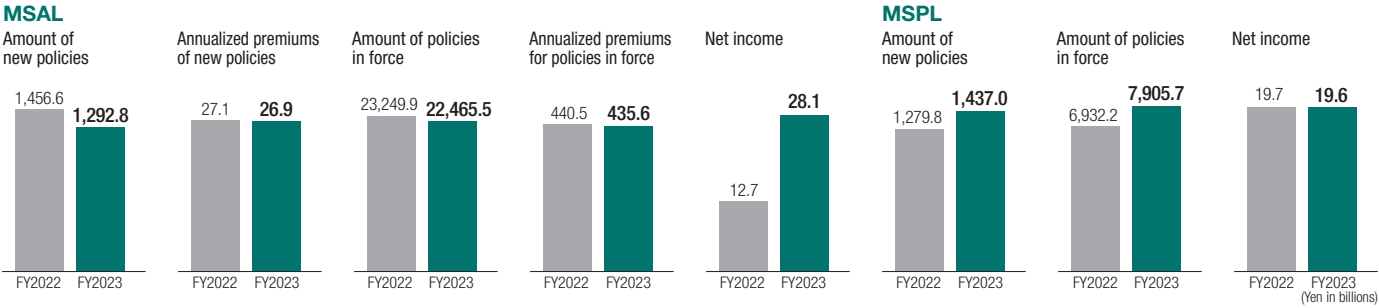
Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“MSAL”), and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“MSPL”), have been providing products and services that address the social issues of the 100-year-life era: extending healthy life expectancy and extending asset life.

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

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

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

Operating results by segment were as follows:



International Business

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

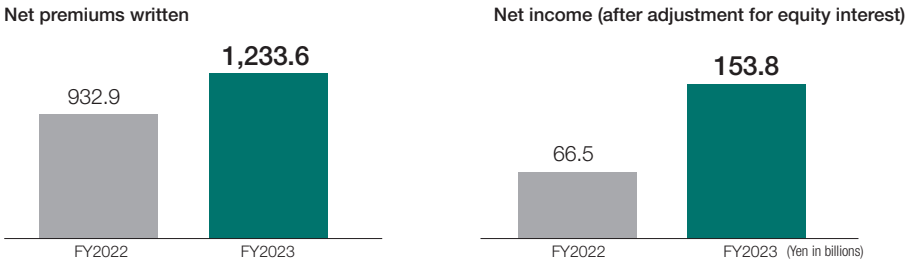
MS Amlin increased revenue by reducing underwriting for natural disaster risks such as hurricanes in the U.S., while increasing underwriting for other risks and raising premium rates in light of market conditions. In the Asian market, we continued to make inroads into the retail market utilizing digital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

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

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

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

The results of overseas insurance subsidiaries were as follows:



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

Digital and Risk-Related Services Business

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

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

Financial Services Business

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

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

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

4. SOLVENCY MARGIN RATIO

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

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

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

1) MS&AD
Consolidated solvency margin ratio

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

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

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

2) MSI
Non-consolidated solvency margin ratio

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

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

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

3) ADI
Non-consolidated solvency margin ratio

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

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

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

4) Mitsui Direct General Insurance Co., Ltd.
Non-consolidated solvency margin ratio

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

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

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

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

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

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

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

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

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

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

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

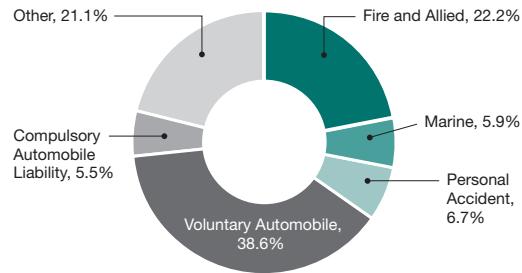
Premiums Written and Net Claims Paid – Non-Life Insurance (Unaudited)

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

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

DIRECT PREMIUMS WRITTEN (FY2023)

Total ¥4,511.5 Billion

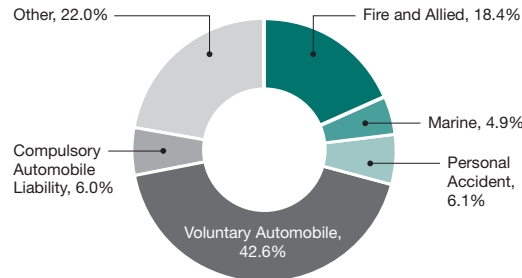


(b) Net Premiums Written

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

NET PREMIUMS WRITTEN (FY2023)

Total ¥4,261.7 Billion

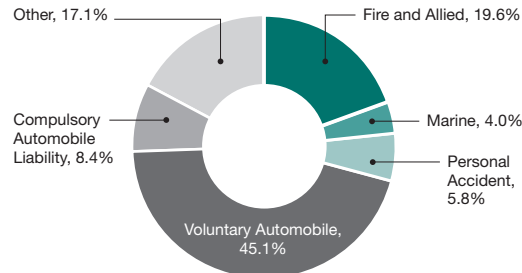


(c) Net Claims Paid

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

NET CLAIMS PAID (FY2023)

Total ¥2,291.1 Billion



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

(a) Policies in Force

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

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

(b) New Policies

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

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

Investment Assets and Investments in Securities (Unaudited)

(a) Investment Assets

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

(b) Investments in Securities

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

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

Consolidated Balance Sheets

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

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

See accompanying notes to consolidated financial statements.

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

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

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

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

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

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

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

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

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

See accompanying notes to consolidated financial statements.

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

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

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

2024	(US\$ in millions)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	\$668	\$2,286	\$9,165	\$ (44)	\$12,074
Cumulative effect of changing accounting policies			(10)		(10)
Beginning balance (adjusted)	668	2,286	9,155	(44)	12,065
Changes for the year:					
Issuance of new shares	2	2			4
Dividends paid			(777)		(777)
Net income attributable to owners of the parent			2,445		2,445
Repurchase of treasury stock				(201)	(201)
Disposal of treasury stock		(0)		1	1
Cancellation of treasury stock					
Changes in equity resulting from increase in capital of consolidated subsidiaries		(0)			(0)
Changes in equity resulting from transactions with non-controlling shareholders		(4)			(4)
Net changes of items other than shareholders' equity					
Total changes for the year	2	(2)	1,669	(200)	1,468
Ending balance	\$669	\$2,283	\$10,824	\$(244)	\$13,533

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

See accompanying notes to consolidated financial statements.

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

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

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

SIGNIFICANT ACCOUNTING POLICIES

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 103 companies

Major consolidated subsidiaries are as follows:

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

Changes in scope of consolidation

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

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

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

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

2. Application of the equity method

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

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

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

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

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

3. Fiscal year of consolidated subsidiaries

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

4. Accounting policies

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

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

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

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

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

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

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

(2) Valuation policies and methods of derivative transactions

Derivative transactions are valued using the market value method.

(3) Depreciation methods of significant depreciable assets

(i) Tangible fixed assets:

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

(ii) Intangible fixed assets

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

(4) Accounting policies for significant reserves

(i) Bad debt reserve

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

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

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

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

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

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

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

(ii) Reserve for retirement benefits for officers

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

(iii) Accrued bonuses for employees

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

(iv) Provision for share awards

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

(v) Reserve for price fluctuation

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

(5) Accounting for retirement benefits

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

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

(ii) Accounting for actuarial gains and losses

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

(6) Translation of foreign currency assets and liabilities

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

(7) Hedge accounting

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

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

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

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

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

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

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

(i) Accounting for insurance contracts

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

(ii) Accounting for consumption taxes

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

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

(iii) Application of the group tax sharing system

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

5. Amortization of goodwill

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

6. Accounting estimates

(1) Impairment losses on goodwill

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

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

(ii) Information to facilitate the understanding of accounting estimates

a. Measurement approach

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

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

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

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

(2) Outstanding claims

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

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

(ii) Information to facilitate the understanding of accounting estimates

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

a. Measurement approach

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

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

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

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

7. Changes in accounting policies

(Application of IFRS 9 Financial Instruments)

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

(Application of IFRS 17 Insurance Contracts)

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

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

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

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

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

8. Additional information

(Stock-based remuneration system for employees)

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

(1) Overview of the transaction

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

Notes to Consolidated Balance Sheets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Company shares outstanding in the trusts

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

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

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

(3) Overview of the transaction

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

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

(4) Company shares outstanding in the trusts

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

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

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

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

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

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

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

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

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

9. Information on financial instruments**(1) Qualitative information on financial instruments****(i) Policy on financial instruments**

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

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

(ii) Details of financial instruments and associated risks

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

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

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

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

(iii) Risk management structure related to financial instruments

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

(a) Market risk management

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

(b) Credit risk management

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

(c) Liquidity risk management

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

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

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

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

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships, etc., are not included in the following table (see Note 3).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

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

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

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

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

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

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

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

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

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

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

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

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

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

Assets

(a) Monetary claims bought

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

(b) Money trusts

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

(c) Securities

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

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

(d) Loans

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

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

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

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

Liabilities

Bonds issued

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

Derivative transactions

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

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

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

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

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

Yen in millions							
March 31, 2023	Beginning balance	Recorded in profit or loss for the current fiscal year ⁽¹⁾	Recorded in other comprehensive income ⁽²⁾	Changes due to purchases, issues, sales and settlements	Others ⁽³⁾	Ending balance	Net unrealized gains/ (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date ⁽⁷⁾
Monetary claims bought	4,368	0	(72)	(1,204)	—	3,091	—
Money trusts	386,862	38,063	4,887	156,356	—	586,170	16,566
Securities:							
Trading securities	100,330	16,568	10,194	(4,471)	—	122,621	13,195
Available-for-sale securities	249,966	9,900	22,258	23,736	720	306,582	—
Total assets	741,527	64,532	37,268	174,416	720	1,018,465	29,761
Derivative transactions ⁽⁴⁾	(316)	1,009	—	(580)	—	112	752

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

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

(3) Includes increase due to business combination.

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

Yen in millions								
		Recorded in profit or loss for the current fiscal year ⁽¹⁾	Recorded in other comprehensive income ⁽²⁾	Changes due to purchases, issues, sales and settlements	Transfer from Level 2 to Level 3 ^{(3) (4)}	Transfer from Level 3 to Level 2 ^{(3) (5)}	Ending balance	Net unrealized gains/ (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date ⁽⁷⁾
March 31, 2024	Beginning balance							
Monetary claims bought	3,091	0	(47)	(922)	—	—	2,121	—
Money trusts	586,170	81,466	21,951	82,882	—	—	772,469	43,781
Securities:								
Trading securities	122,621	(5,917)	11,708	(496)	—	—	127,916	10,077
Available-for-sale securities	306,582	8,054	49,856	49,714	1,000	(2,344)	412,863	—
Total assets	1,018,465	83,603	83,468	131,177	1,000	(2,344)	1,315,371	53,859
Derivative transactions ⁽⁶⁾	112	1,042	0	(1,209)	—	—	(55)	260

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

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

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

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

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

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

(2) Descriptions of the valuation process of fair value

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

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

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

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

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

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

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

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

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 as the debtors are legally bankrupt, substantially bankrupt, or likely to go bankrupt, and ¥65,417 million of loans without fixed maturities.

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

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

(Note 5) Maturity analysis of bonds issued

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

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

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

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

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

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

Notes:
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 the most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

11. Business combination

(Business combination through acquisition)

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

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

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

(1) Overview of business combination

- (i)

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

Main reasons for business combination
The acquisition of Transverse is expected to increase earnings by capturing growth in the U.S. MGA market and have Group synergies such as expanding business opportunities by enhancing Transverse’s creditworthiness against the backdrop of MSI’s strong financial base.
- (iii)

Date of business combination
January 3, 2023 (deemed acquisition date: January 1, 2023)
- (iv)

Legal form of business combination
Acquisition of equity interest
- (v)

Name of the company after the business combination
Transverse Insurance Group, LLC
- (vi)

Percentage of voting rights acquired
100%
- (vii)

Grounds for determining the acquiring company
The Company’s consolidated subsidiary, MSI, acquired all of the voting rights of Transverse through US Holdings.

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

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

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

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

Advisory fees, etc.	¥683 million
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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.

(Additional Information)

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

- (1) Acquisition cost additionally recognized: ¥12,171 million

- (2) Amount of goodwill additionally recognized, amount of amortization, method and period of amortization:

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

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

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

Notes:

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

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

(Stock split)

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

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

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

- (ii) Details of the amendments to the Articles of Incorporation

(Amendments are underlined.)

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

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

Notes to Consolidated Statements of Income

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

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

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

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

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

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

4. Major components of business expenses are as follows:

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

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

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

For the year ended March 31, 2023

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

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

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

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

For the year ended March 31, 2024

Use	Category	Description	Yen in millions		
			Impairment losses on fixed assets		
			Breakdown		
Investment properties	Buildings	3 properties, including an office in Aichi	27	Buildings	27
Idle real estate and real estate for sale	Land and buildings	27 properties, including an office in Okayama	3,512	Land Buildings	1,264 2,248
—	Software	Software owned by overseas consolidated subsidiaries	2,568	Software	2,568
—	Goodwill and Intangible fixed assets	MGA business in the United States, which mainly handles insurance products for carriers	5,730	Goodwill	3,967
				Other intangible fixed assets	1,762

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

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

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

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

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

6. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2023

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

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

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

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

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

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

Notes to Consolidated Statements of Comprehensive Income

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

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

Notes to Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2023

1. Type and number of issued stock and treasury stock

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

Notes:
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.

For the year ended March 31, 2024

1. Type and number of issued stock and treasury stock

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

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

2. Stock acquisition rights

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

3. Dividends

(1) Dividends paid

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

Notes:
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.
3. Aggregate amount of dividends in accordance with a resolution to be passed at the November 17, 2023 Board meeting includes dividends of 196 million yen for the Company's shares held in the trust established under the share compensation plan.
4. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

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

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

Notes:
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 24, 2024 General Shareholders' Meeting includes dividends of 232 million yen for the Company's shares held in the trust established under the share compensation plan.
3. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024 and the number of shares before the stock split is stated above.

Notes to Consolidated Statements of Cash Flows

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

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

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

For the year ended March 31, 2023

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

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

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

Summary of Business Results of Main Consolidated Subsidiaries

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

Non-Consolidated Balance Sheets

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

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

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

Non-Consolidated Statements of Income

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

Non-Consolidated Solvency Margin Ratio

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

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

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

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

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

AIOI NISSAY DOWA INSURANCE CO., LTD. (NON-CONSOLIDATED)
Non-Consolidated Balance Sheets

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

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

AIOI NISSAY DOWA INSURANCE CO., LTD. (NON-CONSOLIDATED)
Non-Consolidated Statements of Income

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

Non-Consolidated Solvency Margin Ratio

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

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

Non-Consolidated Balance Sheets

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

Non-Consolidated Statements of Income

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

Non-Consolidated Solvency Margin Ratio

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

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

Non-Consolidated Balance Sheets

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

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

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)
Non-Consolidated Statements of Income

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

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

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

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

(2) New policies

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

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

Annualized Premiums

(1) Policies in force

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

(2) New policies

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

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

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

Non-Consolidated Business Performance

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

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

Also, the amounts for the year ended March 31, 2023 were restated accordingly. As a result, fundamental profit decreased by ¥100 million and capital gains/(losses) increased by the same amount, compared to those before the change.

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥338,880	¥355,345
Total capital	141,791	155,085
Reserve for price fluctuation	12,413	13,956
Contingency reserve	40,478	40,007
General bad debt reserve	4	4
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) × 90% (100% in case of negative value)	(29,576)	(30,551)
Net unrealized gains/(losses) on land × 85%	—	—
Excess of continued Zillmerized reserve (a)	161,884	158,196
Subordinated debts, etc. (b)	—	—
Amount excluded from the margin, out of (a) and (b)	—	—
Brought in capital	—	—
Deductions	—	—
Others	11,884	18,646
(B) Total amount of risks $\sqrt{(R_1+R_9)^2+(R_2+R_3+R_7)^2}+R_4$	69,474	76,569
Insurance risk (R ₁)	18,163	17,582
Insurance risk of third sector insurance contracts (R ₉)	18,227	18,380
Assumed interest rate risk (R ₂)	3,274	3,263
Minimum guarantee risk (R ₇)	—	—
Asset management risk (R ₃)	53,702	62,031
Business administration risk (R ₄)	1,867	2,025
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	975.5%	928.1%

MITSUI SUMITOMO PRIMARY LIFE INSURANCE CO., LTD. (NON-CONSOLIDATED)
Non-Consolidated Balance Sheets

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

Non-Consolidated Statements of Income

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

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

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

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

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

(2) New policies

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

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

Annualized Premiums

(1) Policies in force

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

(2) New policies

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

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

Non-Consolidated Business Performance

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

Non-Consolidated Solvency Margin Ratio





Yen in millions		
	March 31, 2023	March 31, 2024
(A) Total amount of solvency margin	¥683,942	¥771,366
Total capital	238,985	251,741
Reserve for price fluctuation	198,184	144,127
Contingency reserve	86,766	112,265
General bad debt reserve	—	—
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90% (100% in case of negative value)	(122,474)	(37,212)
Net unrealized gains/(losses) on land x 85%	—	—
Excess of continued Zillmerized reserve (a)	221,476	234,481
Subordinated debts, etc. (b)	—	—
Amount excluded from the margin, out of (a) and (b)	—	—
Brought in capital	—	—
Deductions	—	—
Others	61,003	65,963
(B) Total amount of risks $\sqrt{(R_1+R_3)^2+(R_2+R_5+R_7)^2}+R_4$	152,103	203,346
Insurance risk (R ₁)	1,423	1,810
Insurance risk of third sector insurance contracts (R ₃)	3	5
Assumed interest rate risk (R ₂)	38,168	59,343
Minimum guarantee risk (R ₇)	1,016	1,326
Asset management risk (R ₅)	109,901	138,645
Business administration risk (R ₄)	3,010	4,022
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	899.3%	758.6%

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

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

ESG Evaluation







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

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

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

Participation in Initiatives

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

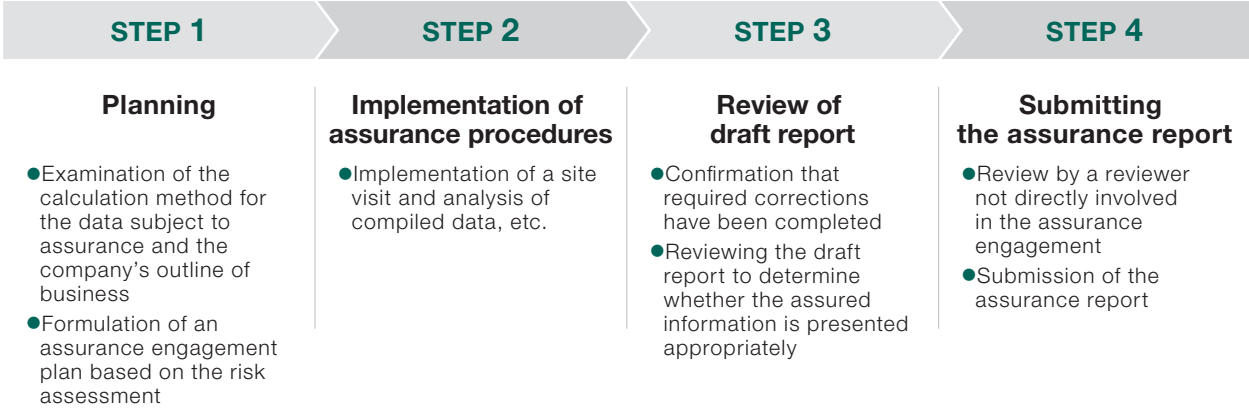
<p>The UN Global Compact*</p> <p></p>	<p>United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance</p> <p></p>	<p>Principles for Responsible Investment</p> <p>Signatory of</p> <p> Principles for Responsible Investment</p>
<p>CDP Investor Signatory</p> <p>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

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

Third-Party Assurance

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

The third-party assurance process

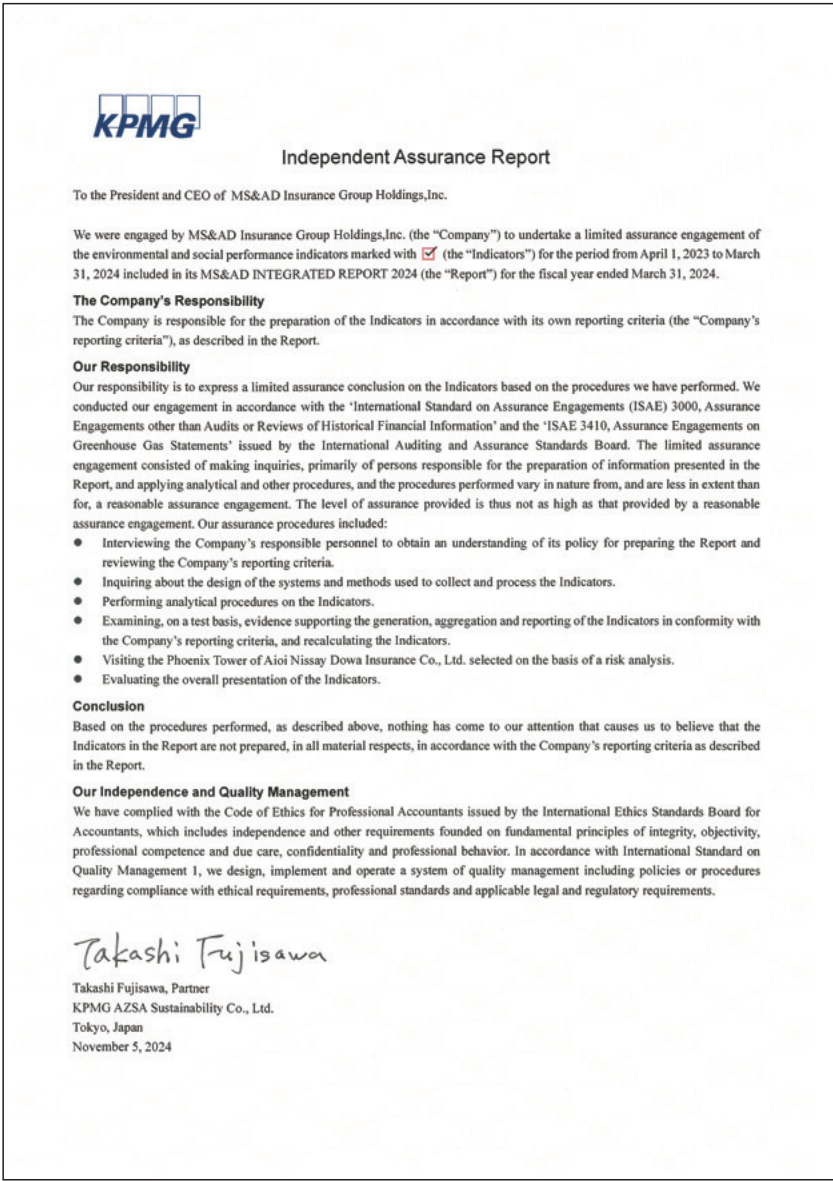


Items subject to the assurance engagement

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

Note: Details regarding the method for calculating data can be found on our official website.

www.ms-ad-hd.com/en/csr/data.html



On the Issuance of the MS&AD Integrated Report 2024

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

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

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

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

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

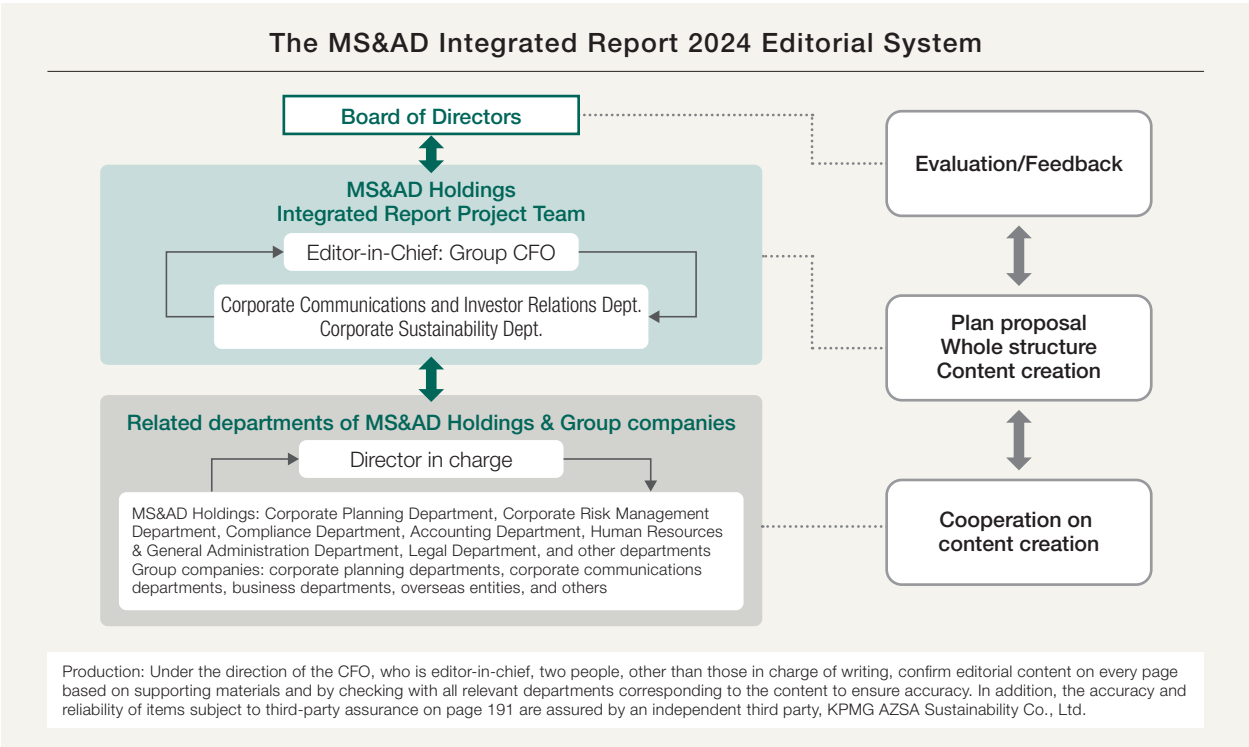
Finally, as CFO, I am responsible for the editing process and, accordingly, state here the importance of ensuring that the assembly process for the Integrated Report is carried out responsibly and that the content in the report is indeed accurate.

August 2024

T. Higuchi

Tetsuji HIGUCHI

Representative Director, Executive Vice President, Group CFO



Contact Information

(Securities code: 8725)

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

<Forward-Looking Statements>

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

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

MS&AD Insurance Group Holdings, Inc.

MS&AD INSURANCE GROUP

www.ms-ad-hd.com