

MS&AD

INTEGRATED REPORT

Integrated Report 2023



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Management to enhance long-term corporate value

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About the Front Cover



This front cover imagines that the preservation and restoration of natural capital and biodiversity (Planetary Health), achieved by contributing to solving social issues such as climate change, will lead to the well-being of diverse people.

Editorial Policy

The MS&AD Group publishes an Integrated Report to provide customers, shareholders, investors, and all other stakeholders with a deeper understanding of our initiatives aimed at solving social issues and increasing corporate value throughout our business. To edit 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 business model-based story of value creation and our creation of shared value with society (CSV initiatives) in an easy-to-understand manner. In addition to the message of the CEO, MS&AD Integrated Report 2023 explains our aspirations for 2030, an overview of the first year of the Medium-Term Management Plan (2022–25), and the three materialities of sustainability. Furthermore, one of our aspirations, "as a platform provider of risk solutions, we will grow together with society" is a key message, and initiatives to achieve this are introduced through the Special Feature. For more detailed information, please visit the official corporate website.



MS&AD Disclosure Framework



MS&AD Integrated Report

Introduction

Management's Message

MS&AD's Value Creation

Strategy and Performance

Corporate Governance

Appendix / Data Section

For further detailed information on the MS&AD Insurance Group, please refer to the information on the Company's official website.



MS&AD Official Website

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

Who We Are <https://www.ms-ad-hd.com/en/group/about.html>
 ▶ Company Information
 ▶ Our Strengths

What We Do <https://www.ms-ad-hd.com/en/group/what.html>
 ▶ 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
 ○ERM and Risk Management https://www.ms-ad-hd.com/en/group/value/risk_management/erm.html
 ○Compliance https://www.ms-ad-hd.com/en/group/value/risk_management/compliance.html
 ○Information Management https://www.ms-ad-hd.com/en/group/value/risk_management/information.html

▶ Corporate Governance <https://www.ms-ad-hd.com/en/group/value/corporate.html>
 ▶ Internal Control <https://www.ms-ad-hd.com/en/group/value/group.html>

▶ Disclosure and Information <https://www.ms-ad-hd.com/en/group/value/dialogue.html>

▶ Human Resource Strategy https://www.ms-ad-hd.com/en/group/value/diversity_inclusion.html
 ○DE&I Promotion Report https://www.ms-ad-hd.com/en/group/value/diversity_inclusion/main/03/teaseritems2/0/link/diversitybook2022_e.pdf

Sustainability <https://www.ms-ad-hd.com/en/csr.html>
 ○Sustainability Report <https://www.ms-ad-hd.com/en/csr/report.html>

Basic Knowledge about the Insurance Industry (in Japanese only) https://www.ms-ad-hd.com/ja/basic_knowledge.html
 ○Glossary https://www.ms-ad-hd.com/ja/word_point/by50.html

Investors <https://www.ms-ad-hd.com/en/ir.html>
 ○Management's Message <https://www.ms-ad-hd.com/en/ir/message.html>
 ○Securities Report (in Japanese only) <https://www.ms-ad-hd.com/ja/ir/library/securities.html>

Quick introductory video to MS&AD



Mirai (in Japanese only) <https://www.msad-mirai.co.jp/>
 Toward a better future

From emerging risks to disaster prevention and mitigation, this website presents our accumulated knowledge alongside the latest information with the aim of being a "link to the future."

World-leading insurance and

financial services group

Consolidated net assets

Approx. **¥3 trillion**

ESR (Economic Solvency Ratio)*

228% (As of March-end)²⁰²³

Sustained investment for growth and stable shareholder returns backed by a strong financial base

*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**

Received high credit ratings from the rating agencies

Aiming to maintain financial soundness equivalent to an AA rating

➡ See page 129 for details.

EPS growth rate*

8%

EPS (earnings per share) for the past 10 years has grown steadily and market capitalization has expanded

*Average annual growth rate from FY2012 to FY2022

Market share

No.1
market share in the domestic non-life insurance market and the ASEAN market

The non-life insurance group most chosen by customers in Japan. Strong presence in the 10 ASEAN countries; No. 1 in terms of (non-life) gross written premiums in the region

➡ See pages 127 and 128 for details.

Growth foundation

Approximately **40,000 employees** in **48 countries and regions**

Ratio of global employees is 23.8%
Diverse human assets of Group companies, including overseas human assets and digital human assets

ESG Evaluation

MSCI ESG Rating **AA**
DJSI Asia Pacific **Selected**

Continuously achieving high evaluations as a leading ESG company

1893 Osaka Insurance 1897 Otaru Cargo
1907 Kobe Marine & Fire 1910 Naniwa Fire
1917 Fuso Marine 1918 Taisho Marine
1919 Settsu Marine
1920 Shin Nihon Fire & Marine
1920 Chitose Fire & Marine Re
1943 Okura Fire
1944 The Daitokyo Fire
1944 Osaka Sumitomo Marine Fire
1944 The Dowa Fire & Marine
1991 Mitsui Marine & Fire
1996 Aioi Nissay General
1996 Dai-Tokyo Shiwase Life
1996 Sumitomo Marine Fire Life
2001 Aioi Insurance
2001 Dai-Itoku Life Insurance

Mitsui Sumitomo Insurance
Aioi Nissay Dowa Insurance
Mitsui Direct General Insurance

Mitsui Sumitomo Aioi Life Insurance
Mitsui Sumitomo Primary Life Insurance

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 amlin FirstCapital MS&AD Aioi Nissay Dowa Europe

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.

Our Mission

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

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

Future Together with Stakeholders —

Evolving as a platform provider of risk solutions, to create value for a better future with you.



Social issues to be solved by our Group

Securing a sustainable future for people and the planet.

This is our ambition of the MS&AD Group.

We will go above and beyond the traditional insurance framework and provide products and services seamlessly, including before and after coverage and protection.

We envision a future filled with prosperity, and create the solutions to help achieve it. We combine our Group's diverse network of expertise with advanced digital technology, and work with partners who share the same ambitions, enabling safety and peace of mind for all.

The wealth of knowledge accumulated on our platform will power us forward in the face of coming challenges.

To strive for a better future, we continue to pursue the possibilities of today.

See Platform provider of risk solutions on page 51.



Aspiration for 2030

A corporate group supporting a resilient and sustainable society

Resilient

The ability to minimize damage from unforeseen events, adapt to new environments, and return to growth

Sustainable

The ability to maintain a balance among the economy, the environment, and society, and to ensure that the global environment and social systems will remain in place throughout future generations





Noriyuki Hara

Representative Director
President & Group CEO

CEO Message

As a platform provider of risk solutions, we will grow together with society.

Introduction

■ Thoughts on Being a Platform Provider of Risk Solutions

The country is now coexisting with COVID-19, its status under the Infectious Diseases Control Law has been moved to Category 5, and economic activity is normalizing and regaining its vitality. On the other hand, in 2022, many events had a profound impact on people's lives and business activities worldwide, including Russia's military invasion of Ukraine, the hailstorms in June centered on the Kanto region, Typhoons No. 14 and 15, and Hurricane Ian that hit North America. The market environment also remained unstable, with rising interest rates worldwide and financial instability in Europe and the United States, and the global economy experienced significant turbulence, including concerns about inflation and an economic slowdown.

The pandemic and the intensification of natural catastrophes due to climate change seriously affect people's lives and business activities. As various risks are materializing, our role should be to compensate for economic

losses and provide solutions to risks, prevent risks from materializing, and reduce the economic burden when risks become real.

The current Medium-Term Management Plan, which started in FY2022, describes this role as a "platform provider of risk solutions." This reflects our desire to grow together with society by contributing to addressing various social issues through data, digital technology, and knowledge and know-how from within and outside the Group. In times of uncertainty, we will fulfill our mission as an insurance and financial group that supports society by demonstrating our true nature as a platform provider of risk solutions.

Insurance has adapted to risk over time and continues to change. We view the various environmental changes as a major turning point in the Group's business. We will work with a sense of speed to address social issues, reform our profit structure, and improve our corporate value.

Vision of Medium-Term Management Plan (2022–2025)

The Medium-Term Management Plan has two primary goals.

The first is our goal of becoming a corporate group that supports a resilient and sustainable society. As a platform provider of risk solutions, we will develop and provide optimal solutions and contribute to addressing various social issues, including climate change, toward realizing a "corporate group that supports a resilient and sustainable society."

The second goal is to secure high profitability with International Financial Reporting Standards (IFRS) net income of ¥470 billion–¥500 billion and an adjusted ROE of 10% or more on a stable basis in FY2025.

To realize the Group's vision, the Medium-Term Management Plan defines three basic strategies: "Value" (value creation), "Transformation" (business reforms), and "Synergy" (demonstration of Group synergies). With these basic strategies as the pillars of our Medium-Term Management Plan, we will provide products and services that offer new value before and after insurance coverage, enhance the sophistication of our risk consulting services using data and digital technology (Value), create new businesses (Transformation), and further improve operational efficiency and quality (Synergy).

Summary of the first year of the Medium-Term Management Plan (2022–2025)

■ Three Basic Strategies: Value, Transformation and Synergy

The three basic strategies produced many results in the last fiscal year, the plan's first year, some of which we would like to introduce.

1 Value (Value creation)

The Group promoted the "MS&AD Value Strategy." It strengthened the earnings foundation by building a system for developing and selling products and services before and after insurance coverage that leads to addressing social issues through "CSV × DX."

The "Accident Risk AI Assessment" jointly developed by Mitsui Sumitomo Insurance and MS&AD InterRisk Research & Consulting, which identifies potentially dangerous points and prevents accidents from occurring, is also being sold by Aioi Nissay Dowa Insurance and is being developed as a joint effort of the three companies.

Mitsui Sumitomo Aioi Life Insurance has started developing "MSA Care," a healthcare service for preventing illness, early detection, and addressing severe disease and recurrence. In the future, we will make this service available to non-life insurance customers as a Group-wide service. Thus, the lineup of products and services before and after insurance coverage is steadily expanding, creating a new source of revenue for the Group.

In addition, MS&AD InterRisk Research & Consulting has been positioned as the Group's core company for risk management and has provided risk management services utilizing data and digital technology. Today, the company is making steady progress in creating new value for society, with sales from its non-Group businesses exceeding those of its businesses contracted by the Group's internal operating companies.

2 Transformation (Business reforms)

We are transforming our business, product, and risk portfolios. In addition, we are expanding our international and domestic life insurance businesses to transform our business portfolio from its reliance on domestic non-life insurance.

In the international business, MS Amlin's profitability, a long-standing concern, has improved and is expected to contribute to the Group's profits. In the United States, we strengthened our business

structure by investing in companies such as Transverse Insurance Group, LLC, a **fronting company** in the **MGA** market.

In the domestic life insurance business, diversification of sales channels progressed, including developing the corporate market in cooperation with Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance and developing regional banks and shinkin banks for over-the-counter sales.

To transform our risk portfolio, we have been reducing strategic equity holdings: In FY2022, we decreased strategic equity holdings by ¥206.6 billion, well above the ¥100 billion planned at the beginning of the year. After reducing strategic equity holdings by ¥600 billion in the current Medium-Term Management Plan, we will further reduce them by ¥600 billion in the next Medium-Term Management Plan, aiming to halve the amount of strategic equity holdings compared with the end of September 2022.

3 Synergy (Demonstration of group synergies)

To maximize Group synergies, we have promoted the "One Platform Strategy." While retaining each company's strengths, we standardized, collaborated, and integrated other areas without exception. At the same time, we focused on pursuing synergies in the life and non-life insurance business and globally.

In claims service, we promoted the standardization of business operations. In addition, from FY2023, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance will start operating together at sites where claims are paid, aiming at standardizing operations toward FY2025 when Aioi Nissay Dowa Insurance will start using the **BRIDGE**.

To improve the efficiency of head office functions, we will promote integrated management, such as holding posts concurrently at Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance and integration of operations into the holding company, expansion of business process outsourcing (BPO), and operating together at the same bases. From FY2023, we will hold posts concurrently to deal with industry and crisis management and consolidate employee training and cybersecurity into the holding company. We will also consider expanding BPO in various areas, including human resources, general affairs, real

estate, accounting, and sales administration.

Efforts to cross-sell life and non-life insurance products and to generate synergies among life insurance companies are making steady progress. The cross-selling ratio of non-life insurance agents increased from the previous year to 20.1%. Mitsui Sumitomo Primary Life Insurance product sales by Mitsui Sumitomo Aioi Life Insurance have also progressed steadily. Mitsui Sumitomo Aioi Life Insurance has grown to be fourth overall among

Mitsui Sumitomo Primary Life Insurance sales channels. From April this year, we further strengthened our cooperation by starting sales of Mitsui Sumitomo Primary Life Insurance's new product for Mitsui Sumitomo Aioi Life Insurance's commissioned agents.

- ⇒P30 Basic Strategies 1. Value
- ⇒P31 Basic Strategies 2. Transformation
- ⇒P32 Basic Strategies 3. Synergy

■ Three Materialities of Sustainability (Priority Issues)

In the current Medium-Term Management Plan, we have set forth three materialities for Sustainability, which is the foundation of our basic strategies: Planetary Health (Symbiosis with the Global Environment), Resilience (Safe and secure society), and Well-being (the happiness of a diverse people).

1 Planetary Health (Symbiosis with the global environment)

The major directions of our efforts are Carbon Neutral (decarbonization and a response to climate change) and Nature Positive (improvement of the sustainability of natural capital).

Following the adoption of the Paris Agreement of the United Nations Framework Convention on Climate Change in 2015, governments worldwide have agreed to pursue efforts to limit the global average temperature increase to 1.5°C. To realize the agreement, it is necessary to peak out global greenhouse gas emissions as soon as possible and to achieve a balance between greenhouse gas emissions and absorption by forests and other resources in the second half of the 21st century.

Our Group has set a goal of reducing its greenhouse gas emissions to net zero by FY2050 and implementing initiatives to reduce its environmental impact. As a specific initiative, through the **MS&AD Green Earth Project**, the Group's unique environmental management system, we are actively promoting initiatives to reduce the environmental impact of our business activities, including efforts to reduce greenhouse gas emissions.

Furthermore, through insurance and consulting services, we will continue to support the development of a sustainable society by providing countermeasures against the impact of extreme weather events caused by climate change on business activities and developing products and services that contribute to the transition to a decarbonized society.

We are also working to improve the sustainability of natural capital in conjunction with climate change responses. A stock of natural capital supports nature's bounty. The resilient and sustainable society that our Group aims to achieve as a "corporate group supporting a resilient and sustainable society" can only be realized with a sound global environmental foundation and a business model that considers the sustainability of natural capital as supporting the sustainability of society as a whole, including corporations.

The Taskforce on Nature-related Financial Disclosures (TNFD) was established in June 2021 to create an information disclosure framework and guide global financial flows toward positive outcomes for nature. We also lead as the convener of the TNFD Japan Council. By providing solutions and products that help improve the sustainability of natural capital, the Group will build a sustainable relationship between natural capital and business activities and contribute to living in a global environment.

2 Resilience (Safe and secure society)

In addition to accident prevention and mitigation, we are promoting initiatives to address new risks with the aim that our activities will lead to regional revitalization (building resilient and inclusive local communities).

Industry and society are rapidly digitizing, and the platforms that facilitate these changes, such as interacting online, e-commerce, online education, and the shift to remote work, have increased and transformed our society. Preparing for the new normal, including improved digital safety, is becoming increasingly important. The Group believes that anticipating, preventing, and appropriately managing new risks associated with progress in innovation and changes in industrial structure are important for people's stable lives and active business activities. By providing products and services that address new

*MGA

An abbreviation for managing general agent. Entrusted with the authority of an insurance company, it is responsible for performing various business activities, including underwriting, policy management, reinsurance arrangement, and insurance claims assessment.

*Fronting Company

A form of underwriting in which a fronting insurance company issues policies at the request of another insurance company and cedes most or all of the underwritten risk to the other insurance company.

*BRIDGE

An insurance payment system common to both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

*MS&AD Green Earth Project

An initiative through which the MS&AD Group is working together with others to promote the conservation and restoration of the natural environment, which contributes to the reduction of environmental impact, accident prevention and mitigation, and regional revitalization. Through this initiative, we will work together with local communities to contribute to solving issues.

risks, we will contribute to realizing a safe and secure society.

Risks are diversifying in response to changes in the environment, such as technological advances, the effects of climate change, and the aging of the population. To prepare for new risks, it is essential to evaluate risks using reliable risk models and control risks based on them. The Group provides solutions to prepare for risks through consulting by MS&AD InterRisk Research & Consulting, which has advanced research and study functions and practical consulting capabilities. In addition, to support preparing for automobile accidents, natural catastrophes, large-scale earthquakes, and infectious diseases, such as the novel coronavirus, we will visualize risks through data analysis and AI and provide problem-solving tools, thereby contributing to realizing a safe and secure society.

Furthermore, to build such a society, we will conduct joint research with government agencies and universities on accident prevention and mitigation, and provide new services as a result of our research.

3 Well-being (Happiness of diverse people)

As we move forward to address a healthy and longevity society in which people live in a 100-year life span era and promote respect for human rights, we will focus on ensuring all people involved, including employees, realize solutions to social issues while feeling motivated, rewarding, and happy.

The total population is declining in Japan due to the falling birthrate and aging population. With the increase in the elderly population, there is a need for an environment where older people can feel comfortable living their lives. An urban structure that allows easy mobility, access to

health and preventive medicine information, and a residential environment that considers physical functions that decline with age and nursing care are necessary. At the same time, to mitigate population decline, it is important to have an environment in which expectant mothers, children, and those with children feel safe and enjoy peace of mind to live.

The Group will offer products that support better health to realize a lifetime of working, provide asset-building measures to keep a fulfilling second life, and help the development of business activities that support a super-aging society, thereby addressing a healthy and longevity society.

The basic human rights policy covers the Group's value chain, including agents and other business partners. The Group encourages these parties to prevent or mitigate adverse human rights impacts on their business activities. Based on the UN Guiding Principles on Business and Human Rights, we aim to enhance corporate value by developing value chains and internal environments free from human rights violations by establishing and implementing a human rights due diligence system, a management system of respect for human rights.

We believe that the Group's management vision of becoming a "world-leading insurance and financial services group" can be achieved by working together as a unified group to address social issues outlined in the Medium-Term Management Plan. At the same time, all Group employees will work together to complete the Medium-Term Management Plan and realize our 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."

⇒P21 Identifying Materiality



Human Resource Strategy

The primary fundamental initiatives of the Medium-Term Management Plan also include a human resource strategy. To simultaneously increase employee engagement and productivity, we are building an optimal human resource portfolio and creating an environment that allows employees to maximize their abilities.

We also believe that providing all employees with opportunities to grow and demonstrate their abilities through their work will enhance corporate competitiveness.

The current Medium-Term Management Plan calls for securing human assets to support the execution of strategies and creating an environment where these assets can play an active role. We will create an environment where employees can work in a rewarding, proactive, and motivated manner and foster a culture that encourages them to take on the challenge of creating new values. In addition, we will further diversify the decision-making layer and promote inclusive organizational management that draws on the knowledge, experience, and values of diverse human assets and utilizes them in corporate decision-making.

We will also fill in the gaps in human resources necessary for implementing the basic strategies of the Medium-Term Management Plan and increase employee engagement to achieve sustainable improvement in corporate value. We are expanding our training menu to enable autonomous learning to build an optimal human assets portfolio.

We are also focusing on reskilling, recurrent training,

and retaining and promoting active roles of specialized human resources. For example, we are pursuing initiatives on a digital human resources development program to develop human resources to lead our CSV × DX strategy. For employees in high-level roles, we implement the Group's unique digital human resources development program in collaboration with universities and other institutions to improve their skills.

To develop human resources for international business, we are implementing global human resources development programs, aiming to develop human resources capable of managing overseas entities suitable for one of the world's leading insurance and financial groups. To improve our employees' international awareness and global business skills, we have established a system in which employees in Japan and other regions interact with each other and work hard to hone their skills.

In addition, we will expand our open recruitment system (post-challenge program), which allows employees to transfer to posts or departments of their choice and expand the scope of their activities for their career development. We are providing more opportunities for autonomous career development, such as the use of a system (free agency) that enables employees to apply the abilities and skills they have developed so far in departments they designate as an immediate asset and a scheme that will allow employees to participate in corporate initiatives autonomously beyond the boundaries of existing organizations.

DE&I, Promoting Diverse Working Styles

In our human resource strategy, to create an environment in which diverse employees can genuinely demonstrate their abilities and to create innovations and enhance corporate value, we have incorporated the perspective of "equity" into "Diversity & Inclusion (D&I)," and we are promoting it as "DE&I." For the career development of women, we will expand opportunities for women to play an active role and develop the pipeline to achieve the Group's target by the end of FY2030.

Our employees' health is essential for improving their quality of life (QOL) and realizing the Group's management philosophy. The Group promotes "working style reform" to provide a place where diverse human resources with various values can work and increase productivity while feeling at ease and rewarded in their work, as well as working to

create a health- and safety-conscious workplace to maintain and improve the physical and mental health of every employee.

To promote diverse and flexible working styles, we use working from home as a routine form of work. We conduct business operations that efficiently combine working from home with working at offices and business operations, such as remote work, that enable employees to work anywhere. We will also expand opportunities to improve and utilize skills by relaxing restrictions on side and second jobs. We are also working to achieve a 100% acquisition rate and four-week duration for male employees taking paternity childcare leave.

⇒P79 Human Resource Strategy

The Future MS&AD Aims for

~ To be a corporate group that supports a resilient and sustainable society ~

What we need to do now for future growth

The environment surrounding the Group is expected to remain uncertain. Environmental changes, such as rising inflation, increasing natural catastrophes, a hardening reinsurance market, labor shortages, and uncertainty in the financial markets, have significantly affected the Group's performance and strategies compared to when the current Medium-Term Management Plan was formulated.

To achieve sustainable growth of the Group amid a changing external environment, we believe it is necessary to make a Group-wide effort to "transform our profit structure" while adapting to the changes.

In particular, the critical point is to improve the profitability of the non-life insurance business, which is affected by natural catastrophes, frequent large losses, inflation, and other factors.

The domestic non-life insurance business is the Group's core business, and the profits generated by this business are the primary source of funds for business investments and DX investments. A wide range of things need to be done to improve the profitability of the domestic non-life insurance business. More than before, we will work to

optimize underwriting and further improve productivity.

Strategic system investments will be made as planned, and we will respond to rising non-personnel and personnel expenses due to inflation by steadily and boldly advancing our "One Platform Strategy."

A perspective of risk diversification to the international and life insurance businesses is also indispensable. We will expand our international business by increasing underwriting of good-performing policies in MS Amlin, for which profitability is recovering, and by disciplined business investment. In the domestic life insurance business, we will further promote life and non-life insurance cross-selling and increase profits by capturing asset formation needs.

We will strengthen our ability to generate profits from our international and domestic life insurance businesses so that 50% of the Group's profits will be generated from businesses other than the domestic non-life insurance business by FY2025. The Group's goal is to achieve stable profits for the Group as a whole, even if individual businesses experience factors that reduce profits.

Looking Ahead

The "resilient and sustainable society" that we aim to realize in 2030 refers to a society that minimizes damage from unexpected events, adapts to a new environment, and grows again, and one in which the balance between the economy, the environment, and society is maintained with both the global environment and social systems being sustained well into the future.

Based on the creating shared value (CSV) management that has been widely spread since the previous Medium-Term Management Plan, the Group will further robustly promote "CSV x DX x Global" to contribute to addressing various social issues, including climate change, and continue to grow together with society.

To realize the Group's aspiration of becoming "a corporate group supporting a resilient and sustainable society," all officers and employees of

the Group will work together and fully demonstrate the Group's strengths to achieve the goals of the Medium-Term Management Plan.

We hope our stakeholders will continue to have high expectations for the Group, which will continue to "contribute to addressing social issues and grow together with society as a platform provider of risk solutions." We look forward to your continued support.



MS&AD's Value Creation Story

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

The MS&AD Insurance Group was formed with three groups of insurance companies being integrated with the 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.

Social Issues To Be Solved by Our Group

- Global warming
- Damage to natural capital
- Environmental pollution
- Linear economy
- Emergence of new risks
- Spread of infectious diseases
- Major earthquakes
- Decline of regional industry
- Aging population and declining birthrate
- Human rights violations
- Elimination of diversity
- Poverty and widening income disparity

Identifying Materiality from Social Issues To Be Solved

Symbiosis with the global environment
(Planetary Health)

Safe and secure society
(Resilience)

Happiness of diverse people
(Well-being)

➔ Please refer to page 21 for details on identifying materiality. Note: The above refer to sustainability-related materiality.

Creating Shared Value with Society (CSV Initiatives)

We will confront diversifying social issues, create our value creation story, and engage in value co-creation together with our various stakeholders. And with the development of society, we will aim for sustainable growth of the Group and aim to enhance corporate value.

Carbon neutral Support

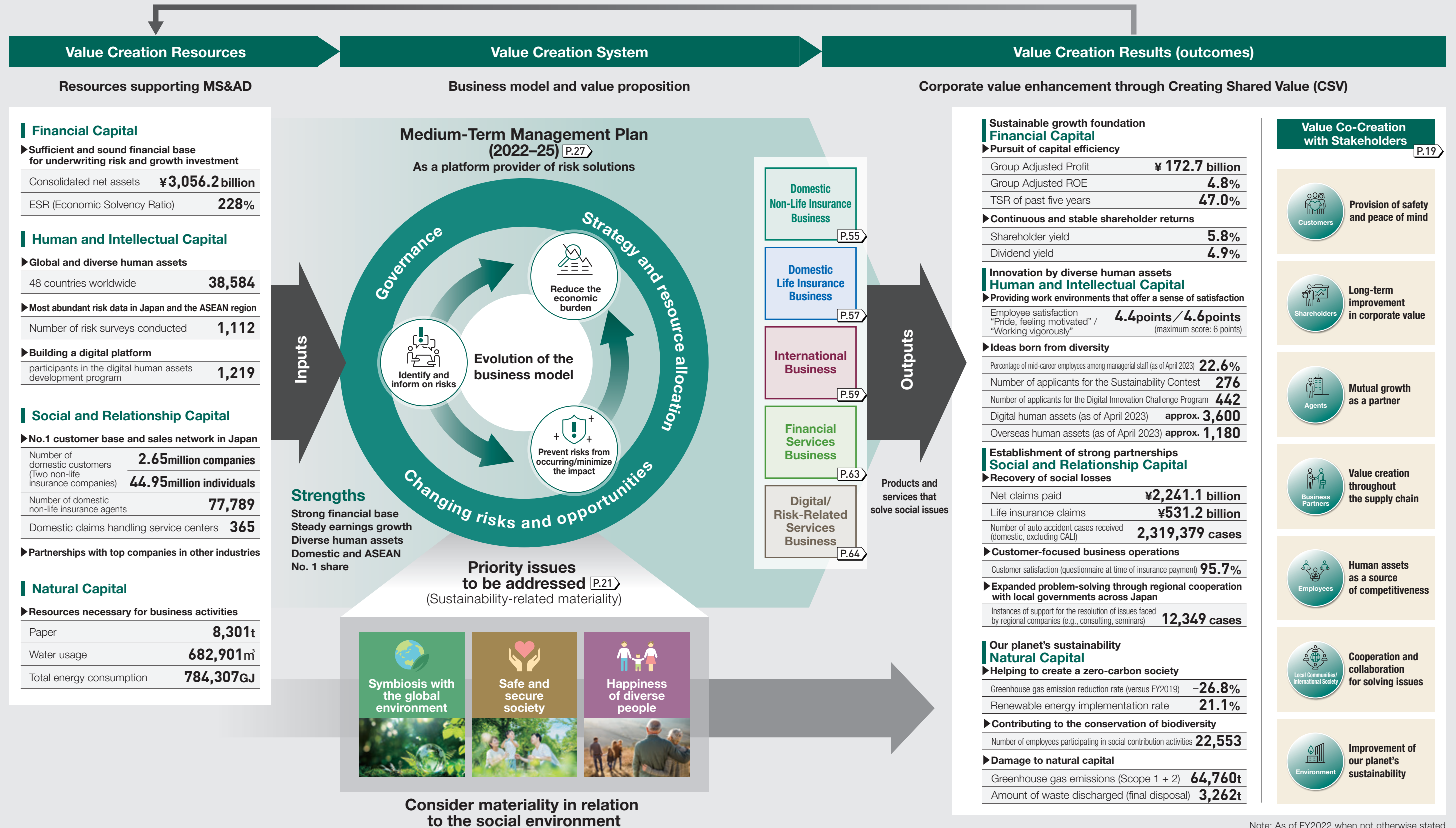
Provision of multifaceted cyber risk related products

Support for corporate human rights-related responses

Aspiration for 2030
A corporate group supporting a resilient and sustainable society

MS&AD's Value Creation Story

Here we explain the MS&AD Insurance Group's system for value creation. We are utilizing the diverse resources of the Group's business activities together with our stakeholders as the impetus to create new value. Firmly building a system that can sustainably create value in this way leads to improvement in corporate value over the medium to long term.



Note: As of FY2022 when not otherwise stated

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.



Customers Quality improvement and product/service provision that reflect customer feedback

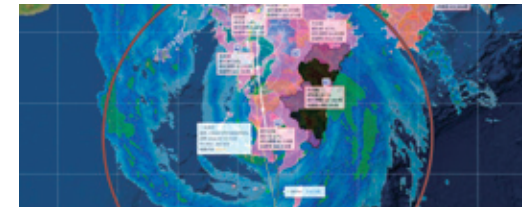
All employees implement the “Customer Focus” attitude expressed in the code of conduct (Our Values), listen to customer feedback broadly, and provide high-quality products and services to solve social issues and achieve the “security and satisfaction of our customers.”

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

The cmap real-time damage forecasting website and app provide information on the number of damaged buildings, disaster-related social media, alert levels, evacuation centers, and related issues.



Business Partners Value creation across the entire supply chain

We, together with our supply chain, meet the expectations of society with thorough 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.



Employees Employees' job satisfaction and career fulfillment 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

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.



Shareholders 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

- FY2022 dialogue results
- Strategy briefings for institutional investors and analysts: 2 sessions
 - Results briefing conference calls: 4 sessions
 - ESG briefings: 1 session
 - Thematic meetings: 2 sessions
 - Briefings for individual investors: 6 sessions
 - Japanese and overseas analyst/investor interviews: 237 sessions

Examples of initiatives

ESG briefing held for institutional investors and analysts in January 2023. Provision of opportunities to introduce the Group's ESG initiatives and exchange views with Outside Directors.



Agents 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 “zeroboard,” a service for calculating and visualizing greenhouse gas emissions

Examples of initiatives

Presenting optimal proposals that meet the needs of each individual customer through data analysis by “MS1 Brain,” an AI-powered agent sales support system



Local Communities/International Society 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

From fiscal 2022, 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).



Environment Improving the sustainability of the Earth

Toward achieving net zero by 2050, we will consider sustainability in all our business activities. We will demonstrate our initiative in climate change and promote the preservation of biodiversity and improvement in 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 (22,553 employees)
- Holding of seminars/symposiums

Examples of initiatives

Four financial institution groups—MS&AD Group, SMFG, Norinchukin Bank, and Development Bank of Japan—launched the Finance Alliance for Nature Positive Solutions (FANPS) in February 2023 to support companies' shift to nature positive in their business activities.



Identifying Materiality

Step1

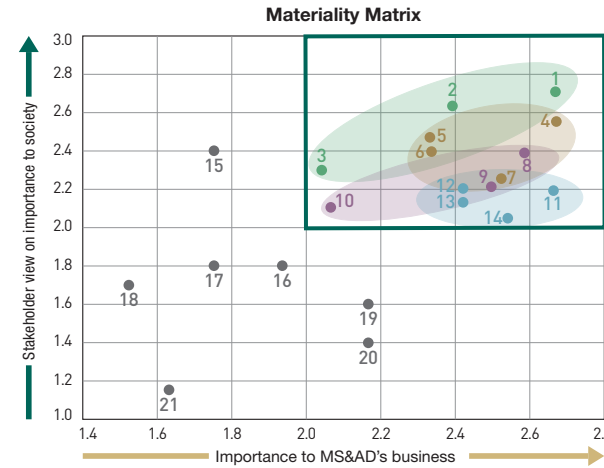
Twenty-one social issues to be resolved were selected from among the social issues listed in national and international government reports, ISO 26000, GRI Standard, SASB, and other guidelines

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

Step2

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).



Step3

Organize social issues of high importance to stakeholders and us and set materiality

Symbiosis with the global environment
(Planetary Health)

Safe and secure society
(Resilience)


Happiness of diverse people
(Well-being)

Quality • Human Resources • ERM
 •Quality P.78 • Human Resources P.79 •ERM P.39

Three Key Sustainability Issues

Social issues	Risks and opportunities	Time axis			Examples of Major Measures and Initiatives ◎Response to risks ★Response to opportunities	KPI	FY2022 Results
		Short	Medium	Long			
1 Acceleration of global warming Symbiosis with the global environment (planetary health)	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 (versus FY2019) Renewable energy consumption rate Insurance premium growth rate for products that contribute to the Net-Zero society and a circular economy	[2030] -50% [2050] Net zero [2030] 60% [2050] 100% FY2025 Annual average 18%
	Risk	Loss of reputation due to insufficient information disclosure and delayed response to climate change	●	●			
	Risk	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		
	Opportunity	Provision of products and services that support corporate decarbonization and climate-related information disclosure	●	●			
	Opportunity	Provision of products and services that prepare for natural disasters	●	●			
2 Damage to natural capital (ecosystem degradation and crisis) 3 Environmental pollution and noncircular economy	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 11) •MS&AD Green Earth Project ◎Efforts for preservation of biodiversity in Asia and Japan ◎★Efforts to develop and disseminate the TNFD disclosure framework ★Provision of goods and services to support natural capital, preservation of biodiversity, and sustainable use ★Provision of products and services that support a circular economy ★Launching of a financial alliance to promote nature positivity	FY2025 Annual average 18%	
	Risk	Decline in earnings caused by the deterioration in business performance of business partners due to tighter regulations on the circular economy, etc.		●			
	Opportunity	Increased need for risk assessment of natural capital and preservation of biodiversity and its sustainable use	●	●			
	Opportunity	Decline in earnings due to an inability to achieve the transition to a circular economy		●			
4 Emergence of new risks 5 Spread of infections 6 Large-scale earthquakes 7 Decline of local industry Safe and secure society (resilience)	Risk	Impact of an increase in large-scale cyberattacks on the Group	●	●	◎Building an information security management system	Growth rate of the number of policy for products that contribute to improving social resilience FY2025 Annual average 20%	
	Risk	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 goods 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		
	Opportunity	Building of new business models through Creating Shared Value and digital transformation (CSV×DX) and social digitalization	●	●			
	Risk	Impact of a new pandemic on operations	●	●	★Provision of products and services to infectious disease control and healthcare providers		
	Opportunity	Business opportunities related to infectious disease control and healthcare providers	●	●			
	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		
Opportunity	Increased need for earthquake countermeasures	●	●				
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 8) •Seminars to help local companies solve problems	Number of issues solved by local companies FY2025 10,000 cases		
Opportunity	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	●	●				

Three Key Sustainability Issues

Social issues	Risks and opportunities	Time axis			Examples of Major Measures and Initiatives ◎Response to risks ★Response to opportunities	KPI	FY2022 Results
		Short	Medium	Long			
 <p>8 Aging population and declining birthrate</p> <p>Happiness of diverse people (well-being)</p>	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 of asset-building products for longevity	FY2025 100,000 cases
		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 <ul style="list-style-type: none"> •Products for pensions, nursing care, dementia, etc. •Financial gerontology training ★Provision of products and services that help solve health-related social issues <ul style="list-style-type: none"> •Health management support insurance and services •Breast, uterine, and colorectal cancer seminars 	Number of policies in force 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	●	●			
<p>9 Human rights violations and exclusion of diversity</p>	Risk	Decrease in reputation due to actual or possible human rights violations	●	●	◎Provision of human rights training to employees and agents ◎Speak-up system (whistleblowing 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
	Opportunity	Increased awareness of respect for human rights and the increased need for corporate responses	●	●	★Provision of products and services that contribute to respecting human rights and promoting DE&I <ul style="list-style-type: none"> •Human rights risk management support consulting services 		
<p>10 Increasing poverty and inequality</p>	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		
	Opportunity	Grasping of new markets through financial inclusion	●	●	★Provision of microinsurance		


P.29

Impact of CSV Initiatives

Based on the three priority issues identified, we are promoting CSV initiatives based on risks and opportunities. Our group's products and services solve social problems and support a resilient and sustainable society.

We are creating a positive impact both in improving corporate value and solving social issues.

Note: Figures are estimates for FY2022.



Symbiosis with the global environment
(Planetary Health)

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

6,640 bases

(Number of companies that 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

Real-time damage prediction website cmap.dev (cmap)

2.73 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 an advance disaster prevention and reduction measure against natural disasters.



Safe and secure society
(Resilience)

Products to cover cyber risks

20,165 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

2.2 million cases

(Number of automobile insurance policies for monitoring and automobile insurance for connected cars)

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

1,111 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.

MS&AD's Path toward Realizing Its Vision of Society

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.

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.

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.”

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

Issues In response to major natural disasters such as the Great East Japan Earthquake and severe flooding in Thailand, the targets of the Group core profit and ROE were ultimately not met.

Next Challenge 2017

Building of a value creation story

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

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 As a result of hurricanes in the United States and other events in FY2017, profits from the international business declined significantly and the targets the Group set for core profit and ROE were not met.

Vision 2021

Develop management based on CSV

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

Achievements While deepening “reorganization by function,” the Group’s adjusted profit of ¥347.1 billion exceeded the target and the Group’s 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.

Medium-Term Management Plan (2022–25)

Implementation of growth strategies based on CSV

Full-scale development of CSV×DX×Global

Image of society for 2030

A corporate group supporting a resilient and sustainable society

FY2025 Target Net Income (on an IFRS basis)
¥470 billion – ¥500 billion

FY2025 Target Adjusted ROE
Stable achievement of 10% or higher

	FY2010 Results	FY2013		FY2014 Results	FY2017		
		Results	Initial targets / Revised targets		Results	Initial targets	Revised targets ^{*4}
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

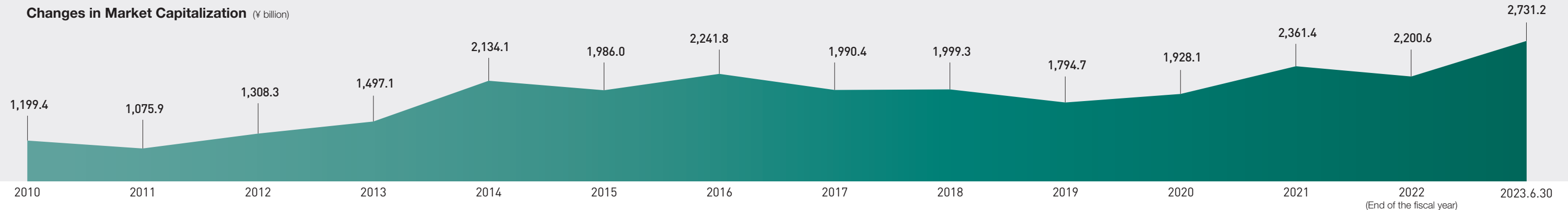
^{*1} The definitions for Adjusted Profit and Adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan “Vision 2021,” which was initiated in FY2018.
^{*2} Figures for MSI Aioi Life (excluding group insurance). The figure for FY2010 is the total for MSI Kirameki Life and Aioi Life.
^{*3} EV: Embedded Value (see “Glossary of Insurance Terminology” on page 107)

	FY2018 Results	FY2021		
		Results	Initial targets	Revised targets ^{*6}
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/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 in light of Stage 1 progress.

	FY2022 Results	FY2025 target
Group Adjusted Profit	172.7	467.8
Domestic non-life insurance (excluding gains/losses on sales of strategic equity holdings)	118.0 (28.4)	257.8
Domestic life insurance	34.7	54.2
International business	17.9	145.5
Financial services business/Digital and risk-related services business	2.0	10.3
Group Adjusted ROE	4.8%	12.2%
Consolidated net premiums written	3,934.4	4,455.3
Life insurance premiums (Gross premiums income) ^{*5}	1,707.5	1,500.0
MSI Aioi Life's EEV	908.0	-
ESR (Economic Solvency Ratio)	228%	180–250%

Changes in Market Capitalization (¥ billion)



(Source: Bloomberg)

Aspirations, Basic Strategies, and Foundations of the Medium-Term Management Plan (2022–25)

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 synergy)” 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

FY2025 IFRS Net income of ¥470 billion–¥500 billion

Stable achievement of 10% or higher in adjusted ROE*

*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.)

▶ Basic Strategies and Foundations Supporting Basic Strategies

Basic strategies

Value (value creation)

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

Transformation (business reforms)

- 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 revenue base

Synergy (pursuit of Group synergy)

- 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

- 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

- A corporate group that continues to evolve based on customer feedback
- Highly transparent and effective corporate governance

Human resources

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

ERM

- Improvement in earnings power and capital efficiency
- Reduction of strategic equity holdings

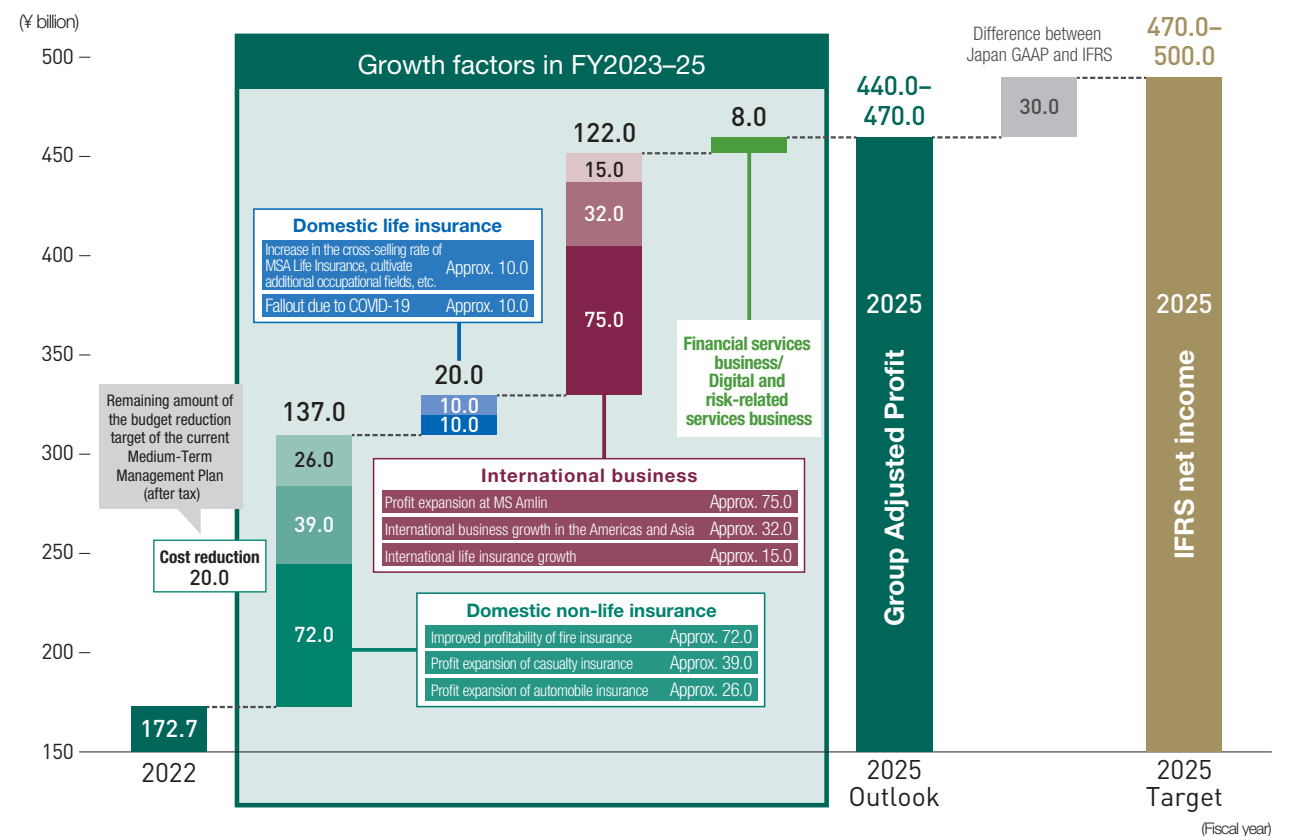
Numerical Management Targets (Financial)

The quantitative targets (financial) of the Medium-Term Management Plan (2022–25) are to achieve ¥470 billion–¥500 billion in IFRS net income and a stable adjusted ROE of 10% or more, with the aim of achieving global peer-level profitability by FY2025. Due to changes in the business environment after the formulation of the Medium-Term Management Plan, the Group Adjusted Profit forecast for FY2023 is ¥350 billion compared with the target of ¥400 billion at the time of the formulation of the Medium-Term Management Plan. However, efforts to strengthen profitability are steadily progressing, and we are maintaining the targets of the Medium-Term Management Plan as we respond appropriately to changes in the environment. IFRS is scheduled to be applied in FY2025, and the Japanese standard will be applied until FY2024.

Structure of the FY2025 Profit Target

Group Adjusted Profit (based on Japanese standards) is expected to increase to ¥267 billion–¥297 billion over the next three years from ¥172.7 billion in FY2022. The growth factors in FY2023-25 is expected to be approximately ¥137 billion due to improved profitability in fire insurance and increased profit in casualty insurance and automobile insurance of the domestic non-life insurance business; approximately ¥20 billion due to the increase in the cross-selling rate of Mitsui Sumitomo Aioi Life Insurance in the domestic life insurance business; and approximately ¥122 billion due to the increase in profit of MS Amlin in the international business and other reasons.




	FY2022 results	FY2025 (Outlook) Group Adjusted Profit	FY2025 (Target) IFRS net income
Total	172.7	440.0–470.0	470.0–500.0
Domestic non-life insurance business	118.0	Approx. 255.0	
Domestic life insurance business	34.7	Approx. 55.0	
International business	17.9	Approx. 140.0	
Financial services business/ Digital and risk-related services business	2.0	Approx. 10.0	



Progress of numerical management targets (non-financial)

For the four aspects of the foundation (sustainability, quality, human assets, ERM) that supports the three basic strategies of the Medium-Term Management Plan (2022–25), we have set the following numerical management targets (non-financial) for sustainability, quality, and human assets 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	FY2022 Results
 Symbiosis with the global environment (planetary health)	GHG emission reduction rate (versus FY2019)	FY2030: -50% FY2050: Net zero	-26.8% (Scope 1 + 2)
	Renewable energy usage rate	FY2030: 60% FY2050: 100%	21.1%
	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%	17.9%
 Safe and secure society (resilience)	FY2025 Growth rate of the number of subscriptions for products that contribute to improving social resilience Example: Cybersecurity insurance	Annual average 20%	29.4%
	Instances of support for the resolution of issues faced by regional companies Example: Seminars on regional revitalization	10,000 instances a year	12,349 cases
 Happiness of diverse people (well-being)	FY2025 Number of companies supporting human rights-related measures Example: Harassment prevention consulting	1,000 instances a year	1,111 cases
	Number of policies in force for asset-building products to support longevity Example: Tontine annuity insurance	100,000	50,000 cases
	Number of policies in force for products that help solve health-related social issues Example: Medical insurance covering dementia and infertility treatment	2.6 million	2.17 million cases

Human Assets and Quality KPIs

		Percentage of female managers 30% (19.5%)		Percentage of female line managers 15% (12.9%)			
Human Assets	FY2025	End of FY2030 (aiming for early achievement)					
		Digital human resources	7,000 persons (about 3,600 persons)	Overseas human resources	1,200 persons (about 1,180 persons)	Productivity improvement	8.5% (9.2%)
		Percentage of personnel expenses	Current level (22.6%) or higher	Percentage of employees hired locally overseas appointed as executives of overseas subsidiaries	Current level (83.0%) or higher	Percentage of employees who exercise regularly	Current level (26.5%) or higher
		Male childcare leave	Percentage of male employees taking childcare leave: 100% Duration of leave: 4 weeks (92.5%, 8.1 days)	Employee awareness survey			
		Number of annual paid leave days taken	The same level or higher compared with the previous year (16.4 days)	<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 		The same level or higher compared with the previous year	
				See P.48 for employee satisfaction data			
		Quality	FY2025	Customer satisfaction level (on contract procedures and the claim payment process)	The same level or higher compared with the previous year		

Basic Strategy 1 Value (Value Creation)

In our Basic Strategy 1, “Value,” we will roll out CSV×DX globally, provide new value to all stakeholders, and further increase our profitability to enhance our corporate value.

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

Enhancing the revenue base

- Reduce project costs (increase the efficiency of personnel and system-related costs) as planned; we have already achieved 39% progress toward the Medium-Term Management Plan reduction target
- Improve the profitability of the domestic non-life insurance business by optimizing rates, strengthening underwriting, etc.
- Enhance productivity improvements by promoting the “One Platform Strategy,” etc.

MS&AD Value Strategy

- Realize the development and monetization of products and services that provide new value before and after coverage and protection
- Utilize Group-wide knowledge gained through investment in start-ups by MS&AD Ventures



CSV×DX

- Develop and expand sales of products and services that will lead to the resolution of social issues and build a sales system

Examples of initiatives

‘Mimamoru’ Automobile insurance policy (Voluntary automobile insurance with dashcam)



More than 2 million!

From post-accident insurance to accident-free insurance

Accident occurrence risk AI assessment (traffic accident occurrence risk visualization tool for local governments)

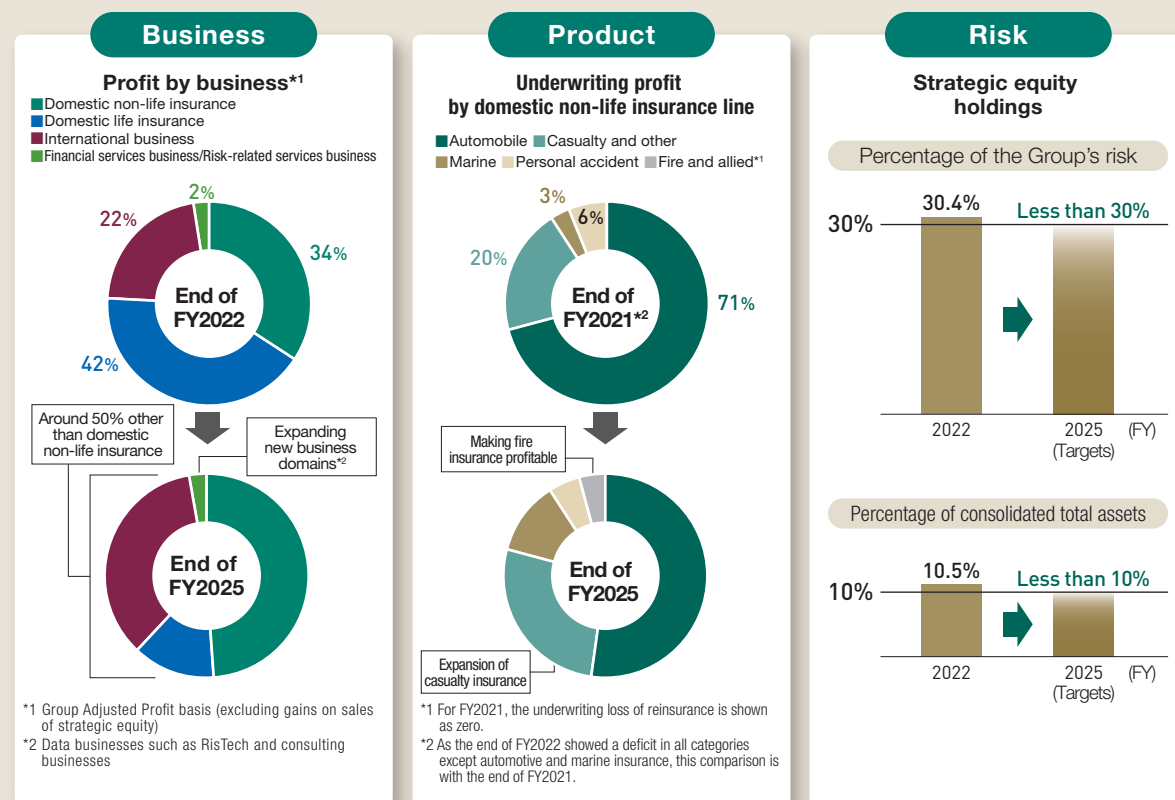


Basic Strategy 2 Transformation (Business Reforms)

The 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 diversify the sources of profit by expanding our international business, domestic life insurance business, and new business areas while maintaining the scale of profit in the domestic non-life insurance business. In FY2025, we aim to secure approximately 50% of our profit from businesses other than the domestic non-life insurance business, with the aim of overcoming our dependence on the domestic non-life insurance business. In FY2022, we made investments in our international business, including the acquisition of Transverse Insurance Group, LLC, a fronting company in the U.S. MGA market, and proceeded to transform our business portfolio.
- In Product Portfolio Reform, we are transforming from the current reliance on automobile insurance, which is expected to gradually decline in the future, for about 70% of its profits, to more diversified profit sources by monetizing fire insurance (making it profitable) and expanding casualty insurance (expanding sales of new products in response to new risks). In FY2022, we promoted the expansion of casualty insurance by responding to new risks and needs, such as cybersecurity, and developing markets for mid-sized and small businesses.
- In Risk Portfolio Reform, the reduction of strategic equity holdings, which account for the largest portion of the Group's risk volume, continues to be an issue, and we increased the sales target in the Medium-Term Management Plan (2022-25) from ¥400 billion to ¥600 billion to halve the proportion of strategic equity holdings. In FY2022, we sold ¥206.6 billion, more than double the initial sales target of ¥100 billion, and we will accelerate our efforts going forward.

Transformation of the Three Portfolios



Creation of new businesses

We worked to create new services and business opportunities using digital data with MS&AD InterRisk Research & Consulting at the core, and sales of non-contract business from Group non-life insurance companies at MS&AD rose 130% year on year.

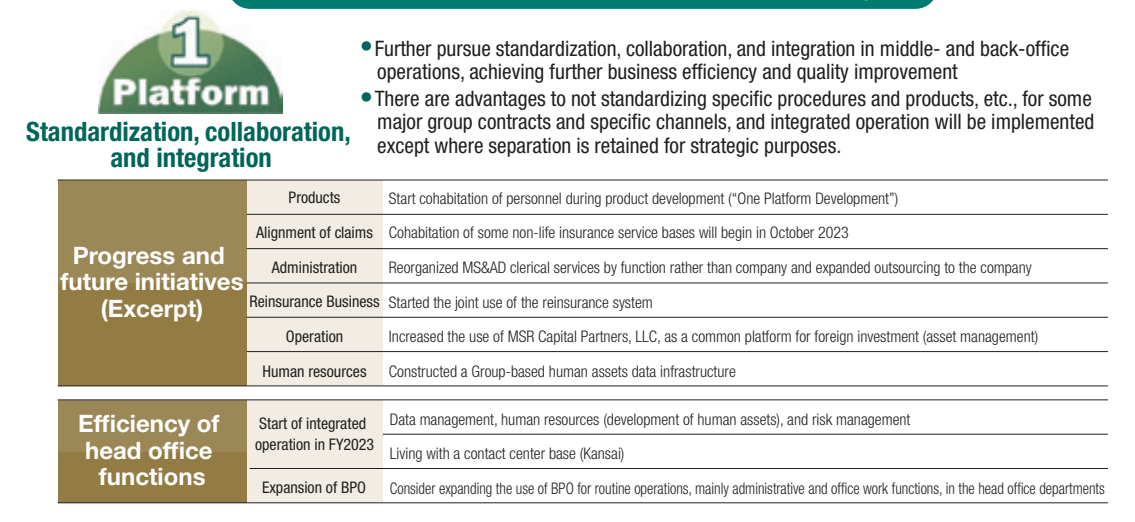
Basic Strategy 3 Synergy (Demonstration of Group Synergies)

Under Basic Strategy 3, "Synergy," the MS&AD 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.

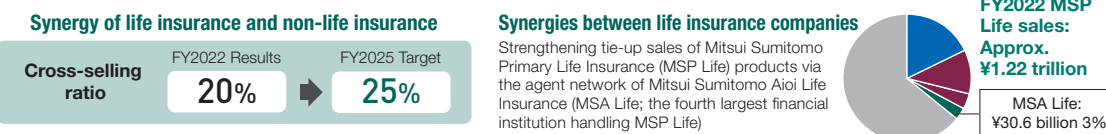
In the "One Platform Strategy," Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance will continue to operate as one, excluding strategic differences such as some large Group contracts and specialized office work and products for specific channels. We will promote the integrated management of head 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

Implementation of the "One Platform Strategy"

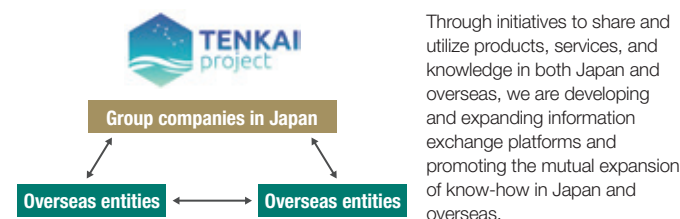


Group-wide synergies

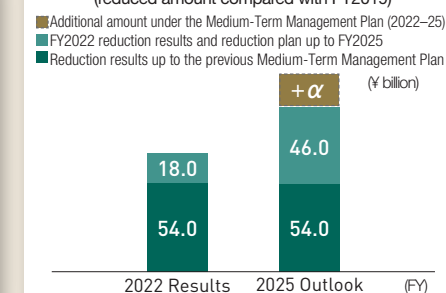


Global synergy

Sharing and mutual utilization of the expertise and skills of Group companies in Japan and overseas



Additional reductions in business expenses (reduced amount compared with FY2019)



DX strategy

CDO Message

Tomoyuki Motoyama

Group CDO (DX Promotion)



The Medium-Term Management Plan (2022–25), launched in FY2022, sets forth “Value (value creation)” as one of the Group’s three basic strategies and promotes CSV × DX initiatives centered on MS&AD InterRisk Research & Consulting. To accelerate these efforts and demonstrate synergies across the Group, we have established the “Group data linkage infrastructure” for data sharing among Group companies. In addition, to provide optimal solutions to a wider range of customers, we have begun to provide solutions through our agents.

Our Group’s human assets form the basis of these CSV × DX initiatives, and we continue to promote the development of digital human assets and digital culture, which we have been focusing on

Provision of CSV × DX initiatives and new solutions with MS&AD InterRisk Research & Consulting as the core

Since FY2022, MS&AD InterRisk Research & Consulting has been at the core of our efforts to transform our business model by promoting the development and sales of solutions before and after compensation and protection using digital data.

Specifically, we began providing advanced solutions that help solve social issues, such as the “accident risk AI assessment,” which uses AI technology to assess and visualize potential traffic accident risks, and the “LaRC Flood Risk Analysis Service,” which uses highly accurate, reliable, and high-resolution hazard maps to identify future flood risks. These are examples of solutions created by making the most of the data skills and knowledge held by MS&AD Group companies and are truly the result of Group synergies.

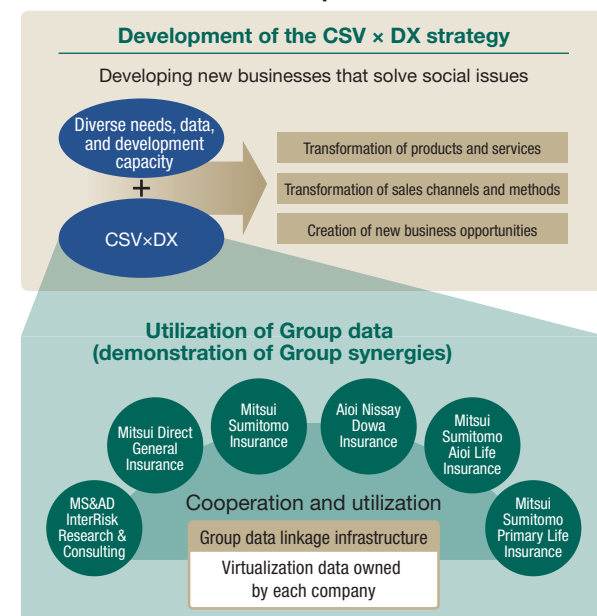
In April 2023, we began offering solutions through our agents, aiming to solve social issues by providing optimal solutions to more customers.

since FY2018. In November 2022, we established Aioi R&D Lab-Oxford, a joint research laboratory for research and development of cutting-edge technology and science, with Mind Foundry, an AI venture of the University of Oxford, to research cutting-edge technologies such as AI. These efforts were comprehensively evaluated, and the company was selected as a 2023 Digital Transformation Stock (DX Stock) via a program jointly implemented by the Ministry of Economy, Trade, and Industry; the Tokyo Stock Exchange; and the Information-technology Promotion Agency. As digital innovation advances, the Group will continue to work together to promote DX and contribute to solving local and social issues.

Development of the Group data linkage infrastructure

We have developed the Group data linkage infrastructure to share the non-life and life insurance data held by Group companies in a safe and speedy manner. We will use the data across groups to create new solutions and advance existing solutions.

Positioning of the Group data linkage infrastructure in our Group



Promotion of business development through DX and development of digital human resources

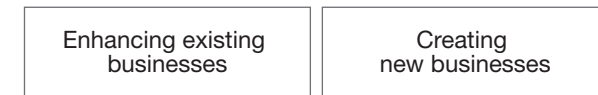
Promotion of business development through DX

We are actively promoting business development through DX by utilizing advanced digital technologies through cooperation with start-up companies.



MS&AD Innovation Factory

This base for business development, without being bound by existing frameworks, proposes problems that will be faced in the future and refines future businesses and creates new businesses to address those problems.



DX issue selection

Our Group has been selected as a 2023 Digital Transformation Stock (DX Stock) in recognition of its concerted efforts to provide new solutions utilizing data and digital technologies and to strengthen its DX infrastructure.

This is the fifth time we have been selected; previous selections were for “DX Brand” and “Notable DX Company” and the DX predecessors, “Active IT Strategy Brand” and “Notable IT Strategy Company.”

Developing digital human resources

Focusing on our Group’s unique programs through cooperation with universities and other educational institutions, which have been introduced gradually since FY2018, we are strengthening the development of digital human resources, fostering a digital culture through internal contests, etc., and working to build a digital foundation for the entire Group.



Develop the ability to think about business



Financial and Capital Strategies

CFO Message

Tetsuji Higuchi

Representative Director
Executive Vice President, Group CFO



FY2022 Financial Results, FY2023 Results Forecast

Despite a decline in profit in FY2022 due to incidental factors effects, we aim to achieve Group Adjusted Profit of ¥350 billion in FY2023.

In FY2022, consolidated net premiums written (non-life insurance) increased 9.0% year on year to ¥3,934.4 billion due to an increase in both domestic non-life insurance and overseas subsidiaries. On the other hand, Group Adjusted Profit was ¥172.7 billion, down 50.2% year on year due to a decline in profit for domestic non-life insurance, domestic life insurance, and overseas subsidiaries. Excluding losses related to Russia and Ukraine; losses related to the COVID-19 fluctuations in the financial markets of MS Amlin, for which assets under management are valued at fair value; and other incidental factors, Group Adjusted

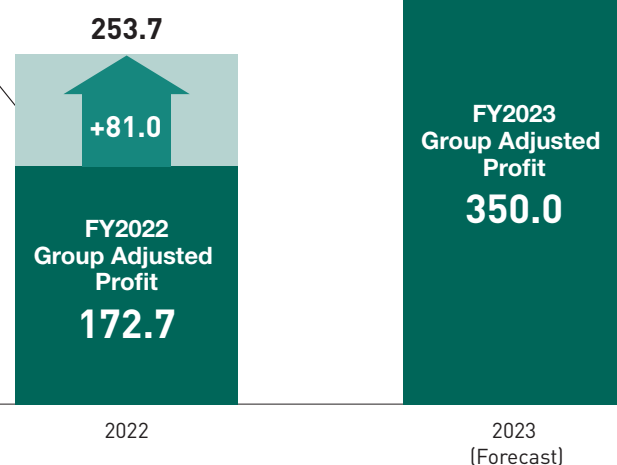
Profit was ¥253.7 billion.

Group Adjusted Profit for FY2023 is expected to roughly double to ¥350.0 billion, and Group Adjusted ROE is expected to recover to 10.0%. With the elimination of temporary factors in FY2022 such as losses related to Russia and Ukraine of ¥16 billion and losses related to the novel coronavirus of ¥52 billion, we expect to improve profitability in FY2023 by ¥60.9 billion in the domestic non-life insurance business, ¥10.2 billion in the domestic life insurance business, and ¥106.0 billion in the international business, mainly due to the increase in profit of MS Amlin.

Group Adjusted Profit (excluding incidental factors)

FY2022 Special Factors I (excluding incidental factors)	Impact
Russia and Ukraine related losses	-16.0
Impact of COVID-19	-52.0
Financial market volatility	-31.0
Reduction of overseas real estate holdings (Taiwan)	18.0
Total	-81.0

(¥ billion)



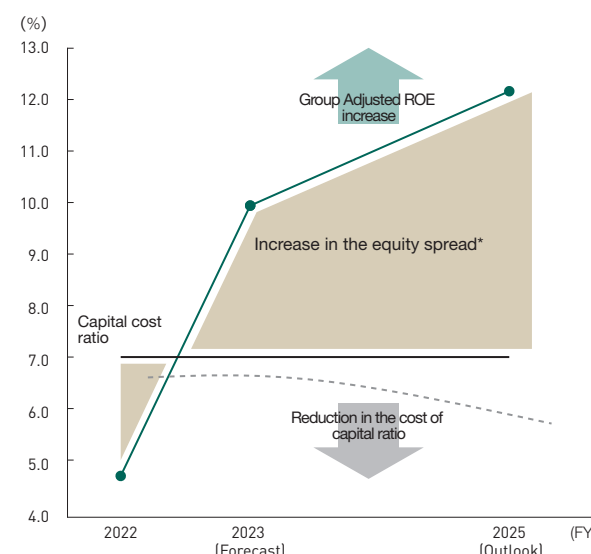
Capital Efficiency

We will increase ROE and reduction in the capital cost ratio by reducing risk.

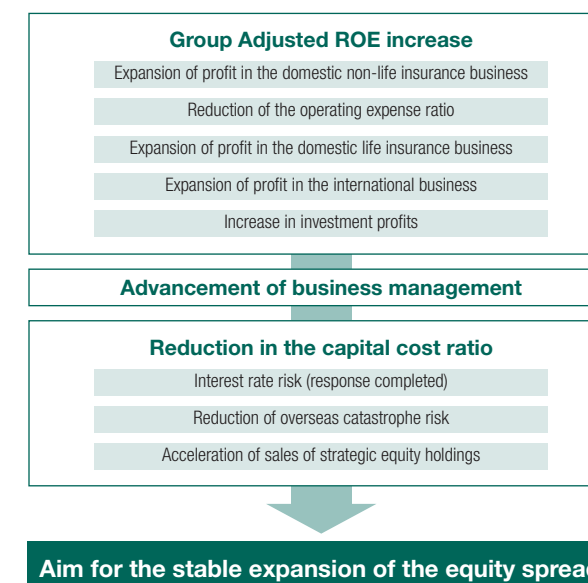
Efforts to increase corporate value

We will improve Group Adjusted ROE by increasing insurance underwriting profit for domestic non-life insurance, domestic life insurance, and the international business; reducing the operating expense ratio; and increasing investment profits. We will also work to lower

the cost of capital ratio by reducing overseas catastrophe risk and accelerating sales of strategic equity holdings, thereby achieving stable expansion of the equity spread.



*Equity spread: Group Adjusted ROE – Cost of capital ratio



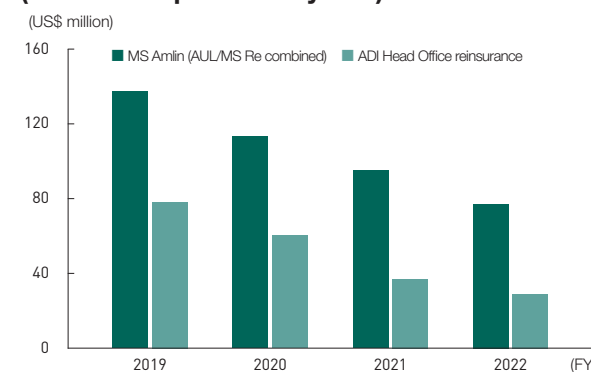
As for overseas catastrophe risk, we are carefully expanding our underwriting profit by taking advantage of opportunities to harden the reinsurance market while reducing the risk of U.S. wind and flood disasters.

In the current Medium-Term Management Plan, we initially planned to reduce strategic equity holdings by ¥400 billion over four years, or ¥100 billion per year, but we have raised the reduction plan target and now intend to reduce strategic equity holdings by ¥600 billion over four years. In FY2022, we achieved a reduction of

¥206.6 billion. We will continue the same level of reduction in the next Medium-Term Management Plan and aim to halve the fair value balance compared with September-end 2022.

In addition, Mitsui Sumitomo Aioi Life Insurance has completed its efforts to reduce interest rate risk by promoting ALM through the expansion of its investment in ultra-long-term bonds and increasing its hedge ratio (interest rate sensitivity of assets/interest rate sensitivity of liabilities) to approximately 100%.

U.S. wind and flood disaster risks (recurrence period: 10 years)



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

Reduction of strategic equity holdings



■ Advancement of business investment and business management

Business investment is oriented toward M&A for geographic and line diversification and expansion of the business portfolio. We will also promote sophisticated business management and distribute capital flexibly to businesses with high capital efficiency.

Implementation of growth strategies and risk diversification through business investment

Investment policy

- Is it possible to share a sense of values and empathize via principles and philosophies?
- Do you have a sales base and know-how that can predict business scale expansion and high profitability, and can you expect Group synergies?
- Does geographic and line diversification of the portfolio contribute to improving capital efficiency?
- Can a sufficient investment effect be obtained by considering the hurdle rate set based on the cost of capital?

Investment performance

Acquisition completed in January 2023



Completion of acquisition of the MGA market fronting company Transverse Insurance Group, LLC

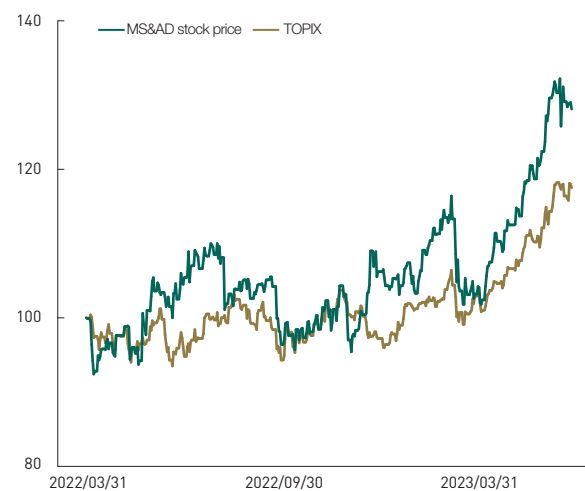
Business investment target

- United States** MGA and specialty insurance companies, etc.
- Asia** Investment targets leading to the strengthening and expansion of the retail business

■ Stock price and PBR

We have been promoting capital efficiency-oriented management, such as raising the ROE and lowering the cost of capital, and our stock price and PBR have been rising steadily. Since the start of the current

MS&AD stock price versus TOPIX (from the end of March 2022 to the end of June 2023)



In January 2023, we acquired Transverse Insurance Group, LLC, in the United States, and in June 2023, we transferred our business to Mitsui Sumitomo Insurance Care Network.

Advancement of business management and flexible capital movement

Subject to review

- Continue to be unable to generate sufficient returns relative to the cost of capital, with no prospect of improvement
- Not expected to contribute to the Group such as synergies
- Not expected to produce results in the markets in which the business operates

Addressing items subject to review

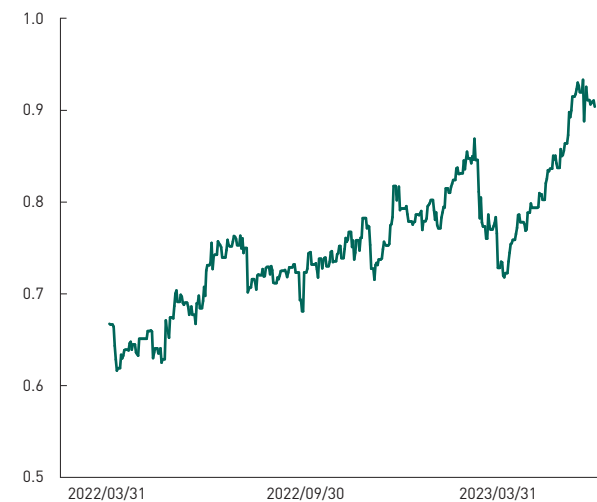
Aim to improve capital efficiency by reinvesting in existing businesses with high profitability and growing businesses

(June 2023: Business transfer)

三井住友海上ケアネット
MS&AD MS&ADインシュアランスグループ

Medium-Term Management Plan at the end of March 2022, the stock has outperformed TOPIX and is now positioned to exceed 1x PBR.

Transition of PBR (from the end of March 2022 to the end of June 2023)



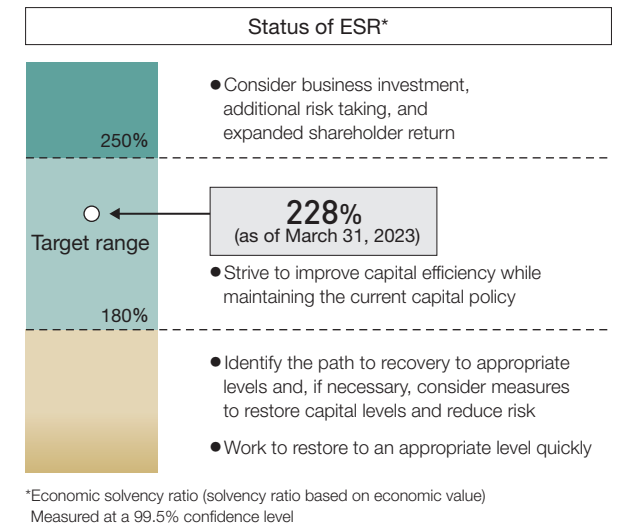
Source: Bloomberg

Note: The stock price and TOPIX are indexed at 100 on March 31, 2022.

Financial Soundness

We will maintain financial soundness equivalent to an AA rating, invest for sustainable growth, and provide stable shareholder returns.

Our Group aims to maintain financial soundness equivalent to an AA rating and has set a target ESR of 180%–250% as a guideline. At the end of March 2023, the ESR was 228%, which is in the middle of the target range even when the stress caused by market fluctuations is applied. We will continue to balance risk taking and shareholder returns for sustainable growth.



Rating of core Group insurance companies

S&P	Moody's	AM Best	R&I	JCR
A+ (Stable)	A1 (Stable)	A+ (Stable)	AA (Stable)	AA+ (Stable)

Shareholder Return

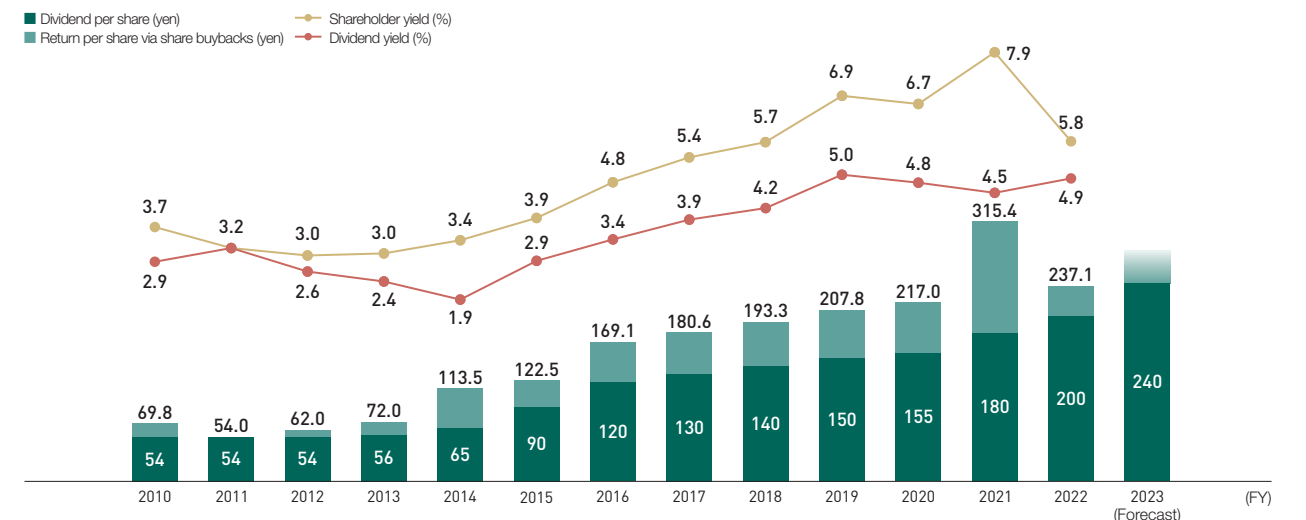
We will return 50% of profits to shareholders through dividends and share buybacks.

The shareholder return policy of the Medium-Term Management Plan is based on 50% of Group Adjusted Profit as a basic return and 50% of return base profit** in FY2025 after the transition to IFRS. In addition, based on the business environment, ESR levels, liquidity, stock price trends, etc., we will provide additional returns flexibly.

Regarding shareholder return for FY2022, we decided to increase the annual shareholder dividend by

¥20 from the previous year to ¥200 per share and to repurchase ¥20 billion of our own shares, resulting in a dividend yield of 4.9% and a shareholder yield of 5.8%. For FY2023, we intend to increase the annual dividend by another ¥40 to ¥240 per share. We will continue to aim for stable shareholder returns by increasing corporate value through sustainable growth.

Per share total shareholder return, total shareholder yield, and dividend yield



Notes:

1. Base profit for shareholder return = Net profit on an IFRS basis – Adjustments from net profit on an IFRS basis*2 + Gain/loss on sales of strategic equity
2. Impact of market fluctuations, deferred effects of new policy expenses, gains/losses on unfavorable contracts, amortization of intangible assets, and goodwill impairment

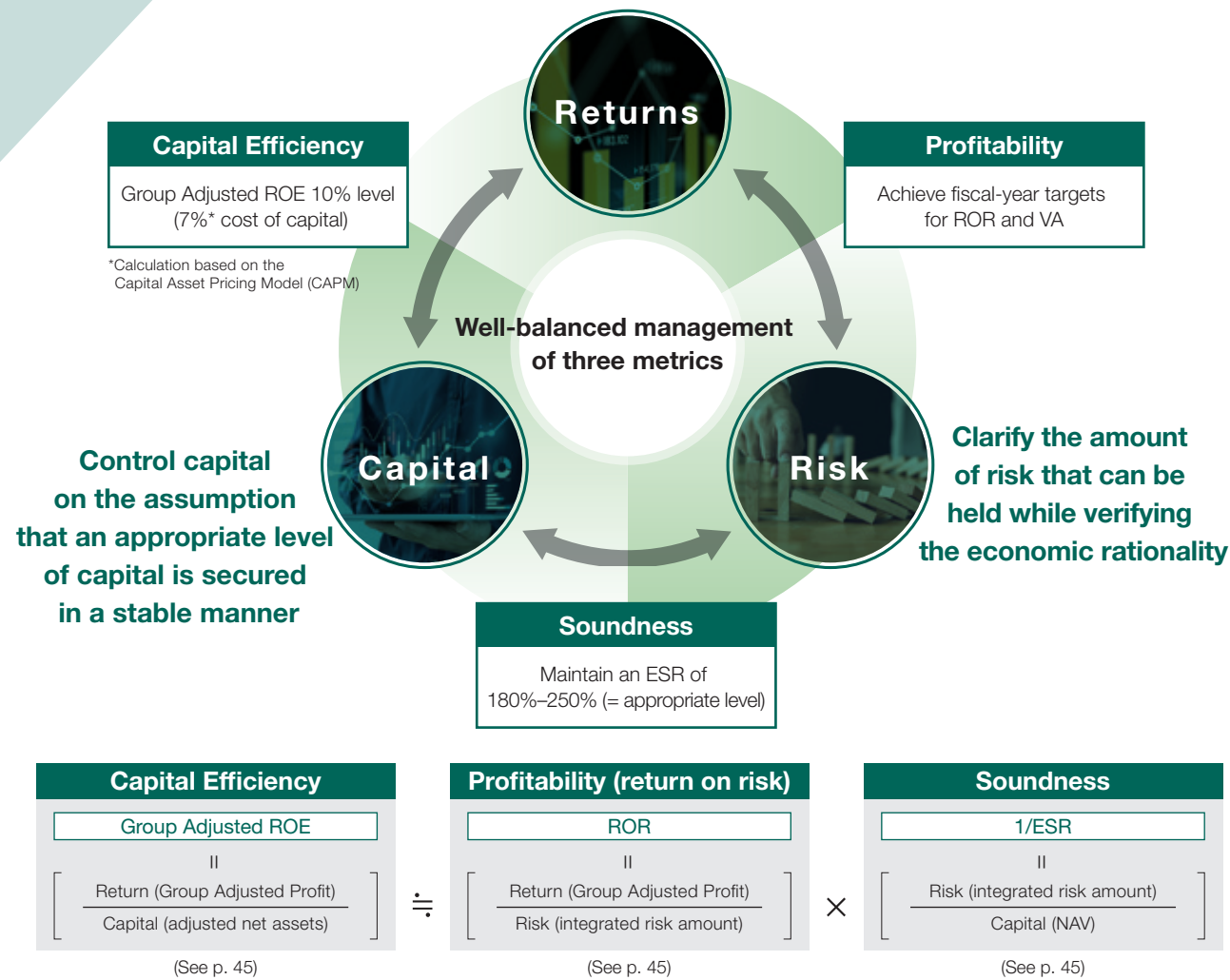
ERM-Based Group Management

The MS&AD Group endeavors to increase its earnings power and capital efficiency while maintaining financial soundness. Toward this end, it practices Group management based on an enterprise risk management (ERM) cycle. It allocates capital to its businesses in accord with its Group Risk Appetite Statement. Its businesses take risks with the allocated capital. The Group exercises appropriate risk control through the monitoring of return on risk (ROR) and other metrics. Under the Medium-Term Management Plan (2022-25), the ERM Committee will work to enhance the evaluation and management of each business in the Group, considering capital, risk, and return, and to improve the Group's capital efficiency by flexibly allocating capital to more capital-efficient business opportunities, such as investments in growth businesses.

Integrated Management of Risk, Returns, and Capital

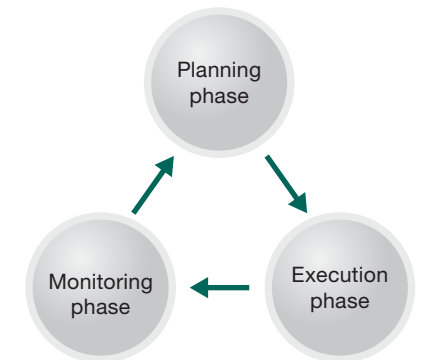
To realize its management vision, the Group formulates medium-term management plans in accord with its Group Risk Appetite Statement and holistically manages risk (integrated risk amount), returns (Group Adjusted Profit), and capital (NAV) with the aim of maintaining financial soundness and boosting capital efficiency and risk/return.

Make internal and external investments for sustainable profit growth



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 others.
Monitoring phase	3 Conduct regular monitoring of financial soundness, profitability, capital efficiency, etc. 4 Based on the outcome of monitoring, examine and implement any necessary measures.



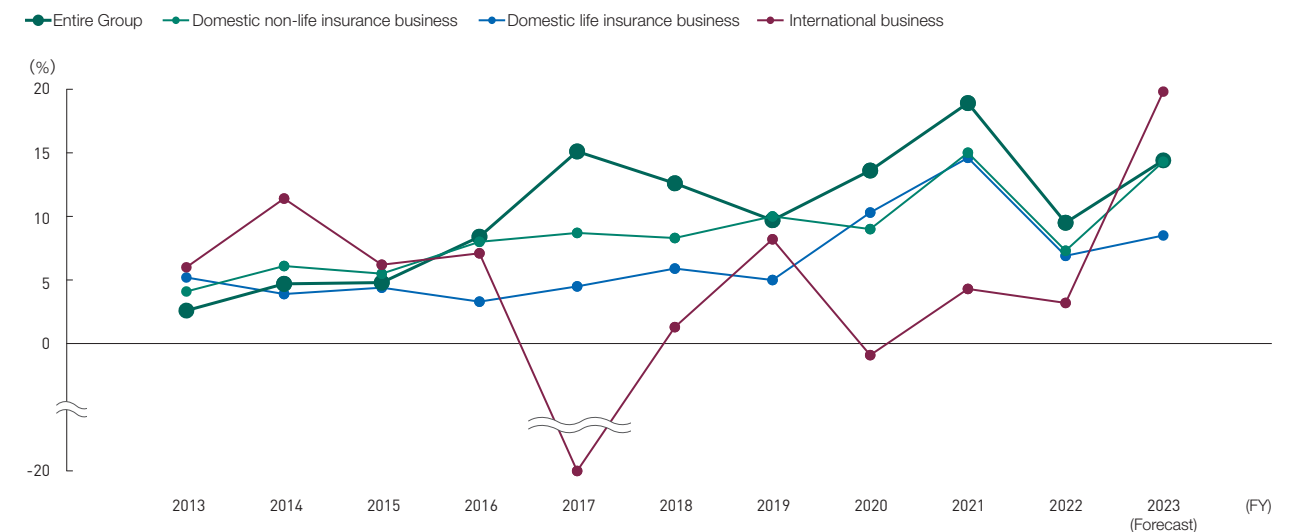
Initiatives to Boost Profitability

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.

Product development/sales/initiative management	P/L management by product/line	
	Domestic non-life insurance	Strengthening risk/return management according to insurance line attributes and P/L management of new types of insurance, which have a large impact on major accidents and are growth drivers
	MSI Aioi Life*	Assessing ROR for new policies when products are developed and revised and a sales policy is formulated
Asset management strategy	MSI Primary Life*	Product-by-product profitability assessment (estimated value at the start of sales and actual value after sales)
	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	Establishment of a retention and outward reinsurance scheme that maintains financial soundness and stability of periodic profit and loss and contributes to improving profitability. Control the net retained risk amount associated with natural disasters	

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

ROR trends





To realize our management vision, our Group has formulated a management plan in accordance with the Group's risk appetite statement and is working to ensure soundness, improve capital efficiency, and increase profitability based on the ERM cycle. Specifically, based on our risk appetite statement and other factors, we take risks based on allocated capital and strengthen actions such as risk control and underwriting through monitoring information such as the return on risk.

In recent years, the social and economic conditions surrounding our Group have changed significantly, including climate change, the COVID-19 epidemic, advances in digital technology, sophisticated cyberattacks, heightened geopolitical risks, and fluctuations in financial and credit markets. In FY2022, we experienced domestic natural catastrophes, including Typhoons 14 and 15; domestic hailstorms; floods in South Africa; hurricanes in the United States; hardening of the reinsurance market; insurance payments related to COVID-19; the ongoing Russian invasion of Ukraine; and fluctuations in financial markets due to global inflation and monetary tightening. Our Group has secured sufficient capital against risks that occur once every 200 years by appropriately controlling risks through enhanced underwriting, the use of reinsurance to control catastrophe risks, the reduction of strategic equity holdings, and comprehensive asset and liability management (ALM). At the same time, we conduct stress tests to ensure that there are no problems with our financial soundness in the event of major earthquakes, wind and flood disasters, major fluctuations in financial markets, an increase in cyberattacks, a pandemic, and other events in Japan and overseas.

In FY2023, in light of growing awareness of human capital as a source of corporate value improvement, changes in labor supply and demand (such as labor shortages), changes in expertise and skills required to implement Group strategies (such as DX promotion), and diversification of employee awareness and sense of values, we added "changes in the environment surrounding human assets" to the list of critical risks to be addressed by management (Group Material Risks) and strengthened relevant management and initiatives.

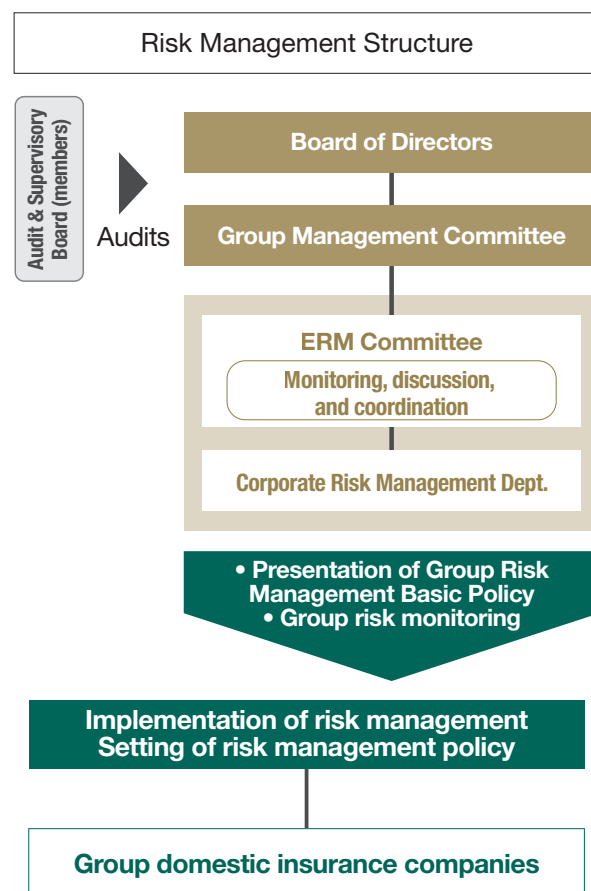
In addition, we will contribute to solving social issues while reducing risks in our Group by promoting sustainability initiatives such as addressing climate change, preserving natural capital, respecting human rights, and responding to new risks associated with technological innovations such as autonomous driving and AI, and conducting business operations that

emphasize quality.

The environment surrounding our Group is expected to change significantly in the future. Amid these changes in the environment, through our global insurance and financial services business, we will continue our business in a stable manner by implementing forward-looking risk management to grow with society as a corporate group that supports a resilient and sustainable society.

Implementation and promotion of risk management

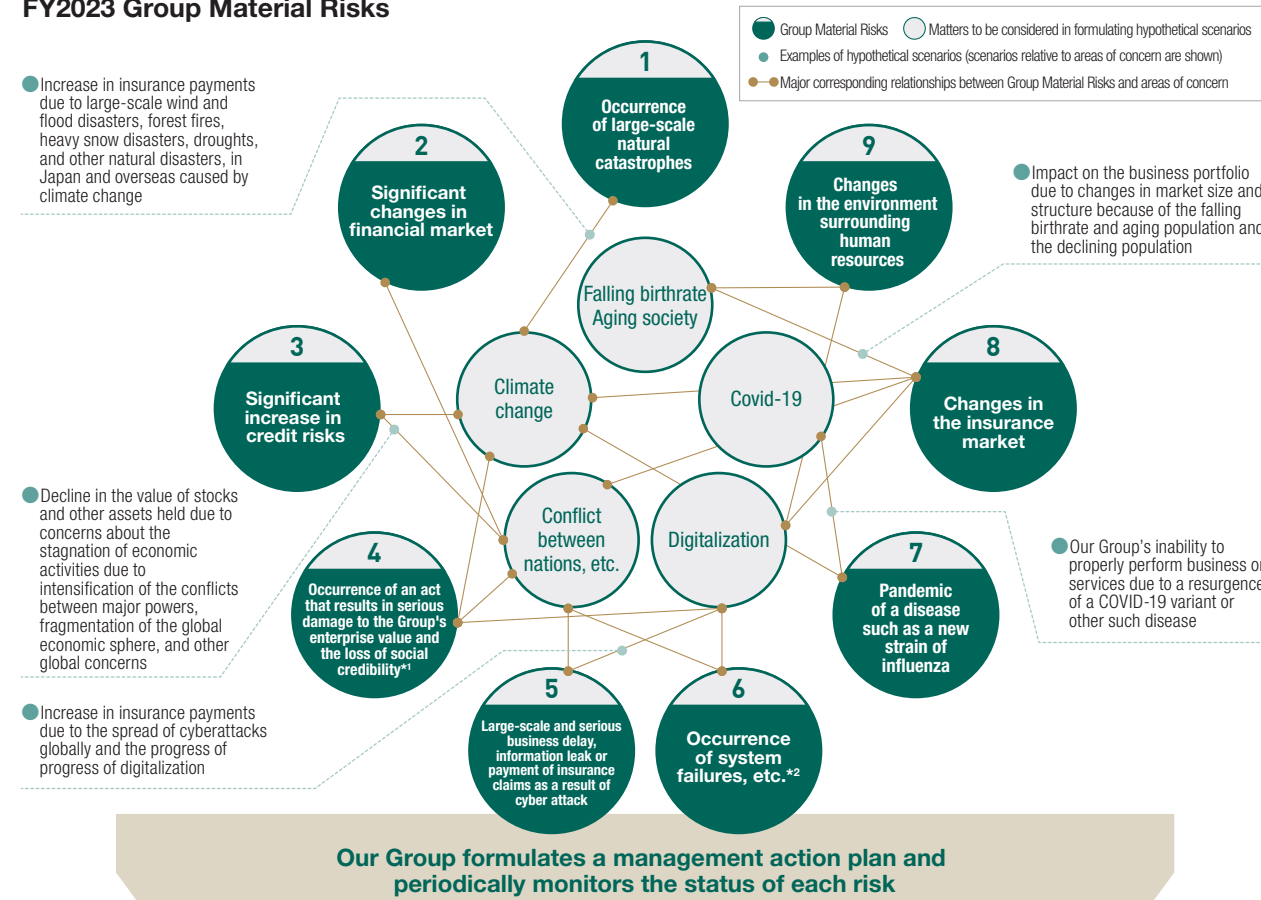
Our Group has established the MS&AD Insurance Group Risk Management Basic Policy and is implementing risk management based on the basic philosophy shared within the Group. Specifically, our Group promotes risk management by identifying major risk events affecting our business portfolio and evaluating their risk factors both quantitatively and qualitatively.



Identification and Management of Risks

Our Group designates important risk events that should be addressed by management as "Group Material Risks," formulates a management action plan that considers climate change and other risks, and periodically monitors the status of each risk.

FY2023 Group Material Risks



*1 Occurrence of behavior causing marked damage to the Group's corporate value or loss of social credibility" refers to violations of laws and regulations relating to Group business, serious labor issues (e.g., long work hours and harassment), human rights violations and elimination of diversity, and inadequate data governance, etc., as well as deviations from social norms, etc. (including those result from inaction), and actions arising from the lack of, or insufficient, customer-oriented perspective (conduct risk).
*2 "Occurrence of system failures, etc.," refers to a risk event related to the frequent occurrence of system failures, the occurrence of serious system failures, and the delayed progress, shortfalls, budget overruns, and unrealized expected effects of large-scale system development plans.

Listed below are events with the potential for medium- to long-term impacts on Group management and events for which the impact and timing are difficult to grasp at present but for which we need to maintain awareness. As Group Emerging Risks, our Group periodically monitors these events.

FY2023 Group Emerging Risks

1	Appearance of emergence of new systems or innovative technologies that will significantly change or transform the economy, consumer behavior and business models
2	Damage to natural capital (depletion of resources, degradation and crises of ecosystems, and man-made pollution and accidents that cause serious damage to the environment)
3	Establishment, revision or abolition of Japanese or foreign laws, regulations, systems, regimes, etc. which may significantly affect the Group
4	Significant stagnation or delay in the maintenance and renewal of social capital (e.g., bridges, tunnels, river facilities, port facilities, sewerage systems), and significant and ongoing shortfall in the supply of energy
5	Major disruption, failure and collapse of national governance and politics, or a national security crisis

Please refer to the Group's official website for more risk management information.

Official Website Content

- Risk management (https://www.ms-ad-hd.com/en/group/value/risk_management/erm.html)
- Risk Management Basic Policy
- Risk management structure
- Insurance business risks
- Risk management in the international business
- Crisis management system (including the business continuity management system)

Information security management

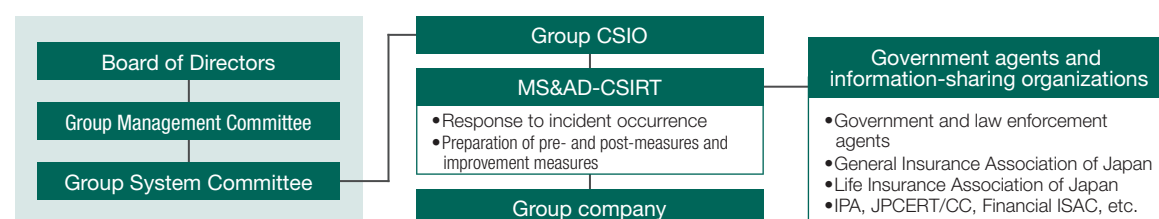
The MS&AD Insurance Group positions the implementation of information security management as one of the most important Group management issues to create a world-class insurance and financial group that continues to pursue sustainable growth and corporate value improvement.

We need to continuously strengthen our readiness against cyber risks, which are changing daily due to the rise of geopolitical risks and technological sophistication. Our Group is working to improve cyber resilience by conducting inspections and implementing countermeasures based on the assumption that 100% of incidents caused by cyberattacks cannot be prevented even if preventive measures are thoroughly implemented.

Takuya Tsuda Executive Officer Group CISO

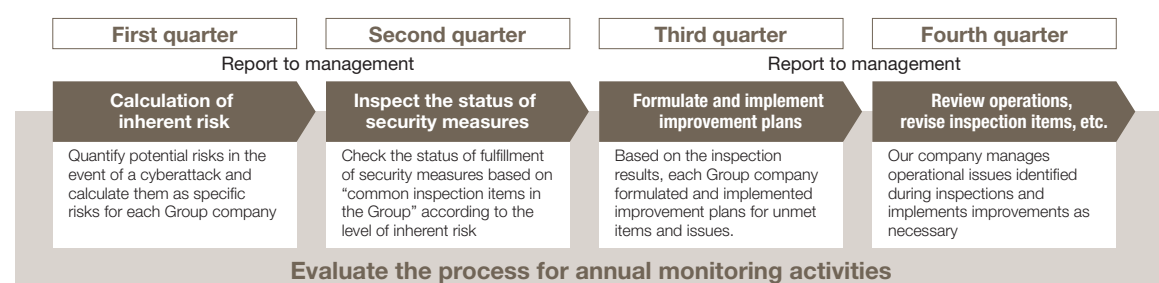
Information security management system of the Group

- The Group CISO is in charge of information security and regularly discusses reports on the information management system at the Board of Directors, the Group Management Committee, and the Group System Committee.
- The MS&AD Group is aware of threats related to information assets; is constantly aware of changes in the external environment, including cybersecurity; and is building a system to ensure information security and prompt responses to emergencies. In particular, we established MS&AD-CSIRT for cybersecurity. In addition to responding to incidents, we collect security threat information, share that information among Group companies, and strengthen the information linkage with government agents and information-sharing organizations.



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.



FY2022 initiatives

We are continuing to strengthen our cybersecurity preparedness through our existing security measures. In addition, we have established procedures and measures in case of an emergency assuming damage. We are also working to address ever-changing cybersecurity risks. As a result of these efforts, there were no serious incidents affecting business continuity or incidents involving information leakage in FY2022.

Examples of ongoing efforts	Examples of responses to changing cyber risks
<ul style="list-style-type: none"> • Collection and analysis of vulnerability and threat information, security training, targeted attack e-mail training, and platform diagnostics for public servers • Threat-Led Penetration Testing (TLPT) • Reconfirmation of the system for incident occurrence (system, response flow, reporting party, response procedure) and incident response exercises 	<ul style="list-style-type: none"> • Based on the heightened geopolitical risk, we will analyze possible attacks from the perspective of cyberattackers, and consider and promote countermeasures • Share the concept and direction of Zero Trust with the Group, and plan and promote measures to be taken by the Group as a whole • Develop governance, rules, and guidance for appropriate use of advanced technologies such as generative AI

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 common to the entire Group, and have developed a compliance promotion system based on the Policy. The Compliance Program, a company-wide implementation plan for compliance, was resolved by the Boards of Directors of Group domestic insurance companies, and the status of implementation of the plan, issues to be addressed, etc., are reported to the compliance committees and Boards of Directors of Group domestic insurance companies. In addition, the Quality Improvement and Compliance Committee has been established to monitor the quality improvement and compliance of the entire Group and outline corporate ethics, etc. Important matters are reported to the Board of Directors.

Measures to prevent money laundering, terrorist financing, and corruption and bribery

Our Group has established the Policy on Countermeasures against Money Laundering and Terrorist Financing and is promoting initiatives to prevent the use of the products and services of Group companies for money laundering and terrorist 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).

In addition to stipulating the Guidelines for Handling of Money Laundering Regulations and Handling of Those Who Are Subject to Measures Such as Those Whose Assets Are Frozen and implementing measures against money laundering and the financing of terrorism at overseas entities, we have established a section on "Prevention of Bribery" in the Compliance Manual for overseas entities and implemented measures to prevent bribery at overseas entities through appropriate rule development and training.

For more information about compliance, visit our official website.

Our compliance

https://www.ms-ad-hd.com/en/group/value/risk_management/compliance/compliance_group.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, Initiatives to prevent corruption and bribery
- Compliance promotion system for the international business
- Initiatives for tax compliance

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 to make access easy for whistleblowers. We also maintain the confidentiality of whistleblowers and consultants, secure the information provided, and protect whistleblowers and consultants 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 15 languages, and it is possible to report to the Japanese head office from overseas.

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 (FY2021, based on national reports)

Country	Tax amount	Country	Tax amount
Japan	110.2	Malaysia	2.1
U.S.A.	2.9	U.K.	1.9
Singapore	2.1	Others	4.9
		Total	124.5

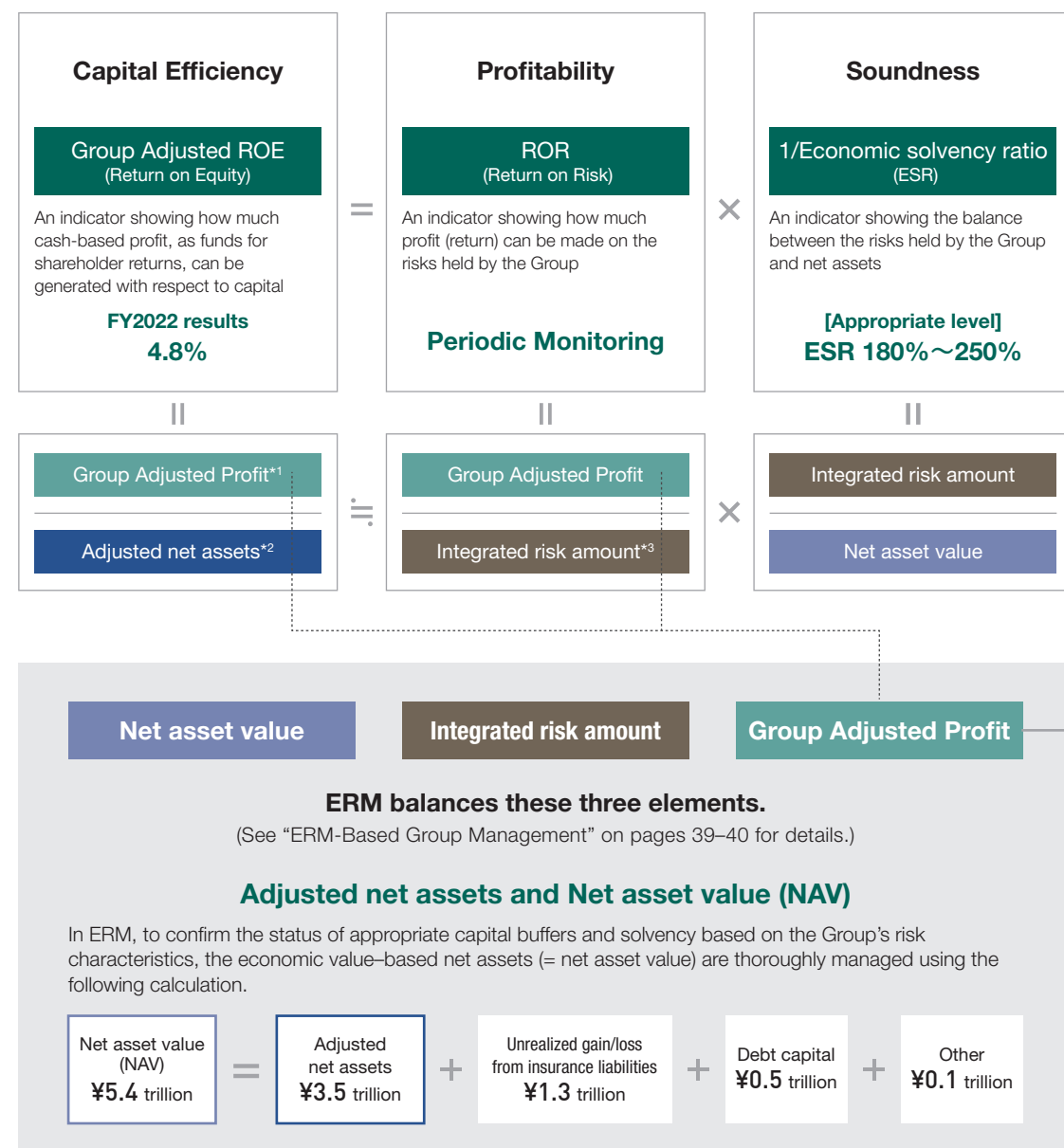
Enhancing Capital Efficiency and Achieving Sustainable Profit Growth

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 (2022–25). 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

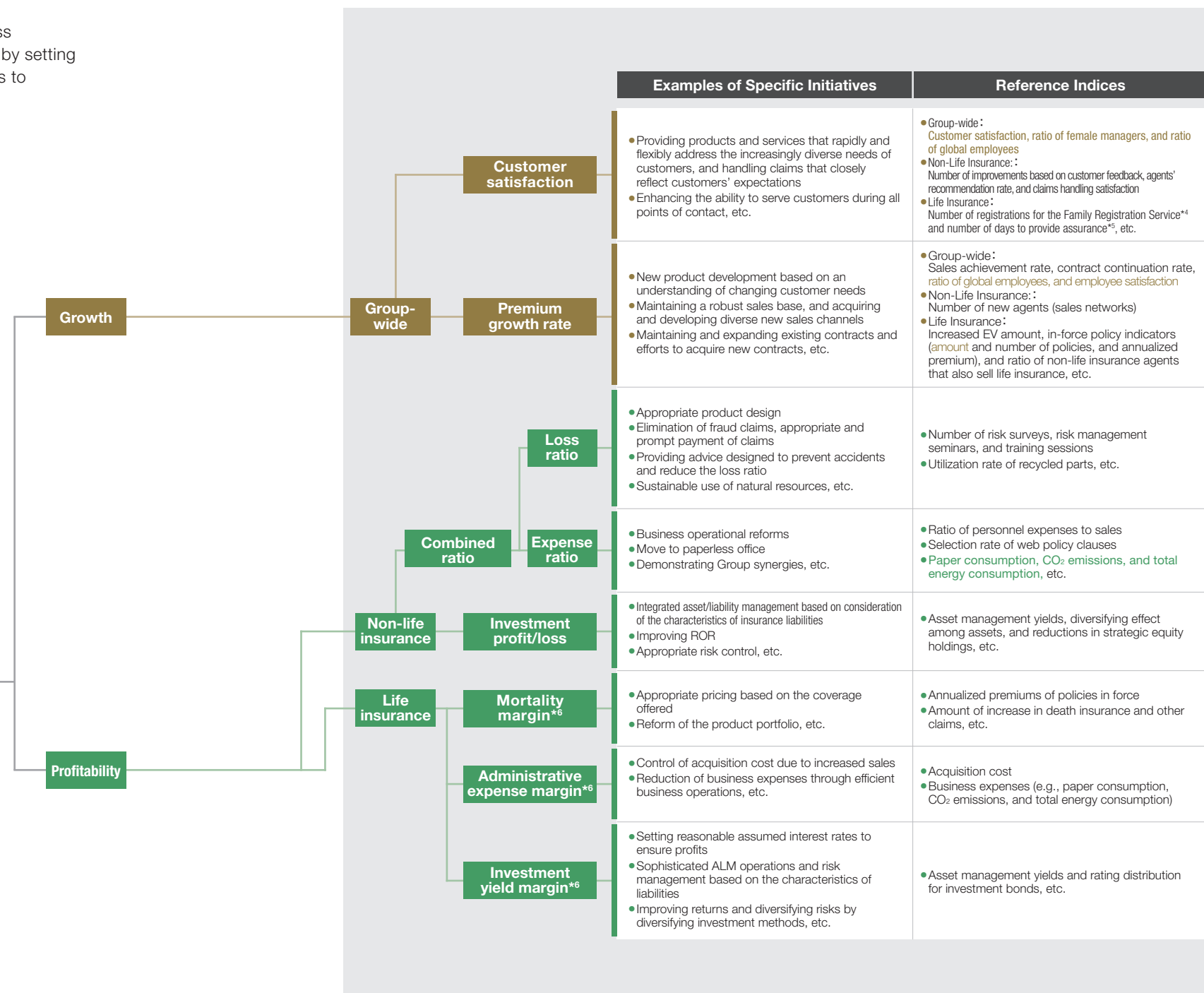
elements: Group Adjusted Profit, integrated risk amount, and net asset value. The Group manages to balance these three elements through its ERM. (See "ERM-Based Group Management" on pages 39–40 for details.)

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



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

See pages 47–48 for Financial and Nonfinancial Highlights



*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 and others) + Equity in earnings of non-consolidated Group companies
*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.

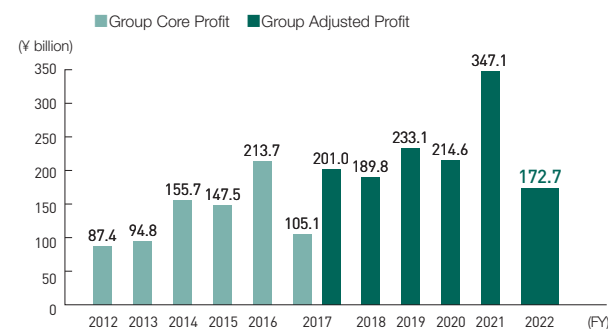
*4 The Family Registration Service allows pre-registered family members, in addition to the policyholder, to receive information about the insurance policy.
*5 Number of days to provide assurance is an indicator of how long it takes for the company to complete administrative tasks for customers, such 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.

Financial and Nonfinancial Highlights

☑ A checkmark indicates that FY2022 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

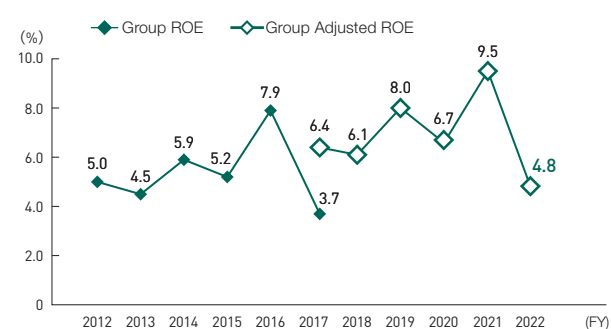
Numerical Management Targets

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. Given the transition to International Financial Reporting Standards (IFRS) from FY2024, the definition has been changed to "Group Adjusted Profit" in "Vision 2021" (starting in FY2018).

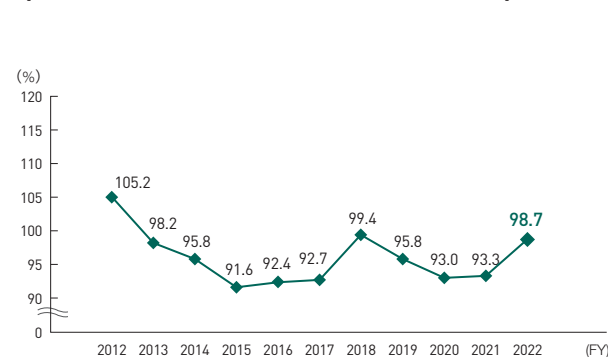
Group ROE/Group Adjusted ROE*1



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.

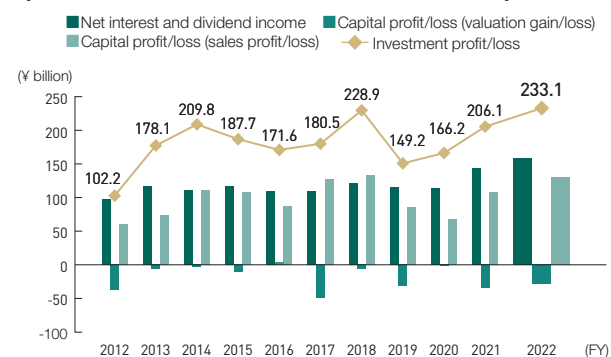
Profitability Indicators

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



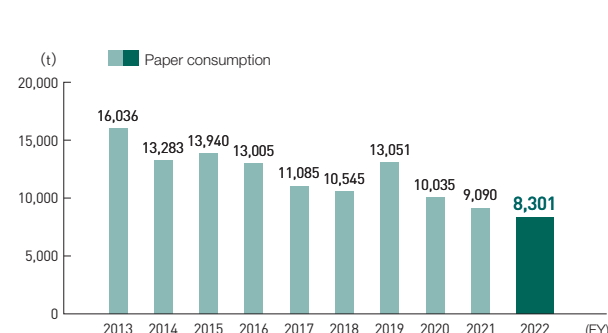
The combined ratio is a key indicator of profitability for underwriting in the non-life insurance business. Profitability is negative when this indicator exceeds 100% and positive when this indicator falls below 100%.

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



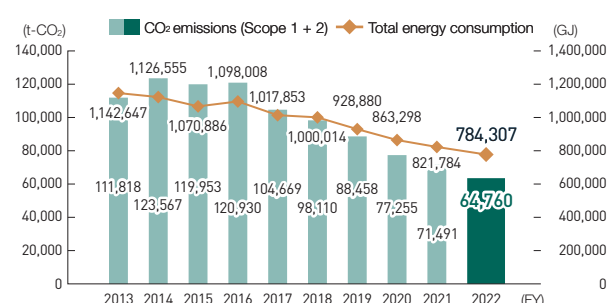
For non-life insurance companies, this is a major source of earnings, next to insurance underwriting profit, and consists of components such as interest and dividend income and gains/losses on sales of securities.

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.

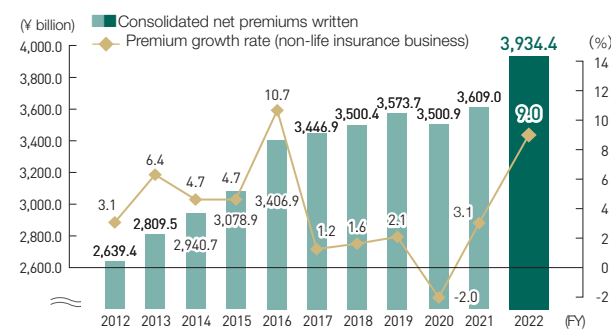
Greenhouse gas emissions and total energy consumption*3



Reducing CO2 emissions helps mitigate climate change, a risk for the non-life insurance business. It also reduces energy-related business expenses.

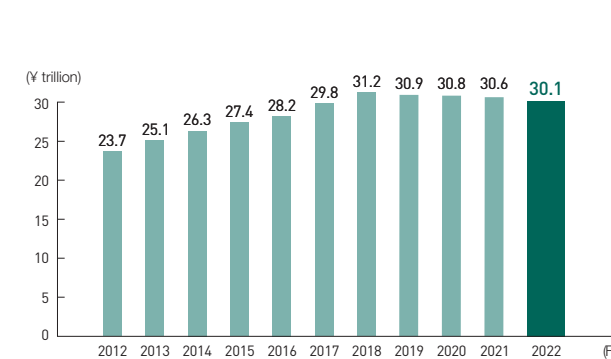
Growth Potential Indicators

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



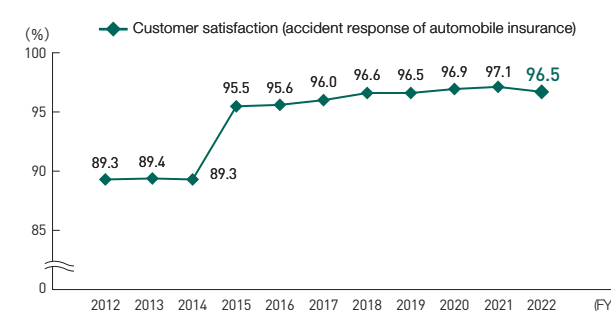
Consolidated net premiums written is one of the numerical management targets in the Medium-Term Management Plan. The premium growth rate indicates growth potential in premium income for the domestic non-life insurance business and international non-life insurance business.

Policies in force*7 (domestic life insurance business)



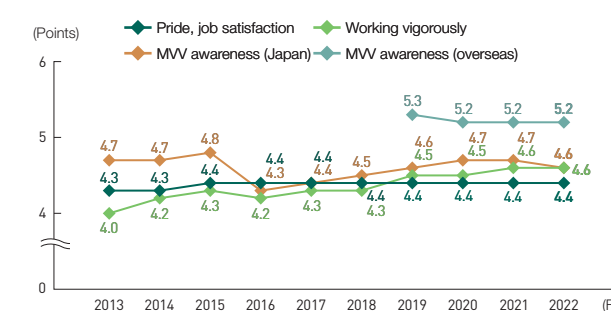
Policies in force is one of the basic indicators of the performance of life insurance companies. It represents the total amount of money guaranteed to policyholders of valid policies at the end of a fiscal year. (See "Basic Knowledge about the Insurance Industry" on page 104.)

Customer satisfaction*5



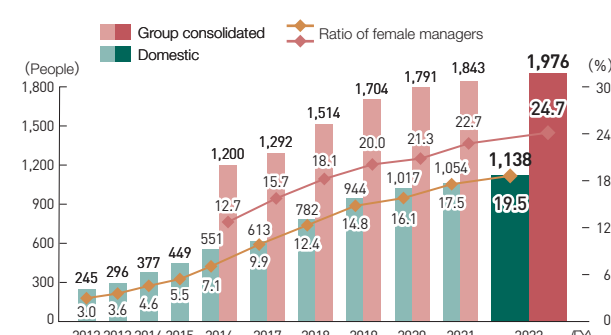
Our growth potential depends on improving customer satisfaction. Along with these indicators, customer opinions are helpful in improving quality.

Employee satisfaction



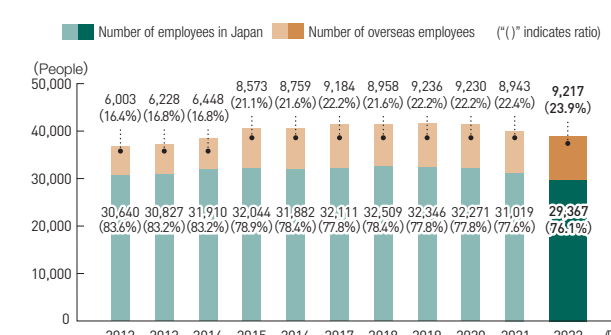
Scope: Domestic Group companies
Note: All-employee average on a six-point scale. We consider "mission/vision/value (MVV) awareness" and "pride, job satisfaction" on the part of Group employees to be important elements in achieving sustainable growth in corporate value and always aim to improve these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

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 This calculation method was revised in FY2018. (See the "Glossary of Insurance Terminology" on page 108 for details.)
*2 Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
*3 For FY2013 to FY2016, CO2 emissions resulting from tenant use of rental properties were included in our own CO2 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

11-Year Performance

Key Management Indicators

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Consolidated financial data (¥ million)											
Ordinary income	4,315,787	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
Net premiums written	2,639,015	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
[Net premiums written]*1	[2,639,419]	[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]
Insurance claims paid (non-life + life)	1,961,399	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
Ordinary profit/(loss)	150,300	190,259	287,061	291,578	352,612	211,548	290,847	157,701	306,524	390,499	231,113
Net income attributable to owners of the parent*2	83,625	93,451	136,247	181,516	210,447	154,057	192,705	143,030	144,398	262,799	161,530
Comprehensive income/(loss)	543,938	322,865	807,972	-233,116	114,294	311,096	-79,701	-157,288	753,938	310,470	-80,923
Net assets	2,021,625	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
Total assets	15,914,663	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
Consolidated solvency margin ratio*3	738.8%	772.5%	803.9%	743.3%	872.6%	819.3%	807.3%	781.3%	916.0%	857.9%	777.7%
Equity ratio	12.6%	13.4%	16.0%	13.3%	12.8%	13.1%	11.9%	10.6%	12.8%	13.0%	12.0%
Return on equity (ROE)	4.79%	4.42%	5.18%	6.36%	7.78%	5.45%	6.77%	5.50%	5.22%	8.3%	5.2%
Combined ratio*4 (domestic non-life insurance)	105.2%	98.2%	95.8%	91.6%	92.4%	92.7%	99.4%	95.8%	93.0%	93.3%	98.7%
Group Core Profit*5/Group Adjusted Profit*6	¥87.4 billion	¥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
Group ROE*7/Group Adjusted ROE*8	5.0%	4.5%	5.9%	5.2%	7.9%	3.7%	6.1%	8.0%	6.7%	9.5%	4.8%

Per share data (yen)

Net income per share (basic)*9	134.46	150.58	221.34	298.72	350.94	260.04	328.72	248.36	255.79	474.52	299.80
Net income per share (diluted)*10	-	-	-	-	350.90	259.98	328.60	248.22	255.65	474.32	299.70
Group Core Profit (Loss) per share/Group Adjusted Profit*11	140.56	152.79	252.99	242.83	356.39	177.47	323.87	404.92	380.21	626.90	320.58
Dividend per share (DPS)	54.00	56.00	65.00	90.00	120.00	130.00	140.00	150.00	155.00	180.00	200.00
Book-value per share (BPS)	3,215.33	3,646.22	4,911.40	4,469.58	4,572.82	4,964.64	4,712.11	4,308.37	5,525.42	5,955.21	5,633.94

Stock price-related data

Year-end market price (closing price) (yen)	2,066	2,364	3,370	3,136	3,540	3,355	3,370	3,025	3,249	3,978	4,106
Price-earnings ratio (PER)*12 (times)	15.36	15.70	15.23	10.50	10.09	12.90	10.25	12.18	12.70	8.38	13.70
Price-to-book ratio (PBR)*12 (times)	0.64	0.65	0.69	0.70	0.77	0.68	0.72	0.70	0.59	0.67	0.73
Dividend yield*12	2.6%	2.4%	1.9%	2.9%	3.4%	3.9%	4.2%	5.0%	4.8%	4.5%	4.9%
Annual total shareholder return (TSR)*13	24.8%	17.1%	45.3%	-4.9%	16.7%	-1.6%	4.6%	-5.8%	12.5%	28.0%	8.2%
Stock price volatility (annual rate)*14	35.8%	39.0%	25.3%	41.0%	36.9%	19.7%	16.2%	19.4%	23.2%	21.7%	23.7%

Capital management policy data (¥ million)

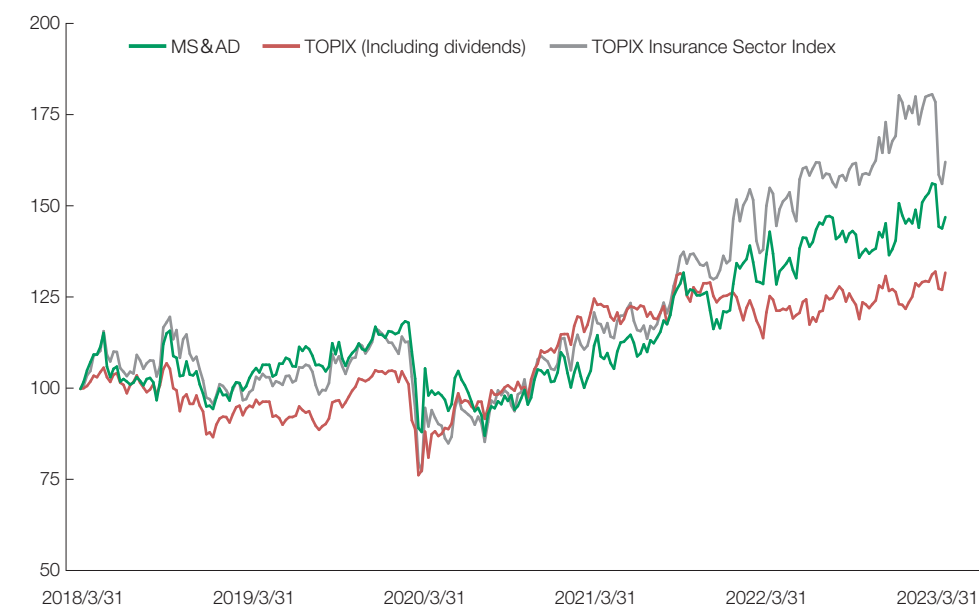
Total dividends	33,582	34,715	39,900	54,447	71,489	77,014	81,720	85,770	86,995	99,088	107,140
Dividend payout ratio (consolidated)	40.2%	37.2%	29.4%	30.1%	34.2%	50.0%	42.6%	60.4%	60.6%	37.9%	66.7%
Aggregate amount of repurchase*15	4,996	9,997	29,992	19,996	29,938	29,981	31,972	34,999	34,999	74,999	(Maximum) ¥20 billion
[Average repurchase price (yen)]*16	[2,565]	[2,523]	[3,373]	[3,044]	[3,738]	[3,440]	[3,482]	[3,407]	[3,286]	[4,040]	-
Shareholder return ratio*17	44.1%	47.2%	44.9%	50.4%	47.7%	101.8%	60.0%	52.0%	57.0%	50.0%	(Plan)74.0%

Nonfinancial data

Customer satisfaction (accident response for automobile insurance)*18	89.3%	89.4%	89.1%	95.5%	95.6%	96.0%	96.6%	96.5%	96.9%	97.1%	96.5%
Number of employees	36,643	37,055	38,358	40,617	40,641	41,295	41,467	41,582	41,501	39,962	38,584
(of which at consolidated overseas subsidiaries) <input checked="" type="checkbox"/>	6,003	6,228	6,448	8,573	8,759	9,184	8,958	9,236	9,230	8,943	9,217
Number of female managers*19 (domestic) <input checked="" type="checkbox"/>	245	296	377	449	551	613	782	944	1,017	1,054	1,138
Number of employees participating in social contribution activities (domestic)	16,142	11,373	15,124	16,507	19,861	20,022	23,601	27,673	26,519	23,024	22,553
Greenhouse gas emissions (Scope 1 + 2)*20 <input checked="" type="checkbox"/>	114,246t-CO ₂	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
Paper consumption (domestic)	14,445t	16,036t	13,283t	13,940t	13,005t	11,085t	10,545t	13,051t	10,035t	9,090t	8,301t

A checkmark indicates that FY2022 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

TSR for the Last Five Years



- The graph above shows the rate of return (investment performance) at each point with the investment amount at the end of March 2018 set at 100.
- The rate of return is calculated by adding dividends to the change in the stock price (up or down).
- A five-year investment of 100 in MS&AD stock as of the end of March 2018 would have resulted in 104.6 at the end of March 2019, 105.6 at the end of March 2020, and 114.7 at the end of March 2021, all of which exceeded the initial investment amount.
- The second half of the period was in an uptrend, with strong gains to 143.0 at the end of March 2022 and 147.0 at the end of March 2023.
- Both the Tokyo Stock Exchange Stock Price Index (TOPIX) and the Tokyo Stock Exchange's industry-specific index (insurance industry) use data incorporating dividends.
- In the last year, the return exceeded the investment income of TOPIX (including dividends).

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 FY2022 was ¥20 billion (maximum). The period of repurchase is ¥20 billion (maximum) from May 22, 2023, to September 22, 2023 (resolved at the Board of Directors meeting held on May 19, 2023).
- *16 Average repurchase price for FY2022 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 FY2012 to FY2016, greenhouse gas emissions resulting from the tenant use of rental real estate are reported as in-house emissions. The figures from FY2012 to FY2015 were those before the acquisition of MS Amlin and others, and do not include emissions from that company.



Next Stage of MS&AD Realized by CSV × DX Platform provider of risk solutions

In any era, the mission of insurance companies is to support the sustainability of society. The challenges facing modern society are increasingly complex and diverse, such as the intensification of natural disasters due to climate change, the spread of infectious diseases, and the threat of cyber risks.

What role should the MS&AD Group play in these times of exceptional uncertainty?

By predicting possible changes, we not only compensate for risks that might occur but also prevent the occurrence of risks. This in turn supports an environment in which customers can live and conduct their business activities with peace of mind. We aim to create a strong future that is not compromised by risk with solutions that combine the Group's diverse knowledge and advanced digital technology.

This is the role of a
“Platform Provider of Risk Solutions.”



Case 1

A safe, secure, and comfortable mobility society guided by telematics technology

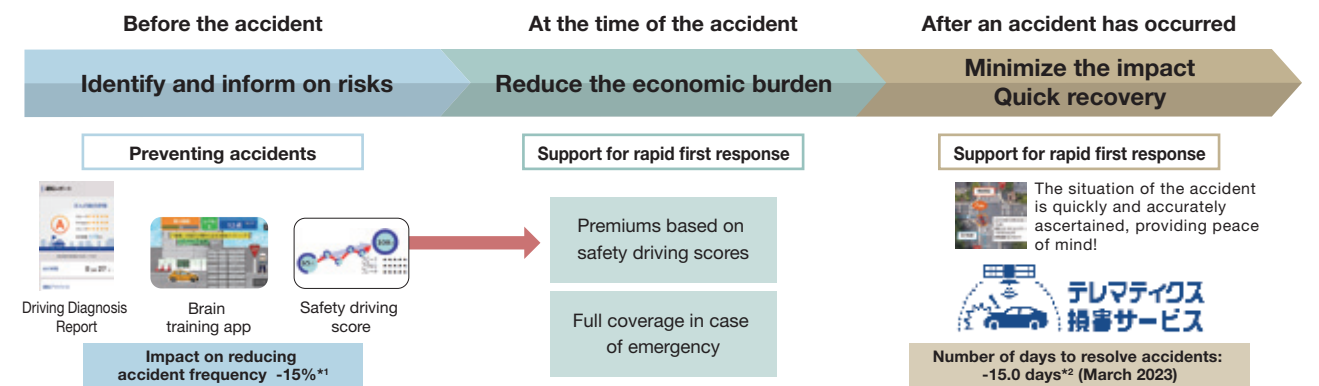
Aioi Nissay Dowa Insurance offers telematics automobile insurance utilizing data and digital technology. Telematics automobile insurance provides services that help prevent accidents, such as insurance premiums and safety driving advice based on customers' driving data obtained using communication technology, in accordance with their safety driving scores. In the event of an accident, our advanced claims handling services ensure the early resolution of accidents. Furthermore, based on the data and know-how obtained, we are taking on the challenge of creating new value by solving social and regional issues, such as the diffusion of eco-driving and extending the time the elderly can continue to drive.

Social issues

While the number of fatalities and injuries in traffic accidents has been declining in recent years, fatalities and injuries still occur. Technological advancements in mobility and communications have created demand for responses to new risks.

Solutions

In 2018, the Company launched the first telematics auto insurance policy in Japan to reflect the degree of safety driving in premiums. Based on the driving data obtained, the system provides a score of the driver's safety driving status and introduces a premium discount system according to the score.



*1 Comparison of the improvement rate from the previous policy between "TOUGH-Mimamoru-Plus" dashcam-based auto insurance and "TOUGH" auto insurance (March 2023, based on MS&AD research).
*2 Comparison with our other voluntary auto insurance policies, excluding "TOUGH-Mimamoru-Plus" dashcam-based auto insurance and telematics automobile insurance. The number of days required to resolve a property damage liability insurance accident in which both parties are liable (accidents occurring between January 2021 and March 2023). Note that "TOUGH-Mimamoru-Plus" dashcam-based auto insurance covers cases in which drive recorder footage is used in accident response (March 2023, based on MS&AD research).

- Impact for society**
- To reduce the frequency of accidents through local traffic safety measures based on big data, in May 2022 we released the "Traffic Safety EBPM" Support Service" utilizing driving big data acquired from telematics voluntary automobile insurance in the Company. We support the creation of better policies by providing a one-stop service from the selection of candidate hazardous areas, root cause analysis, proposal of appropriate countermeasures, and validation of their effectiveness. *Evidence-Based Policy Making
 - Reducing industrial waste by decreasing the number of accidents and curtailing CO₂ emissions by reducing replacement parts will lead to protection of the global environment.
 - The time the elderly can drive safely will be extended and the community will be revitalized.
- Economic impact on the Company**
- The number of policies has exceeded 1.8 million and is expected to further increase along with sales of new products and technological advances, contributing to increased premium revenues.
 - Telematics voluntary automobile insurance has been recognized to be effective in reducing accident frequency and is expected to reduce insurance claims paid due to fewer traffic accidents.

Creation of business opportunities

Global market for connected cars
92.3 million new connected cars sold in 2035 (double the 2022 figure)
Source: Fuji Keizai

- Leveraging large amounts of driving data to create new business models using the data
- Contribute to the creation of comfortable cities by utilizing driving data in social infrastructure maintenance measures (e.g., identifying aging roads and bridges).
- Increase the use of data to solve community issues and know-how and expand comprehensive agreements with local governments.

Comments from the person in charge

The driving big data of the Company increases as the number of telematics auto insurance contracts increases. And the more data we have, the more comprehensiveness the scope of visualization and accuracy of data analysis of the Road Safety EBPM. In other words, telematics voluntary automobile insurance is a customer-participation type of insurance that can solve various social and regional issues by increasing data together with customers. By firmly communicating this to customers, we aim to further promote and expand telematics automobile insurance. We also consider our win at the Winter Digi-den Koshien as evidence that our concept of CSV × DX has been recognized by the government, and we consider it a victory won together with our customers.

Yasuhiro Koizumi
Aioi Nissay Dowa Insurance
Digital Business Design Dept.



Partner Comments

Fukui Prefecture is implementing new traffic safety measures using telematics in partnership with Aioi Nissay Dowa Insurance. Fukui Prefecture ranks first in Japan in the number of private cars owned and is one of the worst car-owning societies in Japan in terms of fatal accidents. To address these immediate life-threatening issues, we created the Fukui Prefecture Traffic Safety Map, which uses actual driving behavior data, such as emergency braking, to visualize hidden danger areas before accidents occur. We are also promoting the use of these data, for example, designating speed control areas by the Fukui Prefectural Police and using them for exploratory studies in which local elementary and junior high school students consider traffic safety measures on their own for their school commute. We will further promote EBPM in solving regional issues and government initiatives, such as horizontal development in other regions, using the Winter Digi-den Koshien victory as an opportunity to further promote EBPM.

Hiroki Yonekura
Fukui Prefecture Chief Digital Officer



“Mimamoru Cyber Insurance” that keeps companies safe

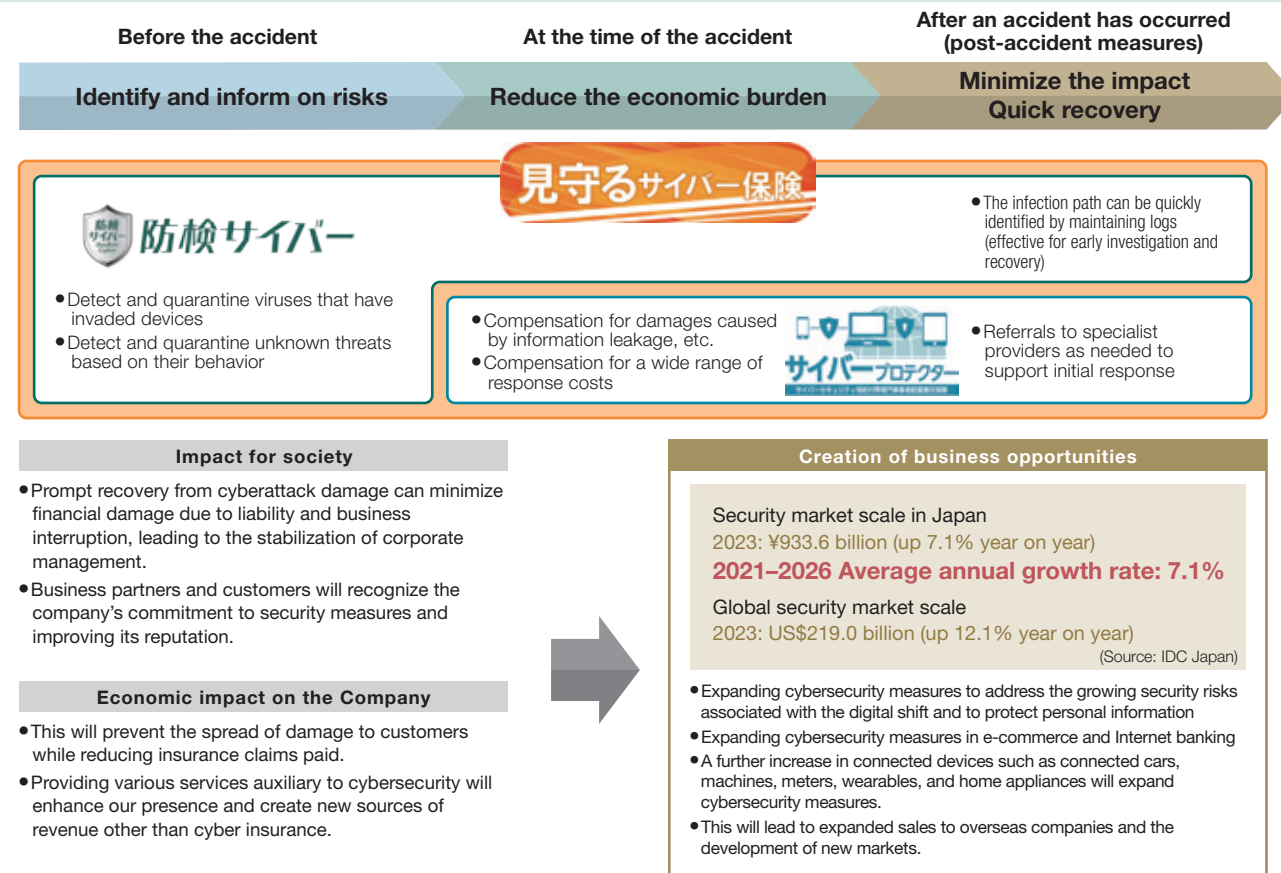
Mitsui Sumitomo Insurance sells “Mimamoru Cyber Insurance” to protect companies from such risks as cyberattacks, which have been drastically increasing in recent years. In addition to the existing cyber insurance coverage, “Mimamoru Cyber Insurance” provides a one-stop service that combines functions to prevent incidents before they occur and to support early recovery by reducing the impact of incidents. We will protect the safety of companies in the cyber field by promoting the adoption of this product.

Social issues

While the digitalization of society, such as teleworking and web conferencing, is growing, changes in international affairs have led to increased damage from cyberattacks across national borders. Strengthening cybersecurity is an urgent social issue. It is difficult to completely prevent cyberattacks, and it is imperative to prepare for countermeasures in the event of an attack (post-attack measures) in addition to conventional countermeasures focusing on defense (preventive measures).

Solutions

Providing “Mimamoru Cyber Insurance” which comprises Cyber Protector cyber insurance and Boken Cyber/Mimamoru Cyber Mode (EDR), a service handling both preventive and post-attack countermeasures.



Comments from the person in charge

In the cybersecurity field, we recognized that the conventional style of only providing cyber insurance was not providing sufficient value to our customers. We believe we can contribute to solving the social issue of improving cybersecurity by providing not only monetary compensation through insurance but also value in reducing cyber risk itself. We believe it has become an effective product, especially for small and mid-sized enterprises that cannot invest in human assets and costs to the same extent as large companies.

Takashi Suda
Mitsui Sumitomo Insurance
Casualty Underwriting Dept.,
Cyber and Business Risk Team

Comments from the person in charge

Cyberattackers also target business partners and suppliers. In many cases, inadequate countermeasures have resulted in damage not only to the targeted company itself but also to its business partners. It is no longer possible for a single company to take cyber risk countermeasures and eliminate risks. There is an urgent need for dialogue and information sharing among business partners and for raising the level of countermeasures, and the introduction of EDR is the first step in this direction.

Kensuke Maki
MS&AD InterRisk Research & Consulting
3rd Risk Management Dept., Cyber Risk Group
Manager/Senior Consultant

“MSA Care” provides total support for customers’ health

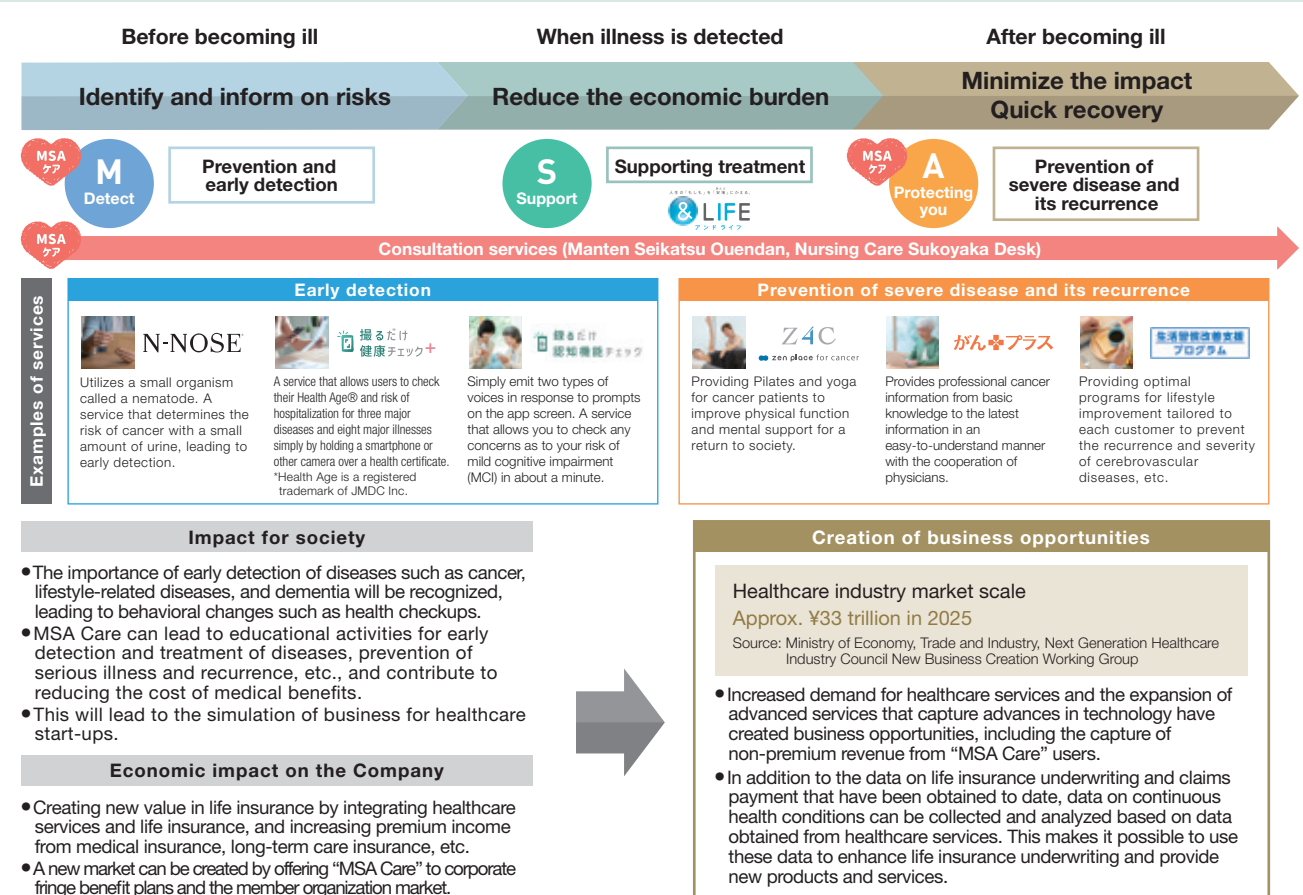
Mitsui Sumitomo Aioi Life Insurance has started to provide advanced healthcare services that lead to early detection of illness, early treatment, and prevention of serious illness and recurrence of illness as a new value provided by life insurance. By providing services tailored to the health status of each individual, we will support our customers to live longer with a smile and help them create a healthy future. At the same time, we will contribute to solving social issues such as extending healthy life expectancy, increasing the uptake of health and cancer screenings, and addressing the rising cost of medical benefits.

Social issues

Medical and nursing care costs will increase if the gap between average life expectancy and healthy life expectancy widens as life expectancy increases. Moreover, the cancer screening uptake rate is approximately 50% for men and 40% for women, which tends to be low compared to other countries. As the population ages further, initiatives will be required for early detection of diseases, early treatment, and prevention of serious illnesses.

Solutions

• “MSA Care” which offers a full range of healthcare services from early detection to prevention of serious illness and recurrence, has been offered from October 2022.
• In June 2023, the Company released “MSA Care Web Service” a system exclusive to MSA Care, and began offering it to a wide range of customers, including non-life insurance customers.



Comments from the person in charge

We believe customer satisfaction is the starting point of our activities. By receiving appreciation, inspiration, and trust from our many customers, we hope to create shared value with society and realize a virtuous cycle that will lead to sustainable growth. “MSA Care” will transform the life insurance sales style by expanding the value offered by life insurance companies from “only coverage” to “before and after coverage.” In addition, the company will provide new value by supporting customers’ health itself and contributing to solving social issues and responding to a society of healthy longevity.

Hiroki Kobayashi
Mitsui Sumitomo Aioi Life Insurance
Digital Innovation Dept.,
Healthcare Promotion Group

Partner Comments

There is no end to the social issues related to health, such as the increase in national healthcare costs, widening health gaps, and nursing care personnel attrition. The visualization of healthcare data will become indispensable as the public becomes increasingly aware of the need to improve their health. We hope that the health checks using only a camera function developed for and provided to Mitsui Sumitomo Aioi Life Insurance will help users to gain awareness of their lifestyle and health and help them to stay healthy with smiles on their faces. We look forward to continuing to collaborate on new challenges that will contribute to the promotion of health.

Ryo Noguchi
JMDC Inc.
President and CEO, Representative Director

Domestic Non-Life Insurance Business

Business Environment

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.

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 birthrate and aging population in Japan. Under such circumstances, our Group will continue to work toward sustainable growth 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.

Policies of the Medium-Term Management Plan (2022–25)

- ▶ 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 maintain profits 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.
- ▶ We will accelerate our Group-wide efforts to reduce business expenses from the previous Medium-Term Management Plan and further strengthen our earning power.
- ▶ We will boldly promote the “One Platform Strategy” to reduce business expenses and improve productivity.

Maintaining the profitability of automobile insurance

- Continue to expand the top line as a pillar of revenue and maintain profitability
- Develop initiatives that reflect changes in the automotive industry (e.g., spread of EVs and connected cars, advances in CASE and MaaS)
- Strengthen the sales capabilities of professional agents and other channels using digital technology

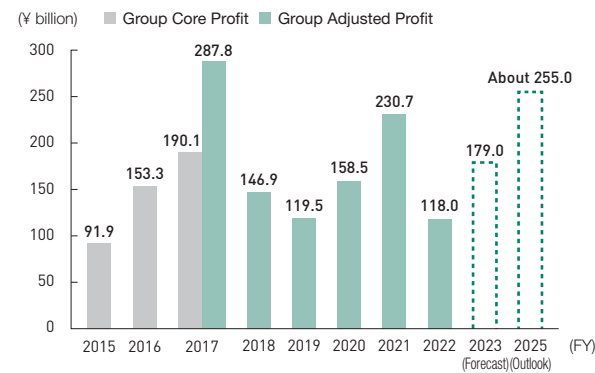
Improving the profitability of fire insurance

- Revise products and premium rates (October 2022) and strengthen measures to deal with unprofitable individual policies
- Develop initiatives to prevent and mitigate loss through risk consulting and the utilization of data and digital technologies
- Develop initiatives to improve profitability, such as strengthening responses to specific contractors and promoting the use of specialized disaster recovery companies

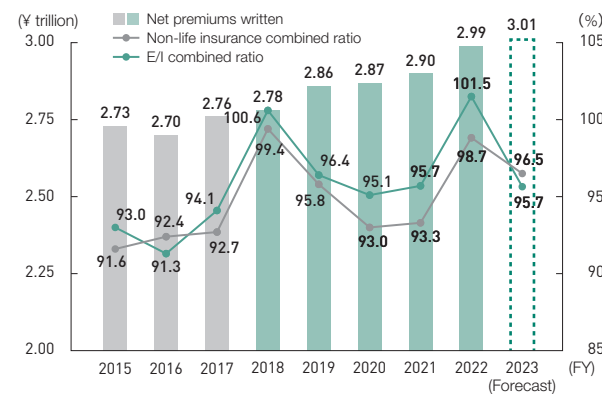
Group Management Figures

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

Group Core Profit/Group Adjusted Profit



Net premiums written and combined ratio*1



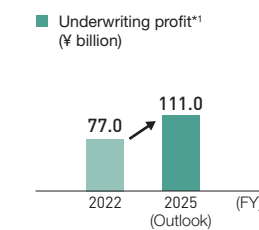
*1 Non-consolidated simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Progress and future initiatives in the Medium-Term Management Plan (2022–25)

In FY2022, the first year of the Medium-Term Management Plan, net premiums written in the domestic non-life insurance business increased by ¥94.7 billion (3.3%) from the previous year to ¥2,965.3 billion, whereas insurance underwriting income declined by ¥15.2 billion. We will implement the following initiatives to achieve the targets in our Medium-Term Management Plan.

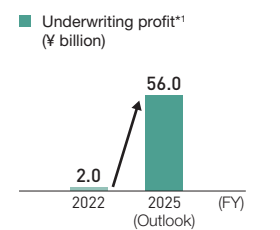
Maintaining the profitability of automobile insurance

- In FY2022, profits decreased due to an increase in the frequency of accidents caused by an increase in traffic volume after the COVID-19 pandemic and an increase in the average payout per claim due to inflation.
- We intend to reduce the loss ratio and achieve our target for FY2025 by implementing measures such as reducing the frequency of accidents through the expansion of telematics insurance and contributing to the spread of vehicles equipped with safety devices through insurance.



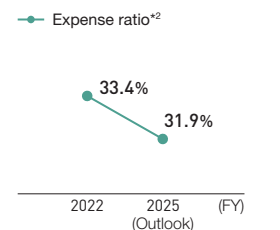
Expanding profits from casualty insurance

- Profits decreased in FY2022 due to large-lot losses in the United States, etc.
- In addition to responding to new risks, we aim to achieve the FY2025 target by strengthening sales of packaged products for SMEs that have excellent growth potential and profitability.



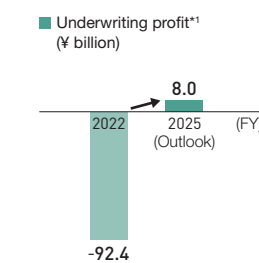
Reducing expenses

- Despite the impact of a wage increase, the business expense ratio decreased steadily with a reduction of ¥18 billion in FY2022, which is 39% toward the target of ¥46 billion for reducing business expenses in the Medium-Term Management Plan.
- We will continue to promote the “One Platform Strategy” to maximize efficiency and improve operational quality and aim to achieve the FY2025 target.



Improving the profitability of fire insurance

- Profits decreased in FY2022 due to natural disasters and an increase in large-lot losses, etc.
- We aim to achieve the FY2025 target by achieving profitability during the Medium-Term Management Plan by implementing measures such as those against large-lot losses, reinsurance scheme changes, product and rate revisions, etc.

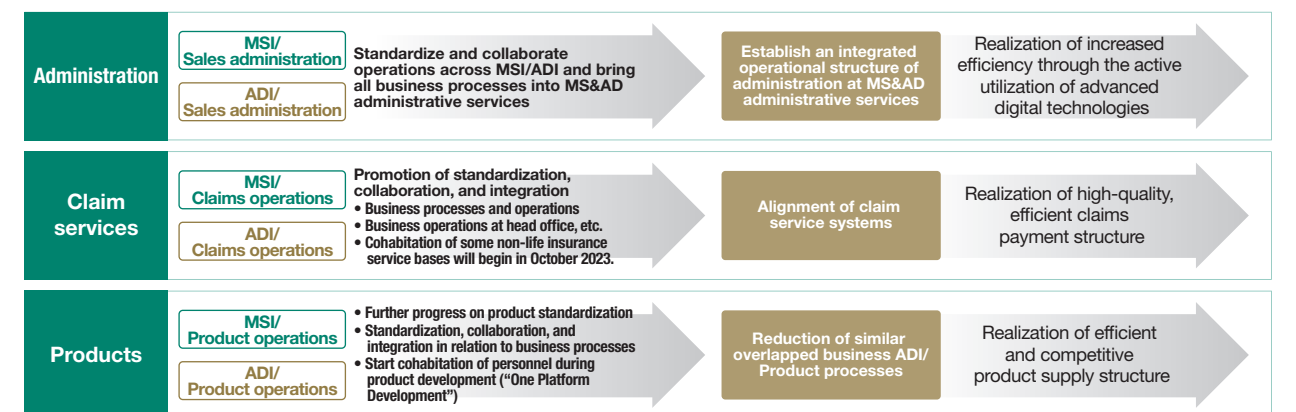


*1 Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

*2 Sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

“One Platform Strategy” (standardization, collaboration, and integration of middle- and back-office operations)

Further promote standardization, collaboration, and integration within the Group focusing on the middle- and back-office operations of Mitsui Sumitomo Insurance (hereinafter “MSI”) and Aioi Nissay Dowa Insurance (hereinafter “ADI”) to fully utilize the economies of scale achieved by having the largest share of domestic non-life insurance. Seek to improve the efficiency and quality of business processes and invest the generated resources in strategic growth areas to strengthen Group competitiveness and achieve sustainable growth.



Note: Includes details of initiatives from FY2022

Domestic Life Insurance Business

Business Environment

Led by two unique life insurance companies—Mitsui Sumitomo Aioi Life Insurance providing protection-type products and Mitsui Sumitomo Primary Life Insurance offering asset-building products—our Group’s domestic life insurance business is growing in response to the needs of customers in the age of a 100-year life span. Our domestic life insurance business ranks ninth in terms of premium revenue. Last year, COVID-19 became more severe, but life insurance companies in our Group worked closely with customers whose lives were affected by the virus to fulfill their social mission as a life insurance company by paying hospitalization benefits. In addition, given the emergence of social issues such as an increase in the burden of nursing care and medical expenses associated with the falling birthrate and aging population and the extension of assets and healthy life expectancy, and the advent of an era of considerable inheritance, we are expanding sales of protection-type products such as medical insurance and cancer insurance, as well as whole life insurance for smooth asset inheritance and pension insurance for asset formation. In addition, we are working to establish a new sales style that combines remote and face-to-face contact and develop new products, services, and schemes in line with advances in digital technologies as business activities to respond to these new lifestyles.

Policy in the Medium-Term Management Plan (2022–25)

Step up customer approaches utilizing distribution channels

<p>Mitsui Sumitomo Aioi Life Insurance Robust sales network, for example, the distribution channels of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, the largest in Japan, and close ties with leading corporate groups in Japan</p>	➔	<ul style="list-style-type: none"> Step up cross-selling of life insurance and non-life insurance by non-life insurance agencies Develop and cultivate the workplace insurance market
<p>Mitsui Sumitomo Primary Life Insurance Close relationships with financial institutions backed by product development capability and education and training capability</p>	➔	<ul style="list-style-type: none"> Strengthen our leading position in over-the-counter sales by financial institutions

Improving profitability by expanding investment income, etc.

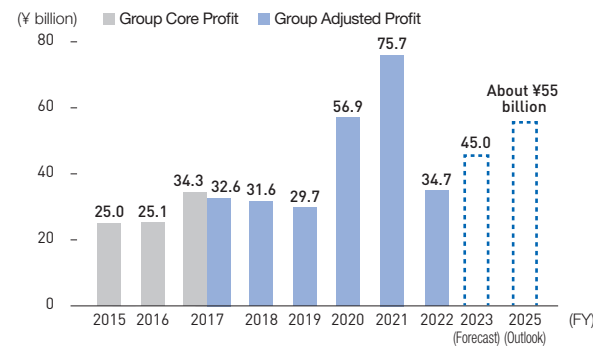
<p>Mitsui Sumitomo Aioi Life Insurance</p> <ul style="list-style-type: none"> Expand the scale of higher return assets from ¥500 billion to ¥800 billion 	<p>Mitsui Sumitomo Primary Life Insurance</p> <ul style="list-style-type: none"> The large number of foreign currency-denominated contracts makes it possible to take advantage of the characteristics of stable foreign currency investment, accurately perceive changes in the market environment, diversify investment targets based on appropriate investment risk management, and strengthen profitability
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Providing products and services that help solve social issues

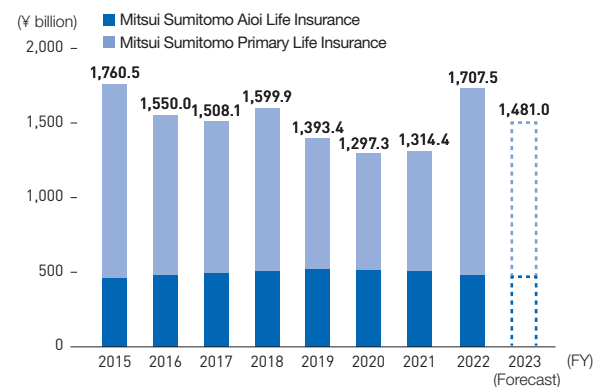
<p>Mitsui Sumitomo Aioi Life Insurance</p> <ul style="list-style-type: none"> Develop products and services that help solve social issues such as long-term nursing care and dementia Aim for more sophisticated underwriting based on cancer screening promotion activities and big data analysis 	<p>Mitsui Sumitomo Primary Life Insurance</p> <ul style="list-style-type: none"> Provision of products of level premium payments and other products aimed at developing new markets for asset builders that contribute to solving social issues such as extending asset life
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Group Management Figures

Group Adjusted Profit



Gross premiums income



Progress and future initiatives in the Medium-Term Management Plan (2022–25)

In FY2022, the first year of the Medium-Term Management Plan, gross income premiums for the domestic life insurance business increased by ¥393.0 billion (29.9%) to ¥1,707.5 billion, whereas Group Adjusted Profit decreased by ¥41.0 billion to ¥34.7 billion. We will implement the following initiatives to achieve the targets in our Medium-Term Management Plan.

Strengthening of customer approach through channels

Mitsui Sumitomo Aioi Life Insurance took advantage of the Group non-life insurance companies’ customer and agent base to “strengthen the agent sales force” and “cultivate and develop the Group and occupational markets.” The company also proposed a new service, “MSA Care,” and other products, as well as comprehensive proposals for life and non-life insurance. In addition, we released an online recruitment system for the business areas of our clients and worked to provide an environment where applications can be completed digitally (e.g., via a smartphone), without the need for interviews. Through a combination of remote and face-to-face sales activities, Mitsui Sumitomo Primary Life Insurance worked to strengthen sales support for solicitors and further expand its sales base. In addition, to enable agents to practice “customer-focused business operations,” we held a seminar on the prevention of complaints about foreign currency-denominated insurance for financial institutions nationwide and developed a financial gerontology training program to facilitate conversations with elderly customers.

Improvement in profitability through expansion of investment income

Mitsui Sumitomo Aioi Life Insurance aims to increase its investment income by, for example, further increasing the size of its expected income-generating assets. In FY2022, we increased the amount of bonds, mainly yen bonds and open foreign bonds. Even in an environment of rapid depreciation of the yen and rising overseas interest rates, Mitsui Sumitomo Primary Life Insurance has secured investment income by strengthening ALM operations considering changes in the characteristics of its liabilities, and further strengthened its management system, including increasing the number of personnel in the investment department.

Provision of products and services that contribute to solving social issues

Mitsui Sumitomo Aioi Life Insurance began providing “MSA Care,” a healthcare service, in October 2022. As a result, in addition to the provision of “financial security” through life insurance, it is now possible to provide support before and after illness with a “single connection.” In November 2022, we launched “&LIFE Medical Insurance A (Ace) Select” and “&LIFE Cancer Insurance S (Smart) Select” to provide products based on the current medical environment and customer requests, such as shorter hospital stays, the evolution of early cancer detection technology, and the diversification of cancer treatments. Mitsui Sumitomo Primary Life Insurance has created a new course that emphasizes security in its index-linked pension plan, “Minori 10,” which protects pension resources while providing the enjoyment of increasing income. In addition, the company has lowered the minimum monthly premium for its individual annuity insurance, “Ashita Mo Jujitsu,” to make it easier to start building assets. We have also developed “AHARA,” a variable annuity insurance that allows all procedures to be completed by smartphone. In terms of customer service, we introduced a call support system that enables elderly customers to clearly hear the voice of the call center operator and completely revised the “Primary Life My Page” Web service for customers to enhance security and improve customer convenience. In an alliance between Mitsui Sumitomo Aioi Life Insurance and Mitsui Sumitomo Primary Life Insurance, the two companies are working together to plan and develop the variable product (fixed-term type) “Shiawasetsumitate” and to expand the customer base by taking advantage of the strengths of the two companies, such as by developing new growth business areas, especially in the asset building market for young people.

Demonstration of Group synergies

Expanding the customer base and strengthening the sales network



International Business

Business Environment

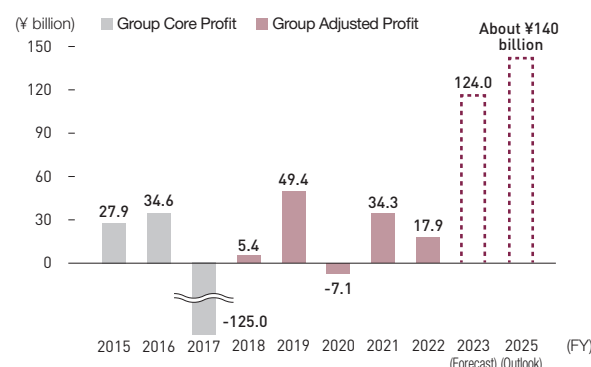
Growth in the domestic non-life insurance business is expected to slow over the medium to long term due to a falling birthrate and aging population, therefore increasing revenue in the growth area of the international business is increasingly important. On the other hand, due to various changes in the environment, including changes in lifestyle due to technological innovations (such as being remote and online), new risks and associated insurance needs are emerging globally. In this business environment, we are transforming our business portfolio to achieve sustainable growth. Specifically, we will build a more diversified and profitable portfolio globally by expanding the scale of our international business and enhancing our earning power. In addition, we will utilize digital technologies; share and mutually utilize the know-how, skills, and other strengths gained through the effort of each group company in and outside Japan, such as market channels and customer needs; and demonstrate global synergies and achieve growth.

Policy in the Medium-Term Management Plan (2022–25)

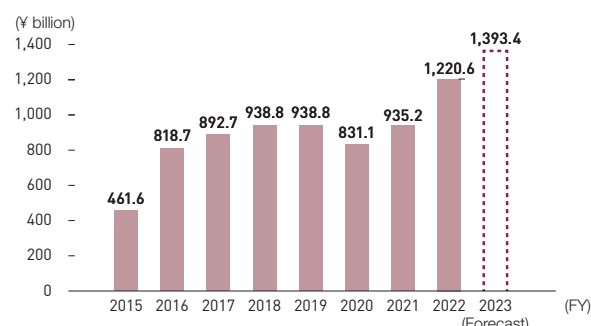
At MS Amlin, we will continue to underwrite with a focus on profitability and expand our top and bottom lines by taking advantage of market hardening. In Asia, where we have strengths, we will work with leading platformers and promote DX to capture growth in the retail market and achieve steady growth. In the United States, where we have changed to a new business structure, we will pursue flexible market development and synergies among Group companies.

Group Management Data

Group Core Profit/Group Adjusted Profit



Net premiums written



Key strategies

Expanding the profit of MS Amlin	<ul style="list-style-type: none"> Establish a system to ensure stable underwriting profits even in the event of large-scale natural disasters or unforeseen events Reduce the volatility of catastrophe risks Expand the underwriting of general lines with good performance using high expertise Further improve business efficiency
Strengthening the U.S. business structure	<ul style="list-style-type: none"> Acquired Transverse Insurance Group, LLC, a U.S. fronting company, as a business investment in the specialty/MGA-related business (started consolidation in FY2023) As a result of the acquisition, the company's rating changed from A- to A, which has a positive effect on business promotion Changed the U.S. business structure to expand local business
Capturing Asian growth	<ul style="list-style-type: none"> Strengthen the retail business in Asia (alliances and collaboration with joint venture partners, financial institutions, and platform holders, and the strengthening of sales channels) Strengthen competitiveness through the utilization of digital technologies Implement Toyota related automobile insurance-related initiatives and telematics initiatives globally

Growing the International life insurance business	<ul style="list-style-type: none"> In addition to capturing growth in the Asian life insurance market, expand stable business in the Australian annuity market and the European closed book market Search for potential investment opportunity with high investment efficiency
Improve profitability in overseas investments (asset management)	<ul style="list-style-type: none"> In addition to private equity and foreign bond investments with MSR* in the United States as the hub, improve the Group's overall profitability using the Asian joint fund, the MS Amlin Fund, and other funds.

*Investment subsidiary established in New York in January 2022 by Mitsui Sumitomo Insurance with the joint investment of LGT, a Swiss investment company

Progress and future initiatives in the Medium-Term Management Plan (2022–25)

1) MS Amlin profit expansion, Asia business expansion, U.S. business restructuring

MS Amlin has made steady progress in its efforts to improve profitability. In 2022, despite major natural disasters such as Hurricane Ian and matters related to Russia and Ukraine and the impact of losses and other factors such as global inflation, insurance underwriting profits were in the black for all local insurance companies. MS Amlin Underwriting Limited, which operates the Lloyd's business, has steadily improved its earnings structure by reducing the increase in catastrophe risks, improving its portfolio through selective underwriting, and increasing rates. While continuing to maintain our underwriting discipline, we will continue to increase our underwriting, particularly in specialty lines where we have a high level of expertise, and expand our overall portfolio revenues. MS Amlin AG (brand name: MS Reinsurance), which runs the reinsurance business, is also making steady progress in reducing revenue volatility and portfolio reform by reducing catastrophe risks. We will continue to expand in a balanced manner the number of lines in which sales and profits are expected to increase by diversifying and strengthen our business foundation for future growth. In the Asia business, we have steadily achieved our targets in terms of both premiums written and profits, thereby firmly establishing ourselves as the No. 1 non-life insurance company in the ASEAN region. We will continue to steadily capture market growth and expand our business, including business investment. In the U.S. business, the acquisition of Transverse Insurance Group, LLC, was completed in January 2023. In addition, we strengthened our business base for local business by restructuring our U.S. business.

2) International life insurance business

With the completion of our investment in BoCommLife Insurance Company Limited in China and the reorganization of Max Life Insurance Co., Ltd., in India, we have laid a solid foundation for capturing the growth of those life insurance markets through major banks in countries with a third of the world's population. We will continue to focus on increasing our corporate value mainly in Asia, where we expect high growth, and to secure stable cash flow via Phoenix Group in Europe and Challenger in Australia. We will also continue to examine new business investment opportunities to expand corporate value and profits.

3) Pursuit of the Group's comprehensive strengths

We launched the "TENKAI Project," which aims to accelerate the improvement of our Group's corporate value and sustainable growth by realizing Group synergies via sharing and implementing the knowledge and know-how of each of our domestic and overseas bases throughout the Group in a quick and cross-sectoral manner. Each of our domestic and overseas bases has a head of Group synergy promotion, and we have strengthened our systems to achieve concrete results such as sharing advanced digital technologies, expanding reinsurance within the Group, and realizing joint procurement of IT infrastructure. To further expand the scope and deepen the content of the TENKAI Project, we will strengthen cooperation and initiatives at our domestic and overseas bases.

International Business Operating Performance and Outlook

(¥ billion)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (Forecast)	
Net premiums written	Asia	173.1	215.7	237.1	257.7	240.6	268.1	298.8	278.9	302.3	382.3	416.2	
	Europe	64.4	85.4	99.6	121.1	499.6	498.7	514.9	513.7	444.9	695.6	813.7	
	Americas	41.4	56.4	66.2	69.4	66.4	71.1	67.7	58.4	56.1	62.2	89.5	109.3
	Reinsurance Business	15.6	16.7	19.1	18.6	16.8	57.9	62.9	69.5	52.8	52.8	56.3	56.8
	International Business Total	287.8	369.0	415.9	461.6	818.7	892.7	938.8	938.8	831.1	935.2	1,220.6	1,393.4
Net income	Asia	28.8	16.3	26.0	12.7	16.7	11.1	30.9	23.2	32.8	33.5	38.1	
	Europe	-11.9	1.8	5.7	-3.1	2.2	-116.2	-3.8	9.4	-43.5	-14.2	-36.0	49.0
	Americas	-7.7	-3.3	-7.9	8.1	0.8	4.7	1.1	0.6	4.2	-3.4	1.1	9.5
	Reinsurance Business	5.1	8.5	11.0	10.7	12.4	-26.0	-6.7	9.1	-0.4	-3.6	2.7	4.7
	International Life Insurance Business	1.3	-1.2	5.4	5.7	8.4	6.4	8.9	11.8	2.8	24.8	18.4	29.2
International Business Total	13.5	18.0	38.2	27.9	34.6	-125.0	5.4	49.4	-7.1	34.3	17.9	124.0	

Notes:
 1. International business figures are aggregates of the results for overseas consolidated subsidiaries and equity-method affiliates, together with non-life insurance companies' overseas branches, overseas-based non-consolidated affiliates, and the overseas inward reinsurance business of non-life insurance companies' headquarters, etc.
 2. Figures in the "Total" rows include head office adjustments and others and are not equal to the sum of figures for each segment and each region.
 3. Net income is on a Group Core Profit basis (Group Adjusted Profit basis since FY2018). The international life insurance business shows equity income.
 4. From FY2017, the international life insurance business includes Challenger, ReAssure, and Phoenix in addition to the former Asian life insurance business.

Initiatives by major international business

European business

In Europe, each company in the MS Amlin Group, consisting of three insurance companies ; a major Lloyd's syndicate (MS Amlin Underwriting Limited, hereinafter "AUL"), a reinsurance company based in Bermuda and Switzerland (MS Amlin AG ,brand name : MS Reinsurance, hereinafter "MS Re"), and a European primary insurance company headquartered in Belgium (MS Amlin Insurance SE, hereinafter "AISE") and a service company (MS Amlin Corporate Services Limited), is developing growth strategies that take advantage of the unique characteristics of each company. (See the "Data Section" for key indicators.) In addition to the MS Amlin Group companies, Group companies such as MSIG Insurance Europe AG in Germany and Mitsui Sumitomo Insurance Company (Europe), Limited, in the United Kingdom are leveraging their strengths to provide insurance services to customers.

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 will pursue growth by utilizing MS Amlin's brand name recognition, network, expertise, and know-how, and will increase its underwriting and revenue by focusing on specialty lines with high expertise.

2. MS Re

We have bases in major reinsurance markets around the world and will utilize our global business base to 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 aim to stabilize and expand earnings by building a portfolio with a balanced expansion of general lines that can be expected to provide diversification benefits.

3. AISE

In the European market, mainly in Belgium, the Netherlands, and France, we have strengths in midsized and small companies and the marine sector.



AUL



MS Re Zurich



MS Re Bermuda

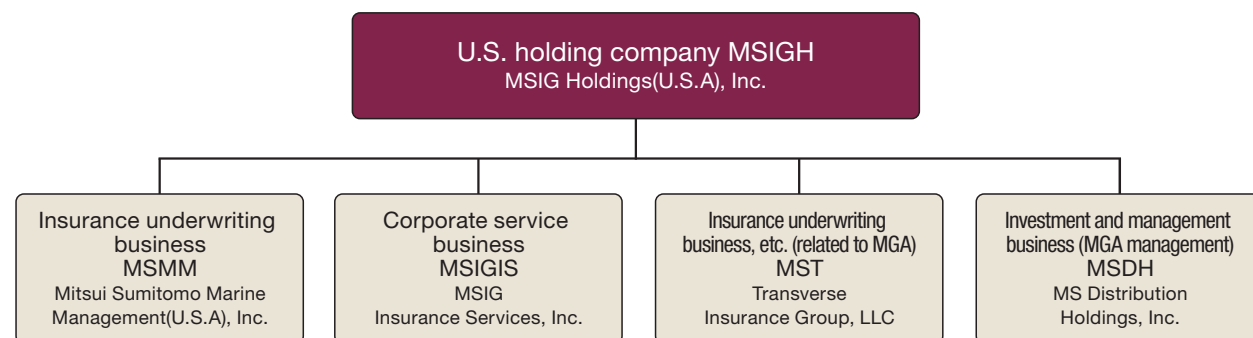
Americas business

We have bases in eight countries in North America and Latin America and engage in the non-life insurance business.

In the United States, the world's largest non-life insurance market, we acquired Transverse Insurance Group, LLC, a leading fronting company in the U.S. MGA* market, in January 2023 and reorganized our business structure into four operating companies under the umbrella of holding company MSIG Holdings (U.S.A.), Inc., with the intent of expanding our local business.

Under the new structure, we will focus on strengthening transactions with MGA, improving operational efficiency, and expanding profit opportunities through Group synergies, and considering capital allocation and investment opportunities for businesses with high growth prospects.

*MGA: Managing General Agent (total insurance agent). A company entrusted with authority by insurance companies and is responsible for a wide range of operations including underwriting, policy administration, reinsurance arrangements, and claims appraisal.



Asia business

- It operates as the world's only non-life insurance group with offices in all parts of ASEAN (with the highest total revenue premiums in the region).
- While maintaining a diversified, high-quality portfolio and stable combined ratio, we will promote growth initiatives in the retail sector with high profitability throughout Asia, and further promote growth strategies including inorganic investments to achieve significant growth.

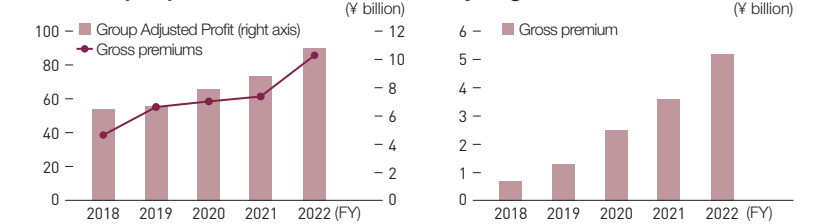
Alliances with leading partners and financial institutions



MS First Capital

- As a synergistic effort utilizing MS First Capital's capacity, the Group has switched its Group ceded insurance to MS First Capital to increase revenue.
- Since 2021, we have used MSFC's excellent underwriting know-how and capacity to enhance the development of new projects through collaboration with each base. We will continue to pursue synergistic effects.

MS First Capital performance overview



Collaboration with leading platformers

- We will continue to strengthen sales channels using digital technologies, such as collaboration with major e-commerce companies, small financial institutions, and major electronic money operators.

Further growth strategy

- We will promote further growth in both life and non-life insurance by strengthening synergies in cooperation with life and non-life insurance companies.
- Based on our Group's position in Asian countries and market potential, we will consider inorganic business investments to capture further Asian growth.

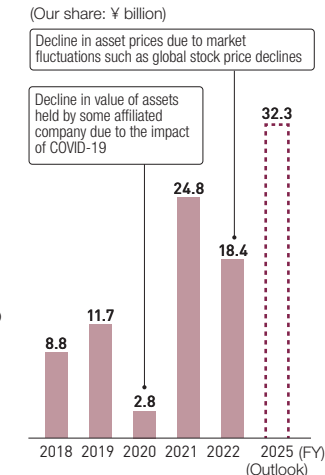
International life insurance business

We will capture growth in the Asian life insurance market and increase corporate value through cooperation with partners that have strong sales channels, such as leading banks, mainly in China and India, both of which have sizable populations.

In Australia and the United Kingdom, we will leverage our advantage as a market leader to secure stable corporate value expansion and cash flow acquisition.

We will continue to explore the investment opportunities with high growth and profitability, including those in areas we have not yet penetrated.

Transition of Group Adjusted Profit

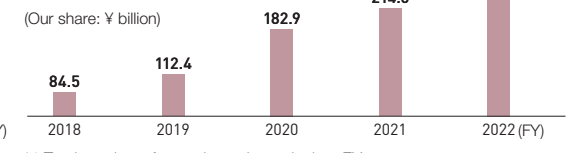


Growth of the life insurance market

Life insurance market	Partners
China, India, Malaysia, Indonesia ...Expected to grow at an annual average rate of 10.7% through 2031*1	
Australia (annuity insurance business) ...Expected to grow at an annual average rate of 5.1% through 2041*2	
UK (closed book business) ...Potential market of GBP470 billion*3	

*1 Allianz Insurance Report 2021
*2 Australian annuity system (Superannuation) market scale (calculated from Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041)
*3 From Phoenix IR data

Transition of EV**

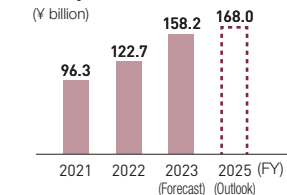


**4 Total number of associates that calculate EV (four Asian life insurance companies)

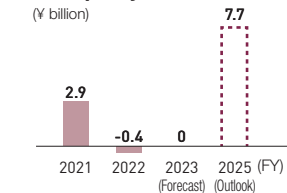
Toyota retail business and international telematics business

- As new car sales of Toyota recover, net premiums written of the Toyota retail business are increasing.
- Group Adjusted Profit is expected to recover in the future through rate increases and measures against losses such as strengthening Lexus anti-theft measures.

Net premiums written



Group Adjusted Profit



Voluntary automobile insurance led by telematics is growing significantly in the global business

China

Steady growth on the back of increased Toyota new car sales

Thailand

Toyota's specialized product policy, including telematics insurance development, succeeded

980,000 units in FY2021

→

1.17 million units in FY2022

The sales volume of telematics reached 200,000

↓

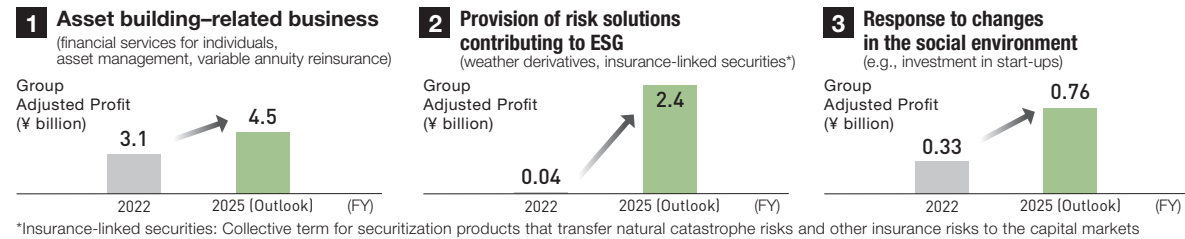
Ranked in the top 10 in terms of domestic revenue (2021: jumped from 16th)

Financial Services Business

Policy in the Medium-Term Management Plan (2022–25)

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.

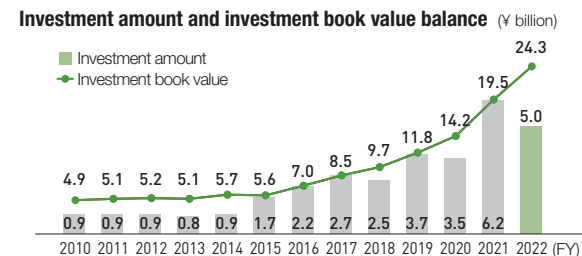
Areas to focus on We focus on the following three areas where we can expect market growth and improvements in our corporate brand value



Examples of initiatives

Venture capital

Through MITSUI SUMITOMO INSURANCE Venture 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. In addition, 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 FY2022, we invested approximately ¥5 billion, mainly in IT services, food tech, and healthcare companies in Japan and overseas.



ART*

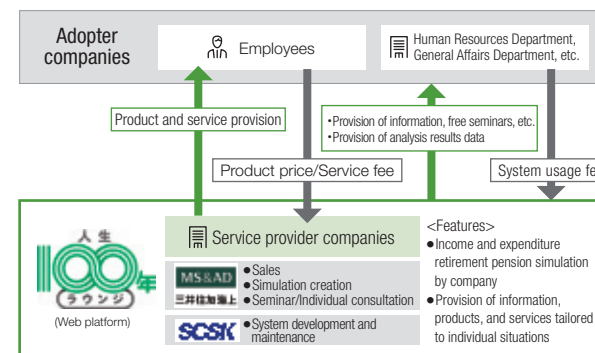
Mitsui Sumitomo Insurance is expanding its product lineup and strengthening its proposition capabilities, focusing on the sale of weather derivatives to reduce economic losses caused by natural disasters and extreme weather events, thereby meeting the diverse needs of customers. We are focusing on the 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 GuaranteedWeather, LLC. Moreover, we recently began 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 funds managed by Leadenhall Capital Partners LLP, a U.K. subsidiary. We have worked

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

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 corporate pensions and social security. We are constantly adding options within these services, including asset building robot advisors and family trusts, 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/news/fy2021/pdf/0224_1.pdf)



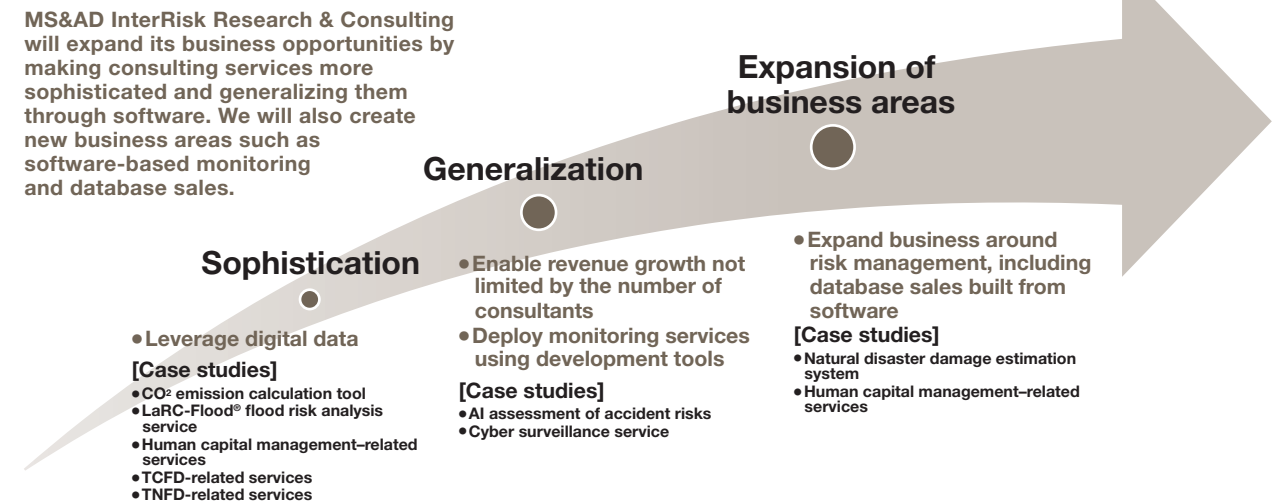
Defined Contribution Pension

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 birthrate 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/risk-related services business

Policy in the Medium-Term Management Plan (2022–25)

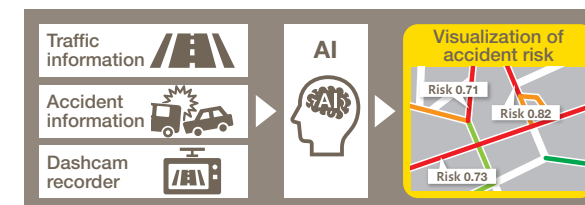
Create new services and business opportunities using digital technologies and data before and after coverage and protection, with MS&AD Inter Risk Research & Consulting (hereinafter "MS&AD Inter Risk Research") leading the Group, as a "Platform Provider of Risk Solutions."



Case studies

Services using digital data

(Development example) Accident occurrence risk AI assessment MS&AD InterRisk Research & Consulting has developed a service to prevent traffic accidents by visualizing the potential risk of traffic accidents that might occur in the future and implementing measures that address locations where accidents occurred in the past. In addition to the locations of past traffic accidents, the service combines data on factors highly correlated with accidents, such as road structure, people flow, and drive recorder event data such as rapid acceleration and deceleration. Such big data are used by AI to evaluate and visualize the risk of traffic accidents using a unique risk assessment and analysis model (patent pending).



Risk management

As the largest non-life insurance group in Japan by scale, MS&AD InterRisk Research & Consulting further has deepened its strong services such as risk consulting and risk surveys, and supports corporate decarbonization initiatives such as preservation of biodiversity, the SDGs, and social and environmental issues such as "business and human rights," addressing climate change risks, and calculating and setting targets for greenhouse gas emissions.

Other businesses

Nursing care business (day service)

To continue fulfilling our social mission of supporting the lives of the elderly and their families who need assistance, Fureai Do-Life Services Co., Ltd., has been working to provide high-quality services that satisfy the needs of the elderly, while paying close attention to the prevention and spread of infection even during the coronavirus pandemic. We focus on functional training by specialized staff, such as physical therapists and occupational therapists, and work to maintain and improve the physical functions of users through rehabilitation programs based on individual programs.

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.



Investment (asset management)

Asset Management Strategy

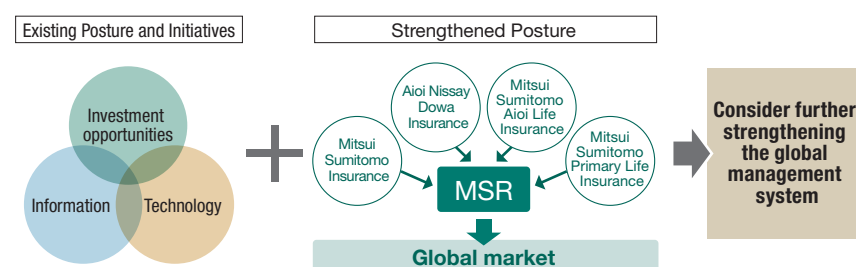
Improving Profitability

In addition to increasing the amount allocated to higher-return assets*1 and diversifying investments through private equity (PE) funds, we will expand into individual investment projects in the areas of domestic and overseas PE and renewable energy investment and financing.



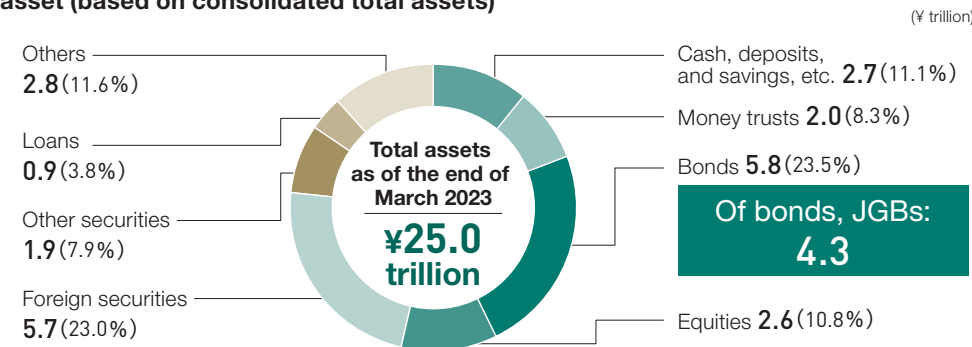
Strengthening the Foundation for Improving Profitability

To further strengthen our efforts to share investment opportunities, information, and technology and demonstrate Group synergies, we will utilize MSR*2 as a common platform for the expansion of higher-return assets and Group investment (asset management), and will nurture professional human resources with discerning abilities in foreign asset management.



*1 Assets held in anticipation of relatively high returns, such as foreign bonds, foreign stocks, and alternatives
*2 Management subsidiary established in New York in January 2022 by Mitsui Sumitomo Insurance with the joint investment of LGT, a Swiss management company

Composition by asset (based on consolidated total assets)



Reduction initiatives of strategic equity holdings

Accelerated reduction of strategic equity holdings

Disclosed in May 2022

Target of the Medium-Term Management Plan (2022–25)

- Continued reduction of ¥100 billion per year: The cumulative total is ¥400 billion for the period of the Medium-Term Management Plan
- Aim for a weighting of less than 10% of total consolidated assets and a weighting of less than 30% of risks

Reduction of ¥206.6 billion in FY2022, exceeding the target

Accelerated reduction

Reduction in FY2003 to FY2022
¥2,498.1 billion

- Increase the reduction target from ¥400 billion to ¥600 billion for the four years of the Medium-Term Management Plan (2022–25)
- We will continue the same level of reduction in the next Medium-Term Management Plan and aim to halve the fair value balance from the end of September 2022 (around 20% of IFRS net assets).

Stewardship code support

In 2014, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance announced their acceptance of Japan's Stewardship Code. Through constructive dialogue with investee companies and the exercise of voting rights based on an ESG perspective, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are promoting the enhancement of corporate value and sustainable growth of investee companies from a medium- to long-term perspective. In dialogue with investee companies, we also check the status of our initiatives focusing on the following themes:

Results of dialogue (July 2021 to June 2022)

	MS	AD	Total (simple sum)
Number of companies engaged in dialogue	173 companies	146 companies	319 companies

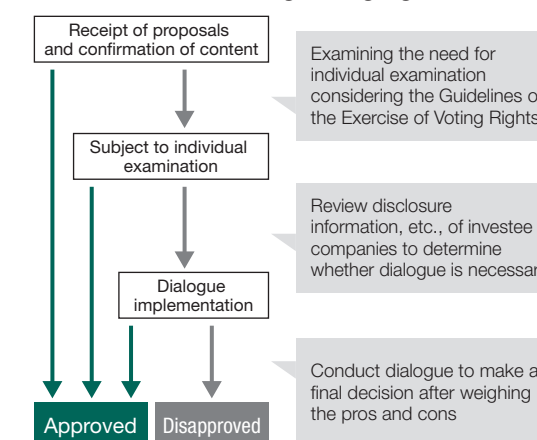
Results of exercising voting rights (July 2021 to June 2022)

	MS	AD	Total (simple sum)
Proposals for which voting rights were exercised (management proposals)	2,757	1,961	4,718

Number of disapproved proposals (July 2021 to June 2022)

	MS	AD	Total (simple sum)
Number of disapproved proposals (management proposals)	7	9	16

Process for exercising voting rights



Theme of the dialogue

Theme of the dialogue	Specific content
ESG	Impact of climate change on business and countermeasures, relationship between social issues and business, appointment status and expected roles of outside officers, attendance of outside officers at Board of Directors meetings, etc., and compliance with the Corporate Governance Code
Closing status	Results for the current fiscal year, outlook for the next fiscal year and beyond, measures to improve profitability and growth, and short-term risk factors
Management strategy	Expectations and progress of management plans, medium- and long-term investment policies, and sustainability considerations in business strategies
Capital management	Shareholder return and internal reserve policies, views on dividends, and indicators
Business risk	Response to risk factors in business and establishment of a BCP (business continuity plan)

Interactive case

	Examples of dialogues focusing on management and capital strategies, etc.
Case 1 (Management strategy)	Held dialogues with companies for which issues included dealing with automotive CASE (electrification and automatic operation) and exchanged opinions on medium- to long-term management strategies. We confirmed that they were developing new products and making capital investments and shared the view that accelerating these R&D and capital investments was necessary to improve corporate value in the medium to long term.
Case 2 (Shareholder return)	In the previous year, the dividend payout ratio was below our standard, but we were able to confirm their shareholder return policy through dialogue, so we agreed to the proposal. Despite a decline in profits this year, the dividend payout ratio exceeded our standard thanks to a dividend increase.

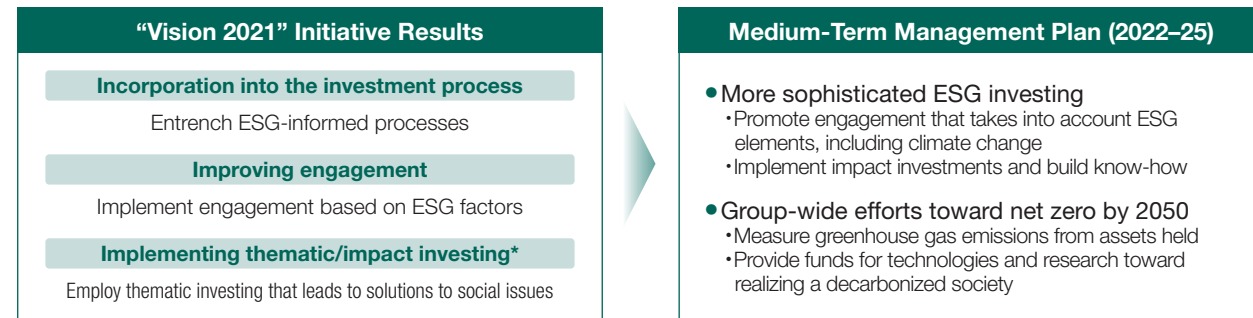
Cases of disapproval

	Cases of disapproval in exercising voting rights
Case 3 (Revision of remuneration for officers and payment of bonuses)	Though the results were in the black, no dividend was provided as internal reserves were prioritized. The capital management policy was approved, but officers' bonuses, seen as substantially an outflow from the company, were disapproved.
Case 4 (Outside directors)	The company does not have an outside director who has been reported to the financial instruments exchange as an independent officer, which violates our standards. Through dialogue, it was confirmed that there are outside directors, but they have not submitted the notification due to compensation issues. We have been urging the company to implement the notification for some time, but there has been no improvement, and we have decided that the role of outside directors might have become a mere formality and rejected the proposal to elect directors.

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.



*Social impact investing is investment intended to have a desired impact on society and the environment while also generating financial returns

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 assets under management	—
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 CDP) are used for investment decisions and monitoring.	Corporate bonds, stocks, and loans	¥7.5 trillion
Constructive Engagement			
Engagement	Conduct dialogue centered on stewardship activities	Shares	¥1.8 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	¥374 billion
Impact investing	Investment in themes such as healthcare and education, focusing on climate change	Private equity	

Implement constructive measures as a responsible institutional investor

Our Group encourages the reduction of greenhouse gas emissions and the disclosure of information based on the TCFD recommendations to realize a decarbonized society through constructive dialogue (engagement) with investee companies.

Specific items to be confirmed include the organizational structure to respond to climate change, efforts to achieve the greenhouse gas emission reduction target, technological innovation plans, and grasping of issues.

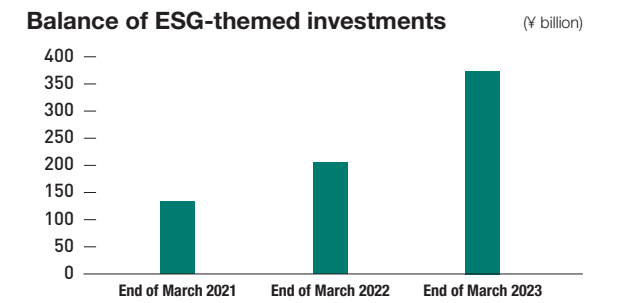


Examples of efforts for constructive dialogue (engagement) on climate change

Case study (1)	Case study (2)
Engaged in dialogue with chemical companies that face technical challenges in reducing CO ₂ emissions and exchanged opinions on the feasibility of the transition plan for the companies’ reduction targets for 2030. At the same time, we are conducting frank dialogues on issues related to fuel supply and costs, while confirming specific schedules for the conversion of the company’s in-house power generation equipment to biomass fuel, co-combustion, and the use of ammonia. We plan to continue our dialogue with these companies.	We held dialogues and exchanged opinions with logistics companies dealing with issues related to climate change. As the company had just expressed its support for the TCFD recommendations and was planning to conduct scenario analysis in the future, the company conveyed the importance of scenario analysis and the fact that some of the preceding companies had discovered strengths and weaknesses in their own business strategies, thereby contributing to the company’s deeper understanding of the significance of analysis.

ESG-themed investments, including responses to climate change

The transition to decarbonization will require technological innovation and capital investment to significantly reduce greenhouse gas emissions. Expanding financing needs in related industries and the increased need for new financial products and services can be opportunities for financial institutions. Our Group engages in ESG-themed investments based on the premise of ensuring profitability, including themes that lead to solutions to social issues, including climate change.



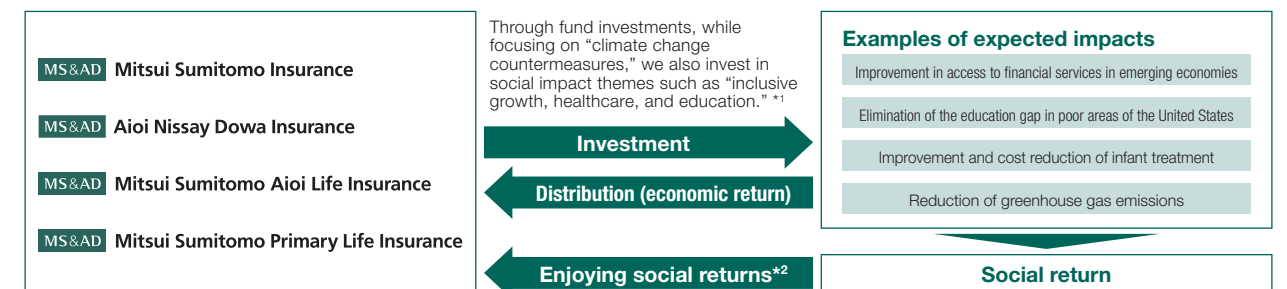
Breakdown of ESG-themed investments (end of March 2023)

By theme	Investment and loan balance (¥ billion)
Investment in ESG-themed funds	81.2
Support for efforts to reduce greenhouse gases	
Renewable energy (e.g., solar, wind, hydrogen)	60.0
Transition/Sustainability-linked finance	15.1
Green finance	87.8
Support for sustainable global development	
Social sustainability (including supranational bonds)	118.5
Regional revitalization, healthcare, impact investment*, etc.	11.4
Total	374.0

*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.



*1 Investment through a Group-specific investment vehicle. Managed by MSR (investment ratio: MS 85%, LGT 15%), an investment (asset management) JV in New York. LGT, a management company in Switzerland, is one of the global leaders in the ESG field.

**2 Achievement of SDGs and realization of a sustainable society

Planetary Health

Symbiosis with the global environment

(Main initiatives)

- ▶ Action on climate change
Aiming for net zero carbon emissions by 2050
- ▶ Improvement of the sustainability of natural capital

Resilience

Safe and secure society

(Main initiatives)

- ▶ Measures to address new risks that emerge with the transformation of society
- ▶ Loss prevention/mitigation through the utilization of data and AI
- ▶ Regional revitalization
Creation of a resilient and inclusive society

Well-being

Happiness of diverse people

(Main initiatives)

- ▶ Adaptation to a society of healthy longevity
- ▶ Respect for human rights
- ▶ Improvement of employee engagement

Increasingly diverse and complex social issues

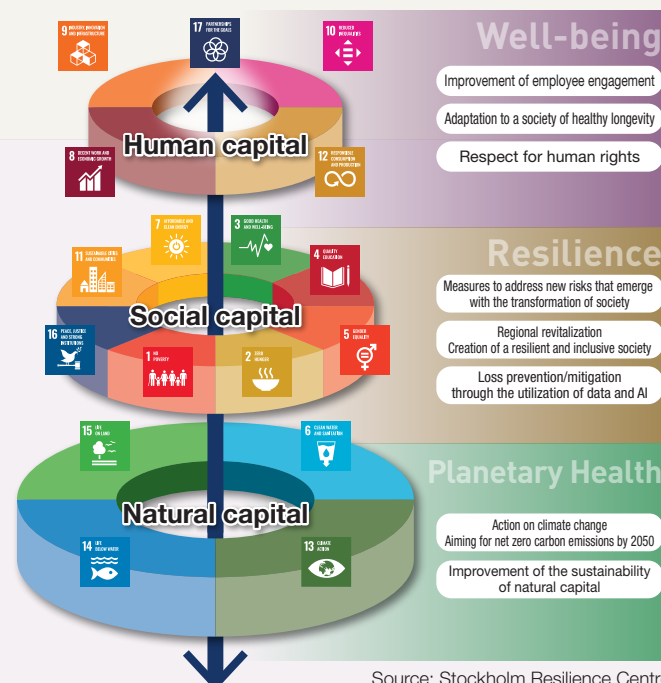
In recent years, various risks have clearly emerged to disrupt society's safety and security, such as the spread of infectious diseases, geopolitical risks, intensifying natural disasters, and advances in digital technology. In addition, the COVID-19 pandemic triggered changes in people's sense of values and lifestyles, and the expectations and needs of customers and other stakeholders have become more diverse. Furthermore, global issues such as climate change and political and geopolitical factors are involved, whereas social issues are becoming increasingly complex.

MS&AD provides products and services to solve social issues through three approaches, starting with identifying such risks before anyone else and informing customers and society and adding functions to prevent risks and to reduce the impact of risks.

MS&AD's important social issues and partnerships

MS&AD has identified three social issues that are important to both our stakeholders and the Company: symbiosis with the global environment (Planetary Health), a safe and secure society (Resilience), and happiness of diverse people (Well-Being).

Although the three might appear to be separate



Source: Stockholm Resilience Centre

CSuO Message



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

issues, they are deeply interconnected and need to be approached holistically.

The SDGs Wedding Cake Model proposed by the Stockholm Resilience Center is a model that illustrates how the 17 SDGs are made up of three layers, which are closely related to each other. At the top of cake sits “Let’s achieve our goals through partnerships,” which indicates that partnerships are essential to solving increasingly complex social issues.

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

For example, MS&AD is working with local governments, researchers, and local NPOs on the MS&AD Green Earth Project to restore and preserve the natural environment, in which employees and their families participate. By restoring natural capital and increasing biodiversity, the project aims to reduce damage from floods, which are becoming more frequent and severe, and to contribute to regional development by creating a safe and secure society. It is a nature-based solution put into practice, which solves problems by utilizing the blessings of nature.

Achieving CSV in employees' daily work

MS&AD has continually made sustainability and CSV (Creating Shared Value with society) the pillars of its strategy since fiscal 2018, incorporating CSV into the

organization's annual plans, promoting initiatives, and reviewing the results. The cycle has been shared throughout the Group and is now deeply woven into the sense of values of all Group employees. In the annual Sustainability Contest held as a part of the review process, approximately 2,000 initiatives have been reported to date, making tangible contributions to solving social issues.

We believe steadily running this cycle and advancing it through partnerships with stakeholders is the only path to the resilient and sustainable society that the Group aims for and will bring about the well-being of every employee.



Activities in the Kuma River basin, Kumamoto Prefecture. Learning from the damage caused by the torrential rains in 2020, this project will work to reduce flood damage by conserving wetlands upstream to improve biodiversity while enhancing rainwater storage.

Report on Coexistence with the Global Environment (Climate-related and Nature-related Information Disclosure)

In 2015, countries around the world agreed to halt the acceleration of global warming by adopting the Paris Agreement. National governments, local governments, and companies are tackling to make progress toward a net-zero society. Meanwhile, the Kunming-Montreal Global Biodiversity Framework set targets for biodiversity at the 15th meeting of the Conference of the Parties to the Convention on Biological Diversity held in December 2022. This framework sets out a so-called “nature-positive” direction to “halt and reverse biodiversity loss and put nature and ecosystems on a path to recovery by 2030” and a vision of “a world in harmony with nature” as the goal for 2050. National and local governments, as well corporations, are expected to play an important role in biodiversity.

The MS&AD Insurance Group has set “Symbiosis with the Global Environment —Planetary Health” as one of its key sustainability issues and is undertaking various initiatives to address climate change and natural capital.

The Task Force on Climate-related Financial Disclosure (TCFD) recommends that responses to climate change issues be disclosed according to the four pillars of “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets.” The Group endorses this concept and is promoting the disclosure of climate-related financial information. The Taskforce on Nature-related Financial Disclosure (TNFD) is examining disclosure methods for issues related to sustainability of natural capital and biodiversity, which are also issues that have a significant impact on society and the economy. The recommendations of these two task forces have been used as a basis for this report on our initiatives toward achieving “Symbiosis with the Global Environment.” Further details will be published in the “Climate and Nature-related Financial Disclosures -TCFD and TNFD Reports-”

Governance

GOVERNANCE

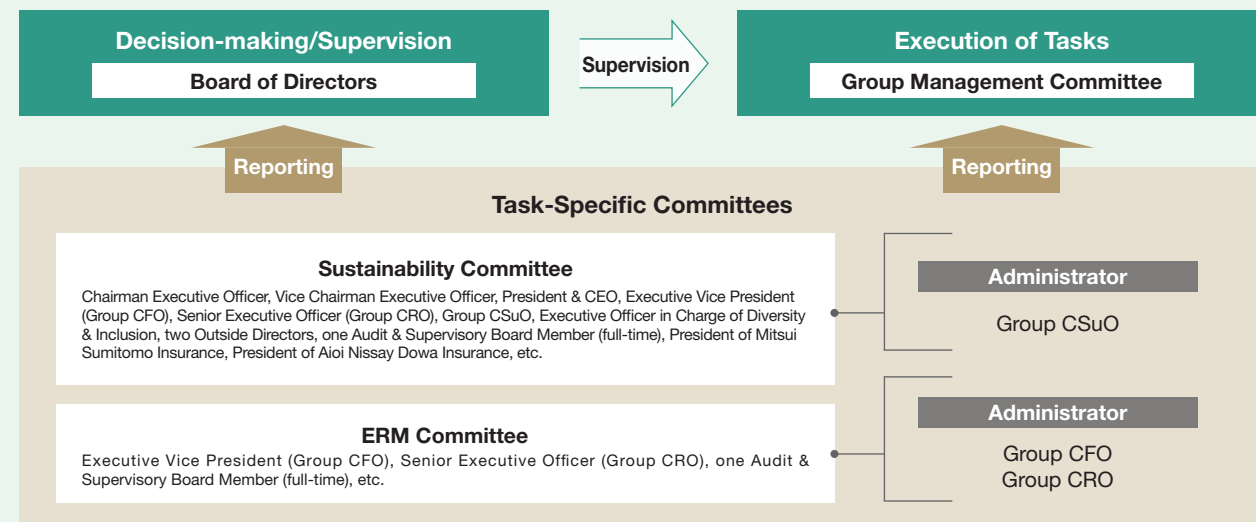
The MS&AD Insurance Group’s sustainability governance structure, including climate- and nature-related issues, consists of the Board of Directors, the Group Management Committee, and the Task-Specific Committees. The Board of Directors discusses and makes decisions on important matters such as management strategies and capital policies including climate-related matters and supervises the execution of duties by Directors and Executive Officers. The Group Management Committee discusses important matters such as management policies and strategies, including climate- and nature-related matters and initiatives, and monitors the specific execution.

Climate- and nature-related issues and initiatives

are reported to both the Board of Directors and the Group Management Committee and decisions rendered after discussions by the Sustainability Committee and the ERM Committee.

For example, the Sustainability Committee reported on the progress of “Initiatives to Achieve Net Zero by 2050 and initiatives for nature positive,” whereas the ERM Committee discussed the advancement of catastrophe risk management, including climate change.

In addition, the MS&AD Group has appointed a new Group Chief Sustainability Officer (CSuO) in charge of sustainability, including climate- and nature-related issues, starting this fiscal year. The Sustainability Committee is headed by the Group CSuO.



Strategies Strategies for climate and nature-related risks and opportunities

STRATEGY

One of the key sustainability issues (materiality) in the Medium-Term Management Plan is “Symbiosis with the Global Environment —Planetary Health.” As the acceleration of global warming and the erosion of natural capital are interconnected, we have positioned addressing climate change and improving the sustainability of natural capital as issues to tackle in a holistic manner and promote CSV initiatives to create shared value with society.

Natural capital such as the water resources, terrestrial and aquatic life, and climate system are the basis of our society and economy. Global warming causes damage from severe natural disasters and physical changes such as deforestation and desertification, while harming the natural capital that provides various blessings to society. If forests are lost, the amount of CO₂ absorption will decrease, which will further accelerate global warming. Forests also have disaster prevention and mitigation functions, such as storing rainwater in the soil and mitigating flood damage. As such, degradation of these natural functions can lead to increased losses from natural disasters. Thus, the acceleration of global warming and the erosion of natural capital are interrelated and impact society and the economy. Meanwhile, transitioning to a net zero society in harmony with nature is expected to bring about radical changes in society and the economy.

The Group is committed to improving its financial soundness to promptly pay insurance claims for damages caused by natural disasters. With the goal of net zero in 2050, the Group is pursuing initiatives to support the development of new technologies to reduce the risks of climate change and the transition to a net zero society, as well as those to reduce the environmental impact from the Group’s business processes. For transition to a society that coexists in harmony with nature, we provide services to analyze and evaluate the relationship between customers’ businesses and nature. We are also promoting initiatives to mitigate nature-related risks and support the development of new technologies that are nature-positive, such as the creation of green spaces.

Specific examples of the Group’s initiatives will be presented after explaining climate-related risks and opportunities in the Group and its dependence on and impact on nature and nature-related risks and opportunities.

Climate-related risks

We view the impact of physical changes in weather conditions and the transition to a net zero society as risks in our business. We are thus taking steps to ensure stable earnings and financial soundness. We are promoting disaster prevention and reduction initiatives to reduce risks, as well as maintaining and strengthening a system that enables smooth payment of insurance claims even in the event of large-scale natural disasters.

Classification of risks in climate change based on the TCFD		Example	Risk Examples in Our Business Activities
Physical Risks	Acute	Typhoons, floods, storm surges, heavy rains, and wildfires	Deterioration in income and expenditures due to the intensification of natural catastrophes, etc., and an increase in capital costs due to an increase in profit volatility
	Chronic	Rising sea levels and temperatures Changes in weather such as low rainfall and drought Decrease in the supply of water and other resources Changes in the habitat of infectious disease vectors Increase in heat stroke	
Transition Risks	Policy and Legal	Rise in carbon prices Strengthening environmental regulations and standards Change in energy composition Rising number of climate-related litigation cases	Decline in investment returns caused by deterioration in the performance of investee companies due to an increase in carbon costs
	Technology	Progress in decarbonization technology Changes in industrial structure due to a decrease in demand for low-carbon-efficient products	Reduced earnings due to the inability to capture changing markets due to decarbonization
	Market	Changes in supply and demand for goods and services	
	Reputation	Criticism of a delayed response to climate change	Decreased reputation due to inadequate information disclosure and/or delayed response to climate change

Climate-related opportunities

We believe the rapid social and economic changes resulting from the transition to net zero society will bring opportunities for the Group's growth, including demand for new insurance products and services, and improved corporate earnings due to technological change and the emergence of new industries.

Climate-related scenario analysis

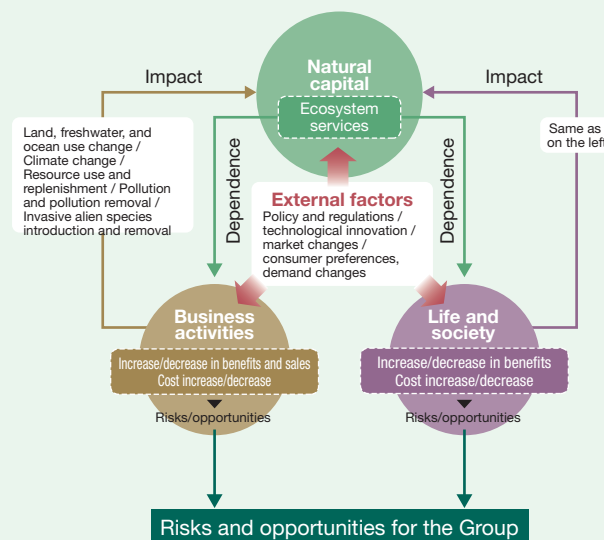
The Group conducts scenario analysis for the impact on insurance underwriting of natural disaster damage (physical risk) and the impact on investment due to the introduction of global warming countermeasures (transition risk). In the analysis of physical risk, for example, we analyzed fluctuation in insured losses due to typhoons, for which the force and other factors have changed as a result of global warming, and confirmed the potential of increase in insured losses to rise. In the analysis of transition risk, we analyze the additional costs that might be borne by portfolio companies in response to the progress of global warming countermeasures and confirm that the portfolio companies might be able to contain the additional costs by advancing such countermeasures.

Scenario analysis results (excerpt)

	Area	Analysis	Examples of results	Scenario used
Physical Risk	Insurance underwriting	Estimated fluctuation of insured losses due to typhoons and storm surges	Examples of typhoons in 2050 Changes in intensity Approximately +5% to approximately +50% Changes in frequency Approximately -30% to approximately +28%	RCP4.5 RCP8.5
Transition Risk	Investment	Impact on the management of investees for our Group by carbon cost	Example of stocks: 2030 Low scenario: 4.2% Medium scenario: 8.9% High scenario: 18.2%	Trucost's high, medium, and low scenarios referencing the nationally determined contributions (NDCs), OECD, and IEA scenarios

Nature-related dependence and impact

Our daily lives and business activities depend on nature in a myriad of ways and place a burden on nature. This changes the state of natural capital, which in turn affects business activities, livelihoods, and society. If natural capital is deteriorated, the benefits to people's livelihoods and business activities will be reduced, and the costs borne by companies and society could increase. Conversely, if natural capital is restored, benefits might improve and costs could be saved. These are nature-related risks and opportunities for business activities, and in turn, risks and opportunities for the financial institutions that support business activities and society. The TNFD recommends analyzing nature-related dependencies and impacts in identifying nature-related risks and opportunities. The Group analyzed dependencies and impacts related to insurance products and policyholders and investees as a means of identifying nature-related risks and opportunities.



Analysis of dependence and impact on nature related to insurance products (excerpt)

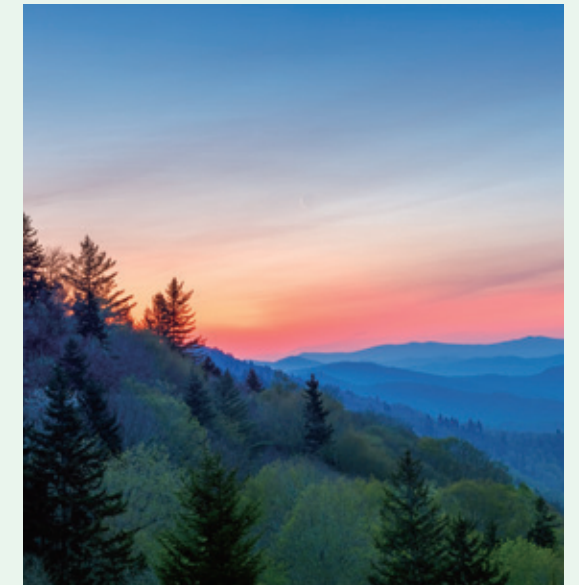
Insurance item	Individual and corporate activities	Dependence on nature in activities ◆ Environmental assets ◆ Ecosystem services	Negative impact on nature	The Group's insurance products and services that mitigate negative impacts on nature
Automobile insurance	Automobile driving	◆ Land ◆ Mineral and energy resources ◇ Soil formation ◇ Mitigation of natural disasters	(1) Normal times (no accidents) ● Greenhouse gas (GHG) emissions ● Air pollution ● Land alteration (ecological fragmentation by roads) (2) In the event of an accident ● None in particular (3) After an accident ● Use of resources for repairs ● Pollution due to waste emissions resulting from damage	(1) Normal times (no accidents) ● Reduction of GHG emissions through promotion of safety driving using telematics technology such as dashcam recorders ● Prevention of roadkill via an animal alert function (2) In the event of an accident ● None in particular (3) After an accident ● Resource conservation using recycled parts for repairs

Dependence and impact on nature by industry of policyholders and investees

We evaluate and heat-map analyze the dependence and impact on nature for each industry of the Group's underwriters and investees, and identify risks and opportunities, considering the transaction situation.

Nature-related risks

We believe that the decline in the disaster prevention and mitigation functions of nature could lead to greater damage from natural disasters, and this is a phenomenon that should be taken into consideration. We carefully assess the advisability of transactions based on the environmental considerations of our underwriters and investees in industries that have a significant impact on nature through development on land or water (e.g., hydroelectric power generation, development associated with large-scale agriculture, forestry, and fisheries), or projects in areas rich in biodiversity (e.g., UNESCO World Natural Heritage sites, Ramsar Convention-listed wetlands).



Nature-related opportunities

In the transition to a nature-positive society, the burden on companies to reduce or avoid negative impacts on nature could be significant. Companies can reduce this burden by understanding the nature-related risks associated with their business activities and taking proactive measures. We believe the Group's business model of "identify and inform on risks" will lead to the solution for these new risks and provide opportunities for the Group's growth.

The Group's approach to climate- and nature-related risks and opportunities

We have set a net zero target in 2050 in line with the Paris Agreement's 1.5°C target and declared that we will work with our stakeholders to contribute for its transition. To encourage the transition, we support the establishment and social implementation of next-generation energy, such as renewable energy, hydrogen and innovative technologies for net zero society. Meanwhile, we are accelerating the provision of services to mitigate damage and loss in response to increasingly severe natural disasters. Furthermore, we are working on disaster prevention and mitigation through environmental restoration and conservation and adapting to climate change.

Toward a nature-positive society, we are providing new products and services that contribute to the preservation and restoration of nature and biodiversity. The "Marine Pollution Response Additional Expense Compensation Clause" covers the cost of preservation and restoration activities for damage to the natural environment in the event of a ship accident. In addition, the "Extended Pollution Damage Compensation Clause" provides broad coverage for liability for damages and pollution cleanup costs arising from unforeseen and sudden pollution from factories and other facilities. These products will mitigate negative impacts on nature, such as oceans, forests, soil, and wildlife, which will also be important in addressing climate change.

In addition, as it is important for society overall to make progress toward the realization of nature positivity, the Group has been involved through the establishment and operation of the TNFD Japan Council and activities of the Japan Business Initiative for Biodiversity (JBIB*) in promoting awareness and research as well as encouraging companies to take action. In February 2023, the Finance Alliance for Nature Positive Solutions (FANPS**) was established to promote the development of solutions and other activities for nature positivity needed by companies through collaboration among financial institutions.

*1 Established in 2008 with the aim of learning from each other and taking action to promote the preservation of biodiversity conservation in business, the JBIB had 59 member companies as of June 30, 2023.

**2 A financial alliance launched in February 2023 by a group of four financial institutions (MS&AD Group, SMFG, Norinchukin Bank, and Development Bank of Japan) to support companies' shift to nature positivity in their business activities.

Response to natural disasters

The frequency and magnitude of floods are expected to increase due to global warming. Although disaster prevention measures using flood hazard maps have been promoted mainly in developed countries, to prepare for unprecedented disasters, highly accurate hazard maps that consider the effects of future climate change had been necessary. In the LaRC-Flood@ Project launched jointly with the University of Tokyo and the Shibaura Institute of Technology, the Group developed and released free of charge "Future Flood Hazard Maps" in April 2023. The maps are highly accurate, reliable, and high-resolution, aligned with future flood risk changes, and help companies respond to climate change risks.

Prompt recovery from any natural disaster that occurs is also critical. In August 2022, we began selling Disaster Countermeasure Support Insurance, which covers expenses incurred by businesses that conclude disaster support agreements with local governments in the event of typhoons, floods, or earthquakes. This includes the provision of supplies and the dispatch of personnel, thereby contributing to the realization of sustainable community development that is resilient to climate change and disasters.

GHG reduction initiatives to achieve net zero

Achieving net zero requires a shift to energy sources that do not emit GHGs. The Group supports the transition to net zero society by providing a variety of products and services that promote the spread of renewable energy. In August 2022, we began offering the industry's first automobile insurance clause specifically for hydrogen vehicles, the "Endorsement for rental car costs at times of suspended operation of hydrogen stations, under Automobile insurance" and premium discounts for policyholders of this clause.

In September 2022, MSI Primary Life invested approximately ¥5.6 billion in projects related to major renewable energy sources, including offshore and onshore wind and solar. We aim to expand renewable energy and reduce GHG emissions.

In addition, from October 2023, Aioi Nissay Dowa Insurance will launch a new service for policyholders of telematics automobile insurance that visualizes the CO₂ emission reduction effect of safe driving based on the correlation between the safe driving score and fuel consumption. By visualizing the reduction of CO₂ emissions through safe driving, we promote safe and eco-friendly driving in addition to raising awareness of the environmental contribution of our customers and society as a whole.

We will contribute to solving various issues in the transition to net zero through the provision of products and services.

Natural capital/TNFD-related consulting

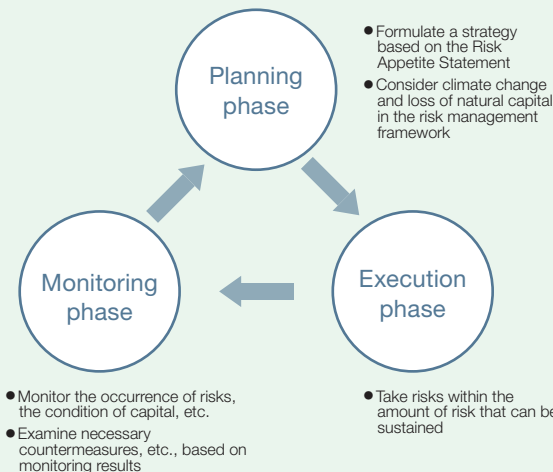
To realize a nature-positive society, companies must broadly and accurately recognize their dependence and impact on nature through their business activities, and develop strategies based on their risks and opportunities. Group company MS&AD InterRisk Research Institute provides corporate clients with services such as nature-related dependence and impact, risk, and opportunity assessment in line with the TNFD recommendations.

To develop and provide services that contribute to nature positivity and enhance them, we are participating in biodiversity-related initiatives and promoting joint research through industry-government-academia collaboration. In FY2022, we signed a co-creation agreement with Think Nature Inc., a start-up that originated at the University of the Ryukyus. The Group will provide comprehensive nature-related consulting services ranging from individual themes such as corporate procurement, products, land use, and social contribution to overall business operations.

Risk Management

RISK MANAGEMENT

Based on the "MS&AD Insurance Group Risk Appetite Statement," we have clarified the amount of risk that can be held under normal conditions and will take risks based on our capital policy. The Group's Medium-Term Management Plan has been developed in line with our Risk Appetite Statement. Also, we aim to ensure soundness, enhance capital efficiency, and improve ROR based on the ERM cycle.



Management of natural catastrophe risks

We manage natural catastrophe risks by measuring and grasping risk amounts, using modeling that incorporates engineering knowledge.

In addition to conducting stress tests for large-scale natural catastrophes, regarding the risks of storm and flood in Japan and the United States, both of which involve a large amount of risk, we set maximum levels of risk amounts (risk limits) for the Group and for each company, using the amount of damage that occurs once every 200 years as a basis, to maintain financial soundness. We are also working on actions such as incorporating climate change impacts into stress tests and reflecting climate change uncertainty in the risk amounts of the entire Group.

Control of the retained risk amount of natural catastrophes

Based on the amounts of risk by region and category, we strive to conduct appropriate underwriting, acquire reinsurance, issue catastrophe bonds, and accumulate catastrophe reserves. Through these measures, we are improving the financial soundness of the entire Group and reduce the risk of fluctuations in periodic profit or loss.

Responsible investment

The Group has a policy of engaging its investees in "constructive discussions" that place priority on ascertaining management challenges, shareholder return policies, and nonfinancial information, including ESG, from the standpoint of helping the investee to grow sustainably and increase corporate value over the medium to long term.

During such engagement, the Group checks the investees' ESG policies. Its main environmental points of inquiry include climate change and decarbonization initiatives.

Metrics and Targets

METRICS and GOALS

The MS&AD Group is setting metrics and targets to reduce GHG emissions through the Group and its supply chain, and transitioning to a circular economy that leads to net zero society and environmental pollution measures.



Metrics and Targets for Reduction of Our Environmental Burden

The Group is committed to reducing GHG emissions from its business activities. Based on the achievement of the FY2020 GHG emission reduction target (30% reduction from the FY2009 baseline), we reviewed our medium- and long-term targets and set new targets in May 2021.

GHG emission reduction results

Targets	FY2022 Results	FY2030	FY2050
Scope 1*1 + Scope 2*2	26.8% reduction	50% reduction from the base year (FY2019)	Net zero
Scope 3*3	26.9% reduction	50% reduction from the base year (FY2019) (Category 1, 3, 5, 6, 7, and 13)	Net zero (all categories)

*1 Direct emissions from our Group such as gasoline for company-owned vehicles
 *2 Indirect emissions from the use of purchased electricity and heat, etc.
 *3 Indirect emissions through our Group's operations other than those in Scope 1 and 2

Renewable energy consumption rate

Metrics and targets	State of progress
FY2030: 60%; FY2050: 100%	FY2022: 21.1%

Products that contribute to net zero society and the circular economy

Metrics and targets	State of progress
Premium growth rate: 18% per year on average in FY2025	FY2022: 17.9%

GHG emissions of the investees

GHG emissions of the investee companies

As of March-end 2022	Stocks	Corporate bonds	Corporate loans
Scope 1 + Scope 2 of the investee companies	2,302,000	2,400,000	286,000

(t-CO₂e)

Weighted average carbon intensity (WACI) of the investee companies

As of March-end 2022	Stocks	Corporate bonds	Corporate loans
Scope 1 + Scope 2 of the investee companies	114.5	221.5	273.2

(t-CO₂e/US\$1 million)

Pilot implementation of the LEAP approach

The TNFD has proposed an integrated assessment process (LEAP approach) for the management of nature-related risks and opportunities, focusing on the location and biome where the business takes place. The United Nations Environment Programme Finance Initiative (UNEP FI) hosted a pilot program for this LEAP approach, and the Group conducted the pilot on the "Natural Rubber Industry in Indochina" in collaboration with MS&AD InterRisk Research Institute and Think Nature Inc., a start-up originated at University of the Ryukyus.

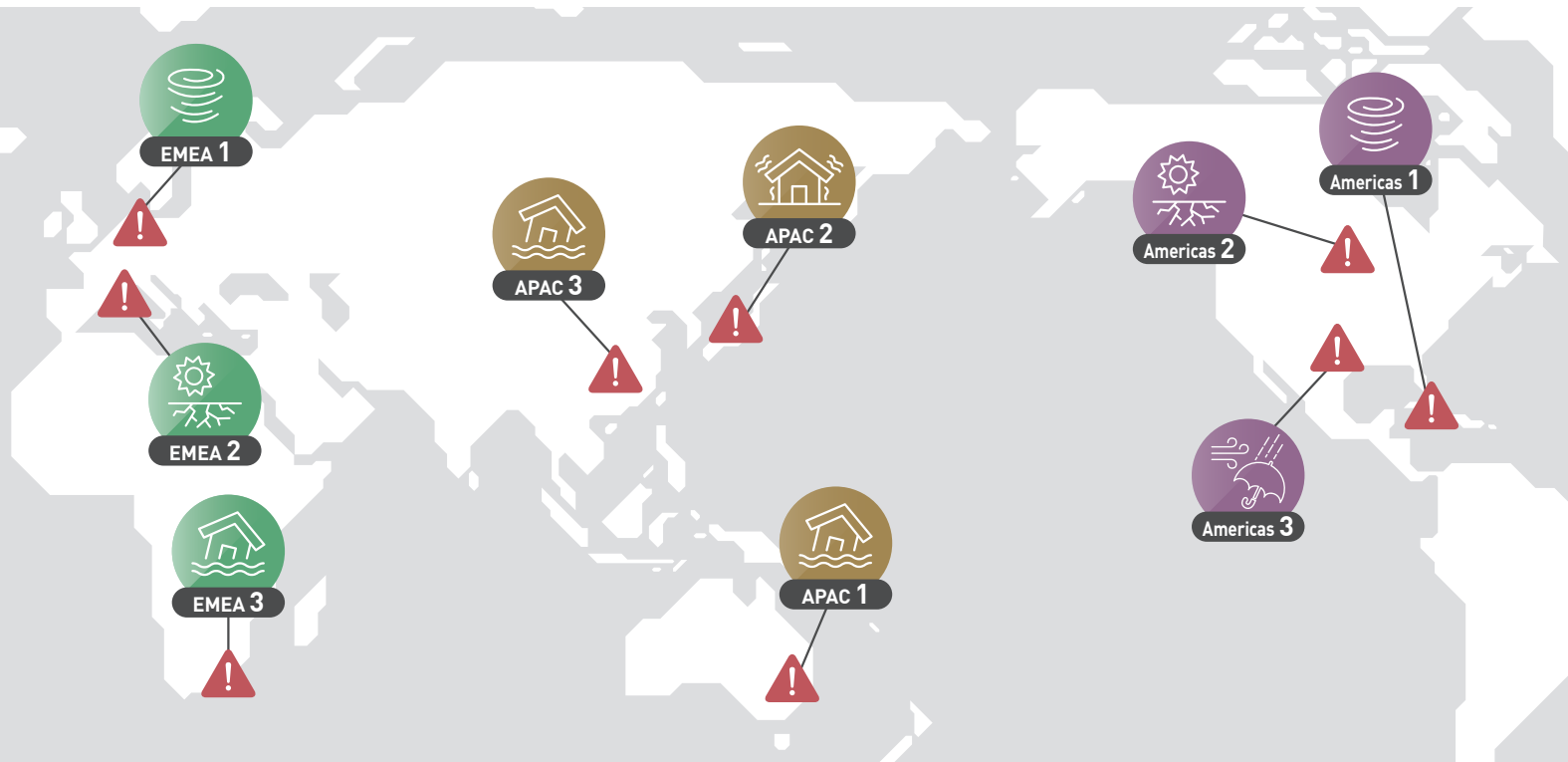


© Think Nature Inc. Biodiversity high-risk areas of rubber plantations in Indonesia

World Map of Natural Catastrophes in 2022*1

Climate change in recent years has led to frequent natural catastrophes worldwide caused by powerful typhoons and hurricanes, torrential rain, droughts, heatwaves, and other abnormal weather patterns. The scale of such catastrophes is increasing, causing damage in countries around the world that far exceeds previous expectations.

The MS&AD Insurance Group has helped its customers mitigate economic losses caused by major catastrophes through the payment of claims, supporting the restoration of business activities and the livelihoods of people around the world.



EMEA 1 Europe
February » Windstorm "Eunice"
Insured loss*2 Approx. ¥454.0 billion
MS&AD's net incurred loss*3 ¥3.35 billion
MS&AD's share*4 0.7%

EMEA 2 Europe
Year-round » Drought
Insured loss*2 Approx. ¥400.6 billion
MS&AD's net incurred loss*3 ¥0.0 billion
MS&AD's share*4 0.0%

EMEA 3 South Africa
April » Flood
Insured loss*2 Approx. ¥240.4 billion
MS&AD's net incurred loss*3 ¥34.6 billion
MS&AD's share*4 14.4%

APAC 1 Australia
February » Flood
Insured loss*2 Approx. ¥534.1 billion
MS&AD's net incurred loss*3 ¥11.15 billion
MS&AD's share*4 2.1%

APAC 2 Japan
March » Earthquake
Insured loss*2 Approx. ¥387.2 billion
MS&AD's net incurred loss*3 ¥4.27 billion
MS&AD's share*4 1.1%

APAC 3 China
June-September » Flood
Insured loss*2 Approx. ¥53.4 billion
MS&AD's net incurred loss*3 ¥0.01 billion
MS&AD's share*4 0.02%

Americas 1 United States of America
September-October » Hurricane "Ian"
Insured loss*2 Approx. ¥7,010.3 billion
MS&AD's net incurred loss*3 ¥29.7 billion
MS&AD's share*4 0.4%

Americas 2 United States of America
Year-round » Drought
Insured loss*2 Approx. ¥1,068.2 billion
MS&AD's net incurred loss*3 ¥0.0 billion
MS&AD's share*4 0.0%

Americas 3 United States of America
June » Rainstorm
Insured loss*2 Approx. ¥360.5 billion
MS&AD's net incurred loss*3 ¥0.91 billion
MS&AD's share*4 0.3%

*1 The top three natural disasters with the highest insured loss in AMERICAS, EMEA (Europe, Middle East, and Africa), and APAC in 2022 listed in the "Weather, Climate and Catastrophe Insight-2022 Annual Report" of Aon
*2 Insured Loss: Estimated amount of insured loss of non-life insurance companies worldwide (Source: "Weather, Climate and Catastrophe Insight-2022 Annual Report" of Aon). As of March 2023, the internal exchange rate (\$1 = ¥133.53) was used.
*3 As of the end of March 2023. Total net incurred loss (claims paid + outstanding claims, reflecting recoverable and anticipated recoverable amounts from outward reinsurance contracts) of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance and their overseas subsidiaries. Excludes claims less than ¥50 million at entities outside the affected countries.
*4 Ratio of the total net insurance loss of Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and their overseas subsidiaries to the insured loss.

Medium-Term Management Plan (2022-25)

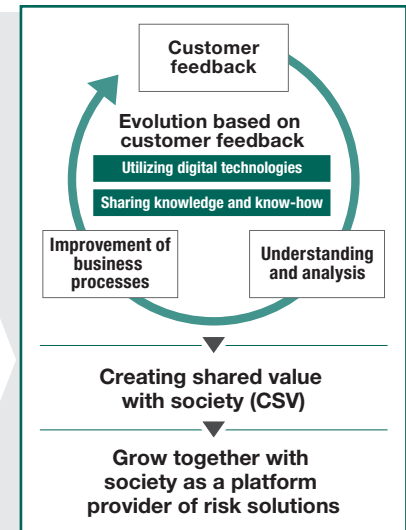
Foundations Quality

Corporate group that continues to evolve based on customer feedback

Toward realizing a "corporate group that supports a resilient and sustainable society," we engage in communications with customers and other stakeholders. We are committed to providing quality that meets the expectations of stakeholders by improving operations on a customer-feedback basis and practicing highly transparent and effective corporate governance.

Communication with Stakeholders

Customers	<ul style="list-style-type: none"> Customer surveys MS&AD website Communication with agents and employees (e.g., inquiries, consultations, requests, complaints) Contact center
Shareholders	<ul style="list-style-type: none"> IR meetings Individual meetings Survey at the Annual Shareholders' Meeting Briefings for investors
Agents	<ul style="list-style-type: none"> Meetings with agencies Posting system Agent meetings
Business Partners	<ul style="list-style-type: none"> Communication with outside vendors
Employees	<ul style="list-style-type: none"> Employee surveys Communication with management Speak-up system Posting system
Local Communities International Society	<ul style="list-style-type: none"> Collaboration agreements with local governments Communication with NPOs/NGOs Communication/exchanges with local communities Holding of seminars/symposiums
Environment	<ul style="list-style-type: none"> Communication with experts and NPOs/NGOs Research on the global environment and natural disasters Participation in initiatives and international conferences



A corporate group that supports a resilient and sustainable society

Practice highly transparent and effective corporate governance (see page 89)

- Continuous enhancement of the oversight function of the Board of Directors and the audit function of the Audit & Supervisory Board Members
- Implementation of fair, accurate, and prompt information disclosure

Topics
Provision of quality that meets customer expectations

Each Group company is evaluated for its quality improvement based on the opinions of stakeholders.

Recognized by the Secretary-General of the Consumer Affairs Agency with the "2022 Consumer-oriented Management Best Practice Award"
Mitsui Sumitomo Insurance won the "2022 Consumer-oriented Management Best Practice Award" presented by the Secretary-General of the Consumer Affairs Agency. Overall efforts to resolve social issues were evaluated, including "Support for Rebuilding the Lives of Disaster Victims," a service that supports procedures for issuing disaster damage certificates during flooding disasters.

Won the highest rating in a customer center external organization evaluation (HDI-Japan)
Aioi Nissay Dowa Insurance has been awarded the Seven-Star Certification (International Accreditation Standard), the highest rating for center operations by HDI-Japan (managed by Think Service Corporation). In 2022, Mitsui Direct General Insurance was awarded five-star certification in two categories: "Contact" and "Web Support." In addition, our customer center concierge received the highest quality rating (individual rating) of "three stars."

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. We will expand opportunities for employees to grow in a self-directed manner by clarifying the skills needed to achieve the basic strategies of the Medium-Term Management Plan. We will also improve engagement and productivity by creating an environment that maximizes the abilities, skills, and ambitions of our diverse human assets, thereby realizing a corporate group supporting a resilient and sustainable society.

Creation of innovation

By implementing our human assets strategy, we will continuously seek talent that acts autonomously, takes on the challenges of change, and creates new value and innovation by instilling an open and flat organization where diverse human assets can maximize their strengths and individualities.

A corporate group that supports a resilient and sustainable society

Creation of innovation

Fostering and penetration of a corporate culture

Improvement of engagement

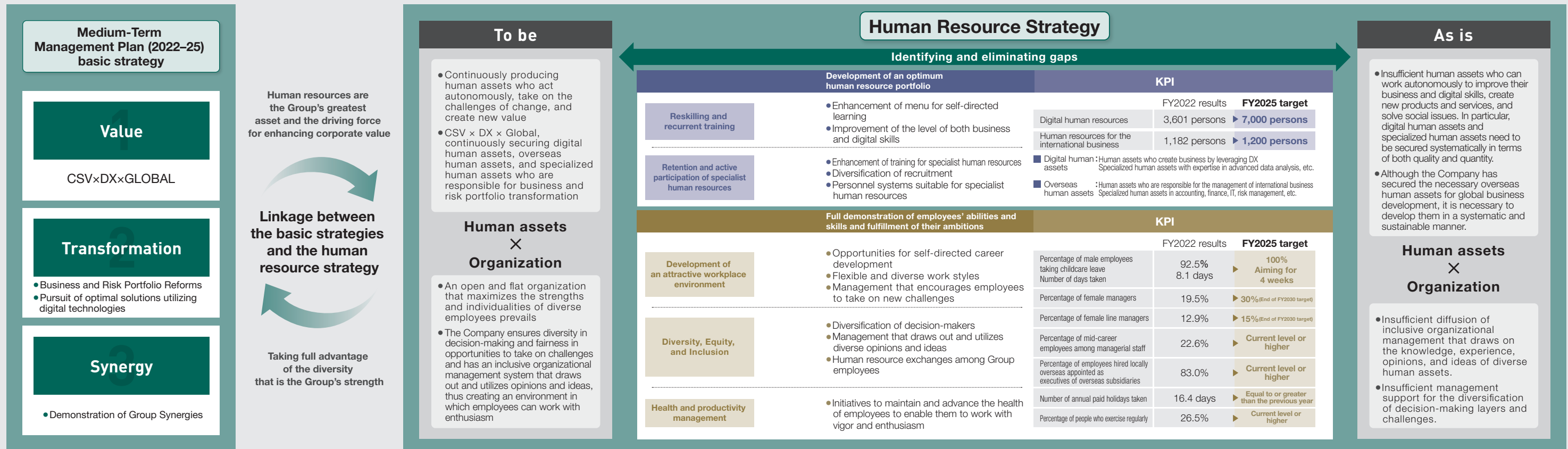
Employee Awareness Survey	FY2022 results	FY2025 target
Pride, feeling motivated	4.4Pt	Equal to or greater than the previous year
Active participation	4.6Pt	

Improvement of productivity

	FY2022 results	FY2025 target
Personnel expense ratio	9.2%	8.5%

Fostering and penetration of a corporate culture

To increase corporate value through the implementation of a human asset strategy, we must foster and establish a corporate culture that leads to higher employee engagement and productivity. We will develop a fairness of opportunity to take on challenges and an environment in which employees feel motivated and can work independently and enthusiastically.



Human resource strategy linked to the basic strategies

► Quantitative understanding of the "As is-To be" gap

We quantitatively identify the gap between the "As is" and the "To be" of human assets and the organization necessary to implement the basic strategies and human asset strategy to serve as a road map for eliminating the gap.

► Building an optimal human assets portfolio that can respond quickly and flexibly to changes in the business environment

We will build an optimal human assets portfolio through human asset development by expanding investment in self-directed learning menus such as reskilling and recurrent learning, as well as by securing and promoting the activities of specialized human assets, including recruiting external talent.

► Full demonstration of employees' abilities and skills and fulfillment of their ambitions

In addition to expanding opportunities for employees to develop their careers autonomously, such as the post-challenge and free agent programs, we are promoting the introduction of job-type employment and the expansion of opportunities to improve and utilize skills through side or dual employment, etc. We are also promoting the use of flexible work styles and DE&I to create an environment that maximizes the strengths and individualities of our diverse workforce.

Setting KPIs

KPIs are set for particularly important elements of the human assets strategy to reinforce efforts and confirm progress.

Digital human resources	Human resources for the international business	Diversity, Equity, and Inclusion (DE&I)
In addition to ensuring that all employees acquire basic digital skills, we are promoting the development of digital human assets from both the business and data analysis sides by utilizing training programs.	In order to secure sufficient human resources, both in terms of quality and number, for overseas operations, we are working to continuously develop and secure human resources while promoting a generational shift.	In addition to diversifying the decision-making layer by increasing the ratio of female managers and female line managers, we have established a KPI for male childcare leave, thereby creating a working environment that embraces diverse values and promotes the success of diverse human assets.

Development of an optimum human resource portfolio

Reskilling and recurrent training

Development of digital human resources

In addition to ensuring that all employees acquire basic digital skills, we are promoting the development of digital human assets from both the business and data analysis sides by utilizing training programs in collaboration with universities and other institutions.

Digital human resources	Image of human assets
Business side	Human assets capable of creating and expanding business by leveraging DX
Data analysis side	Human assets who possess and can demonstrate high skills and expertise in realizing business, such as advanced data analysis.

- **Business-side initiatives:** We are working to ensure that as many employees as possible acquire and improve their skills by systematically promoting the expansion of online educational tools related to digital skills, the digital human assets certification system at each Group company, and lectures offered in collaboration with universities*1 and other institutions.
- **Initiatives on the data analysis side:** We are working on training through collaborative courses with universities*2 and a certification system for advanced skills in data science.

*1 MS&AD Digital Academy (INIAD: Toyo University Faculty of Information Networking for Innovation and Design)
Cumulative number of participants: 788 (FY2018–FY2022)

*2 MS&AD Digital College from Kyoto (KUAS: Kyoto University of Advanced Sciences)
Cumulative number of participants: 431 (FY2020–FY2022)

Development of overseas human assets

We must secure sufficient human assets, both in terms of quality and number, for our posts who will be responsible for international business. Currently, we have the necessary number of employees and are working on a program to sustainably develop and secure human assets while promoting generational change. Specifically, we are implementing the following initiatives to ensure the managerial human assets and specialist human assets (e.g., accounting and finance, IT, risk management) necessary for our international business and are developing human assets in a multifaceted and systematic manner.

- Implementation of by-nomination training programs

	Training program	Cumulative participants
Development of managerial human assets	Global Leader Development Program	74 persons (FY2013–FY2022)
Development of specialized human resources	Global Expert Development Program	88 persons (FY2014–FY2022)
Managerial human asset development for employees hired overseas	Global Management Training	54 persons (FY2021–FY2022)

- **Overseas Dispatch Training System:** 337 cumulative participants (FY2013–FY2022)

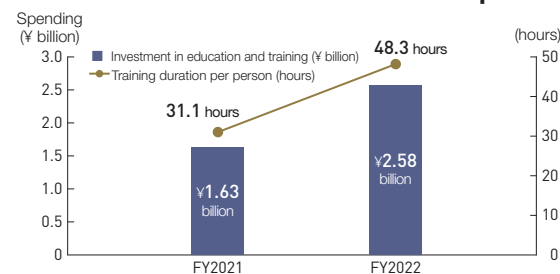
A training program for overseas dispatch through open recruitment. In principle, the dispatch period is one year or longer, and the program is designed to develop human assets who can support international business development from a medium- to long-term perspective.

- **Global Trainee Program:** 1,085 participants (FY2013–FY2022)

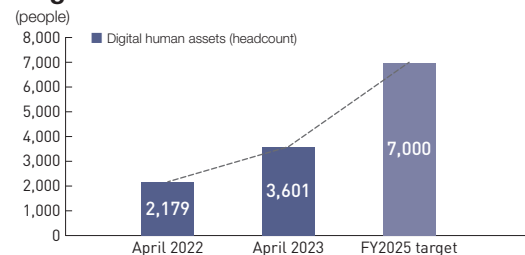
This initiative aims to acquire the skills and elements required of overseas human assets through a simulated experience of global business through a one-week program of collaboration with overseas staff.

In addition, we will promote human asset development through the global mutual exchange of human assets, such as giving headquarters departments and management experience to those who have been stationed overseas, assigning younger employees to overseas posts, and having employees hired overseas to work in Japan.

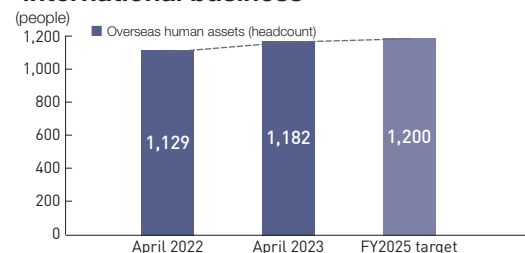
Investment in human asset development



Digital human resources



Human resources for the international business



Retention and active participation of specialized human resources

We have established a job-type employment system for specialized human assets and are promoting an environment that encourages their active participation. To secure specialized human assets, in addition to strengthening mid-career recruitment of external talent, it is necessary to develop internal human assets who fully understand the Group's business. We are working to hone their skills not only through in-house training but also through personnel changes among Group companies.

Group-wide commonization of recruitment, assignment, and education related to specialized human assets

Given intensifying competition for hiring digital human resources and other specialized human assets, we will introduce a job-type system suitable for specialized personnel at each Group company. At the same time, we aim to raise the level of hiring competitiveness and invest human resources in growth areas by hiring, allocating, and reskilling training related to specialized personnel.

Human asset development linked to personnel transfers

We will conduct human asset development in coordination with personnel transfers considering the systematic development of human assets who will be responsible for the management of overseas entities, as well as the development and expansion of digital human assets.

Frameworks to encourage specialized development and new skill development

We will develop and expand human asset systems and operations that encourage employees' self-development and reskilling, such as compensation incentives, encouragement to acquire qualifications, and leave programs for self-development, to improve their expertise and acquire new skills.

Group-wide initiatives to standardize human assets

Common system infrastructure

By standardizing the infrastructure of the human asset system across the Group and building a Group-based human capital database, we will introduce a system that can be used to visualize employee abilities and skills and dynamically assign human capital. This will be used to standardize system operations, exchange human capital across the Group, and enhance disclosure of human capital.

Group-wide commonization and sharing of human asset development

The human asset development operations of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance have been consolidated into the holding company. With this, advances have been made in the integrated operations of training programs and commonization of learning menus to enhance the sophistication and efficiency of human asset development. In addition, joint training for managerial human asset candidates is conducted as a Group-wide initiative.

Topics

Examples of digital human asset development

MS&AD Digital College from Kyoto (KUAS: Kyoto University of Advanced Science)

This is an original online training program of the MS&AD Group developed by the Faculty of Engineering at Kyoto University of Advanced Science (KUAS), which was established in April 2020. In this program, lecturers specializing in such areas as IoT and data science will provide practical training that will help them become immediately competitive. Trainees will experience technologies such as drones and IoT sensors through online training, and acquire knowledge from data acquisition to data utilization, which will lead to the creation of business models suited to the times and the development of innovative products and services.



Saeko Kawai

Mitsui Sumitomo Insurance Co., Ltd.
Casualty Underwriting Department

Interview

I did not have any special knowledge about DX, and I feel that I have learned the basic concepts through this training. In Society 5.0, where digital technology and everyday life are integrated, we learned that information asymmetry is eliminated and all kinds of accidents are prevented, and we were able to gain a realistic understanding of the importance of data utilization for the Company. I also felt that the fully online training was more effective than the group training, as I was able to freely express my opinions and questions without hesitation, and the VR and drone experience was not much different from the group training in terms of a realistic format. Following the training, I now examine the business operations and technologies of the corporations I hear about, both at work and in my daily life, and make it a habit to think about how we can solve the world's problems by combining them with our company data.

Full demonstration of employees' abilities and skills and fulfillment of their ambitions

Development of an attractive workplace environment

To improve employee engagement, it is important to create a working environment that provides opportunities for autonomous career development; flexible, efficient, and effective work styles; and a corporate culture that encourages taking challenges. Each of the following initiatives is under way.

Development of an attractive workplace environment

We will expand the use of the post-challenge system, which allows employees to transfer to a post or a department of their choice and expand the scope of their activities. We will also stimulate personnel transfers, human asset development, and career development initiatives among Group companies. We are expanding opportunities for self-directed career development, such as the use of a framework (free agent) that allows employees to promote the abilities and skills they have developed so far to a department of their choice as an immediate asset. We also provide a framework that allows employees to participate in Company programs beyond the boundaries of existing organizations.

●Post-challenge applications: 376 persons in FY2022

Promoting diverse and flexible work styles

We are promoting business operations that utilize work from home by effectively combining working remotely and coming to work. In addition, opportunities to improve and utilize skills will be expanded through the introduction of job-type employment and the relaxation of side and dual employment. We will flexibly allow employees to choose whether to relocate in accordance with their career vision and life events.

Diversity, Equity, and Inclusion

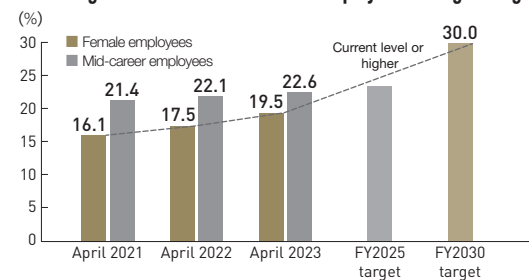
Diversification of decision-making layers

Regarding the promotion of women, we are strengthening efforts to develop a pipeline for the promotion of women to executive and managerial positions. In addition, as a KPI by the end of FY2030, we have set the ratio of female managers at 30% and the ratio of female line managers, who are the heads of the organization, at half of that number to promote diversity among decision-makers. The following are examples of pipeline development efforts at each Group company.

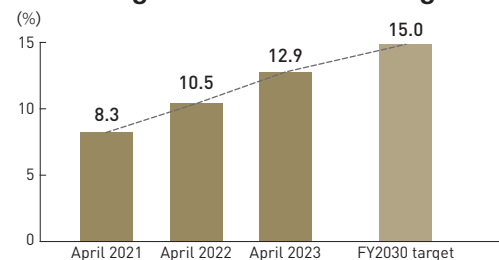
Examples of pipeline improvement initiatives	As of April 2023
Appointment of women as non-executive directors of directly held affiliated operating companies	Cumulative total from FY2019 onward: 28 persons
Assignment of women to deputy general manager and assistant branch manager posts	44 persons

Furthermore, we are promoting the use of diverse experience in decision-making by, for example, increasing the ratio of external hires in managerial positions and of those with experience in the culture of other companies.

Percentage of female and mid-career employees among managerial staff



Percentage of female line managers



Various major awards from government and public agencies (Diversity, Equity, and Inclusion)

Second stage of the Act on the Promotion of Female Participation and Career Advancement in the Workplace "Eruboshi" certification in Professional Life by the Ministry of Health, Labour, and Welfare



"Platinum Kurumin" certification by the Ministry of Health, Labour, and Welfare



- *1 Mitsui Sumitomo Insurance
- *2 Aioi Nissay Dowa Insurance
- *3 Mitsui Direct General Insurance
- *4 Mitsui Sumitomo Aioi Life Insurance

Male childcare leave

Promoting the use of male parental leave is not only a corporate social responsibility and contribution to society but also an opportunity for men to deepen their understanding of childcare and parental leave. The Company is promoting initiatives to create a working environment that embraces a sense of values. The latest acquisition rate is close to 100%. The number of days taken off was 8.1 days compared to the target of 4 weeks (20 business days), so we will continue to promote the expansion of the number of days taken off.

Development of management know-how that actively draws out opinions and ideas

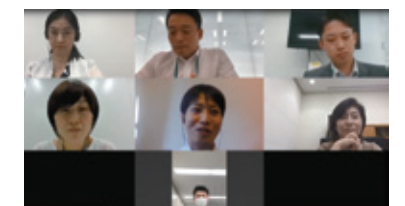
To take advantage of the diversity that is the hallmark of the Group, it is essential to operate an inclusive organization that draws on the knowledge, experience, and values of various human assets and brings them into organizational decision-making. We are working to practice and spread inclusive leadership, a form of management know-how for this purpose.

Providing opportunities for Group employees to interact and exchange opinions

We offer opportunities for diversity and inclusive experiences by holding exchanges and opinion sharing meetings in which Group-wide employees participate to provide opportunities for diverse human assets to gather, share knowledge and experience, and create new insights and values.

Workplace management that draws out and utilizes diverse opinions and ideas

The "e-Business Seminar," a forum for practicing inclusive leadership and for diverse employees of the Group to exchange opinions with executives, was launched in FY2021 with five officers and 31 participating employees of the Company. This expanded to 13 officers and 108 participating employees of the Group's five domestic insurance companies in FY2022. In addition, we are rolling out inclusive leadership training to all Group companies.



"e-Business Seminar" with participation of executives and employees

Health and productivity management

Maintaining and improving the health of employees is essential for them to work energetically and maximize their abilities. We will promote well-being by creating healthy and safe workplaces where employees can maintain and improve their physical and mental health through thorough management of working hours, taking leave, and other time management. We are also strengthening measures against mental illness and supporting employees' return to work after leaves of absence.

●Certified as "White 500" companies under the 2023 Certified Health & Productivity Management Outstanding Organization Recognition Program, administered by the Ministry of Economy, Trade, and Industry.

White 500: MS&AD Insurance Group Holdings, Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, Mitsui Sumitomo Aioi Life Insurance

Corporations with outstanding health and productivity management: Mitsui Direct General Insurance, Mitsui Sumitomo Primary Life Insurance



Fostering a sense of Group unity

With the sharing of the Group's Mission, Vision, and Values (MVV) at the core, we are working to foster a sense of Group unity by commonizing human asset development and expanding opportunities for Group employees to interact with each other. Furthermore, we will accelerate our initiatives across the Group by utilizing concurrent positions within the Group and side jobs. In addition, to ensure that our MVV permeates and resonates with employees, we will strengthen our communications and improve the communication skills of managerial staff.

Topics

MS&AD Group Sustainability Contest held to promote CSV across the Group

Since 2018, we have held a Sustainability Contest for all Group employees in Japan and overseas to foster a sense of Group unity and to recognize outstanding CSV initiatives, such as proposals that lead to solutions to social issues. In FY2022, we received 276 applications, including from abroad. The four criteria (value creation, communication, commitment, and development potential) were used as the basis for selection. After online screening and voting by the top management of each Group company, one Grand Prize winner, three thematic winners, two Excellence Award winners, and 10 prize winners were selected.

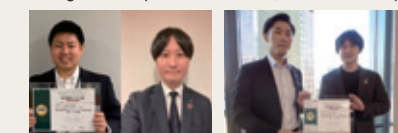
Examples of Group-wide initiatives

★Grand Prize

Support for insurance - related inclusion of low - income households, and women's social advancement through microinsurance for home contents
Cholamandalam MS General Insurance Company (local subsidiary in India of Mitsui Sumitomo Insurance)

★Symbiosis with the Global Environment Award

Development of products and services to support the spread of electric vehicles and carbon-neutral initiatives
Mitsui Sumitomo Insurance (Automobile Underwriting Department, Marketing & Sales Promotion Department), Aioi Nissay Dowa Insurance (Automobile Underwriting Department, Market Development Department), MS&AD InterRisk Research & Consulting (Risk Management Departments 1 and 3, Product Development Department)



Engagement with shareholders and investors

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

Results of FY2022 activities

We held “information meetings” for shareholders and investors at which the President explained management strategies and business results, an “IR DAY” for constructive dialogue between top management and investors, 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	Contents	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 IR DAY 2022	Strategies and performance of business domains of high interest to investors and analysts	Once
MS&AD thematic meetings	Specific topics of interest to investors and analysts	Twice
MS&AD ESG briefing 2022	Group’s ESG initiatives	Once
Briefing session for individual investors	Group’s overall management strategy and performance	6 times
Individual meetings with domestic and overseas shareholders and investors	Group’s overall management strategy and performance	237 times

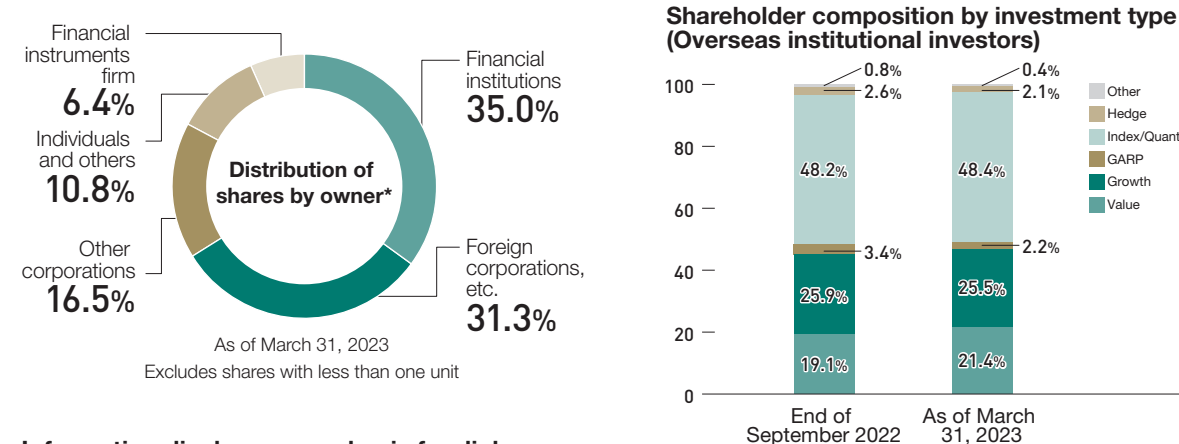
Key dialogue themes and concerns

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

Theme	Concerns
Business Environment	<ul style="list-style-type: none"> ●The impact of changes in the business environment, such as a rise in global 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 returns policy	<ul style="list-style-type: none"> ●Concept on basic and additional returns ●Stable shareholder returns
Capital management	<ul style="list-style-type: none"> ●Future M&A policies and targets ●Progress and future policy of sales of strategic equity holdings ●Specific initiatives to increase ROE and reduce the capital cost ratio
Domestic non-life insurance	<ul style="list-style-type: none"> ●Improvement in profitability and revision in the premium rate of fire insurance ●Outlook of post-coronavirus voluntary automobile insurance earnings ●Details and progress of business cost reduction initiatives
Domestic life insurance	<ul style="list-style-type: none"> ●Outlook of future occurrence of COVID-19–related insurance proceeds and benefits
International business	<ul style="list-style-type: none"> ●MS Amlin’s earnings outlook given the hardening of the reinsurance market

Overview of shareholders and IR activities for investors

Shareholder composition: 35.0% financial institutions; 31.3% foreign corporations, etc.; 16.5% other corporations; and 10.8% 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 disclosure materials in both Japan and the United Kingdom.
- It won the top prize at the “Daiwa IR 2022 Internet IR Awards” for two consecutive years (2021, 2022).

Consolidated reports (Japanese/English)

- In FY2022, we explained the basic strategy of the Medium-Term Management Plan (2022–25) and the foundation to support that. To realize our targets, we introduced new priority issues through materiality analysis and CSV initiatives with stakeholders to resolve these issues.
- Received Gold at the WICI Japan Integrated Report Awards 2022, Gold at the 8th Asian Integrated Report Awards 2022 (Large Enterprise Category), and the Award of Excellence at the Nikkei Integrated Report Awards

Shareholders' Meeting

	FY2020	FY2021	FY2022
Date (fixed time)	June 28, 2021 (Monday)	June 27, 2022 (Monday)	June 26, 2023 (Monday)
Number of shareholders in attendance including shareholders exercising voting rights (including via the Internet)	19,314 persons	19,305 persons	21,995 persons
Ratio of the exercise of voting rights	86.6%	86.9%	84.1%

For more “investor information,” visit our official website.
<https://www.ms-ad-hd.com/en/ir.html>

Website Content	<ul style="list-style-type: none"> ●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 <p>*Including capital costs and initiatives to improve stock prices.</p>
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Yasuyoshi Karasawa

Chairman of the Board

We are now moving into the post-COVID-19 era as our daily lives under COVID-19 have undergone a major transformation spanning more than three years. At this juncture of a new era, companies must proactively address global issues such as climate change and biodiversity.

In the Medium-Term Management Plan that started last year, the Group raised the banner of "As a platform provider of risk solutions, we will help solve climate change and other social issues, while growing together with society." The key to achieving growth is the creation of innovation, including green transformation (GX) and digital transformation (DX). We believe the foundation for innovation lies in the promotion of diversity, which embraces diverse human assets and makes the most of their individuality and strengths.

Ensuring diversity is also important for the Board of Directors. The Board of Directors comprises diverse members: Outside Directors represent about one-half, one-third are women, and there is also a non-Japanese member. In June 2023, we welcomed Jun Suzuki, who has a wealth of knowledge of international business and management, as an independent Outside Director. Going forward, the Board of Directors meetings will be further invigorated in its discussions by members with diverse knowledge, experience, and abilities, including Mr. Suzuki.

Regarding the international business, which is of great interest to Outside Directors, we have been arranging sessions to regularly exchange opinions between them and the top management of overseas entities of insurance operating companies since last year. This provides them with opportunities to understand the management policies and business conditions. Through direct dialogue, we deepen our understanding of the management strategies and policies of the top management of our overseas entities, and we deepen our discussions on the ideal state

of the international business strategy within the Group's business strategy.

In evaluating the effectiveness of the Board of Directors, we identify issues and discuss measures to improve the effectiveness of the board. Such discussions incorporate the knowledge of third-party professional organizations from the perspective of enhancing the transparency of the evaluations. Our Board of Directors has been evaluated as operating at a high level compared to other companies. That said, in an era of rapid change, we are considering the composition of the Board of Directors with a view to sustainable growth and the creation of an environment that will allow for more active discussion.

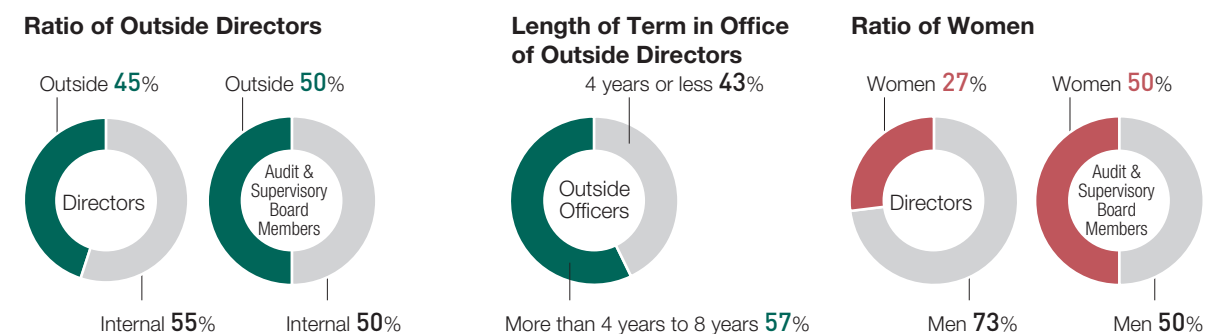
With the mission of "To contribute to the development of a vibrant society and help secure a sound future for the planet," the Group aims to realize a corporate group that supports a resilient and sustainable society through Creating Shared Value (CSV) with society. Our raison d'être will be lost if people's lives and economic activities are not sustainable. The MS&AD Sustainability Contest, which awards initiatives that lead to solutions to social issues, is now in its fifth year. In FY2022, 276 applications were submitted Group-wide, and the Grand prize was awarded to a local subsidiary in India that developed a low-cost "microinsurance for home contents" that disseminates insurance to rural and underprivileged areas and contributes to business continuity measures for female entrepreneurs. By embodying our mission and sharing our know-how, this initiative is expected to expand to other countries and regions, and we hope that it will give birth to the next businesses that will drive new growth in the future.

Together with our stakeholders, we will achieve the sustainable enhancement of corporate value so that we can realize a society in which many people can experience economic affluence and well-being.

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 (2022-25)
Medium-Term Management Plan	Establishing a Group governance system	Strengthening Group governance	Improving the corporate governance system	Practicing highly transparent and effective corporate governance
Governance Evolution	<ul style="list-style-type: none"> • Institutional design: Became a company with a board of auditors • Introduced an executive officer system • Assigned multiple Outside Directors • Established the Nomination Committee and the Remuneration Committee 	<ul style="list-style-type: none"> • Implemented analysis and evaluation of the Board of Directors' effectiveness and published the evaluation results • Introduced performance-based compensation • Introduced stock options as a stock-based compensation system for Directors (Inside Directors only) and Executive Officers • Published selection criteria for Directors and Audit & Supervisory Board Members (including criteria for independence) • Newly established the Governance Committee mainly composed of Outside Directors • Newly installed titles such as Group CFO and Group CRO • Enacted and released the Basic Policy for Corporate Governance 	<ul style="list-style-type: none"> • Introduced the CEO Succession Plan • Revised the executive remuneration system (Company business performance linkage and medium- to long-term performance (nonfinancial indicators) evaluation) • Promoted diversity among the Board members • Reorganized the task-specific committees (launched the Sustainability Committee, the ERM Committee, and the Group Standardization Committee) • Newly established the titles of Group CDO, Executive Officer in charge of promotion of D&I (currently Executive Officer in charge of promotion of DE&I) 	<ul style="list-style-type: none"> • Introduced stock issuance trust systems • Introduced guidelines for holding the Company's own shares • Exchanged opinions with third-party organizations on the results of analysis and evaluation of the effectiveness of the Board of Directors • Newly established the title of Group CSuO

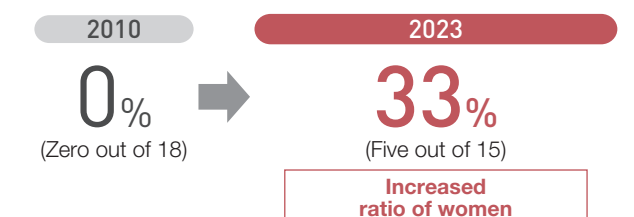
Director/Audit & Supervisory Board Member Composition (as of July 1, 2023)



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



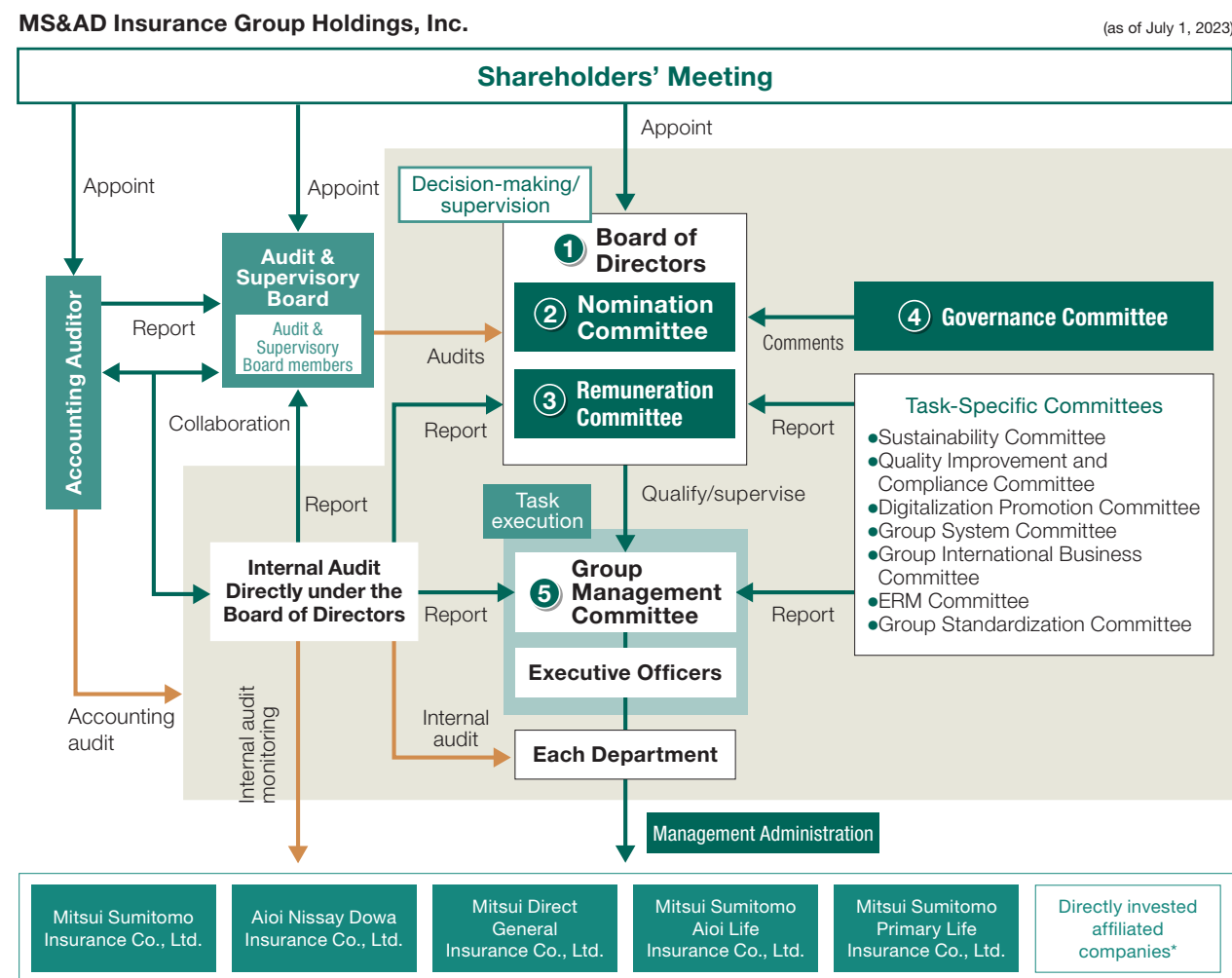
Ratio of Women on the Board (compared with July 1, 2010)



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 (more than half the members, as well as the committee chairperson, are Outside Directors) within the Board of Directors and the Governance Committee (comprising all Outside Directors together with the Chairman, Vice Chairman of the Board, and Representative Director). 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 Staff Services, 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.
 Chairman: Yasuyoshi Karasawa
 Internal: Eight members Outside: Seven members / FY2022 meetings held 12 times (excluding board meetings held on paper)
 Director attendance rate 100%, Audit & Supervisory Board Member attendance rate 96%

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
 FY2022 meetings held three 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 / FY2022 meetings held three times
 Attendance rate 100%

4 Governance Committee

In the Governance Committee, Outside Directors consult with the Chairman, Vice Chairman, 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 / FY2022 meetings held three 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: Noriyuki Hara
 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 / FY2022 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	Administrator	Committee members								FY2022	
		Chairman	Vice Chairman	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	● Sustainability initiatives in FY2022 ● Efforts to achieve net-zero greenhouse gas emissions by 2050 ● Promotion of DE&I ● Promotion of Group efforts to respect human rights
Quality Improvement and Compliance Committee	CRO Tamura				●	●	●	●	●	5 times	● Speak-up system operation status and improvements for the future ● Cybersecurity readiness assessment and enhancement ● "Customer-focused" business operation status ● Assessment of compliance system
Digitalization Promotion Committee	CDO Motoyama	●	●	●	●	●			●	3 times	● Building of a Group data linkage infrastructure ● Provision of risk solutions through insurance agents ● Group healthcare initiatives
Group System Committee	CIO/CISO Tsuda				●				●	12 times	● Large-scale system development project status ● Review status of the system (system response policy) ● Cybersecurity risk events and implementation of countermeasures ● System failure occurrence status and quality assurance status
Group International Business Committee	Executive officer Kawate	●	●	●	●				●	3 times	● Efforts to upgrade international business management to improve capital efficiency ● Offering guidance on international business monitoring
ERM Committee	CFO Higuchi CRO Tamura				●	●			●	8 times	● Advancement of business management ● Effective use of in-Group capital ● Distribution and accumulation of risks in Japan and overseas and responses to natural catastrophe risks
Group Standardization Committee	CFO Higuchi				●	●			●	8 times	● Consideration of productivity improvement in the head office departments ● Confirmation of the Group's vision

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

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

i) Basic skills that are generally required

Corporate Management	Human Resources and Human Asset Development	Legal Affairs and Compliance	Risk Management	Finance and Accounting
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ii) Relevant skills given that the Group's core business is insurance and the Group is operated globally

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

IT and Digital	Sustainability
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Furthermore, regarding Audit & Supervisory Board Members, we also consider

Finance and Accounting

 to be important skills.

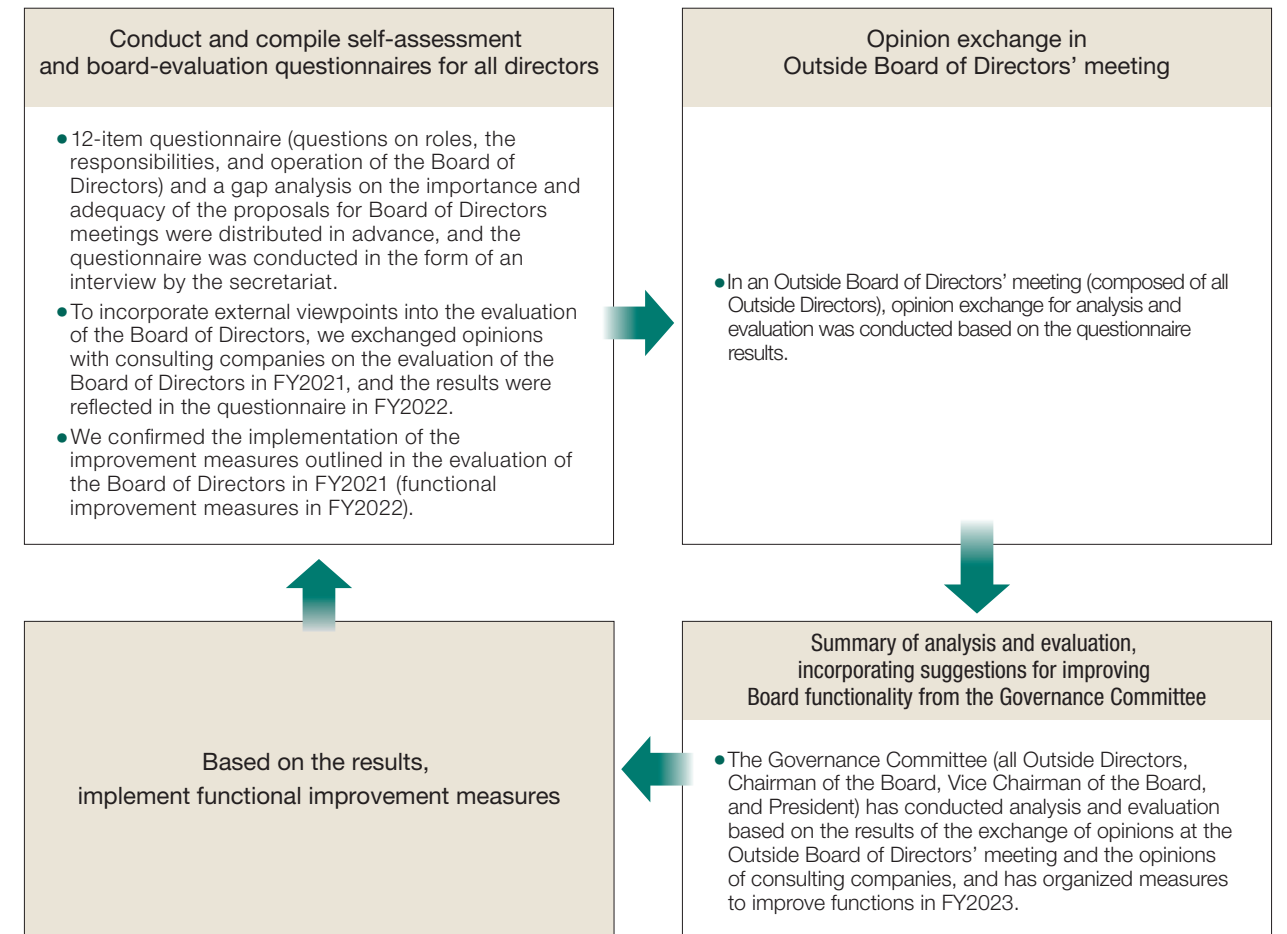
Officer	Skills									
	Corporate Management	Internationality	IT and Digital	Sustainability	Human Resources and Human Asset Development	Legal Affairs and Compliance	Risk Management	Finance and Accounting	Insurance Business	
Director Karasawa	●	●		●	●	●	●	●	●	
Director Kanasugi	●	●		●	●	●			●	
Director Hara	●	●		●	●		●		●	
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 Chiyoda		●						●		
Outside Auditor Uemura						●				

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 Funabiki	●	●	●	●	●				●
Executive Officer Niino	●	●		●	●				●
Executive Officer Kawate	●	●					●		●
Executive Officer Kawabe	●	●		●	●				●
Executive Officer Hayakawa	●	●						●	●
Executive Officer Tsuda	●	●	●		●				●
Executive Officer Owada		●		●	●			●	●
Executive Officer Arakawa	●			●					●
Executive Officer Tatematsu									●
Executive Officer Motoyama			●		●				●
Executive Officer Sato				●		●			●
Executive Officer Hori		●				●	●		●

Evaluation of Board of Directors' Effectiveness and the Analysis Process

Analysis and evaluation process



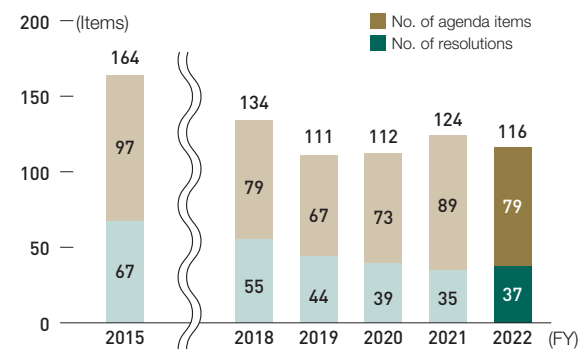
Analysis and assessment of the Board of Directors' effectiveness

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 confirm the plan's progress in a timely manner. The Board of Directors discussed issues and measures and made their best efforts to realize the plan. ● By holding dialogues with operating company employees and directly listening to their thoughts and opinions, Directors deepened their understanding of the penetration of management principles in the operating companies. ● Important sustainability issues, such as efforts to reduce greenhouse gas emissions involving stakeholders and efforts to respect human rights including employees, should be discussed in more depth. In the gap analysis, it was found that it would be better to increase the level of discussion on "Sustainability ESG."
Functional improvement measures	<ul style="list-style-type: none"> ● Provide opportunities to discuss business investment projects from the initial stage of consideration (e.g., in addition to discussions at the Board of Directors meetings, use opportunities such as executive study sessions). ● Increase opportunities to discuss important sustainability issues, such as efforts to reduce greenhouse gas emissions involving stakeholders and efforts to respect human rights including employees. ● Provide opportunities for Outside Officers to exchange opinions with internal officers (including the executive officers of the operating companies).

Efforts Aimed at Improving the Operation of the Board of Directors

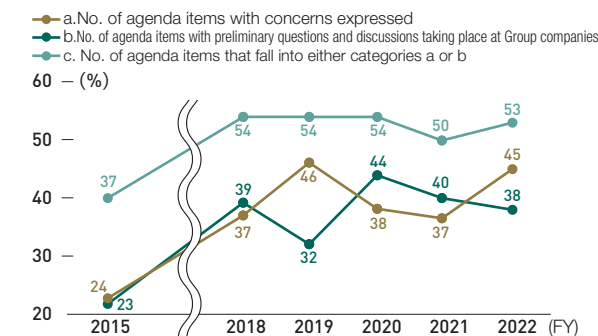
Number of agenda items

- Due to the introduction of the collective deliberation method and other factors, the number of issues excluding collective deliberation matters has decreased.
- In FY2022, the total number of agenda items was 116 (37 resolution items and 79 report items), an increase from the previous year.
- In addition, we are working to secure sufficient time for important matters by reviewing the standards for deliberation by the Board of Directors.



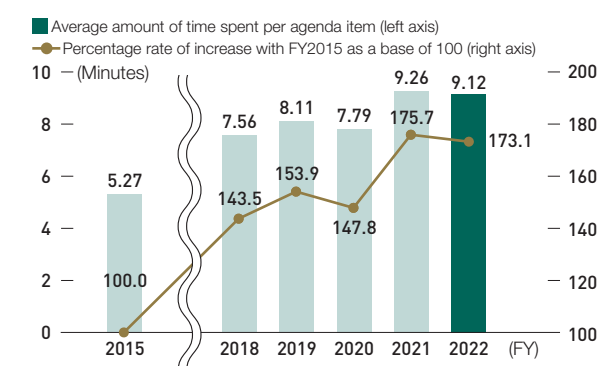
Assessing the presence of preliminary questions

- The ratio of agenda items where either concerns were expressed or there were preliminary questions has been on an upward trend since FY2015, and increased in FY2022 compared with the previous fiscal year.
- To prevent the spread of COVID-19, all meetings of the Board of Directors were held online in FY2022. We also adopted a system in which Outside Officers participate face-to-face, to the extent that sufficient distance can be maintained, to stimulate discussion.



Average amount of time spent per agenda item

- The average deliberation time per agenda item has been increasing since FY2015. We believe this is due to the high quality of discussions thanks to efforts such as narrowing the number of agenda items.
- To ensure sufficient time for deliberating important agenda items, with regard to regularly reported ones, we introduced an operational scheme in which we prepare summaries of the materials and explain them as necessary.



Topics and content of discussion at Board of Directors meetings

Theme	Content of the discussion
Progress and future initiatives in the Group Medium-Term Management Plan (2022–25)	<ul style="list-style-type: none"> • Confirm the progress of the three basic strategies of the Medium-Term Management Plan (Value, Transformation, Synergy). Regarding Synergy, we discussed how to reduce business expenses through the promotion of our "One Platform Strategy" and how to promote integrated management within the Group. • On a business basis, we confirmed that we will continue to increase international business revenues by expanding MS Amlin's underwriting of lines with high profitability and by changing the structure of the U.S. business, as well as expand business opportunities utilizing digital data as the core of MS&AD InterRisk Research & Consulting.
Efforts to improve capital efficiency and corporate value	To ensure capital profitability exceeding the cost of capital on an ongoing basis and to realize corporate value improvement, we confirmed the cost of capital ratio in our Group and discussed measures to achieve a target adjusted ROE above 10%.
Group Material risks	Among the Group's critical risks selected by us, we discussed geopolitical risks that should be taken into consideration, including environmental changes and our response in the event of a large-scale natural disaster.
Policy for responding to climate change	We discussed how to set intermediate targets for realizing net-zero greenhouse gas emissions by 2050 in our business activities and measures for achieving those targets.

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.
- The Remuneration Committee advises the Board of Directors regarding policies and other matters pertaining to determining the amount of Directors' remuneration and Executives' remuneration.
- The Board of Directors will to the maximum extent possible adhere to the advice provided by the Remuneration Committee. Furthermore, the amount of remuneration will be determined after assessing whether it is in line with the remuneration system decided through a Board of Directors resolution.

Remuneration for Audit & Supervisory Board Members

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

Composition of remuneration

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

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

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

President and CEO:

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

Other roles:

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

(Standard ratio)			(Standard ratio)		
Fixed remuneration	Performance-linked remuneration Monetary remuneration	Performance-linked remuneration Stock-based remuneration	Fixed remuneration	Performance-linked remuneration Monetary remuneration	Performance-linked remuneration Stock-based remuneration
50%	25%	25%	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 (2022–25). The indicators and reasons for their selection are as follows.

Indicators/Evaluation items		Selection reasons
Financial indicators (single fiscal year performance) <ul style="list-style-type: none"> • Group Adjusted Profit • Consolidated net income • Group Adjusted ROE 		We have selected Group Adjusted Profit, which is an indicator of shareholder return; Group Adjusted ROE, which is an indicator of capital efficiency; and consolidated net income, which is an important performance indicator of the Group. <small>Note: Following the introduction of IFRS, we plan to change "consolidated net income" to "IFRS net income" and "Group Adjusted ROE" to "IFRS adjusted ROE."</small>
Nonfinancial indicators (medium to long term)	Basic strategy	The evaluation items of nonfinancial indicators are the basic strategy and the foundations that support the basic strategy to realize a "corporate group that supports a resilient and sustainable society," which is the goal of the Group's Medium-Term Management Plan (2022–25).
	Foundations	

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

Financial Indicators (FY2022)

	Results	Plan	Achievement ratio/difference
Group Adjusted Profit	¥172.7 billion	¥167.4 billion	103.2%
Consolidated net income	¥161.5 billion	¥138.3 billion	116.8%
Group Adjusted ROE	4.8%	4.6%	+0.2point

Nonfinancial Indicators (FY2022)

Evaluation items	Evaluation results
Basic strategy	As a result of the evaluation based on the following perspectives and other factors, the evaluation was on par with the standard. • Development and supply of products and services tailored to new values for solving social issues • Business, product, and risk portfolio transformation • Promotion of the "One Platform Strategy" and the realization of Group synergies etc.
Foundations	As a result of the evaluation based on the following perspectives and other factors, the evaluation was on par with the standard. • Initiatives related to coexistence with the global environment, a secure and safe society, and the well-being of diverse people, which are key sustainability issues • Quality improvement initiatives such as improving products and services based on customer feedback • Initiatives related to human assets, such as building an optimal human assets portfolio and developing a working environment that maximizes employees' abilities, skills, and motivation, such as promoting DE&I* • Initiatives related to ERM, such as improving profitability and capital efficiency and reducing strategic equity holdings *Diversity, Equity and Inclusion etc.

Total amount of remuneration (FY2022)

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

Corporate officer category	No. of corporate officers	Total remuneration	Breakdown		
			Fixed remuneration	Performance-linked remuneration	
				Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	7	313	179	66	67
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	56	56	—	—
Outside Directors/Audit & Supervisory Board Members	7	92	92	—	—

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

Name	Corporate officer category	Company category	Total remuneration	Breakdown		
				Fixed remuneration	Performance-linked remuneration	
					Monetary remuneration	Stock-based remuneration
Yasuyoshi Karasawa	Director	Submitting company	111	55	27	29
Yasuzo Kanasugi	Director	Submitting company	106	24	9	10
	Director	Aioi Nissay Dowa Insurance Co., Ltd.		34	12	15
Noriyuki Hara	Director	Submitting company	127	28	12	12
	Director	Mitsui Sumitomo Insurance Co., Ltd.		38	16	18

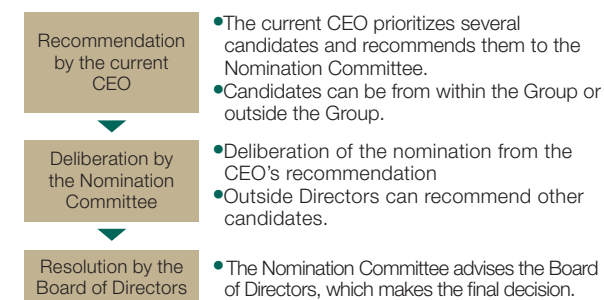
CEO Succession Plan

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

Criteria for CEO selection

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

CEO selection process



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 his/her duties due to health or other reasons, the Outside Director shall deliberate on his/her 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.

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"> • Planning and implementation of measures to improve the Group's management efficiency and to realize the Group's management strategy • Planning and implementation of the following matters related to ensuring the financial soundness and appropriateness of business operations of the operating companies: 1) capital adequacy, 2) risk management framework, 3) compliance framework, 4) appropriateness of intra-group transactions, 5) crisis management system, and 6) protection of customer information, etc. • Planning and implementation of matters related to internal audits of the Group and advice on matters related to internal audits of operating companies, etc.
Matters to be approved by and reported to the holding company	<p>The holding company requires the approval of the holding company or reporting to the holding company on important matters of the directly invested companies in accordance with the Group management supervision contracts.</p> <p>Examples of prior approval items</p> <p>1) Management plans, risk management policies, 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>The holding company has put in place an appropriate Group management administration system by, for example, conducting internal audits in cooperation with operating companies as necessary to the extent not in conflict with laws and regulations, in accordance with the Basic Policy for Internal Audits.</p>

Management structure of operating companies

Concurrently an officer of the holding company: Male Female No concurrent position: Male Female

Mitsui Sumitomo Insurance Co., Ltd.		Aioi Nissay Dowa Insurance Co., Ltd.	
Directors 	Outside Directors 	Directors 	Outside Directors
Audit & Supervisory Board Members 	Outside Audit & Supervisory Board Members 	Audit & Supervisory Board Members 	Outside Audit & Supervisory Board Members
Nomination Committee	Remuneration Committee	Nomination Committee	Remuneration Committee

Mitsui Direct General Insurance Co., Ltd.	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
Directors 	Directors 	Directors
Audit & Supervisory Board Members 	Audit & Supervisory Board Members 	Audit & Supervisory Board Members
Outside Audit & Supervisory Board Members 	Outside Audit & Supervisory Board Members 	Outside Audit & Supervisory Board Members

Notes:
 1. More than half the members, as well as the committee chairperson, are Outside Directors.
 2. Concurrent Directors of the holding company refer to executives and employees of the holding company who also serve as Directors of the operating companies.

Our Management Team

Directors

(As of July 1, 2023, except for the number of Company shares owned, which is as of the end of March 2023)



Yasuyoshi Karasawa

Chairman & Director
Chairman Executive Officer

Number of Company shares owned: 53,460
 Important concurrent positions: -

Date of birth: Oct. 27, 1950

Biography: April 1975 Entered Sumitomo Marine and Fire Insurance Co., Ltd. Has business experience in corporate planning, sales, corporate communications, financial planning, etc. Present position since June 2020



Yasuzo Kanasugi

Representative Director
Vice Chairman & Director
Vice Chairman Executive Officer

Number of Company shares owned: 60,611

Important concurrent positions: Chairman & Director, Aioi Nissay Dowa Insurance Co., Ltd. (ADI)

Date of birth: May 29, 1956

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



Noriyuki Hara

Representative Director
President & CEO

Number of Company shares owned: 54,537

Important concurrent positions: Chairman & Director, Chairman Executive Officer, Mitsui Sumitomo Insurance Co., Ltd. (MSI)

Date of birth: July 21, 1955

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 2020



Tetsuji Higuchi

Representative Director
Executive Vice President

Number of Company shares owned: 22,122

Important concurrent positions: -

Date of birth: June 24, 1961

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



Tomoyuki Shimazu

Director
Executive officer

Newly appointed

Number of Company shares owned: 18,716

Important concurrent positions: Director, Vice President Executive Officer, MSI

Date of birth: March 16, 1963

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 2023



Yusuke Shirai

Director
Executive Officer

Number of Company shares owned: 10,421

Important concurrent positions: Director, Managing Executive Officer, ADI

Date of birth: June 13, 1964

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



Mariko Bando

Outside Director

Chairperson of the Remuneration Committee

Attendance record: Board of Directors' meetings 12 of 12 (100%)

Number of Company shares owned: 6,600

Reasons for appointment and expected role: Held prominent positions as Director of Gender Equality Bureau of the Cabinet Office, President of Showa Women's University, etc. She has a wealth of knowledge and experience in the fields of public administration and education, as well as in the promotion of diversity, and is expected to supervise management and provide advice to management in general.

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. 17, 1946

July 1969	Entered the Prime Minister's Office
Oct. 1985	Counselor to the Prime Minister's Secretariat, Cabinet Councilor
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)



Junichi Tobimatsu

Outside Director

Chairperson of Governance Committee

Attendance record: Board of Directors' meetings 12/12 (100%)

Number of Company shares owned: 0

Reasons for appointment and expected role:

He has a wealth of knowledge and experience concerning overall corporate legal affairs including those of overseas companies as an attorney-at-law. We expect him to supervise management and provide advice on all aspects of management in relation to ensuring the soundness of the Group's management.

Important concurrent positions:

Attorney-at-law, GAIEN PARTNERS
Director, amana inc. (Outside Director)
Director, AI, Inc. (Outside Director (Audit and Supervisory Committee Member))
Director, CANDEAL Co., Ltd. (Outside Director (Auditor))

Date of birth: Aug. 15, 1972

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, GAIEN PARTNERS) (present)
June 2018	Director, the Company (present)



Rochelle Kopp

Outside Director

Chairperson of Nomination Committee

Attendance record: Board of Directors' meetings 12/12 (100%)

Number of Company shares owned: 0

Reasons for appointment and expected role:

She has a wealth of knowledge in the field of cross-cultural communication and experience as a management consultant. We expect her to supervise management and provide advice on all aspects of management in relation to the global expansion of the Group.

Important concurrent positions:

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

Date of birth: June 29, 1964

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)



Akemi Ishiwata

Outside Director

Attendance record: Board of Directors' meetings 10/10 (100%)

Number of Company shares owned: 100

Reasons for appointment and expected role:

As an Executive Officer of Kao Corporation, she has a wealth of knowledge on sustainability and experience in public relations and corporate branding. We expect her to supervise management and provide advice on all aspects of management from a wide range of perspectives.

Important concurrent positions:

—

Date of birth: Aug. 23, 1960

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)



Jun Suzuki

Outside Director

Newly appointed

Number of Company shares owned: 2,500

Reasons for appointment and expected role:

Held prominent positions as the General Representative in Europe of the TEIJIN Group of TEIJIN LIMITED, Representative Director, President and CEO of TEIJIN LIMITED, etc. He has extensive knowledge of international business and experience as a manager, and is expected to supervise management and provide advice on management in general.

Important concurrent positions:

Senior Advisor, TEIJIN LIMITED

Date of birth: Feb. 19, 1958

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) Director, the Company (present)

Audit & Supervisory Board Members

Atsuko Suto

Audit & Supervisory Board Member (Full-time)

Number of Company shares owned: 6,579

Important concurrent positions:

—

Date of birth: May 21, 1967

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)



Keiji Suzuki

Audit & Supervisory Board Member (Full-time)

Newly appointed

Number of Company shares owned: 2,100

Important concurrent positions:

—

Date of birth: June 18, 1968

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 2018	General Manager, Corporate Risk Management Dept., the Company
April 2019	General Manager, Corporate Risk Management Dept.
April 2022	Executive Officer, General Manager, Corporate Risk Management Dept.
June 2023	Audit & Supervisory Board Member, the Company (present)



Kunio Chiyoda

Outside Audit & Supervisory Board Member

Attendance record:

Board of Directors' meetings 11/12 (91.7%)

Audit & Supervisory Board meetings 11/11 (100%)

Number of Company shares owned: 6,300

Reasons for appointment:

As an accounting and auditing professional, he has served in positions such as a university professor and public institution committee member. We appointed him because he performs a supervisory function for management by expressing opinions, recommendations, and other views on accounting and auditing on the Board of Directors and elsewhere.

Important concurrent positions:

Director, Terasaki Electric Co., Ltd. (Outside Director, Audit and Supervisory Committee Member)
Director, Seiwa Electric MFG Co., Ltd. (Outside Director, Audit and Supervisory Committee Member)

Date of birth: Jan. 2, 1944

May 1971	Registered as Certified Public Accountant
April 1976	Assistant Professor, College of Business Administration, Ritsumeikan University
April 1984	Professor, College of Business Administration, Ritsumeikan University
April 1999	Dean of College of Business Administration, Member of the Board, Ritsumeikan University
April 2009	Professor, Graduate School of Accountancy, Kumamoto Gakuin University
April 2012	Professor of Graduate School of Accountancy, Waseda University
April 2013	Chairperson, Certified Public Accountants and Auditing Oversight Board
June 2016	Audit & Supervisory Board Member, the Company (present)



Kyoko Uemura

Outside Audit & Supervisory Board Member

Attendance record:

Board of Directors' meetings 11/12 (91.7%)

Audit & Supervisory Board meetings 10/11 (90.9%)

Number of Company shares owned: 500

Reasons for appointment:

As a legal expert, she previously served as a judge and an attorney-at-law, etc. We appointed her because she performs a supervisory function for management by expressing opinions, recommendations, and other views based on her knowledge and experience on the Board of Directors and elsewhere.

Important concurrent positions:

Attorney-at-Law, Miyama, Koganemaru & Associates

Outside Director of SoftBank Corp.

Date of birth: July 22, 1961

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)



Executive Officers

Chairman of the Board **Yasuyoshi Karasawa**

Vice Chairman of the Board **Yasuzo Kanasugi**

President & Group CEO **Noriyuki Hara**

Executive Vice President, Group CFO **Tetsuji Higuchi**
Corporate Planning Dept., Assistant Supervisor of Digital Innovation Dept.,
Corporate Communications and Investor Relations Dept., International
Supervisory Dept., Assistant Supervisor of International Business Planning
Dept., Internal Audit Dept., Capital Policy

Senior Executive Officer, Group CRO **Satoru Tamura**
Human Resources and General Administration Dept., Accounting Dept.,
Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept.

Managing Executive Officer, Group CSu0 **Naomi Motojima**
Corporate Sustainability Dept., DE&I

*For the Internal Audit Department, Executive Vice President Higuchi is responsible for operations other than those that Senior Executive Officer Tamura oversees.

Executive Officers

Shinichiro Funabiki / Assist Management

Keisuke Niiro / Assist Management

Tamaki Kawate / International Business Planning Dept.

Tomoyuki Shimazu / Assist Management

Toshiya Kawabe / General Manager of Human Resources and General Administration Dept.

Yusuke Shirai / Assist Management

Takuma Hayakawa / Financial Services Business

Takuya Tsuda / Data Management Dept., Information Technology Planning Dept.,
Group CIO, Group CISO

Hiro Yoshi Owada / General Manager of Corporate Planning Dept.

Hiroshi Arakawa / Underwriting & Reinsurance

Hiroshi Tatematsu / Sales

Tomoyuki Motoyama / Digital Innovation Dept., Administration Group CDO (DX Promotion)

Mitsuru Sato / Claims Services

Sachiko Hori / General Manager of Corporate Risk Management Dept.

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

Message from an Outside Director



Akemi Ishiwata
Outside Director (Independent Director)

Q1. What are your impressions of the management of the Board of Directors and the state of discussions after completing your first year as an Outside Director?

I was very nervous at my first board meeting, as it was my first time serving as an Outside Director for the MS&AD Insurance Group (MS&AD). Even in such a situation, I was impressed by the integrity and active exchange of opinions among all members. The fact that the Chairman of the Board of Directors encourages everyone to speak and creates an atmosphere where it is easy to express one's opinions is a major factor.

Another unique feature of the Company is the diversity of its Outside Directors, including Directors and Audit & Supervisory Board Members. I have learned a lot not only from the members as experts in their fields but also from the perspectives of women and of those from countries outside Japan. There were many instances where Internal Directors answered questions posed by Outside Directors, deepening the discussion. For many years, I worked for Kao Corporation, a manufacturer of everyday household products, so I needed to learn about the insurance business from the ground up. However, I was able to feel comfortable attending board

meetings thanks to the attentive support of the secretariat. Overall, I feel that the board meetings have a good atmosphere.

Q2. What is your assessment of MS&AD's human assets strategy and initiatives to promote DE&I?

As of April 2023, the ratio of female managers was 19.5%, which is still far from the target of 30%, but the steady increase in the number is commendable, and I hope it will continue to grow. As about half of new hires are women, it should not take much time to increase the number of sectional managers, but the challenge is how to increase the number of general managers. Although not limited to the insurance industry, it will first be necessary for companies to support women to elevate their mindsets, to help them become more prepared and confident to take on management responsibilities, and to expand the pool of potential candidates.

In selecting human assets, it is a good idea to select several people at the same time, not just one. There's a difference between a single person and multiple people in the team atmosphere and the people chosen can have their concerns eased. This was my impression when I participated in the Association of Female General Managers network

comprising members from group companies, and I found that women have different concerns than men. Therefore, a forum where people can share their concerns is valuable, and I believe it has a motivating and calming effect, so I hope it will continue in the future.

Without diversity, there is no innovation. Human assets strategies must always emphasize diversity, and not just women.

Q3. Which areas are you focusing on in the current Medium-Term Management Plan (2022–2025)?

Because I was involved in sustainability at Kao for a long time, I have been focusing on sustainability as the foundation supporting the basic strategies of the Medium-Term Management Plan and its three priorities: Symbiosis with the global environment, Safe and secure society, and Happiness of diverse people.

The manufacturing and insurance industries are completely different in terms of emissions of carbon dioxide and other greenhouse gases. Emissions obviously vary depending on if the industry has factories. But also, for example, the amount of hot water used to rinse out shampoo in Scope 3, which is related to the use and disposal of products, must be converted into greenhouse gases. This makes a big difference in emission volumes, especially outside of the company. Therefore, while the direction of the efforts toward decarbonization is different between the two companies, they share the same goal of creating a safe and secure society. I therefore feel that there are things in common that transcend industry boundaries.

Sustainability activities are never completed by one company alone, and the involvement of various stakeholders, especially employees, is essential. It is necessary to clearly communicate what MS&AD seeks and gain the empathy and cooperation of stakeholders and engage employees. In my opinion, the most important thing is to help employees integrate sustainability into their own lives, as in, "I am going to change my work in this way."

I find the Sustainability Contest an interesting way to make sustainability a personal issue. Employees come up with their own ideas to solve social issues and propose them to management. Many of the ideas are original, and to me the very act of thinking about CSV (Creating Shared Value with society) and entering the contest is more meaningful than whether the idea wins a prize. Many people will also gain new insights by sharing ideas widely within the Group.

The concept of ESG has evolved dramatically over the past 10 years within the trend toward creating a sustainable society. In line with this, the scope of information disclosure is increasingly broadening. However, rather than simply disclosing information for the sake of disclosing it, I feel that it is also necessary to work toward helping customers and investors better understand the Company's aspirations by effectively presenting proprietary metrics that other companies do not disclose and that are of interest to the public.

Q4. What do you think is needed to improve customer satisfaction and customer experience?

Until now, I was involved in consumer research, qualitatively examining how consumers' sense of values is changing. Regardless of the industry, as people's sense of values changes, products and services must also change in response. Even when speaking of security and safety, what kind of security and safety customers are looking for differs from era to era.

It is difficult to objectively measure which metrics of improvement indicate that customers are truly satisfied or that value has increased, yet such changes should never be overlooked. Knowing what the other party wants is fundamental to business. While the use of data and digital are indeed effective, sometimes it is necessary to make decisions with the human eye.

Q5. What are your expectations of MS&AD in the future?

Society's desire for security and safety is bound to increase in these days of frequent damage from typhoons, torrential rains, and earthquakes, and the increasing severity of natural catastrophe caused by global warming becoming a social problem. I feel that insurance plays a critical role in terms of the social infrastructure that supports people's lives. It is essential for employees to work with a sense of fulfillment and enthusiasm to provide customers and stakeholders with a high level of quality in terms of security and safety.

Last year, I had the opportunity to meet with front-line employees, and that experience made me believe that integrity and diligence are MS&AD's strengths. I would like to see MS&AD continue to grow and boost its corporate value by creating an environment in which such employees can fully demonstrate their abilities and play an active role.

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.

Non-Life Insurance Industry

Market Overview

About ¥8.8 Trillion

The Japanese non-life insurance industry's market scale in terms of net premiums written was ¥8,806.3 billion in FY2021 (based on member companies of the General Insurance Association of Japan).

Automobile-Related Insurance Accounts for 60%

Together, voluntary automobile insurance (48.0%) and compulsory automobile liability (8.8%) account for about 60% of the market.

Market Share of the MS&AD Insurance Group

As of July 2022, there were 55 companies engaged in the non-life insurance business in the Japanese domestic market (including 22 overseas non-life insurance companies). In terms of net premiums written, the MS&AD Insurance Group held a market share of approximately 33%.

Types of Insurance and Related Trends

Covering Diverse Risks

We face diverse risks in our daily lives. Non-life insurance products can compensate for economic damages and human losses (e.g., the cost of treating injuries) caused by natural disasters and accidents.

Changing with the Times

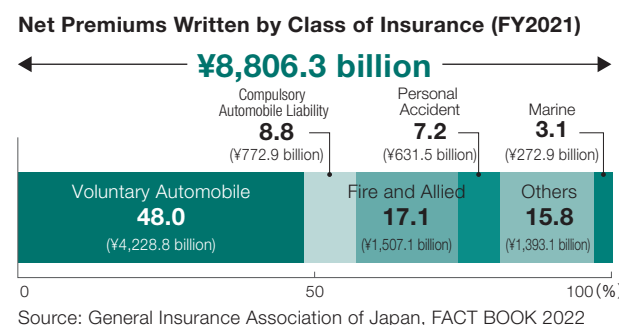
Until the 1960s, the non-life insurance market was centered on fire and marine insurance products. With the subsequent rise in the number of automobiles in use, such automobile-related products as Voluntary Automobile Insurance and Compulsory Automobile Liability Insurance have become the main products in the market. In recent years, "others" insurance, such as Liability Insurance, has been growing strongly.

Trend of Increase in Earthquake Insurance

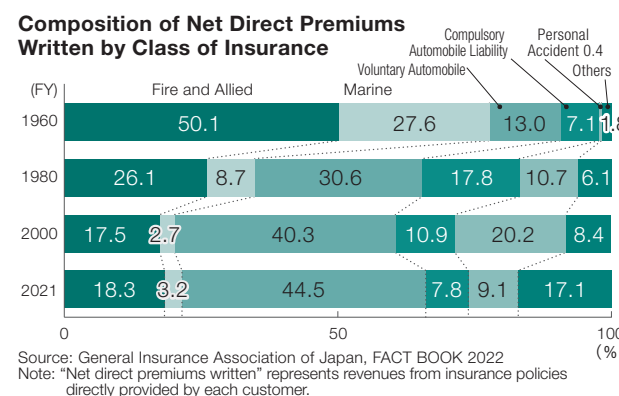
Residential earthquake insurance was developed in 1966, in response to the major earthquake that struck Niigata in Japan in 1964. The number of people obtaining residential earthquake insurance has been trending upward, and the penetration ratio of earthquake insurance in residential fire insurance policies rose to 69.0% (at the end of FY2021).

Residential Earthquake Insurance Operated in Collaboration with Government

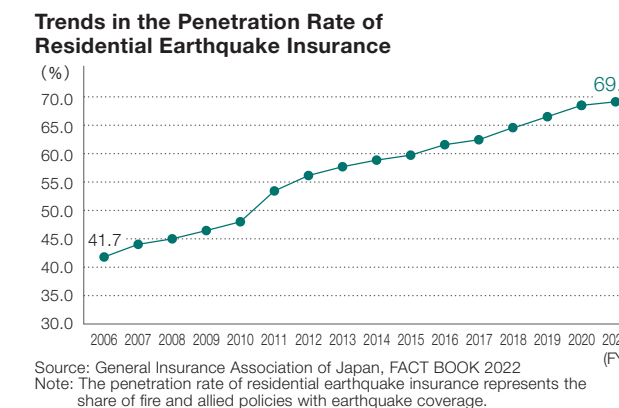
It is difficult to forecast the damage that will occur in the event of an earthquake, so fire insurance alone does not cover building fires and damage caused by earthquakes. To provide coverage for earthquake damage, the government and insurance companies collaborate to operate residential earthquake insurance, and there are no variations among insurance companies with respect to coverage of compensation and insurance premiums.



Source: General Insurance Association of Japan, FACT BOOK 2022



Source: General Insurance Association of Japan, FACT BOOK 2022
Note: "Net direct premiums written" represents revenues from insurance policies directly provided by each customer.



Source: General Insurance Association of Japan, FACT BOOK 2022
Note: The penetration rate of residential earthquake insurance represents the share of fire and allied policies with earthquake coverage.

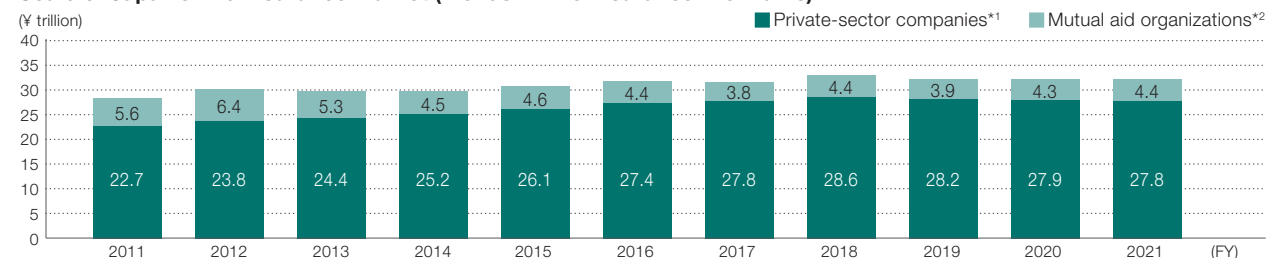
Life Insurance Industry

Market Scale

Approximately ¥32 Trillion

The scale of the Japanese life insurance industry's market in terms of life insurance premiums and others in total is approximately ¥32 trillion, making it the world's third largest market.

Scale of Japan's Life Insurance Market (Trends in Life Insurance Premiums)



Sources: Prepared by MS&AD Holdings based on materials from the Life Insurance Association of Japan, "Life Insurance Trends (2022 edition)," and Japan Cooperative Insurance Association Incorporated, "COOPERATIVE INSURANCE IN JAPAN FACT BOOK 2022."

*1 Private-sector companies: Each corporate member of the Life Insurance Association of Japan. Figures represent premiums and others.

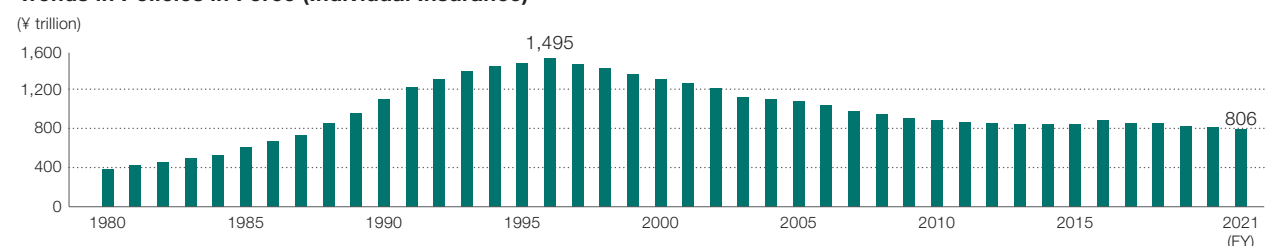
*2 Mutual aid organizations: Each organization member of the Japan Cooperative Insurance Association Incorporated. Figures represent premiums and other insurance income received (total for life insurance and annuity insurance).

Trends in Types of Insurance

Decline in Big-Ticket Death Benefit Needs

The amount of policies in force for individual insurance has been trending downward since peaking in FY1996. Behind this trend is a decline in big-ticket death benefit needs and a shift to third-sector products (medical and cancer insurance) needs.

Trends in Policies in Force (Individual Insurance)



Source: The Life Insurance Association of Japan, "Life Insurance Trends (2021 edition)"

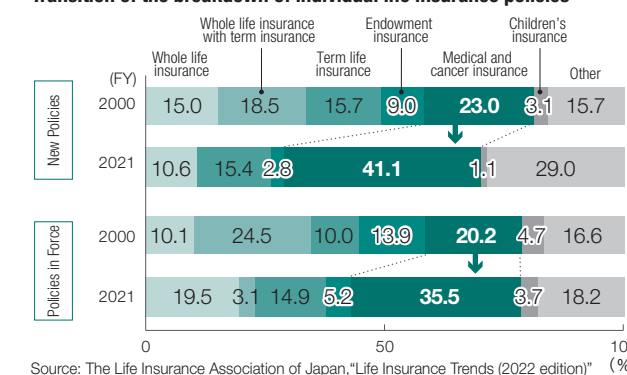
Note: Figures for 2007 and previous years exclude Japan Post Insurance and the former postal life insurance.

Online sales have become common due to COVID-19

As of the end of FY2021, the number of individual insurance policies in force was 193.01 million, up for the 14th consecutive years. Due to the impact of COVID-19, sales activities combining digital services such as e-mail and online interviews became common in addition to face-to-face sales, and both the number of new individual insurance policies and the volume of new policies increased.

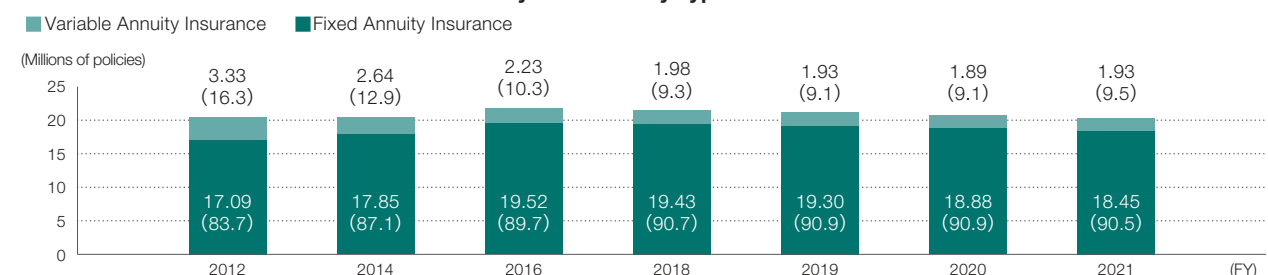
The number of individual annuity insurance policies in force decreased for the fifth consecutive year to 20.39 million (down 1.9% year on year). Regarding the number of policies in force by insurance type, the percentage of variable annuities, which had been declining, increased from 9.1% in FY2020 to 9.5% in FY2021.

Transition of the breakdown of individual life insurance policies



Source: The Life Insurance Association of Japan, "Life Insurance Trends (2022 edition)" (%)

Trends in Policies in Force for Individual Annuity Insurance by Type



Source: The Life Insurance Association of Japan, "Life Insurance Trends (2022 edition)"

Note: Figures in parentheses represent the composition ratio.

► The Insurance Industry Trends and Changes in Japan

■ Environment of the Insurance Industry in Japan

Changes in the Macro Environment

The environment surrounding the insurance industry is changing dramatically. The largest such changes are “the falling birthrate and aging population,” “progress in digital technologies such as autonomous driving,” and “an increase in natural disasters.”

Response to climate change

The intensification of natural disasters in recent years has greatly affected the non-life insurance industry. Because climate change is a serious risk that threatens not only the non-life insurance industry but also people’s lives, livelihoods, and the economy, a global public-private response is required.

■ The Insurance Industry Following Financial Regulatory Liberalization

Regulatory Liberalization of the Non-Life Insurance Industry

The 1996 revision of the Insurance Business Act brought a shift away from the “convoy system” within the industry and toward liberalization offering the scope for new initiatives. In addition, in response to changes taking place in the insurance industry’s operating environment (insurance product diversification, solicitation channel diversification, and increasing number of agents), the Insurance Business Act revision, which went into full effect in May 2016, included as its main points “the establishment of basic rules for insurance soliciting” and “the introduction of an obligation to put in place a system with respect to insurance solicitors (agents).”

Birth of the Three Mega Insurance Groups

Following the regulatory liberalization of 1996, a progression of mergers and business integrations among non-life insurance companies led to the emergence of the so-called three mega insurance groups: the MS&AD Insurance Group, the Tokio Marine Group, and the Sampo Japan Nipponkoa Group (currently the Sampo Group).

Major Events Following Regulatory Liberalization

Year	Month	Event
1996	April	Revision of the Insurance Business Act <ul style="list-style-type: none"> ■ Mutual entry into the life and non-life insurance business ■ Reform of the rating organization system ■ Introduction of products and the premium rates notification system, etc.
	October	Mutual entry into the life and non-life insurance business by subsidiaries
1997	September	Approval of risk-subdivision-type automobile insurance
1998	July	Abolition of the obligation for members to use the premium rates calculated by the rating organization
2001	April	Ban on insurance sales by banks partially lifted
2007	September	Implementation of Financial Instruments and Exchange Act
	December	Insurance sales by banks fully liberalized
2010	April	Implementation of the Insurance Act
2014	May	Passing of the law revising the Insurance Business Act
2016	May	Full implementation of the Insurance Business Act revision (implementation of a comparison-recommendation rule and an obligation to grasp customer intentions)

► The Insurance Industry Going Forward

■ Initiatives Regarding Overseas Insurance Markets

Accelerating Overseas Expansion

Major domestic insurance companies are expanding their international business bases given the maturing of the domestic insurance market. In recent years, we have seen many M&A deals in the U.S. market, which is the largest non-life insurance market in the world.

Potential of Emerging Markets

Emerging regions such as Asia, Latin America, the Middle East, and Africa have the potential for significant growth as overseas insurance markets. Among developed countries, the insurance penetration rate (total insurance premiums as a percentage of GDP) averages 9.7%. On the other hand, the insurance penetration rates of emerging markets are relatively low, at 3.0% on average, so those markets can be considered to have growth potential.

Development of Principal Insurance Markets (2021 Total Life and Non-Life Insurance Premiums by Region)

Market or Region	Total Insurance Premiums		Market Share	Insurance Penetration Rate	Per Capita Premiums (¥)
	(¥ billion)	YoY change			
Americas	335,892.3	3.3%	44.2%	10.0%	327,303
United States/Canada	319,102.8	3.3%	42%	11.4%	862,246
Latin America/the Caribbean	16,789.6	3.7%	2.2%	3.0%	25,595
Europe/Middle East/Africa (EMEA)	220,722.4	6.4%	29%	5.4%	72,242
Developed countries in EMEA	196,430.6	6.6%	25.8%	8.0%	409,295
Central and Eastern Europe/Turkey/Central Asia	9,233.5	4.5%	1.2%	1.1%	18,614
Middle East/Africa	15,058.3	5.0%	2%	2.1%	7,978
Asia Pacific	203,539.5	0.7%	26.8%	5.3%	47,755
Developed countries in Asia Pacific	100,993.2	0.9%	13.3%	9.0%	389,130
China	77,131.0	-1.7%	10.1%	3.9%	53,406
Emerging Asia Pacific except China	25,415.3	7.1%	3.3%	3.3%	9,972
World	760,154.3	3.4%	100%	7.0%	96,839
(Developed countries)	616,526.5	3.9%	81.1%	9.7%	562,088
(Emerging markets)	143,627.7	1.5%	18.9%	3.0%	21,163

Source: Prepared based on data in “sigma No. 4/2022” of Swiss Re. Figures are real figures adjusted for inflation insurance penetration rate = insurance premiums as a share of GDP. Figures were converted into Japanese yen at the average exchange rate for 2021 (US\$1=¥110.80).

■ Increasing Diversity of Insurance Companies and Sales Channels

Sales channels such as mail-order sales, marketing of insurance products via banks (OTC bank sales), and insurance storefronts have diversified, and the presence of insurance companies specializing in online sales has expanded. In addition, the number of non-life insurance agents has halved in the past 20 years due to the aging and increasing size of agents.

■ Expanding the Breadth of Products and Services

“Longevity Risk”

Economic risks related to longevity, such as securing living expenses and spending on medical expenses, are increasing.

New Products and Services Related to Medical and Long-Term Nursing Care

The importance of people’s self-help efforts is expected to continue increasing, and the associated role of private-sector insurance companies is becoming large.

► Japan’s Insurance Market Viewed from a Global Perspective

■ Non-Life Insurance

Japan Has the World’s Sixth Largest Market Scale

According to the “sigma” newsletter of Swiss Re, the scale of the non-life insurance market in 147 countries and regions around the world was approximately ¥428 trillion in 2021. The largest market is that of the United States (approximately ¥234 trillion), and Japan’s market is the sixth largest (approximately ¥12 trillion).

Japanese Market Smaller as a Share of GDP

Japan’s insurance premiums as a share of GDP are only 2.2% compared to the global average of 3.9%.

Non-life Insurance Premiums Top 20 Countries (2021)

Ranking	Country/Region	Premium Income			Per Capita Premiums (¥)	As a Share of GDP
		(¥ billion)	YoY change	Market Share		
1	United States	233,683.5	8.3%	54.6%	704,245	9.1%
2	China	36,638.5	7.2%	8.6%	25,373	1.9%
3	Germany	18,372.6	7.9%	4.3%	220,714	3.9%
4	United Kingdom	12,726.3	11.5%	3.0%	115,121	2.2%
5	France	12,291.6	9.3%	2.9%	164,649	3.4%
6	Japan	11,937.7	-5.3%	2.8%	94,734	2.2%
7	Canada	10,678.0	16.2%	2.5%	279,216	4.8%
8	South Korea	10,098.5	4.7%	2.4%	195,451	5.2%
9	Netherlands	8,739.0	6.5%	2.0%	498,268	7.7%
10	Australia	6,264.6	17.2%	1.5%	243,206	3.5%
11	Italy	5,150.0	7.2%	1.2%	86,978	2.2%
12	Spain	5,046.6	7.7%	1.2%	106,368	3.2%
13	Switzerland	3,627.3	6.1%	0.8%	414,835	4.0%
14	India	3,356.8	11.3%	0.8%	2,438	1.0%
15	Brazil	3,086.3	8.4%	0.7%	14,404	1.7%
16	Belgium	2,724.4	7.5%	0.6%	156,006	2.7%
17	Taiwan	2,699.5	10.0%	0.6%	114,346	3.2%
18	Iran	2,635.3	43.7%	0.6%	31,024	2.0%
19	Mexico	1,898.4	14.8%	0.4%	14,515	1.3%
20	Russia	1,791.5	5.3%	0.4%	12,299	0.9%
-	Other countries (regions)	34,577.1	10.4%	8.1%	-	-
	Total/Average	428,023.6	8.4%	100.0%	54,514	3.9%

Source: Prepared based on data in “sigma No. 4/2022” of Swiss Re.

Notes: 1. The “Total/Average” figures are totals of figures for the 147 countries and regions within the scope of the survey in 2021.
2. Exchange rates are the same as those used in the “Development of Principal Insurance Markets” table above.

■ Life Insurance

Japan Has the World’s Third Largest Market Scale

According to Swiss Re’s “sigma No. 4/2022,” global life insurance premium income amounted to approximately ¥330 trillion in 2021. The figure for Japan was approximately ¥33 trillion, corresponding to 9.9% of the global figure.

Life Insurance Premiums Top 10 Countries (2021)

Ranking	Country/Region	Premium Income		Market Share
		(¥ billion)	YoY change	
1	United States	67,548.3	7.5%	20.3%
2	China	40,492.5	5.2%	12.2%
3	Japan	32,780.2	-1.6%	9.9%
4	United Kingdom	31,498.7	19.0%	9.5%
5	France	20,547.3	34.9%	6.2%
6	Italy	16,176.9	12.9%	4.9%
7	Germany	12,183.7	3.0%	3.7%
8	South Korea	11,286.8	-1.2%	3.4%
9	India	10,712.0	14.2%	3.2%
10	Taiwan	9,867.7	-2.3%	3.0%
-	Other countries/regions	79,036.5	15.0%	23.8%
-	Total/Average	332,130.6	9.9%	100.0%

Source: Prepared based on data in “sigma No. 4/2022” of Swiss Re.

Notes: 1. The “Total/Average” figures are totals of figures for the 147 countries and regions within the scope of the survey in 2021.
2. Exchange rates are the same as those used in the “Development of Principal Insurance Markets” table above.

► 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 market. 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 112.

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 were 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 (2022–25), 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 (2022–25), 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

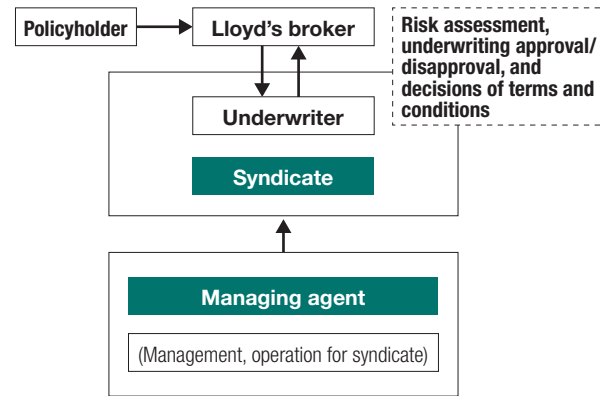
An agent specializing in life insurance or selling life insurance as its main business.

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 2022, it was underwritten by 77 Lloyd's syndicates, and the gross written premiums in FY2022 for the whole of the Lloyd's market amounted to approximately £46.7 billion.



Long-Term Care Insurance (Nursing Care Insurance)

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

Loss Adjustment Expense

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

M

Medical Insurance

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

Motor Channel Agent

Sideline agents that sell insurance as a side business but are mainly automobile repair shops, used car sales dealers, or automobile-related service providers or motorbike shops. Automobile dealerships that also sell insurance are excluded from this category.

N

Net Claims Paid

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

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

Net Expense Ratio

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

Net Loss Ratio

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

→ Earned-Incurred Loss Ratio (EI Loss Ratio)

Net Premiums Written

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

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

Non-Fleet Grade System (Automobile Insurance)

A system of insurance premium discounts and surcharges based on the accident history applied to non-fleet contracts. The term non-fleet contracts refers to contracts where the total number of contract automobiles owned and used by the policyholder (the number of contracts with other insurance companies included) is nine or less. (Cases where the number of automobiles is 10 or more are referred to as "fleet contracts.") The grades are divided into 20 levels (Grade 1 to Grade 20), and the grade is maintained even if the insurance company changes. For more details, see page 112.

O

Ordinary Outstanding Claims Reserve

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

→ Incurred but Not Reported Loss (IBNR)

Ordinary Underwriting Reserves

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

- Unearned premiums (premium reserve): Insurance premiums corresponding to the time remaining on an insurance policy, collected beforehand.
- Initial year balance: Premiums received during the fiscal year less claims paid, reserves for outstanding claims, and other expenses incurred under those contracts.

Outstanding Claims

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

P

Policies in Force

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

Policy Clauses

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

Policyholder

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

Policy Reserve

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

R

Reinsurance

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

→ Direct Insurance

Reinsurance Premium

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

Reinsurance Premium Ceded

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

Reorganization by Function

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

Reserve for Price Fluctuation

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

Retrocession Premium

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

S

Solvency Margin Ratio

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

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

Strategic Equity

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

T

Telematics

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

Term Insurance

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

→ [Whole Life Insurance](#)

Third Sector

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

Three Surplus Factors (Life Insurance)

The "three surplus factors" refer to three margins: the "administrative expense margin," which is the difference between the planned administrative expense based on the planned expense ratio and the actual administrative expenses; the "risk margin (mortality margin)," which is the difference between the planned payment amounts from insurance, benefits, etc., based on the planned mortality rate and the actual payment amounts from insurance, benefits, etc.; and the "investment yield margin," which is the difference between the planned investment income based on the planned interest rate and the actual investment income. (If the investment yield margin is negative, it will be in a "negative spread" state.) The three surplus factors are a breakdown of "core profit," which is an indicator of the periodic profit and loss situation of a life insurance company.

Tontine-Type Annuity

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

U

Underwriting Profit (Loss)

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

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

Underwriting Reserves

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

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

V

Variable Insurance

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

W

Whole Life Insurance

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

→ [Term Insurance](#)

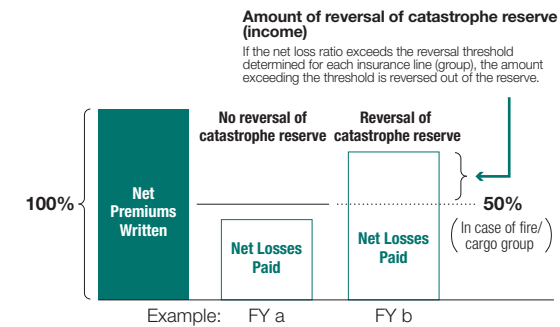
Accounting Line-Item Terminology

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

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

Catastrophe Reserves

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

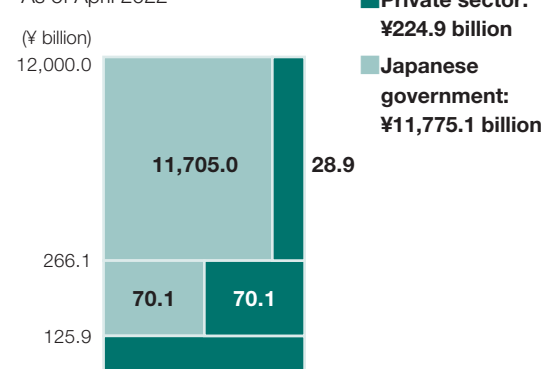


About Residential Earthquake Insurance

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

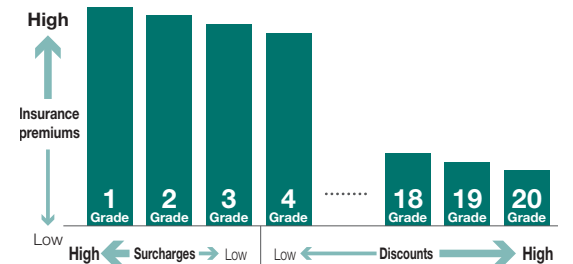
Government and Private-Sector Burdens

As of April 2022



Non-Fleet Grade System (Automobile Insurance)

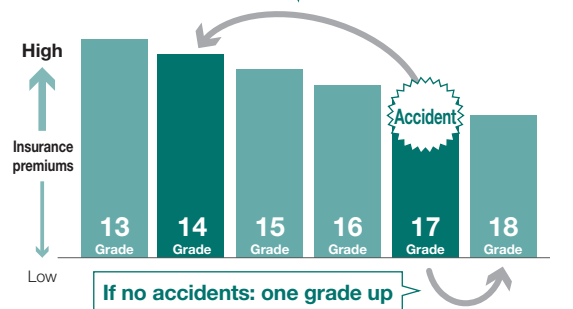
- This system applies discount percentages to grades defined from Grade 1 to Grade 20.



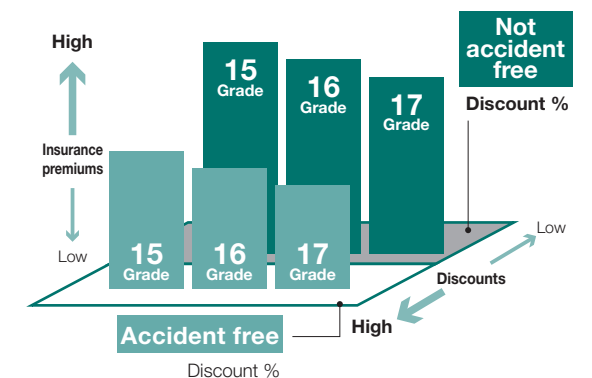
- When the contract is first concluded, the customer starts at Grade 6 (or Grade 7) and then rises by a one-grade increment if there are no accidents.
- If there is an accident, the grade drops by three-grade increments and moves to an accident-existence rate table.

*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."

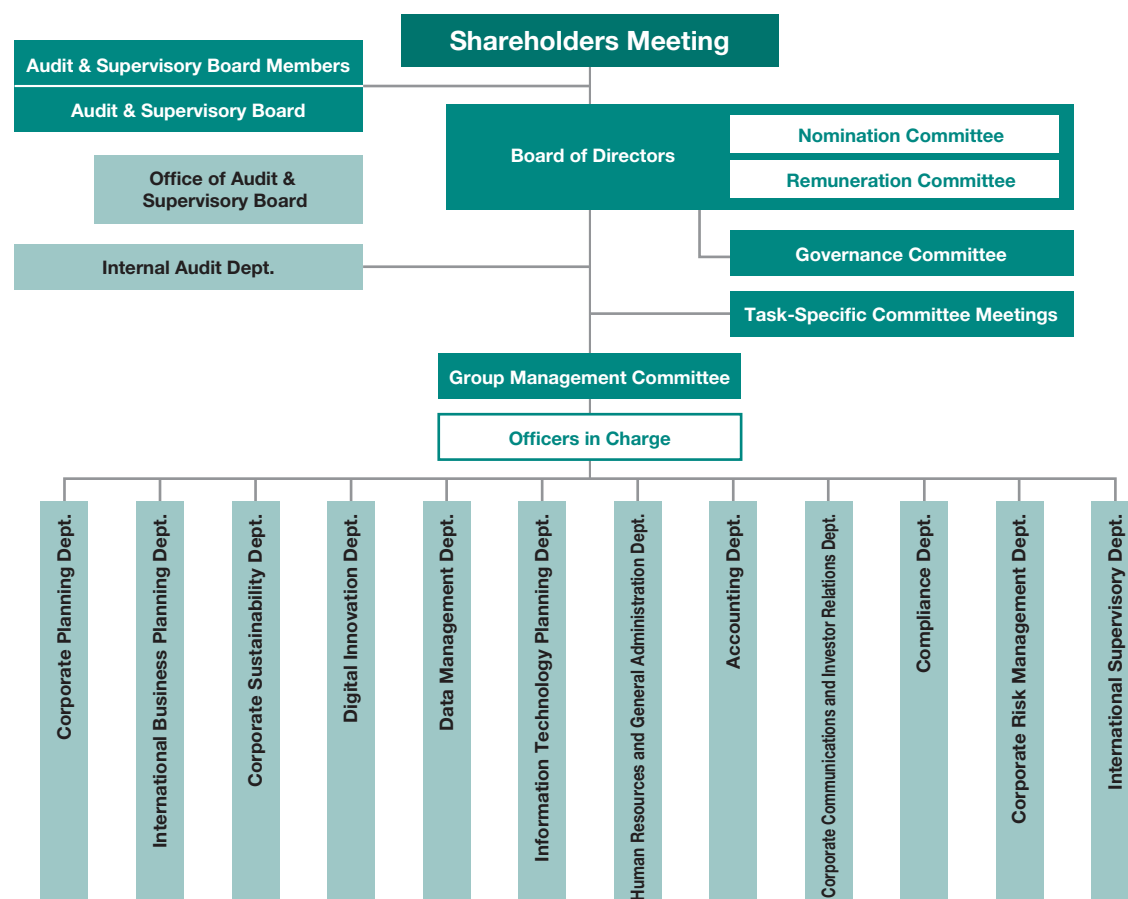


Corporate Profile

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

Corporate Name	MS&AD Insurance Group Holdings, Inc.
Date Established	April 1, 2008 (Name changed on April 1, 2010)
Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan
Representative	Noriyuki Hara, Representative Director, President & CEO
Paid-in Capital	¥100,808 million (as of March 31, 2023)
Number of Employees	418 (38,584 on a consolidated basis) (as of March 31, 2023)
Business Description	Activities as an insurance holding company are as follows: 1. Management and administration of non-life insurance companies, life insurance companies, and companies that it might own as its subsidiaries under the Insurance Business Act, and business incidental thereto; 2. Any business associated with the above under the Insurance Business Act.
Stock Listings	Tokyo Stock Exchange (Prime Market) Nagoya Stock Exchange (Premier Market)
Independent Auditor	KPMG AZSA LLC

MS&AD Insurance Group Holdings, Inc. Organizational Chart (as of April 1, 2023)



Stock and Shareholders (as of March 31, 2023)

1 Summary of Issued Shares

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

2 Shareholding Profile

Breakdown by Sector

	Japanese Financial Institutions	Japanese Securities Companies	Other Japanese Companies	Foreign Companies and Individuals	Japanese Individuals and Others	Total
Number of Shareholders	175	57	1,610	962	79,199	82,003
Number of Shares Held (Millions)	187.08	34.25	88.15	167.18	59.29	535.96
Percentage of Shares Issued	34.9%	6.4%	16.4%	31.2%	11.1%	100%

Breakdown by Number of Shares Held

	1-99	100-999	1,000-9,999	10,000-99,999	100,000 and Above	Total
Number of Shareholders	23,483	44,625	12,506	1,047	342	82,003
Percentage of All Shareholders	28.6%	54.4%	15.3%	1.3%	0.4%	100%

Breakdown by Region

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

3 Major Shareholders

(as of March 31, 2023)

Shareholder Name	Address	Number of Shares Held (Thousands)	Percentage of Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	78,193	14.60
Toyota Motor Corporation	1, Toyota-cho, Toyota City, Aichi Prefecture	52,610	9.82
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo, c/o Nippon Life Securities Operations Department	36,325	6.78
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	28,800	5.38
JP MORGAN CHASE BANK 380055 (Standing agent: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	270 Park Ave., New York, NY 10017, USA (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	16,494	3.08
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Japan	11,635	2.17
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	1776 Heritage Dr., North Quincy, MA 02171, USA (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	9,864	1.84
Barclays Securities Japan Limited	31st Floor, Roppongi Hills Mori Tower, 6-10-1, Roppongi, Minato-ku, Tokyo	6,455	1.20
Sumitomo Life Insurance Company	2-2-1 Yaesu, Chuo-ku, Tokyo	6,077	1.13
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	6,018	1.12
Total		252,474	47.13

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

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

Date	Issued Shares		Paid-in Capital		Capital Reserves	
	Increase/Decrease	Balance	Increase/Decrease	Balance	Increase/Decrease	Balance
July 22, 2020 ^{*1}	181 thousand	593,473 thousand	¥276 million	¥100,276 million	¥276 million	¥729,532 million
July 27, 2021 ^{*1}	159 thousand	593,632 thousand	¥258 million	¥100,534 million	¥258 million	¥729,790 million
July 26, 2022 ^{*1}	134 thousand	593,767 thousand	¥274 million	¥100,808 million	¥274 million	¥730,064 million
November 30, 2022 ^{*2}	(57,800) thousand	535,967 thousand	—	¥100,808 million	—	¥730,064 million

Notes:
 1. The increase is due to new share issuance to provide restricted stock as stock-based remuneration.
 2. The decrease in the total number of issued shares was due to the retirement of treasury shares.

5 Basic Information

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

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

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

Business Overview



Notes: 1. The primary consolidated subsidiaries and other entities in each business are listed.
 2. The symbols indicate the following: ★: Consolidated subsidiary ●: Equity-method affiliate

Main Subsidiaries

1. CONSOLIDATED SUBSIDIARIES

Name of Company	Location	Date of Incorporation	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
Mitsui Sumitomo Insurance Co., Ltd.	Chiyoda-ku, Tokyo	Oct. 21, 1918	Domestic Non-Life Insurance	¥139,595 million	100.0%	-
Aioi Nissay Dowa Insurance Co., Ltd.	Shibuya-ku, Tokyo	June 30, 1918	Domestic Non-Life Insurance	¥100,005 million	100.0	-
Mitsui Direct General Insurance Co., Ltd.	Bunkyo-ku, Tokyo	June 3, 1999	Domestic Non-Life Insurance	¥39,106 million	100.0	-
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Aug. 8, 1996	Domestic Life Insurance	¥85,500 million	100.0	-
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Sept. 7, 2001	Domestic Life Insurance	¥41,060 million	100.0	-
Little Family SS Insurance Co., Ltd.	Shinagawa-ku, Tokyo	Aug. 1, 2019	Domestic Non-Life Insurance	¥75 million	-	97.3%
Mitsui Sumitomo Insurance Venture Capital Co., Ltd.	Chuo-ku, Tokyo	Dec. 6, 1990	Financial Services Business	¥1 billion	-	100.0
MS&AD InterRisk Research Institute & Consulting, Inc.	Chiyoda-ku, Tokyo	Jan. 4, 1993	Risk-Related Services	¥330 million	100.0	-
MSIG Holdings (U.S.A.), Inc.	New York, U.S.A.	Oct. 21, 1988	International	US\$1,362 million	-	100.0
Mitsui Sumitomo Insurance USA Inc.	New York, U.S.A.	Jan. 28, 1988	International	US\$5,000 thousand	-	100.0
Mitsui Sumitomo Insurance Company of America	New York, U.S.A.	March 29, 2001	International	US\$5,000 thousand	-	100.0
MSIG Specialty Insurance USA Inc.	New York, U.S.A.	Jan. 11, 1994	International	US\$5,000 thousand	-	100.0
Transverse Insurance Group, LLC	Delaware, U.S.A.	June 26, 2018	International	US\$107,695 thousand	-	100.0
Transverse Specialty Insurance Company	Dallas, U.S.A.	Nov. 18, 1982	International	US\$5,000 thousand	-	100.0
Transverse Insurance Company	Dallas, U.S.A.	March 14, 1961	International	US\$4,200 thousand	-	100.0
TRM Specialty Insurance Company	Dallas, U.S.A.	Nov. 5, 1987	International	US\$2,500 thousand	-	100.0
DTRIC Insurance Company, Limited	Honolulu, U.S.A.	Dec. 12, 1978	International	US\$4,500 thousand	-	100.0
DTRIC Insurance Underwriters, Limited	Honolulu, U.S.A.	Feb. 2, 2007	International	US\$2,500 thousand	-	100.0
Mitsui Sumitomo Seguros S/A.	São Paulo, Brazil	Dec. 15, 1965	International	BRL619,756 thousand	-	100.0
Aioi Nissay Dowa Europe Limited	London, U.K.	Nov. 8, 2017	International	UK£350,010 thousand	-	100.0
Aioi Nissay Dowa Insurance UK Limited	London, U.K.	Dec. 11, 2017	International	UK£135,100 thousand	-	100.0
MS Amlin Corporate Member Limited	London, U.K.	Sept. 19, 1994	International	UK£1,700 thousand	-	100.0
MS Amlin Underwriting Limited	London, U.K.	Nov. 29, 1988	International	UK£400 thousand	-	100.0
MSI Corporate Capital Limited	London, U.K.	Jan. 7, 2000	International	UK£5,200 thousand	-	100.0
Mitsui Sumitomo Insurance Company (Europe), Limited	London, U.K.	July 28, 1972	International	UK£80,700 thousand	-	100.0
Leadenhall Capital Partners LLP	London, U.K.	April 30, 2008	Financial Services	US\$2,850 thousand	-	80.0
MS Amlin AG	Zurich, Switzerland	Aug. 19, 2010	International	CHF10,000 thousand	-	100.0
MSIG Insurance Europe AG	Cologne, Germany	April 20, 2012	International	€184,000 thousand	-	100.0
Aioi Nissay Dowa Life Insurance of Europe AG	Ismaring, Germany	Dec. 8, 2005	International	€5,000 thousand	-	100.0

Name of Company	Location	Date of Incorporation	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
MS Financial Reinsurance Limited	Hamilton, Bermuda	Nov. 21, 2011	Financial Services	¥46 million	-	100.0%
MS Amlin Insurance SE	Brussels, Belgium	Jan. 4, 2016	International	€140,000 thousand	-	100.0
Aioi Nissay Dowa Insurance Company of Europe SE	Senningerberg, Luxembourg	Nov. 12, 2004	International	€41,875 thousand	-	100.0
MSIG Insurance (Singapore) Pte. Ltd.	Singapore, Singapore	Sept. 23, 2004	International	S\$333,442 thousand	-	100.0
MS First Capital Insurance Limited	Singapore, Singapore	Dec. 9, 1950	International	S\$26,500 thousand	-	97.7
Aioi Nissay Dowa Insurance Company Australia Pty Ltd	Melbourne, Australia	Aug. 1, 2008	International	A\$87,800 thousand	-	100.0
MSIG Mingtai Insurance Co., Ltd.	Taipei, Taiwan	Sept. 22, 1961	International	NT\$2,535 million	-	100.0
MSIG Insurance (Hong Kong) Limited	Hong Kong, P.R.C.	Sept. 8, 2004	International	HK\$1,625 million	-	100.0
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, P.R.C.	Jan. 23, 2009	International	RMB1,000 million	-	100.0
Mitsui Sumitomo Insurance (China) Company Limited	Shanghai, P.R.C.	Sept. 6, 2007	International	RMB500,000 thousand	-	100.0
MSIG Insurance (Vietnam) Company Limited	Hanoi, Vietnam	Feb. 2, 2009	International	VND300,000 million	-	100.0
PT. Asuransi Jiwa Sinarmas MSIG Tbk	Jakarta, Indonesia	July 17, 1984	International	IDR210,000 million	-	80.0
PT. Asuransi MSIG Indonesia	Jakarta, Indonesia	Dec. 17, 1975	International	IDR100,000 million	-	80.0
MSIG Insurance (Thailand) Public Company Limited	Bangkok, Thailand	April 14, 1983	International	THB142,666 thousand	-	86.4
MSIG Insurance (Malaysia) Bhd.	Kuala Lumpur, Malaysia	April 28, 1979	International	MYR1,511 million	-	65.4 [1.4]
MSIG Insurance (Lao) Co., Ltd.	Vientiane, Laos	Sept. 18, 2009	International	US\$2,000 thousand	-	51.0
56 other companies						

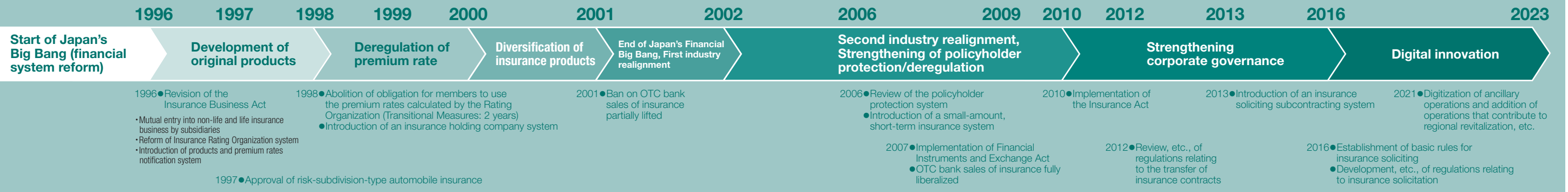
2. EQUITY-METHOD AFFILIATES

Name of Company	Location	Date of Incorporation	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
au Insurance Company, Limited	Minato-ku, Tokyo	Feb. 23, 2010	Domestic Non-Life Insurance	¥3,150 million	-	49.0%
Sumitomo Mitsui DS Asset Management Company, Limited	Minato-ku, Tokyo	July 15, 1985	Financial Services	¥2,000 million	-	15.0
Challenger Limited	Sydney, Australia	Sept. 13, 1985	International	A\$2,513 million	15.2%	-
BoCommLife Insurance Company Limited	Shanghai, P.R.C.	July 4, 2000	International	RMB5,100 million	37.5	-
Cholamandalam MS General Insurance Company Limited	Chennai, India	Nov. 2, 2001	International	INR2,988 million	-	40.0
Max Financial Services Limited	Nawanshahr, India	Feb. 24, 1988	International	INR690,065 thousand	-	21.9
Max Life Insurance Company Limited	Chandigarh, India	July 11, 2000	International	INR19,188 million	-	[87.0]
Ceylinco Insurance PLC	Colombo, Sri Lanka	Feb. 11, 1987	International	LKR1,324 million	-	15.0
BPI/MS Insurance Corporation	Makati, Philippines	Oct. 1, 1965	International	PHP350,000 thousand	-	48.5
Hong Leong Assurance Berhad	Kuala Lumpur, Malaysia	Dec. 20, 1982	International	MYR200,000 thousand	-	30.0
Two other companies						

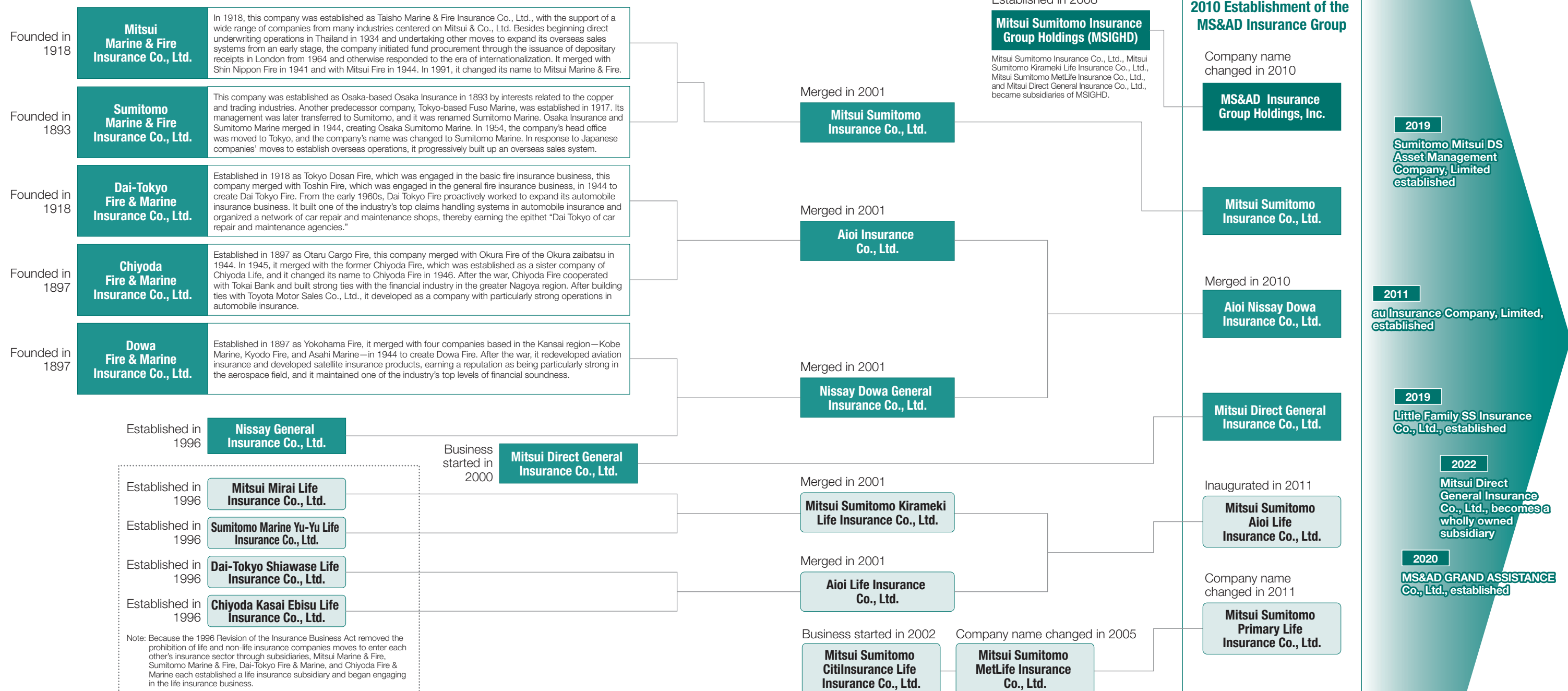
Note: Figures in brackets [] represent the percentage of voting rights belonging to closely allied entities or entities that are in agreement with MS&AD on voting issues.

History of the MS&AD Insurance Group in Japan

Major events in the insurance industry

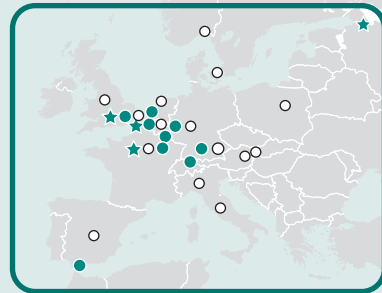
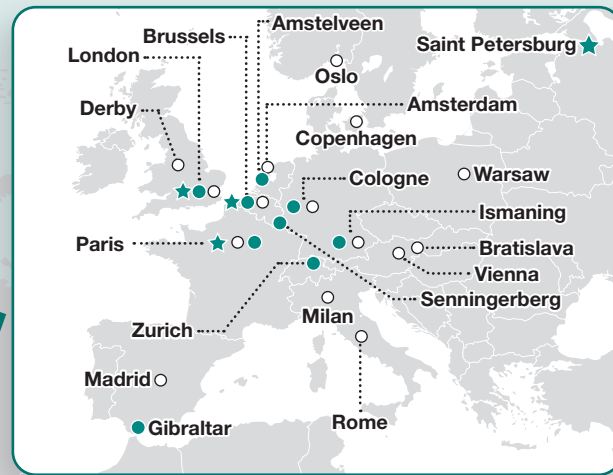


History of the MS&AD Insurance Group



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

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



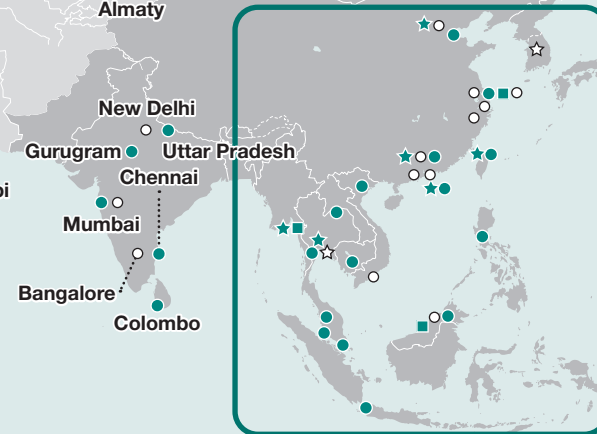
Expansion of the Non-Life Insurance Business

Business expansion through M&A

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

Business initiations through capital investments in local markets

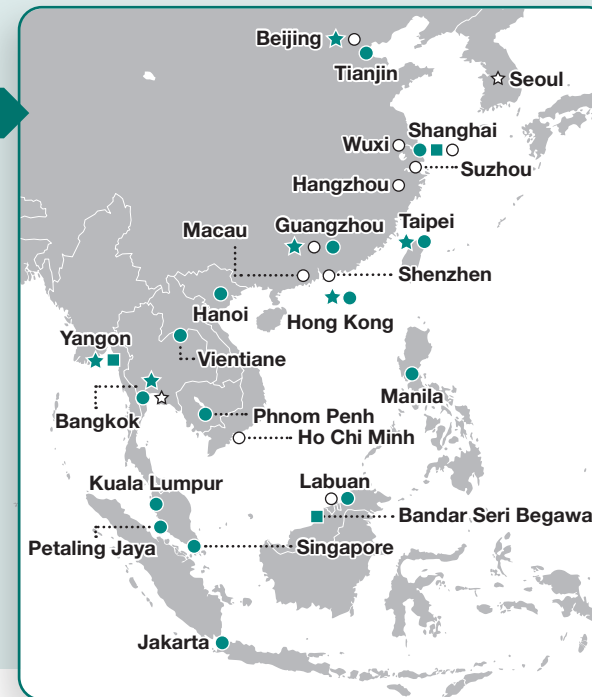
2000	Became the first Japanese non-life insurance company to establish a Lloyd's syndicate
2000	Began Toyota Retail Business in Germany and France
2012	Established a company in Germany
2015	Invested in Ceylinco Insurance (Sri Lanka)
2019	Invested in IKBZ Insurance (Myanmar)



Expansion of Life Insurance Business

Expansion and diversification of international life insurance business

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



Developing Business in Major Countries/Regions

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

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

Global Network (as of July 1, 2023)

ASIA AND OCEANIA

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

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

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

THE AMERICAS

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

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

EUROPE, THE MIDDLE EAST, AND AFRICA

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

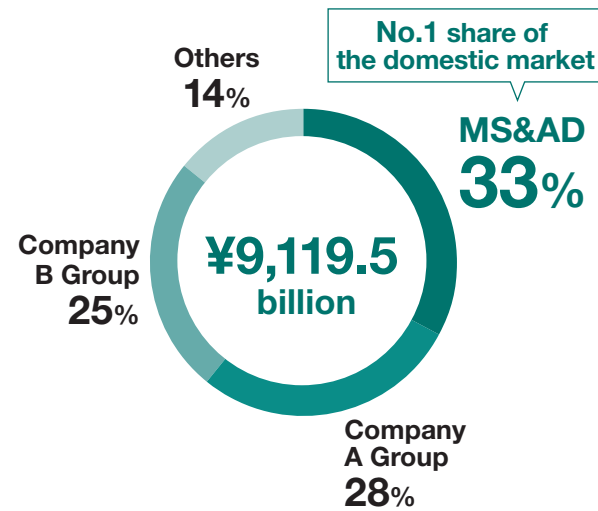
AUSTRIA	ADI	△ Toyota Insurance Management SE Austrian Branch
NETHERLANDS	MSI	△ MSIG Insurance Europe AG The Netherlands Branch
FRANCE	MSI	△ MSIG Insurance Europe AG France Branch
	ADI	★ Paris Representative Office △ Aioi Nissay Dowa Insurance Company of Europe SE French Branch △ Toyota Insurance Management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

MS&AD Positioning Partnership

Domestic Non-Life Insurance Business

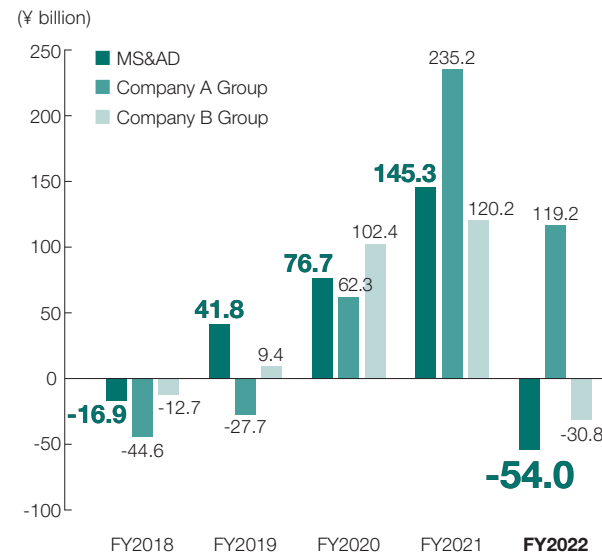
The insurance group most chosen by customers in Japan

Share of Net Premiums Written* (FY2022)



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

Underwriting Profit (before reflecting catastrophe reserves)*



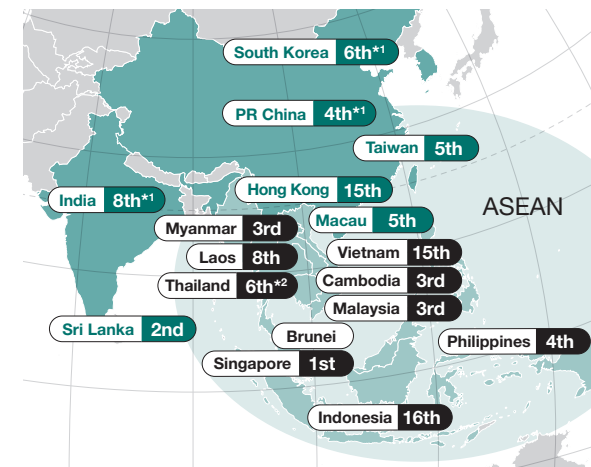
Source: Prepared by MS&AD based on publicly announced information from each insurance company
*The figures for MS&AD are the simple sum of the non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. The figures for other insurance groups are the simple sums of the non-consolidated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

International Business

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

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

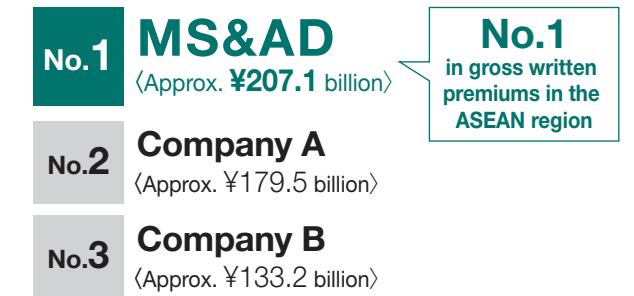
With global business expansion to 48 countries and regions, especially in Asia, and as the world's only global non-life insurance group with a presence in all 10 ASEAN countries, the Group maintains the No.1 presence for gross written premiums in the ASEAN region.



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

FY2021 Gross Written Premiums Ranking of the ASEAN Countries

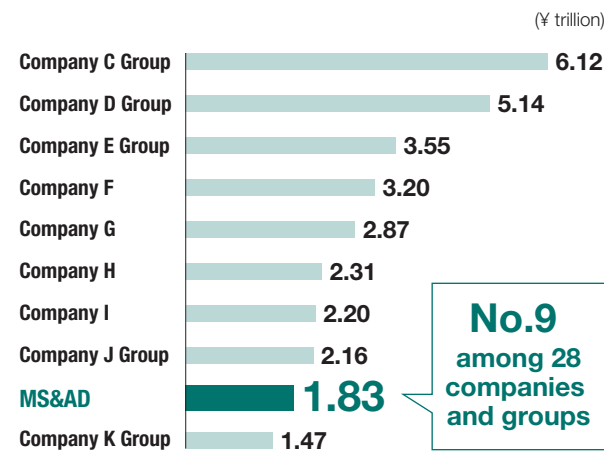
Figures in parentheses are the sum of GWP*2 for the following countries (rough estimation): Singapore, Malaysia, Thailand, Indonesia, Philippines, and Vietnam



Domestic Life Insurance Business

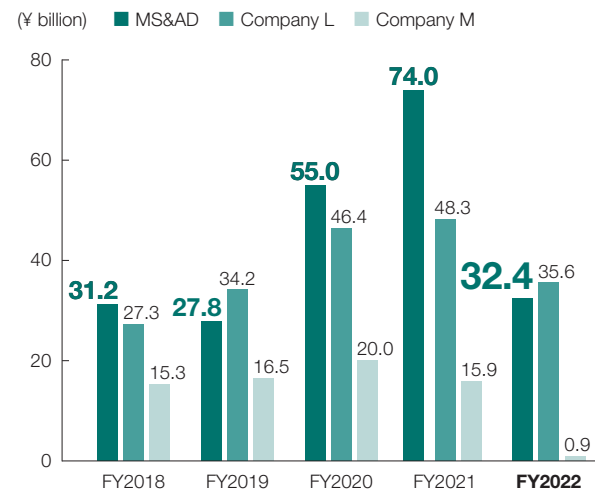
No.9 in premiums income among domestic life insurance companies/groups

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



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

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



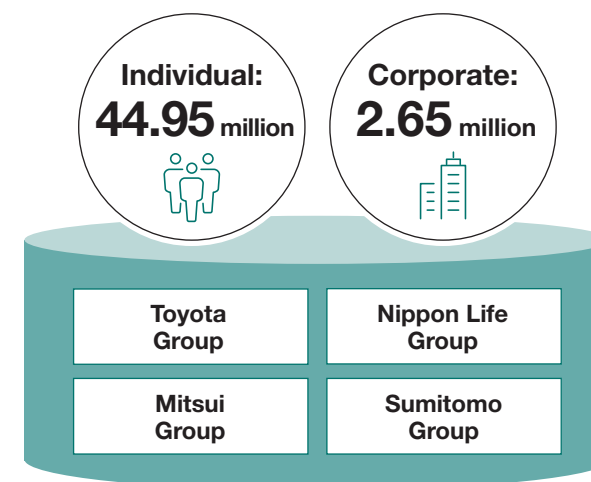
Source: Prepared by MS&AD based on publicly announced information from each insurance company

Partnerships, etc.

Diverse partnerships and sales channels

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

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



Diverse channels and agent networks



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

Credit Ratings

Credit Ratings for Domestic Insurance Companies

This section contains information about credit ratings assigned to the following companies in the Group. As of July 1, 2023

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

Credit Ratings for Overseas Insurance Companies

The table below indicates information about credit ratings of overseas subsidiaries. As of July 1, 2023

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

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

Domestic Non-Life Insurance Business

Mitsui Sumitomo Insurance Co., Ltd. (MSI)

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

Corporate Profile

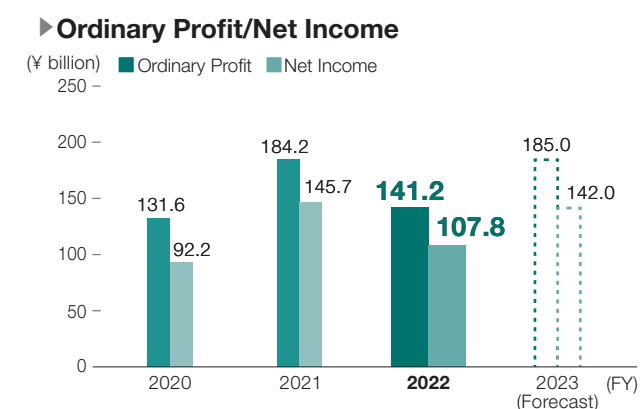
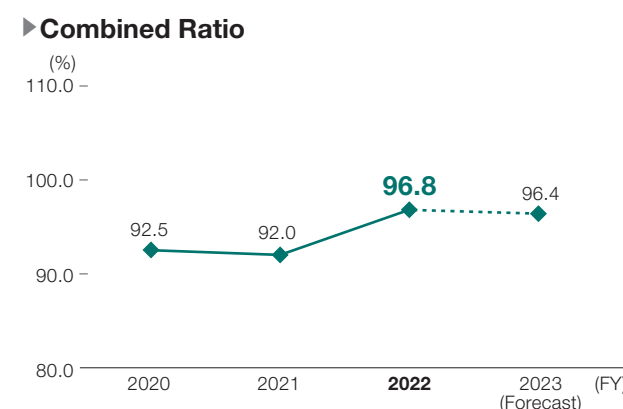
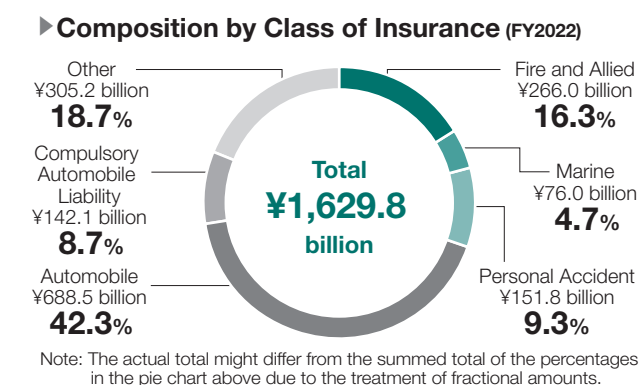
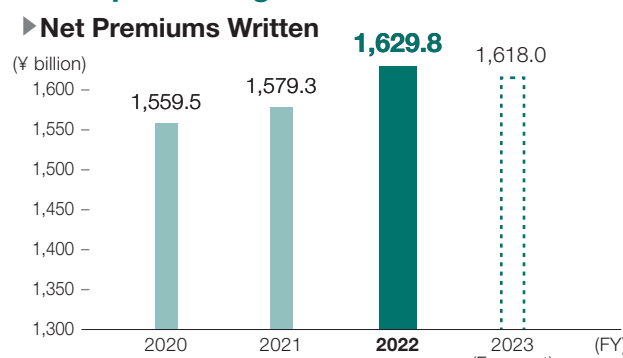
President: **Shinichiro Funabiki**
(concurrently serving as Executive Officer of MS&AD Holdings)
Date Established: **October 1918**
Number of Employees: **12,572 (as of March 31, 2023)**
Head Office: **9, Kanda-Surugadai 3-chome, Chiyoda-ku, Tokyo**
URL <https://www.ms-ins.com/english/>

Principal Indicators (Non-Consolidated)

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

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

Principal Management Indicators



Domestic Non-Life Insurance Business

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

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

Corporate Profile

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

Principal Indicators (Non-Consolidated)

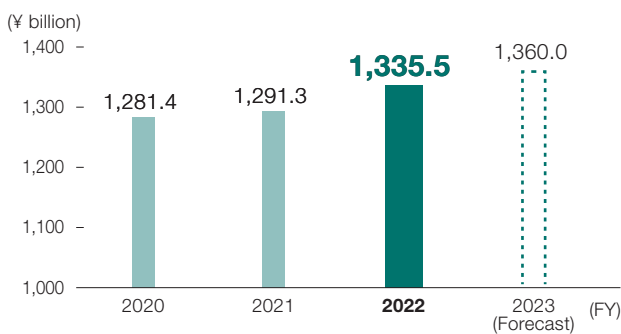
(¥ billion)

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

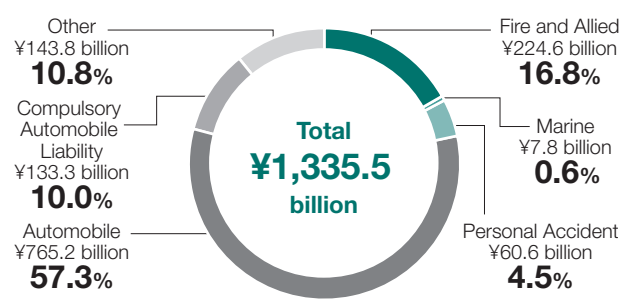
Notes: 1. Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100
 2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100
 3. Combined ratio = net loss ratio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

Principal Management Indicators

▶ Net Premiums Written

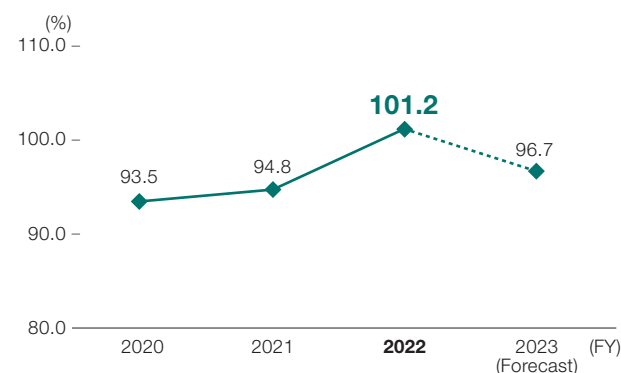


▶ Composition by Class of Insurance (FY2022)

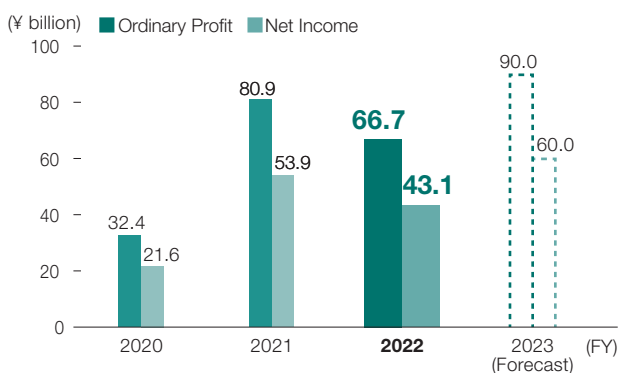


Note: The actual total might differ from the summed total of the percentages in the pie chart above due to the treatment of fractional amounts.

▶ Combined Ratio



▶ Ordinary Profit/Net Income



Domestic Non-Life Insurance Business

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

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

Corporate Profile

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

Principal Indicators (Non-Consolidated)

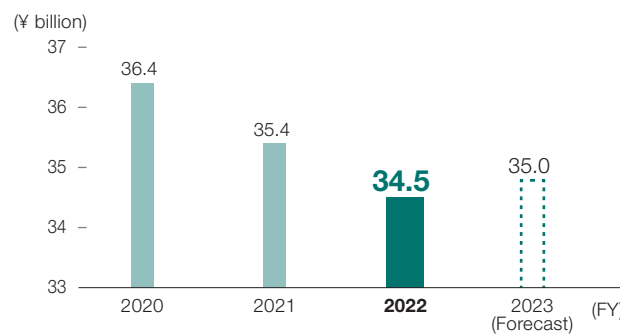
(¥ billion)

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

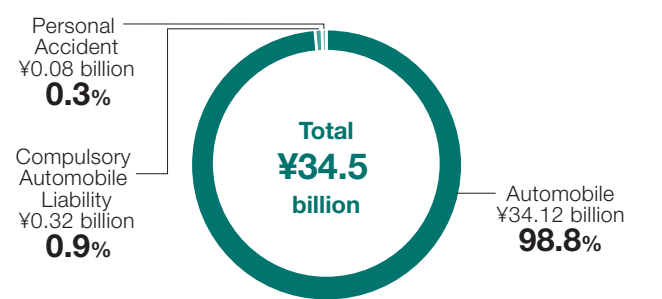
Notes: 1. Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100
 2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100
 3. Combined ratio = net loss ratio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

Principal Management Indicators

▶ Net Premiums Written

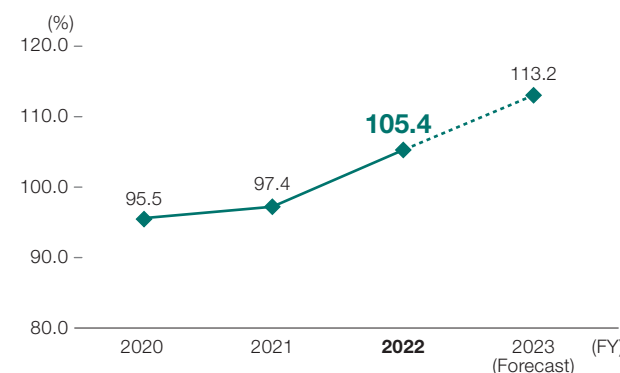


▶ Composition by Class of Insurance (FY2022)

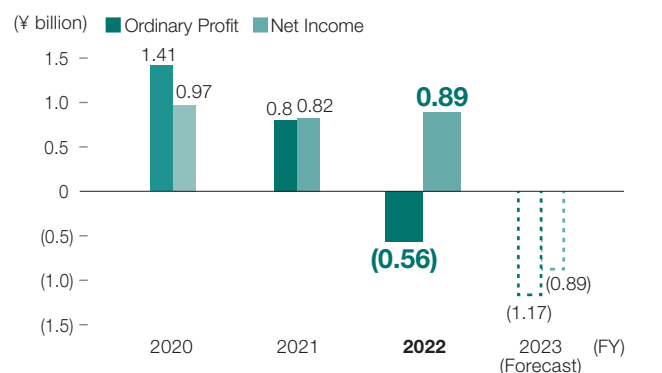


Note: The actual total might differ from the summed total of the percentages in the pie chart above due to the treatment of fractional amounts.

▶ Combined Ratio



▶ Ordinary Profit/Net Income



Domestic Life Insurance Business

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

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

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

Principal Indicators (Non-Consolidated)

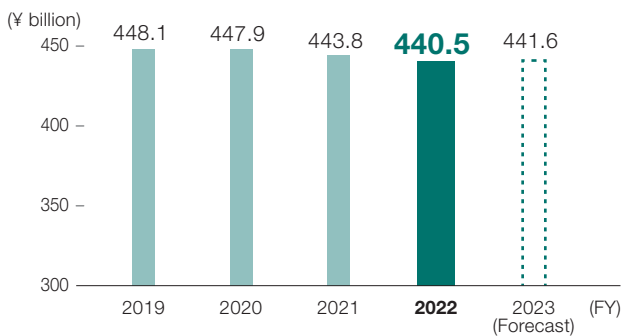
(¥ billion)

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

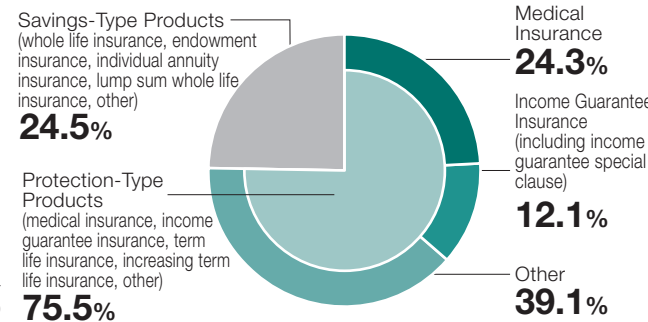
Notes: 1. The amount of new policies, amount of policies in force, and annualized premiums of policies in force are the totals of individual insurance and individual annuity insurance.
 2. Core profit is an insurance business profitability indicator that is calculated by deducting "capital gains/(losses)"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

Principal Management Indicators

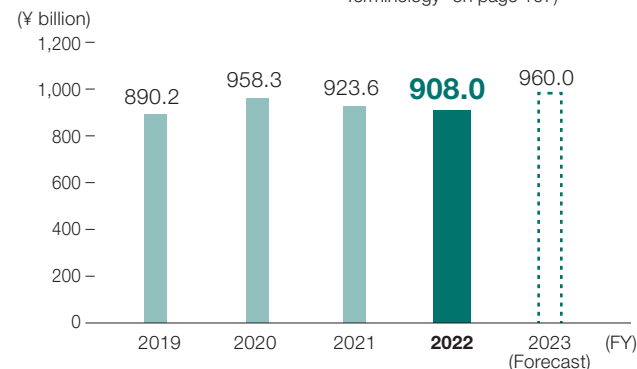
▶ Annualized Premiums of Policies in Force



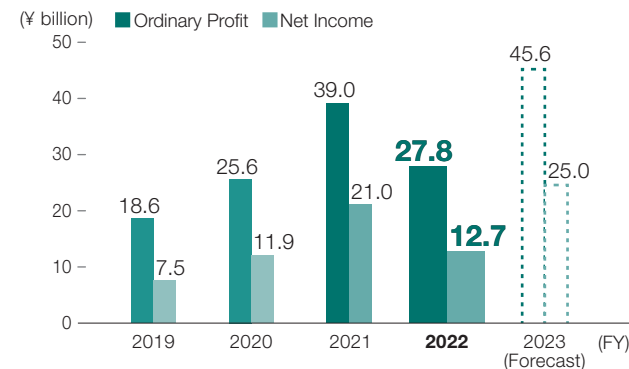
▶ Weight by Type of Product (FY2022)



▶ Embedded Value (EEV) (Refer to the "Glossary of Insurance Terminology" on page 107)



▶ Ordinary Profit/Net Income



Domestic Life Insurance Business

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

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

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

Principal Indicators (Non-Consolidated)

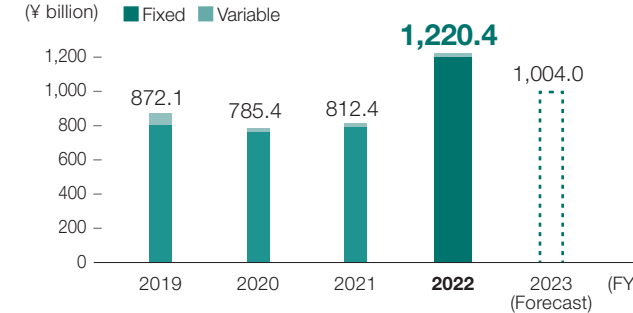
(¥ billion)

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

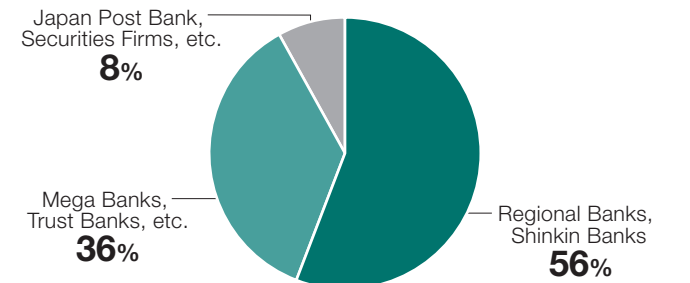
Notes: 1. The amount of new policies and amount of policies in force are the totals of individual insurance and individual annuity insurance.
 2. Core profit is a life insurance business profitability indicator that is calculated by deducting "capital gains/(losses)" and "non-recurring income/losses"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

Principal Management Indicators

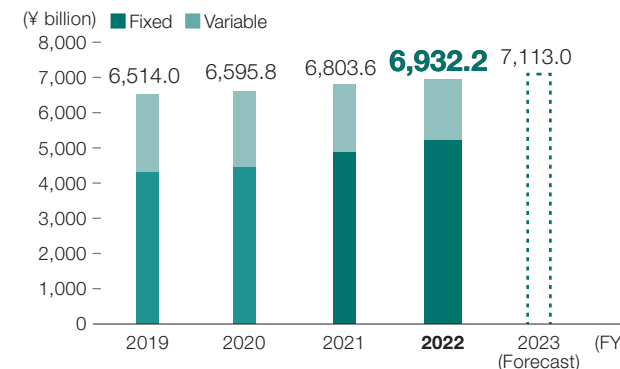
▶ Premiums Income



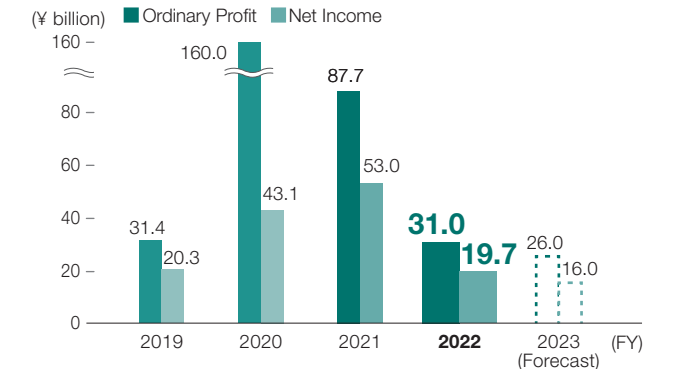
▶ Weight by Type of Sales Channel (FY2022)



▶ Amount of Policies in Force



▶ Ordinary Profit/Net Income



MS Amlin

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

Principal Indicators

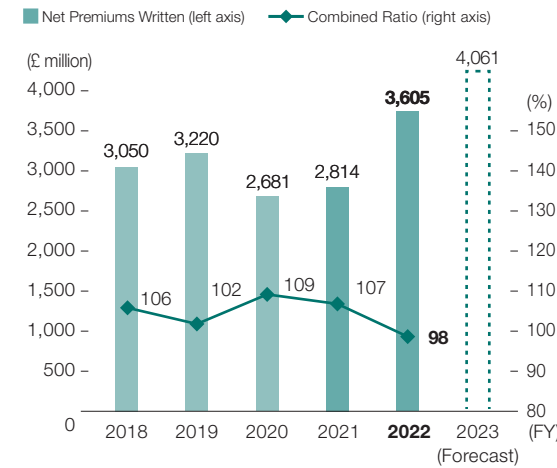
(£ million)

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

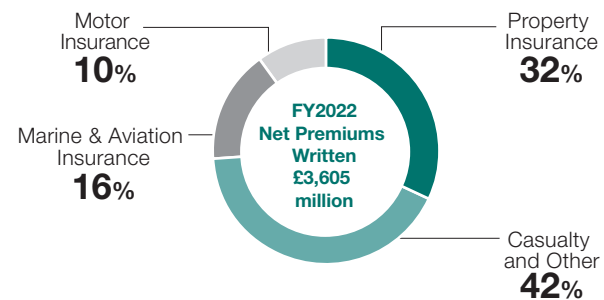
Notes: 1. On a local reporting basis. New accounting standards (IFRS 17, "Insurance Contracts," and IFRS 9, "Financial Instruments") have been applied from FY2023, and the figures for FY2023 (Forecast) are based on the new accounting standards. In accordance with the change in accounting standards, net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

Principal Indicators

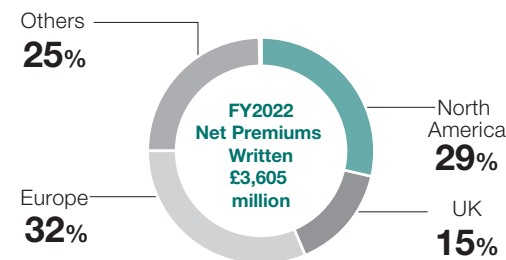
Net Premiums Written and Combined Ratio



Net Premiums Written by Product Line



Net Premiums Written by Geography



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

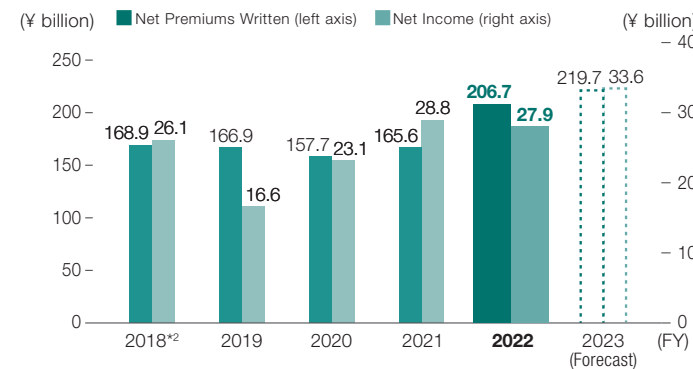
Company Name	MS Amlin Underwriting Limited	MS Amlin AG (brand name: MS Reinsurance)	MS Amlin Insurance SE	MS Amlin Corporate Services Limited
Headquarters	London, UK	Zurich, Switzerland	Brussels, Belgium	London, UK
CEO	Andrew Carrier	Robert Wiest	Ludovic Senecaut	Matthew Pasterfield
Number of Employees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

Asian Region

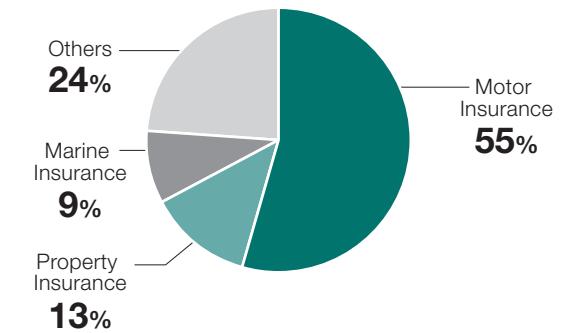
As the sole insurance group with underwriting operations in all 10 ASEAN countries in the Asian region, we are leveraging our solid business base to create further growth and expand locally rooted businesses.

Principal Indicators*1

Net Premiums Written and Net Income



Net Premiums Written by Product Line (FY2022)



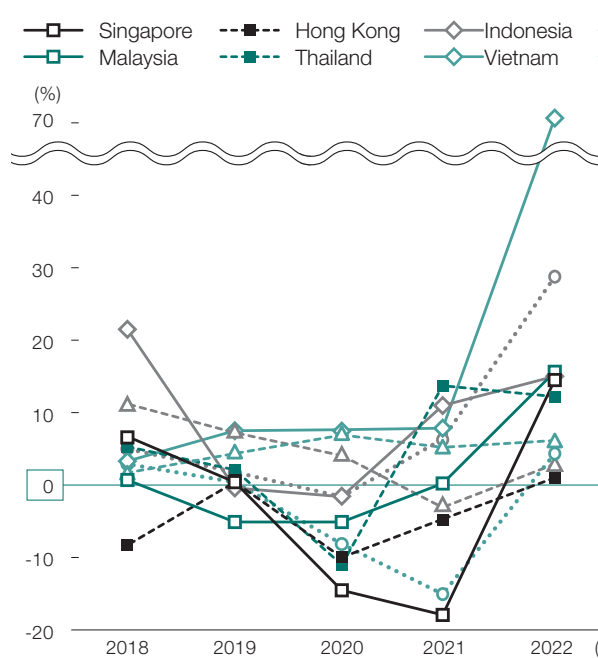
Conditions by Major Country and Region (FY2022)

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

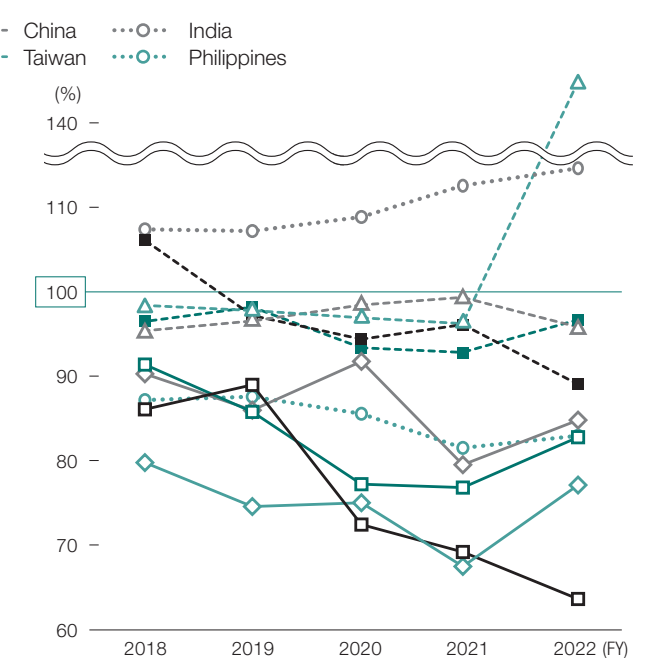
Conditions by Major Country and Region (FY2022)

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

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



Trends in Combined Ratios (FY2017–FY2022)



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

Short Commentary: Group Financial Statements

Commentary 1: Balance Sheet (B/S)

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

(¥ billion)

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

Commentary 2: Statements of Income (P/L)

① Main components of the statements of income

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

FY2022	Income (+): underwriting income (¥4,482.4 billion); investment income (¥745.7 billion); other ordinary income (¥23.1 billion) Expenses (-): underwriting expenses (¥4,064.2 billion), of which ¥1.2 billion is provision for underwriting reserves; investment expenses (¥195.6 billion); operating expenses and general and administrative expenses (¥739.3 billion); other ordinary expenses (¥20.8 billion) Ordinary profit: ¥231.1 billion
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FY2021	Income (+): underwriting income (¥4,239.5 billion); investment income (¥858.6 billion); other ordinary income (¥33.7 billion) Expenses (-): underwriting expenses (¥3,915.3 billion), of which ¥259.9 billion is provision for underwriting reserves; investment expenses (¥108.9 billion); operating expenses and general and administrative expenses (¥696.3 billion); other ordinary expenses (¥20.8 billion) Ordinary profit: ¥390.4 billion
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② Underwriting profit and catastrophe reserves for domestic non-life insurance companies

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

Impact of natural catastrophes on underwriting profit

(¥ billion)

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

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

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

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Five-Year Summary (Unaudited)

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

	Yen					US\$
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022
Net income attributable to owners of the parent per share - Basic	¥328.72	¥248.36	¥255.79	¥474.52	¥299.80	\$2.24
Net income attributable to owners of the parent per share - Diluted	328.60	248.22	255.65	474.32	299.70	2.24
Net assets per share	4,712.11	4,308.37	5,525.42	5,955.21	5,633.94	42.04
Equity ratio	11.89%	10.57%	12.78%	13.02%	12.04%	-
Return on equity	6.77%	5.50%	5.22%	8.29%	5.15%	-
Price earnings ratio	10.25	12.18	12.70	8.38	13.70	-

	Yen in millions					US\$ in millions
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022
Cash flows						
Cash flows from operating activities	¥776,724	¥667,896	¥(323,912)	¥236,708	¥194,153	\$1,449
Cash flows from investing activities	(252,417)	(330,363)	43,925	(71,976)	480,953	3,589
Cash flows from financing activities	(33,337)	65,321	79,278	58,545	(314,502)	(2,347)
Cash and cash equivalents at the end of year	1,798,526	2,198,680	1,994,434	2,256,216	2,646,431	19,749
Number of employees	41,467	41,582	41,501	39,962	38,584	-

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

Management's Discussion and Analysis

1. OVERVIEW

This Management Discussion and Analysis (MD&A) provides information on the nature of the businesses conducted by MS&AD Holdings and its affiliates (176 subsidiaries and 32 associates as of March 31, 2023), and the positioning of the principal affiliates within these businesses.

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

Description of Businesses

1) Domestic Non-Life Insurance Business

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

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

2) Domestic Life Insurance Business

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

- Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSI Aioi Life")
- Mitsui Sumitomo Primary Life Insurance Company, Limited ("MSI Primary Life")

3) International Business

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

4) Financial Services Business/Risk-Related Services Business

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

2. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Significant accounting policies used in the preparation of MS&AD Holdings' consolidated financial statements are presented in "Significant Accounting Policies" of the "Notes to Consolidated Financial Statements"

under "Section 5. Accounting Status." The following items are considered to be important accounting estimates.

1) Method for Determination of Fair Value

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

2) Impairment of Securities

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

3) Impairment of Fixed Assets

When the profitability of fixed assets declines and investments in these assets are unlikely to be recovered, MS&AD recognizes impairment losses to reflect recoverable amounts under certain circumstances.

The recoverable amount for an asset or asset group is the higher of the net sales value (the value computed by deducting expected disposal expenses from the fair value of an asset or asset group) and the value in use (the present value of expected future cash flows resulting from the continual usage and subsequent disposal of an asset or asset group).

Accordingly, the amount of the impairment loss for fixed assets depends on estimated future cash flows based on the assumption and forecasts that MS&AD considers reasonable. Consequently, an additional impairment loss could be incurred in the event of changes in the related business environment, in the event of a change in the usage of fixed assets or in the event of changes in real estate or leasing market prices.

4) Deferred Tax Assets

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

5) Allowance for Credit Losses

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

6) Outstanding Claims

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

7) Underwriting Reserves

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

8) Retirement Benefit Expenses and Retirement Benefit Obligations

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

3. SUMMARY OF BUSINESS RESULTS

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

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

Value (Value creation)	Through the global implementation of "CSV × DX ^(*) ," the following initiatives were undertaken with the aim of providing value to all stakeholders and enhancing corporate value, as well as increasing the profitability of our business, products, and services and strengthening our earnings base. [Details of Initiatives] <ul style="list-style-type: none"> Development of products and services that come before and after coverage and protection, such as "Accident Risk AI Assessment"⁽²⁾, and establishment of a sales structure Implementation of measures to improve and expand profitability of the domestic non-life insurance business, including premium rate revisions for fire insurance, development of disaster prevention and mitigation services, and sales expansion of strategic products for casualty insurance
Transformation (Business transformation)	The following initiatives were undertaken with the aim of transforming the business structure and adapting to changes in the business environment through the creation of new businesses and other measures, as well as transforming the business, product, and risk portfolios to build a stable earnings base. [Details of Initiatives] <ul style="list-style-type: none"> Business investment in the U.S. MGA⁽³⁾ market in international operations and expansion of domestic life insurance business and new business areas Using DX to establish new business sectors and developing more advanced risk consulting services with InterRisk Research & Consulting playing a central role Reducing strategic equity holdings by 206.6 billion yen, exceeding the revised target (150 billion yen) for FY2022
Synergy (Group synergy)	The following initiatives were undertaken with the aim of realizing further growth by strengthening collaboration by leveraging the diversity of the Group, improving productivity by deepening Group standardization, collaboration, and integration, and realizing synergies on a global basis. [Details of Initiatives] <ul style="list-style-type: none"> Implementation of the "One Platform Strategy" to improve quality and productivity in areas such as products, claims services, and administrative work for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance Sales promotion of the products of Mitsui Sumitomo Primary Life through the sales network of Mitsui Sumitomo Aioi Life, and the expansion of concurrent selling of life insurance and non-life insurance products Global synergies including the sharing and mutual use of expertise and skills of Group companies in Japan and overseas through the TENKAI Project⁽⁴⁾ and other initiatives

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

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

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

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

[Key Consolidated Financial Indicators]

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

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

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

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

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

Insurance premiums and claims by insurance type are as follows.

a. Direct Premiums Written (including Deposit Premiums from Policyholders)

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

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

b. Net Premiums Written

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

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

c. Net Claims Paid

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

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

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

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

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

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

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

1) Domestic Non-Life Insurance Business (MSI)

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

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

A summary of asset management is as follows.

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

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

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

2) Domestic Non-Life Insurance Business (ADI)

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

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

A summary of asset management is as follows.

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

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

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

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

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

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

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

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

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

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

4) Domestic Life Insurance Business (MSI Aioi Life)

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

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

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

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

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

5) Domestic Life Insurance Business (MSI Primary Life)

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

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

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

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

6) International Business (Overseas Insurance Subsidiaries)

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

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

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

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

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

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

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

4. CASH FLOW ANALYSIS

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

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

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

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

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

Our policies by main business area are as follows.

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

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

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

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

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

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

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

6. SOLVENCY MARGIN RATIO

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

Insurance companies build reserves to cover payments of insurance claims.

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

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

1) MS&AD
Consolidated Solvency Margin Ratio

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

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

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

2) MSI
Non-Consolidated Solvency Margin Ratio

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

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

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

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

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

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

The solvency margin ratio increased 72.2 percentage points from the end of the previous fiscal year to 830.8%, mainly due to a decrease in the amount equivalent to the risk of major disasters and a decrease of ¥48.4 billion in the total risk compared with the end of the previous fiscal year.

4) Mitsui Direct General Insurance Co., Ltd.
Non-consolidated solvency margin ratio

	(Yen in millions)	
	FY2021	FY2022
(A) Total solvency margin	¥17,001	¥17,853
(B) Total risk	5,199	5,060
(C) Solvency margin ratio $[(A) / ((B) \times 1/2)] \times 100$	653.9%	705.5%

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

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

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

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

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

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

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

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

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

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

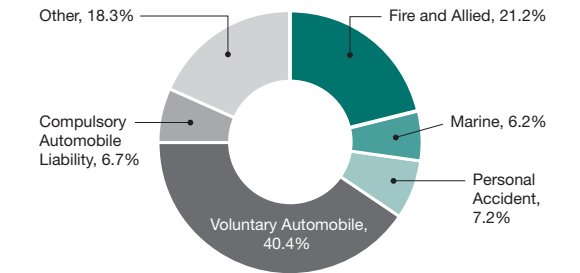
Premiums Written and Net Claims Paid – Non-Life Insurance (Unaudited)

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

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

DIRECT PREMIUMS WRITTEN (FY2022)

Total ¥4,136.9 Billion

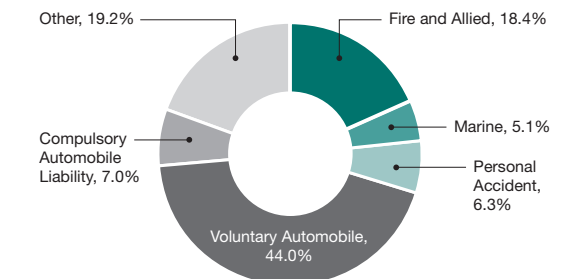


(b) Net Premiums Written

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

NET PREMIUMS WRITTEN (FY2022)

Total ¥3,934.4 Billion

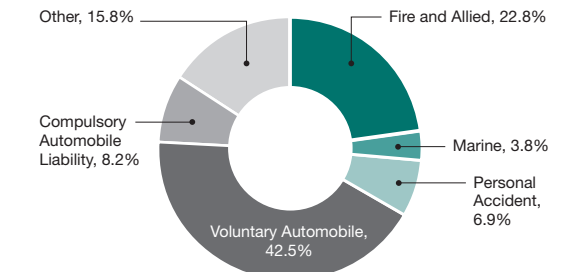


(c) Net Claims Paid

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

NET CLAIMS PAID (FY2022)

Total ¥2,241.1 Billion



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

(a) Policies in Force

	(Yen in millions)										(US\$ in millions)
	FY2018		FY2019		FY2020		FY2021		FY2022		FY2022
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Individual insurance	¥28,117,507	4.6	¥28,056,161	(0.2)	¥27,851,835	(0.7)	¥27,814,964	(0.1)	¥27,307,492	(1.8)	\$203,787
Individual annuities	3,094,163	3.6	2,915,890	(5.8)	3,010,961	3.3	2,836,443	(5.8)	2,874,667	1.3	21,453
Group insurance	8,554,605	8.8	8,888,416	3.9	9,356,277	5.3	9,618,042	2.8	9,846,741	2.4	73,483
Group annuities	305	1.0	294	(3.4)	297	0.7	277	(6.5)	252	(9.1)	2

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

(b) New Policies

	(Yen in millions)										(US\$ in millions)
	FY2018		FY2019		FY2020		FY2021		FY2022		FY2022
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Individual insurance	¥3,847,186	¥2,773,532	¥2,434,298	¥2,413,439	¥2,379,027	\$17,754					
Individual annuities	385,662	177,730	123,035	96,731	357,413	2,667					
Group insurance	92,813	96,406	114,945	43,351	68,710	513					
Group annuities	–	–	–	–	–	–					

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

Investment Assets and Investments in Securities (Unaudited)

(a) Investment Assets

	(Yen in millions)				(US\$ in millions)
	FY2021		FY2022		FY2022
	Amount	Share	Amount	Share	Amount
Deposits and savings	¥2,357,002	9.4%	¥2,771,949	11.1%	\$20,686
Receivables under resale agreements	–	–	–	–	–
Monetary claims bought	146,489	0.7	142,976	0.6	1,067
Money trusts	2,039,135	8.1	2,082,012	8.3	15,537
Investments in securities	16,959,321	67.7	16,149,338	64.6	120,517
Loans	985,242	3.9	959,497	3.8	7,160
Land and buildings	424,841	1.7	413,872	1.7	3,089
Total investment assets	¥22,912,033	91.5%	¥22,519,646	90.1%	\$168,057
Total assets	¥25,033,846	100.0%	¥25,000,433	100.0%	\$186,570

(b) Investments in Securities

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

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

Consolidated Balance Sheets

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
As of March 31, 2022 and March 31, 2023

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

See accompanying notes to consolidated financial statements.

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

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

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

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

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

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

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

2022

(Yen in millions)

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

2023

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥100,534	¥553,680	¥1,251,280	¥(159,850)	¥1,745,644
Changes for the year:					
Issuance of new shares	274	274			548
Dividends paid			(106,881)		(106,881)
Net income attributable to owners of the parent			161,530		161,530
Repurchase of treasury stock				(54,946)	(54,946)
Disposal of treasury stock		(7)		213	205
Cancellation of treasury stock		(207,920)		207,920	-
Changes in equity resulting from increase in capital of consolidated subsidiaries		(30)			(30)
Changes in equity resulting from transactions with non-controlling shareholders		(850)			(850)
Net changes of items other than shareholders' equity					
Total changes for the year	274	(208,535)	54,648	153,187	(424)
Ending balance	¥100,808	¥345,144	¥1,305,928	¥(6,662)	¥1,745,220

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

See accompanying notes to consolidated financial statements.

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	¥1,565,167	¥(998)	¥(52,492)	¥1,566	¥1,513,242	¥762	¥43,099	¥3,302,749
Changes for the year:								
Issuance of new shares								548
Dividends paid								(106,881)
Net income attributable to owners of the parent								161,530
Repurchase of treasury stock								(54,946)
Disposal of treasury stock								205
Cancellation of treasury stock								-
Changes in equity resulting from increase in capital of consolidated subsidiaries								(30)
Changes in equity resulting from transactions with non-controlling shareholders								(850)
Net changes of items other than shareholders' equity	(348,603)	(20,997)	132,196	(11,015)	(248,419)	(203)	2,572	(246,051)
Total changes for the year	(348,603)	(20,997)	132,196	(11,015)	(248,419)	(203)	2,572	(246,476)
Ending balance	¥1,216,563	¥(21,996)	¥79,704	¥(9,448)	¥1,264,822	¥558	¥45,671	¥3,056,273

See accompanying notes to consolidated financial statements.

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

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	11,680	(7)	(392)	12	11,293	6	322	24,647
Changes for the year:								
Issuance of new shares								4
Dividends paid								(798)
Net income attributable to owners of the parent								1,205
Repurchase of treasury stock								(410)
Disposal of treasury stock								2
Cancellation of treasury stock								-
Changes in equity resulting from increase in capital of consolidated subsidiaries								(0)
Changes in equity resulting from transactions with non-controlling shareholders								(6)
Net changes of items other than shareholders' equity	(2,602)	(157)	987	(82)	(1,854)	(2)	19	(1,836)
Total changes for the year	(2,602)	(157)	987	(82)	(1,854)	(2)	19	(1,839)
Ending balance	9,079	(164)	595	(71)	9,439	4	341	22,808

Consolidated Statements of Cash Flows

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

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

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MS&AD Insurance Group Holdings, Inc. and its Consolidated Subsidiaries
As of and for the years ended March 31, 2022 and March 31, 2023

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of presentation

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

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

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

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

2. Scope of consolidation

(1) Number of consolidated subsidiaries

101 companies

Major consolidated subsidiaries are as follows:

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

Changes in scope of consolidation

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

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

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

MS&AD Grand Assistance Co., Ltd.

MS&AD Systems Company, Limited

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

3. Application of the equity method

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

12 companies

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

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

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

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

4. Fiscal year of consolidated subsidiaries

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

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

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings, and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry" (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

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

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

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

Effective from the year ended March 31, 2023, MSPL discontinued the subgroups of individual insurance and individual annuities (denominated in Australian dollars and New Zealand dollars), and debt securities earmarked for underwriting reserves held in these subgroups were reclassified as available-for-sale securities. This was mainly due to the improvement in ALM (asset and liability Management) efficiency in line with the decrease in the balance of underwriting reserves for these subgroups. As a result of this change, securities decreased by 19,686 million yen, net unrealized gains on available-for-sale securities decreased by 14,173 million yen, and deferred tax assets increased by 5,512 million yen at the time of transfer on September 30, 2022.

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

Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes in fair values due to fluctuations in foreign exchange rates are reported in net unrealized gains and losses in net assets, while the remaining changes are reported as foreign exchange gains and losses in the consolidated financial statements of income. Cost of sales is calculated by the moving average method.

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

Money trusts specifically managed for the Company and its domestic consolidated subsidiaries, other than those held for trading purposes, held to maturity or earmarked for underwriting reserves, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

- (i) Depreciation of tangible fixed assets is computed using the straight-line method.
- (ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

- (i) Bad debt reserve

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

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

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

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

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

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

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

- (ii) Reserve for retirement benefits for officers

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

- (iii) Accrued bonuses for employees

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

- (iv) Reserve for share delivery

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

- (v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Japanese Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

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

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

- (ii) Accounting for actuarial gains and losses

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

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Hedge accounting

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

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

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

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

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

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

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

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

(i) Accounting for insurance contracts

Domestic consolidated insurance subsidiaries account for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Japanese Insurance Business Act and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (IFRS) or US generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for the Consolidated Financial Statements (PITF No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those related to Loss adjustment expenses and Operating expenses and general and administrative expenses incurred by the domestic consolidated non-life insurance subsidiaries. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

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

(iii) Application of consolidated tax return filing system

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

(iv) Application of the group tax sharing system

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

6. Goodwill

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

7. Accounting estimates

(1) Impairment losses on goodwill

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

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

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively "the Group") determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

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

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

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

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

(2) Outstanding claims

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

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

(ii) Details of accounting estimates

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

(a) Measurement approach

The Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms and claim investigations.

For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in

consideration of the past experience of claims payments in the previous years.

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

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

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

8. Change in accounting policy

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

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

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

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

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

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

10. Additional information

(Share compensation plan for employees)

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

(i) Overview of the transaction

Pursuant to the Plan, shares of the Company are delivered to employees of the Participating Companies ("employees") who satisfy certain requirements through a share delivery trust established by the Company. The number of Company's shares to be granted to employees is determined by the number of points awarded based on employee classification, the Group's performance, and other factors. The trust acquires a substantial number of Company's shares from the stock market in a lump sum that are expected to be delivered, based on funds contributed by the Participating Companies through the Company.

(ii) Company's shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in net assets. The carrying amount of this treasury stock at the end of the year ended March 31, 2023 is 4,034 million yen, and the number of shares is 990 thousand.

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

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

(i) Overview of the transaction

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

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

(ii) Shares remaining in the trust

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

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

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

NOTES TO CONSOLIDATED BALANCE SHEETS

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

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

Note: As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from the sales of assets to be replaced by the acquired assets or receipts of governmental subsidies provided for the acquisition of the new assets. The total amounts deducted from the original acquisition cost of the qualifying properties as of March 31, 2022 and March 31, 2023 were ¥12,162 million and ¥11,629 million, respectively.

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

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

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

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

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

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

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

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

(Change in presentation)

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

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

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

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

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

	Yen in millions	
	March 31, 2022	March 31, 2023
	227,342	204,822

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

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

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

	Yen in millions	
	March 31, 2022	March 31, 2023
	1,888,006	1,569,434

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

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

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

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

9. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

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

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

(ii) Details of financial instruments and associated risks

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

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

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 5. Accounting policies, (7) Hedge accounting".

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

(iii) Risk management structure related to financial instruments

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

(a) Market risk management

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

(b) Credit risk management

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

(c) Liquidity risk management

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

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

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

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

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

Stocks and other securities without market prices and investments in partnerships etc. (as of March 31, 2021, financial instruments in which the fair values are not practically determinable) are not included in the following table (see Note 3 and Note 4).

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

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

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

Level 3: Fair value measured using significant unobservable inputs

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

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

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

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

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

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

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

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

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

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

March 31, 2023	Yen in millions					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(a) Monetary claims bought	-	23,321	-	23,321	23,321	-
(c) Securities:						
Held-to-maturity securities						
Domestic bonds	1,170,767	122,804	-	1,293,571	1,221,808	71,763
Foreign securities	-	4,375	-	4,375	4,262	113
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,535,481	120,688	-	1,656,169	1,947,747	(291,577)
Foreign securities	15,174	286,071	-	301,246	313,075	(11,828)
Investments in associates	136,984	4,128	-	141,113	86,630	54,482
(d) Loans					959,497	
Bad debt reserve ^(*)					(769)	
	-	258,587	696,555	955,142	958,728	(3,585)
Total assets	2,858,408	819,977	696,555	4,374,941	4,555,574	(180,633)
Bonds issued	-	605,478	96,280	701,759	714,743	(12,983)
Total liabilities	-	605,478	96,280	701,759	714,743	(12,983)

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

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

Assets

(a) Monetary claims bought

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

(b) Money trusts

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

(c) Securities

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

Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.

With regard to unlisted investment trusts, prices quoted by trust management companies are deemed the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(d) Loans

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

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

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

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

Liabilities

Bonds issued

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

Derivative transactions

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

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

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

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

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

Yen in millions							
March 31, 2022	Beginning balance	Recorded in profit or loss for the current fiscal year ⁽¹⁾	Recorded in other comprehensive income ⁽²⁾	Changes due to purchases, issues, sales and settlements	Transfer from Level 3 fair value ⁽³⁾⁽⁴⁾	Ending balance	Net unrealized gains/ (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date ⁽⁵⁾
Monetary claims bought	5,927	0	(113)	(1,445)	–	4,368	–
Money trusts	71,571	29,494	7,125	278,672	–	386,862	26,849
Securities:							
Trading securities	75,527	8,886	8,340	7,575	–	100,330	4,946
Available-for-sale securities	171,669	8,632	76,117	(5,453)	(1,000)	249,966	–
Total assets	324,695	47,014	91,469	279,347	(1,000)	741,527	31,795
Derivative transactions ⁽⁵⁾	(789)	1,064	–	(591)	–	(316)	183

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

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

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

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

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

Yen in millions							
March 31, 2023	Beginning balance	Recorded in profit or loss for the current fiscal year ⁽¹⁾	Recorded in other comprehensive income ⁽²⁾	Changes due to purchases, issues, sales and settlements	Others ⁽³⁾	Ending balance	Net unrealized gains/ (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date ⁽⁵⁾
Monetary claims bought	4,368	0	(72)	(1,204)	–	3,091	–
Money trusts	386,862	38,063	4,887	156,356	–	586,170	16,566
Securities:							
Trading securities	100,330	16,568	10,194	(4,471)	–	122,621	13,195
Available-for-sale securities	249,966	9,900	22,258	23,736	720	306,582	–
Total assets	741,527	64,532	37,268	174,416	720	1,018,465	29,761
Derivative transactions ⁽⁴⁾	(316)	1,009	–	(580)	–	112	752

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

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

(3) Includes increase due to business combination.

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

(2) Descriptions of the valuation process of fair value

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

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships etc. as of March 31, 2022 and March 31, 2023, which are not included in "(c) Securities" in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

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

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

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

(3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2022 and March 31, 2023 were ¥3,552 million and ¥8,237 million, respectively.

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

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

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

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

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

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

(Note 5) Maturity analysis of bonds issued

March 31, 2022	Yen in millions					
	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued ^(*)	22,000	–	100,000	–	150,000	410,000
Total	22,000	–	100,000	–	150,000	410,000

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

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

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

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

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

Notes:

1. Carrying amount represents the acquisition cost less accumulated depreciation.

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

11. Business combination

(Business combination through acquisition)

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

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

(Note) MGA

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

(1) Overview of business combination

(i) Name and business of the acquired company

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

(ii) Main reasons for business combination

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

(iii) Date of business combination

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

(iv) Legal form of business combination

Acquisition of equity interest

(v) Name of the company after the business combination

Transverse Insurance Group, LLC

(vi) Percentage of voting rights acquired

100%

(vii) Grounds for determining the acquiring company

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

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

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

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

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

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

Advisory fees, etc. ¥683 million

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

(i) Amount of goodwill recognized
US\$138 million

(ii) Reason for recognition

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

(iii) Amortization method and period

Amortized on a straight-line basis over a period of ten (10) years

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

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

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

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

(8) Details of the contingent consideration stipulated in the business combination agreement and the accounting policy after the consolidated accounting period in which the business combination is completed

(i) Details of the contingent consideration

The Company has adopted a performance-based additional payment clause that pays a certain additional amount based on the level of performance of the acquired company after the acquisition.

(ii) Accounting policies after the consolidated accounting period in which the business combination is completed

In the event of additional payment of the consideration, the acquisition price, which is deemed to have been paid at the time of acquisition, the amount of goodwill and amortization of goodwill are adjusted accordingly.

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

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

NOTES TO CONSOLIDATED STATEMENTS OF INCOME

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

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

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

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

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

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

4. Major components of business expenses are as follows:

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

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

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

For the year ended March 31, 2022

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

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

Due to the disposal in the near future, the determination of demolition or other reasons, the carrying amounts of the assets in the above table were reduced to recoverable amounts, and the aggregate difference between them was recognized as impairment losses on fixed assets under “Extraordinary losses”.

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

For the year ended March 31, 2023

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

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

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

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

6. Details of Other extraordinary losses are as follows:

For the year ended March 31, 2022

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

For the year ended March 31, 2023

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

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

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

Note: The basis of calculation is as follows:

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

NOTES TO CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

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

NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2022

1. Type and number of issued stock and treasury stock

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

Notes:

- The increase in the total number of common stock issued and outstanding during the year was 159 thousand shares, as a result of the issuance of stocks with restrictions on transfer.
- The number of treasury common stock at the end of the year includes 213 thousand Company's shares held in the trust established under the share compensation plan.
- The increase in the number of treasury common stock during the year was 11,215 thousand shares, which is due to open market repurchases of 10,988 thousand shares, purchases by the trust established under the share compensation plan of 213 thousand shares, and repurchases of 13 thousand fractional shares.
- The decrease in the number of treasury common stock during the year was 78 thousand shares, which is due to exercise of stock acquisition rights of 77 thousand shares, and sales of 0 thousand fractional shares.

2. Stock acquisition rights

Category	Breakdown	Yen in millions
		Ending balance
Filer	Stock acquisition rights as stock options	762
Total		762

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting held on June 28, 2021	Common stock	44,656	80	March 31, 2021	June 29, 2021
Board meeting held on November 19, 2021	Common stock	45,712	82.5	September 30, 2021	December 6, 2021

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

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

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
General shareholders' meeting to be held on June 27, 2022	Common stock	53,375	Retained earnings	97.5	March 31, 2022	June 28, 2022

Notes:

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

For the year ended March 31, 2023

1. Type and number of issued stock and treasury stock

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

Notes:

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

2. Stock acquisition rights

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

3. Dividends

(1) Dividends paid

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

Notes:

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

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

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

Notes:

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

NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

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

For the year ended March 31, 2023

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

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

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

Summary of Business Results of Main Consolidated Subsidiaries

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

Non-Consolidated Balance Sheets

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

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

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

Non-Consolidated Statements of Income

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

Non-Consolidated Solvency Margin Ratio

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

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

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

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

	Yen in millions	
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥3,598,612	¥3,405,349
Total net assets	866,008	879,498
Reserve for price fluctuation	27,332	31,590
Contingency reserve	325	814
Catastrophe reserve	625,266	620,474
General bad debt reserve	78	351
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	1,415,205	1,255,835
Net unrealized gains/(losses) on land	55,081	52,102
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	380,902	330,902
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	3,642	3,642
Others	232,054	237,421
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	996,144	995,234
General insurance risk (R ₁)	144,258	148,949
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	11,064	9,848
Asset management risk (R ₄)	821,285	821,033
Business administration risk (R ₅)	22,117	22,175
Catastrophe risk (R ₆)	129,267	128,932
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	722.5%	684.3 %

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

Non-Consolidated Balance Sheets

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

Items	Yen in millions	
	March 31, 2022	March 31, 2023
(Liabilities)		
Policy liabilities:	¥2,465,971	¥2,432,837
Outstanding claims	623,230	632,693
Underwriting reserves	1,842,741	1,800,143
Bonds issued	72,000	50,000
Other liabilities:	320,157	392,641
Co-insurance accounts payable	4,334	3,997
Reinsurance accounts payable	41,530	42,691
Foreign reinsurance accounts payable	73,222	66,882
Agency business accounts payable	2,398	2,337
Payables under securities lending transactions	88,775	201,248
Income taxes payable	4,860	3,480
Deposits received	3,419	2,866
Unearned income	16	22
Other payables	50,538	42,826
Suspense receipts	19,774	17,744
Derivative financial instruments	30,082	7,376
Asset retirement obligations	1,204	1,168
Other liabilities	0	0
Reserve for pension and retirement benefits	39,688	42,168
Accrued bonuses for employees	7,054	6,185
Reserve for stock payments	–	446
Reserves under the special laws:	33,797	35,708
Reserve for price fluctuation	33,797	35,708
Acceptances and guarantees	8,000	10,000
Total liabilities	2,946,669	2,969,987
(Net assets)		
Common stock	100,005	100,005
Capital surplus:	81,207	81,207
Additional paid-in capital	52,593	52,593
Other capital surplus	28,614	28,614
Retained earnings:	197,213	199,386
Legal earned reserve	47,411	47,411
Other retained earnings:	149,802	151,974
Retained earnings brought forward	149,802	151,974
Total shareholders' equity	378,426	380,599
Net unrealized gains/(losses) on investments in securities	420,054	383,101
Total valuation and translation adjustments	420,054	383,101
Total net assets	798,480	763,701
Total liabilities and net assets	¥3,745,150	¥3,733,689

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

Non-Consolidated Statements of Income

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

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥1,396,160	¥1,327,493
Total net assets	348,631	357,293
Reserve for price fluctuation	33,797	35,708
Contingency reserve	1,139	1,388
Catastrophe reserve	359,818	323,213
General bad debt reserve	205	183
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	523,963	478,111
Net unrealized gains/(losses) on land	35,123	36,294
Excess of policyholders' contract deposits (a)	–	–
Subordinated debts, etc. (b)	50,000	50,000
Amount excluded from the margin, out of (a) and (b)	–	–
Deductions	5,394	6,594
Others	48,875	51,892
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	368,045	319,545
General insurance risk (R ₁)	121,208	124,281
Insurance risk of third sector insurance contracts (R ₂)	–	–
Assumed interest rate risk (R ₃)	5,544	4,959
Asset management risk (R ₄)	241,858	242,826
Business administration risk (R ₅)	9,042	8,125
Catastrophe risk (R ₆)	83,503	34,212
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	758.6%	830.8%

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

Non-Consolidated Balance Sheets

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

Non-Consolidated Statements of Income

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

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥17,001	¥17,853
Total net assets	15,827	16,721
Reserve for price fluctuation	94	100
Contingency reserve	0	0
Catastrophe reserve	1,185	1,143
General bad debt reserve	1	1
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	(106)	(113)
Net unrealized gains/(losses) on land	–	–
Excess of policyholders' contract deposits (a)	–	–
Subordinated debts, etc. (b)	–	–
Amount excluded from the margin, out of (a) and (b)	–	–
Deductions	–	–
Others	–	–
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	5,199	5,060
General insurance risk (R ₁)	4,616	4,485
Insurance risk of third sector insurance contracts (R ₂)	–	–
Assumed interest rate risk (R ₃)	0	0
Asset management risk (R ₄)	994	964
Business administration risk (R ₅)	177	172
Catastrophe risk (R ₆)	300	300
(C) Solvency margin ratio [(A) / ((B) × 1/2)] × 100	653.9%	705.5%

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

Non-Consolidated Balance Sheets

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

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

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

Non-Consolidated Statements of Income

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

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

	Yen in 100 millions			
	March 31, 2022		March 31, 2023	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	3,858	¥232,274	3,878	¥226,521
Individual annuities	159	6,203	153	5,977
Group insurance	-	96,180	-	98,467
Group annuities	-	2	-	2

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

(2) New policies

	Yen in 100 millions							
	Year ended March 31, 2022				Year ended March 31, 2023			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	228	¥16,860	¥16,860	-	209	¥14,534	¥14,534	-
Individual annuities	0	44	44	-	0	32	32	-
Group insurance	-	433	433	-	-	687	687	-
Group annuities	-	-	-	-	-	-	-	-

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

Annualized Premiums

(1) Policies in force

	Yen in 100 millions	
	March 31, 2022	March 31, 2023
Individual insurance	¥4,057	¥4,035
Individual annuities	381	369
Total:	4,438	4,405
Medical coverage, living benefits, etc.	1,524	1,575

(2) New policies

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

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

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

Non-Consolidated Business Performance

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

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

Non-Consolidated Solvency Margin Ratio

	Yen in millions	
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥398,033	¥338,880
Total capital	134,643	141,791
Reserve for price fluctuation	11,126	12,413
Contingency reserve	40,305	40,478
General bad debt reserve	4	4
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) × 90% (100% in case of negative value)	37,083	(29,576)
Net unrealized gains/(losses) on land × 85%	–	–
Excess of continued Zillmerized reserve (a)	165,324	161,884
Subordinated debts, etc. (b)	–	–
Amount excluded from the margin, out of (a) and (b)	–	–
Brought in capital	–	–
Deductions	–	–
Others	9,545	11,884
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4+R_5)^2}+R_6$	69,105	69,474
Insurance risk (R ₁)	18,369	18,163
Insurance risk of third sector insurance contracts (R ₂)	17,845	18,227
Assumed interest rate risk (R ₃)	3,263	3,274
Minimum guarantee risk (R ₄)	–	–
Asset management risk (R ₅)	53,400	53,702
Business administration risk (R ₆)	1,857	1,867
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	1,151.9%	975.5 %

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

Non-Consolidated Balance Sheets

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

Non-Consolidated Statements of Income

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

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

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

	Yen in 100 millions			
	March 31, 2022		March 31, 2023	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	665	¥45,874	674	¥46,553
Individual annuities	353	22,161	372	22,768
Group insurance	-	-	-	-
Group annuities	-	-	-	-

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

(2) New policies

	Yen in 100 millions							
	Year ended March 31, 2022				Year ended March 31, 2023			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	87	¥7,273	¥7,273	-	140	¥9,256	¥9,256	-
Individual annuities	13	923	923	-	52	3,542	3,542	-
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

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

Annualized Premiums

(1) Policies in force

	Yen in 100 millions	
	March 31, 2022	March 31, 2023
Individual insurance	¥4,284	¥4,632
Individual annuities	2,475	2,618
Total:	6,759	7,250
Medical coverage, living benefits, etc.	6	7

(2) New policies

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

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

Non-Consolidated Business Performance

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

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

Non-Consolidated Solvency Margin Ratio








	Yen in millions	
	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	¥739,516	¥683,942
Total capital	226,865	238,985
Reserve for price fluctuation	194,031	198,184
Contingency reserve	79,070	86,766
General bad debt reserve	-	-
Net unrealized gains/(losses) on investments in securities and net deferred gains/ (losses) on hedges (prior to tax effect deductions) x 90% (100% in case of negative value)	(5,170)	(122,474)
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	188,425	221,476
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	56,293	61,003
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_4$	135,086	152,103
Insurance risk (R ₁)	1,331	1,423
Insurance risk of third sector insurance contracts (R ₂)	3	3
Assumed interest rate risk (R ₃)	29,440	38,168
Minimum guarantee risk (R ₄)	1,366	1,016
Asset management risk (R ₅)	101,598	109,901
Business administration risk (R ₆)	2,674	3,010
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,094.8%	899.3%

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

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

ESG Evaluation

The MS&AD Insurance Group utilizes the assessments provided by global ESG evaluation organizations to improve its sustainability initiatives. As of July 1, 2023, the MS&AD Insurance Group was included in the following ESG-related indices.

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

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

Participation in Initiatives

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

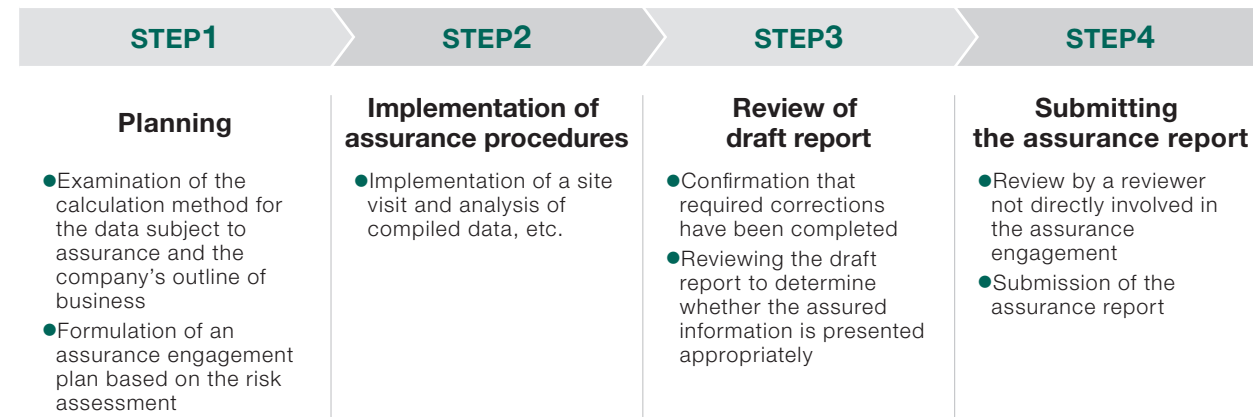
<p>The UN Global Compact*</p> 	<p>United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance</p> 	<p>Principles for Responsible Investment</p> <p>Signatory of:</p> 
<p>CDP investor signatory</p> 	<p>Partnership for Carbon Accounting Financials (PCAF)</p> 	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

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

Third-Party Assurance

To improve the objectiveness and accuracy of the MS&AD Integrated Report 2023, the MS&AD Insurance Group has engaged KPMG AZSA Sustainability Co., Ltd., to perform third-party assurance on the following information included in this report.

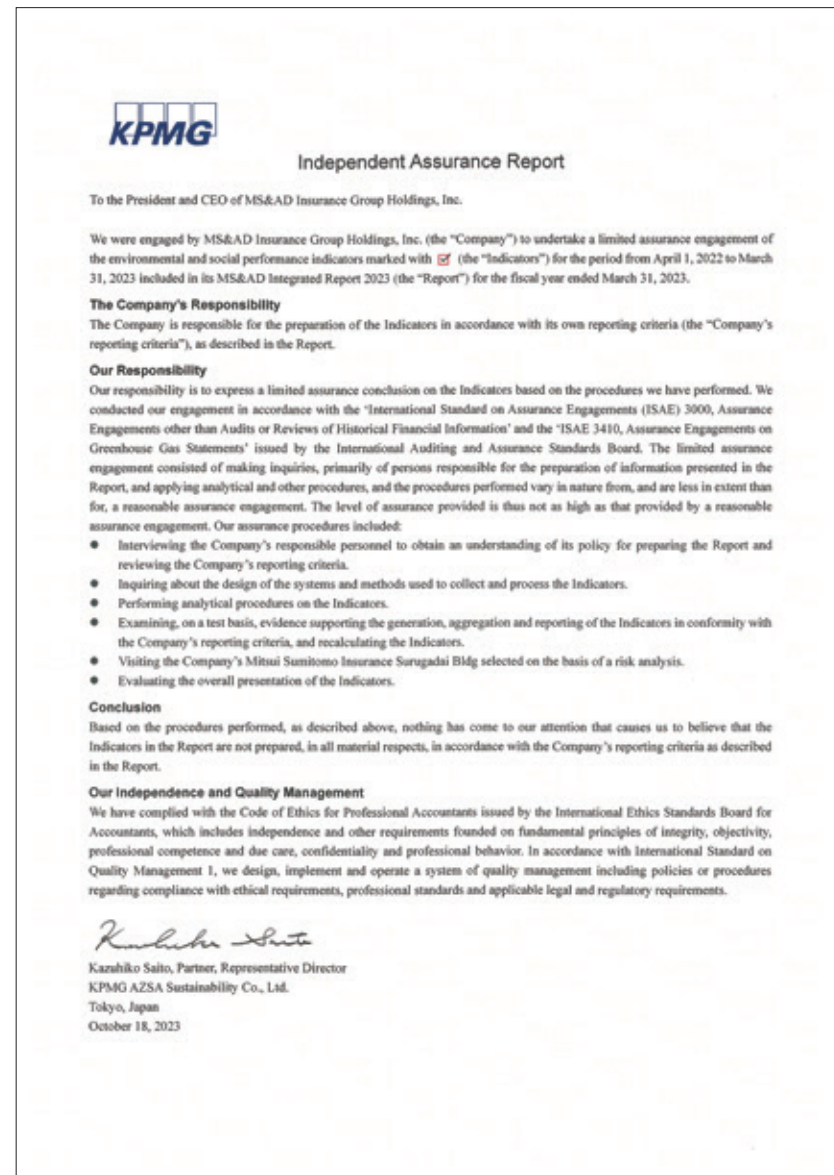
The third-party assurance process



Items subject to the assurance engagement

- Greenhouse gas emissions (pages 18, 47, and 49)
- Total energy consumption (pages 17 and 47)
- Amount of waste discharged (final disposal) (page 18)
- Number and ratio of female managers (pages 29, 48, and 49)
- Number and ratio of global employees (page 48)

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



On the Issuance of the MS&AD Integrated Report 2023

Since FY2015, the MS&AD Insurance Group has published the Integrated Report to provide readers with a deeper understanding of the Group's commitment to medium- to long-term value creation. We believe the issuance of the Integrated Report offers the opportunity for constructive dialogue with many stakeholders, including customers, shareholders, investors, and employees, regarding the Group's "value creation story."

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

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

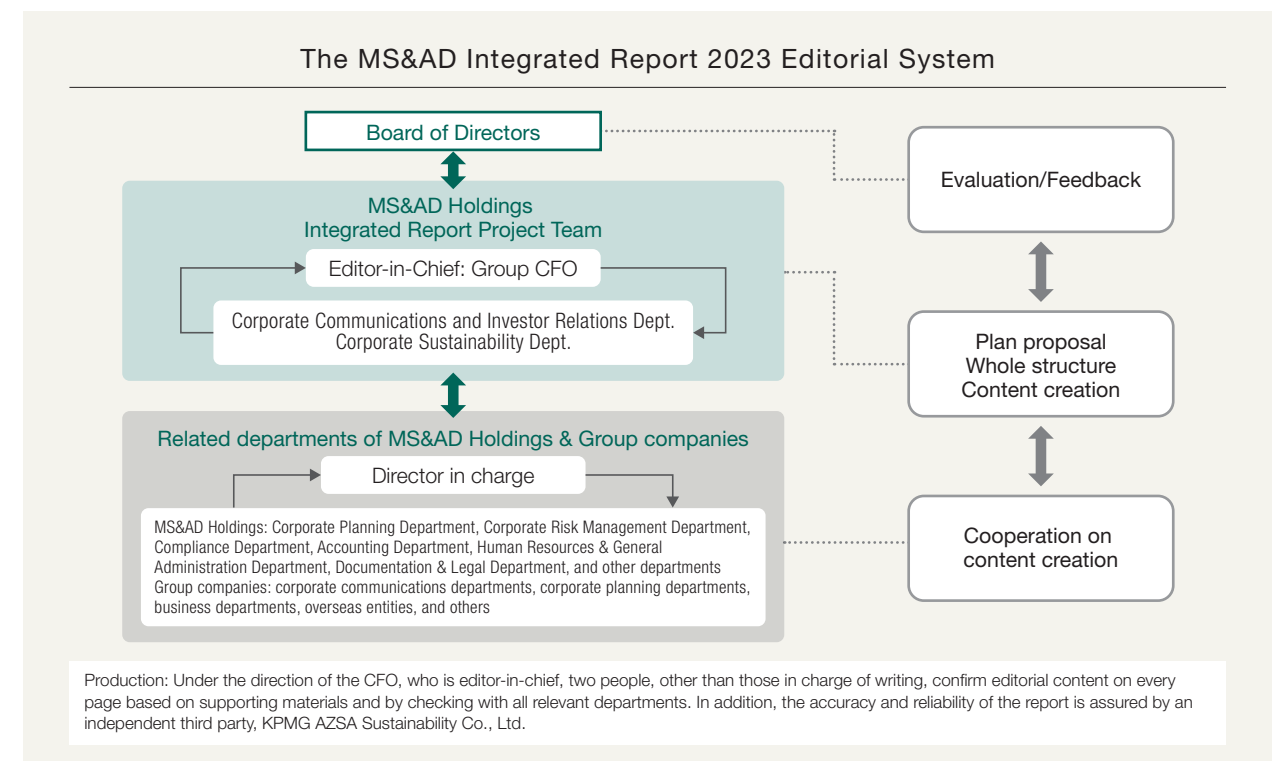
With the goal of improving the objectivity and accuracy of the Integrated Report, we have engaged the services of a third-party assurance firm to independently verify the key nonfinancial data indicated since FY2017. For the results of the third-party verification included in the "MS&AD Integrated Report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

With this year's Integrated Report, we hope to promote amicable feelings for the Group by creating an even greater understanding of it among stakeholders such as customers, shareholders, investors, and employees. We continue to value dialogue with all our stakeholders, and with the aim of further improving disclosure and enhancing transparency we invite our stakeholders to share with us their frank opinions.

August 2023

Tetsuji HIGUCHI

Representative Director, Executive Vice President, Group CFO



Contact Information

(Securities code: 8725)

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<Forward-Looking Statements>

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

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

MS&AD Insurance Group Holdings, Inc.

MS&AD INSURANCE GROUP

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