

MS&AD

INTEGRATED REPORT 2025

MS&AD Holdings

MS&AD INSURANCE GROUP

Editorial Policy

Thank you for reading the MS&AD Integrated Report 2025.

The Group has strived to enhance corporate value by confronting evolving social issues, contributing to their resolution, and growing alongside society.

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

Furthermore, to serve as a tool for deepening communication with our stakeholders, the 2025 edition is structured with an emphasis on the following points.

1) Communicating management strategies dynamically

Centered on messages from our Group CEO and other CxOs, we outline the vision for our next Medium-Term Management Plan and the challenges to achieve it, presenting the MS&AD Group’s long-term growth story.

2) Expanding disclosure related to governance and international business

We have created Special Feature pages covering areas of high interest to our stakeholders. To address a series of scandals, we provide a detailed explanation of our strengthening of governance systems.

Environment Social Governance
Guidance for Collaborative Value Creation

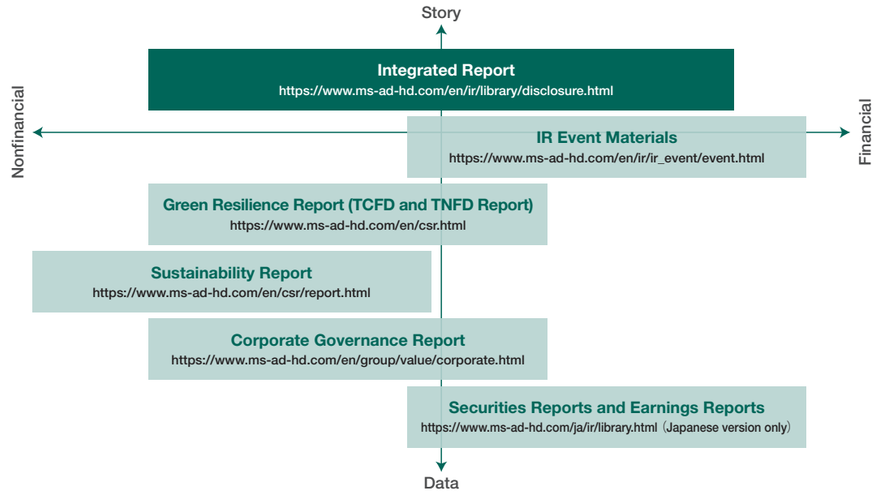
Main abbreviations used in this Integrated Report

●MS&AD Holdings, the holding company, or the Company	: MS&AD Insurance Group Holdings, Inc.
●MS&AD Group, MS&AD, The Group	: MS&AD Insurance Group
●MSI, Mitsui Sumitomo Insurance	: Mitsui Sumitomo Insurance Co., Ltd.
●ADI, Aioi Nissay Dowa Insurance	: Aioi Nissay Dowa Insurance Co., Ltd.
●MD, Mitsui Direct, Mitsui Direct General Insurance	: Mitsui Direct General Insurance Co., Ltd.
●MSAL, MSI Aioi Life, MSA Life	: Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
●MSPL, MSI Primary Life, MSP Life	: Mitsui Sumitomo Primary Life Insurance Co., Ltd.
●MS&AD InterRisk Research & Consulting	: MS&AD InterRisk Research & Consulting, Inc.
●MS Amlin (AUL)	:MS Amlin Underwriting Limited
●MS Re	: MS Reinsurance*
●MS First Capital	: MS First Capital Insurance Limited
●Challenger	: Challenger Limited
●WRB	: W. R. Berkley Corporation

*Brand name used by MS Amlin AG since September 2022

MS&AD Insurance Group Disclosure Framework

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



Corporate website

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

https://www.ms-ad-hd.com/en/index.html



About MS&AD Group

WHO WE ARE

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

- Our Mission
- Company Information
- Our Strengths



WHAT WE DO

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

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



OUR PLATFORM

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

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



Investors

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



Sustainability

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



Corporate Video

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



MS&AD’s aspirations (video)

https://www.ms-ad-hd.com/en/ir/library/disclosure.html



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

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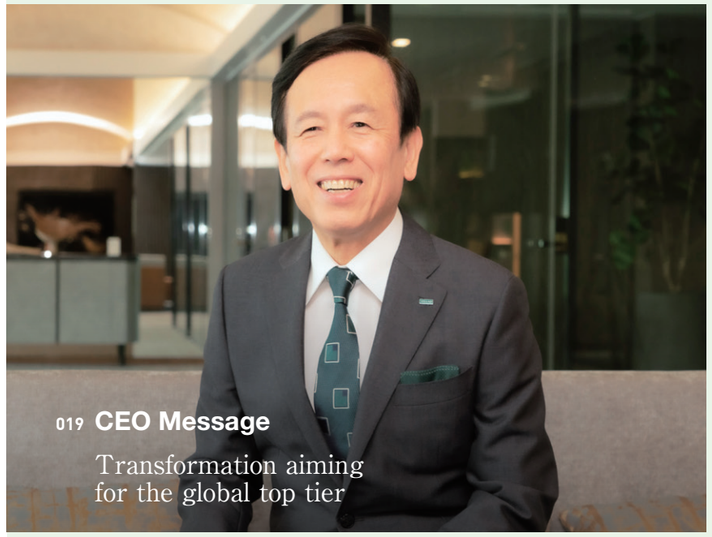
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Explanation of the cover

The cover represents the Group's resolve to move forward with a vision for a bright future amid an ever-changing society.



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



Our Mission

Our Mission

The Group's Raison d'être

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

Our Vision

The Group's aspirations for the medium term

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

Our Values

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

CUSTOMER FOCUS
Striving to provide security and satisfaction to our customers

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

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

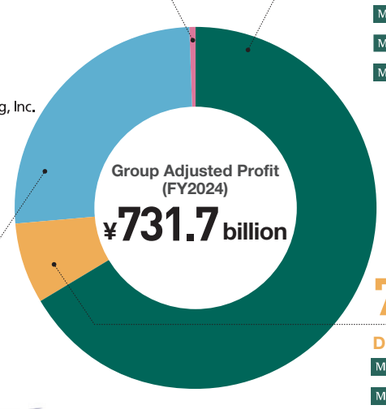
INNOVATION
Always improving the way we work while responding to stakeholders' interests

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

At a Glance

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

Five Business Domains of the Group



0.4%

Financial Services Business

MS&AD MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.

MS&AD MS&AD VENTURES

Digital/Risk-Related Services Business

MS&AD MS&AD InterRisk Research & Consulting, Inc.

66.6%

Domestic Non-Life Insurance Business

MS&AD Mitsui Sumitomo Insurance

MS&AD Aioi Nissay Dowa Insurance

MS&AD Mitsui Direct General Insurance

25.8%

International Business

MS FirstCapital

MSIG USA

MS amlin

MS transverse

7.1%

Domestic Life Insurance Business

MS&AD Mitsui Sumitomo Aioi Life Insurance

MS&AD Mitsui Sumitomo Primary Life Insurance

Numeric Data Representing the Status of the Group*

*Data as of the end of FY2024, except where noted

Financial base

- Consolidated total assets
  ¥26,241.2 billion
- Market capitalization (as of June 30, 2025)
  ¥5,195.1 billion*

*Source: Bloomberg

Profitability

- Consolidated net premiums written
  ¥4,674.3 billion
- Rate of growth in earnings per share (EPS)*
  20%
- Group adjusted profit
  ¥731.7 billion
- Group adjusted ROE
  15.7%

*Average growth rate from FY2014 to FY2024

Soundness

- ESR (Economic Solvency Ratio)*
  226%
- Consolidated solvency margin ratio
  708.7%

*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**

*Credit ratings for domestic insurance companies

Growth foundation

- Consolidated number of employees
  38,247 persons
- Ratio of global employees
  25.9%

ESG evaluation

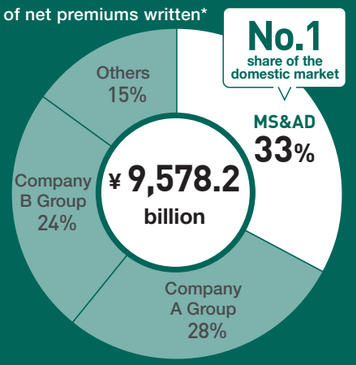
- MSCI ESG Rating **AA**
- CDP **A**
- Selected for inclusion in the Dow Jones Sustainability Index **Asia Pacific**

Position in Domestic Business and Overseas Expansion

Domestic Non-Life Insurance Business

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

- Share of net premiums written*
  (FY2024)



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

Domestic Life Insurance Business

No. 10 in premiums income among domestic life insurance companies/groups

- Domestic life insurance companies/groups’ premiums ranking
  (FY2024)

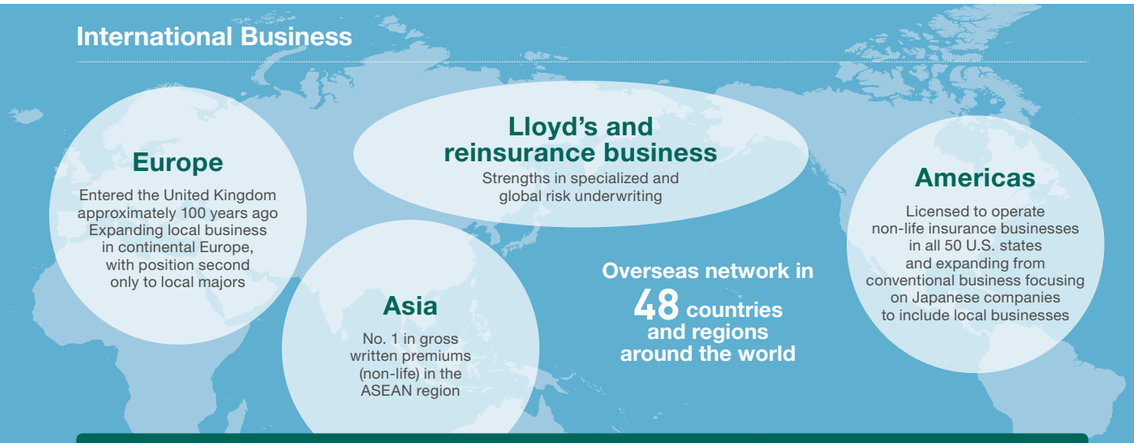
(¥ trillion)

Company A	7.58
Company B	5.28
Company C	4.78
Company D	3.15
Company E	2.83
Company F	2.77
Company G	2.57
Company H	2.28
Company I	1.91
MS&AD	1.87

No.10

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

International Business



FY2023 Gross Written Premiums Ranking of the ASEAN Countries
(based on MS&AD research/excluding reinsurers)

No.1 Mitsui Sumitomo Insurance <Approx. ¥306.3 billion>

No.2 Company A <Approx. ¥236.8 billion>

No.3 Company B <Approx. ¥188.6 billion>

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

MS&AD's Value Creation Story

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

Value Creation Resources
Resources supporting MS&AD

Value Creation System
Business model and value proposition

Value Creation Results (outcomes)
Corporate value enhancement through Creating Shared Value (CSV)

Financial Capital

- Sufficient and sound financial base for underwriting risk and growth investment

Consolidated net assets	¥4,052.8 billion
ESR (Economic Solvency Ratio)	226%

Human and Intellectual Capital

- Global and diverse human assets

48 countries worldwide	38,247

- Most abundant risk data in Japan and the ASEAN region

Risk assessment and investigation for business continuity and development	1,305

- Building a digital platform

Participants in the digital human assets development program	1,724

Social and Relationship Capital

- No. 1 customer base and sales network in Japan

Number of domestic customers (Two non-life insurance companies)	approx. 2.74 million companies / approx. 45.75 million individuals
Number of domestic non-life insurance agents	66,097
Domestic claims handling service centers	370

- Partnerships with top companies in other industries

Natural capital

- Resources necessary for business activities

Total energy consumption	684,019 GJ ☑
Paper consumption	6,913 t
Water usage	638 thousand m³ ☑

Medium-Term Management Plan (2022–2025) P.55

Inputs

Strategy and resource allocation

Governance

Identify and inform on risks

Professionals who possess specialized knowledge and expertise, use a wealth of accumulated data and the latest analytical technology to visualize previously undetected risks, and support the preparedness of our customers.

Reduce the economic burden

By leveraging the strengths of each Group company and developing products and services suited to increasingly diversified complex risks, we meet all the needs of our customers.

Evolution of the business model

Prevent risks from occurring/minimize the impact

We not only prevent and mitigate risks proactively but also provide services that facilitate rapid recovery from damage and prevent recurrence, thereby alleviating our customers' concerns.

Changing risks and opportunities

Outputs

- Domestic Non-Life Insurance Business P.85
- Domestic Life Insurance Business P.87
- International Business P.89
- Financial Services Business P.93
- Digital/Risk-Related Services Business P.94

Products and services that solve social issues

Priority issues to be addressed P.13
(Sustainability-related materiality)

- Symbiosis with the global environment
- Safe and secure society
- Happiness of diverse people

Consider materiality in relation to the social environment

Sustainable growth foundation Financial Capital

- Pursuit of capital efficiency

	FY2023	FY2024
Group adjusted profit	¥379.9 billion	¥731.7 billion
Group adjusted ROE	9.0%	15.7%
Cumulative TSR for the past 10 years	307.5%	242.6%

- Continuous and stable shareholder returns

Shareholder yield	8.0%	7.4%
Dividend yield	3.3%	4.5%

Innovation by diverse human assets Human and Intellectual Capital

- Providing work environments that offer a sense of satisfaction

Employee satisfaction "Pride, feeling motivated"/"Working vigorously"	4.4 points／4.7 points (maximum score: 6 points)	4.4 points／4.7 points (maximum score: 6 points)

- Ideas born from diversity

Percentage of mid-career employees among managerial staff	23.0%*1	24.5%*2
Number of applicants for the Sustainability Contest	340	363
Number of applicants for the Business Innovation Challenge Program	468	358
Digital human assets	5,814*1	8,490*2
Overseas human assets	1,189*1	1,243*2

Establishment of strong partnerships Social and Relationship Capital

- Recovery of social losses

Net claims paid	¥2,291.1 billion	¥2,489.0 billion
Life insurance claims	¥483.0 billion	¥492.3 billion
Number of auto accident cases received (domestic, excluding CALI)	2.987 million cases	2.942 million cases

- Customer-focused business operations

Customer satisfaction (questionnaire at time of insurance payment)	96.1%	95.0%

- Expanded problem-solving through regional cooperation with local governments across Japan

Instances of support for the resolution of issues faced by regional companies (e.g., consulting, seminars)	11,892 cases	11,091 cases

Our planet's sustainability Natural Capital

- Helping to create a zero-carbon society

Greenhouse gas emission reduction rate Scope 1 + 2 (versus FY2019)	-35.3%	-40.0%
Renewable energy usage rate	23.0%	27.0%

- Contributing to the conservation of biodiversity

Number of employees participating in social contribution activities	21,231	21,406

- Damage to natural capital

Greenhouse gas emissions (Scope 1 + 2)	57,222 t	53,114 t ☑
Amount of waste discharged (final disposal)	3,193 t	2,530 t ☑

*1 As of April 2024 *2 As of April 2025

☑ A check mark indicates that FY2024 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

Value Creation Resources and Outcomes

The MS&AD Group has acquired diverse capital by developing insurance and financial services businesses worldwide, including its domestic non-life insurance businesses with more than 130 years of history. By combining these capital resources and collaborating with stakeholders, we will provide new value that transcends the traditional insurance framework of providing coverage for economic losses, thereby driving the Group's sustainable growth and generating an increase in corporate value.

Value creation resources (inputs)

Financial Capital

Examples of strengths

- Strong financial base to enhance underwriting capabilities
- Solid capital and soundness to enable growth investments

Expansion measures

We are maximizing cash flow while striving for efficient capital cycle management to achieve sustainable growth and enhanced profitability.

P.09

Human and Intellectual Capital

Examples of strengths

- Innovation by diverse human assets
- Professionals with expertise active globally

Expansion measures

We are promoting the introduction of a "skills-based personnel system" to further enhance our employees' specialized skills and enable us to provide new value to our customers.

P.09

Social and Relationship Capital

Examples of strengths

- Robust sales and service network that leads to quality improvement
- Collaborative framework with domestic and international business partners to generate new solutions

Expansion measures

Through investments in start-ups and research activities via industry-academia collaboration, we are rapidly adopting cutting-edge technologies and business models.

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Natural Capital

Examples of strengths

- Products that contribute to the decarbonization of society and a circular economy
- Reduction of GHG emissions in collaboration with investment and financing entities

Expansion measures

Together with industry, government, and academic partners, we are advancing "Green Resilience" initiatives that harness nature's bounty to mitigate the impact of natural catastrophes.

P.09

Value Co-Creation with Stakeholders

Quality improvement and provision of products and services utilizing customer feedback

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

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.

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.

Value creation across the entire supply chain

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

Improvement of employees' satisfaction and motivation, which is 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.

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.

Improvement of our planet's sustainability

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

Value Creation Results (outcomes)

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

We work with Jupiter, a climate analysis company, to provide quantitative risk assessments of climate change impacts.

13,112 bases

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

*Cumulative total from FY2020



Products to cover cyber risks

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

22,419 companies

Number of corporations and organizations protected from cyber risks



Support for addressing human rights issues

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

1,111 cases

Number of human rights–related consultations, training, seminars, etc., conducted for companies, etc.



Constructive dialogue with shareholders and investors

We proactively convene individual meetings with shareholders and investors and utilize the opinions and insights gained from these dialogues in the formulation and execution of our management strategy.

267 times

Individual meetings with domestic and overseas shareholders and investors held in FY2024



Materiality Identification

Step 1 Analysis of social issues

To accurately identify social issues to be resolved, we reviewed international guidelines and frameworks such as the SDGs (Sustainable Development Goals), ISO 26000, GRI Standards, and SASB Standards, as well as reports published by governments and various domestic and international organizations. Based on this review, we have identified social issues to be resolved and selected 21 items.

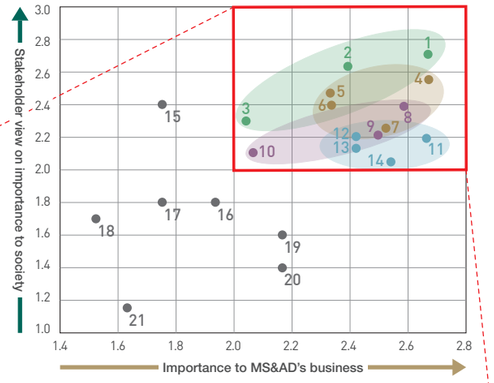
- Issues that need to be resolved internationally (e.g., global risk reports, SDGs)
- Issues specified by international guidelines that require companies to respond and disclose information (e.g., ISO 26000, GRI Standards, SASB, DJSI, CDP)
- Issues pointed out in reports published by domestic government agencies and various organizations in Japan and overseas (e.g., relevant ministries and agencies, non-life and life insurance associations, Swiss Re Sigma Report)

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

Step 2 Setting key sustainability issues

The identified social issues were analyzed from two perspectives: the impact of us on society (importance to stakeholders) and the impact of society on us (importance to us). We have identified 14 social issues that are important to both our stakeholders and our company, and have organized them into three key issues: Symbiosis with the global environment (Planetary Health), Safe and secure society (Resilience), and Happiness of diverse people (Well-being) as well as the foundation to support our basic strategy (Quality, Human Resources, and ERM).

- The identified social issues were analyzed from two perspectives: 1) the impact of us on society (importance to stakeholders) and 2) the impact of society on us (importance to us).
- We organized issues with a priority of 2.0 or higher for our stakeholders and set them as key issues.



Key issues	Social issues
Symbiosis with the global environment Planetary Health	1 Acceleration of global warming
	2 Damage to natural capital (ecosystem degradation and crisis)
	3 Environmental pollution and noncircular economy
Safe and secure society Resilience	4 Emergence of new risks
	5 Spread of infections
	6 Large-scale earthquakes
	7 Decline of local industry
Happiness of diverse people Well-being	8 Aging population and declining birth rate
	9 Human rights violations and exclusion of diversity
	10 Increasing poverty and inequality

Key issues	Social issues
Quality Human resources ERM	11 Customer responsibility
	12 Compliance
	13 Corporate Governance
	14 Human resources

Step 3 Major initiatives in key issues

We promote our CSV initiatives based on risks and opportunities in accordance with the three priority issues we have set, including addressing climate change, disaster prevention and mitigation, and promoting respect for human rights.
(See “Foundations Sustainability” on pp. 57–61)

Step 4 Reporting to management

Our Medium-Term Management Plan (2022–2025) has three basic strategies—Value (value creation), Transformation (business reforms), and Synergy (pursuit of Group synergies)—and positions Sustainability as a foundation to support the basic strategies. We have set KPIs for each priority issue related to sustainability and regularly report our progress and the status of our initiatives to management.

Reasons for selecting the key sustainability issues

The MS&AD Group has identified social issues that are important to both our stakeholders and our company from among various social issues and has set three of them as priority sustainability issues: Symbiosis with the global environment, Safe and secure society, and Happiness of diverse people.

Key issues	Reasons for selection
Symbiosis with the global environment Planetary Health	Climate change is causing more severe natural catastrophes and loss of natural capital, and loss of natural capital exacerbates climate change, so the two are closely related. The Group has determined that it is important to take an integrated approach to this issue, provide insurance products and services that contribute to climate change adaptation and the conservation and restoration of natural capital, and support the development of emerging fields and technological innovation in order to transition to a society that realizes both a net zero society and nature positivity.
Safe and secure society Resilience	With natural catastrophes becoming increasingly severe and frequent, we believe that promoting disaster-resilient community development is a pressing priority. The Group utilizes data accumulated through its insurance business to refine damage estimates and enhance countermeasures, while also collaborating with local governments to promote disaster prevention and mitigation initiatives that harness the power of nature. Furthermore, we have determined that it is important to contribute to the realization of a safe and secure society and at the same time create growth opportunities by continuing to conduct studies and research to predict, prevent, and manage new risks, and by providing products and services that leverage this knowledge.
Happiness of diverse people Well-being	With the falling birth rate and aging population in Japan, we consider it is crucial to develop and realize an environment where diverse people can live happily. The Group has acknowledged that it is vital to fulfill its corporate responsibility regarding respect for human rights based on the United Nations Guiding Principles on Business and Human Rights, along with providing healthcare services tailored to aging and longevity, as well as products and services that extend asset and operating lives to create growth opportunities.

Three Key Sustainability Issues

Key issues	Social issues		Risks and opportunities	Time axis: Short	Time axis: Medium	Time axis: Long	Examples of major measures and initiatives ◎Response to risks ★Response to opportunities	KPI		FY2024 Results
Symbiosis with the global environment Planetary Health	1 Acceleration of global warming	Risk	Reduction of earnings due to the inability to achieve a rapid transition to a net zero society		●	●	◎★Promotion of information disclosure and strategy in line with the TCFD recommendations ◎Implementation of business activities with sustainability in mind ◎Introduction of renewable energy ◎Diversification of the business portfolio ◎Possession control of natural disasters in the United States	Greenhouse gas emission reduction rate Scope 1 + 2 (versus FY2019)	[2030] -50% [2050] Net zero	P.80
		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	●	●	●		Greenhouse gas emission reduction rate Scope 3 (versus FY2019)	[2030] -50%*1 [2050] Net zero	
		Opportunity	Provision of products and services that contribute to reducing greenhouse gas emissions	●	●		★Provision of products and services that support corporate decarbonization and climate-related information disclosure • 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	Renewable energy usage rate	[2030] 60% [2050] 100%	
		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 catastrophes	●	●			Premium growth rate for products that contribute to the decarbonization of society and a circular economy	FY2025 Annual average 18%	
	2 Damage to natural capital (ecosystem degradation and crisis)	Risk	Deterioration of earnings due to business partners' stagnation of economic activities caused by the depletion of natural resources			●	◎Promotion of initiatives on the themes of preservation of the natural environment and reduction of environmental impact (also corresponding to 1) • MS&AD Green Earth Project ◎Efforts for preservation of biodiversity in Asia and Japan ◎★Efforts to develop and disseminate the TNFD disclosure framework	Greenhouse gas emission reduction targets for investment and financing recipients (versus FY2019)	[2030] -37% (Major domestic clients*2) Deepen dialogue with customers to promote initiatives to reduce greenhouse gas emissions, identify issues for reduction, and propose solutions to resolve these issues	
	3 Environmental pollution and a noncircular economy	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	●	●		★Provision of products and services that support natural capital, preservation of biodiversity, and sustainable use ★Provision of products and services that contribute to the circular economy ★Launch and operation of a financial alliance to promote nature positivity			
		Opportunity	Business opportunities to address the decline in earnings due to an inability to capture the transition to a circular economy		●					
Safe and secure society Resilience	4 Emergence of new risks	Risk	Impact of an increase in large-scale cyberattacks on the Group	●	●		◎Building an information security management system	Growth rate of the number of subscriptions for products that contribute to improving social resilience	FY2025 Annual average 20%	P.80
		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 products and services for new risks manifested by changes in society • Products and services that address cyber risks • Voluntary automobile insurance and accident reduction services using telematics technology			
		Opportunity	Building of new business models through Creating Shared Value and digital transformation (CSV×DX) and social digitalization	●	●					
	5 Spread of infections	Risk	Impact of a new pandemic on operations	●	●	●	★Infectious disease control and provision of products and services to healthcare providers			
		Opportunity	Business opportunities related to infectious disease control and healthcare providers	●	●					
	6 Large-scale earthquakes	Risk	Increase in disaster risks due to the increased probability of huge earthquakes, particularly those concentrated in urban areas	●	●	●	◎Ensuring effectiveness through the periodic review of risk management manuals and business continuity plans (also corresponding to 3)			
		Opportunity	Increased need for earthquake countermeasures	●	●		★Provision of products and services to prepare for massive earthquakes ★Provision of services that meet the needs of companies for BCP measures			
	7 Decline of local industry	Risk	Declining regional vitality due to depopulation, lack of access to mobility and financial services, and aging social infrastructure	●	●		★Provision of insurance and services in response to local revitalization and regional issues (also corresponding to 8) • Seminars to help local companies solve problems	Instances of support for the resolution of issues faced by regional 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	●	●					
Happiness of diverse people Well-being	8 Aging population and declining birth rate	Risk	Decrease in earnings caused by a decline in the total population (labor force) and medium- to long-term contraction of the domestic market due to the ongoing depopulation of local areas		●	●	◎Prediction of risk development due to market changes through monitoring	Number of policies in force for asset-building products to support longevity	FY2025 100,000 cases	P.80
		Risk	Crisis of sustainability in social security systems and financial systems		●	●				
		Risk	Loss of earnings due to inability to address needs in an aging society		●	●				
		Opportunity	Increased interest in local revitalization initiatives that can revive local economies and solve labor shortages	●	●		★Provision of products and services in line with the needs of an aging society • Products for pensions, nursing care, dementia, etc. • Financial gerontology training ★Provision of products and services that help solve health-related social issues • Health management support insurance and services • Breast, uterine, and colorectal cancer seminars	Number of policies in force for products that help solve health-related social issues	FY2025 2.6 million cases	
		Opportunity	Increased need for security systems in cooperation with local governments	●	●					
		Opportunity	Services related to nursing care and dementia, increasing the need for asset formation and asset inheritance measures in the super-aged society	●	●					
	9 Human rights violations and exclusion of diversity	Risk	Decrease in reputation due to actual or possible human rights violations	●	●		◎Provision of human rights training to employees and agents ◎Speak-up system (internal reporting system) and establishment of a consultation service ◎Implementation of business activities with sustainability in mind	Number of companies supporting human rights–related measures	FY2025 1,000 cases	
		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 embracing diversity • Human rights risk management support consulting services			
	10 Increasing poverty and inequality	Risk	Widening and entrenchment of the gap between the rich and poor due to the escalation of inter-state conflicts, etc., and destabilization of the economic environment from an increase in refugees	●	●		◎★Activities and active disclosure of information related to social contribution and collaborative value			
		Opportunity	Grasping of new markets through financial inclusion	●	●	●	★Provision of microinsurance			

*1 Scope 3 target categories 1, 3, 5, 6, 7, and 13: Indirect emissions from the Group's business activities other than Scope 2. Category 1 is purchased products and services (covered: paper and mailing), Category 3 is fuel- and energy-related activities other than Scope 1 and 2, Category 5 is waste generated in operations, Category 6 is business travel, Category 7 is employee commuting, and Category 13 is downstream leased assets.
*2 Major domestic clients selected based on premiums (approx. 3,300 companies)

Present and Future of the MS&AD Group

The liberalization of insurance and cross-sector entry between life and non-life insurers began in 1996 with Japan's financial big bang. The industry realignment that occurred in the 2000s had a profound impact on our business. The Japanese non-life insurance industry now stands at the most significant crossroads since that time. We must address the rapid changes in the business environment, including the increasing severity and frequency of natural catastrophes and climate change, as well as the rapid diffusion of AI.
Even in such circumstances, our continued focus on sales and market share in business activities resulted in a series of misconduct. Since the discovery of misconduct, we have been advancing "business model transformation" by analyzing the root causes with the assistance of external experts and implementing business improvement plans based on those findings. The planned merger of two subsidiary insurance companies in 2027 is also part of this transformation. Through these initiatives, we will work to regain the trust of our stakeholders and strive for further growth.

Changes in the external environment

- Climate change
- Increasing severity and frequency of natural catastrophes
- Rapid diffusion of AI
- Falling birth rate and aging population
- Widespread use of advanced safety vehicles
- Cyber risks, etc.

Occurrence of misconduct

- Price-fixing with other insurance companies in corporate insurance
- Information leaks by agents and seconded employees
- Fraudulent insurance claims by agents

Formulated and implemented business improvement plans

Insurance Business Act and supervisory guideline amendments

Eliminating the outdated business model, the root cause of misconduct

- Business practices specific to the non-life insurance industry
  - Cross-shareholdings
  - Excessive core business support for agents and business partners
- Corporate culture focused on sales and market share

Transformation of the business model

- Zero strategic equity holdings
- Eliminating excessive core business support and secondment to agents and business partners
- Revising relationships with agents
- Competing on the inherent value of insurance offerings and risk solution capabilities
- Strengthening the governance framework

To become the company chosen by customers

Merger of MSI and ADI

MS&AD Mitsui Sumitomo Insurance

MS&AD Aioi Nissay Dowa Insurance

- Pricing based on the largest customer base in Japan
- Efficient business management with economies of scale
- Strengthen underwriting and risk solution capabilities by leveraging the customer base and data
- Transformation of the sales network and creation of new markets
- Securing underwriting capacity by leveraging top-level capital in Japan

Aiming for the global top tier

Achieving ¥1 trillion in profit / ¥10 trillion in market capitalization

Strengthening cash generation capability

Capital circulation

Changes in Market Capitalization





Shinichiro Funabiki
Representative Director
President & Group CEO

Rebuilding trust and entering a new stage of growth

Transformation aiming for the global top tier

To our shareholders, investors, and all stakeholders, I extend my heartfelt gratitude for your continued tremendous support of the MS&AD Group. In recent years, a series of inappropriate incidents have occurred at our affiliated insurance companies, including fraudulent insurance claims by agents, improper premium adjustments, and the leakage of customer information. I sincerely apologize again for the significant inconvenience and concern this might have caused. I would like to earnestly confront the structural issues behind the series of incidents and convey, in my own words, a concrete path toward restoring trust and our sustainable growth strategy for the future.

■ Governance is the wellspring of competitiveness: An unwavering resolve to prevent recurrence

I take seriously that this series of misconduct stems from complex and structural issues rooted in longstanding industry practices, management attitudes, and corporate culture. For any industry, it is an extremely difficult challenge for a company to eliminate conduct risk. However, I believe that the issues likely to arise in the insurance industry going forward will no longer be uniform across the sector. Instead, they will be highly individualized, testing each company's management stance and the quality of its governance. In my view, the next company to cause a major problem will lose the market's trust and be forced to withdraw. With that level of resolve, I am committed to preventing any recurrence.

Governance is not merely a defensive measure. Thoroughly preventing recurrence is the greatest weapon for winning against our competitors. I firmly believe that in the insurance industry going forward, the competitiveness of a company will hinge on the soundness of its governance framework.

That is precisely why I take the Financial Services Agency's business improvement order seriously and am committed not only to formulating a plan but also to executing it with absolute resolve. I am fully confident that the business improvement plan we have formulated represents best practices, and I believe that its implementation will serve as the foundation for restoring trust in the Group and enhancing our corporate value.

To make this transformation effective, we transitioned our corporate structure from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee. This will strengthen the supervisory and checks-and-balances functions of the Board of Directors. By establishing a board structure

where Outside Directors constitute a majority, it will dramatically enhance the objectivity and transparency of management decision-making. The key is to ensure that this mechanism functions effectively, rather than merely serving as a formality. The Board of Directors shall correctly understand social demands and establish and operate internal controls to ensure sound business operations. To that end, top management, including myself as CEO, will spare no effort to carefully explain the background of management decisions to our Outside Directors and gain their understanding. Only when Outside Directors, who represent the interests of external stakeholders, understand our intentions can we truly fulfill our accountability to society.

■ Major transformation in our business model: Becoming the company most chosen by customers

The background to the misconduct involved long-standing industry practices. The insurance industry, for better or worse, has traditionally been built on a business model where being chosen by agents was paramount. However, rule changes such as stricter regulations on comparative recommendation sales and revisions to regulations concerning specified insurance contracts will be a game changer for the industry. The era when long-standing relationships and vested interests were considered acceptable has ended. The time has come for the industry to be evaluated based on the fundamental value of insurance itself: the ability to underwrite risk, the ability to analyze risk and set appropriate prices, and the ability to provide high-quality services.

We will fundamentally transform our business model to respond to this major shift in trends. It is a complete shift from “agent-focused” to “customer-focused” operations. From now on, we cannot survive unless we become the insurance company most chosen by our customers, rather than by agents. We will review the role of agents and establish a new competitive axis on the intrinsic value of insurance.

This transformation is in no way meant to belittle agents. While respecting them as business partners, we will thoroughly review practices such as excessive core business support and inappropriate secondments while rebuilding sound and transparent partnerships. We are also committed to providing products and services of true value to our customers, at appropriate prices, in a speedy manner. This path of transformation might not be smooth. However, we intend to lead an industry-wide transformation through a meticulous process where every employee deeply understands the intent behind each individual measure and carefully explains it to our agents.

■ Merger of two core non-life insurance companies: Establishing true Group management and competitive advantage

What should we do to achieve our goal of becoming the “company most chosen by our customers” in the most reliable and swiftest manner? After thorough consideration, we have determined that the merger of our core non-life insurance companies, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, is optimal. Until now, the two-company structure has had its merits in terms of top-line growth by maintaining numerous touchpoints with agents. However, MS&AD Holdings, the holding company, had been allocating significant resources to coordinating functions between the two companies and failed to adequately fulfill its role as the central command center driving the Group’s overall growth strategy.

Three elements are essential to succeed in the competitive environment ahead: strengthening governance, reducing the underwriting expense ratio, and enhancing underwriting capabilities. We believe that the most effective way to achieve these goals is to merge the two companies into one. We will leverage the merger as an opportunity to establish a true Group management structure.

The new company formed through the merger will become Japan’s largest non-life insurance company. However, our goal is not simply to be No. 1 in scale. We must not be satisfied with merely becoming the largest insurance company in the country. We aim to become a leading company that is truly trusted and chosen by our customers, both in name and substance, by fulfilling our social responsibilities commensurate with our scale, and by delivering high-quality services at competitive prices.

This merger is only the “starting point” of the transformation of the domestic non-life insurance business. With this decision, the holding company will move beyond its coordination function and demonstrate strong leadership to drive the growth of the entire Group. We will expand the transformation model established in our domestic non-life insurance business to our domestic life insurance business and international businesses to achieve sustainable growth for the entire Group. This is the strong resolve we have embodied with this merger.

■ Taking on the challenge of a sub-30% business expense ratio and growth beyond that

One of the key factors in being chosen by customers is price competitiveness. To achieve this, we must fundamentally transform our business structure and elevate our cost efficiency to the world’s highest level. We have set a very ambitious target of maximizing synergies from the merger and reducing our business expense ratio to below 30%, the global benchmark.

This target is by no means just a pipe dream. This merger will facilitate further efficiency improvements in our middle- and back-office departments in addition to system integration and site optimization. We are thus aiming for overall cost reductions on the order of approximately ¥150 billion. What is even more important is the utilization of human resources.

We will move away from the seniority-based employment system and fully implement a “skill-based personnel system” that fairly evaluates the skills and expertise of each employee. This will enable us to make progress in personnel placement that puts the right people in the right roles, dramatically boosting organizational productivity.

In addition, to support our employees’ diverse career paths, we offer early retirement options such as the “Career Challenge Support Program.” This is not one-sided downsizing. In fact, many employees who were proactively reevaluating their own careers expressed a desire for such a program. This is a forward-thinking measure where each employee proactively considers their own career path, and the Group supports employees who are ready to move to the next stage of their career.

By combining these initiatives, I believe the goal of achieving a business expense ratio below 30% is entirely achievable. We will create a virtuous cycle that channels the resources generated by this structural transformation into further growth investment and shareholder returns.



Specified insurance contract
An insurance contract where the policyholder is a person with whom the agent itself has a close personal or capital relationship.

■ Incorporating the world's most advanced knowledge to accelerate global growth

Our focus extends beyond the domestic market. In today's world, where risks are increasingly global and complex, achieving sustainable growth requires incorporating the world's most advanced information and technology and converting it into strengths for the entire Group.

An emblematic initiative in this regard is our strategic partnership with the founding family of W. R. Berkley Corporation (hereinafter "WRB"), a leading U.S. specialty insurance company, and our investment in the company. WRB is a world-leading company in niche and highly specialized insurance lines, boasting exceptional risk analysis capabilities and underwriting expertise. For its part, the MS&AD Group has established a solid business foundation in the Japanese and Asian markets. This partnership is an ideal complementary relationship that leverages each other's strengths.

Through this partnership, we will expand profits originating from the United States, the world's largest insurance market, while taking advantage of WRB's advanced expertise to create new synergies through collaboration in domestic and Asian insurance operations. We are going far beyond mere investment, dispatching a director under a cooperative relationship with the founding family to build deep ties at the leadership level. By breaking away from traditional business models and providing world-class insurance solutions, we will be on par with the true top-tier companies in Japan, Asia, and Europe and America. We will advance our global strategy with this strong resolve.

In addition, to strengthen the asset management capabilities of the entire Group, we are considering strategic investments in the overseas asset management business. Through initiatives in alternative assets, particularly in the United States and Europe, and through collaboration with local asset management companies, we are expanding our global asset management platform and enhancing our investment income.

After implementing these measures, we will proceed with rebuilding our global management structure. International businesses have been managed under the auspices of operating companies up to now, but going forward, we will transition to a structure where the holding company will be more involved. This will enable the Group to manage its domestic and international businesses in a cross-functional manner, further strengthening risk management, compliance, and the optimal allocation of management resources. We will establish a framework capable of executing management decisions agilely and accurately from a global perspective, thereby enhancing our competitiveness in the global market.

Furthermore, the Group will strengthen its think tank capabilities, centered on MS&AD InterRisk Research & Consulting, and build a framework capable of actively offering opinions and proposals to society, government, and the world. This is a pivotal initiative aimed at fulfilling our social responsibilities as an insurance company and becoming a leading company that contributes to solving social issues. We will leverage the Group's expertise and experience to the fullest extent to drive the creation of social value.

■ Cash generation and shareholder returns through capital circulation

Capital circulation plays a key role in our business strategies. This approach aims to maximize corporate cash flow and promote the efficient circulation of capital. Specifically, we aim to invest in highly profitable businesses and swiftly channel the generated cash into growth investment and shareholder returns.

This will enable us to provide stable dividends to our investors while enhancing shareholder value through share buybacks and other measures. We will also endeavor to implement sustainable resource allocation to support long-term growth and strengthen our competitiveness. We will consistently manage our business with transparency through capital circulation to meet the expectations of our shareholders and to achieve continuous growth and improved profitability.

The world's top-tier insurers, especially in Europe, are leading in terms of capital efficiency. They possess high underwriting capabilities backed by this foundation, which in turn leads to creditworthiness and ultimately brand value. Our aim is to stand shoulder to shoulder with the world's top tier and then surpass them. To that end, we will steadily advance the transformations outlined thus far while also laying the groundwork to achieve our medium- to long-term targets of profit of "¥1 trillion and market capitalization of ¥10 trillion" at an early juncture. That is precisely what I consider to be my mission.

■ People driving transformation are our greatest asset: A future created together with our employees

I have discussed numerous transformations thus far, but the driving force behind achieving them is each of our approximately 40,000 employees working in Japan and overseas. As I mentioned in my 2024 CEO message, it is "people" who will implement reforms. It is essential that employees understand their roles and act with high ethical standards and a strong sense of responsibility.

This merger and personnel system reform will bring significant changes for our employees as well. However, this also means that individuals will be fairly evaluated based on their abilities and skills, regardless of their career background—such as "being from former Company XX"—and will have opportunities to excel in broader fields within the Group. I want to build a company where employees can choose their own career paths and demonstrate their potential to the fullest.

As part of our personnel system reform, we will promote a new evaluation and placement system based on ability and performance, creating an environment where diverse human assets can thrive. I believe creating an environment where employees can work with high motivation and trust in the Company is the most critical role of senior management.

An open workplace is not just about getting along well with each other; it's a culture where people speak up when they need to and call out what looks wrong. In my opinion, the ability to share insights and concerns from the front lines is the very foundation that nurtures a sound organization. I will continue to visit sites nationwide and hold town hall meetings where I can engage directly with employees.

■ Through dialogue with stakeholders, I will match words with action to enhance corporate value.

Since becoming CEO, I have placed the highest priority on dialogue with our stakeholders. As Group CEO, I will continue to actively seek opportunities to engage directly in dialogue with investors. I sincerely appreciate your opinions and suggestions, and I am committed to incorporating them into our management practices to enhance corporate value.

My creed is to match words with action, and I do not engage in management that tries to satisfy everyone. I will personally spearhead the governance and business model transformation, the merger, and the other initiatives that I have mentioned. Through this transformation, we will establish a virtuous cycle of trust and growth, and I am confident that we will achieve top-tier corporate value globally in the form of profits of ¥1 trillion and market capitalization of ¥10 trillion.

We will share this journey of transformation with you openly and transparently, and we earnestly request your rigorous evaluation of our progress. And we sincerely hope that those who share our vision for the future and are willing to accompany us with a long-term perspective will become our shareholders.

Our challenge has only just begun. Please look forward to the future transformation and growth of the MS&AD Group. We sincerely ask for your continued understanding and support.

Capital circulation
A virtuous cycle management approach that transfers capital and funds from unprofitable businesses to profitable ones to generate profits, returning those profits to shareholders while also utilizing them for new profit generation.



Shigeo Kudo
Representative Director
Executive Vice President
Group CFO

CFO Message

In a rapidly changing business landscape, deepen capital management to build the foundation for future growth

■ Enhancing ERM to continuously improve corporate value

Natural catastrophes are becoming more severe worldwide due to climate change, while geopolitical risks such as trade friction, sanctions, and military conflicts are increasingly prevalent. On the other hand, technological advances such as generative AI and autonomous driving are beginning to significantly transform business and daily life. These changes are intermingling, heightening uncertainty in energy prices, interest rates, and stock markets, creating an environment where it is difficult for both companies and individuals to predict the future. In a society where risks are increasing and changing, we aim to achieve growth by meeting customer expectations and becoming the most chosen insurance and financial group.

To become the world's leading insurance and financial group amid such uncertain circumstances, we believe it is essential to further enhance our Enterprise Risk Management (ERM) across a wide range of areas, including our business domains. To date, we have consistently worked to enhance profitability relative to capital and risk through advanced business management, including disciplined portfolio reallocation such as withdrawing from businesses expected not to surpass the cost of capital. As a result, the international business is increasingly becoming the primary business domain for both profits and ROR*1, replacing the domestic non-life insurance business, and our past aspirations are now showing in tangible results.

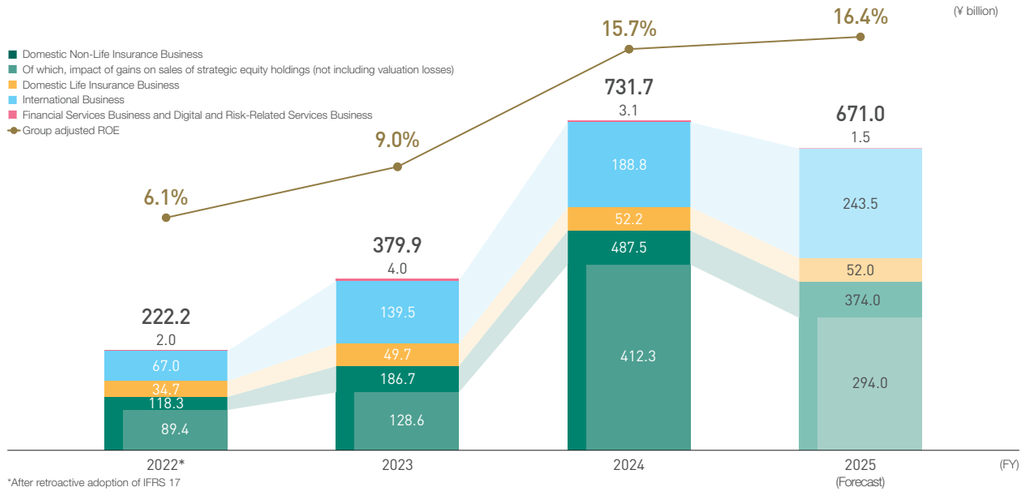
Going forward, we will enhance not only profitability relative to capital and risk but also our ability to generate cash and accelerate its turnover. I am confident we can accelerate growth in a rapidly changing business environment by strengthening capital cycle management. This means starting with the cost of capital, strengthening the monitoring of returns (e.g., ROI*2, ROR) on businesses and products, consistently allocating capital to areas with high expected returns, and channeling the cash generated toward growth investment and shareholder returns. To achieve this, we will consider organizational simplification, including the merger of our two core non-life insurance companies, and an optimal organizational structure led by the holding company.

*1 Return On Risk. An indicator that shows how much profit is secured in relation to the amount of risk.
*2 Return On Investment. An indicator that shows how much profit return is made from investment.

■ FY2024 results and FY2025 forecast

Consolidated net premiums written (non-life) for FY2024 increased by ¥412.5 billion (up 9.7% year on year) to ¥4,674.3 billion. This growth was driven primarily by increased premiums from automobile insurance and fire insurance in the domestic non-life insurance business along with a significant increase in premiums from overseas subsidiaries. In addition, Group adjusted profit reached a record high of ¥731.7 billion (up ¥351.8 billion year on year), driven by a significant increase in gains from the sale of strategic equity holdings in the domestic non-life insurance business and expanded profits in the international business.

The full-year Group adjusted profit forecast for FY2025 is ¥671.0 billion (down ¥60.7 billion), mainly due to a decrease in gains on sales of strategic equity holdings in the domestic non-life insurance business. Excluding gains on sales of strategic equity holdings, the domestic non-life insurance business is expected to see an increase in gross adjusted profit owing to an improvement in profitability, and the international business is expected to see a significant increase due to higher underwriting profits in each region.



*After retroactive adoption of IFRS 17

■Reduction of strategic equity holdings and achieving an optimal risk portfolio

[Reduce strategic equity holdings]

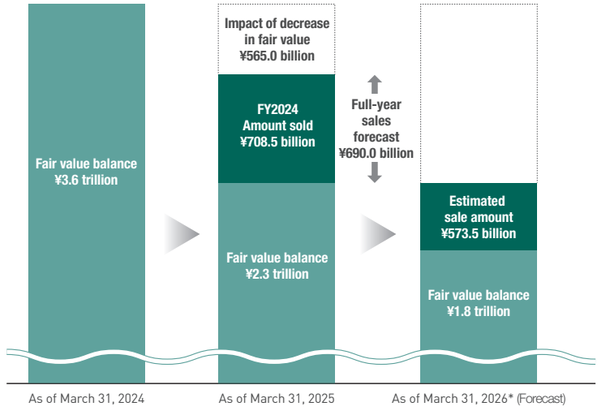
We are selling our strategic equity holdings ahead of schedule and reallocating the proceeds toward growth investments. In FY2024, we sold ¥708.5 billion and are on track to achieve a zero balance at the end of FY2029.

We have decided to allocate approximately ¥600 billion of the roughly ¥2 trillion in growth investments to a business investment in W. R. Berkley Corporation (hereinafter "WRB") of the United States.

Regarding additional business investments, we will conduct disciplined reviews based on our accumulated experience, considering not only profitability relative to capital and risk but also multiple perspectives such as diversification effects and Group synergies.

Growth Investment Status and Business Investment P.76

Sales of strategic equity holdings and current fiscal year forecast



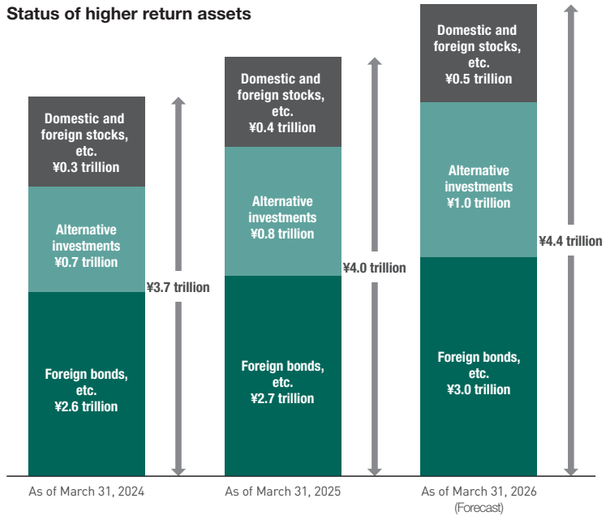
*Calculations are based on the stock prices at the end of April 2025 (Nikkei average: ¥36,045)

[Build an optimal risk portfolio]

We see the sale of strategic equity holdings as an opportunity to reduce domestic equity risk—a longstanding challenge and the greatest risk for our Group—and build an optimal asset management portfolio, while expanding our international business portfolio through strategic investments. We thus view this as an opportunity to increase profits and improve capital efficiency. We believe that by advancing these initiatives, we can maintain our current profit levels even after the sales are completed.

In asset management, in addition to liquid foreign bonds, we are accumulating higher return assets, mainly private assets that are expected to offer risk diversification, high yield, and low volatility, to secure a stable source of income while controlling market risk sensitivity and improving ROR.

Status of higher return assets



Furthermore, we have decided to invest in WRB, a leading U.S. specialty insurance company, and are working toward completing the transaction. In addition to accelerating the growth of our international business, we believe this will contribute to both profit expansion and risk diversification by acquiring risks with low correlation to natural catastrophes and diversifying revenue sources.

In preparing for this business investment, we have steadily prepared by mobilizing our accumulated expertise. This includes underwriting U.S. risks and achieving profitability through the Lloyd's and reinsurance business; initiating underwriting of specialty lines and securing profits at MSIG USA, which had primarily focused on underwriting for Japanese companies; and generating profits and gaining visibility into retained risks through investment in WRB's captive reinsurance company.

Going forward, while expanding the quantity and quality of higher return assets, we will consider investing in overseas asset management businesses to meet the asset management needs arising from the expansion of our international business. In making business investments, we will comprehensively consider factors such as ROR, risk diversification effects, shared values, and Group synergies to execute disciplined business investments.

■Adjusted ROE and equity spreads

The Group is committed to achieving stable profit growth and improving capital efficiency. We have set a target to maintain stable Group adjusted ROE of 10% or higher, aiming for 16% in FY2025, the final year of our Medium-Term Management Plan.

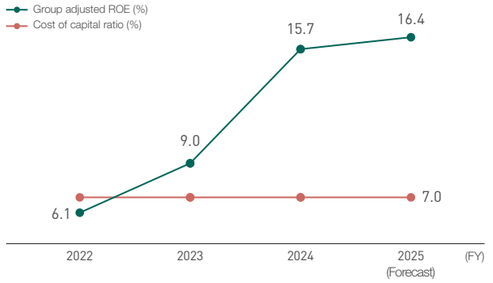
[Enhance the quality of assets and liabilities]

As CFO, I intend to rigorously control what we can control and enhance our ROR and ROE.

As I mentioned earlier, on the asset side we are reducing strategic equity holdings and focusing on business investments in WRB, a company with low correlation to natural catastrophes and high growth potential, as well as acquiring insurance risks in the U.S. specialty sector. On the liability side, we are working to shorten fire insurance policy terms, set appropriate rates for fire insurance and casualty insurance while tightening underwriting standards, and procure reinsurance with a focus on periodic earnings and financial soundness. Among other measures, we will consider options such as utilizing reinsurance and pursuing strategic alliances and reorganizations within our domestic life insurance business. Through such initiatives, we will enhance the quality of our assets and liabilities, and generate high-quality profits and cash, thereby improving capital efficiency.

This target is expected to be achieved through the recovery of insurance underwriting profit in the domestic non-life insurance business, the reduction of strategic equity holdings, and the expansion of profits in the international business.

Group adjusted ROE and cost of capital ratio



Cost of capital ratio

Risk free rate	+	beta sensitivity	×	market risk premium	=	cost of capital ratio
Based on the 10-year JGB interest rate		Risks inherent in the Company's stock		Set from historical stock market returns		7%

Main initiatives

Increase ROE

- Improve the profitability of the domestic non-life insurance business
  - Achieved profitability in fire insurance in FY2024 ahead of schedule
  - Further streamlining of business expenses through the merger of MSI and ADI
- Achieve stable profit growth in the international business
  - Expand the highly profitable underwriting portfolio of the Lloyd's and reinsurance business
  - Expand underwriting for local companies at MS Transverse and MSIG USA
  - Withdraw from unprofitable businesses and areas
- Maintain appropriate capital levels
  - Flexibly implement additional shareholder returns
- Disciplined review of the business portfolio
  - Improved capital efficiency through the sale of Challenger shares

Reduction in the cost of capital

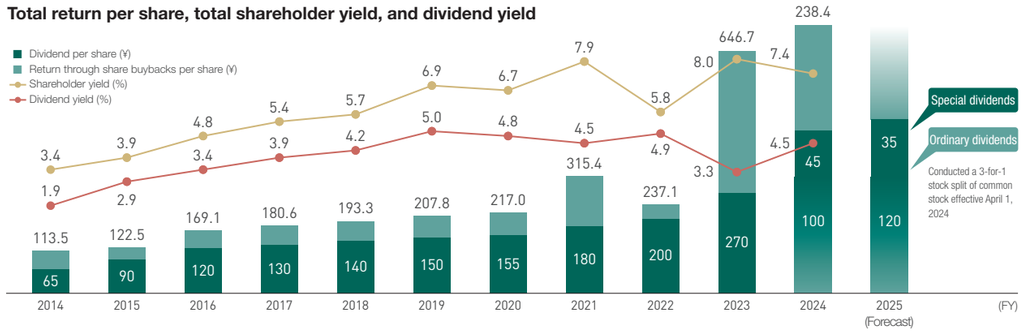
- Control of market sensitivity
  Accelerate the reduction of strategic equity holdings, and build a portfolio with high ROR
  Increase sophistication of duration matching of assets and liabilities
- Controlling natural catastrophe risk
  Enhance secondary peril support

■Shareholder return

The shareholder return policy stipulates that 50% of Group adjusted profit will be returned as dividends and share buybacks as basic returns. Additional returns will be implemented flexibly and proactively based on factors such as the business environment, ESR levels, liquidity, and stock price trends.

For FY2024, shareholder returns will include an annual dividend of ¥145 per share (an increase of ¥55 year on year) as the basic returns along with a decision to repurchase up to ¥145 billion of our own shares. We will strive to continue delivering attractive shareholder returns.

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



Enhancing Capital Efficiency and Achieving Sustainable Profit Growth

Group Adjusted ROE

The MS&AD Insurance Group regards Group adjusted ROE as the most important indicator among the numerical management targets set out in the Medium-Term Management Plan (2022–2025).
Group adjusted ROE can be broken down into return on risk (ROR), which shows the balance between the risk the Group faces and return (profit), and ESR, which shows the Group's financial soundness. These indicators can be further broken down into three elements: Group adjusted profit, integrated risk amount, and net asset value.
The Group manages to balance these three elements through its ERM. (See "ERM-Based Group Management" on pp. 67–68 for details.)
Furthermore, in activities in each business domain, we are promoting various initiatives by setting performance indicators for divisions to expand Group adjusted profit.

Capital Efficiency		Profitability		Soundness
Group adjusted ROE (Return on Equity)	=	**ROR** (Return on Risk)	×	**1/ESR** (Economic Solvency Ratio)
An indicator showing how much cash-based profit, as funds for shareholder returns, can be generated with respect to capital		An indicator showing how much profit (return) can be made on the risks held by the Group		An indicator showing the balance between the risks held by the Group and net assets
[FY2024 Result] 15.7%		Periodic Monitoring		[Appropriate level] ESR 180%–250%
=		=		=
Group adjusted profit*1 / Adjusted net assets*2	=	Group adjusted profit / Integrated risk amount*3	×	Integrated risk amount / Net asset value

Net asset value | Integrated risk amount | Group adjusted profit

These three elements are balanced with ERM.
(See "ERM-Based Group Management" on pp. 67–68 for details.)

Adjusted net assets and Net asset value (NAV)

In ERM, to confirm the status of appropriate capital buffers and solvency based on the Group's risk characteristics, the economic value–based net assets (= net asset value) are thoroughly managed using the following calculation.

Net asset value (NAV)	=	Adjusted net assets	+	Unrealized gain/ loss from insurance liabilities	+	Debt capital	+	Other
¥6.5 trillion		¥4.4 trillion		¥2.0 trillion		¥0.4 trillion		-¥0.3 trillion

*1 Group adjusted profit = Consolidated net income + Provision for catastrophe loss reserve and others – Other incidental factors (amortization of goodwill and other intangible fixed assets)
*2 Adjusted net assets = Consolidated net assets + Catastrophe loss reserves and others – Goodwill and other intangible fixed assets
*3 The integrated risk amount represents insurance underwriting risk, asset management risk, and operational risk, etc., quantified through stochastic methods.

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

PP.81-82 See Financial and Nonfinancial Highlights

Growth

			Examples of Specific Initiatives	Reference Indices
Group-wide	Customer satisfaction		●Providing products and services that rapidly and flexibly address the increasingly diverse needs of customers, and handling claims that closely reflect customers' expectations ●Enhancing the ability to serve customers during all points of contact, etc.	●Group-wide: Customer satisfaction, ratio of female managers, and ratio of global employees ●Non-Life Insurance: Number of improvements based on customer feedback, agents' recommendation rate, and claims handling satisfaction ●Life Insurance: Number of registrations for Family Eye (notification system for relatives)*4, number of days to provide assurance*5, etc.
	Premium growth rate		●New product development based on an understanding of changing customer needs ●Maintaining a robust sales base, and acquiring and developing diverse new sales channels ●Maintaining and expanding existing contracts and efforts to acquire new contracts, etc.	●Group-wide: Sales target achievement rate, contract continuation rate, number and ratio of global employees, and employee satisfaction ●Non-Life Insurance: Percentage of revenue indicators achieved ●Life Insurance: Increased EV amount, in-force policy indicators (amount and number of policies, and annualized premium), and ratio of non-life insurance agents that also sell life insurance, etc.
Non-life insurance	Investment profit/loss	Combined ratio	Loss ratio	●Appropriate product design ●Elimination of fraud claims, appropriate and prompt payment of claims ●Providing advice designed to prevent accidents and reduce the loss ratio ●Sustainable use of natural resources, etc.	●Number of risk surveys, risk management seminars, and training sessions ●Utilization rate of recycled parts, etc.
			Expense ratio	●Business operational reforms ●Move to paperless office ●Demonstrating Group synergies, etc.	●Ratio of personnel expenses to sales ●Selection rate of web policy clauses ●Paper consumption, GHG emissions, and total energy consumption, etc.
				●Integrated asset/liability management based on consideration of the characteristics of insurance liabilities ●Improving ROR ●Appropriate risk control, etc.	●Asset management yields, diversifying effect among assets, and reductions in strategic equity holdings, etc.
Life insurance	Mortality margin*6			●Appropriate pricing based on the coverage offered ●Reform of the product portfolio, etc.	●Annualized premiums of policies in force ●Amount of increase in death insurance and other claims, etc.
	Administrative expense margin*6			●Control of acquisition cost due to increased sales ●Reduction of business expenses through efficient business operations, etc.	●Acquisition cost ●Business expenses (e.g., paper consumption, GHG emissions, and total energy consumption)
	Investment yield margin*6			●Setting reasonable assumed interest rates to ensure profits ●Sophisticated ALM operations and risk management based on the characteristics of liabilities ●Improving returns and diversifying risks by diversifying investment methods, etc.	●Asset management yields and rating distribution for investment bonds, etc.

Profitability

*4 Family Eye (notification system for relatives) allows pre-registered family members, in addition to the policyholder, to receive information about the insurance policy.
*5 Number of days to provide assurance is an indicator of how long it takes for the company to complete administrative tasks for customers, such as applications for new insurance contracts, applications to cancel policies, claims for insurance payments, and claims for other benefits. It is broken down into 1) the average number of days to conclude a new policy, 2) the average number of days required to pay an insurance claim, and 3) the average number of days required to pay a cancellation refund.
*6 Mortality margin, administrative expense margin, and investment yield margin are indicators for core profit, which represents the fundamental profitability of life insurance companies. Together, these terms are referred to as the "three surplus factors." Mortality margin is the profit or loss on the difference between projected insurance benefits payments, based on assumed mortality rates, and actual insurance benefits payments. Administrative expense margin is the gain or loss on the difference between projected business expenditures, based on assumed expense ratios, and actual business expenditures. Investment yield margin is the gain or loss on the difference between projected investment income, based on assumed interest rates, and actual investment income.



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

CSuO Message

Taking on new challenges to create the future of MS&AD

■Sustainability to date

To date, our Group has consistently placed sustainability at the core of our management, focusing its initiatives on ensuring every employee understands and practices it. We have positioned the “MS&AD Sustainability Contest” as a forum to review the results of our efforts to incorporate sustainability into organizational and individual plans and targets, and to work with customers to resolve issues. The 2,500 initiatives submitted to this annual contest since 2018 represent the very essence of our Group’s accumulated sustainability achievements.

On the other hand, drawing lessons from multiple scandals within our domestic non-life insurance business, we are now required to transform the value we provide to our customers. Furthermore, the increasing frequency and severity of natural catastrophes have led to a series of withdrawals by home insurance providers in some regions of the United States, highlighting our need to face up to concerns about the sustainability of the non-life insurance business.

Therefore, we have decided to shift our approach to sustainability and focus our efforts on three key points.

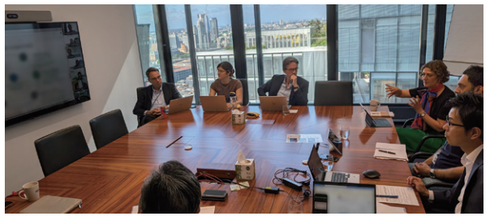
■Point 1 : Involvement of employees in Japan and overseas

The most important factors are to enhance the sustainability of the Group’s business, identify themes that genuinely resonate with our employees, and implement them into our businesses.

We focused on “flood disasters” and “demographic trends,” which are considered to have a significant impact on the Group’s businesses, and selected two themes: “Building a Flood-Resilient Society” and “Building a Society Where a 100-Year Life Brings Happiness.” Given that these are both challenging themes, we are taking a cross-group approach with the goal of creating unprecedented new services.

We also create opportunities for employees to share ideas and work on them together, guided by the catchphrase “employee-driven and team-based, while having fun.”

Furthermore, to strengthen collaboration with our overseas entities, we have established the Global Sustainability Leadership Forum, composed of employees from sustainability departments both domestically and internationally, and are advancing strategy formulation and regulatory disclosures globally.



A scene from the Global Sustainability Leadership Forum web conference

■Point 2 : Partnerships

Major social challenges cannot be solved by a single company alone. That’s why partnerships with stakeholders are essential.

Our approach of “Green Resilience” involves making the most of nature’s bounty to mitigate damage from natural catastrophes and create a virtuous cycle that revitalizes local communities. For example, through the Kumamoto Water Positive Action initiative, we are collaborating with the Prefectural University of Kumamoto, Kumamoto University, The Higo Bank, Ltd., Suntory Holdings Limited, and Development Bank of Japan Inc. to create a flow of funds that promotes the introduction of green infrastructure in the Kuma River basin, aiming to preserve the water cycle. (See p. 60)

Furthermore, in collaboration with the UN Global Compact, we are leading collective action to create a society where everyone can feel well-being and where everyone’s strengths and unique qualities can be fully realized. This is achieved through fair work styles that address both working hours and gender roles. At the GCNJ* Summit 2025 (held in January 2025), the heads of 17 companies expressed their support for this initiative. We seek to have a greater impact on society and to redefine its conventions.

*Global Compact Network Japan (GCNJ), the official Japanese network of the United Nations Global Compact

■Point 3 : Fair work styles

The foundation for implementation in our business is fair work styles that allow all employees to demonstrate their strengths to the fullest. Our Group has designated two initiatives as collective actions: “work styles that do not assume overtime” and “one month of male childcare leave.”

The concept of “work styles that do not assume overtime” is about not only accommodating employees who need to leave the office on time but also creating an environment where no one feels guilty for doing so. It is also essential to create an environment where men are directly involved in housework, childcare, and family care. “One month of male childcare leave” is emblematic of this. Creating such an environment also supports women’s career continuity.

■In closing

Taking a step back from our established path, which has earned us a certain level of recognition, and starting afresh by incorporating new elements is itself a major challenge for us. The themes we are tackling are not ones where answers can be easily found, and we are prepared for the case when results are not immediate. However, I am confident that the true joy and fulfillment of work lie in sharing the process of tackling what is necessary without shying away from it.

Message from the Chairman of the Board of Directors



Chairman of the Board of Directors

Noriyuki Hara

Chairman & Director
Chairman Executive Officer

Unceasing governance reforms for restoring trust and sustainable growth

■ Resolve to restore trust

As Chairman of the Board of Directors, I deeply apologize for the significant damage to the trust placed in the MS&AD Group by our shareholders, customers, and society because of the recent series of misconduct. I solemnly accept the critical feedback from all stakeholders and assure them we will work as one Group to fundamentally strengthen our governance framework, aiming for the swift restoration of lost trust.

■ Organizational design aiming for enhanced supervisory functions and rapid decision-making

In my opinion, the series of misconduct, including fraudulent insurance claims by agents, price fixing in corporate insurance, and information leakage, stemmed from multiple factors, such as governance systems and corporate culture. At its root lies the fact that the organization as a whole failed to fully recognize the various risks inherent in traditional business models. Based on this reflection, we will fundamentally reassess our approach to Group governance.

A crucial step in this process is the transition from a company with an Audit & Supervisory Board to one with an Audit and Supervisory Committee. This change was not decided hastily in response to the misconduct, but rather represents the conclusion reached after long discussions within the Governance Committee regarding the optimal organizational design. The primary objective of this transition is to strengthen the supervisory function of the Board of Directors. Directors who are Audit and Supervisory Committee Members hold voting rights, enabling more effective oversight. In addition to conventional compliance audits, we will exercise supervisory functions that extend to the appropriateness of business execution.

Furthermore, by placing the Internal Audit Department directly under the Audit and Supervisory Committee, we will establish a system whereby audit information is communicated promptly and directly to the Board of Directors. In addition, the Board of Directors will consist of a majority of Outside Directors, incorporating diverse perspectives and external norms to further enhance management transparency and objectivity.

■ Enhancing sensitivity to risks inherent in business models

The greatest issue facing our governance to date has been the low sensitivity to risks inherent in traditional business models and industry practices. Having become too accustomed to the internal logic, we failed to accurately grasp the discrepancy with societal norms. To overcome this shortcoming, we will fundamentally enhance the entire organization's risk sensitivity and early detection capabilities.

The key to this lies in strengthening the functions of the second line of defense, which is in charge of risk management, and the third line, in charge of internal auditing. In particular, we will clarify the division of responsibilities between the internal audit departments of the holding company and the operating companies. The holding company formulates audit policies for the entire Group and provides guidance to the internal audit departments of operating companies. It also takes the lead in conducting audits in specialized areas such as international business, IT, and cybersecurity. Meanwhile, the internal audit department of an operating company is responsible for auditing day-to-day business execution. This will enable us to comprehensively understand risks across the entire Group and establish a system for providing timely and appropriate recommendations to management. This is a significant step toward deepening our Group governance.

■ Group governance supporting both growth and discipline

Governance does not only refer to "defensive" aspects such as strict compliance and risk management. "Offensive" governance that encourages appropriate risk-taking is equally critical for a sustained increase in corporate value. I expect the Board of Directors, particularly our Outside Directors, to actively provide input not only from a risk management perspective but also from the perspective of whether the Company is taking appropriate risks in the pursuit of growth.

Business investments and new product development are always accompanied by risk. In addition, new business risks could emerge due to changes in the social environment, such as human rights issues. The lifeline of corporate management is how quickly these risks can be detected, assessed, and countermeasures implemented. We aim to embed habitual behavior within our organizational culture where everyone, from top management to each employee on the front lines, constantly evaluates events in society against our Company and reexamines the presence of risk. I firmly believe that true governance lies in powerfully driving both the pursuit of growth and the maintenance of discipline.

■ Toward a highly effective Board of Directors that fulfils stakeholder expectations

By transitioning to a Company with an Audit and Supervisory Committee, we can delegate decisions on important task execution to Directors. As a result, we can allocate time to essential themes such as growth strategies, enabling more in-depth discussions. In fact, during the merger discussions between the two core non-life insurance companies, the Board of Directors conducted thorough deliberations from multiple perspectives over a period of six months. It is my responsibility as Chairman to make these high-quality discussions the norm.

To achieve this, it is essential that our Outside Directors, who come from diverse backgrounds, make the most of their knowledge and experience. As Chairman, I will enhance the overall effectiveness of the Board of Directors by encouraging lively and constructive exchanges of opinions and eliciting the views of each Director. We will also increase opportunities for dialogue with the executive side to further deepen Outside Directors' comprehension of our businesses.

The pursuit of governance has no end. I believe that the only way to meet the expectations of our stakeholders is to adapt to changes in society and the business environment, while continually transforming ourselves in search of optimal solutions. As Chairman of the Board of Directors, I am fully committed to ensuring governance reform and establishing unwavering trust.

Roundtable Discussion between the Second and Third Lines of Defense

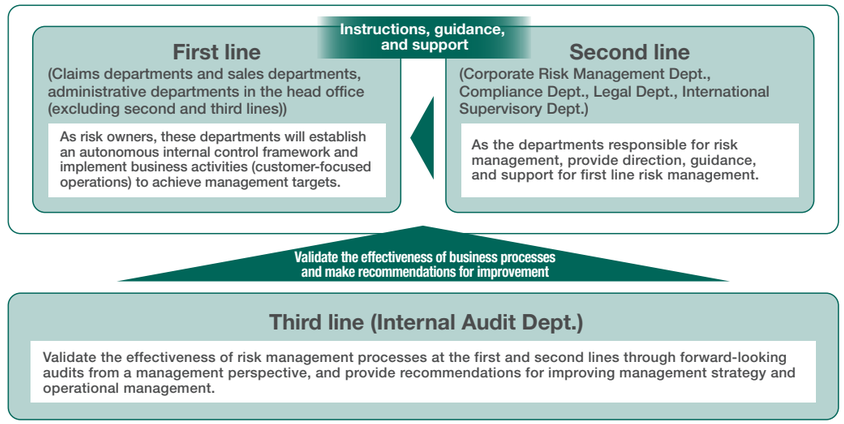


Enhancing corporate value through the advancement of governance

The Group has positioned the fundamental strengthening of governance as one of its top priorities considering the recent environment surrounding the insurance industry and the demands of society. What must we do now to foster a sound corporate culture and solidify the trust of all our stakeholders? And how can we translate these initiatives into sustainable growth in corporate value? Leaders responsible for compliance, risk management, and internal audit in the second and third lines of defense shared their outlooks and commitments from their respective perspectives.

▶ Three Lines Model

The Three Lines Model is a framework designed to support the enhancement of long-term corporate value through risk management and internal controls. This model classifies organizational units and functions within an enterprise into the first, second, and third lines of defense, clarifying the role each takes in internal control. This model and its underlying concepts have been incorporated into the internal controls of numerous companies worldwide, not just within the MS&AD Group.



Functions and roles of the second and third lines

■ Building resilient and robust governance through full participation

Iino When people hear “strengthening governance,” they often imagine a specific department tightening rules, but that’s not really what it’s supposed to be about. I believe that the fundamental basis of everything is for all officers and employees of the Group to understand and act upon what roles they should fulfill in their respective positions. Whether in sales or administrative departments, the shared awareness that everyone is a steward of governance forms the foundation of the Company we aspire to become.

Hori The Three Lines Model is meaningful only when all three lines are functioning. It is essential that the first line, which is the front line of business, take the initiative in risk ownership rather than being driven unilaterally by the second and third lines. The roles of the second and third lines are ensuring that the first line correctly identifies risks and implements appropriate countermeasures, with the second line providing support and the third line independently validating and making recommendations, thereby guiding the entire Company toward improvement. I want to clearly convey the message that all officers and employees are owners of this process.

Ohmatsu It is crucial to embed the concept of risk ownership as part of our corporate culture, rather than limiting it to specific initiatives. Both the sales and administrative departments always consider risks when implementing new measures. The same applies to the second and third lines. In particular, it is exceptionally important for administrative departments at the head office to have a mindset of risk ownership on their own. I believe that as this mindset becomes the norm, it will foster the corporate culture throughout the entire Company. Therefore, in the compliance area, we established a process where the first line is clearly designated as the risk owner as a basic assumption for the compliance program, or annual plan, and then specific plans are cascaded from that. We expect that this will gradually change the awareness of the first line as well.

Iino We have also started taking initiatives to devise measures to foster first line risk ownership within the third line internal audit area. One of these is the introduction of the Control Self-Assessment (CSA) method. Rather than just having the third line conduct audits and evaluations on its own initiative, we initially have the first line perform self-assessments and then engage in repeated discussions based on those assessments. This allows

them to compare their own perceptions with objective evaluations, enabling them to recognize differences in their own understanding. It is crucial to establish a system that enables self-directed PDCA cycles within daily operations, not just during audits, and to use audits as an opportunity to gain further insights.



Sachiko Hori

The proper role of coordination between the second and third lines

■ Expand the relay zone and follow up with each other

Hori Within the second line, the Corporate Risk Management Dept. does not have a clearly defined area of specialization like legal affairs or compliance. In my view, the Corporate Risk Management Dept.'s raison d'être lies not only in performing quantitative risk assessments but also in aggregating information provided by specialized departments, incorporating external perspectives, and critically examining internal assumptions across the organization. What I have come to realize given recent misconduct is that some of the norms within companies and industries are far removed from those of society at large. In a rapidly changing world, drawing overly defined lines between departmental responsibilities allows risks to slip through the gaps. To avoid issues slipping through the cracks, I believe it's best to have a degree of overlap in roles. By allowing each department to extend slightly beyond its designated scope, I feel we can achieve more robust governance across the entire Group. I believe such overlaps ultimately lead to growth potential for the organization.

Motoshi Ohmatsu



Ohmatsu By taking an overall perspective, the Corporate Risk Management Dept. enables specialized departments to focus on their respective areas. In my opinion, it is crucial for the Compliance Dept. to maintain a constant awareness of potential compliance risks, including in areas where who is responsible tends to be vague. Each department leverages its own expertise while maintaining overall balance. This collaboration is precisely the key to effective governance, isn't it?

Iino To further strengthen governance frameworks, the role of the Internal Audit Dept. as the third line will also undergo significant changes with the transition to a company with an Audit and Supervisory Committee. Traditionally, there has been an emphasis on efficiently and effectively conducting Group audit work while sharing human resources. The holding company has assumed responsibility for organizational audits since transitioning to a company with an Audit and Supervisory Committee. It is now focusing on monitoring from a more top management-oriented perspective, identifying current conditions and challenges from the standpoint of the sustainability of the Group's overall business model. Furthermore, audits in highly specialized areas will be centralized at the holding company. Governance of the international business is particularly challenging, requiring the broader perspective of a holding company. By clearly defining roles and responsibilities, we are focusing on a "growth oriented governance" approach that enables us to view the entire Group more effectively than before and enhance corporate value through the effective functioning of our operations.

Hori Historically, there might have been a psychological distance between the second and third lines due to their respective roles in execution and auditing. However, the ultimate goal of enhancing corporate value remains the same. While respecting the differences in our roles, I believe it is essential to collaborate to achieve our objectives. In recent years, we have established various committees and working groups, inviting the Audit Dept. to participate as observers, thereby increasing opportunities to freely exchange views. In such forums, we share our insights and link them to needed countermeasures. This steady collaboration is beginning to produce results.

Ohmatsu Collaboration between the second and third lines is essential for uncovering the true state of the first line, which cannot be seen through reports alone, and the fundamental issues underlying it. For example, there are issues that can only be revealed by comparing the actual on-site situation obtained from firsthand experience through audits by the third line to the information obtained via monitoring by the second line. By connecting each other's information, including qualitative information such as the mindset of the officers and employees and the atmosphere of the organization, it should be possible to get to the heart of issues. I consider the key to collaboration to lie not only in formal meetings but also in increasing opportunities for more informal discussions, allowing us to get to the heart of issues through dialogue.

Toward strengthening collaboration with the first line

■ To enable each department to reach its full potential

Ohmatsu Since receiving the business improvement order, I have seen an increase in information from the first line and am sensing a shift in awareness. This represents significant progress, but it has not yet reached the level of a "good catch" where the seeds of a problem were detected early and prevented before they escalated. Reports from the first line tend to be neatly packaged in a superficial manner. I feel that how second and third lines grasp fundamental issues will be a major challenge going forward. To that end, we must continue striving to gather information from various departments, including the third line, and piece it together to gain an understanding of the actual situation from multiple perspectives.

Hori Each operating company has established channels where employees can freely post their concerns or dissatisfaction. Many of the comments collected there might seem trivial at first glance. Yet, if concerns arise such as "this wording in the policy terms could be misleading," the second and third lines will share this information across the entire Group via a network and conduct a lateral review to determine if similar issues exist in other operating companies, such as domestic life insurance subsidiaries. Rather than letting each insight end as an individual case, we work to turn it into improvement across the entire Group. I believe that through repetition, we can restore trust and foster a sound corporate culture. The number of such interactions has clearly increased in recent years.

Iino I can sense changes even on the front lines of agent audits. Previously, when we pointed out deficiencies in management systems to agents, our sales representatives covering them would sometimes respond passively, expressing concern about damaging the relationship. However, there is now a growing recognition that establishing an agency structure for the benefit of customers is a shared responsibility between insurance companies and their agents. I've also seen an increase in positive feedback from agents during audits, receiving



Satoshi Iino

comments like, "I'm glad you pointed that out now." I feel this is evidence that both employees and agents are changing their mindset, which is fostering a growing awareness that we must strengthen governance for the sake of our customers.

Hori I think the role of risk management is to be a "guardrail." The first line steps on the gas pedal to accomplish the mission, while our job is to establish frameworks, in other words, guardrails and speed limits, to keep the first line from going off course and running with peace of mind. The first line is the source of the Company's vitality. Our role in the second and third lines is not to sap that energy but rather demonstrate it clearly to the first line. I would like to persistently sustain the dialogue so that this sentiment is conveyed. Our mission is to create an environment where our people can run with peace of mind.

Iino Self-correction is not an easy task. Given that we are an organization, it is somewhat natural for self-preservation

instincts to kick in. We as the third line are driven by ambition to serve as advisors who can help solve issues on the front lines and by the responsibility to speak up when necessary. I'm constantly torn between these two facets, but there are no shortcuts. I believe it is important to build relationships that lead to problem-solving by accumulating daily, steady communication, speaking frankly with each other, and understanding one another.

Governance as a driving force of growth

To be the Group most chosen by customers

Ohmatsu Enhanced governance isn't a brake on business. Rather, I view it as an accelerator for enhancing trust from all stakeholders, including customers and investors, and ultimately improving the Company's competitiveness. Until now, the balance with the mindset of growth might not have been optimal. Having a robust governance framework is inherently brand value that makes us a company chosen by our customers. In other words, governance is a crucial element for enhancing corporate value and a source of competitive strength. Since its establishment in 2010, the MS&AD Group believes that its initiatives toward reorganization by function, not seen in other corporate groups, has deepened mutual understanding of each Group company's business and strengthened risk detection capabilities. I believe that our mission is to leverage these strengths and support the solid governance structure that forms the foundation of our Company.

Hori At the core of the direction we are heading is the Group's MVV (Mission, Vision, and Values). If every employee can see this MVV as a personal matter and work toward the same direction, it will become a competitive edge for the entire Group. To maximize that competitiveness, it is vital that all three lines engage in an iterative process of MVV implementation from their respective positions, with the second and third lines appropriately acting as brakes when necessary. I believe that our governance system, in which we, the second and third lines, listen sincerely to the opinions of each employee, detect various risks, and continue to partner with top management to resolve them, is the driving force for our becoming the Group most chosen by our customers.

Iino The essence of governance is not just about following the rules. It is crucial that all employees seriously consider how they should conduct themselves to truly engage with our customers, become the Company most chosen by them, and achieve sustainable growth. It is of the utmost importance that every employee, whether part of the first, second, or third line, return to this starting point and put it into practice in their respective roles. Through this experience, we realized that these fundamental behaviors had not been thoroughly implemented. In reviewing our past, it comes down to faithfully and sincerely doing the basics, as they should be done. I am certain that only by doing so will we earn the trust of our customers and sustainably increase our corporate value. We as the second and third lines will continue to demonstrate this belief in our words and deeds, so that all Group employees believe and practice this belief that "governance is a driving force of growth" on a daily basis, and all Group members are committed to this.



Message from an Outside Director



Outlining the ideal state as a top-tier global company and presenting it to stakeholders

Q What are your thoughts on the recent misconduct and the related discussions within the Board of Directors meetings?

Looking back at the insurance industry as a whole since the deregulation of the late 1990s, the transformation of business models within the industry has not progressed as much as expected. As a result, the principle of competition has not functioned adequately, and service differentiation has advanced in an unnatural manner. The occurrence of this price fixing might also have been influenced by Japan's unique co-insurance system, which has tended to restrict free competition and blur the definition of customer-focused service.

Discussions by the Board of Directors began with the question of whether the traditional business model should remain the same. Under such circumstances, I feel that the opportunity to exchange opinions on the direction of the merger of the two domestic non-life insurance companies outside of but in parallel with the Board of Directors meetings stimulated discussions that were both higher quality and more substantive, ultimately resulting in swift decision-making.

In addition, we decided to transition from a company with an Audit & Supervisory Board to one with an Audit and Supervisory Committee, with the aim of strengthening our governance structure. The proportion of Outside Directors has increased, and I believe the monitoring function has been steadily strengthened. That said, to adapt to future environmental changes, we must continue to deepen discussions on the necessity of further structural changes and comparative analysis with other organizational designs.

Q Please provide your assessment of the Group's initiatives to accelerate the growth of its international business.

Based on my own experience, I believe that when strengthening international businesses, the holding company should lead the Group's overall strategy and play a role in driving growth overseas. Amid the various transformations triggered by the merger of the two core domestic non-life insurance companies, I anticipate significant changes in the relationship between the holding company and the operating companies.

Furthermore, recruiting and developing talented human resources is also crucial. Within our Group, I feel that a particular challenge is the shortage of personnel with international business experience as well as the difficulty in facilitating human resources exchange between operating companies—including overseas entities—and the holding company. Simply dispatching personnel adept in foreign languages won't suffice. We must clarify their roles and responsibilities and ensure an appropriate governance structure. It is also essential to develop and recruit executives who possess a sense of balance and a willingness to take on challenges. To become a true global top-tier company, we must design a flexible system that encourages diverse human assets, including talented people from overseas.

Q What do you believe is necessary for the future of the MS&AD Group given the upcoming merger of two domestic non-life insurance companies?

One of the most important things in a merger is maintaining employee motivation. It is important to clearly communicate the benefits of the merger to employees, especially those on the front lines of customer service, and have them understand its benefits, such as the reorganization of regional offices and the review of relationships with agents.

At the same time, it is necessary to convey positive messages to the market. Although the current stock price exceeds a PBR of 1x, I believe expectations for the merger have not been fully priced in, and investors' confidence in future growth remains insufficient. In the short term, expectations for a dividend hike, primarily driven by high dividend levels and gains from sales of strategic equity holdings, will likely provide support for the stock price. However, it is essential to demonstrate to the market the ability to deliver on our medium- to long-term growth strategies. As the newly merged company will have the No. 1 share of the domestic market, I think it will be expected to take a more industry-leading stance than before.

Given that investor interest is shifting from the ongoing sale of strategic equity holdings to the "post-sale" phase, it will be crucial to strengthen cash generation capabilities and place greater emphasis on balancing shareholder returns with growth investment. Investors have short-term dividend expectations and long-term growth expectations, and management must respond to both. I believe we should earn trust through the dividend increase plan while forging ahead with strategic investments for sustainable growth.

To tackle such issues, the Board of Directors and top management must possess a sense of balance that allows them to appropriately apply both the accelerator and the brakes while maintaining a sense of urgency for transformation. To achieve sustained growth in corporate value, we Outside Directors will continue to serve as members of the Board of Directors, diligently monitoring and supporting the entire Group to ensure it is guided in the right direction.

Administrative Action and Business Improvement Plan

In response to the administrative action taken against Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, the MS&AD Group is working to make improvements and prevent recurrence, aiming to restore the trust of stakeholders.

Overview of the incidents

Price fixing in corporate insurance

MSI and ADI received business improvement orders from the Financial Services Agency of Japan under the Insurance Business Act for price fixing activities in corporate insurance, and in February 2024, they formulated business improvement plans. In addition, in October 2024, they received a cease-and-desist order, an administrative monetary penalty payment order, in accordance with the Antimonopoly Act from the Japan Fair Trade Commission.

Details of the incidents

- In transactions involving co-insurance, where a single insurance contract is underwritten jointly by multiple insurers, there were cases in which information such as the insurance premiums presented to customers was communicated among insurers in advance, etc.

Please refer to **https://www.ms-ad-hd.com/ja/important_notice/notice-02.html** for the status of the Group's response (in Japanese).

Information leakage between agents and insurance companies

Multiple insurance companies within the Group have discovered leaks of customer information attributable to agents and employees seconded to agents. MSI and ADI received business improvement orders from the Financial Services Agency of Japan under the Insurance Business Act for information leakage, and in May 2025, they formulated improvement plans.

Details of the incidents

- A case where agents that had concluded consignment agreements with multiple insurance companies leaked customer information belonging to the MS&AD Group to other insurance companies.
- A case where MS&AD Group employees, seconded to agents, leaked customer information pertaining to other insurance companies handled by agents to their dispatching employers.

Please refer to **https://www.ms-ad-hd.com/ja/important_notice/notice-03.htm** for the status of the Group's response (in Japanese).

Reexamination of root causes

Based on the lessons learned from the price fixing case, etc., the Group has been striving to thoroughly ensure customer-focused business operations and compliance with laws and regulations through the steady implementation of the business improvement plan submitted to the Financial Services Agency in February 2024. However, in this process, we have recognized cases of information leakage. Therefore, in addition to the root cause analysis of the information leakage incident, we have comprehensively analyzed the root cause of the series of inappropriate incidents.

Root causes of inappropriate incidents

- **Outdated industry practices and excessive provision of conveniences to agents**
- **A corporate culture that prioritizes the Company's convenience despite recognizing illegal or inappropriate actions**
- **Insufficient management control (governance) and three lines of defense, etc.**

Formulated and implemented a new business improvement plan

Based on the results of root cause analysis and incorporating the perspectives of external experts, we fundamentally revised measures to prevent recurrence of incidents such as price fixing. We also formulated measures to prevent recurrence of information leakage incidents and consolidated them into a new business improvement plan.

For more information on the business improvement plan, please refer to
https://www.ms-ad-hd.com/en/news/irnews/auto_20250530574933.html

New initiatives of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Note: This section focuses on new measures.

Established an appropriate legal compliance framework to ensure compliance with the Act on the Protection of Personal Information, the Unfair Competition Prevention Act, and other relevant laws and regulations

- Conducted training on the Act on the Protection of Personal Information and the Unfair Competition Prevention Act by external instructors
- Established a framework for information management training for seconded employees and employees of the dispatching department
- Reinforced agent training on relevant laws and regulations other than the Insurance Business Act

Established appropriate customer information management systems at MSI, ADI, and insurance agents

- Implemented comprehensive inspection of operations handling personal information at the first line of defense of the head office
- Enhanced support tools to improve the effectiveness of customer information management
- Clarified the agents' responsibility to respond in the event of a leakage incident

Established a management control system to examine risks arising from the attributes of the business model and the implementation of management strategies as well as to implement appropriate countermeasures in a timely manner

- Clarified the risks that are likely to occur due to the attributes and features of the agent channel and business model, and detection of signs of risks
- Set up a submission box for employees to post their observations and concerns
- Compliance Department's monitoring of sales departments' phone call recordings, enhanced collaboration with the Corporate Risk Management Department, and anticipation and early detection of risks through digital technology-based legal and conducting risk analysis

Fundamentally reviewed the current business improvement plan formulated in February 2024

- Initiatives aimed at achieving sound competition centered on the advancement and differentiation of insurance products and services
- Initiatives to reduce and streamline internal processes

Main initiatives of MS&AD Holdings

Increased sophistication of the business improvement plan

In anticipation of the merger of its two subsidiary non-life insurance companies, the Company established the Structural Transformation and Corporate Innovation Subcommittee under the Merger Preparation Committee to ensure alignment with the new plan. Through merger discussions, the Company will advance revisions toward a more sophisticated business improvement plan, including the mutual adoption of each other's effective initiatives and measures.

Enhancing supervisory functions through changes to the institutional design of the holding company

The transition to a company with an Audit and Supervisory Committee within a holding company, along with the appointment of Outside Directors to constitute a majority of the Board of Directors, will enhance the supervisory and checks-and-balances functions of the holding company board and strengthen Group governance.

Verification of appropriateness of secondment policies, etc., at the Group's domestic insurance companies

Following the occurrence of information leakages, MSI and ADI have shared their stricter Secondment Policy (including rules for secondment employee education and management) with domestic Group insurance companies, instructed them on response measures, and will verify the appropriateness of their responses.

Our Management Team

[Directors] (As of July 1, 2025, and the number of Company shares owned is the number after the April 1, 2024, stock split)



Noriyuki Hara

Chairman & Director
Chairman Executive Officer

Date of birth: July 21, 1955
Number of Company shares owned: 196,385
Important concurrent positions:
Chairman & Director, Chairman Executive Officer, Mitsui Sumitomo Insurance Co., Ltd. (MSI)
Biography:
April 1978 Entered Taisho Marine and Fire Insurance Co., Ltd. Has business experience in market development, sales, product operations, corporate planning, etc. Present position since June 2024



Yasuzo Kanasugi

Representative Director
Vice Chairman & Director
Vice Chairman Executive Officer

Date of birth: May 29, 1956
Number of Company shares owned: 204,954
Important concurrent positions:
Chairman & Director, Aioi Nissay Dowa Insurance Co., Ltd. (ADI)
Biography:
April 1979 Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd. Has business experience in human resources, sales, corporate planning, merger preparation, etc. Present position since June 2020



Shinichiro Funabiki

Representative Director
President & CEO

Date of birth: May 11, 1960
Number of Company shares owned: 161,875
Important concurrent positions:
President & CEO, MSI
Biography:
April 1983 Entered Sumitomo Marine and Fire Insurance Co., Ltd. Has business experience in corporate planning, sales, administration and information systems, DX implementation, etc. Present position since June 2024



Shigeo Kudo Newly appointed

Representative Director
Executive Vice President

Date of birth: August 11, 1964
Number of Company shares owned: 52,985
Important concurrent positions:
—
Biography:
April 1987 Entered Taisho Marine and Fire Insurance Co., Ltd. Has business experience in corporate planning, sales, product and services operations, etc.
Present position since June 2025



Keisuke Niiro Newly appointed

Director
Executive Officer

Date of birth: July 5, 1965
Number of Company shares owned: 58,785
Important concurrent positions:
President & CEO, ADI
Biography:
April 1988 Entered Dai-Tokyo Fire and Marine Insurance Co., Ltd. Has business experience in corporate planning, reinsurance, human resources, sales, etc.
Present position since June 2025



Junichi Tobimatsu

Outside Director — Chairperson of the Governance Committee

Date of birth: August 15, 1972
Number of Company shares owned: 0
Attendance record: Board of Directors' meetings 14/14 (100%)
Important concurrent positions:
Attorney-at-law, GAIEN PARTNERS
Director, CANDEAL Co., Ltd.
(Outside Director (Audit and Supervisory Committee Member))

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)

[Directors who are Audit and Supervisory Committee Members]



Rochelle Kopp

Outside Director — Chairperson of the Nomination Committee

Date of birth: June 29, 1964
Number of Company shares owned: 0
Attendance record: Board of Directors' meetings 14/14 (100%)
Important concurrent positions:
Managing Principal, Japan Intercultural Consulting

June 1986	Business analyst, ZS Associates International, Inc.
June 1987	Senior business analyst, ZS Associates International, Inc.
Aug. 1988	Yasuda Trust & Banking Co., Ltd. (currently, Mizuho Trust & Banking Co., Ltd.) International Public Relations Specialist
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 — Chairperson of the Remuneration Committee

Date of birth: August. 23, 1960
Number of Company shares owned: 1,600
Attendance record: Board of Directors' meetings 14/14 (100%)
Important concurrent positions:
—

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



Jun Suzuki

Outside Director

Date of birth: February 19, 1958
Number of Company shares owned: 7,500
Attendance record: Board of Directors' meetings 14/14 (100%)
Important concurrent positions:
Director (Outside Director), Idemitsu Kosan Co., Ltd.

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
June 2013	Director, Managing Executive Officer, Teijin Limited
April 2014	Representative Director, President & CEO, Teijin Limited
April 2022	Director, Chairperson, Teijin Limited
April 2023	Director, Senior Advisor, Teijin Limited
June 2023	Senior Advisor, Teijin Limited (present)
June 2023	Director, the Company (present)



Atsuko Okajima Newly appointed

Outside Director

Date of birth: October 15, 1954
Number of Company shares owned: 0
Important concurrent positions:
Executive Director, Saitama Prefectural University
Director (Outside Director (Audit and Supervisory Committee Member)), House Foods Group Inc.
Director (Outside Director), DAITO KOUN CO., LTD.

April 1977	Entered the Ministry of Agriculture and Forestry (now the Ministry of Agriculture, Forestry and Fisheries)
July 2003	Councillor, Minister's Secretariat, Ministry of Agriculture, Forestry and Fisheries
July 2004	Councillor, Minister's Secretariat, Ministry of Health, Labour and Welfare
July 2006	Vice-Governor of Saitama Prefecture
July 2009	Director General of Gender Equality Bureau, Cabinet Office
April 2013	Member, Information Disclosure and Personal Information Protection Review Board, Cabinet Office
April 2016	Member, Information Disclosure and Personal Information Protection Review Board, Ministry of Internal Affairs and Communications
April 2022	Executive Director, Saitama Prefectural University (present)
June 2025	Director, the Company (present)



Hideki Kawatsu Newly appointed

Director
Audit and Supervisory Committee Member

Date of birth: November 2, 1968
Number of Company shares owned: 19,547
Important concurrent positions:
Director, MSI

April 1991	Entered The Sumitomo Marine and Fire Insurance Co., Ltd.
April 2023	Executive Officer, General Manager of Corporate Planning Dept., MSI
August 2024	Managing Executive Officer, MSI
April 2025	Director, Managing Executive Officer, MSI
June 2025	Director, MSI (present) Director, the Company (present)



Taisei Kunii Newly appointed

Outside Director — Chairperson of the Audit and Supervisory Committee
Audit and Supervisory Committee Member

Date of birth: June 12, 1959
Number of Company shares owned: 200
Attendance record: Board of Directors' meetings 10/12 (83.3%)
Audit & Supervisory Board meetings 8/9 meetings (88.9%)
Important concurrent positions:
Certified Public Accountant, Taisei Kunii Certified Public Accountant Office
Outside Audit & Supervisory Board Member, Sumitomo Corporation

Oct. 1985	Entered Tohmatsu, Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
Aug. 1989	Registered as Certified Public Accountant
Oct. 2013	Executive Officer, General Manager of Tokyo Audit Division, Deloitte Touche Tohmatsu LLC
June 2018	CEO, Deloitte Touche Tohmatsu LLC
Feb. 2023	Certified Public Accountant, Taisei Kunii Certified Public Accountant Office (present)
June 2024	Audit & Supervisory Board Member, the Company
June 2025	Director, Audit and Supervisory Committee Member, the Company (present)



Yukari Murayama Newly appointed

Outside Director,
Audit and Supervisory Committee Member

Date of birth: August 4, 1972
Number of Company shares owned: 0
Important concurrent positions:
Attorney-at-Law, Anderson Mori & Tomotsune–Foreign Law Joint Enterprise
Director (Outside Director (Audit and Supervisory Committee Member)), DENTSU SOKEN, INC.
Director (Outside Director), Carlit Co., Ltd.

April 2000	Registered as Attorney-at-Law Attorney-at-Law, Hideyuki Sakai Law Office*
Jan. 2010	Seconded to the Supervisory Bureau of the Financial Services Agency (Nonbank Financial Companies Office and Financial System Stabilization Management Office)
April 2012	Counsel, Bingham Sakai Mimura Aizawa–Foreign Law Joint Enterprise*
Jan. 2013	Partner, Bingham Sakai Mimura Aizawa–Foreign Law Joint Enterprise
April 2015	Partner, Anderson Mori & Tomotsune* (present)
June 2025	Director, the Company (present)

*Currently Anderson Mori & Tomotsune–Foreign Law Joint Enterprise

For more information, 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 System ●Supervision System (Board of Directors) ●Support Systems for Outside Directors ●Auditing ●Nomination and Remuneration ●Remuneration Committee ●Criteria for the Selection of Board Members and for the Independence of Outside Directors ●Appointment of Outside Directors and Related Matters

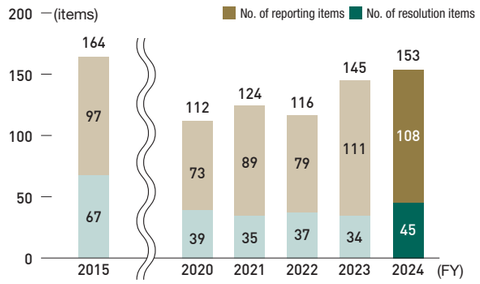
Content of Discussions of Meetings of the Board of Directors

By enhancing corporate governance and ensuring its effectiveness, we are continuing to improve the operation of the Board of Directors. At meetings of the Board of Directors, top management engage in lively discussions on management issues.

Efforts aimed at improving the operation of the Board of Directors

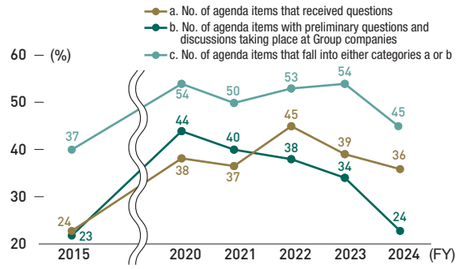
Number of agenda items

- In FY2024, the total number of agenda items was 153 (145 in the previous fiscal year), consisting of 45 resolution items (34 in the previous fiscal year) and 108 reporting items (111 in the previous fiscal year). Regarding the merger of MSI and ADI, from the perspective of information management, the matter was separated from the Board of Directors agendas and discussed extensively.
- The increase in the number of resolution items was mainly due to an increase in resolution items (3) related to governance enhancement, including business improvement plans and changes in institutional design, considering the business improvement orders related to the price fixing cases, etc., and an increase in resolution items (4) related to business investments. As for reporting items, the number of agenda items related to price fixing cases, etc., increased to 24 items (13 in the previous fiscal year).



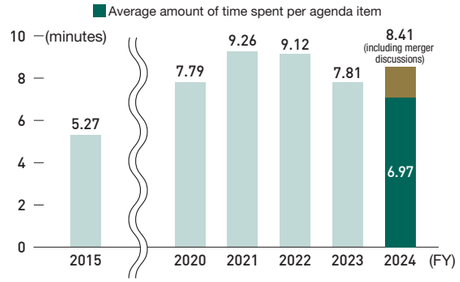
Status of advance questions and Q&A

- For Outside Directors, we assign a dedicated support staff member to each director, provide thorough advance explanations of meeting agendas, and thus maintain a robust support system.
- Due to the increase in the number of agenda items, advance questions and Q&A have been on the rise since FY2015. We will continue to expedite decision-making and business execution through the delegation of authority to Directors following changes in institutional design, while deepening discussions within the Board of Directors.



Average amount of time spent per agenda item

- Important agenda items such as business improvement plans, governance enhancements, and business investments are deliberated with sufficient time secured. Furthermore, when discussions on the merger are included, the average deliberation time increases to 8.41 minutes (7.81 minutes in the previous fiscal year).
- To secure sufficient deliberation time for important agenda items, for regular reporting items we introduced prepared summaries of the agenda materials and operated meetings such that explanations were provided as necessary, etc.



Topics and content of discussion at Board of Directors meetings

Theme	Content of the discussion
Status of response to business improvement orders, etc., by Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance	●Confirmation of the progress and improvement status of initiatives outlined in the business improvement plan submitted to the Financial Services Agency (creating an appropriate competitive environment, establishing appropriate sales promotion and underwriting management systems, creating appropriate legal compliance systems, fostering a healthy corporate culture, and fundamentally strengthening governance systems). ●Confirmation of the status of compliance with the Financial Services Agency's request for a report regarding the information leakage incident between the insurance agents and the insurance company. ●Confirmation of the status of the Group's response to fraudulent insurance claims and its policy for handling such claims. ●Through changes in the institutional design, the Company confirmed that we will implement measures to achieve our Aspiration while strengthening the governance framework of the Group as a whole.
Progress of the Group's Medium-Term Management Plan (2022–2025) Stage 2	●Confirmation of the direction of the Group's international business, business investment strategy, and the status of deliberations. ●Progress and improvement status of initiatives to promote "major reforms of business style," namely, "reforms to value provided," "transformation of the business structure," and "reforms to productivity and profitability" as well as "establishment of customer-focused business operations." ●We confirmed that we will focus on improving Group ROE and lowering the cost of capital, achieving sustainable growth and expanding corporate value through measures such as achieving zero strategic equity holdings and controlling catastrophe risk.
Merger of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance	●We confirmed the merger of MSI and ADI to establish a stronger domestic non-life insurance business structure to support the development of a resilient and sustainable economy and society.

Group Governance

To achieve sustainable growth with the Group working in unison, we are leveraging our functions as a holding company and working to strengthen Group governance.

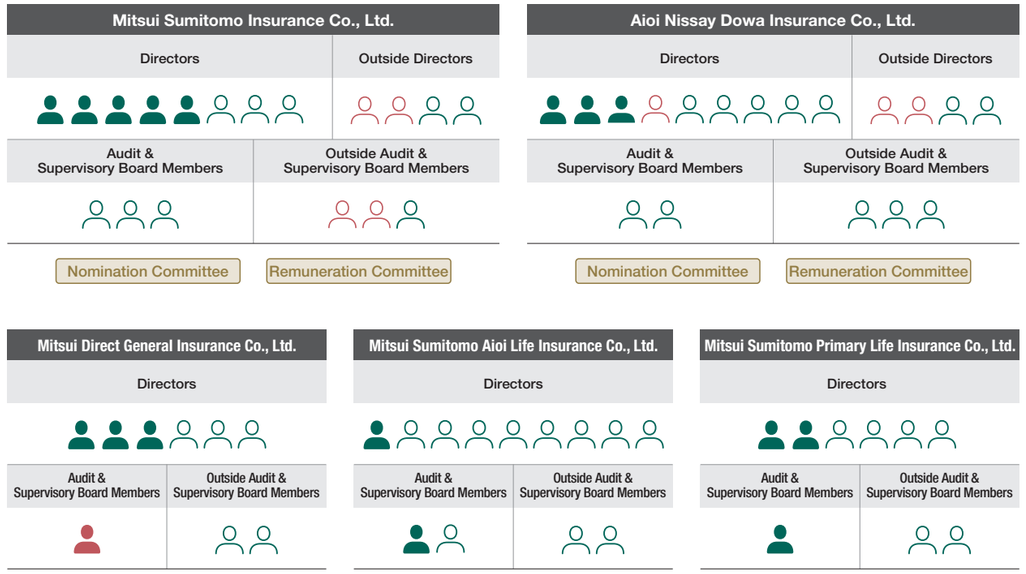
Group management administration structure

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

Role of the holding company in the Group	●Formulate and implement Group management strategies ●Consider and implement effective capital allocation to Group companies to strengthen our earnings foundation ●Enhance the Group's comprehensive strength and implement initiatives to further strengthen governance
Matters to be approved by and reported to the holding company	The approval of the holding company or reports to the holding company are required for important matters at directly invested companies, based on management supervision contracts. [Examples of prior approval items] 1) Management plans, Risk Appetite Statement, and income and expenditure plans; 2) Election and dismissal of Directors and Audit & Supervisory Board Members; 3) Issuance of new shares, stock splits, etc.
Compliance with the Basic Policy on Group Management and Administration	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 Group Risk Appetite Statement, and the Basic Policy on Information and Technology Governance, and requires compliance by all Group companies.
Conducting internal audits	In accordance with the "Group Basic Policy for Internal Audits," the holding company and the Group's domestic insurance companies have established independent specialized organizations as internal audit departments, which conduct internal audits of the Group as a whole in cooperation with each company.

Management structure of operating companies

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

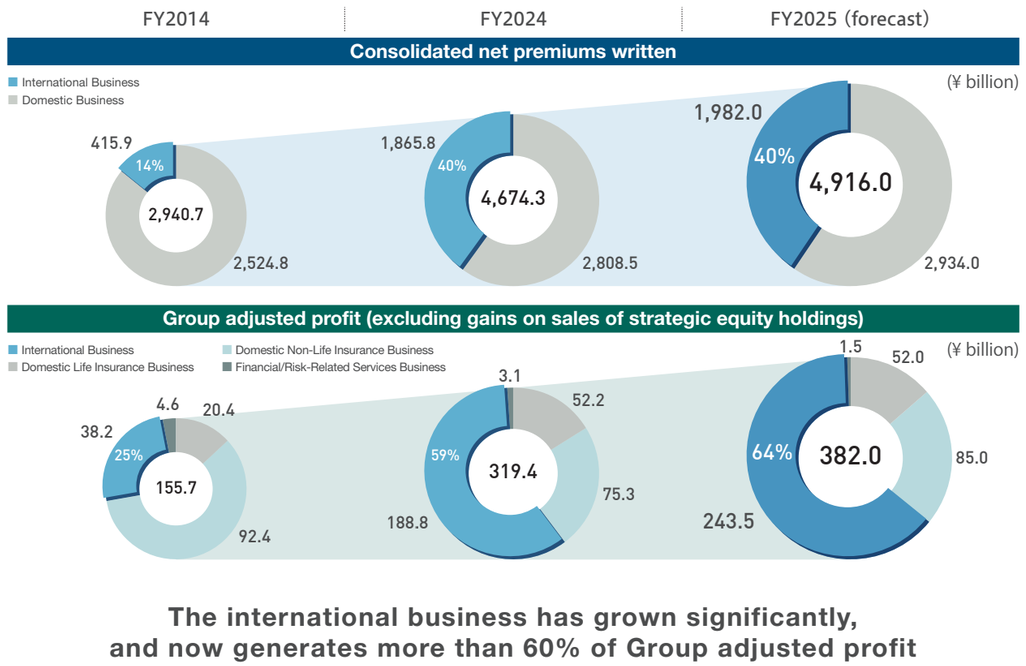


Notes:
1. More than half the members, as well as the committee chairperson, are Outside Directors.
2. Concurrent Directors of the holding company refer to executives and employees of the holding company who also serve as Directors and Audit & Supervisory Board Members of the operating companies.



Hironori Morimoto
Executive Officer
In charge of International
Business Planning Dept.

Embrace distinct management policies and strategies striving for global top-tier recognition



The international business has grown significantly, and now generates more than 60% of Group adjusted profit

Special Feature Strengthening Our International Business

The MS&AD Group has been continuously working to strengthen its international business, and by FY2024, it expanded to account for nearly 60% of Group adjusted profit. We will continue to position our international business as the core of our growth strategy, focusing primarily on strengthening our North American operations, while expanding our business foundation through ongoing investment.

■ Evolution of international business enhancement

Entering the third stage, where the international business takes the next leap forward

The progress of our Group's international business can be broadly divided into three stages. Until the 1990s, we established bases around the world in advance of our Japanese corporate customers' overseas expansion. This was the first stage that laid the foundation for our international business. In the second stage beginning in the 2000s, we shifted our focus to full-scale local business operations that captured regional economic growth, leveraging acquisitions of non-life insurance businesses in Asia and entry into the Lloyd's market in the United Kingdom. And following the acquisition of MS Amlin in 2016, we have entered a stage where we aim to become a global top-tier insurance group through large-scale investments.

The restructuring of MS Amlin was by no means a smooth path. We faced a persistently challenging earnings environment following the acquisition. However, we implemented fundamental reforms, such as enforcing strict underwriting discipline, executing data-driven portfolio transformation, and most importantly, overhauling our management structure. We were able to restore it to its rightful growth trajectory by believing in the business's potential, appointing a new top management team with advanced skills and execution capabilities, and enhancing business transparency. The lessons learned from this experience will serve as valuable assets for future international business expansion. In addition to our stable growth foundation in Asia, the Lloyd's and reinsurance business has become a key driver of Group profits, enabling us to achieve an environment where we can take strategic steps toward further growth.

We have strengthened our earnings foundation and achieved record-high profits for our international business for two consecutive years in FY2023 and FY2024. The percentage of Group adjusted profit accounted for by the international business is also expected to increase from the 20% level of 10 years ago to more than 60% in FY2025 (excluding gains on sales of strategic equity holdings). This is the result of years of steady effort and overcoming numerous difficulties. With a stable earnings foundation now established, we are shifting our focus from defense to an aggressive growth strategy and embarking on new challenges to compete alongside top-tier companies in the global market.

■ Top priorities for strengthening the international business

Unwavering business philosophy and management foundation

When expanding our international business, we place importance on more than fundamentals such as market size and regulatory environments. For instance, in business investments, we emphasize whether the top management of investee candidates has a proven track record and, above all, whether they share our business philosophy. We are not swayed by near-term gains but instead take a long view and collaborate across national and regional boundaries for the advancement of the entire Group. We are confident that such alignment of values holds the key to sustainable growth.

Furthermore, a solid financial base is essential for competing in the global market. The "A+" financial rating maintained by the MS&AD Group serves as a testament to the trust placed in us by our international customers and business partners, providing us with a significant competitive advantage.

In many cases, especially in markets where a company is a

late entrant, it is not uncommon for a company to be denied the opportunity to conduct business without this rating. This solid financial base, combined with the business philosophies cultivated over many years by the Sumitomo & Mitsui Group, namely “long-term management” and “contributing to society,” is highly regarded across countries and cultures, and we recognize this as a significant strength. We are pursuing a clear strategy to maximize these foundations and diversify the entire Group’s portfolio, which carries a high proportion of natural catastrophe risk in Japan, through our international business.

An extremely powerful tool for this purpose is the Lloyd’s and reinsurance business. Lloyd’s secures underwriting licenses (advantages) that grant access to global risks through its London base, enabling efficient diversified investment. Furthermore, reinsurance entails a business model with high capital efficiency that enables the underwriting of global risks without requiring business licenses or capital investment in each country. In fact, the MS&AD Group conducts reinsurance business worth approximately ¥80 billion even in South America (excluding Brazil), where we have no direct underwriting operations. By advancing both strategic business expansion and disciplined scrap-and-build initiatives, as exemplified by the sale of our stake in Australia’s Challenger in the spring of 2025, we are achieving sustainable growth while enhancing the stability and capital efficiency of the entire Group.

■ Priority markets and strategies

Taking on the challenge of the U.S. market and steady growth in Asia

In allocating future management resources, our top priority is the United States, the world’s largest insurance market. For the MS&AD Group, the U.S. market has long centered on providing services to Japanese corporate clients, with limited expansion into full-scale local business operations. However, we cannot ignore this huge market as we aim to become a global top-tier company. We developed a well-laid strategy after conducting thorough market research over approximately eight months.

Based on the lessons learned from the restructuring of MS Amlin, we are not blindly entering the U.S. market. Instead, we are focusing our efforts on the profitable specialty insurance segment where we can leverage our strength as a latecomer, namely our “A+” financial rating. This marks the first time in about 30 years that an insurer with a high financial rating like ours has made a full-scale entry into the U.S. local market, and we are receiving a warm welcome from major brokers seeking new underwriting capacity. We are recruiting outstanding underwriters highly regarded in the market for areas such as political risk and financial lines, advancing the development of our IT infrastructure, and fundamentally rebuilding our partnerships with major brokers. As a result of these initiatives, our U.S. business has begun to make solid progress, achieving record profits exceeding ¥20 billion in FY2024.

Furthermore, the investment of approximately ¥600 billion in W. R. Berkley Corporation (hereinafter “WRB”) announced in 2025 is an important step to accelerate our U.S. strategy. The advanced underwriting technology of WRB, a leading specialty insurance company, and the Group’s network, which has strengths in Asia and Europe, are ideally complementary. Through this partnership, we aim to not only secure stable revenue but also create new revenue opportunities through global collaboration, thereby developing our U.S. operations into a new core business for our future international business.

Meanwhile, we will not slow our growth momentum in Asia, where the Company has a strong foundation. We are continually seeking bolt-on investment opportunities, primarily in countries like Vietnam, Indonesia, and Malaysia. Although large-scale business investment projects are limited in the Asian market, we will seize opportunities such as deregulation and leverage our robust local networks to make agile investment decisions. At the same time, rather than sticking to having our own operations in every country, we will continue to pursue a thorough and uncompromising review, constantly focusing on capital efficiency and redefining the purpose of each business.



■ Renewal of management structure and human resource strategy

Strengthening human capital and linking it to competitiveness

With the international business now serving as the engine driving the Group’s growth, transitioning to a management administration structure that ensures the implementation and sustainability of our bold strategy is a top priority. Following the business reforms in our domestic non-life insurance business triggered by the merger of core insurers Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, we are advancing the renewal of our management and promotion framework for the international business. We are focusing on deploying and developing diverse human assets to spearhead these efforts. As one facet of this effort, we are building a multinational leadership team to manage our overseas subsidiaries, enhancing our competitiveness in the global market by placing highly specialized talent in the right roles. To cultivate overseas human assets, we implement systematic educational programs such as overseas dispatch training and global trainee programs, aiming to enhance management administration capabilities and specialized skills.

The traditional Japanese model for cultivating generalists is no longer effective in the highly specialized global competitive environment. World-class human resources seek to work in environments where their skills are fairly valued, where they understand the company’s clear strategy and their own role, and where they can fully demonstrate their abilities. We cannot compete unless we are an organization that attracts such talent. With an awareness of this issue, I would like to fundamentally change the nature of our organization. In overseas operating companies, the “CxO structure” is the mainstream approach, where functional leaders such as the Chief Underwriting Officer (CUO) or Chief Financial Officer (CFO) lead specialized staff to drive business operations. We will transform our head office organization, which has been managed primarily by Japanese personnel on a regional basis, into a functional group of experts where multinational human resources, regardless of nationality, will exercise leadership. This will invigorate talent exchange between the head office and local subsidiaries, opening global career paths for outstanding local talent and boosting motivation. I am hopeful that placing human resources in an environment where they can engage in friendly competition with colleagues from diverse backgrounds will accelerate their individual growth.

Building an organization where working at the MS&AD Group becomes an attractive option for top-tier professionals worldwide is a prerequisite for our evolution into a truly global enterprise. The long-term perspective and philosophy of social contribution that companies of the Mitsui Group and the Sumitomo Group have developed over their more than 350-year history have universal values that attract outstanding human resources regardless of nationality. By building upon this unwavering DNA and providing clear strategies and challenging fields, we will create an organization where people around the world genuinely desire to “exercise their full potential within the MS&AD Group.”

The transformation of our international business has only just begun, but the path forward is clear. With the experience gained at MS Amlin, we will establish the U.S. business as a new growth engine and implement global-tier management through a multinational team. Through this dynamic challenge, we are determined to meet the expectations of our shareholders, customers, and society, and propel the MS&AD Group to become a truly globally recognized top-tier global company.

Direction of our growth strategy in the next Medium-Term Management Plan

International Business

Enhancing the growth potential and profitability of existing businesses

- In the Lloyd’s and reinsurance business, ensure high-level profitability even in a softening market cycle by employing rigorous cycle management
- Expand earnings by capturing the growth of the MGA and specialty market in the Americas, and the Asian retail market

New Growth Strategy Led by the Holding Company

- Establish a new management model for the international business led by the holding company, focusing on effective business management that utilizes multinational talents and considers the characteristics of each local subsidiary
- Continue to carefully monitor opportunities for business investment under a softening market cycle

Representatives from four overseas Group companies explain their local strategies.

Delivering Consistent Performance in a Highly Uncertain World

Andrew Carrier

MS Amlin Underwriting Limited CEO Executive Officer, Mitsui Sumitomo Insurance



In 2024, MS Amlin Underwriting Limited made significant progress, fulfilling its strategic goals of financial resilience, stability, and purposeful growth, as we continued our pursuit of being one of the top performing Lloyd's syndicates. We were also able to support a diverse set of customers all around the globe through our wide range of products and broad appetite, while maintaining a prudent underwriting and well-diversified underwriting portfolio.

We recognize that the insurance market is facing headwinds, such as the increasing risk volatility and intensifying competition in specialty lines, driven by global uncertainty. Going forward, maintaining underwriting discipline through flexible cycle management will be critical. Our 2024 performance reflects a strategic balance between stakeholder interests and commercial discipline. With strong foundations, we remain well-positioned to navigate future uncertainties and deliver consistent profitability.

Additionally, we continued to demonstrate our customer commitment through collaboration across our Underwriting and Claims teams and joint proposition with MSIG UK. With the launch of our new Partnerships division in January 2025, we aim to further strengthen collaboration across the MS&AD Group, unlocking new synergies and delivering greater value to customers worldwide.

Establishing a Strong Presence in the Reinsurance Market

Robert Wiest

MS Amlin AG CEO Executive Officer, Mitsui Sumitomo Insurance



As the only reinsurance company in the Group, MS Amlin AG (hereinafter "MS Reinsurance") provides global reinsurance solutions worldwide through underwriting offices in Zurich, Bermuda, New York, and Miami. The MS Reinsurance brand, which has been in use since 2022, is steadily gaining ground as a trusted, go-to partner for clients and brokers. The brand is supported by top credit ratings: A+ by both AM Best and S&P Global.

Over the past three years, MS Reinsurance has secured profitability through portfolio diversification and disciplined underwriting. We nearly doubled the size of our business by expanding in 2024 when market conditions were favorable for reinsurers. Operational efficiency and the integration of new systems have further strengthened its position as one of the most insightful partners in the market.

Looking ahead, while some market softening is expected, we expect that the market environment will continue to enable us to secure our planned level of underwriting profits for the next 2 to 3 years. We are already working to diversify and expand our portfolio by expanding current lines and regions and entering new lines of business. At the same time, we are putting in place initiatives in major client segments and strengthening cycle management to secure stable earnings. In addition to our contribution to the international business through sustainable profitability, we will continue to use our reinsurance underwriting expertise to support the MS&AD Group in raising the level of its reinsurance business and contribute to the MS&AD Group by creating synergies in the Group.

Growth Strategy in the United States Based on Business Transformation Initiatives

Peter McKenna

MSIG USA CEO



The United States is the world's largest non-life insurance market, with annual premium volume exceeding US$1 trillion (¥140 trillion) and more than 2,500 active carriers. While the market presents business opportunities, it is a challenging market with various risks such as natural catastrophes, social inflation, and expensive lawsuits. In this competitive environment, MSIG USA, a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Ltd., is fully licensed in all 50 states and has historically focused on supporting Japanese businesses operating in the United States. However, MSIG USA has undertaken a strategic shift in its operating model to expand its presence and relevance in the broader U.S. market guided by three core pillars: enhancing underwriting excellence, system modernization, and a strengthened sales channel strategy. Specifically, we have established and implemented underwriting discipline under the strong leadership of the Head of Underwriting, enhanced operational efficiency and accelerated decision-making speed through seamless data connectivity across among major lines, and advanced strategic partnerships with major U.S. brokers as well as commencing full-scale underwriting of specialty lines leveraging its high A+ rating.

As a result of these efforts, MSIG USA achieved record profit in FY2024. In FY2025, the company will systematically expand its scale by deepening market penetration based on disciplined underwriting and an enhanced specialty line facility.

In addition, MSIG USA, in close alignment with MS Transverse, will continue to serve as the Group's flagship platform in the United States. With a clear strategic mandate, strong executional focus, and enduring commitment to the U.S. market, the company will contribute to the MS&AD Group's international growth ambitions.

Capturing Growth in the MGA Market and Leading a Sustainable Growth Strategy

Dave Paulsson

MS Transverse CEO



In the U.S. non-life insurance market, MGAs (Managing General Agents), which have delegated underwriting authority from insurance companies, are experiencing significant growth. This expansion is driven by the rapid growth of the E&S market*1, which is the primary market MGAs operate in, as well as specialized human assets joining or establishing their own MGAs. Within this market environment, MS Transverse operates as a hybrid fronting carrier*2 whose main source of revenue is from fronting commissions by selecting highly profitable business and ceding most of the risk to reinsurers.

By implementing strategies that ensure profitability and growth while adhering to underwriting discipline, we have achieved a loss ratio of around 40% for both FY2023 and FY2024 and secured stable profits. Furthermore, this has led to high trust from reinsurers, ensuring stable capacity for MGA programs, building a win-win relationship with our business partners. These initiatives are being recognition, and we have been awarded "Fronting Carrier of the Year" (an industry award) for 2022, 2024, and 2025.

Having become the lone fronting carrier in the market with an AM Best A+ rating, and along with our capability to identify and evaluate prospective MGA programs, we aim to establish our position as a top brand and strengthen trust with MGAs and reinsurers.

We acknowledge the significant role of our international business in achieving Group adjusted profit of ¥1 trillion. Together with MSIG USA, we aim to enhance our Group's presence in the U.S. market such that the Americas business becomes the most significant contributor to the international business.

*1 Excess & Surplus market, a market that provides flexible and specialized insurance products for unique risks not covered by the standard insurance market
*2 A unique business model where underwriting authority is delegated to MGAs and most of the underwritten risks are ceded to reinsurers, enabling MS Transverse, the MGA, and the reinsurers to share in the resulting profits

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

The MS&AD Insurance Group, together with its customers, shareholders, and other stakeholders, has developed a value creation story and made steady progress toward the realization of becoming the "world's leading insurance and financial group," including achieving record-high Group adjusted profit of ¥731.7 billion in FY2024. 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 promoted the integration of Group management, including the development of a system that will serve as a common foundation for the domestic non-life insurance business, and clarified the form of Group management through "reorganization by function."

Issues: The Group missed its targets for Group core profit and Group ROE in the final year of the Medium-Term Management Plan "New Frontier 2013" owing to the occurrence of large-scale natural disasters, including the Great East Japan Earthquake and floods in Thailand.

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

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," Group adjusted profit of ¥347.1 billion exceeded the target and Group adjusted ROE exceeded expectations at 9.5%. In terms of scale, the Group remained high among global non-life insurance groups.

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

Medium-Term Management Plan (2022–2025)

Implementation of growth strategies based on CSV

Full-scale development of CSV×DX×Global

Aspiration for 2030

Corporate group that supports a resilient and sustainable society

Achievements: In FY2024, Group adjusted profit reached a record high of ¥731.7 billion, and Group adjusted ROE exceeded our forecast at 15.7%, driven by a significant increase in gains from the sale of strategic equity holdings and expanded profits in the international business.

Issues: The ongoing challenges for the domestic non-life insurance business include improvement in profitability and business portfolio reform, considering factors such as a rising average payout per claim arising from continuing inflation, the increasing severity and frequency of natural catastrophes, and reduced gains from the sale of strategic equity holdings.

Numerical Management Targets

(¥ billion)

	FY2010 Results	FY2013 Results	FY2013 Initial targets	FY2013 Revised targets	FY2014 Results	FY2017 Results	FY2017 Initial targets	FY2017 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 Business	6.5	47.8	100.0	60.0	92.4	190.1	100.0	135.0
Domestic Life Insurance Business	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/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

(¥ billion)

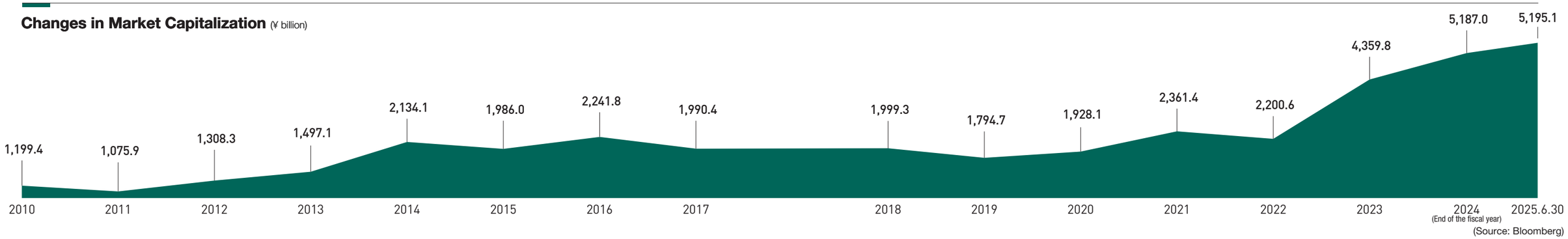
	FY2018 Results	FY2021 Results	FY2021 Initial targets	FY2021 Revised targets*6
Group adjusted profit	189.8	347.1	350.0	300.0
Domestic Non-Life Insurance Business (excluding gains/losses on sales of strategic equity holdings)	146.9 (65.1)	230.7 (173.5)	182.0 (142.0)	177.0 (150.0)
Domestic Life Insurance Business	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%

(¥ billion)

	FY2022 Results*7	FY2023 Results	FY2024 Results	FY2025 Revised targets
Group adjusted profit	222.2	379.9	731.7	760.0
Domestic Non-Life Insurance Business (excluding gains/losses on sales of strategic equity holdings)	118.3	186.7 (58.9)	487.5 (75.3)	490.0 (180.0)*8
Domestic Life Insurance Business	34.7	49.7	52.2	55.0
International Business	67.0	139.5	188.8	210.0
Financial Services Business and Digital/Risk-Related Services Business	2.0	4.0	3.1	5.0
Group adjusted ROE	6.1%	9.0%	15.7%	16.0%
Consolidated net premiums written	3,933.2	4,261.7	4,674.3	4,890.0
Life insurance premiums (Gross premiums income)*5	1,707.5	1,827.3	1,640.3	1,670.0
MSI Aioi Life's EEV	908.0	918.9	-	-
ESR (Economic Solvency Ratio)	228%	229%	226%	180%–250%

*1 The definitions for Adjusted Profit and Adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan "Vision 2021," which was initiated in FY2018.
*2 Figures for MSI Aioi Life (excluding group insurance). The figure for FY2010 is the total for MSI Kirameki Life and Aioi Life.
*3 EV: Embedded Value (see "Glossary of Insurance Terminology" on p. 116)
*4 FY2017 numerical management targets were revised higher from the initial targets in FY2016.
*5 Life insurance premiums (gross premiums income) are those of domestic life insurance subsidiaries only.
*6 FY2021 numerical management targets were revised from their initial values in FY2020 given Stage 1 progress.
*7 Figures after retrospective application of IFRS 17
*8 Excluding the impact of accelerated sales of strategic equity holdings

Changes in Market Capitalization (¥ billion)



(Source: Bloomberg)

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

The Medium-Term Management Plan (2022–2025) aims for us to become a “corporate group supporting a resilient and sustainable society” that contributes to solving social issues and grows together with society by implementing a value creation story and acting as a platform provider of risk solutions.
To realize our aspirations, we will use “Value (value creation),” “Transformation (business reforms),” and “Synergy (pursuit of Group synergies)” as our basic strategies, and “Sustainability,” “Quality,” “Human Resources,” and “ERM” as the foundation to support our basic strategies.

Aspirations

Qualitative Targets

Corporate group that supports a resilient and sustainable society

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

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

Quantitative Targets

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

*1 IFRS net income / (Net assets on an IFRS basis – Net unrealized gains/losses on strategic equity holdings). Under IFRS, gains/losses on sale of strategic equity holdings are no longer included in net income. To align the standards for the denominator (net assets) and numerator (net income) of ROE, gains/losses on strategic equity holdings are excluded from net assets.
*2 Group adjusted profit / Group adjusted net assets: Adjusted net assets = Consolidated net assets + Catastrophe reserve and others – Goodwill and other intangible fixed assets

Basic Strategies and Foundations Supporting Basic Strategies

Basic Strategy

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

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

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

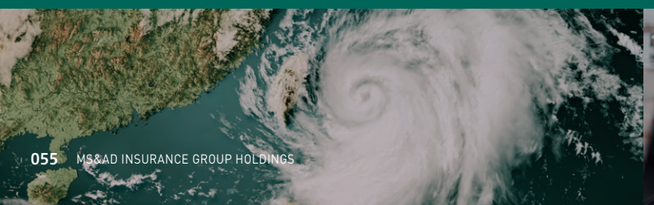
Foundations

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

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

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

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





Progress of Basic Strategies

Value (value creation)

Strengthening the earnings foundation

In the domestic non-life insurance business, we implemented measures such as rate revisions and strengthening underwriting in response to rapid inflation, high accident frequency, and the increasing severity and frequency of natural catastrophes. We will continue to strengthen efforts to improve profitability.

Advancement of MS&AD Value strategy

We expanded our risk management business utilizing digital data and developed and offered services before and after compensation and protection. In addition, we worked to strengthen existing businesses and create new ones through investments in start-ups.



Transformation (business reforms)

Business portfolio reform

In our international business, we are working to expand the profits of our Lloyd’s and reinsurance business, develop the U.S. market, and invest in the specialty insurance company in North America. We also aimed to improve capital efficiency by withdrawing from some ADI international businesses, selling an Australian life insurance company, etc.
In the domestic life insurance business, we expanded our lineup of products and services including those that contribute to healthy longevity and asset life extension.

Reform of the risk portfolio

To achieve zero strategic equity holdings by the end of FY2029, we reduced our holdings in FY2024 by ¥708.5 billion, versus the ¥690.0 billion planned for reduction. We will continue to further reduce our holdings.

Synergy (demonstration of Group synergies)

Domestic Non-Life Insurance Business

As part of our One Platform Strategy, we promoted integrated management of head office functions, expansion of BPO, and co-location of offices, while also deciding in March 2025 to merge the two core non-life insurance companies. We will proceed with specific considerations and preparations for the merger in April 2027.

Life insurance × non-life insurance business, between two life insurance companies

At MSA Life, in addition to cross-selling at non-life insurance agents, we worked to develop asset building markets in collaboration between both companies through the sale of MSP Life products. We will pursue synergies by leveraging our largest customer base in Japan to achieve further growth.

Global synergy

Through the “TENKAI Project,” an initiative that includes sharing and utilizing products, services, and knowledge in both Japan and overseas, we developed and expanded information exchange platforms and rolled out the mutual expansion of know-how.







Foundations

Sustainability

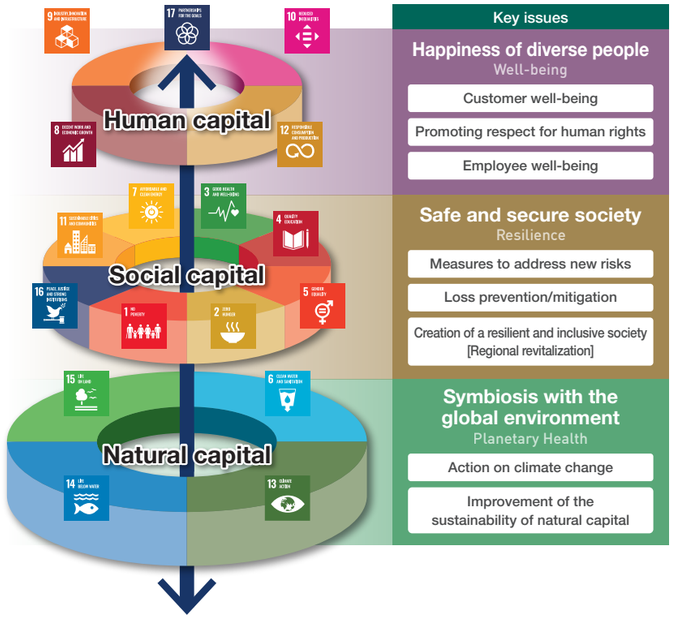
Toward a Sustainable Future: MS&AD Group's Approach to Social Issues

Among various social issues, the MS&AD Group has identified "Symbiosis with the global environment," "Safe and secure society," and "Happiness of diverse people" as three priority issues and is working to resolve them.

As illustrated by the wedding cake model, which organizes the 17 SDGs into three layers—"Nature," "Society," and "People"—it becomes clear that "Happiness of diverse people" is supported by "Safe and secure society," and that "Safe and secure society" is supported by "the natural environment."

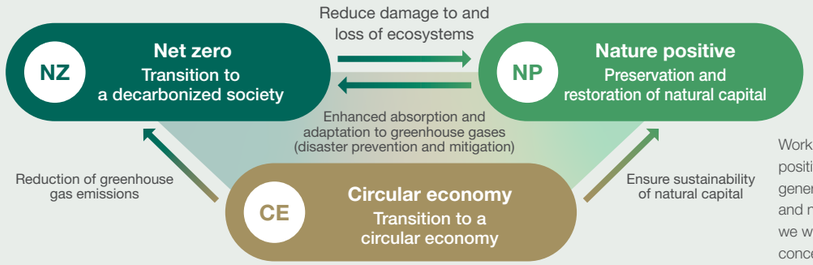
We believe that these three issues are deeply interconnected and must be addressed in an integrated manner.

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



Symbiosis with the global environment
Planetary Health

Climate change not only intensifies natural catastrophes and alters weather patterns but also triggers rapid social and economic shifts in the transition to a decarbonized society. Furthermore, the loss of natural capital and biodiversity can also significantly impact business, as climate and natural capital influence each other. Our Group has positioned "Symbiosis with the global environment (Planetary Health)" as a key sustainability priority and is advancing integrated responses to climate change and improving the sustainability of natural capital.



Working toward net zero, nature positive, and a circular economy can generate both positive synergies and negative trade-offs; therefore, we will holistically address these concepts and advance our initiatives effectively.

■ Circular economy and net zero, nature positive

The concept of a circular economy, in which what was previously considered waste is now considered a resource and circulated, is gaining importance. The processes of extraction, manufacturing, and disposal of natural resources generate greenhouse gas emissions and impacts on nature. Therefore, the circulation of limited resources is a pressing issue. The circular economy, which promotes resource conservation, substitution with recycled materials, and waste reduction and recycling, plays a role in supporting net zero (transition to a decarbonized society) and nature positive (preservation and restoration of natural capital).

Sustainability Dialogues with Corporate Clients and Investee Companies

The MS&AD Group is advancing initiatives toward the goal of achieving net zero greenhouse gas emissions from the Group by 2050. We have reduced our own emissions through such measures as implementing paperless procedures for insurance applications and claims processing and introducing renewable energy at our offices. In addition, in November 2023, we became the first domestic non-life insurer to set an interim 2030 target for reducing greenhouse gas emissions at our corporate clients and investee companies. Leveraging our position as social infrastructure supporting clients across all industries, the Group engages in sustainability dialogue to propose solutions addressing the challenges faced by our corporate clients and investee companies.

The proposed solutions include adopting various methods and technologies, such as utilizing renewable energy and promoting recycling. Yet, these initiatives must be implemented while avoiding the depletion of natural capital, such as deforestation and excessive water resource consumption. Therefore, the Group broadens the scope of dialogue beyond greenhouse gas emission reduction to encompass all sustainability challenges, supporting the resolution of issues faced by our corporate clients and investee companies.

Greenhouse gas emission reduction targets and achievements

Greenhouse gas emission reduction targets for insurance underwriting and investment/financing recipients			Achievements
Percentage reduction in greenhouse gas emissions of key Japanese domestic corporate clients*1	Reduction target	• FY2030: -37%*2 (Key Japanese domestic corporate clients vs. FY2019)	FY2022: -18.3% reduction
	Action targets	• We, through engagement with clients, share challenges they have in reducing GHG emissions. We work together with them towards reduction of GHG emissions with solution proposals.	204 companies (Cumulative total from November 2023 (interim target announced) to the end of October 2024)

*1 Greenhouse gas emissions of key Japanese domestic corporate clients (approx. 3,300 companies) selected based on insurance premium (in relation to our insurance underwriting and investments)
*2 At the same level as Japan's Nationally Determined Contribution (NDC) target for total greenhouse gas emissions in FY2030

Initiatives to Achieve both Net Zero and Nature Positive

Achieving net zero by 2050 requires not only reducing greenhouse gas emissions but also conserving natural capital such as forests that serve as CO_2 sinks and wetlands that reduce flood risks. There are various approaches to reducing greenhouse gas emissions, such as utilizing renewable energy and introducing electric vehicles. However, such changes in business activities and processes could inadvertently impart negative impacts on the natural environment. Many of these impacts are difficult to recognize generally, as they can only be understood through detailed surveys and research into changes in biodiversity around the area of activity. However, some impacts become apparent to the extent that they force business suspension, posing significant risks for business operators.

Therefore, our Group conducts an Environmental and Social Risk Assessment during the underwriting process for businesses undertaking large-scale development projects to evaluate their impact on nature and local communities. For renewable energy power plants expected to see increased adoption going forward, new hydropower plant construction was added to the scope of risk assessment in FY2023. In FY2024, domestic solar, onshore wind, and biomass power plants were added. Furthermore, to properly identify nature-related risks and mitigate negative impacts, we have established a cooperation agreement with the Nature Conservation Society of Japan, a public interest incorporated foundation possessing advanced expertise in biodiversity. The Group promptly communicates risks identified through this process to its insurance underwriting and investment/financing recipients, working to prevent and mitigate risks, resolve issues, and advance our transition to net zero and nature positive outcomes.

Nature Conservation Society of Japan (NACS-J)

Since its establishment in 1951, the Nature Conservation Society of Japan (NACS-J) has been dedicated to the conservation of nature and biodiversity in Japan for 75 years. This work has been recognized, and the Organization has been certified as a Public Interest Incorporated Foundation by the government. NACS-J engages in nature conservation activities that are independent, transparent, and fair, based on scientific evidence. It conducts policy proposals, research, and human resource development.

日本自然保護協会
The Nature Conservation Society of Japan

Climate and Nature-Related Financial Disclosures (compliance with TCFD and TNFD)

The Group published the MS&AD Green Resilience Report 2024 (TCFD/TNFD Report), which discloses information in accordance with the frameworks recommended by the Task Force on Climate-related Financial Disclosure (TCFD) and the Taskforce on Nature-related Financial Disclosure (TNFD).

We aim to provide useful information on climate and nature-related risks and opportunities for our Group, primarily to investors and analysts. We are also working to communicate our “Green Resilience” initiatives, which are intended to realize a resilient and sustainable society and enhance the resilience of our Group’s businesses, in an easy-to-understand manner to our many stakeholders.

For more information, see the website below.
https://www.ms-ad-hd.com/ja/csr/quality/climate_change/tcfd.html

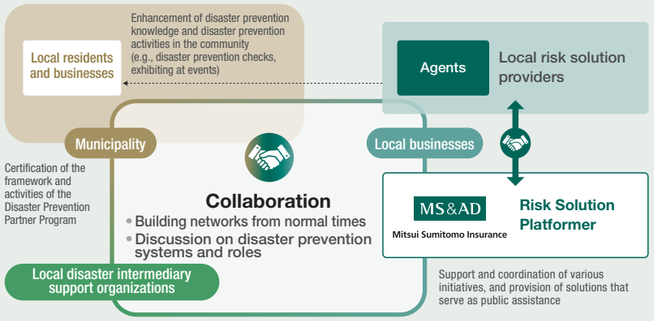
Safe and secure society
Resilience

The impact of climate change is causing enormous damage in many areas. Mitigating disaster damage and reducing economic losses are urgent issues not only for our customers but also for the Company. The Group’s vision of “building resilient and inclusive local communities” means creating safe, resilient, and sustainable living spaces and advancing community development where everyone can live with peace of mind. In addition to the core function of insurance, providing compensation during disasters, we endeavor to strengthen regional disaster resilience by offering solutions that prevent damage caused by disasters and support rapid recovery after they occur.

Building disaster-resilient communities

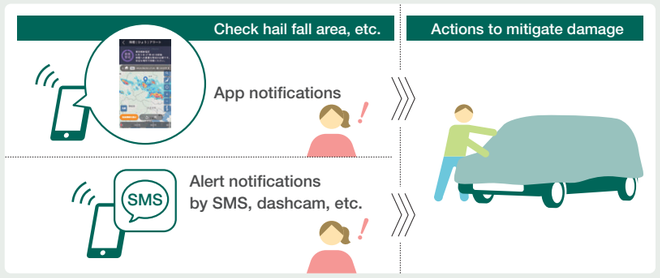
Disaster Prevention Partner Program
To enhance self-help and mutual aid, both of which are important in disaster preparedness, the MS&AD Group plays a central role from normal times in establishing cooperative frameworks with local governments and disaster relief organizations in collaboration with agents and other organizations that conduct disaster prevention activities according to regional characteristics. We will enhance regional disaster preparedness while creating business opportunities by strengthening touchpoints with customers.

Disaster Prevention Partner Program: Overall picture (example)



Loss prevention/mitigation through the utilization of data

Hailstorm Alert Service
Hail is a localized weather phenomenon, but in recent years, large-scale damage primarily to vehicles has become an annual occurrence. The system notifies customers at heightened risk of hail damage with advance alerts based on hail forecast data and information from social media. This service contributes to the prevention and reduction of hail damage by prompting customers to take mitigation measures in advance.



Symbiosis with the global environment
Planetary Health

Safe and secure society
Resilience

Collective action initiatives in the community

Initiatives to enhance the sustainability of natural capital require targets, responses, and management indicators tailored to the capacity and characteristics of the local natural environment. This makes them distinct from decarbonization initiatives with globally shared quantitative targets, such as greenhouse gas emission reductions under the Paris Agreement. Working together with local stakeholders, we must set the goal of “the natural state” and collaborate to ensure the sustainability of nature and the bounty it provides. Because nature is a shared asset for local stakeholders, the business activities and livelihoods carried out within that nature influence each other.

Similarly, the damage caused by natural catastrophes varies depending on the natural characteristics and conditions of the region. Therefore, developing disaster countermeasures tailored to each community and establishing systems that enable collaboration during emergencies are essential requirements for building disaster-resilient communities.

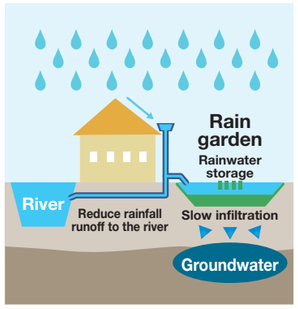
MS&AD has launched initiatives in various locations under the banner “Green Resilience,” aiming to simultaneously achieve “Symbiosis with the global environment” and a “Safe and secure society.” How can we achieve both economic and environmental objectives in each community, and how can we prepare for natural catastrophes that are becoming more severe due to climate change? As an insurance company that supports a safe and secure society, we work with various stakeholders in the community to research the role of catalyst and highly effective ways to promote optimal solutions and actions in each community.

Kumamoto Water Positive Action

The Kumamoto region is blessed with abundant groundwater from the Shirakawa River basin, whose source is Aso, and has a concentration of semiconductor factories and other manufacturing hubs that rely on the high quality and quantity of water. Kumamoto City’s tap water is supplied entirely by groundwater. To ensure its sustainability, Kumamoto Prefecture and Kumamoto City have long encouraged businesses that extract more than a certain volume of groundwater to engage in recharge through ordinances. However, the concentration of factories, the accompanying widening of roads, and the development of residential and commercial facilities have reduced farmland, causing the loss of ground where rainwater can infiltrate into the groundwater layer. The reduced amount of rainwater that can infiltrate also increases the risk of urban flooding during torrential rains.

Nature-based solutions that address such social issues using the power of nature are attracting attention around the world. In Japan, the Ministry of Land, Infrastructure, Transport and Tourism is promoting “green infrastructure” that utilizes the functions of nature for disaster prevention and mitigation, water circulation, and heat island countermeasures.

In the Kumamoto region, we focused on “rain gardens” as part of green infrastructure and launched the “Kumamoto Water Positive Action” initiative in collaboration with industry, government, academia, and finance. This will maintain a healthy water cycle through the installation of rain gardens, thereby conserving groundwater resources and reducing the risk of flooding. With the participation of many businesses, we will establish a new financing mechanism to encourage investment in green infrastructure and implement a system to achieve water positivity throughout the entire river basin.



On March 20, 2025, the Kumamoto Water Positive Action Launch Event was jointly hosted by six organizations: MS&AD Holdings, Prefectural University of Kumamoto, Kumamoto University, The Higo Bank, Ltd., Suntory Holdings Limited, and Development Bank of Japan Inc., with the attendance of the Governor of Kumamoto Prefecture and the Mayor of Kumamoto City.

Industry, government, academia, and finance will collaborate to utilize green infrastructure to maintain a healthy water cycle and further develop “Kumamoto, the Land of Water,” supporting a prosperous daily life and regional economy.

For more information on the background of Kumamoto Water Positive Action and an overview of its initiatives, scan the QR code on the right to watch the introduction video.



Happiness of diverse people
Well-being

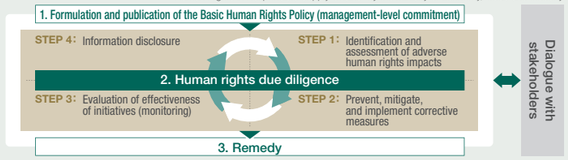
Respect for human rights

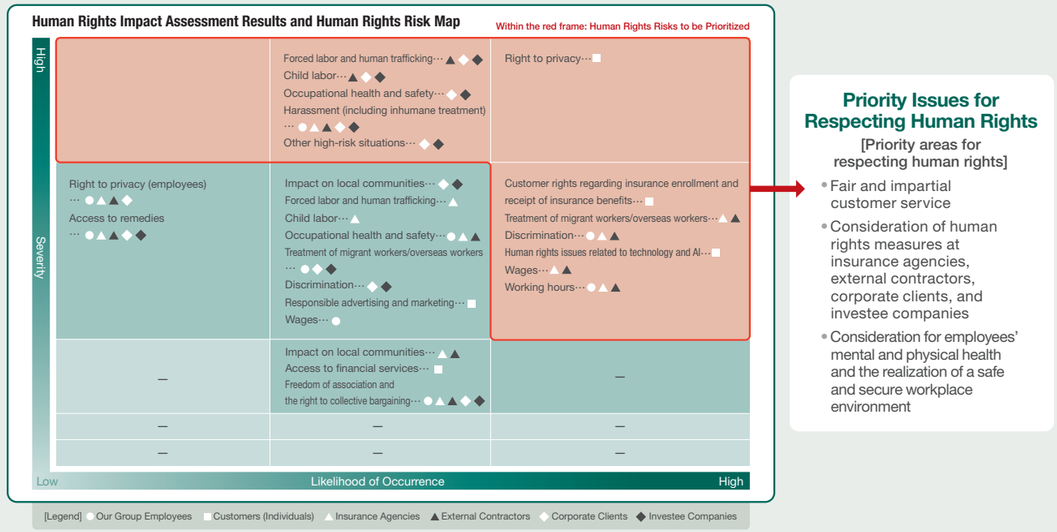
The MS&AD Insurance Group will fulfill its corporate responsibility to respect human rights in the ways required of corporations and contribute to the realization of a sustainable society, in accordance with the UN Guiding Principles on Business and Human Rights. To realize the Group's mission, "To contribute to the development of a vibrant society and help secure a sound future for the planet by enabling safety and peace of mind through the global insurance and financial services business," it is important that we consider the mutual impact of all our business activities on society, including the environment and human rights, when acting. Under the MS&AD Insurance Group Basic Policy on Human Rights, which covers a wide range of stakeholders involved in the Group, we are promoting initiatives to respect human rights (human rights due diligence) as part of our human rights management system.

■ Implementation of human rights due diligence

We regularly review the identification and assessment of negative impacts to pinpoint priority issues in response to social and environmental changes affecting the Group's value chain. In FY2024, we conducted the third review of risk identification and assessment and created a risk map. Initiatives to respect human rights have been incorporated into a road map and are being promoted in a Group-wide fashion.

Prepared with reference to the "Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains" by the Ministry of Economy, Trade and Industry





Priority Issues for Respecting Human Rights

[Priority areas for respecting human rights]

- Fair and impartial customer service
- Consideration of human rights measures at insurance agencies, external contractors, corporate clients, and investee companies
- Consideration for employees' mental and physical health and the realization of a safe and secure workplace environment

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

With the aim of protecting the human rights of its employees, the Group has established the "Malicious Complaint Response Manual" as a measure to deal with customer harassment (malicious complaints) and has developed a system of policies. Based on the manual, the Group announced internally and externally in FY2024 that it would take a firm and systematic stance to protect the human rights of its employees and has conducted employee training. We monitor our business partners, including agents and external contractors, to assess their systems for preventing and mitigating human rights risks. This includes confirming whether they have a basic human rights policy, understanding the status of their internal training programs, and identifying their recognized human rights risks and countermeasures. Regarding the employment of foreign technical intern trainees at the Group's agents, we investigated the governance systems at the employing companies and their initiatives to prevent and rectify human rights violations.

■ Access to Remedy

The MS&AD Group has established a dedicated Human Rights Issues Consulting Desk to receive reports from stakeholders, including customers, employees, and business partners.

Furthermore, starting in FY2024, we have expanded access to the Human Rights Issues Consulting Desk utilizing a specialized agency platform based on the UN Guiding Principles on Business and Human Rights, making it available to all agents and external contractors. We will promptly ascertain the facts and take necessary measures in the event of any violation of laws, internal policies, or inappropriate conduct.

Embedding understanding of "Business and Human Rights" among officers and employees

In May 2025, the Company held an executive study session on the theme of basic understanding of "business and human rights" and human rights risks learned from specific cases with guest speaker attorney Sakon Kuramoto of Kuramoto International Law Office. We promoted executives' comprehension of human rights through lectures incorporating real-world case studies to deepen understanding of the responsibilities that companies should fulfill in response to the growing global awareness of human rights.

In addition, we hold information-sharing sessions with personnel from relevant departments, including those responsible for products and services, focusing on the theme of "business and human rights." We aim to deepen our understanding of human rights risks across the entire Company and fulfill our corporate responsibilities.



Foundations

Quality

Efforts to regain customer trust

In response to the price fixing incidents and fraudulent insurance claims by referred repair shops in FY2023, we have promoted "Major reforms of business style" in the Medium-Term Management Plan (2022–2025) Stage 2 and made every effort to regain our customers' trust.

Despite this, in light of the discovery of information leakage between insurance agents and insurance companies, we will steadily implement a radically revised business improvement plan and measures to prevent recurrence, and strive to regain customer trust by "Re-emphasizing customer-focused business operations" and "Taking actions on our own initiative in response to the requests of our customers and society to meet their expectations."

Basic Policy for Responding to Customer Feedback

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

Basic stance toward customer feedback

❶ All officers and employees shall respond promptly, appropriately, and sincerely to all customer feedback received from customers.

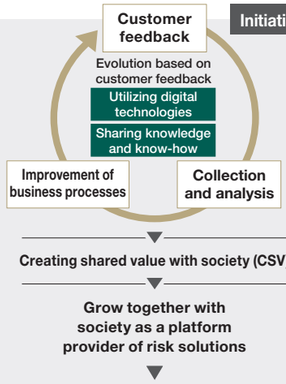
❷ All officers and employees shall recognize that customer feedback is "important information for securing customers' trust, achieving business growth, and achieving further improvements in quality."

❸ All officers and employees shall collect and analyze information on customer feedback, strive to reduce complaints, and at the same time utilize customer feedback in various measures to improve quality and enhance customer satisfaction.

Initiatives related to customer-focused business operations

- On May 30 or June 30, the five Group insurance companies announced the status of initiatives for FY2024 based on the "Policy Regarding Customer-Focused Business Operations." For details, please refer to each company's website.
- The five Group insurance companies have declared that they will comply with ISO 10002 (Quality management – Customer satisfaction – Guidelines for complaints handling in organizations), an international standard related to handling complaints.

Initiatives to improve products and services based on customer feedback



Examples of customer feedback	Examples of improvements to products and services
I don't know how long it will take for the roadside assistance provider assigned to my automobile insurance to arrive at the accident site. It makes me anxious, so could you make that information available. (Mitsui Sumitomo Insurance)	We have launched a location information service for roadside assistance providers, enabling customers to check the roadside assistance provider's current location and estimated arrival time on their smartphones.
I would like to be able to claim benefits via a paperless process.	We added a "benefit payment request" function to our customer web service so that all procedures from requesting benefits to payment can be completed online.
I would like to learn about the mechanisms and precautions related to foreign currency-denominated insurance in an easy-to-understand manner. (Mitsui Sumitomo Primary Life Insurance)	We have created explanatory materials using manga and illustrations to help customers easily understand the mechanisms of foreign currency-denominated insurance, the relationship between market rate fluctuations and surrender value, and other related topics.

Corporate group that supports a resilient and sustainable society

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

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

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

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

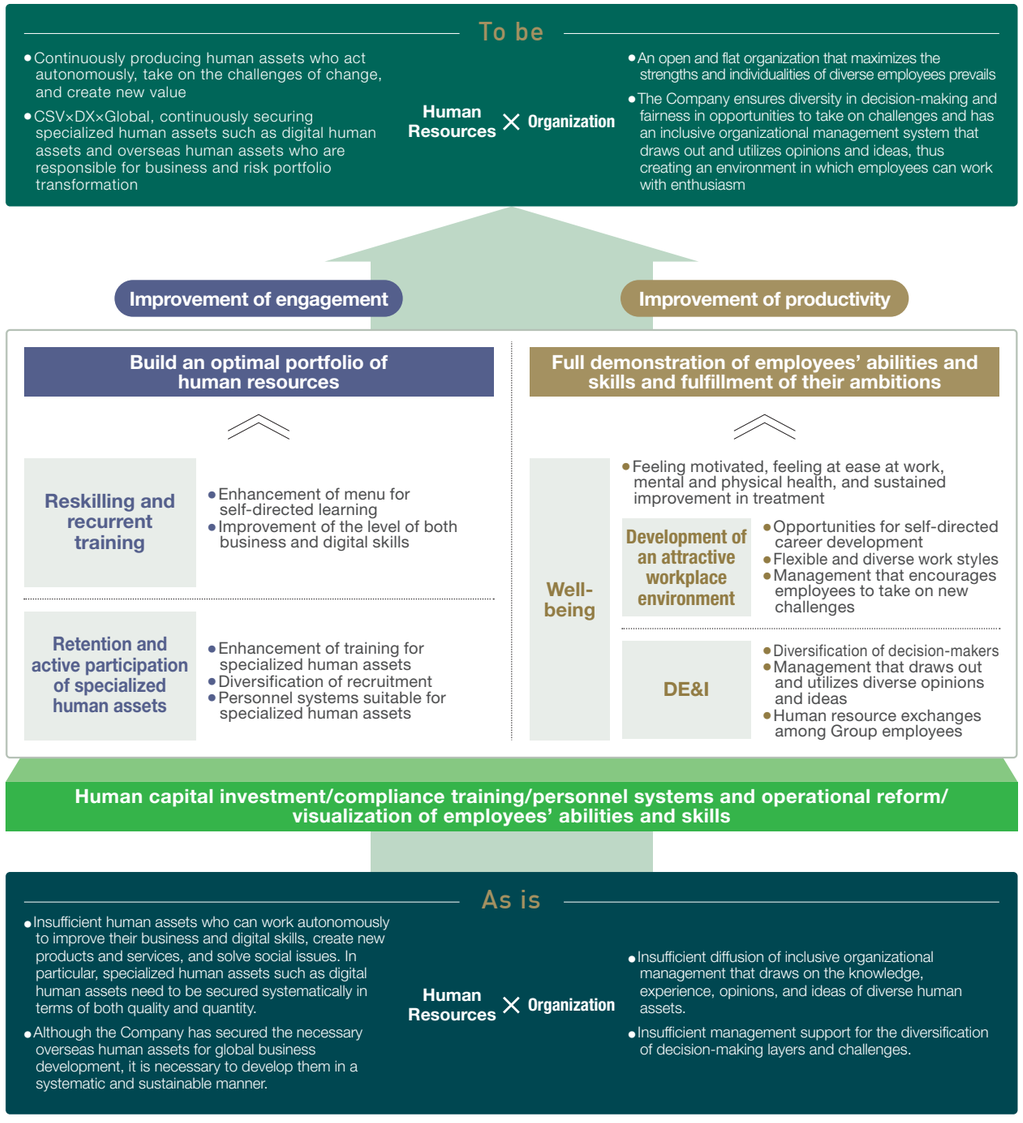




Foundations

Human Resources

The Group's greatest asset is its human resources, and every employee of the Group is the driving force behind the improvement of corporate value.
Under our human asset strategy linked to the basic strategy of the Medium-Term Management Plan (2022–2025), we are working on "building an optimal portfolio of human resources" and the "full demonstration of employees' abilities and skills and fulfillment of their ambitions," and we are focusing on "Value (value creation)," "Transformation (business reforms)," and "Synergy (pursuit of Group synergies)."
In addition, to improve employee engagement, we are developing a working environment that includes opportunities for self-directed career development; flexible, efficient, and effective work styles; and a corporate culture that encourages a spirit of taking on new challenges.





Natsumi Horisawa
Aioi Nissay Dowa Insurance
Human Asset Innovation Section, Human Resources Dept.

Kazuki Kaneko
Mitsui Sumitomo Insurance
Human Resources Transformation Promotion Team, Human Resources Dept.

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are working to integrate their personnel management systems in preparation for their merger in April 2027. We asked two mid-level employees from both companies' human resources departments—who will lead the next generation—to discuss the MS&AD Group's future human resources initiatives, skills-based personnel management, and what is necessary for the Company to continue being chosen.

Dialogue

Employee growth ensures the Group's sustainable growth

Status of the Group

Kaneko We have been expanding our training menu to encourage employees to learn autonomously, as set forth in our Human Asset Strategy. With the expansion of mid-career recruitment, we are welcoming employees with diverse knowledge and experience. This has introduced new perspectives and values into the Group, creating more opportunities for growth and fresh ideas and inspiration.
Meanwhile, Mitsui Sumitomo Insurance has introduced a new skill-based personnel system to more closely link such employees' autonomous actions with their day-to-day work and to help employees realize their aspirations while enabling the Company to achieve its vision.

Horisawa Significant environmental changes are occurring not only within our Group but also across all fields. I think it will become increasingly necessary to acquire and demonstrate skills as one's own strengths to adapt to change.

Skills-based personnel management

Kaneko The MS&AD Group is currently working to transform its business model, making the capabilities, skills, and motivation of each employee more critical than ever before. It is necessary to acquire and demonstrate skills as professionals and provide new value to customers. Within the Group, there are employees possessing and utilizing various skills; however, at present, the visualization of such skills is a work in progress. Our skills-based personnel management system ensures the Company can accurately identify who possesses and utilizes which skills. In addition, we will clearly specify the skills required for each department and define the direction each department should pursue. I believe this will significantly boost employees' motivation to acquire new skills and establish a cycle where they can tangibly experience their own growth. I would like to create an environment where employees can thrive by using skills as a common language.
Once skills are visualized, new business opportunities might arise from the combination of these skills. In addition, as part of a new skills-based approach to personnel management, we have shifted employee transfers from company-initiated moves to those primarily based on open recruitment.

Horisawa This management approach enables self-directed career development, where careers are chosen by individuals themselves rather than determined by the Company.

Kaneko To achieve a desired career path through open recruitment, it is essential for employees to engage in healthy competition and strive to improve together. I hope employees will continue to challenge themselves toward their own aspirations.

Horisawa To maximize the skills of employees as an organization, it is also necessary to improve skills at the management level. I would like the management level to implement initiatives that support employee growth not only through verification and oversight roles but also by providing forward-thinking advice and presenting new ideas.

To remain a company that continues to be chosen

Kaneko Isn't it a company where employees feel their own growth, have a sense of their career path, and work with enthusiasm and high engagement that continues to be chosen? To achieve this, I feel we need to offer employees diverse growth opportunities.
In addition to providing opportunities through open recruitment, I would like to consider initiatives that expand opportunities beyond conventional frameworks, such as supporting employees taking an entrepreneurial path.

Horisawa I think it would be good to be able to show that, "If you join this company, you will be able to chart this kind of career for yourself." Young employees especially are sensitive to the question of "what benefits can I gain from joining this company?" To that end, I feel it is also necessary to provide support tailored to the growth of each individual employee.
I would like to make the Company one that continues to be chosen by linking the growth of each employee to the bolstering of organizational strength, which in turn will lead to the sustainable growth of the entire Group.

Human Resource Strategy

Amid the reassessment of business practices and significant environmental changes, transforming business styles is essential to achieve sustainable growth in corporate value. The “power needed for transformation” includes human resources (skills) and organization (an environment in which skills can be demonstrated). To demonstrate these capabilities, we are revising our personnel system to focus on skills from the perspective of both human resources and organization. This will promote the strengthening of human capital and enhance job satisfaction, thereby further increasing corporate value.

Review of traditional business practices

We must fundamentally reexamine the systems and operational frameworks that have been in place for many years and transform into an insurance company that is chosen by customers

Major reforms of business style are needed

Significant environmental changes

- AI and other technological innovations
- Advance of globalization
- Transformation of values
- Intensifying competition for talent

etc.

Human Resources: Skills as professionals

Organization: An environment where everyone can maximize their skills

The power needed for transformation

Cultivating and unleashing the power needed for transformation

Human Resources

Acquire and demonstrate skills and develop careers autonomously

Acquisition of skills as professionals → Demonstrate acquired skills on the job → Evaluation based on demonstration of skills → Employees apply for their desired department by leveraging acquired skills → Acquiring and demonstrating further skills

Acquisition and demonstration of specialized skills appropriate to the role	●We promote the acquisition and application of these competencies establishing and visualizing the “Common Skills” required of all employees based on our Group’s five values (see “Our Mission” on pp. 05-06), the “job skills” necessary for employees to deliver results in their specific roles, and the newly introduced “management skills” for management-level personnel
Post Challenge (Open recruitment system)	●Establishing open recruitment as the standard practice for transfers to expand opportunities for autonomous career development tailored to acquired skills and the diverse values of each employee
Abolition of role classification	●Introducing a system that encourages employees to take on challenges without being restricted by role classifications such as general manager or section manager, and performance evaluations based on how well they demonstrate their skills in the work for which they are responsible

Organization

Improvement of management skills	●Maximizing organizational capabilities while uniting a diverse group of professionals through the acquisition and improvement of skills necessary for management
Promotion of well-being	●Promoting work styles that do not assume overtime and allow more flexibility in choosing whether to relocate, with an emphasis on diversification of work values and a work-life balance ●Human resource management that supports the acquisition and utilization of skills diverse human assets, leading to the improvement of engagement

Sustained improvement in corporate value

- **Sustained enhancement of human capital through the advancement of all employees’ skills**
- **Enhanced job satisfaction through personal growth and a sense of organizational contribution**
- **Fostering a healthy corporate culture through increasing the willingness to take on challenges and improved psychological safety**
- **Improving workplace comfort through the realization of a flexible work environment**

Note: The above is based on Mitsui Sumitomo Insurance’s concept of personnel system revision.

Mitsui Sumitomo Insurance, which revised its personnel system starting in FY2025, has been recognized by opinion leaders for its initiatives and received the Grand Prize (Management Transformation Category) at the “Career Ownership Management Award 2025.”
MSI was recognized for fostering a culture that embraces transformation and for creating opportunities for employees to actively pursue their desired roles and careers by leveraging their skills, while also gaining a sense of growth and contribution. These initiatives have begun to transform the corporate culture, which was highly evaluated.

2025 Career Ownership Management Award 最優秀賞

Foundations

ERM

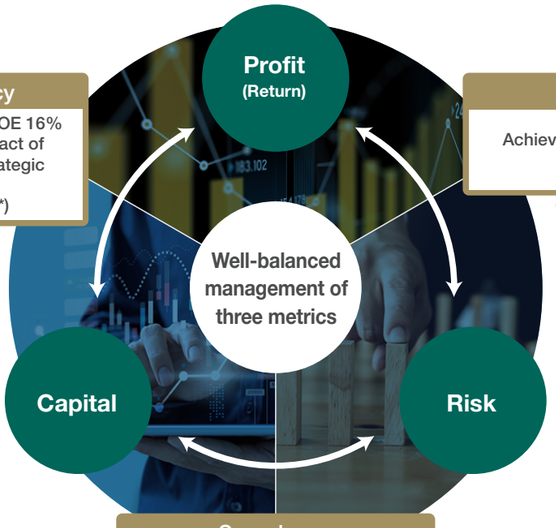
ERM-Based Group Management

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

■ Integrated management of risk, returns, and capital

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



Capital Efficiency
FY2025 Group adjusted ROE 16% (10% excluding the impact of accelerated sales of strategic equity holdings)
(Cost of capital 7%*)

*Calculation based on the Capital Asset Pricing Model (CAPM)

Profitability
Achieve fiscal-year targets for ROR and VA*

*VA (Value Added): Economic value obtained by subtracting the cost of capital incurred for invested capital from the return obtained from assets held

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

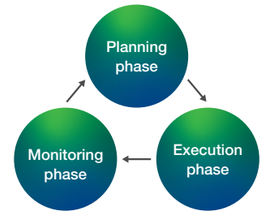
Clarify the amount of risk
that can be held while verifying the economic rationality

Soundness
Maintain an ESR of 180%–250% (= appropriate level)

Capital Efficiency		Profitability (return on risk)		Soundness
Group adjusted ROE		ROR		1/ESR
=	≒	=	×	=
Return (Group adjusted profit) / Capital (adjusted net assets)		Return (Group adjusted profit) / Risk (integrated risk amount)		Risk (integrated risk amount) / Capital (NAV)
(See p. 29)		(See p. 29)		(See p. 29)

■ ERM cycle

Planning phase	❶ 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	❷ Take risks within the risk limits based on the capital allocation amounts and other considerations.
Monitoring phase	❸ Conduct regular monitoring of financial soundness, profitability, and capital efficiency, etc.* ❹ Based on the outcome of monitoring, examine and implement any necessary measures.



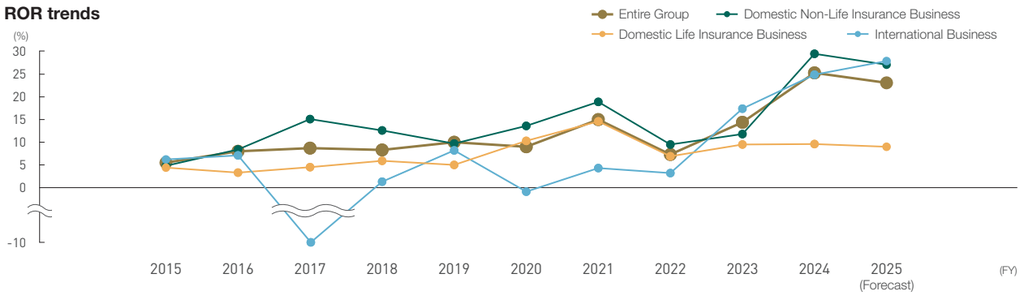
*During the monitoring phase, we check the Group adjusted ROE, ROR, ESR, compliance relative to risk limits, etc., on a quarterly basis.

■ Initiatives to boost profitability

To boost capital efficiency while ensuring 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** Improved earnings through rate revisions for voluntary automobile insurance and fire insurance, strengthened underwriting, and expanded earnings from casualty insurance **MSI Aioi Life*** Assessment of profitability (comparing estimates at the time of development to the actual value) for new policies launched in FY2023 **MSI Primary Life*** Confirmation of the profitability (ROR) of policies sold and the value of new business for each product category *MSI Aioi Life: Mitsui Sumitomo Aioi Life Insurance MSI Primary Life: Mitsui Sumitomo Primary Life Insurance
Asset management strategy	Strengthening our Group-wide asset management capabilities through the One Platform Strategy in the asset management field, with the aim of increasing the balance of higher return assets
Retention/ reinsurance policy	Establishing a retention and outward reinsurance scheme that maintains the financial soundness and stability of periodic profit and loss and contributes to improving profitability Controlling the net retained risk amount associated with natural disasters

ROR trends



■ Strengthen the risk management framework

Strengthen the risk management framework	Strengthening our framework for identifying risks by horizontally deploying risks detected at each Group company, utilizing external advisors, etc.
Forward-looking risk detection	Define conduct risk as a Group, integrate it into existing risk management frameworks, and strengthen risk detection capabilities
Cultivation of a risk culture	Further cultivate a risk culture as the foundation of governance to improve corporate value and build a sustainable business

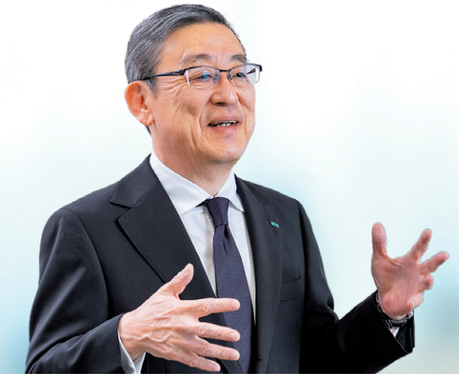
■ Zero strategic equity holdings

Efforts to reduce strategic equity holdings*

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

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

Risk Management



CRO Message

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

Satoru Tamura
Senior Executive Officer
Group CRO

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

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

In terms of quality, we will thoroughly implement customer-focused business operations by enhancing risk detection and management.

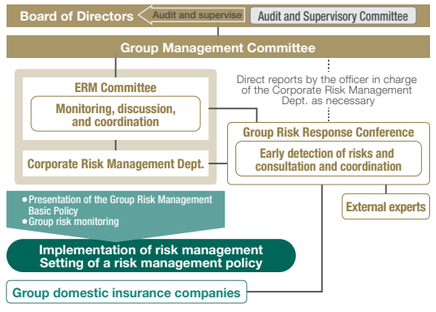
In this section, we would like to discuss key themes and initiatives related to risk management and business operations that support the execution of strategies for the Group's development together with our stakeholders.

■ Strengthening risk detection capabilities and preventing the recurrence of scandals, etc. —Forward-looking risk detection and response

Given the occurrence of price fixing incidents and information leakage, the Group strives to ensure not only thorough compliance to avoid violations of related laws and regulations but also customer-focused business operations by revisiting the Group's Mission, Vision, and Values. The Group Risk Response Conference, which was newly established in FY2024 (in addition to the directors of each Group company, external experts participate to provide advice and guidance from a wide range of perspectives), mainly discusses the Group's legal and conduct risk management systems. We define conduct risk within our Group, integrate it into our existing risk management framework, and ensure this framework functions effectively. We are strengthening our risk detection and response capabilities by detecting risks inherent within the Group in a forward-looking manner, communicating them horizontally across the organization, and autonomously addressing risks.

We will continue to swiftly respond to changes in the environment surrounding our Group and appropriately implement the PDCA cycle to continually review and improve the state of our governance and risk management, thereby preventing the recurrence of misconduct and other issues. We aim to grow as a Group that meets the expectations of our stakeholders.

Risk Management Structure



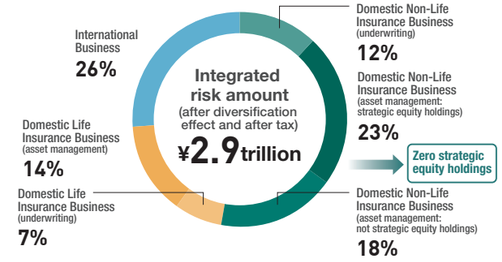
The Group has established its basic approach to risk management as set out in the "MS&AD Insurance Group Risk Management Basic Policy." Under a basic policy shared within the Group, we promote risk management by identifying risk events that could affect the Group and assessing risk factors from both quantitative and qualitative perspectives.

■ Responding to changes in risk portfolios

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

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

Risk portfolio status (March 31, 2025)



■ Identifying and addressing important risks

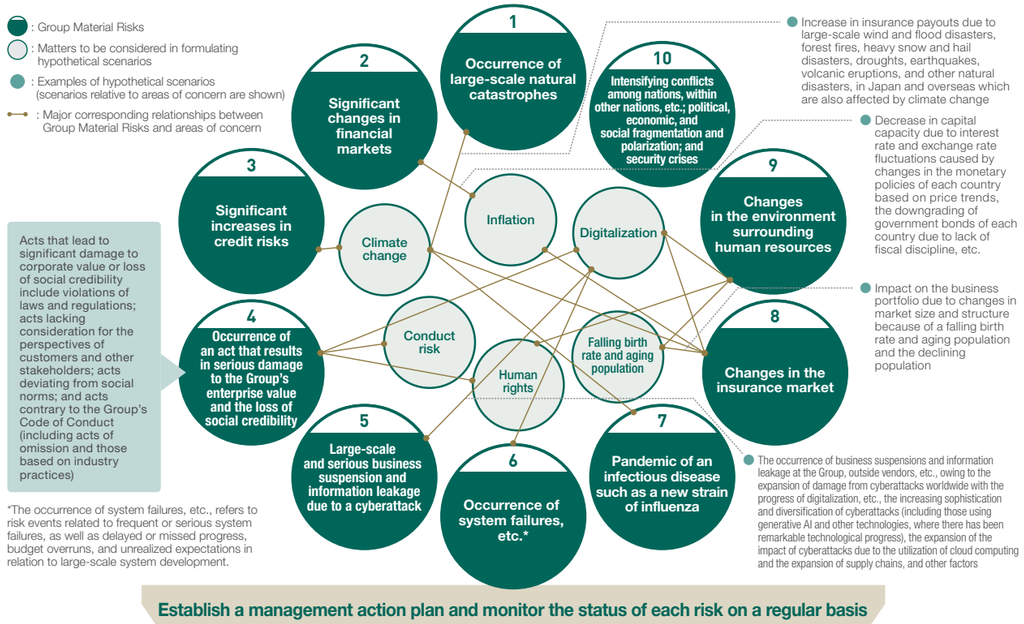
As I mentioned at the outset, the environment surrounding the Group is continually changing. In FY2024, we witnessed the first-ever issuance of Nankai Trough Earthquake Extra Information (Megaquake Advisory) following the Hyuga-nada Earthquake, along with frequent natural disasters such as hail damage in Hyogo Prefecture and wildfires near Los Angeles in the United States; escalating tensions in the Middle East; and financial market turbulence following the start of the second Trump administration.

In FY2025, we will continue to prepare for these risks while also appropriately addressing cyber risks, risks associated with generative AI utilization, changes in the insurance and human capital markets, inflation impacts, geopolitical risks, and other factors to achieve the sustainable growth of our Group. Therefore, as in FY2024, we have selected 10 Group Material Risks and are working to strengthen their management and mitigation initiatives.

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

FY2025 Group Material 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.



Establish a management action plan and monitor the status of each risk on a regular basis

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

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

Promotion of Compliance

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

Mechanism to ensure the effectiveness of rules and systems

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

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

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

At overseas entities, we have established a Compliance Manual that includes sections on measures against money laundering, terrorist financing, counter-proliferation financing, and bribery prevention at overseas entities, and we are implementing appropriate rules and training.

Speak-up system (whistleblowing system)

Our Group has established the "Speak-Up System (Whistleblowing System)" to allow officers and employees, etc., of Group companies to report directly, in addition to the usual reporting lines, when there are violations of laws or regulations, breaches of internal rules, inappropriate actions, or potential risks of such actions by organizations or individuals. We have set up various reporting channels both within and outside the Group, ensuring they are accessible 24 hours a day, 365 days a year. In order to make them user-friendly for anyone wishing to report, we take great care to maintain the confidentiality of the whistleblowers and consulters, and handle the information with the utmost caution. Furthermore, we strive to protect these individuals so that they do not suffer any disadvantageous treatment as a result of reporting or consulting.

Also, for officers and employees working at our overseas entities, we have established a global reporting channel in addition to their local reporting channels. This system supports reports in 17 languages, and it allows for direct reporting to our headquarters in Japan from overseas.

Tax governance

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 taxation and its initiatives both internally and externally as responsible corporate actions.

Amount of tax paid in major countries
(FY2023: Based on national reports)(¥ billion)

Country	Tax amount
Japan	9.3
U.S.	3.5
Singapore	2.8
Malaysia	2.0
U.K.	1.8
China	1.8
Others	0.9
Total	22.3

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

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

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

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

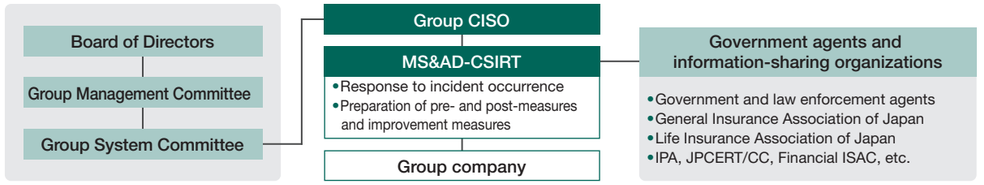
Information Security Management

The MS&AD Group positions the implementation of information security management as a key issue (materiality) for stakeholders and the Company in creating a world-leading insurance and financial group that continues to pursue sustainable growth and corporate value improvement. We are also striving to strengthen our response to cyber risks and threats by complying with laws and guidelines and promoting collaboration between the public and private sectors.

Executive Officer Group CISO **Takuya Tsuda**

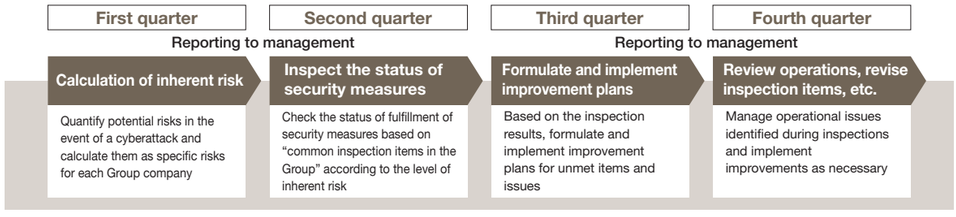
Information security management system of the Group

- The Group's top management formulates strategies and policies for information security across the entire MS&AD Group, including cybersecurity, and has established the necessary governance systems. The Board of Directors and Group Management Committee hold discussions twice a year based on reports from the Group CISO, who is responsible for information security.
- We identify risks associated with information assets, constantly monitor changes in the external environment, including threat trends, and develop information security measures and a swift response system. Regarding cybersecurity, we have established the MS&AD-CSIRT to respond to incidents when they occur, collect information on security threats, share information among Group companies, and strengthen information linkage with government agencies, information-sharing organizations, etc.



Monitoring activities of our Group

We regularly check the status of security measures (monitoring activities) for Group companies, including overseas entities, using common Group indicators developed independently based on domestic and overseas standards, guidelines, and frameworks (e.g., NIST SP 800, Financial Services Agency Guidelines) to continuously improve security levels.



FY2024 initiatives

The MS&AD Group is continuing and strengthening its existing measures while also considering and introducing new measures to cope with environmental changes, such as increasingly sophisticated cyberattacks, stricter laws and regulations in various countries, and the proliferating scope of impact of supply chain attacks. As a result of such Group-wide initiatives to enhance information security management, no serious situations affecting business continuity occurred within the Group in FY2024.

Examples of ongoing efforts	•Based on the heightened geopolitical risk, we will analyze attacks from the perspective of cyberattackers and consider and promote countermeasures •Inspections with Threat Led Penetration Testing (TLPT) •Reconfirmation of the system for incident occurrence (system, response flow, reporting party, response procedure) and response exercises •Collect and analyze vulnerability and threat information •Security training, targeted attack e-mail training •Technological monitoring through ASM* *ASM (Attack Surface Management): A system to detect vulnerabilities and other risks to IT assets accessible from the Internet
Examples of a stronger response to cyber risks	•Research on overseas data protection regulations and inspection of legal risks at overseas entities •Enhancement of security measures inspection by incorporating the content of the Financial Services Agency's new guidelines* *Financial Services Agency, "Guidelines on Cyber Security in the Financial Sector" (published in October 2024)

DX Strategy



CDO Message

Delivering new value through AI beyond providing insurance, becoming the company most chosen by customers

Tomoyuki Motoyama
Executive Officer
Group CDO (DX Promotion)

■ The future envisioned by AI

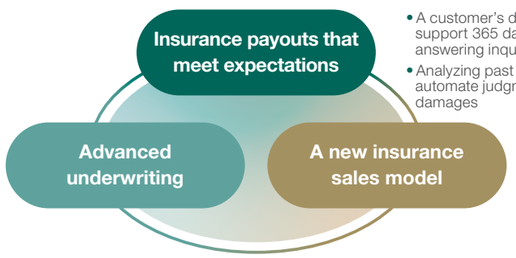
Insurance companies utilize AI to analyze weather big data, enabling highly accurate forecasts of damage from torrential rains and landslides weeks in advance. Each customer residing in the area at risk receives personalized optimal evacuation routes and action guidelines delivered to their smartphones or wearable devices. Insurance claims after a disaster are instantly assessed using drone-captured data, and payouts are completed on the same day—that future is just around the corner. As an insurance company, we are called upon to take the lead in building and providing this society marked by "peace of mind created by AI." In recent years, alongside the increase in natural catastrophes brought on by climate change, risks surrounding communities and society, such as aging infrastructure and the diversification of cyber risks, are becoming more complex and severe at an unprecedented pace. Under these circumstances, it is not enough to merely provide coverage and handle claims. We will maximize the use of cutting-edge digital technologies such as generative AI to build a society that detects signs early and proactively takes optimal action. This will not only provide peace of mind for our customers but also contribute to enhancing the resilience of society.



■ Enhancing customer experience value with AI

For the near term, we envision a world where each customer has their own dedicated AI agent, fundamentally transforming the customer experience surrounding insurance policies. When customers consider purchasing insurance, for example, a dedicated AI agent proposes the optimal coverage plan. Should an accident occur, the agent assists with accident reporting and various procedures. In addition, for customers who wish to receive insurance proposals from agents, an AI agent designed to support agent sales can also present the most suitable products to the agent.

We aim to exponentially enhance the customer experience related to insurance policies by integrating AI into various aspects of our business processes. We will swiftly introduce AI technology in three particularly impactful areas to enhance operational efficiency.



- AI trained on various risks assesses each customer's individual risk in real time, enabling optimal coverage design and premium calculations
- Achieving underwriting that includes proposals for risk mitigation measures

- A customer's dedicated AI agent provides 24-hour support 365 days per year for anything from answering inquiries to processing payments
- Analyzing past cases and unstructured data to automate judgment of liability and calculation of damages

- AI supporting agents provide real-time proposals tailored to customer attributes and lifestyles
- An AI support desk capable of chat replies and voice output provides seamless assistance for contract and change procedures

■ Creating businesses that leverage cutting-edge business models and technologies

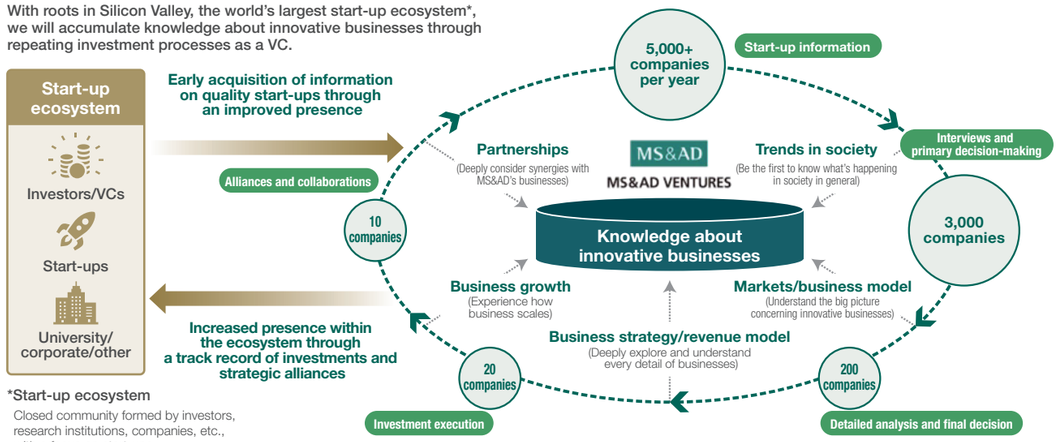
Through start-up investment activities by MS&AD Ventures*1, our CVC based in Silicon Valley, and research activities at the Aioi R&D Lab-Oxford*2, we are creating new businesses that contribute to business growth by quickly interacting with AI and other cutting-edge business models and technologies that have the potential to transform society in a variety of areas.

We are working to strengthen our profitability by developing new solutions that leverage our Group's assets, such as our customer base, channels, and brands, and by creating new businesses through entry into new markets.

Through such activities, we will drive the transformation of our business and risk portfolio while accelerating the value creation that contributes to solving social challenges.

*1 CVC (Corporate Venture Capital) was established in 2018 as the first such organization by a Japanese insurance group in Silicon Valley.
*2 A joint research institute jointly established by ADI and Mind Foundry Ltd., an AI start-up of the University of Oxford, to conduct research-and-development activities related to cutting-edge technology and science

With roots in Silicon Valley, the world's largest start-up ecosystem*, we will accumulate knowledge about innovative businesses through repeating investment processes as a VC.

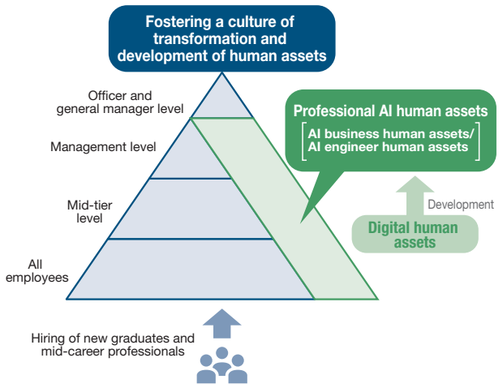


*Start-up ecosystem
Closed community formed by investors, research institutions, companies, etc., with a focus on start-ups

■ Development and acquisition of professional AI human assets

To achieve effective AI deployment, it is essential to advance both the development and acquisition of AI professionals as two key pillars. AI professionals include "AI business professionals" who possess expertise in both business operations and AI, enabling them to create use cases and drive transformation, and "AI engineer professionals" who possess technical expertise in AI and perform model building, implementation, and operation. We will strategically advance the development and acquisition of these human assets.

The Group has already achieved the goal of developing 7,000 digital human assets set forth in our current Medium-Term Management Plan and currently employs approximately 8,500 digital resources. We aim to cultivate digital human assets as candidates for the next generation of professional AI human assets who leverage AI to deliver new value to our customers.



MS&AD Digital Academy
Information Networking for Innovation and Design
Collaboration with INIAD (Faculty of Information Networking for Innovation and Design, Toyo University)

MS&AD Digital College from Kyoto
KUAS 京都先端科学大学
Cooperation with the Kyoto University of Advanced Science (KUAS)

Data Science Training
滋賀大学
Cooperation with Shiga University

Recurrent Programs for Soft Skills
昭和女子大学 SHOWA WOMEN'S UNIVERSITY
Collaboration with Showa Women's University

Investment (asset management)

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

Basic Strategy

- Aim to both maintain financial soundness and increase net asset value
- Build a portfolio capable of achieving an increase in net asset value within the scope of acceptable risk, while considering periodic profit/loss with the precondition of ensuring ALM and liquidity

■ Asset allocation policy

- Reduce strategic equity holdings to zero by the end of FY2029
- Increased higher return assets, mainly in foreign currency-denominated assets such as private assets and overseas corporate bonds

■ Market environment outlook (house view)

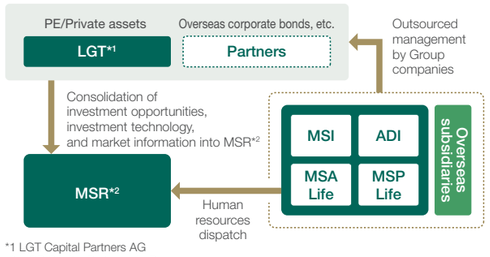
Domestic interest rates: Gradual rise due to monetary policy, etc.
U.S. interest rates: Gradual decline due to interest rate cuts, etc.
Currencies: Slight yen appreciation due to narrowing interest rate differentials

■ Strengthening investment in higher return assets

Strengthening foreign currency asset management capabilities in line with international business growth

Private assets	• Selecting and entrusting management by investment target area • MSR will collect information on overseas PE and lead investments
Overseas corporate bonds, etc.	• Promoting capital alliances with asset management companies with strong overseas credit risk analysis capabilities to strengthen our global credit investment capabilities

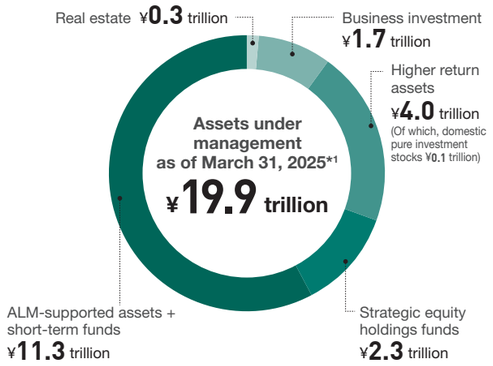
■ Global investment system



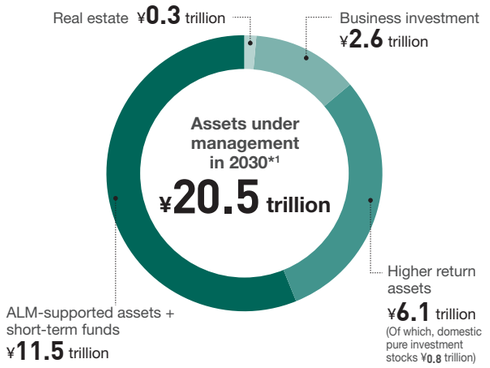
*1 LGT Capital Partners AG
*2 MSR Capital Partners, LLP

Asset Management Portfolio after the Sale of Strategic Equity Holdings

Assets under management (March 31, 2025)



Assets under management (image for 2030)



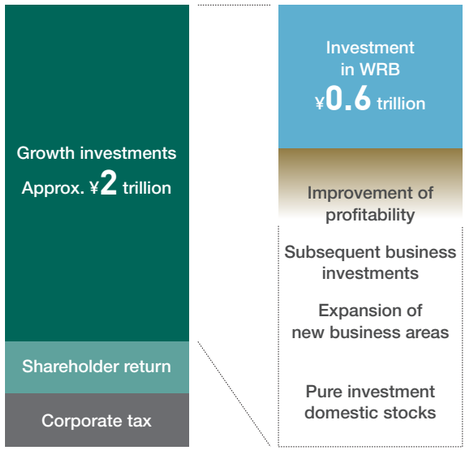
ALM-supported assets (including short-term funds)	• MSI, ADI, and MSA Life invest mainly in yen-denominated bonds and loans, whereas MSP Life invests mainly in foreign bonds, etc., in line with its foreign currency-denominated liabilities • Partial credit risk-taking in ALM asset management • In principle, interest rate and foreign exchange risks are offset against liabilities	
Higher return assets	¥4.0 trillion → ¥6.1 trillion*2	• In addition to liquid foreign bonds and pure investment stocks, expand allocation to alternative assets such as overseas private assets (e.g., equity, debt) with the potential for risk diversification, high yield, and low volatility

*1 Based on the simple sum of non-consolidated figures for five non-consolidated domestic companies, assumes external outflows (taxes and shareholder returns) of ¥0.7 trillion (from March 31, 2025, to March 31, 2030)
*2 Only the excess of assets over liabilities is counted for MSP Life

Growth Investment Status and Business Investment

- Of the ¥2 trillion allocated for growth investment, approximately ¥600 billion will be directed toward international businesses (WRB).
- Higher return assets increased by approximately ¥350 billion, primarily through the utilization of MSR, focusing on foreign bonds and alternative assets.
- We will leverage our experience and take a disciplined approach when considering further business investment.

■ Status of growth investments



As of March 31, 2025

Investment in WRB

Improvement of profitability

- Prudent expansion of investments in higher return assets
- Investments in next-generation systems and DX to enhance productivity and foster innovation
- Investments in human resources

Subsequent business investments

- International asset management business
- Areas where each entity's strengths can be leveraged in Asia

Expansion of new business areas

- Start-up investments utilizing CVC

Holding domestic equities as pure investments

- Optimization of the investment portfolio
- Managed separately from insurance transactions by the asset management department

Asset Owner Principle

- The Group's domestic insurance companies* have endorsed the Asset Owner Principles announced by the Cabinet Secretariat on August 28, 2024, as part of the government's "Policy Plan for Promoting Japan as a Leading Asset Management Center," and have expressed their acceptance to the Financial Services Agency.
  *MSI, ADI, MD, MSA Life, and MSP Life
- The Group will fulfill its asset owner responsibilities by developing an appropriate organizational structure and risk management framework and by making sound investments that ensure safety, profitability, and liquidity in line with investment targets and policies that take into account the economic and financial environment, with the aim of ensuring the disbursement of insurance payments and benefits to policyholders and the performance of all other liabilities, as well as contributing to business continuity and the sustainable growth of enterprise value.

Overview of the Five Asset Owner Principles

Principle 1	• Asset owners should take into account the best interests of beneficiaries and should determine the purpose of investing. • They should set investment targets and policies based on the purpose through an appropriate process, taking into account the economic and financial situation.
Principle 2	• Asset owners need to make decisions based on their expert knowledge. • They should develop an appropriate structure by securing talent with sufficient knowledge and experience and consider using external knowledge and outsourcing when needed.
Principle 3	• Asset owners should appropriately manage risks, including by diversifying the investment portfolio. • They should select the optimal investment trustee while managing conflicts of interest.
Principle 4	• Asset owners should provide information on the status of asset management and engage in dialogues with stakeholders.
Principle 5	• Asset owners should give consideration to the sustainable growth of investee companies by conducting stewardship activities by themselves or through the investment trustee.

To demonstrate the Group's support for this initiative, we have summarized our Group's common responses and views on each of the Asset Owner Principles, together with the Group's asset management status and published them on the official website below.

(https://www.ms-ad-hd.com/en/ir/stewardship/principle.html)

ESG Investing

Investments and Loans Considering ESG Issues

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

Our Group's ESG investment and loan initiatives

ESG investment and loan initiatives	Description	Target assets	Investment and loan balance
Integration			
Reflection of the response to the Group's "business activities considering sustainability"	Screening specific uses of funds and industries without investments and loans, and making prudent decisions on whether to engage in transactions from the perspectives of responding to climate change, improving the sustainability of natural capital, and respecting human rights	All asset classes	¥15.2 trillion*
Incorporation of the Group's priority issues into the research	Focusing on "CO_2 emissions," "deforestation," "water risk," and "human rights violations," evaluations by ESG evaluation companies and international initiatives (such as CDP), etc., are used for investment decisions and monitoring	Corporate bonds, stocks, and loans	¥7.5 trillion
Constructive Engagement			
Engagement	Conduct dialogue centered on stewardship activities	Stocks	¥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	¥777.7 billion
Impact investing	Investment in themes such as healthcare and education, focusing on climate change	Private equity	

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

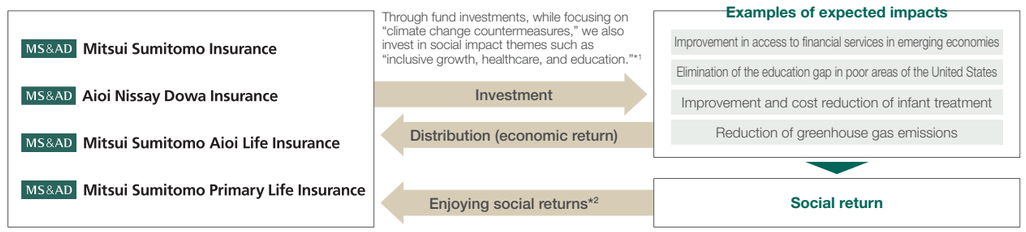
Breakdown of ESG-themed investments (end of March 2025)

By theme	Investment and loan balance
Investment in ESG-themed funds	¥234.0 billion
Support for efforts to reduce greenhouse gases	
Renewable energy (e.g., solar, wind, hydrogen)	¥94.8 billion
Transition/Sustainability-linked finance	¥37.8 billion
Green finance	¥165.9 billion
Support for sustainable global development	
Social sustainability (including supranational bonds)	¥214.2 billion
Regional revitalization, healthcare, impact investment*, etc.	¥31.2 billion
Total	¥777.7 billion

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

Started Group joint impact investments

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



*1 Investment through a Group-specific investment vehicle
Managed by MSR (investment ratio: MSI 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 the SDGs and the realization of a sustainable society

■ 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.

Dialogue results (July 2023–June 2024)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance	Total (simple sum)
Number of companies engaged in dialogue	127 companies	215 companies	342 companies

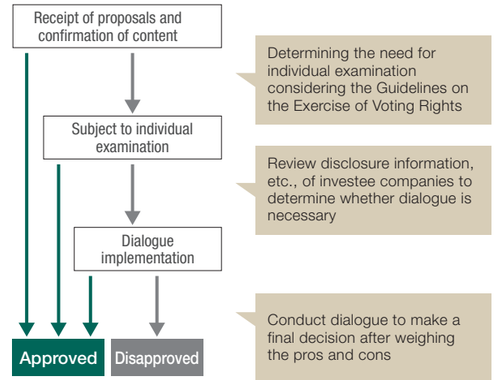
Results of the exercise of voting rights (July 2023–June 2024)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance	Total (simple sum)
Proposals for which voting rights were exercised (Company proposals)	2,039	1,701	3,740

Number of disapproved proposals (July 2023–June 2024)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance	Total (simple sum)
Number of disapproved proposals (Company proposals)	16	40	56

Process for exercising voting rights



Theme of the dialogue

Theme of the dialogue	Specific content
ESG	Impact of climate change on business and countermeasures, status of initiatives related to human capital, relationship between social issues and business, appointment status and expected roles of outside officers, attendance at Board of Directors meetings, etc., and compliance with the Corporate Governance Code
Financial results	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 plans and policies	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 cases

	Examples of dialogue focusing on ESG, capital strategies, etc.
Case 1 (ESG dialogue)	Conducted dialogue on climate change response initiatives and challenges. To promote issue resolution and disclosure, we introduced examples of companies that are working to understand their GHG emissions and support disclosure, and encouraged other companies to take similar initiatives.
Case 2 (Election of directors)	Conducted dialogues with companies that failed to meet the required percentage of independent outside directors due to an increase in the number of directors. The strengthening of corporate governance through the addition of new directors, the forward-looking decision to include female directors among the new candidates, and the confirmation that the temporary decrease in the ratio of independent outside directors will be addressed by reviewing the composition of the Board of Directors in the future.

Cases of disapproval

	Cases of disapproval in exercising voting rights
Case 3 (Appropriation of surplus)	This company's dividend payout ratio for the last three fiscal years was less than 20%, and did not meet the dividend payout ratio required by our guidelines, so dialogue was held to confirm the dividend policy. While the company's financial situation provides ample room for dividends, it prioritizes internal reserves, and its forecast dividend payout ratio for the next fiscal year is also below the guideline and is not expected to improve. Accordingly, we voted against the proposal related to the appropriation of surplus.
Case 4 (Election of directors)	We requested this company to strengthen its governance due to an insufficient number of independent outside directors compared to our standards. Although we continued discussions, we did not receive any indication of a willingness to improve, as the company responded that it had no plans to increase the number of independent outside directors. Accordingly, we voted against the proposal.

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

☑ A check mark indicates that FY2024 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

Progress of Numerical Management Targets financial

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

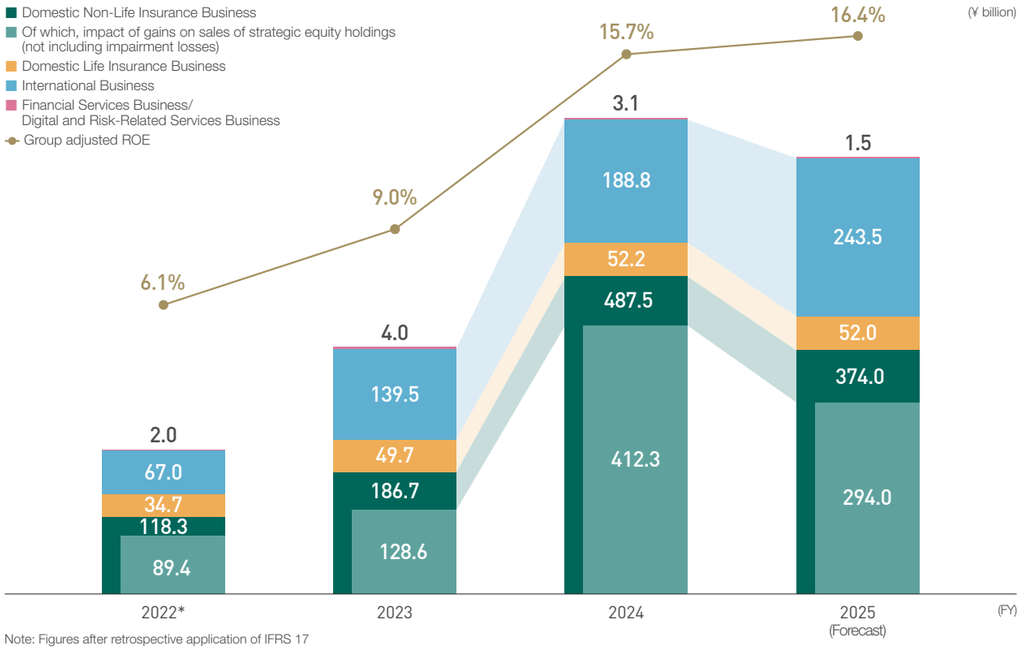
Structure of the FY2025 profit forecast

Group adjusted profit (Japan GAAP) is forecast to be ¥671.0 billion, a ¥60.7 billion decrease from the record-high profit of ¥731.7 billion in FY2024, mainly due to the expected decrease in profit from the sale of strategic equity holdings in the domestic non-life insurance business.

By business segment, the domestic non-life insurance business is expected to see a ¥113.5 billion decrease in Group adjusted profit, primarily due to a decline in investment profit/loss despite an increase in insurance underwriting profit (before catastrophe reserve). The domestic life insurance business is projected to remain at roughly the same level as the previous fiscal year. The international business is projected to see a ¥54.6 billion increase in Group adjusted profit, mainly due to increased profits in Lloyd's and reinsurance and the Americas.

(¥ billion)

	FY2023 results	FY2024	FY2025 (forecast)
Total	379.9	731.7	671.0
Domestic Non-Life Insurance Business	186.7	487.5	374.0
Domestic Life Insurance Business	49.7	52.2	52.0
International Business	139.5	188.8	243.5
Financial Services Business/ Digital and Risk-Related Services Business	4.0	3.1	1.5



Note: Figures after retrospective application of IFRS 17

Progress of Numerical Management Targets non-financial

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

Sustainability KPIs

Key issues	KPI progress		Target	FY2024 results
Symbiosis with the global environment Planetary Health	Greenhouse gas emissions reduction rate (vs. FY2019) Scope 1 + 2		FY2030: -50% FY2050: Net zero	-40.0%
	Greenhouse gas emissions reduction rate (vs. FY2019) Scope 3		FY2030: -50%*1 FY2050: Net zero	-26.9%
		Underwriting/ Investments*2	FY2030: -37%	-18.3% (FY2022)
			We, through engagement with clients, share challenges they have in reducing GHG emissions. We work together with them towards reduction of GHG emissions with solution proposals.	204 companies*3
	Renewable energy usage rate		FY2030: 60% FY2050: 100%	27.0%
	FY 2025	Premium growth rate of products which contribute to decarbonization and a circular economy Example: Carbon Neutral Support Agreement	Annual average 18%	20.6%
Safe and secure society Resilience	FY 2025	Rate of increase in the number of underwritten policies for products which help improve the resilience of society Example: Cybersecurity insurance	Annual average 20%	13.6%
		Instances of support for the resolution of issues faced by regional companies Example: Seminars on regional revitalization	10,000 instances a year	11,091 cases
Happiness of diverse people Well-being	FY 2025	Number of policies in force for asset-building products to support longevity Example: Tontine annuity insurance	100,000 cases	120,000 cases
		Number of policies in force for products which help solve health-related social issues Example: Medical insurance covering dementia and infertility treatment	2.60 million cases	2.25 million cases
		Instances of support for action by companies to address human rights Example: Harassment prevention consulting	1,000 instances a year	1,111 cases

*1 Category 1: purchased products and services (covered: paper and mailing); Category 3: fuel- and energy-related activities other than Scope 1 and 2; Category 5: waste generated in operations; Category 6: business travel; Category 7: employee commuting; and Category 13: downstream leased assets
*2 Key Japanese domestic corporate clients (approx. 3,300 companies), selected based on insurance premium
*3 Cumulative total from November 2023 to the end of October 2024

Human resources and quality KPIs

( ): FY2024 results

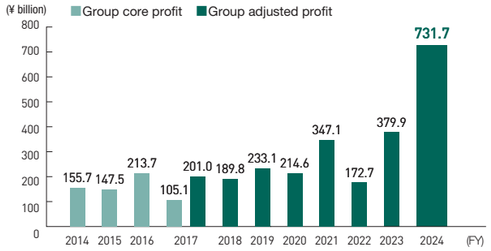
Human resources	End of FY2030 (aiming for early achievement)	Percentage of female managers 30% (23.8%☑)	Percentage of female line managers 15% (21.3%)	Productivity improvement ratio of personnel expenses 8.5% (8.6%)
	FY2025	Digital human resources 7,000 persons (8,490 persons)	Overseas human resources 1,200 persons (1,243 persons)	
		Percentage of mid-career hires among managerial staff Current level (24.5%) or higher	Percentage of non-Japanese managers among officers of overseas subsidiaries Current level (79.0%) or higher	Percentage of employees who exercise regularly Current level (29.0%) or higher
		Percentage of male employees taking Childcare leave: 100% Duration of leave: 4 weeks (93.2%, 13.1 days)	Employee awareness survey • Sense of feeling that our business helped create shared value • Ongoing 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. 82 for employee satisfaction data
		Number of annual paid leave days taken The same level or higher compared with the previous year (16.9 days)		
Quality	FY2025	Customer satisfaction level (on contract procedures and the claim payment process) The same level or higher compared with the previous year		

Financial and Nonfinancial Highlights

☑ A check mark indicates that FY2024 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

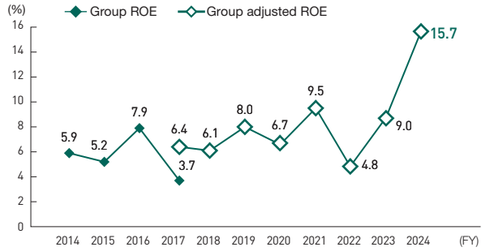
Numerical Management Targets

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.

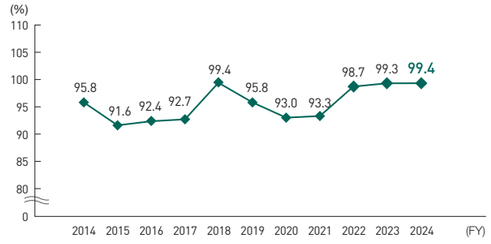
Group ROE/Group adjusted ROE*1



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.

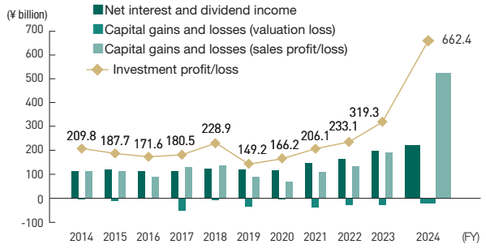
Profitability Indicators

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



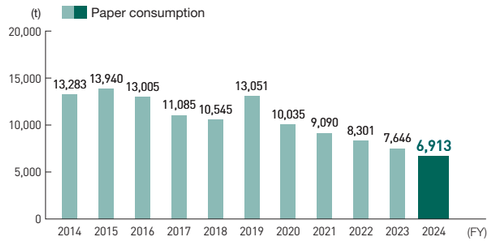
The combined ratio is a key indicator of profitability for underwriting in the non-life insurance business. Profitability is negative when this indicator exceeds 100% and positive when this indicator falls below 100%.

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



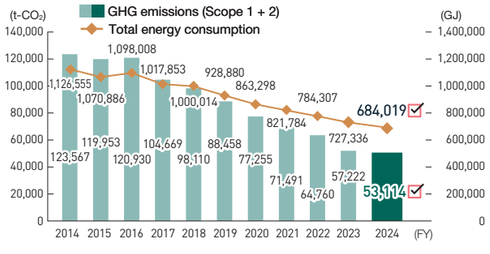
For non-life insurance companies, this is a major source of earnings, next to insurance underwriting profit, and consists of components such as interest and dividend income and gains/losses on sales of securities.

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.

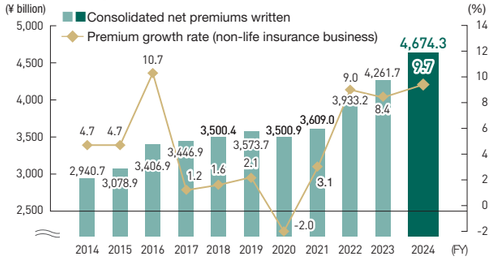
☑ Greenhouse gas (GHG) emissions and total energy use*3



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

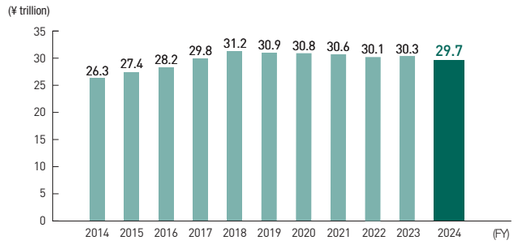
Growth Potential Indicators

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



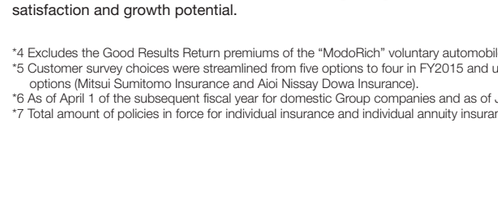
Consolidated net premiums written is one of the numerical management targets in the Medium-Term Management Plan. The premium growth rate indicates growth potential in premium income for the domestic non-life insurance business and international non-life insurance business.

Policies in force*7 (domestic life insurance business)



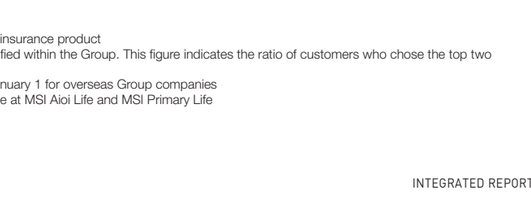
Policies in force are one of the basic indicators of the performance of life insurance companies. It represents the total amount of money guaranteed to policyholders of valid policies at the end of a fiscal year. (See "Basic Knowledge about the Insurance Industry" on p. 120.)

Customer satisfaction*5



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

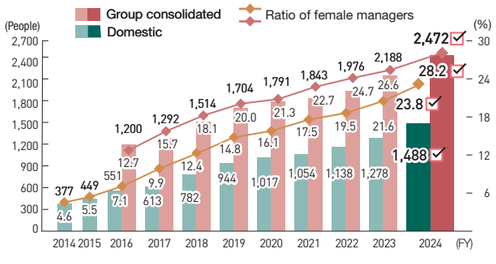
Employee satisfaction



Scope: Domestic Group companies. All-employee average on a 6-point scale.

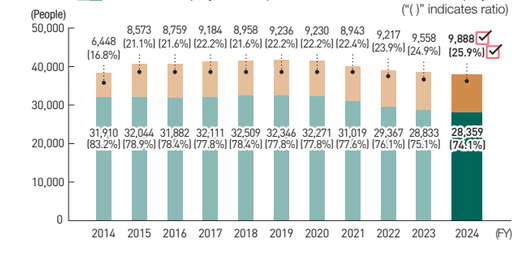
We consider "mission/vision/value (MVV) awareness" and "pride, feeling motivated" on the part of Group employees to be important elements in achieving sustainable growth in corporate value and always aim to improve these areas.

☑ 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 The definitions for adjusted profit and adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan "Vision 2021," which was initiated in FY2018. (See the "Glossary of Insurance Terminology" on p. 117 for details.)
*2 Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
*3 For FY2014 to FY2016, GHG emissions resulting from tenant use of rental properties were included in our own GHG emissions. Moreover, emissions for FY2014 and 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 January 1 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

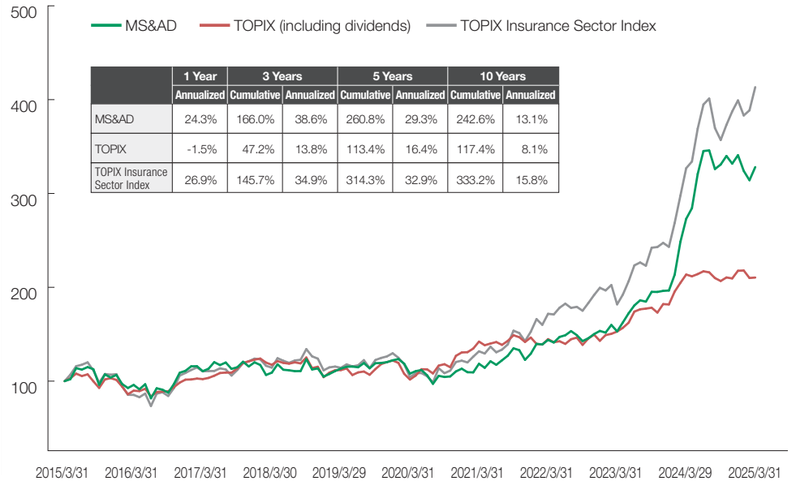
11-Year Performance

Key Management Indicators

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Consolidated financial data (¥ million)											
Ordinary income	4,689,658	5,013,038	5,335,239	5,217,835	5,500,438	5,168,361	4,892,244	5,132,042	5,251,271	6,572,889	6,660,813
Net premiums written	2,939,113	3,078,732	3,407,389	3,440,976	3,497,572	3,573,732	3,500,996	3,609,052	3,934,473	4,261,736	4,674,301
(Net premiums written)*1	(2,940,756)	(3,078,995)	(3,406,966)	(3,446,940)	(3,500,403)	(3,573,732)	(3,500,996)	(3,609,052)	(3,934,473)	(4,261,736)	(4,674,301)
Insurance claims paid (non-life + life)	1,996,675	2,023,599	2,162,773	2,311,295	2,528,145	2,403,833	2,307,722	2,418,385	2,772,451	2,774,237	2,981,393
Ordinary profit/(loss)	287,061	291,578	352,612	211,548	290,847	157,701	306,524	390,499	231,113	416,440	928,989
Net income attributable to owners of the parent*2	136,247	181,516	210,447	154,057	192,705	143,030	144,398	262,799	161,530	369,266	691,657
Comprehensive income/(loss)	807,972	-233,116	114,294	311,096	-79,701	-157,288	753,938	310,470	-80,923	1,527,696	-17,284
Net assets	3,036,663	2,725,274	2,734,432	2,968,387	2,778,047	2,494,038	3,126,657	3,302,749	3,056,273	4,513,562	4,052,835
Total assets	18,788,046	20,303,649	21,234,300	22,472,927	23,132,539	23,196,455	24,142,562	25,033,846	25,000,433	26,960,207	26,241,298
Consolidated solvency margin ratio*3	803.9%	743.3%	872.6%	819.3%	807.3%	781.3%	916.0%	857.9%	777.7%	771.8%	708.7%
Equity ratio	16.0%	13.3%	12.8%	13.1%	11.9%	10.6%	12.8%	13.0%	12.0%	16.6%	15.2%
Return on equity (ROE)	5.18%	6.36%	7.78%	5.45%	6.77%	5.50%	5.22%	8.3%	5.2%	9.8%	16.3%
Combined ratio (domestic non-life insurance)*4	95.8%	91.6%	92.4%	92.7%	99.4%	95.8%	93.0%	93.3%	98.7%	99.3%	99.4%
Group core profit*5/Group adjusted profit*6	¥155.7 billion	¥147.5 billion	¥213.7 billion	¥105.1 billion	¥189.8 billion	¥233.1 billion	¥214.6 billion	¥347.1 billion	¥172.7 billion	¥379.9 billion	¥731.7 billion
Group ROE*7/Group adjusted ROE*8	5.9%	5.2%	7.9%	3.7%	6.1%	8.0%	6.7%	9.5%	4.8%	9.0%	15.7%
Per share data (yen)											
Net income per share (basic)*9	73.78	99.57	116.98	86.68	109.57	82.78	85.26	158.17	99.93	231.83	445.52
Net income per share (diluted)*10	–	–	116.96	86.66	109.53	82.74	85.21	158.10	99.90	231.77	445.45
Group core profit/(loss) per share/ Group adjusted profit*11	84.33	80.94	118.79	59.15	107.95	134.97	126.73	208.96	106.86	238.54	471.38
Dividend per share (DPS)	21.66	30.00	40.00	43.33	46.66	50.00	51.66	60.00	66.66	90.00	145.00
Book-value per share (BPS)	1,673.13	1,489.86	1,524.27	1,654.88	1,570.70	1,436.12	1,841.80	1,985.07	1,877.98	2,817.00	2,647.01
Stock price–related data											
Year-end market price (closing price) (yen)	1,123	1,045	1,180	1,118	1,123	1,008	1,083	1,326	1,368	2,711	3,225
Price-earnings ratio (PER) (times)*12	15.23	10.50	10.09	12.90	10.25	12.18	12.70	8.38	13.70	11.69	8.42
Price-to-book ratio (PBR) (times)*12	0.69	0.70	0.77	0.68	0.72	0.70	0.59	0.67	0.73	0.96	1.22
Dividend yield*12	1.9%	2.9%	3.4%	3.9%	4.2%	5.0%	4.8%	4.5%	4.9%	3.3%	4.5%
Annual total shareholder return (TSR)*13	45.3%	-4.9%	16.7%	-1.6%	4.6%	-5.8%	12.5%	28.0%	8.2%	104.8%	24.3%
Stock price volatility (annual rate)*14	25.3%	41.0%	36.9%	19.7%	16.2%	19.4%	23.2%	21.7%	23.7%	27.2%	39.0%
Capital management policy data (¥ million)											
Total dividends	39,900	54,447	71,489	77,014	81,720	85,770	86,995	99,088	107,140	143,348	221,331
Dividend payout ratio (consolidated)	29.4%	30.1%	34.2%	50.0%	42.6%	60.4%	60.6%	37.9%	66.7%	38.8%	32.5%
Aggregate amount of repurchase*15	29,992	19,996	29,938	29,981	31,972	34,999	34,999	74,999	19,999	199,999	(Maximum) ¥145 billion
[Average repurchase price (yen)]*16	(1,124)	(1,014)	(1,246)	(1,146)	(1,160)	(1,135)	(1,095)	(1,346)	(1,706)	(3,180)	–
Shareholder return ratio*17	44.9%	50.4%	47.7%	101.8%	60.0%	52.0%	57.0%	50.0%	74.0%	90.0%	(Plan) 50.0%
Nonfinancial data											
Customer satisfaction (accident response of automobile insurance)*18	89.1%	95.5%	95.6%	96.0%	96.6%	96.5%	96.9%	97.1%	96.5%	96.1%	95.0%
Number of employees	38,358	40,617	40,641	41,295	41,467	41,582	41,501	39,962	38,584	38,391	38,247
(of which at consolidated overseas subsidiaries) ☑	(6,448)	(8,573)	(8,759)	(9,184)	(8,958)	(9,236)	(9,230)	(8,943)	(9,217)	(9,558)	(9,888) ☑
Number of female managers*19 (domestic) ☑	377	449	551	613	782	944	1,017	1,054	1,138	1,278	1,488 ☑
Number of employees participating in social contribution activities (domestic)	15,124	16,507	19,861	20,022	23,601	27,673	26,519	23,024	22,553	21,231	21,406
Greenhouse gas emissions (Scope 1 + 2)*20 ☑	123,567t-CO_2	119,953t-CO_2	120,930t-CO_2	104,669t-CO_2	98,110t-CO_2	88,458t-CO_2	77,255t-CO_2	71,491t-CO_2	64,760t-CO_2	57,222t-CO_2	53,114t-CO_2 ☑
Paper consumption (domestic)	13,283t	13,940t	13,005t	11,085t	10,545t	13,051t	10,035t	9,090t	8,301t	7,646t	6,913t

☑ A check mark indicates that FY2024 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

Total shareholder return (TSR) over the past 10 years



	1 Year	3 Years		5 Years		10 Years	
	Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
MS&AD	24.3%	166.0%	38.6%	260.8%	29.3%	242.6%	13.1%
TOPIX	-1.5%	47.2%	13.8%	113.4%	16.4%	117.4%	8.1%
TOPIX Insurance Sector Index	26.9%	145.7%	34.9%	314.3%	32.9%	333.2%	15.8%

- The graph shows the fair value (investment performance) of investments at each point in time, with the investment amount as of March 31, 2015, set as 100.
- We have calculated our total shareholder return (TSR) based on the accumulated amount of dividends and the share price. Moreover, when accumulating dividends, the amount of dividends prior to the stock split is calculated using detailed figures without rounding fractional amounts.
- Returns for TOPIX data are calculated using the index including dividends.
- Rates of return beyond one year are converted to annualized rates of return by averaging over multiple years.

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

*1 Figures are presented exclusive of the Good Results Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich," which contains a special rider 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 the repurchase price in FY2024 is ¥145 billion (maximum). Of this amount, ¥60 billion has already been acquired. The acquisition period for the remaining ¥85 billion (maximum) is from May 21, 2025, to December 23, 2025 (resolved at the Board of Directors meeting held on May 20, 2025).
*16 The average repurchase price for FY2024 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 FY2014 to FY2016, greenhouse gas emissions resulting from the tenant use of rental real estate are reported as in-house emissions. Moreover, emissions for FY2014 and FY2015 were calculated before the acquisition of MS Amlin, etc., and thus its emissions are not included in these figures.

Domestic Non-Life Insurance Business

■ Aspirations

The domestic non-life insurance business will review its business practices, thoroughly implement customer-focused business operations, and engage in corporate activities that place customers at the center. Considering factors such as deteriorating insurance underwriting profit and the increasing severity and frequency of natural catastrophes and the persistence of inflation, we will work to improve the profitability of automobile insurance and strengthen earning power in fire insurance and other lines of casualty insurance.

■ Business Environment

Strengths and features

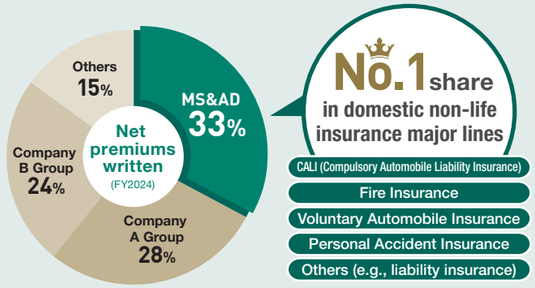
- To meet diversifying customer needs brought on by changes in social structure and lifestyles, we provide products and services through three insurance companies with different business models (such as products and sales channels).
- Mitsui Sumitomo Insurance operates businesses globally mainly based on the broad networks of the Mitsui Group and the Sumitomo Group. Aioi Nissay Dowa Insurance operates locally rooted businesses in collaboration with the Toyota Group and the Nippon Life Insurance Group. Mitsui Direct General Insurance specializes in direct sales to individual customers. We apply their respective strengths to maintain a competitive advantage in the Japanese market.

Risks and opportunities

- The environment surrounding traditional insurance lines such as fire insurance and voluntary automobile insurance has become increasingly challenging every year. In recent years, insurance payouts have risen due to increasingly severe and frequent natural catastrophes, and the burden on business expenses has increased because of rising inflation and wage increases. Furthermore, there are concerns about the future contraction of the insurance market due to the falling birth rate and aging population in Japan.
- Our Group views the emergence of social issues stemming from various environmental changes, such as the advancement of digitalization, as business opportunities. We position our domestic non-life insurance business as our core business and aim for sustainable growth by steadily capturing insurance needs for new risks.

Market position

- Backed by the largest customer base in Japan and diverse partnerships, we have captured the largest market share in major lines of business in the domestic non-life insurance market.



No.1 share in domestic non-life insurance major lines

- CALI (Compulsory Automobile Liability Insurance)
- Fire Insurance
- Voluntary Automobile Insurance
- Personal Accident Insurance
- Others (e.g., liability insurance)

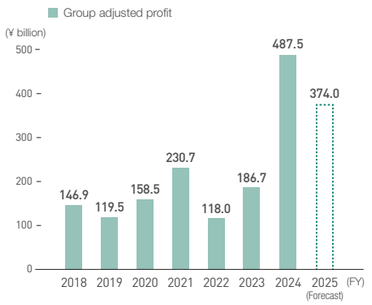
MS&AD Mitsui Sumitomo Insurance
MS&AD Aioi Nissay Dowa Insurance
MS&AD Mitsui Direct General Insurance

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

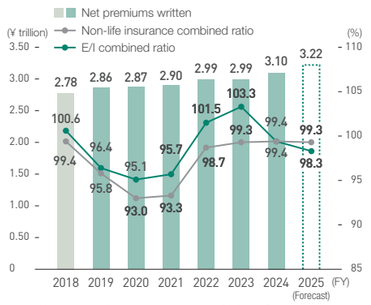
■ Group Management Figures

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

Group adjusted profit



Net premiums written and combined ratio*



ROR trend



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

■ Initiatives and future challenges for improving ROR

- We implemented revisions such as rate increases for our core automobile insurance and fire insurance, which had been operating at a loss for many years.
- Improving profitability is a pressing issue for automobile insurance. For fire insurance, although it turned profitable in FY2024, improving profitability to cover capital costs remains a challenge.

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

Voluntary automobile insurance profitability improvements

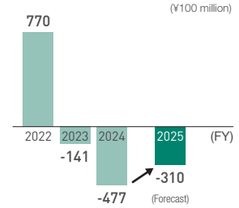
Measures

- Premium rate increase (January 2025) and optimization of underwriting and claim payments
- Strengthen measures to counter secondary perils such as hailstorms
- Support improving profitability in accident prevention by using data and AI, and eliminating fraudulent claims, etc.

Achievements

- In FY2024, the loss ratio worsened and insurance underwriting profit remained negative owing to an increase in the frequency of accidents, increases in labor and parts unit costs, and an increase in the average payout per claim owing to inflation and other factors, which were aggravated by the impact of hailstorms at the beginning of the fiscal year.
- Going forward, we will strive to improve profitability by strengthening the implementation of the above measures and closely monitoring income and expenditures and revising rates as necessary.

Insurance underwriting profit*1 (¥100 million)



Fire insurance profitability improvements

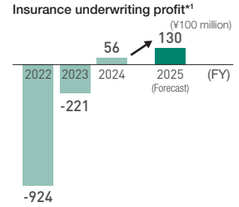
Measures

- Revised products and premium rates (October 2024) and strengthened 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 measures to specific contractors and promoting the use of specialized disaster recovery companies

Achievements

- Insurance underwriting profits turned positive in FY2024 through various measures
- Progress in improving our underwriting portfolio, with the percentage of contracts that can be ensured to break even exceeding 50%
- From now on, we will aim to increase underwriting profits by continuing to implement measures including large loss prevention

Insurance underwriting profit*1 (¥100 million)



Expansion of casualty insurance

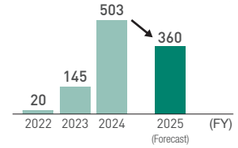
Measures

- Strengthen sales of package products aimed at SMEs, which excel in growth and profitability
- Develop products and services utilizing advanced technologies in collaboration with external companies in Japan and overseas
- Implemented measures to mitigate large losses, including reducing the maximum amount of underwriting liability, exempting specific risks from liability, and raising rates

Achievements

- Steady growth in insurance underwriting profit versus FY2022
- Looking ahead, we will further enhance profitability through market expansion and loss reduction effects by providing service-integrated products

Insurance underwriting profit*1 (¥100 million)



Reduction of business expense ratio

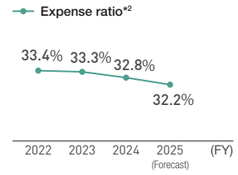
Measures

- Reduction of fire insurance commission
- Cost reductions through the utilization of digital technology and AI and business process reform

Achievements

- Efforts to reduce the business expense ratio are progressing steadily, with the ratio declining smoothly toward the 30% level.
- Going forward, we will leverage the MS/AD merger as an opportunity to implement fundamental structural reforms, with the target of achieving a business expense ratio below the global level of 30%.

Expense ratio*2



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

■ Value creation (CSV×DX)

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

Promotion of AI utilization

Steady progress in introduction throughout the Group

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

*3 Open source software

Examples of our business processes

Claim services domain

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

Call center domain

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

Domestic Life Insurance Business

■ Aspirations

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

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

■ Business Environment

Strengths and features

[Strengths of Mitsui Sumitomo Aioi Life Insurance]
- Strong sales network supported by the largest domestic customer bases of Mitsui Sumitomo Insurance and Aioi Nissay Dowa and close relationships with leading Japanese corporate groups

[Strengths of Mitsui Sumitomo Primary Life Insurance]
- High level of expertise in providing advanced products and services and a solid track record as a pioneer in over-the-counter sales via financial institutions

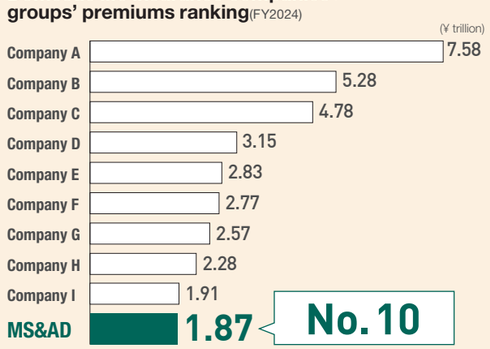
Risks and opportunities

- The social structure is changing, including increases in the burden of nursing care and medical expenses with the falling birth rate and aging population, and the arrival of the era of considerable inheritances and living wills.
  In the domestic life insurance business, we are achieving growth by positioning the social issues emerging because of these changes as business opportunities and by steadily capturing demand related to new risks.
- Mitsui Sumitomo Aioi Life Insurance is responding to diversifying customer needs by enhancing its lineup of healthcare services called “MSA Care,” which contributes to the early detection of illness in addition to developing offerings centered on protection-type products.
- At Mitsui Sumitomo Primary Life Insurance, we are responding to growing social interest in asset formation, extending the longevity of assets, and smooth asset succession through inheritance and gifts by providing life insurance products and services that support these needs.

Market position

- It has been growing steadily as the core business of the Group, including ranking 10th in terms of premiums and other income (FY2024).
- We will continue to build a well-diversified business portfolio by expanding our domestic life insurance business.

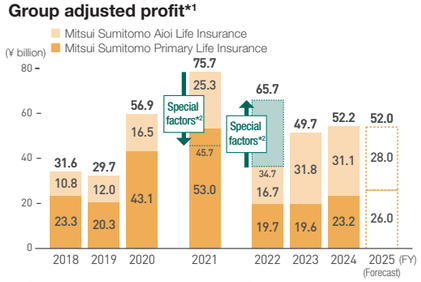
Domestic life insurance companies / groups’ premiums ranking(FY2024)



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

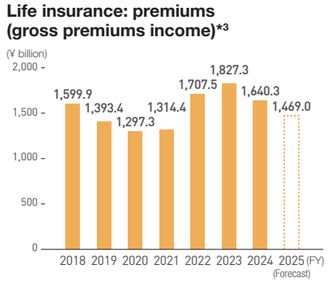
■ Group Management Figures

Group adjusted profit*1



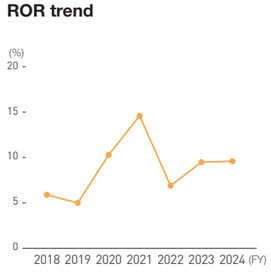
*1 Life insurance business totals include purchase difference adjustments, etc.
*2 Factors affecting profit on a one-time or individual basis

Life insurance: premiums (gross premiums income)*3



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

ROR trend



MSA	We are working to introduce highly profitable and competitive products, further promote cross-selling, and strengthen customer follow-up.
MSP	In addition to improving asset management yields, we are working to enhance the appeal of our products and services beyond yields.

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

Step up customer approaches utilizing distribution channels

Measures

Mitsui Sumitomo Aioi Life Insurance
- Step up cross-selling of life insurance and non-life insurance by non-life insurance agents and strengthen partnership sales of Mitsui Sumitomo Primary Life Insurance products

Mitsui Sumitomo Primary Life Insurance
- In addition to sales at Japanese financial institutions nationwide, we will diversify our sales channels to include general agents such as walk-in shops as well as online companies offering digital services, thereby strengthening our ability to reach customers.

Achievements
- Mitsui Sumitomo Aioi Life Insurance pursued Group synergies and increased the life and non-life cross-selling ratio to 23.0%. In addition, Mitsui Sumitomo Primary Life Insurance’s product sales expanded beyond ¥50 billion in the first stage of the Medium-Term Management Plan (2022–2025). We also promoted “MSA Care,” a pre- and post-protection healthcare service, which has been introduced in more than 3,500 companies.
- Mitsui Sumitomo Primary Life Insurance, in addition to expanding partnership sales with Mitsui Sumitomo Aioi Life Insurance, has begun offering asset-building products that award points based on premium payments through online, non-face-to-face applications. Through these initiatives, the company strives to broaden its sales channels in line with the growth vision set out in the Medium-Term Management Plan (FY2022–2025), namely, “Product × Sales Mix” (optimizing products and channels).

Improvement in profitability through expansion of investment income

Measures

Mitsui Sumitomo Aioi Life Insurance
- Expand the scale of higher return assets to ¥980 billion (FY2025)

Mitsui Sumitomo Primary Life Insurance
- Improve investment income through appropriate risk-taking in line with the advancement of risk management, based on rigorous ALM management

Achievements
- Mitsui Sumitomo Aioi Life Insurance controlled interest rate risk by purchasing ultra-long-term bonds, and increased open foreign bonds and other assets, thus ensuring soundness and liquidity, while also promoting risk-taking. (Higher return assets stood at ¥976.3 billion as of March 31, 2025.)
- Mitsui Sumitomo Primary Life Insurance took steps to enhance risk management by strengthening ALM management while also promoting investment in assets that can be expected to earn illiquidity premiums, and other investments aimed at expanding investment income through appropriate risk taking.

Provision of products and services that contribute to solving social issues

Measures

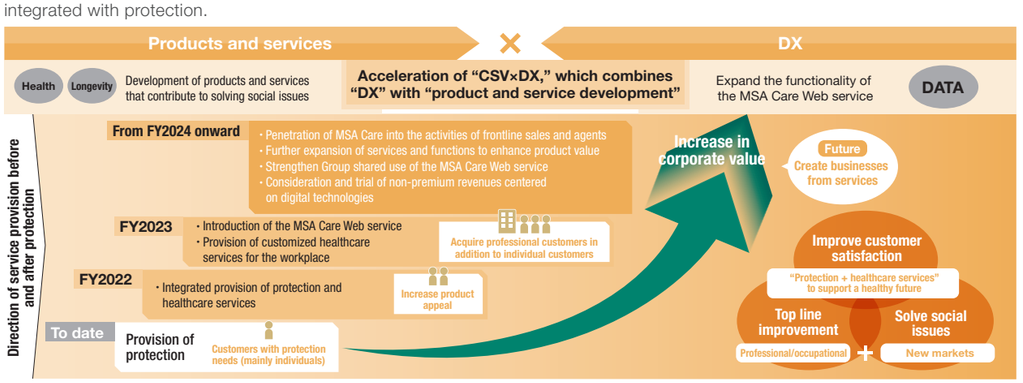
Mitsui Sumitomo Aioi Life Insurance
- Development of products and services that contribute to solving social issues such as nursing care and dementia
- Integrated provision of products and the “MSA Care” healthcare service to address the progression of the aging society

Mitsui Sumitomo Primary Life Insurance
- Providing products and services such as individual annuity insurance and whole-life insurance that contribute to solving social issues such as asset formation, asset life extension, and asset succession

Achievements
- Mitsui Sumitomo Aioi Life Insurance has expanded its range of healthcare services that are compatible with products such as nursing care/dementia insurance and has promoted the integrated provision of insurance and services.
- Mitsui Sumitomo Primary Life Insurance has provided products and services for a wide range of customers, including cumulative sales of products that meet the needs for gifting assets to children while alive aimed at smooth asset succession (e.g., “Yasashisa, Tsunagu 2”) exceeding ¥3 trillion and reaching 50,000 contracts for tontine-type annuities, an asset-building product designed to prepare for longevity.

■ Value creation (CSV×DX)

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



International Business

■ Aspirations

With growth in the domestic non-life insurance business expected to slow over the medium to long term due to a falling birth rate and aging population, boosting revenue in the international business is increasingly important for the growth of the Group. On the other hand, new risks and associated insurance needs are emerging globally due to various changes in the environment, including climate change, heightened geopolitical risks, and increasing international economic and financial uncertainty, as well as changes in lifestyle due to technological innovations.
In this business environment, we will provide security and safety to our diverse stakeholders by offering products and services that meet the insurance needs of international and local communities and customers and thus drive the sustainable growth of the Group.

■ Business Environment

Market position

- In addition to underwriting risks globally in the Lloyd's and reinsurance business, we are expanding our businesses in regions around the world, including the Americas, Europe, and Asia, and in FY2024, this business grew to a scale of ¥1,865.8 billion in net premiums written (non-life only) and ¥188.8 billion in Group adjusted profit. In Asia in particular, we have the strength of the No. 1 position in ASEAN in terms of gross written premiums.

Understanding of the environment

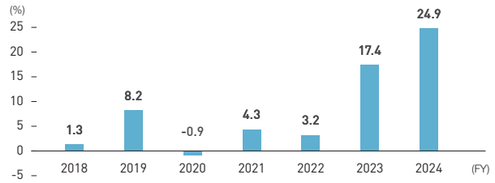
[Five Global Trends]
- Global population shift (aging developed countries, population growth in developing countries)
- Resource scarcity (energy, food, water), climate change
- Changes in the nature of the economy (further increase in the value of services)
- Tech evolution
- Changes in nations and the nature of government (changes in governance)

[Business opportunities from environmental changes]
- Softening of the insurance market as a whole
- Post-COVID-19 economic recovery
- Recovery of the asset management environment
- Economic growth in emerging countries, particularly in Asia
- Market trends accompanying social and economic changes

■ Initiatives to boost RoR

In our international business, we are working to reduce overseas natural catastrophe risk to improve ROR. The FY2024 ROR was 24.9%, up 7.5 percentage points from the end of the previous year, and averaged 9.8% over the past five years, showing steady results. With the market cycle expected to soften, we will work to address issues such as thorough cycle management and business cost reductions that will contribute to sustainable profitability improvement.

ROR trend

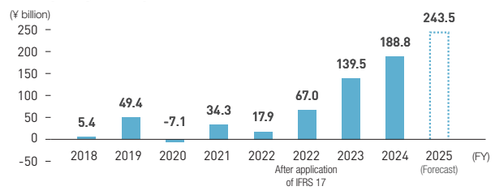


■ Progress of the Medium-Term Management Plan (2022–2025)

Group adjusted profit

In FY2024, the international business generated Group adjusted profit of ¥188.8 billion, a record high. It also accounted for approximately 59% of total Group adjusted profit (excluding gains/losses on sales of strategic equity holdings). We will continue to expand our earnings and lead the Group's further growth.

Group adjusted profit

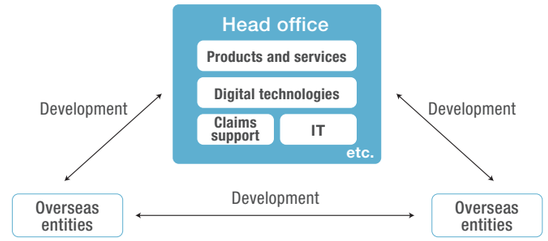


Recovery of profitability in the Lloyd's and reinsurance business

Efforts to reduce volatility by managing and controlling catastrophe risk (e.g., hurricanes in North America), portfolio replacements that comply with underwriting discipline, and reducing operating expenses through operational efficiency improvements are progressing steadily toward a recovery in profitability. In preparation for the advent of full-scale market softening, we will work to further enhance cycle management to ensure sustainable and stable earnings.

Pursuit of the Group's comprehensive strengths

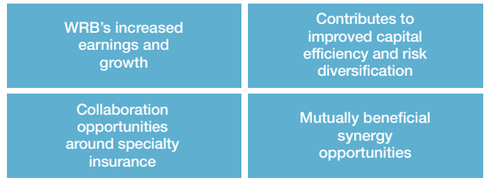
We are promoting the "TENKAI Project," which aims to accelerate the expansion of the Group's corporate value and sustainable growth through sharing and implementation of the knowledge and expertise of entities in Japan and overseas among each Group company and demonstrating Group synergies. We are accumulating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



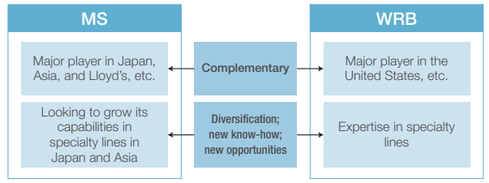
Achievements in growth investment

We use the proceeds from the sale of strategic equity holdings for growth investments that contribute to improving the profitability and corporate value of the MS&AD Group. As part of this initiative, we have established a cooperative relationship with the founding family of W. R. Berkley Corporation (hereinafter "WRB") regarding partnership and investment. WRB is a leading specialty insurance company in the United States, boasting high growth and profitability, as well as advanced underwriting know-how. We aim to achieve synergies that will lead to further growth through collaboration between WRB, which is a major player in the United States, and the MS&AD Group, which has a strong presence in Japan, Asia, Lloyd's, and other regions and markets.

Aims and significance of investment



Cooperation



■ Lloyd's and reinsurance business*

- MS Amlin Underwriting Limited, a major Lloyd's syndicate, and MS Amlin AG, a reinsurance company based in Bermuda and Switzerland, provide insurance services to customers that take advantage of their respective unique characteristics, and they play a central role in the Group's international business in terms of generating earnings.

*Includes Mitsui Sumitomo Insurance Company (Europe), Limited (brand name: MSIG UK), a direct insurance company in the United Kingdom.

1. MS Amlin Underwriting Limited (hereinafter "MS Amlin (AUL)")

- Lloyd's, where MS Amlin (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.
- MS Amlin (AUL) ranks among the top 10 in terms of premium scale (2024) in Lloyd's and has built a portfolio of highly profitable lines. We will continue to maintain underwriting discipline while diversifying and expanding our portfolio to improve profitability.

2. MS Amlin AG (brand name MS Reinsurance (hereinafter "MS Re"))

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



MS Amlin (AUL)



MS Re Zurich


MS Re Bermuda

Americas business

- We have bases in North America and Latin America and engage in the non-life insurance business. In the United States, the world's largest insurance market, we have previously focused mainly on underwriting for Japanese companies in our business, but we are also making full-scale inroads into the local market.
- In January 2023, we acquired Transverse Insurance Group, LLC, a leading fronting company in the U.S. MGA* market, and together with Mitsui Sumitomo Marine Management (U.S.A.), Inc. (brand name: MSIG USA), we are promoting profit expansion and the diversification of revenue sources in the United States.
- In addition, following the partnership and investment with the founding family of WRB, we will expand our portfolio in a balanced manner through our three businesses in the United States.

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

Presence in the United States

MSIG USA

- MSIG USA, our wholly owned subsidiary, focuses on the broker market as its primary channel. In addition to non-cat lines such as property and liability, it is also strengthening high-margin specialty lines by hiring line-specific underwriting leaders with proven market track records.

MS Transverse

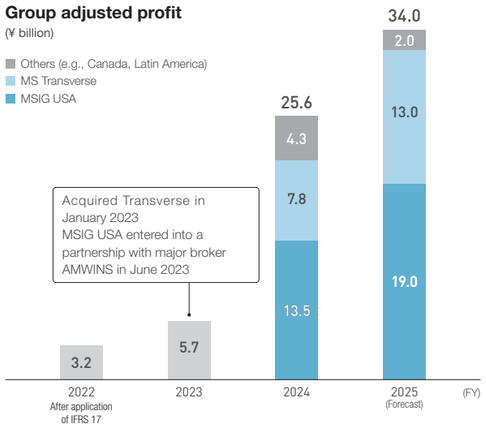
- MS Transverse, our wholly owned subsidiary, operates a hybrid fronting business that efficiently captures growth while controlling risk in the fast-growing MGA market.

Berkley

- We will work together with WRB to increase value for both groups.

Group adjusted profit

(¥ billion)

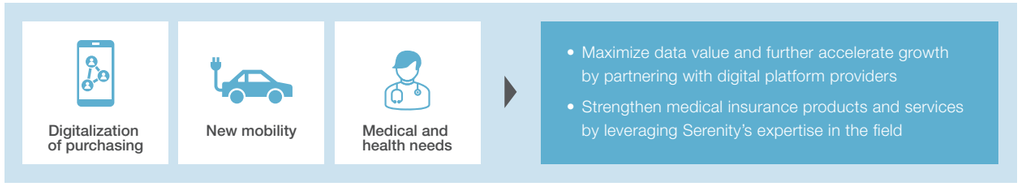


Asia business

- Our strength is our broad business foundations covering the ASEAN region, India, China, etc.
- We strive to maintain our No. 1 position in ASEAN and pursue accelerated profit growth by capturing market trends shaped by social and economic change.
- To accelerate the capture of revenue opportunities, we will also consider business alliances and investments that leverage the strengths of our Asian entities. This will further strengthen our presence and brand in Asia and enable us to become a market leader that continues to be chosen by customers and partners within the region.

Key initiatives

Promote initiatives to capture new revenue opportunities aligned with dynamic social and economic trends



Europe, Middle East, and Africa Business

- In our Continental Europe business, we merged MS Amlin Insurance SE (AISE), which has strengths in the small and medium-sized enterprise markets in the Netherlands, France, and Belgium, with MSIG Insurance Europe AG (MSIGEU), which has strengths in the large corporate markets in Germany and France, and launched MSIG Europe SE on July 1, 2025.
- The new company will expand its diversified portfolio by business line and region, while working to improve operational efficiency and strengthen profitability through the merger, with the aim of achieving sustainable growth in the mature continental European market.
- We have entities in the UAE in the Middle East and in South Africa on the African continent. We have established a network utilizing leading local insurance companies and brokers to strengthen our service system for customers, mainly Japanese companies, in both regions.

Medium- to long-term outlook following the merger

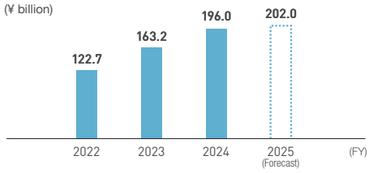
- Through the merger, we aim to become a second-tier position in the European corporate insurance market, expanding a balanced portfolio from large to small and medium-sized corporations, leveraging the strengths of both companies, particularly in Germany and France.
- By revising reinsurance policies and improving management efficiency to strengthen profitability, the profit level is expected to surpass the simple combined value of the two companies within approximately three years post-merger.
- By carefully monitoring market cycles, we aim to steadily enhance profitability, targeting Group adjusted profit of ¥25.0 billion and an ROE of 10% or more by 2030.

Toyota retail business and international telematics business

- We provide voluntary automobile insurance and related products through Toyota/Lexus dealers in 38 countries and regions around the world, and net premiums written are steadily increasing thanks to an increase in the number of new vehicles sold and an increase in the coverage ratio.
- We offer telematics automobile insurance in 14 countries. We will also further accelerate the development and deployment of cutting-edge connected mobility insurance.

Net premiums written

(¥ billion)



Telematics automobile insurance (example)



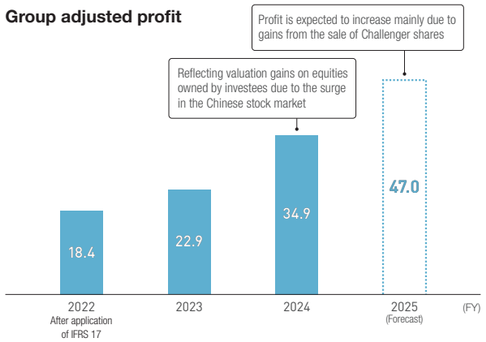
PHYD (Pay How You Drive)

We obtain and analyze driving behavior data related to emergency braking, sudden acceleration, fast cornering, etc., and calculate insurance premiums based on driving characteristics

International life insurance business

- We aim to enhance earnings and corporate value through partnerships with major financial conglomerates and banks, etc., with strong sales channels, particularly in China and India where markets continue to grow, while achieving stable growth in the expanding U.K. pension and asset-building market.
- We will continue diversifying risk and profit sources while further enhancing capital efficiency.

Group adjusted profit

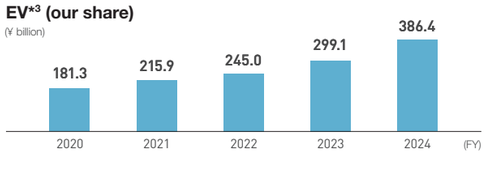


Growth of the life insurance market

- China, India, Malaysia, Indonesia: Expected to grow*1 at an annual rate of 10.7% through 2031
- U.K.: The annuity and asset-building market is substantial, expanding by more than GBP200 billion annually*2

EV*3 (our share)

(¥ billion)



*1 Source: Allianz Insurance Report 2021 *2 Source: Phoenix IR materials
*3 The total EV calculated for entities under the Asian Life Insurance Business Dept. This is determined by multiplying the local end-of-period EV by the exchange rate at each period's end.

Financial Services Business

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

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

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

1 Asset building–related business
(financial services for individuals, asset management, variable annuity reinsurance)



2 Provision of risk solutions contributing to ESG
(weather derivatives, insurance-linked securities*1)



3 Response to changes in the social environment
(e.g., investment in start-ups)



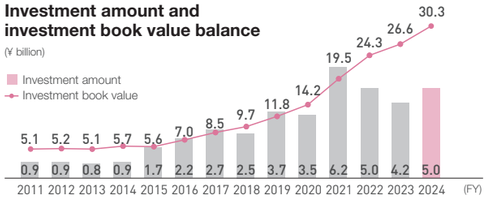
*1 Insurance-linked securities: Collective term for securitization products that transfer natural catastrophe risks and other insurance risks to the capital markets

■ Examples of initiatives

Venture capital

- Through MS&AD Ventures and MITSUI SUMITOMO INSURANCE Capital, we invest in start-ups in Japan and overseas, including AI, IT businesses, healthcare, and climate tech, that are expected to grow rapidly from the perspective of innovation, uniqueness, and forward-looking policy.
- At MITSUI SUMITOMO INSURANCE Capital, we are actively promoting initiatives such as sales expansion support for investee companies and business matching between investee companies utilizing the Mitsui Sumitomo Insurance network. We are also strengthening synergies with Group companies such as Mitsui Sumitomo Aioi Life Insurance and MS&AD InterRisk Research and Consulting, Inc. In FY2024, we invested approximately ¥5.0 billion, mainly in IT services, space, and climate tech companies in Japan and overseas.

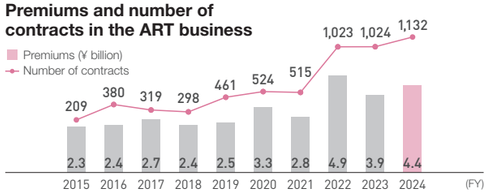
Investment amount and investment book value balance



ART*2

- Mitsui Sumitomo Insurance is expanding its ART business by providing risk solution services that leverage financial technology and capital markets to address customer needs related to economic losses caused by natural disasters and extreme weather events.
- For customers seeking to hedge risks, we offer weather and earthquake derivatives and other products in collaboration with our U.S. subsidiary, MSI Guaranteed Weather, LLC, and domestic financial institutions.
- Mitsui Sumitomo Insurance provides investment advisory services for the CAT bond funds managed by Sumitomo Mitsui DS Asset Management Company and solicits domestic institutional investors for the funds managed by Leadenhall Capital Partners LLP, a U.K. subsidiary.

Premiums and number of contracts in the ART business



Premiums are conversion amounts for option transactions, and the number of transactions includes cases where multiple transactions are counted as one security.

Financial services for individuals

- Mitsui Sumitomo Insurance has developed Manema, a service that succeeds "100-year Life Lounge," which supports employees in asset building. Manema is an app designed to make money an ally, created with the aim of helping people enhance their financial literacy and secure peace of mind for the future. Users can learn about money through articles and seminars, and with features such as a household budget book and life plan simulation they can take the first step toward building their assets. We are currently preparing to roll out this service to our customers.

マネマ



Defined Contribution Pension

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

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

Digital/Risk-Related Services Business

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

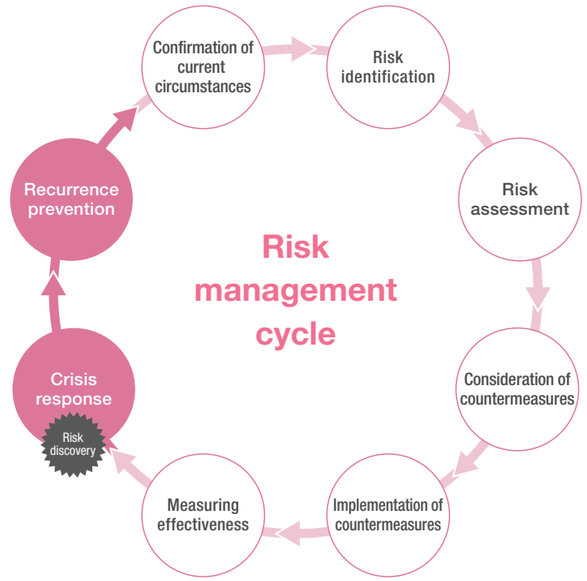
Create new services and business opportunities using digital technologies and data before and after coverage and protection, with MS&AD InterRisk Research and Consulting, Inc., leading the Group as a "Platform Provider of Risk Solutions."

Service deepening (increased sophistication)

Utilization of digital data to enhance existing solutions

New business model creation (generalization)

Utilization of digital data to provide new solutions and promote sales



■ Examples of initiatives

RM NAVI

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



Cyber Risk Finder

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



Flood Risk Finder

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



■ Other businesses

Assistance services

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



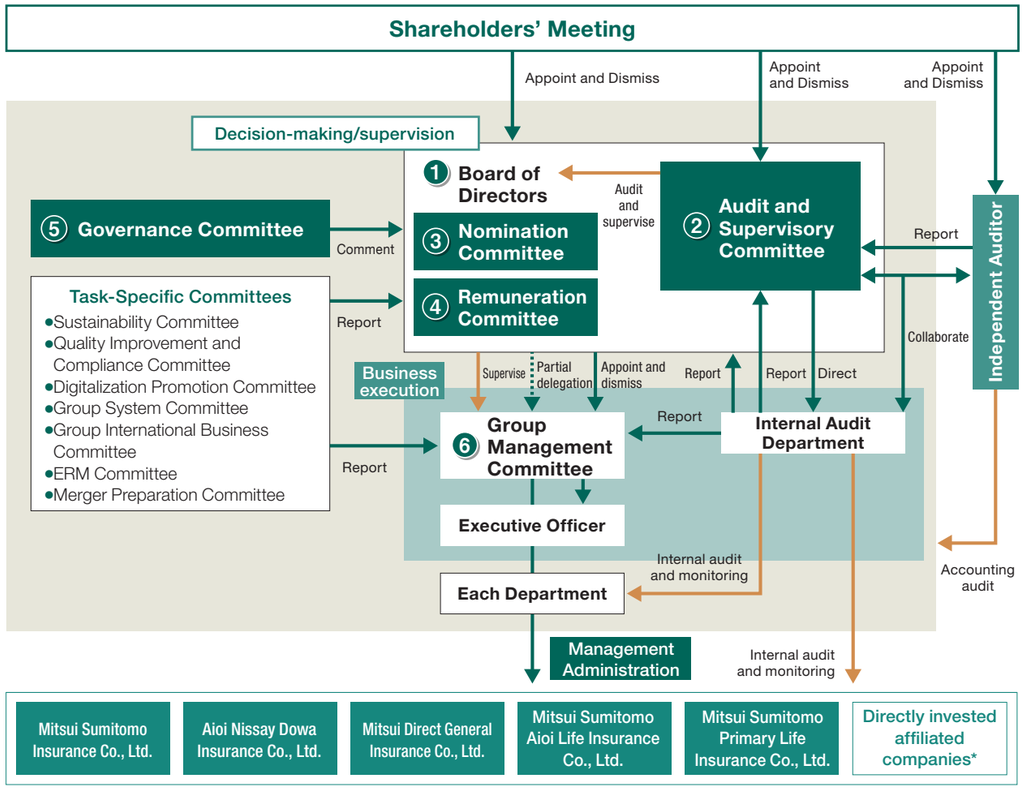
Corporate Governance

Corporate Governance System

As a Company with an Audit and Supervisory Committee, the Company aims to expedite decision-making and business execution by appropriately exercising the supervisory function of the Board of Directors and delegating part of important business execution decisions to Directors. In addition, the Audit and Supervisory Committee has the function of auditing the execution of duties by Directors as part of the Board of Directors and will endeavor to improve governance through strengthening both functions and actively disclosing information.
The Company has formed the Nomination Committee, the Remuneration Committee, and the Governance Committee (the majority of each committee's members and each chairperson have been appointed from among the Independent Outside Directors) as internal committees of the Board of Directors, thus building a highly effective and transparent corporate governance system.

MS&AD Insurance Group Holdings, Inc.

(As of July 1, 2025)



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

❶ Board of Directors

As the ultimate decision-making authority for Group management, the Board of Directors deliberates and decides upon matters of importance for Group management and supervises the execution of duties performed by directors, executive officers, and others.
Chairperson: Noriyuki Hara
Internal: Six members Outside: Seven members / FY2024 meetings held 14 times (excluding board meetings held on paper)
Attendance rate 99%

❷ Audit and Supervisory Committee

The purpose of this committee is to audit the execution of duties by Directors to achieve the sound and sustainable growth of the Group and the creation of medium- to long-term corporate value as well as to establish a high-quality corporate governance structure that meets social expectations.
Chairperson: Taisei Kunii (Outside Director, Audit and Supervisory Committee Member)
Internal: One member Outside: Two members

❸ 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; the nomination, promotions, dismissals, and disciplinary actions pertaining to Executive Officers; and the nomination, dismissals, etc., of Directors of the Group's domestic insurance companies.
Chairperson: Rochelle Kopp (Outside Director)
Internal: Three members Outside: Five members / FY2024 meetings held five times
Attendance rate 95%

❹ 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, the remuneration amount, limits on total remuneration for Directors, and the policy for determining Executive Officer remuneration, etc., for the Group's domestic insurance companies.
Chairperson: Akemi Ishiwata (Outside Director)
Internal: Three members Outside: Five members / FY2024 meetings held five times
Attendance rate 95%

❺ Governance Committee

In the Governance Committee, Outside Directors consult with the Chairman & Director, 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 / FY2024 meetings held four times
Attendance rate 100%

❻ Group Management Committee

The Group Management Committee discusses important matters pertaining to management policy and strategy, and management of the Company and the Group. It also deliberates on important matters of the Group's domestic insurance companies.
Chairperson: Shinichiro Funabiki
Members: Executive Officers, President of Mitsui Direct General Insurance, President of Mitsui Sumitomo Aioi Life Insurance, President of Mitsui Sumitomo Primary Life Insurance, Directors who are Audit and Supervisory Committee Members (Standing) / FY2024 meetings held 13 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 summarized by the officer in charge on an as-needed basis and reported to the Group Management Committee, the Board of Directors, and others. The results of the committees' discussions are summarized by the officer in charge on an as-needed basis and reported to the Group Management Committee, the Board of Directors, and others.

Task-Specific Committee Overview

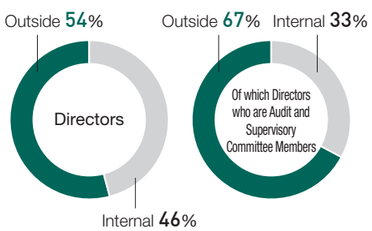
Committee	FY2025 structure									FY2024 initiatives	
	Administrator	Committee members								Number of times held	Main agenda items
		Chairperson	Vice Chairperson	President	Vice President	Senior Executive Officer	Managing Director	Audit and Supervisory Committee Members	Outside Directors		
Sustainability Committee	CSuO Motojima	●	●	●	●	●	●	●	●	4 times	●Discussion on strengthening the alignment between sustainability and work in the Group ●Discussion on the direction of the Group's efforts regarding climate change, natural capital, and respect for human rights ●Discussion on sustainability information disclosure
Quality Improvement and Compliance Committee	CRO Tamura				●	●	●	●	●	5 times	●Discussion promoting customer-focused business operations and various issues related to improving quality within the Group ●Discussion on the status of formulation and implementation of compliance programs for the Group ●Discussion on the development and promotion of the Group's information security management system
Digitalization Promotion Committee	CDO Motoyama	●	●	●	●	●		●		4 times	●Discussion on the direction for strengthening AI governance frameworks and enhancing human resources for formulating AI strategies ●Discussion on strengthening cybersecurity measures and response to global AI regulations ●Discussion on policy for utilizing the My Number Card and confirmation of direction for strengthening Group R&D functions
Group System Committee	CIO/CISO Tsuda				●			●		12 times	●Discussions on initiatives for rebuilding system infrastructure, large-scale system development projects across Group companies, etc. ●Discussion on the status of cybersecurity risk events and the implementation of countermeasures, as well as the occurrence status of system failures and the status of countermeasures
Group International Business Committee	Executive Officer Morimoto	●	●	●	●			●		3 times	●Discussion on business monitoring using ROI as a KPI for overseas subsidiaries to improve capital efficiency and on improvement initiatives and business reviews ●Confirmation and discussion on the progress of key initiatives in the second stage of the Group's Medium-Term Management Plan (U.S. business and Toyota retail business) ●Confirmation and discussion of progress and outlook regarding the review of the decided business portfolio
ERM Committee	CFO Kudo CRO Tamura				●	●		●		7 times	●Discussion of important issues related to improving corporate value, financial soundness, capital efficiency, and the profitability of the Group as a whole ●Discussion on strengthening the Company's internal risk detection capabilities ●Discussion on the introduction of International Financial Reporting Standards (IFRS) and new capital regulations
Merger Preparation Committee	CFO Kudo				●	●		●		–	–

Corporate Governance Evolution

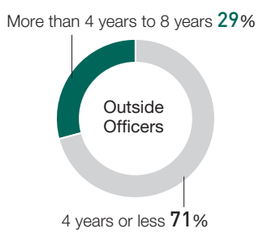
	2010–2013	2014–2017	2018–2021	2022–2025
Medium-Term Management Plan	New Frontier 2013	Next Challenge 2017	Vision 2021	Medium-Term Management Plan (2022–2025)
	Establishing a Group governance system	Strengthening of Group governance	Improving the corporate governance system	Practicing highly transparent and effective corporate governance
Governance Evolution	•Institutional design: Became a Company with an Audit and Supervisory Board •Introduced an executive officer system •Appointed multiple Outside Directors •Established the Nomination Committee and the Remuneration Committee	•Implemented analysis and evaluation of the Board of Directors' effectiveness and published the evaluation results •Introduced performance-linked remuneration •Introduced stock options as a stock-based remuneration system for Directors (excluding Outside Directors) and Executive Officers •Published selection criteria for Directors and Audit and Supervisory Board Members (including criteria for independence) •Newly established the Governance Committee mainly composed of Outside Directors •Newly established titles such as Group CFO and Group CRO •Enacted and released the Basic Policy for Corporate Governance	•Introduced the Group CEO succession plan •Revised the executive remuneration system (Company performance linkage and medium- to long-term performance (nonfinancial indicators) evaluation) •Promoted diversity among the Board members •Reorganized the task-specific committees (launched the Sustainability Committee, the ERM Committee, and the Group Standardization Committee) •Newly established the titles of Group CDO and Executive Officer in charge of promotion of D&I (currently Executive Officer in charge of promotion of DE&I)	•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 <<Second stage of the Medium-Term Management Plan (2024 onward)>> •Newly established the Group Risk Response Conference (with participation of outside experts) •Exchanged opinions with third-party organizations on the results of analysis and evaluation of the effectiveness of the Board of Directors •Transition to a Company with an Audit and Supervisory Committee

Composition of the Board of Directors (As of July 1, 2025)

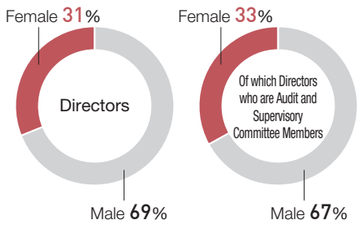
Ratio of Outside Directors



Length of Term in Office of Outside Directors



Ratio of Women



Ratio of Outside Directors on the Board

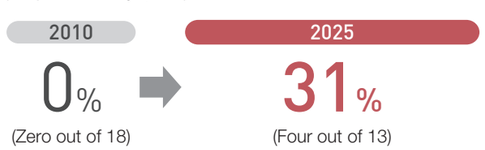
(compared with July 1, 2010)



Increased ratio of Outside Executives

Ratio of Women on the Board

(compared with July 1, 2010)



Increased ratio of women

Skills Matrix of Directors 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.

① Basic skills that are generally required

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

② Relevant skills given that the Group's core business is insurance and the Group is operated globally

Insurance Business | Internationality

③ 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

Officer	Skills								
	Corporate Management	Internationality	IT and Digital	Sustainability	Human Resources and Human Asset Development	Legal Affairs, Compliance, and Internal Audit	Risk Management	Finance and Accounting	Insurance Business
Director Hara	●	●		●	●	●	●		●
Director Kanasugi	●	●		●	●	●			●
Director Funabiki	●	●	●	●	●	●			●
Director Kudo				●		●	●		●
Director Niiro	●	●		●	●				●
Director Tobimatsu		●				●			
Director Kopp	●	●		●	●				
Director Ishiwata				●					
Director Suzuki	●	●		●	●				
Director Okajima					●	●	●		
Director and Audit and Supervisory Committee Member Kawatsu			●	●		●			●
Director and Audit and Supervisory Committee Member Kunii	●							●	
Director and Audit and Supervisory Committee Member Murayama						●			

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 Higuchi	●	●	●	●	●	●	●	●	●
Executive Officer Hayakawa	●	●						●	●
Executive Officer Tsuda	●	●	●		●				●
Executive Officer Arakawa	●			●					●
Executive Officer Motoyama			●		●				●
Executive Officer Hori		●				●	●		●
Executive Officer Morimoto	●	●			●				●
Executive Officer Matsuda				●		●			●
Executive Officer Umiyama		●						●	●
Executive Officer Hirano		●	●						●
Executive Officer Kadoya	●			●	●	●			●
Executive Officer Doisaki		●	●	●					●

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

Evaluation of Board of Directors' Effectiveness and the Analysis Process

Analysis and evaluation process

Conduct and compile self-assessment and board evaluation questionnaires for all directors

- A 16-item questionnaire (questions on the roles, responsibilities, and operation of the Board of Directors) incorporating external knowledge and a gap analysis on the importance and adequacy of the proposals for Board of Directors meetings was distributed in advance, and the survey was conducted in the form of an interview by the secretariat.
- To incorporate external viewpoints into the evaluation of the Board of Directors, we took into consideration the opinions of external organizations on the evaluation of the Board of Directors in FY2023, and the results were reflected in the questionnaire in FY2024.
- We confirmed the implementation of the improvement measures outlined in the evaluation of the Board of Directors in FY2023 (functional improvement measures in FY2024).

Opinion exchange in the outside directors' council

- In an outside directors' council meeting (composed of all the Outside Directors), an exchange of opinions was conducted for the purpose of analysis and evaluation based on the survey results.

Summary of analysis and evaluation, incorporating suggestions for improving Board functionality from the Governance Committee

- The Governance Committee (all Outside Directors, Chairman of the Board, Vice Chairman of the Board, and President) has conducted analysis and evaluation based on the results of the exchange of opinions at the outside directors' council meeting and the opinions of external experts and has organized measures to improve functions in FY2025.

Based on the results, implement functional improvement measures

Analysis and assessment of the Board of Directors' effectiveness

The results were as follows, based on the content of discussions and the performance of functions by the Board of Directors in FY2024, its operational aspects, the training and information provided to outside officers, and other factors.

Evaluation results	● All Directors strongly recognize that the Medium-Term Management Plan is a commitment to stakeholders to achieve the Group's aspirations, and sufficient information is shared and constructive discussions are held on the management of progress and countermeasures. ● There are ample opportunities for frank exchange of opinions among Directors, which contributes to the improvement of the quality of discussions at the Board of Directors as a whole. It was appropriate to set up study meetings to acquire and improve knowledge necessary for directors. In the future, it is desirable to increase the opportunities for exchanging opinions and discussing the strategies of each insurance company, with a view to expanding the scope of participants in study meetings for Directors. ● Business investment projects have been sufficiently discussed and examined at an early stage. To deepen the discussion in the future, it is necessary to expand the amount of information and points of attention regarding business investment targets. ● There remains a challenge in the insufficient penetration of the management philosophy among Group employees. ● An issue is that the ratio of Outside Directors is not a majority.
Measures to improve functions	● To strengthen Group governance, we will expand the range of participants in executive study meetings, enhance the exchange of opinions and discussions on strategies of each insurance company, and increase opportunities for contact among executives of insurance companies. ● Regarding large-scale business investment projects, whether in Japan or overseas, we will enhance the amount of information shared and provide opportunities for further discussion, including considerations regarding the market environment and business investment execution. (Also use opportunities such as executive study meetings) ● To confirm the penetration and implementation of the Management Philosophy among Group employees, the Company will continue to analyze employee awareness surveys, conduct tours of frontline insurance companies, and exchange opinions with overseas top management. ● Changed the institutional design from "Company with an Audit and Supervisory Board" to "Company with an Audit and Supervisory Committee." In addition, we will establish a system to ensure that the ratio of Outside Directors is a majority.

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 executive officers is now linked to the business performance of the Company to serve as an appropriate incentive for sustainable growth.
- We will provide competitive compensation levels as a global company.

■ Process for determining remuneration

Remuneration, etc., of Directors who are not Audit and Supervisory Committee Members

- To ensure transparency, remuneration is determined by resolution of the Board of Directors after deliberation by the Remuneration Committee, which is made up of a majority of Outside Directors, within the range of amounts determined by resolution of the General Meeting of Shareholders.

Deliberation by the Remuneration Committee

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

Resolution by the Board of Directors

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

Remuneration for Directors who are Audit and Supervisory Committee Members

- Remuneration will be determined through discussions among Directors who are Audit and Supervisory Committee members, within the range of the amount determined by resolution of the General Meeting of Shareholders, taking into consideration factors such as whether the Director is full-time or part-time, the division of duties, and the content and level of remuneration for Directors who are not Audit and Supervisory Committee members.

■ Composition of remuneration

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

	Fixed remuneration	Performance-linked remuneration	
		Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)	●	●	●
Outside Directors	●	—	—
Directors who are Audit and Supervisory Committee Members	●	—	—

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

Chairman & Director / Vice Chairman & Director / President & Director:

The proportion of performance-linked remuneration is higher than for other positions.

(Standard ratios)

Fixed remuneration	Performance-linked remuneration Monetary remuneration	Performance-linked remuneration Stock-based remuneration
Approx. 33%	Approx. 33%	Approx. 33%

Other positions:

The composition is such that the proportions of fixed remuneration and performance-linked remuneration differ depending on the officer's position.

(Standard ratios)

Fixed remuneration	Performance-linked remuneration Monetary remuneration	Performance-linked remuneration Stock-based remuneration
Approx. 40%–50%	Approx. 25%–30%	Approx. 25%–30%

■ Stock-based remuneration details

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

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

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

		Indicators/Evaluation items	Reasons for selection
Financial indicators (single fiscal year performance)		• Group adjusted profit • Consolidated net income • Group adjusted ROE	The indicators we have selected are Group adjusted profit, which is an indicator of shareholder return; Group adjusted ROE, which is an indicator of capital efficiency; and consolidated net income, which is an important performance indicator of the Group. 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."
Nonfinancial indicators (medium to long term)	Basic Strategy	• Value (value creation) • Transformation (business reforms) • Synergy (demonstration of Group synergies)	The evaluation items of nonfinancial indicators are the basic strategies and the foundations that support the basic strategies to realize a "corporate group that supports a resilient and sustainable society," which is the goal of the Group's Medium-Term Management Plan (2022–2025).
	Foundations	• Sustainability • Quality • Human resources • ERM	

- In the calculation of performance-linked remuneration, the standard ratio of financial indicators to nonfinancial indicators is 50:50.
- Regarding the application coefficient, financial indicators vary in a range of 0.5–1.5 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 performance coefficient (financial indicators × 80% + nonfinancial indicators × 20%)
  Stock-based remuneration: Base amount for each role × Company 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 remuneration 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 (FY2024)

	Results	Plan	Achievement ratio/difference
Group adjusted profit	¥731.7 billion	¥670.0 billion	109.2%
Consolidated net income	¥691.6 billion	¥630.0 billion	109.8%
Group adjusted ROE	15.7%	14.3%	+1.4 points

Nonfinancial Indicators (FY2024)

Evaluation items	Evaluation results
Basic Strategy	The following initiatives were evaluated from the perspective of the status of progress and what results were achieved, and the evaluation was on par with the standard. • Through the promotion of "CSV×DX," we made steady progress on the development and deployment of products and services for before and after compensation and protection that contribute to solutions to social issues. In addition, efforts to improve insurance underwriting profit and streamline business processes led to improved efficiency and productivity, which in turn improved the profitability of the domestic non-life insurance business. • We made progress in business portfolio reform by expanding the international business and the domestic life insurance business and risk portfolio reform by reducing strategic equity holdings and curbing catastrophe risk, as well as the creation of new businesses utilizing digital data and the transformation of business styles. • Progress was generally in line with plans on efforts to achieve further growth by linking the Group's strength in diversity to growth, improving operational quality and productivity through executing our One Platform Strategy, and realizing synergies between life and non-life insurers on a global basis.
Foundations	The following initiatives were evaluated from the perspective of the status of progress and what results were achieved, and the evaluation was below the standard, taking into consideration the fact that an information leakage case occurred, etc. • Initiatives to address the three priority issues (Symbiosis with the global environment, Safe and secure society, and Happiness of diverse people) are progressing as planned, and excellent initiatives have been implemented, such as the preservation and restoration of the natural environment under the MS&AD Green Earth Project. • We implemented training, town hall meetings, and exchanges of opinions with domestic insurance companies in the Group with the aim of thoroughly instilling and maintaining customer-focused business operations and improving compliance awareness and knowledge. However, incidents of information leakage occurred, and there were areas where customer-focused business operations were insufficient. • To realize the pillars of the human resource strategy of the Medium-Term Management Plan for "development of an optimum human resource portfolio" and "full demonstration of employees' abilities and skills and fulfillment of their ambitions," we worked to develop human assets who "act autonomously, take on the challenges of change, and create new value." • To strengthen the risk management structure, we have enhanced the detection and management of risks that are difficult to quantify, such as legal and conduct risks, and thus strengthened our governance structure. In addition, to improve capital efficiency, we took steps to improve international businesses and entities with low ROI and reduced our strategic equity holdings.

■ Total amount of remuneration (FY2024)

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	270	158	69	42
Audit and Supervisory Committee Members (excluding Outside Audit and Supervisory Committee Members)	2	56	56	—	—
Outside Officers	8	96	96	—	—

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

(¥ million)

Name	Corporate officer category	Company category	Consolidated total remuneration	Breakdown		
				Fixed remuneration	Performance-linked remuneration	
					Monetary remuneration	Stock-based remuneration
Noriyuki Hara	Director	Submitting company	134	26	12	10
	Director	Mitsui Sumitomo Insurance Co., Ltd.		38	26	19
Yasuzo Kanasugi	Director	Submitting company	117	24	11	9
	Director	Aioi Nissay Dowa Insurance Co., Ltd.		31	25	16
Shinichiro Funabiki	Director	Submitting company	128	21	10	8
	Director	Mitsui Sumitomo Insurance Co., Ltd.		38	28	21

CEO Succession Plan

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

■ Criteria for CEO selection

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

■ CEO selection process

Recommendation by the current CEO
- The current CEO prioritizes several candidates and recommends them to the Nomination Committee.
- Candidates can be from within the Group or outside the Group.

↓

Deliberation by the Nomination Committee
- The Nomination Committee reviews candidates recommended by the CEO.
- Outside Directors can recommend other candidates.

↓

Resolution by the Board of Directors
- The Nomination Committee advises the Board of Directors, which makes the final decision.

■ Development plan for CEO candidates

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

■ CEO dismissal process

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

Engagement with Shareholders and Investors

The MS&AD 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 FY2024 activities

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

Event	Description	Frequency
Conference call to explain financial results	Quarterly and full-year results	4 times
Information meeting	Group’s overall management strategy and performance	Twice
Thematic meetings	Specific topics of interest to investors and analysts	4 times
Briefing session for individual investors	Group’s overall management strategy and performance	Once
Individual meetings with domestic and overseas shareholders and investors	Group’s overall management strategy and performance	267 times

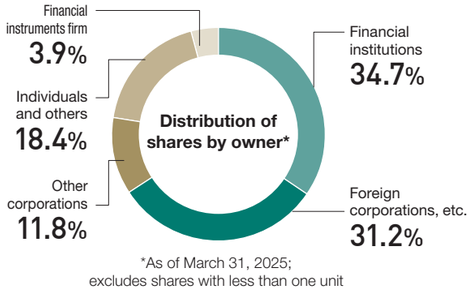
Key dialogue themes and concerns

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 engagement with shareholders and investors, we are accelerating initiatives to improve capital efficiency, such as restructuring our domestic non-life insurance business and reshuffling our international business portfolio.

Theme	Concerns
Merger	●Market share outlook for corporate and individual sectors after the merger ●Timing for achieving the business cost reduction target (below 30%, ¥150 billion yen)
Shareholder return policy	●Balance between dividends and share buybacks ●Approach to additional returns
Strategic equity holdings	●Negotiation status regarding sales of strategic equity holdings and likelihood of achieving sales in FY2025 ●Sales plan for 2030
Domestic Non-Life Insurance Business	●Future prospects for accident frequency and average payout per claim for automobile insurance ●Next rate revision for automobile insurance ●Next rate revision for fire insurance
Domestic Life Insurance Business	●Future growth strategies of the two domestic life insurers (e.g., use of reinsurance, restructuring)
International Business	●Outlook for Lloyd’s and reinsurance business, and other existing businesses and market cycles ●Status of new business investment in the U.S. specialty insurance company

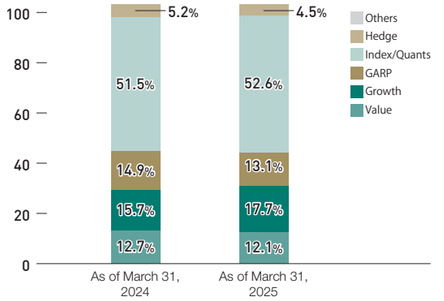
Overview of shareholders and IR activities for investors

Shareholder composition: 34.7% financial institutions; 31.2% foreign corporations, etc.; 11.8% other corporations; and 18.4% 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.



*As of March 31, 2025;
excludes shares with less than one unit

Shareholder composition by investment type (Overseas institutional investors)



Information disclosure as a basis for dialogue

Website (Japanese/English)

- From the perspective of ensuring fair information disclosure, we promptly disclose IR event materials in both Japanese and English.
- Our website has won the top prize at the “Daiwa IR 2024 Internet IR Awards” for four consecutive years (2021, 2022, 2023, 2024).



Integrated Report (Japanese/English)

- In FY2024, we explained our progress toward the numerical management targets of the Medium-Term Management Plan (2022–2025), among other things.
- We received Bronze at the WICI Japan Integrated Report Award 2024.



WICI JAPAN
INTEGRATED REPORT AWARD

Shareholders’ Meeting

	15th term	16th term	17th term
Date (fixed time)	June 26, 2023 (Monday)	June 24, 2024 (Monday)	June 23, 2025 (Monday)
Number of shareholders in attendance including shareholders exercising voting rights (including via the Internet)	21,995 persons	25,961 persons	55,842 persons
Ratio of the exercise of voting rights	84.1%	83.4%	80.5%

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

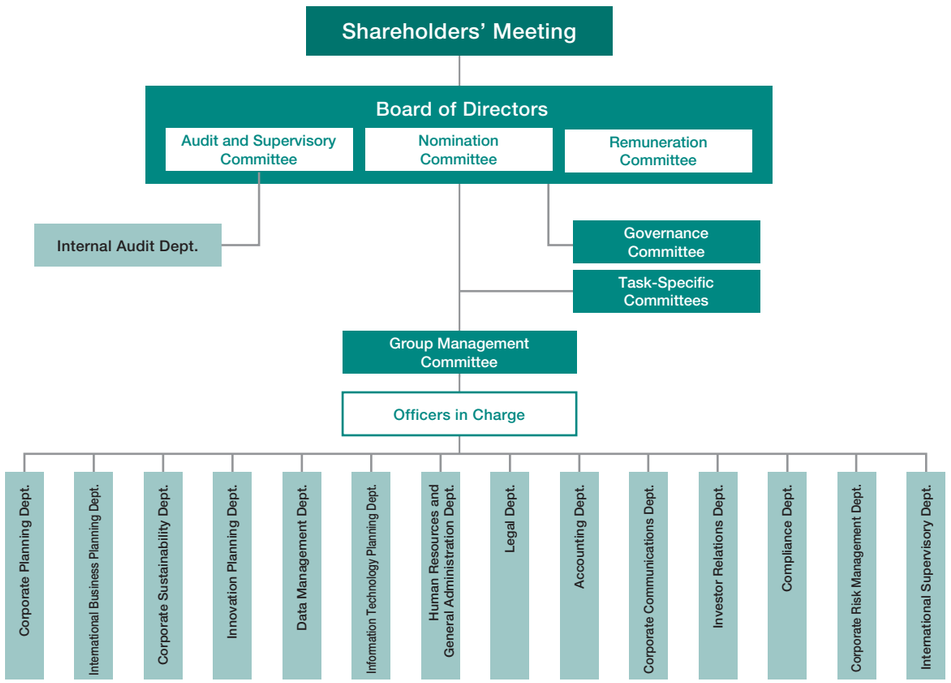
●Policy on constructive dialogue with shareholders ●Financial and nonfinancial information (timely disclosure materials, securities reports, corporate governance reports, earnings conference call materials, information meeting materials*, sustainability reports) ●Video of the President’s presentation (including Q&A summary) ●Notice of Ordinary General Meeting of Shareholders
*Including capital costs and initiatives to improve the stock price

Corporate Profile

MS&AD Holdings is an insurance holding company. The Company controls the entire MS&AD 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.

Trade Name	MS&AD Insurance Group Holdings, Inc.
Date Established	April 1, 2008 (Name changed on April 1, 2010)
Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan
Representative	Shinichiro Funabiki, Representative Director, President & Group CEO
Paid-in Capital	¥101,367 million (as of March 31, 2025)
Number of Employees	453 (38,247 on a consolidated basis) (as of March 31, 2025)
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 can be made subsidiaries under the Insurance Business Act, and business incidental thereto; and 2. Any business associated with the above under the Insurance Business Act.
Stock Listings	Tokyo Stock Exchange (Prime Market) Nagoya Stock Exchange (Premier Market)
Independent Auditor	KPMG AZSA LLC

MS&AD Insurance Group Holdings, Inc., Organizational Chart (as of July 1, 2025)



Stock and Shareholders (As of March 31, 2025)

1 Summary of Issued Shares

Class of Stock	Common Stock	**Total Number of Authorized Shares**	2,700,000,000
Total Number of Issued Shares	1,608,398,708	**Total Number of Shareholders**	228,324

2 Shareholding Profile

Breakdown by Sector

	Financial Institutions	Japanese Securities Companies	Other Japanese Companies	Foreign Companies and Individuals	Individuals and others	Total
Number of Shareholders	178	68	2,305	1,976	223,797	228,324
Number of Shares Held (millions)	556.98	62.74	189.04	501.45	298.16	1,608.39
Percentage of Shares Issued	34.6%	3.9%	11.8%	31.2%	18.5%	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	82,797	111,596	29,457	3,897	577	228,324
Percentage of All Shareholders	36.3%	48.9%	12.9%	1.7%	0.3%	100%

Breakdown by Region

	Hokkaido	Tohoku	Kanto	Chubu	Kinki	Chugoku	Shikoku	Kyushu	Overseas	Total
Number of Shares (Millions)	5.13	7.48	873.59	147.58	51.05	7.48	6.29	8.70	501.05	1,608.39
Percentage of Shares Issued	0.3%	0.5%	54.3%	9.2%	3.2%	0.5%	0.4%	0.5%	31.2%	100%

3 Major Shareholders

Shareholder Name	Address	Number of Shares Held (Thousands)	Percentage of Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	Akasaka Intercity AIR, 1-8-1, Akasaka, Minato-ku, Tokyo	242,242	15.99
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo, c/o Nippon Life Securities Operations Department	108,975	7.19
Toyota Motor Corporation	1, Toyota-cho, Toyota City, Aichi Prefecture	105,551	6.97
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	81,676	5.39
JP MORGAN CHASE BANK 380055 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	270 PARK AVENUE, NEW YORK, NY 10017, U.S.A. (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	35,906	2.37
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MA 02114, U.S.A. (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	29,879	1.97
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	27,903	1.84
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku. Tokyo	19,476	1.29
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, U.K. (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	18,411	1.22
Sumitomo Life Insurance Company	2-2-1 Yaesu, Chuo-ku, Tokyo	18,231	1.20
Total		688,255	45.43

Notes:
1. The number of shares is rounded down to the nearest thousand shares. The percentage of shares is rounded to the nearest unit.
2. The Company owns 93,530 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	Total Number of Issued Shares		Paid-in Capital		Capital Reserves	
	Increase/Decrease	Balance	Increase/Decrease	Balance	Increase/Decrease	Balance
July 22, 2020 (Note 1)	181 thousand	593,473 thousand	¥276 million	¥100,276 million	¥276 million	¥729,532 million
July 27, 2021 (Note 1)	159 thousand	593,632 thousand	¥258 million	¥100,534 million	¥258 million	¥729,790 million
July 26, 2022 (Note 1)	134 thousand	593,767 thousand	¥274 million	¥100,808 million	¥274 million	¥730,064 million
Nov. 30, 2022 (Note 2)	(57,800) thousand	535,967 thousand	–	¥100,808 million	–	¥730,064 million
July 25, 2023 (Note 1)	104 thousand	536,071 thousand	¥267 million	¥101,076 million	¥267 million	¥730,331 million
April 1, 2024 (Note 3)	1,072,142 thousand	1,608,214 thousand	–	¥101,076 million	–	¥730,331 million
July 23, 2024 (Note 1)	184 thousand	1,608,398 thousand	¥291 million	¥101,367 million	¥291 million	¥730,622 million

Notes:
1. The increase is due to new share issuance to provide restricted stock as stock-based remuneration granted retroactively.
2. The decrease in the total number of issued shares was due to the retirement of treasury shares.
3. Due to a stock split (1:3)

5 Basic Information

Fiscal Year
April 1 to March 31 of the following year

Ordinary General Meeting of Shareholders
Within three months from the end of each fiscal year

Record Date
Year-end dividend March 31 of each year
Interim dividend September 30 of each 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
1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Dept.

Special Account Management Institution
Sumitomo Mitsui Trust Bank, Limited*

(Postal Address)
Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning 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 responsibility for a special account that was established on the same day for the shareholders of Aioi and NDI. As a result, the special account management institution for prior shareholders of these two companies will continue to be Mitsubishi UFJ Trust and Banking Corporation (1-4-5, Marunouchi, Chiyoda-ku, Tokyo).

Group Business Schematic (As of March 31, 2025)

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

MS&AD Insurance Group Holdings, Inc.

★ MITSUI SUMITOMO INSURANCE COMPANY, LTD. (Mainly the Domestic Non-Life Insurance Business)

<Domestic Non-Life Insurance Business>
★ MS Plus One Small Amounts & Short-Term Insurance Co., Ltd. 〈Japan〉

<International Business>
★ MSIG Holdings (U.S.A.), Inc. 〈U.S.A.〉
★ Mitsui Sumitomo Insurance USA Inc. 〈U.S.A.〉
★ Mitsui Sumitomo Insurance Company of America 〈U.S.A.〉
★ MSIG Specialty Insurance USA Inc. 〈U.S.A.〉
★ MS Transverse Insurance Group, LLC 〈U.S.A.〉
★ MS Transverse Specialty Insurance Company 〈U.S.A.〉
★ MS Transverse Insurance Company 〈U.S.A.〉
★ TRM Specialty Insurance Company 〈U.S.A.〉
★ Mitsui Sumitomo Seguros S.A. 〈BRAZIL〉
★ MS Amlin Corporate Member Limited 〈U.K.〉
★ MS Amlin Underwriting Limited 〈U.K.〉
★ MSI Corporate Capital Limited 〈U.K.〉
★ Mitsui Sumitomo Insurance Company (Europe), Limited 〈U.K.〉
★ MS Amlin AG 〈SWITZERLAND〉
★ MSIG Insurance Europe AG 〈GERMANY〉
★ MS Amlin Insurance SE 〈BELGIUM〉
★ MSIG Insurance (Singapore) Pte. Ltd. 〈SINGAPORE〉
★ MS First Capital Insurance Limited 〈SINGAPORE〉
★ MSIG Mingtai Insurance Co.,Ltd. 〈TAIWAN〉
★ MSIG Insurance (Hong Kong) Limited 〈HONG KONG〉
★ Mitsui Sumitomo Insurance (China) Company Limited 〈CHINA〉
★ MSIG Insurance (Vietnam) Company Limited 〈VIETNAM〉
● Cholamandalam MS General Insurance Company Limited 〈INDIA〉
● Max Financial Services Limited 〈INDIA〉
● Axis Max Life Insurance Limited 〈INDIA〉
★ PT. MSIG Life Insurance Indonesia Tbk 〈INDONESIA〉
★ PT. Asuransi MSIG Indonesia 〈INDONESIA〉
● Ceylinco Holdings PLC 〈SRI LANKA〉
★ MSIG Insurance (Thailand) Public Company Limited 〈THAILAND〉
● BPI/MS Insurance Corporation 〈PHILIPPINES〉
★ MSIG Insurance (Malaysia) Bhd. 〈MALAYSIA〉
● Hong Leong Assurance Berhad 〈MALAYSIA〉
● MSIG Sokxay Insurance Co., Ltd. 〈LAOS〉

<Financial Services Business/Digital/Risk-Related Services Business>
★ MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd. 〈Japan〉
● Sumitomo Mitsui DS Asset Management Company, Limited 〈Japan〉
★ Leadenhall Capital Partners LLP 〈U.K.〉
★ MS Financial Reinsurance Limited 〈BERMUDA〉

★ AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED (Mainly the Domestic Non-Life Insurance Business)

<Domestic Non-Life Insurance Business>
★ Little Family SS Insurance Co., Ltd. 〈Japan〉

<International Business>
★ DTRIC Insurance Company, Limited 〈U.S.A.〉
★ DTRIC Insurance Underwriters, Limited 〈U.S.A.〉
★ Aioi Nissay Dowa Europe Limited 〈U.K.〉
★ Aioi Nissay Dowa Insurance UK Limited 〈U.K.〉
★ Aioi Nissay Dowa Life Insurance of Europe AG 〈GERMANY〉
★ Aioi Nissay Dowa Insurance Company of Europe SE 〈LUXEMBOURG〉
★ Aioi Nissay Dowa Insurance Company Australia Pty Ltd 〈AUSTRALIA〉
★ Aioi Nissay Dowa Insurance (China) Company Limited 〈CHINA〉

★ MITSUI DIRECT GENERAL INSURANCE COMPANY, LIMITED (Domestic Non-Life Insurance Business)

★ MITSUI SUMITOMO AIOI LIFE INSURANCE COMPANY, LIMITED (Domestic Life Insurance Business)

★ MITSUI SUMITOMO PRIMARY LIFE INSURANCE COMPANY, LIMITED (Domestic Life Insurance Business)

<International Business>
● Challenger Limited 〈AUSTRALIA〉
● BOCOM MSIG Life Insurance Company Limited 〈CHINA〉

<Financial Services Business/Digital/Risk-Related Services Business>
★ MS&AD InterRisk Research & Consulting, Inc. 〈Japan〉

Notes:
1. The primary consolidated subsidiaries and other entities in each business are listed.
2. The meaning of each symbol is as follows:
★:CONSOLIDATED SUBSIDIARIES ●:EQUITY-METHOD AFFILIATES

Main Subsidiaries

1. CONSOLIDATED SUBSIDIARIES

Name of Company	Headquarters	Date Established	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
Mitsui Sumitomo Insurance Co., Ltd. (MSI)	Chiyoda-ku, Tokyo	Oct. 21, 1918	Domestic Non-Life Insurance Business	¥139,595 million	100.0%	-
Aioi Nissay Dowa Insurance Co., Ltd.	Shibuya-ku, Tokyo	June 30, 1918	Domestic Non-Life Insurance Business	¥100,005 million	100.0	-
Mitsui Direct General Insurance Co., Ltd.	Bunkyo-ku, Tokyo	June 3, 1999	Domestic Non-Life Insurance Business	¥39,106 million	100.0	-
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Aug. 8, 1996	Domestic Life Insurance Business	¥85,500 million	100.0	-
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Sept. 7, 2001	Domestic Life Insurance Business	¥41,060 million	100.0	-
MS Plus One Small Amounts & Short Term Insurance Co., Ltd.	Chiyoda-ku, Tokyo	April 18, 2023	Domestic Non-Life Insurance Business	¥299 million	-	100.0%
Little Family SS Insurance Co., Ltd.	Shinagawa-ku, Tokyo	Aug. 1, 2019	Domestic Non-Life Insurance Business	¥1,075 million	-	98.5
Mitsui Sumitomo Insurance Venture Capital Co., Ltd.	Chuo-ku, Tokyo	Dec. 6, 1990	Financial Services Business	¥1,000 million	-	100.0
MS&AD InterRisk Research & Consulting, Inc.	Chiyoda-ku, Tokyo	Jan. 4, 1993	Digital/Risk-Related Services Business	¥330 million	100.0	-
MSIG Holdings (U.S.A.), Inc.	U.S.A. New York	Oct. 21, 1988	International Business	US$1,761 million	-	100.0
Mitsui Sumitomo Insurance USA Inc.	U.S.A. New York	Jan. 28, 1988	International Business	US$5,000 thousand	-	100.0
Mitsui Sumitomo Insurance Company of America	U.S.A. New York	March 29, 2001	International Business	US$5,000 thousand	-	100.0
MSIG Specialty Insurance USA Inc.	U.S.A. New York	Jan. 11, 1994	International Business	US$5,000 thousand	-	100.0
MS Transverse Insurance Group, LLC	U.S.A. Delaware	June 26, 2018	International Business	US$107,694 thousand	-	100.0
MS Transverse Specialty Insurance Company	U.S.A. Dallas	Nov. 18, 1982	International Business	US$5,000 thousand	-	100.0
MS Transverse Insurance Company	U.S.A. Dallas	March 14, 1961	International Business	US$4,200 thousand	-	100.0
TRM Specialty Insurance Company	U.S.A. Dallas	Nov. 5, 1987	International Business	US$4,200 thousand	-	100.0
DTRIC Insurance Company, Limited	U.S.A. Honolulu	Dec. 12, 1978	International Business	US$5,907 thousand	-	100.0
DTRIC Insurance Underwriters, Limited	U.S.A. Honolulu	Feb. 2, 2007	International Business	US$2,500 thousand	-	100.0
Mitsui Sumitomo Seguros S.A.	Brazil São Paulo	Dec. 15, 1965	International Business	BRL619,756 thousand	-	100.0
Aioi Nissay Dowa Europe Limited	United Kingdom London	Nov. 8, 2017	International Business	UK£526,010 thousand	-	100.0
Aioi Nissay Dowa Insurance UK Limited	United Kingdom London	Dec. 11, 2017	International Business	UK£200,100 thousand	-	100.0
MS Amlin Corporate Member Limited	United Kingdom London	Sept. 19, 1994	International Business	UK£1,700 thousand	-	100.0
MS Amlin Underwriting Limited	United Kingdom London	Nov. 29, 1988	International Business	UK£400 thousand	-	100.0
MSI Corporate Capital Limited	United Kingdom London	Jan. 7, 2000	International Business	UK£5,200 thousand	-	100.0
Mitsui Sumitomo Insurance Company (Europe), Limited	United Kingdom London	July 28, 1972	International Business	UK£80,700 thousand	-	100.0
Leadenhall Capital Partners LLP	United Kingdom London	April 30, 2008	Financial Services Business	US$2,850 thousand	-	80.0
MS Amlin AG	Switzerland Zurich	Aug. 19, 2010	International Business	CHF10,000 thousand	-	100.0
MSIG Insurance Europe AG	Germany Cologne	April 20, 2012	International Business	€184,000 thousand	-	100.0
Aioi Nissay Dowa Life Insurance of Europe AG	Germany Ismaning	Dec. 8, 2005	International Business	€5,000 thousand	-	100.0
MS Financial Reinsurance Limited	Bermuda Hamilton	Nov. 21, 2011	Financial Services Business	¥46 million	-	100.0%
MS Amlin Insurance SE	Belgium Brussels	Jan. 4, 2016	International Business	€140,000 thousand	-	100.0
Aioi Nissay Dowa Insurance Company of Europe SE	Luxembourg Senningerberg	Nov. 12, 2004	International Business	€71,875 thousand	-	100.0
MSIG Insurance (Singapore) Pte. Ltd.	Singapore Singapore	Sept. 23, 2004	International Business	S$333,442 thousand	-	100.0
MS First Capital Insurance Limited	Singapore Singapore	Dec. 9, 1950	International Business	S$26,500 thousand	-	100.0
Aioi Nissay Dowa Insurance Company Australia Pty Ltd	Australia Melbourne	Aug. 1, 2008	International Business	A$87,800 thousand	-	100.0
MSIG Mingtai Insurance Co., Ltd.	Taiwan Taipei	Sept. 22, 1961	International Business	NT$2,535 million	-	100.0
MSIG Insurance (Hong Kong) Limited	PRC Hong Kong	Sept. 8, 2004	International Business	HK$1,625 million	-	100.0
Aioi Nissay Dowa Insurance (China) Company Limited	PRC Tianjin	Jan. 23, 2009	International Business	RMB1,000 million	-	100.0
Mitsui Sumitomo Insurance (China) Company Limited	PRC Shanghai	Sept. 6, 2007	International Business	RMB500,000 thousand	-	100.0
MSIG Insurance (Vietnam) Company Limited	Vietnam Hanoi	Feb. 2, 2009	International Business	VND300,000 million	-	100.0
PT. MSIG Life Insurance Indonesia Tbk	Indonesia Jakarta	July 17, 1984	International Business	IDR210,000 million	-	80.0
PT. Asuransi MSIG Indonesia	Indonesia Jakarta	Dec. 17, 1975	International Business	IDR100,000 million	-	80.0
MSIG Insurance (Thailand) Public Company Limited	Thailand Bangkok	April 14, 1983	International Business	THB142,666 thousand	-	86.4
MSIG Insurance (Malaysia) Bhd.	Malaysia Kuala Lumpur	April 28, 1979	International Business	MYR1,511 million	-	65.4 [1.4]
58 other companies						

2. EQUITY-METHOD AFFILIATES

Name of Company	Headquarters	Date Established	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 Business	¥3,150 million	-	49.0%
Sumitomo Mitsui DS Asset Management Company Limited	Minato-ku, Tokyo	July 15, 1985	Financial Services Business	¥2,000 million	-	15.0
Challenger Limited	Australia Sydney	Sept. 13, 1985	International Business	A$2,536 million	15.2%	-
BOCOM MSIG Life Insurance Company Limited	PRC Shanghai	July 4, 2000	International Business	RMB5,100 million	37.5	-
Cholamandalam MS General Insurance Company Limited	India Chennai	Nov. 2, 2001	International Business	INR2,988 million	-	40.0
Max Financial Services Limited	India Nawanshahr	Feb. 24, 1988	International Business	INR690,065 thousand	-	21.9
Axis Max Life Insurance Limited	India Chandigarh	July 11, 2000	International Business	INR20,613 million	-	[81.0]
Ceylinco Insurance PLC	Sri Lanka Colombo	Feb. 11, 1987	International Business	LKR1,324 million	-	15.0
BPI/MS Insurance Corporation	Philippines Manila	Oct. 1, 1965	International Business	PHP350,000 thousand	-	48.5
Hong Leong Assurance Berhad	Malaysia Kuala Lumpur	Dec. 20, 1982	International Business	MYR200,000 thousand	-	30.0
MSIG Sokxay Insurance Co., Ltd.	Laos Vientiane	June 1, 2023	International Business	LAK54,352 million	-	35.0
2 other companies						

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

History of the MS&AD Insurance Group in Japan

Major events in the insurance industry

1996 Start of Japan's Big Bang (financial system reform)
1997 Development of original products
1998 Deregulation of premium rates
1999 Diversification of insurance products
2000 End of Japan's Financial Big Bang, First industry realignment
2001 Second industry realignment, Strengthening of policyholder protection/deregulation
2006 Strengthening corporate governance
2009 Digital innovation
2010
2012
2013
2016
2025

1996
- Revision of the Insurance Business Act
  - Mutual entry into non-life and life insurance business by subsidiaries
  - Reform of the Insurance Rating Organization system
  - Introduction of products and premium rates notification system

1997
- Approval of risk-subdivision-type automobile insurance

1998
- Abolition of obligation for members to use the premium rates calculated by the Rating Organization (Transitional measures: 2 years)
- Introduction of an insurance holding company system

2001
- Ban on OTC bank sales of insurance partially lifted

2006
- Review of the policyholder protection system
- Introduction of a small-amount, short-term insurance system

2007
- Implementation of the Financial Instruments and Exchange Act
- OTC bank sales of insurance fully liberalized

2010
- Implementation of the Insurance Act

2012
- Review, etc., of regulations relating to the transfer of insurance contracts

2013
- Introduction of an insurance soliciting subcontracting system

2016
- Establishment of basic rules for insurance soliciting
- Development, etc., of regulations relating to insurance solicitation

2021
- Digitization of ancillary operations and addition of operations that contribute to regional revitalization, etc.

History of the MS&AD Insurance Group

Mitsui Marine & Fire Insurance Co., Ltd. (Founded in 1918)
In 1918, this company was established as Taisho Marine & Fire Insurance Co., Ltd., with the support of a wide range of companies from many industries centered on Mitsui & Co., Ltd. Besides establishing a London office in 1924, beginning direct underwriting operations in Thailand in 1934, and undertaking other moves to expand its overseas sales systems from an early stage, the company initiated fund procurement through the issuance of depositary receipts in London from 1964 and otherwise responded to the era of internationalization. It merged with Shin Nippon Fire in 1941 and with Mitsui Fire in 1944. In 1991, it changed its name to Mitsui Marine & Fire.

Sumitomo Marine & Fire Insurance Co., Ltd. (Founded in 1893)
This company was established as Osaka-based Osaka Insurance in 1893 by interests related to the copper and trading industries. Another predecessor company, Tokyo-based Fuso Marine, was established in 1917. Its management was later transferred to Sumitomo, and it was renamed Sumitomo Marine. Osaka Insurance and Sumitomo Marine merged in 1944, creating Osaka Sumitomo Marine. In 1954, the company's head office was moved to Tokyo, and the company's name was changed to Sumitomo Marine. In response to Japanese companies' moves to establish overseas operations, it progressively built up an overseas sales system.

Dai-Tokyo Fire & Marine Insurance Co., Ltd. (Founded in 1918)
Established in 1918 as Tokyo Dosan Fire, which was engaged in the basic fire insurance business, this company merged with Toshin Fire, which was engaged in the general fire insurance business, in 1944 to create Dai Tokyo Fire. From the early 1960s, Dai Tokyo Fire proactively worked to expand its automobile insurance business. It built one of the industry's top claims handling systems in automobile insurance and organized a network of car repair and maintenance shops, thereby earning the epithet "Dai Tokyo of car repair and maintenance agencies."

Chiyoda Fire & Marine Insurance Co., Ltd. (Founded in 1897)
Established in 1897 as Otaru Cargo Fire, this company merged with Okura Fire of the Okura zaibatsu in 1944. In 1945, it merged with the former Chiyoda Fire, which was established as a sister company of Chiyoda Life, and it changed its name to Chiyoda Fire in 1946. After the war, Chiyoda Fire cooperated with Tokai Bank and built strong ties with the financial industry in the greater Nagoya region. After building ties with Toyota Motor Sales Co., Ltd., it developed as a company with particularly strong operations in automobile insurance.

Dowa Fire & Marine Insurance Co., Ltd. (Founded in 1897)
Established in 1897 as Yokohama Fire, it merged with three companies based in the Kansai region—Kobe Marine, Kyodo Fire, and Asahi Marine—in 1944 to create Dowa Fire. After the war, it redeveloped aviation insurance and developed satellite insurance products, earning a reputation as being particularly strong in the aerospace field, and it maintained one of the industry's top levels of financial soundness.

Nissay General Insurance Co., Ltd. (Established in 1996)

Mitsui Direct General Insurance (Business started in 2000)

Mitsui Mirai Life Insurance Co., Ltd. (Established in 1996)
Sumitomo Marine Yu-Yu Life Insurance Co., Ltd. (Established in 1996)
Dai-Tokyo Shiawase Life Insurance Co., Ltd. (Established in 1996)
Chiyoda Kasai Ebisu Life Insurance Co., Ltd. (Established in 1996)

Note: Because the 1996 Revision of the Insurance Business Act removed the prohibition of life and non-life insurance companies moves to enter each other's insurance sector through subsidiaries, Mitsui Marine & Fire, Sumitomo Marine & Fire, Dai-Tokyo Fire & Marine, and Chiyoda Fire & Marine each established a life insurance subsidiary and began engaging in the life insurance business.

Mitsui Sumitomo Insurance Co., Ltd. (Merged in 2001)

Aioi Insurance Co., Ltd. (Merged in 2001)

Nissay Dowa General Insurance Co., Ltd. (Merged in 2001)

Mitsui Sumitomo Kirameki Life Insurance Co., Ltd. (Merged in 2001)

Aioi Life Insurance Co., Ltd. (Merged in 2001)

Mitsui Sumitomo CitiInsurance Life Insurance Co., Ltd. (Business started in 2002)

Mitsui Sumitomo MetLife Insurance Co., Ltd. (Company name changed in 2005)

Mitsui Sumitomo Insurance Group Holdings (MSIGHD) (Established in 2008)
Mitsui Sumitomo Insurance Co., Ltd., Mitsui Sumitomo Kirameki Life Insurance Co., Ltd., Mitsui Sumitomo MetLife Insurance Co., Ltd., and Mitsui Direct General Insurance Co., Ltd., became subsidiaries of MSIGHD.

2010 Establishment of the MS&AD Insurance Group

MS&AD Insurance Group Holdings, Inc. (Company name changed in 2010)

Mitsui Sumitomo Insurance Co., Ltd.

Aioi Nissay Dowa Insurance Co., Ltd. (Merged in 2010)

Mitsui Direct General Insurance

Mitsui Sumitomo Aioi Life Insurance (Inaugurated in 2011)

Mitsui Sumitomo Primary Life Insurance (Company name changed in 2011)

2019 Sumitomo Mitsui DS Asset Management Company, Limited, established

2023 MS Plus One Small Amounts & Short Term Insurance Co., Ltd., established

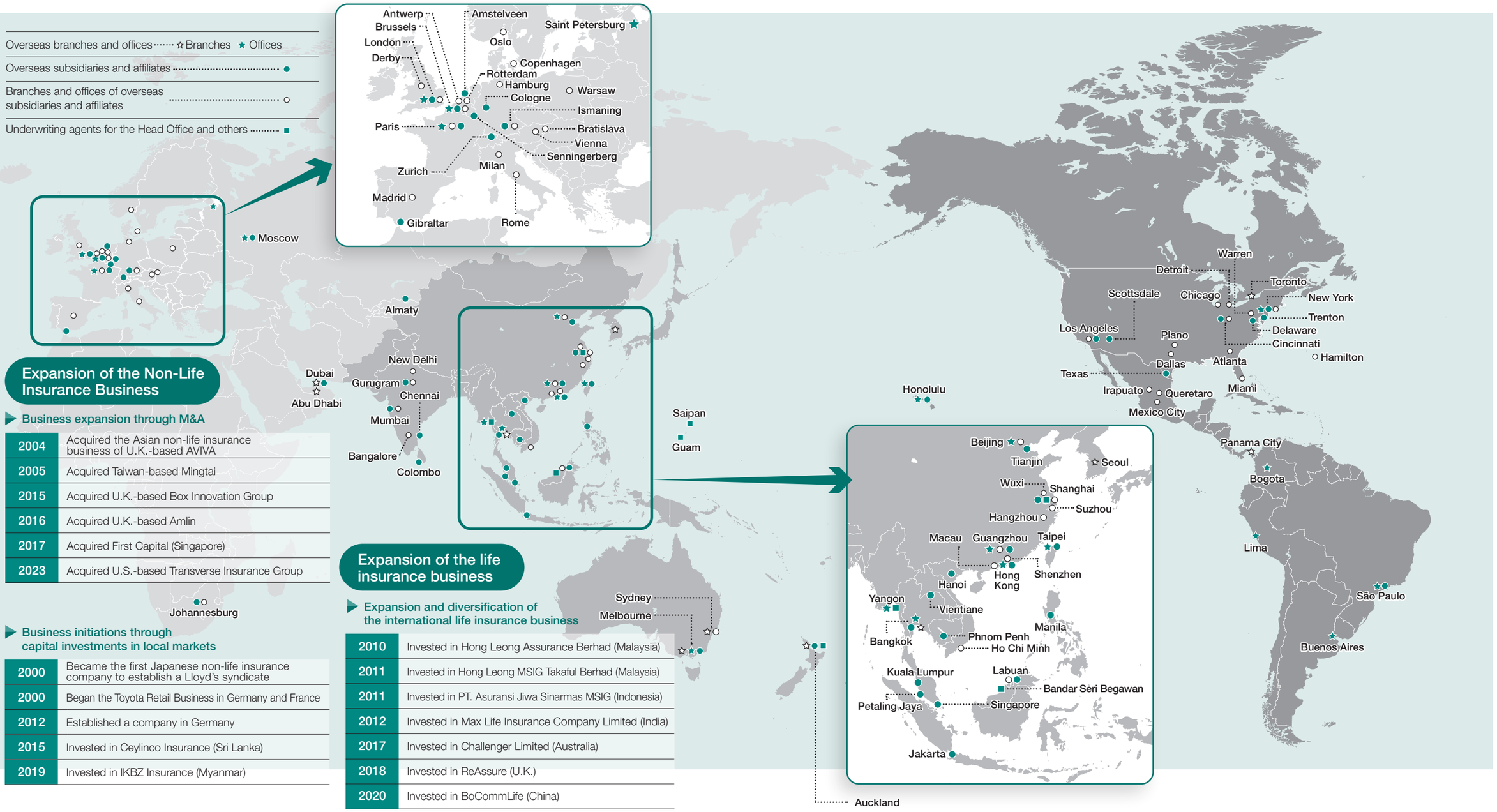
2011 au Insurance Company, Limited, established

2019 Little Family SS Insurance Co., Ltd., established

2022 Mitsui Direct General Insurance Co., Ltd., becomes a wholly owned subsidiary

2020 MS&AD GRAND ASSISTANCE Co., Ltd., established

Group Network and History of International Business (As of July 1, 2025)



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 the Toyota Retail Business in Germany and France
2012	Established a company in Germany
2015	Invested in Ceylinco Insurance (Sri Lanka)
2019	Invested in IKBZ Insurance (Myanmar)

Expansion of the life insurance business

Expansion and diversification of the international life insurance business

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

Developing Business in Major Countries/Regions

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

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

Credit Ratings (As of July 1, 2025)

Credit Ratings for Domestic Insurance Companies

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

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+	A+	-	A+
	Long-Term Issuer Credit Rating	-	A+	A+	-	A+
Moody's	Insurance Financial Strength Rating	-	A1	A1	-	-
	Long-Term Issuer Rating	-	A1	-	-	-
Rating and Investment Information, Inc. (R&I)	Issuer Rating	-	AA	AA	-	-
	Insurance Claims Paying Ability	-	-	-	AA	AA
Japan Credit Rating Agency, Ltd. (JCR)	Ability to Pay Insurance Claims	-	-	AA+	-	-
	Long-Term Issuer Rating	AA+	AA+	AA+	-	-
A.M. Best	Financial Strength Rating	-	A+	A+	-	-
	Issuer Credit Rating	-	aa	aa	-	-

Credit Ratings for Overseas Insurance Companies

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

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

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

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

Basic Knowledge about the Insurance Industry

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

Glossary of Insurance Terminology

A

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

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

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

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

C

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

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

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

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

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. As this insurance is mandated by law, its coverage and premiums do not vary between insurance companies, and no profit is generated for the insurers. This insurance covers only damages caused by death or injury to others (personal injury coverage) and does not cover your own injuries, damages to other people's property (property damage coverage), or damage to vehicles.

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

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

D

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

E

Earned-Incurred Loss Ratio (EI Loss Ratio)
After adjusting for provisions and reversals of loss reserves and ordinary policy liability reserves, the EI loss ratio is an indicator of the loss ratio on a current-period-occurrence basis. It is calculated as follows.

→ Net Loss Ratio

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

EEV
See "Embedded Value" below.

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

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

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

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

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

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

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

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

F

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

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

G

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

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

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

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

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

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

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

Group Core Profit = Consolidated net income – net capital gains/losses on stock portfolio (gains/losses on sales, etc.) – net valuation 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.

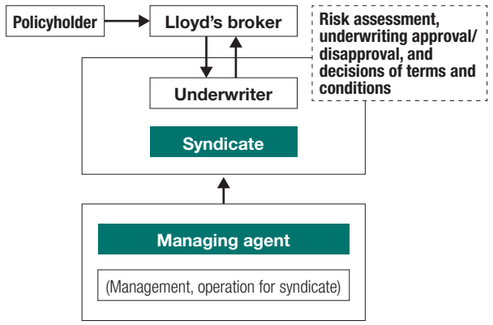
L

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 2024, it was underwritten by 84 Lloyd's syndicates, and the gross written premiums in FY2024 for the whole of the Lloyd's market amounted to approximately £55.5 billion.



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

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

M

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

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

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

N

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

❶ Direct claims paid
–) ❷ Reinsurance claims ceded
+) ❸ Reinsurance claims paid
–) ❹ Retrocession claims ceded
❺ Net claims paid (Income statement item)

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

Net Loss Ratio
The net loss ratio is obtained by adding net claims paid and loss adjustment expenses, and dividing this by net premiums written, and it indicates the company’s insurance underwriting business performance. It can also be called the “published loss ratio” or the “loss ratio.” The net loss ratio is what is called a “written paid basis” indicator, as it can be calculated based simply on written premium and paid claims during the accounting period in question.
→ Earned-Incurred Loss Ratio (EI Loss Ratio)

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

❶ Direct premiums written
–) ❷ Reinsurance premiums ceded
+) ❸ Reinsurance premiums written
–) ❹ Retrocession premiums ceded
❺ Net premiums written (Income statement item)

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

O

Ordinary Outstanding Claims Reserve
A type of outstanding claims reserve set aside based on an estimation of future liability of individual claims that have occurred and been reported but not yet settled.
→ Incurred but Not Reported Loss (IBNR)

Ordinary Underwriting Reserves
The amount of unearned premiums (premium reserve) or the initial year balance, whichever is greater, is set aside as a liability reserve and called the “ordinary underwriting reserve.”
- Unearned premiums (premium reserve): Insurance premiums corresponding to the time remaining on an insurance policy, collected beforehand.
- Initial year balance: Premiums received during the fiscal year less claims paid, reserves for outstanding claims, and other expenses incurred under those contracts.

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

P

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

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

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

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

R

Reinsurance
Reinsurance is a form of insurance that an insurance company purchases to share the risks of its insurance policies with another insurance company. The act of ceding reinsurance is called “ceding,” and the act of assuming reinsurance is called “assuming.”
→ 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:
❶ ordinary underwriting reserves, ❷ catastrophe reserves, ❸ contingency reserves, ❹ refund reserves, and ❺ policyholder dividend reserves.

V

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

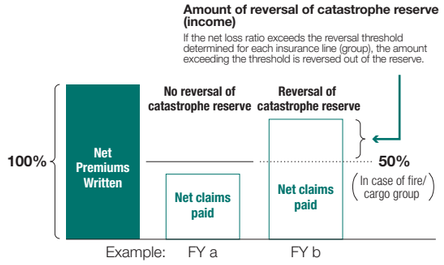
W

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

Accounting Line-Item Terminology
Please refer to the Guide Book for the Understanding of Disclosure Materials of Non-Life Insurance Companies 1 (prepared by the General Insurance Association of Japan) and the Life Insurance Company Disclosure Notes Glossary 2 (prepared by the Life Insurance Association of Japan) for details of accounting line items and other pertinent information.
1. https://www.sonpo.or.jp/report/publish/accounting/0004.html (Japanese only)
2. https://www.seiho.or.jp/data/publication/tora/ (Japanese only)

Catastrophe Reserves

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

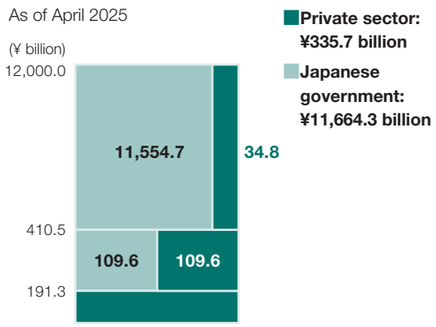


About Residential Earthquake Insurance

Based on Japan’s Law Concerning Earthquake Insurance (the Earthquake Insurance Act), residential earthquake insurance is operated jointly by the government and non-life insurance companies. Reflecting the significant impact that earthquakes can have on society, residential earthquake insurance is a prerequisite for and incidental to fire insurance. Recognizing the substantial damage that will likely 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.

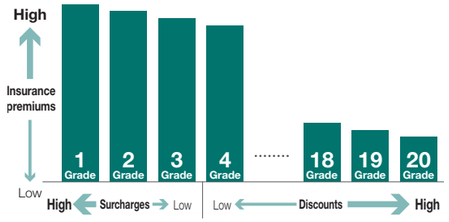
Government and Private-Sector Burdens

As of April 2025



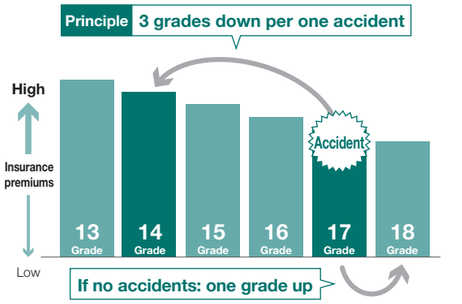
Non-Fleet Grade System (Automobile Insurance)

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

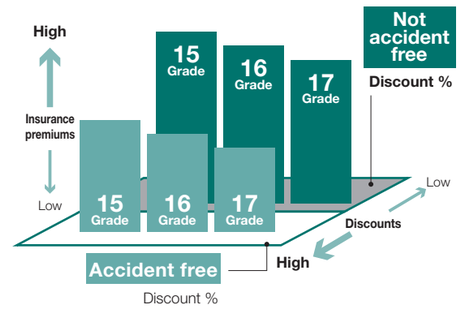


- When the contract is first concluded, the customer starts at Grade 6 (or Grade 7) and then rises by a one-grade increment if there are no accidents.
- If there is an accident, the grade drops by three-grade increments and moves to an accident-existence rate table.

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



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



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Five-Year Summary (Unaudited)

	Yen in millions					US$ in millions
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2024
Ordinary income:	¥ 4,892,244	¥ 5,132,042	¥ 5,250,794	¥ 6,572,889	¥ 6,660,813	$ 44,405
Net premiums written	3,500,996	3,609,052	3,933,235	4,261,736	4,674,301	31,162
Ordinary profit	306,524	390,499	292,262	416,440	928,989	6,193
Net income attributable to owners of the parent	144,398	262,799	211,006	369,266	691,657	4,611
Comprehensive income/(loss)	753,938	310,470	(25,734)	1,527,696	(17,284)	(115)
Net assets	3,126,657	3,302,749	3,139,501	4,513,562	4,052,835	27,019
Total assets	24,142,562	25,033,846	24,349,984	26,960,207	26,241,298	174,942

	Yen					US$
Net income attributable to owners of the parent per share—Basic	¥ 85.26	¥ 158.17	¥ 130.54	¥ 231.83	¥ 445.52	$ 2.97
Net income attributable to owners of the parent per share—Diluted	85.21	158.10	130.50	231.77	445.45	$ 2.97
Net assets per share	1,841.80	1,985.07	1,928.84	2,817.00	2,647.01	17.65
Equity ratio	12.78%	13.02%	12.70%	16.57%	15.24%	–
Return on equity	5.22%	8.29%	6.62%	9.77%	16.34%	–
Price earnings ratio	12.70	8.38	10.48	11.69	7.24	–

	Yen in millions					US$ in millions
Cash flows						
Cash flows from operating activities	¥ (323,912)	¥ 236,708	¥ 194,153	¥ 549,466	¥ 660,188	$ 4,401
Cash flows from investing activities	43,925	(71,976)	480,953	(276,825)	(558,725)	(3,725)
Cash flows from financing activities	79,278	58,545	(314,502)	(231,549)	(659,578)	(4,397)
Cash and cash equivalents at the end of year	1,994,434	2,256,216	2,646,431	2,733,760	2,239,475	14,930
Number of employees	41,501	39,962	38,584	38,391	38,247	–

Note: U.S. dollar amounts in this report have been translated from yen, for convenience only, at the rate of ¥150=US$1.

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 (164 subsidiaries and 35 affiliates as of March 31, 2025), and the positioning of the principal affiliates within these businesses.

The Company is categorized as a specified Listed Company, etc., prescribed in Article 49, Paragraph 2 of the Cabinet Office Order on Restrictions on Securities Transactions. 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 business

1) Domestic Non-Life Insurance Business

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

a) Mitsui Sumitomo Insurance Co., Ltd.
b) Aioi Nissay Dowa Insurance Company, Limited
c) Mitsui Direct General Insurance Co., Ltd.

2) Domestic Life Insurance Business

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

a) Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
b) Mitsui Sumitomo Primary Life Insurance Co., Ltd.

3) International Business

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

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

a) Financial Services Business
MS&AD's financial services business, which includes 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 Co., Ltd.; Mitsui Sumitomo Insurance Venture Capital Co., Ltd.; Leadenhall Capital Partners LLP; and others.
b) Digital/Risk-Related Services Business
MS&AD's risk-related services business, including risk management, is operated by MS&AD InterRisk Research Institute & Consulting, Inc., and others

2. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

1) Method for Determination of Fair Value

Certain assets and liabilities are recorded on the Company's balance sheet at their fair values. These fair values are determined based on market prices.

For certain derivatives for which market prices are not available, reasonable estimates of fair value are made based on the present value of future cash flows, the price of the underlying assets, the contract period, and other factors.

2) Impairment of Securities

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

3) Impairment of Fixed Assets

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

4) Deferred Tax Assets

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

5) Allowance for Credit Losses

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

6) Outstanding Claims

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

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

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

In addition, for "3) Impairment of Fixed Assets" and "6) Outstanding Claims" above, related matters are stated in "Significant Accounting Policies" of the "Notes to Consolidated Financial Statements."

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

Progress and Results of Business of the Corporate Group (the "Group")

For the current fiscal year, looking at the global economy, the U.S. economy continued its expansion trend, supported by increases in personal consumption and capital investment. In Europe, although there were some signs of stagnation, the slowdown in inflation helped revive personal consumption, showing signs of economic recovery. In Japan, despite the impact of rising prices, the economy gradually recovered, supported by improvements in employment and income conditions, which led to a rebound in personal consumption.

In Stage 2 (FY2024–FY2025) of Medium-Term Management Plan (2022–2025) that started this fiscal year, the Group continued to aim to "Grow together with society as a platform provider of risk solutions" just as in Stage 1 (FY2022–FY2023), and work toward realizing a "Corporate group that supports a resilient and sustainable society" by implementing the three basic strategies of the Plan, namely "Value (Value creation)," "Transformation (Business reforms)," and "Synergy (Demonstration of group synergy). Also, reflecting on the incidents of price fixing in the corporate insurance sector at Mitsui Sumitomo Insurance Co., Ltd. ("MSI"), and Aioi Nissay Dowa Insurance Co., Ltd. ("ADI"), the Group reviewed the existing business practices and advanced a major transformation in business style based on "Customer-focused business operation," "Strengthen governance," and "Compliance," focusing on "Changing the value we provide," "Changing business structure," and "Changing productivity and profitability."

Group adjusted profit for the current fiscal year was ¥731.7 billion, exceeding the initial forecast (¥610 billion) and setting a record high, mainly due to a significant increase in gains on the sale of strategic equity holdings, increased profit in the international business, and other factors. In terms of capital efficiency, Group adjusted ROE also exceeded the initial forecast (13.0%), reaching 15.7%. In terms of the Group's financial soundness, the ESR was 226%, which was within the target range (180%–250%).

Reassuring Compliance

Information leakage involving multiple domestic insurance companies, including our Group, has been discovered, originating from insurance agents and employees seconded to those agencies. MSI, ADI, Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSAL"), and Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSPL"), where information leakage was confirmed, conducted thorough investigations and disclosed the facts, response policies, causes of the incident, and measures to prevent recurrence. Regarding this information leakage, MSI and ADI received a business improvement order from the Financial Services Agency under the Insurance Business Act in March 2025.

Moreover, concerning price fixing for the corporate insurance sector, MSI and ADI received a cease and desist order and an administrative monetary penalty payment order from the Japan Fair Trade Commission in October 2024. The Company takes this situation seriously and, as a holding company, is committed to strengthening management systems, exercising governance, and ensuring thorough compliance across the entire Group to restore trust from society and our customers.

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

Value (Value creation)	The Group undertook initiatives including the following, aiming to practice "CSV×DX*1" globally, providing value to all stakeholders and thus enhancing corporate value, as well as increase the profitability of our business, products, and services and strengthening our earnings base. [Details of Initiatives] • Implement measures to improve profitability of the domestic non-life insurance business, such as product revisions (including optimization of premium rates) in response to the increased severity and frequency of natural disasters and continued inflation, strengthening of underwriting*2, and enhancing business efficiency and productivity through the review of business processes via the promotion of digital transformation (DX) • Expand the risk management business utilizing digital data and promote the development and provision of products and services before and after compensation and coverage
Transformation (Business reforms)	The Group undertook initiatives including the following, with the aim of transforming the business structure and adapting to changes in the business environment through the creation of new businesses and other measures, as well as building a stable earnings base by transforming the business, products, and risk portfolio. [Details of Initiatives] • Develop the U.S. MGA*3 market through MS Transverse, regain and increase MS Amlin's profitability, improve profitability of the Toyota Retail business, and promote the enhancement of business management (performance improvement and review of unprofitable businesses) to transform the business portfolio • Transform from a portfolio centered on automobile insurance to a portfolio with diversified sources of profit by improving profitability of fire insurance (including the optimization of insurance premium rates) and increasing profits from casualty insurance (expanding sales of products for small and medium-sized enterprises and integrated product-service offerings) • Accelerate initiatives to reduce strategic equity holdings (aiming to reduce the currently held listed strategic stocks to zero by the end of March 2030) to transform the risk portfolio
Synergy (Demonstration of group synergy)	The Group undertook initiatives including the following, with the aim of improving the quality of operations and productivity through the One Platform Strategy*4, pursuing further growth by strengthening cooperation by leveraging the diversity within the Group, and realizing synergies on a global basis. [Details of Initiatives] • Integrate head office functions between Group companies, expand streamlined business process outsourcing for common operations, and boldly eliminate and integrate systems • Promote life insurance sales through non-life sales channels, and promote cross-sales of Mitsui Sumitomo Primary Life products at Mitsui Sumitomo Aioi Life • Promote bilateral sharing and utilization of products, services, and various knowledge with domestic and overseas bases under the"TENKAI Project"

*1 CSV×DX
An initiative to achieve sustainable growth and increase corporate value by combining "creating shared value" with society and "digital transformation" with the aim of improving productivity and competitiveness.
*2 Underwriting
The process of deciding whether to accept an insurance policy and determining the terms and conditions thereof.
*3 Managing General Agent
An agent authorized to perform a wide range of tasks such as underwriting, loss amount certification and assessment, in addition to insurance solicitation on behalf of an insurer.
*4 One Platform Strategy
The Group's initiative to further promote standardization, collaboration, and integration of the middle- and back-division operations between MSI and ADI, with strategic exceptions where difference is to be left untouched.

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

(Yen in billions)

Category	FY2023	FY2024 (Current fiscal year)	Change
Ordinary income	¥ 6,572.8	**¥ 6,660.8**	**1.3%**
Ordinary profit	416.4	**928.9**	**123.1%**
Net income attributable to owners of the parent	369.2	**691.6**	**87.3%**

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

Domestic Non-Life Insurance Business

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

In addition to providing compensation for financial losses, which is the original function of insurance, the Group is enhancing its pre- and post-coverage solutions by leveraging DX to help prevent accidents and disasters before they occur, mitigate their impact, and support recovery efforts. For example, MSI and ADI have expanded their product and service lineup by launching an alert service that notifies customers in advance of potential hailstorms, which have been increasing in frequency in recent years due to climate change.

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

	Main Initiatives	
MSI and ADI	Cyber risk business partner assessment service	We launched a service that assesses the cyber risk of major corporate affiliates and business partners collectively, visualizes the risks, and provides regular reports on a monthly or quarterly basis.
	Automobile insurance rider for ride-sharing operators “Mobility Support Service Commercial Auto Insurance Rider”	In line with the partial deregulation of ridesharing, we developed the “Mobility Support Service Commercial Auto Insurance Rider,” which provides blanket coverage for personally owned vehicles brought into fleets, and began offering it to rideshare operators responsible for fleet management.
	Home fire insurance “Building Energy Efficiency Cost Rider”	We became the first in the industry to develop a “Building Energy Efficiency Cost Rider” that covers additional costs needed to meet energy efficiency standards when rebuilding a home that has been completely destroyed by fire or other disasters. We have begun offering it as a rider to our home fire insurance policies.
MSI	Senior life support services	We launched a service where specially trained and MSI-certified insurance agents (MS Senior Life Partners) introduce customers to professional service providers tailored to their needs, offering one-stop support for senior-related assistance.
ADI	Hail damage recovery scheme	We developed a hail damage recovery scheme to expedite insurance claim payments in the event of major hailstorms, utilizing the Hail Scanner, which automates damage assessment for affected vehicles, and Dent Repair technology, which significantly shortens repair times.
Mitsui Direct	Next-Generation core system “Trusty”	We released a system that enables customers to more quickly, easily, and intuitively obtain insurance quotes and complete application procedures online, enhancing the ability to offer optimal proposals and services tailored to each individual customer.

Operating results by segment were as follows:

(Yen in billions)

Category		FY2023	FY2024 (Current fiscal year)	Change
MSI	Net premiums written	¥ 1,623.3	¥ 1,679.2	3.4%
	Net income	167.7	459.9	174.1%
ADI	Net premiums written	1,368.9	1,430.3	4.5%
	Net income	56.0	108.7	93.9%
Mitsui Direct	Net premiums written	35.2	37.3	6.2%
	Net income	(1.5)	(1.7)	–

Domestic Life Insurance Business

MSAL and MSPL have been providing products and services that address the social issues of the 100-year-life era: extending healthy life expectancy and extending asset life.

At MSAL, revisions were made to its core products, including its income protection insurance and term life insurance. For income protection insurance, coverage was expanded (to include nursing care and work disability), and new coverage was introduced to support hospitalization and home medical care needs. For term life insurance, adjustments were made to the assumed interest rate in response to changes in market interest rates, thereby enhancing overall product competitiveness. Also, a new service was added to the MSA Care healthcare service, providing consultations and medical care for women’s health issues such as menstrual disorders and menopause symptoms. A dedicated platform was also launched to improve convenience for companies adopting it as part of their employee benefit programs, further strengthening support before and after insurance coverage. Furthermore, MSAL established a directly-owned agent, MSA Life Support Agency, to strengthen after-sales follow-up for customers who purchased policies without going through an agent, and to reinforce insurance solicitation efforts linked to reassessing coverage needs through after-sales engagement.

At MSPL, revisions were made to the “Yasashisa, Tsunagu” series of gift-type insurance products designed to facilitate smooth asset transfer to the next generation. These product revisions included raising the maximum premium amount eligible for contracts and expanding the scope of available plans. As a result, cumulative sales exceeded ¥3 trillion in June 2024. In addition, to meet growing demand for asset management in yen-denominated assets and for early receipt of annuity payments, new short-term deferred plans (three-year foreign currency–denominated, and three- and five-year yen-denominated options) were added to the individual annuity product “Minori 10 Years.” At the same time, efforts were made to strengthen the framework for developing products aligned with customer intentions and needs, and to support the reinforcement of proper insurance sales structures at financial institution agents.

Operating results by segment were as follows:

(Yen in billions)

Category		FY2023	FY2024 (Current fiscal year)	Change
MSAL	New policies	¥ 1,292.8	¥ 1,206.2	(6.7)%
	Annualized premiums of new policies	26.9	24.5	(9.0)%
	Total amount of policies in force	22,465.5	21,591.4	(3.9)%
	Annualized premiums of policies in force	435.6	428.1	(1.7)%
	Net income	28.1	29.6	5.0%
MSPL	New policies	1,437.0	1,317.1	(8.3)%
	Total amount of policies in force	7,905.7	8,130.6	2.8%
	Net income	19.6	25.7	30.5%

International Business

As outlined in the Medium-Term Management Plan, the Group worked to expand profits at MS Amlin, tap into growth in the Asian market, improve profitability in the Toyota Retail business, accelerate growth through business investments, and demonstrate Group synergy. As a result, we achieved significantly higher profits compared to the previous fiscal year.

At MS Amlin, we continued initiatives from the previous fiscal year by raising premiums in response to market conditions and selectively expanding underwriting for non-natural disaster risks while curbing underwriting of natural disaster risks, leading to increased profit. In the Asian market, we expanded earnings steadily by working to penetrate further into the retail market and implementing other measures utilizing digital technology through collaboration with platform providers.

In the Toyota Retail business, we strengthened underwriting and implemented a strategy of selection and concentration of businesses, including withdrawal from low-profit businesses in Europe, thereby improving profitability.

For our business investments, we worked to capture the growing U.S. MGA market through MS Transverse, and decided to acquire a 15% stake in W. R. Berkley Corporation, a leading U.S. specialty insurance company. Through this initiative, we aim to significantly expand our revenue in the world’s largest insurance market, the United States, and by combining the Group’s strong presence in other regions and markets, particularly Japan, Asia, and Lloyd’s markets, with the strengths of new investment partners in the United States, we aspire to build a top-tier global insurance group alliance with an extensive worldwide network.

The results of overseas insurance subsidiaries were as follows:

(Yen in billions)

Category	FY2023	FY2024 (Current fiscal year)	Change
Net premiums written	¥1,233.6	¥1,527.2	23.8%
Net income after adjustment for equity interest (segment income)	153.8	184.4	19.9%

Digital and Risk-Related Services Business

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

During the current fiscal year, we launched several services, such as RM NAVI (Risk Management Navigation), which provides comprehensive, one-stop support from the providing of risk information to solution implementation; Natural Disaster Action Support Service, which enables quick and appropriate initial responses during natural disasters; and Cyber Incident Guard, a service that offers end-to-end support for companies responding to cyberattacks.

Financial Services Business

In the financial services business, we have been offering a variety of products and services beyond traditional insurance, taking into account social issues, environmental changes, and customer needs.

At MSI, we focused on sales of weather derivatives to mitigate economic losses caused by natural disasters and extreme weather events. We also worked to generate synergies with Leadenhall Capital Partners LLP, a consolidated subsidiary and fund management company specializing in insurance-linked securities (ILS)[*5] funds, including support for expanding its investor base in Japan.

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

*5 Insurance-linked securities (ILS)
A general term for securitized financial products that transfer risks, such as natural disasters, from insurance markets to capital markets.

4. SOLVENCY MARGIN RATIO

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

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

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

1) MS&AD
Consolidated solvency margin ratio

(Yen in millions)

	FY2023	FY2024
(A) Solvency margin total amount	¥6,531,328	¥5,791,564
(B) Risk amount	1,692,314	1,634,204
(C) Solvency margin ratio (A/(B × 1/2)) × 100	771.8%	708.7%

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 708.7%, down 63.1 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin decreased by ¥739.7 billion from the end of the previous year principally due to a decline in the fair value of domestic stocks held and a reduction in the balance.

2) MSI
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2023	FY2024
(A) Solvency margin total amount	¥4,133,628	¥3,593,924
(B) Risk amount	1,196,153	1,017,541
(C) Solvency margin ratio (A/(B × 1/2)) × 100	691.1%	706.3%

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 in 1996.

The solvency margin ratio increased 15.2 percentage points from the end of the previous fiscal year to 706.3%, mainly due to a decrease in the amount equivalent to asset management risks associated with a decline in the balance of domestic stocks, which led to a decrease of ¥178.6 billion in the total risk compared with the end of the previous fiscal year.

3) ADI
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2023	FY2024
(A) Solvency margin total amount	¥1,572,188	¥1,359,559
(B) Risk amount	402,936	359,082
(C) Solvency margin ratio (A/(B × 1/2)) × 100	780.3%	757.2%

Note: See the note for MSI "2) Non-consolidated solvency margin ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio was 757.2%, down 23.1 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin decreased by ¥212.6 billion from the end of the previous year principally due to a decline in valuation differences on other securities accompanied by a decrease in the fair value of domestic stocks held.

4) Mitsui Direct General Insurance Co., Ltd.
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2023	FY2024
(A) Solvency margin total amount	¥ 16,137	¥ 13,938
(B) Risk amount	5,089	5,280
(C) Solvency margin ratio (A/(B × 1/2)) × 100	634.1%	527.8%

Note: See the note for MSI "2) Non-consolidated solvency margin ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio was 527.8%, down 106.3 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin decreased ¥2.1 billion from the end of the previous fiscal year principally due to a decrease in shareholders' equity because of a net loss.

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

(Yen in millions)

	FY2023	FY2024
(A) Solvency margin total amount	¥355,345	¥273,728
(B) Risk amount	76,569	83,701
(C) Solvency margin ratio (A/(B × 1/2)) × 100	928.1%	654.0%

Note: See the note for MSI "2) Non-consolidated solvency margin ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio was 654.0%, down 274.1 percentage points from the end of the previous fiscal year. This was mainly because the total solvency margin decreased by ¥81.6 billion from the end of the previous year principally due to a decline in valuation differences on other securities accompanied by a decrease in the fair value of bonds held.

6) Mitsui Sumitomo Primary Life Insurance Co., Ltd.
Non-consolidated solvency margin ratio

(Yen in millions)

	FY2023	FY2024
(A) Solvency margin total amount	¥771,366	¥774,790
(B) Risk amount	203,346	234,205
(C) Solvency margin ratio (A/(B × 1/2)) × 100	758.6%	661.6%

Note: See the note for MSI "2) Non-consolidated solvency margin ratio" regarding the non-consolidated solvency margin ratio calculation method.

The solvency margin ratio decreased 97.0 percentage points from the end of the previous fiscal year to 661.6%, mainly due to an increase in assumed interest rate risk from the acquisition of new business in foreign currency-denominated insurance, which led to a increase of ¥30.8 billion in the total risk compared with the end of the previous fiscal year.

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

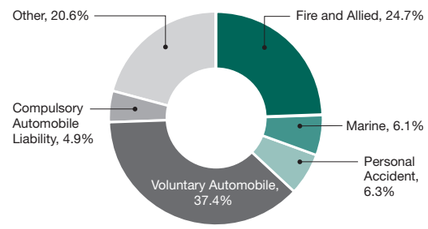
(a) Direct Premiums Written (including deposit premiums from policyholders)

(Yen in millions) (US$ in millions)

Lines of Insurance	FY2020 Amount	FY2020 Change (%)	FY2020 Share (%)	FY2021 Amount	FY2021 Change (%)	FY2021 Share (%)	FY2022 Amount	FY2022 Change (%)	FY2022 Share (%)	FY2023 Amount	FY2023 Change (%)	FY2023 Share (%)	FY2024 Amount	FY2024 Change (%)	FY2024 Share (%)	FY2024 Amount
Fire and Allied	¥ 757,785	3.2	20.0	¥ 784,527	3.5	20.3	¥ 923,201	17.7	22.0	¥1,003,286	8.7	22.2	¥1,230,655	22.7	24.7	$ 8,204
Marine	190,705	3.0	5.0	201,365	5.6	5.2	257,973	28.1	6.1	267,731	3.8	5.9	301,128	12.5	6.1	2,008
Personal Accident	293,409	(6.0)	7.7	284,581	(3.0)	7.3	296,275	4.1	7.1	303,471	2.4	6.7	315,593	4.0	6.3	2,104
Voluntary Automobile	1,592,952	1.4	42.0	1,634,984	2.6	42.2	1,672,549	2.3	39.9	1,741,903	4.1	38.6	1,865,272	7.1	37.4	12,435
Compulsory Automobile Liability	296,911	(14.6)	7.8	276,076	(7.0)	7.1	279,102	1.1	6.7	245,448	(12.1)	5.5	244,972	(0.2)	4.9	1,633
Other	664,078	(2.0)	17.5	692,153	4.2	17.9	762,069	10.1	18.2	949,757	24.6	21.1	1,028,104	8.2	20.6	6,854
Total	¥3,795,842	(0.8)	100.0	¥3,873,688	2.1	100.0	¥4,191,172	8.2	100.0	¥4,511,598	7.6	100.0	4,985,727	10.5	100.0	$33,238
Deposit premiums from policyholders	¥72,635	(3.9)	1.9	¥52,185	(28.2)	1.3	¥41,359	(20.7)	1.0	¥31,658	(23.5)	0.7	¥28,450	(10.1)	0.6	$190

DIRECT PREMIUMS WRITTEN (FY2024)

Total ¥4,985.7 Billion



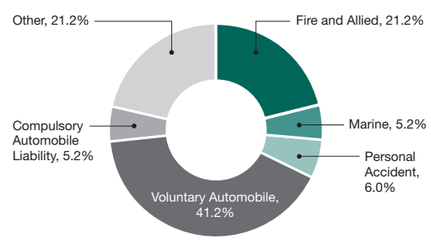
(b) Net Premiums Written

(Yen in millions) (US$ in millions)

Lines of Insurance	FY2020 Amount	FY2020 Change (%)	FY2020 Share (%)	FY2021 Amount	FY2021 Change (%)	FY2021 Share (%)	FY2022 Amount	FY2022 Change (%)	FY2022 Share (%)	FY2023 Amount	FY2023 Change (%)	FY2023 Share (%)	FY2024 Amount	FY2024 Change (%)	FY2024 Share (%)	FY2024 Amount
Fire and Allied	¥ 592,798	0.5	16.9	¥ 620,531	4.7	17.2	¥ 725,597	16.9	18.4	¥ 785,976	8.3	18.4	¥ 990,955	26.1	21.2	$ 6,606
Marine	150,662	1.9	4.3	159,293	5.7	4.4	199,745	25.4	5.1	207,868	4.1	4.9	240,502	15.7	5.2	1,603
Personal Accident	226,349	(8.3)	6.5	232,288	2.6	6.5	247,603	6.6	6.3	259,781	4.9	6.1	279,826	7.7	6.0	1,866
Voluntary Automobile	1,639,651	0.4	46.8	1,679,430	2.4	46.5	1,727,462	2.9	43.9	1,813,439	5.0	42.6	1,927,756	6.3	41.2	12,852
Compulsory Automobile Liability	300,996	(13.3)	8.6	281,282	(6.5)	7.8	275,732	(2.0)	7.0	255,550	(7.3)	6.0	243,543	(4.7)	5.2	1,624
Other	590,537	(3.1)	16.9	636,224	7.7	17.6	757,093	19.0	19.3	939,120	24.0	22.0	991,718	5.6	21.2	6,611
Total	¥3,500,996	(2.0)	100.0	¥3,609,052	3.1	100.0	¥3,933,235	9.0	100.0	¥4,261,736	8.4	100.0	¥4,674,301	9.7	100.0	$31,162

NET PREMIUMS WRITTEN (FY2024)

Total ¥4,674.3 Billion



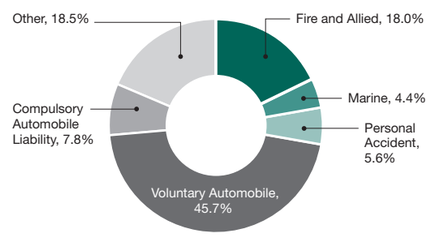
(c) Net Claims Paid

(Yen in millions) (US$ in millions)

Lines of Insurance	FY2020 Amount	FY2020 Change (%)	FY2020 Share (%)	FY2021 Amount	FY2021 Change (%)	FY2021 Share (%)	FY2022 Amount	FY2022 Change (%)	FY2022 Share (%)	FY2023 Amount	FY2023 Change (%)	FY2023 Share (%)	FY2024 Amount	FY2024 Change (%)	FY2024 Share (%)	FY2024 Amount
Fire and Allied	¥ 376,673	(7.2)	19.8	¥ 412,825	9.6	21.2	¥ 511,720	24.0	22.8	¥ 448,816	(12.3)	19.6	¥ 448,205	(0.1)	18.0	$ 2,988
Marine	75,439	(7.8)	4.0	66,480	(11.9)	3.4	85,584	28.7	3.8	92,540	8.1	4.0	110,557	19.5	4.4	737
Personal Accident	113,025	(1.0)	5.9	111,059	(1.7)	5.7	154,734	39.3	6.9	131,858	(14.8)	5.8	140,202	6.3	5.6	935
Voluntary Automobile	806,808	(8.3)	42.4	844,643	4.7	43.4	952,042	12.7	42.5	1,033,472	8.6	45.1	1,136,149	9.9	45.7	7,574
Compulsory Automobile Liability	215,043	(7.8)	11.3	197,440	(8.2)	10.1	183,660	(7.0)	8.2	192,389	4.8	8.4	194,103	0.9	7.8	1,294
Other	315,258	1.1	16.6	314,525	(0.2)	16.2	354,758	12.8	15.8	392,104	10.5	17.1	459,812	17.3	18.5	3,065
Total	¥1,902,248	(6.2)	100.0	¥1,946,975	2.4	100.0	¥2,242,501	15.2	100.0	¥2,291,182	2.2	100.0	¥2,489,031	8.6	100.0	$16,594

NET CLAIMS PAID (FY2024)

Total ¥2,489.0 Billion



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

(a) Policies in Force

	(Yen in millions)										(US$ in millions)
	FY2020		FY2021		FY2022		FY2023		FY2024		FY2024
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Individual insurance	¥27,851,835	(0.7)	¥27,814,964	(0.1)	¥27,307,492	(1.8)	¥27,160,135	(0.5)	¥26,470,560	(2.5)	$176,470
Individual annuities	3,010,961	3.3	2,836,443	(5.8)	2,874,667	1.3	3,211,155	11.7	3,251,486	1.3	21,677
Group insurance	9,356,277	5.3	9,618,042	2.8	9,846,741	2.4	9,607,665	(2.4)	9,945,364	3.5	66,302
Group annuities	297	0.7	277	(6.5)	252	(9.1)	273	8.2	260	(4.6)	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)
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2024
	Amount	Amount	Amount	Amount	Amount	Amount
Individual insurance	¥2,434,298	¥2,413,439	¥2,379,027	¥2,330,615	¥2,165,392	$14,436
Individual annuities	123,035	96,731	357,413	399,250	358,004	2,387
Group insurance	114,945	43,351	68,710	180,396	48,197	321
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)
	FY2023		FY2024		FY2024
	Amount	Share	Amount	Share	Amount
Deposits and savings	¥ 2,911,322	10.8%	¥ 2,139,774	8.2%	$ 14,265
Call loans	–	–	60,000	0.2	400
Receivables under resale agreements	–	–	86,904	0.3	579
Monetary claims bought	184,200	0.7	301,320	1.1	2,009
Money trusts	2,420,170	9.0	2,663,333	10.2	17,756
Investments in securities	18,166,668	67.4	17,760,073	67.7	118,400
Loans	970,148	3.6	909,825	3.5	6,066
Land and buildings	403,179	1.4	397,174	1.5	2,648
Total investment assets	¥25,055,690	92.9%	¥24,318,406	92.7%	$162,123
Total assets	¥26,960,207	100.0%	¥26,241,298	100.0%	$174,942

(b) Investments in Securities

	(Yen in millions)				(US$ in millions)
	FY2023		FY2024		FY2024
	Amount	Share	Amount	Share	Amount
Government bonds	¥ 4,470,341	24.6%	¥ 4,675,506	26.3%	$ 31,170
Municipal bonds	186,711	1.0	172,710	1.0	1,151
Corporate bonds	1,257,438	6.9	1,231,477	6.9	8,210
Stock	3,729,586	20.5	2,454,534	13.8	16,364
Foreign securities	6,676,866	36.8	7,574,995	42.7	50,500
Other securities	1,845,723	10.2	1,650,849	9.3	11,006
Total	¥18,166,668	100.0%	¥17,760,073	100.0%	$118,400

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, 2024 and March 31, 2025

	Yen in millions		US$ in millions
Assets	March 31, 2024	March 31, 2025	March 31, 2025
Cash, deposits and savings	¥ 2,911,347	¥ 2,139,796	$ 14,265
Call loans	–	60,000	400
Receivables under resale agreements	–	86,904	579
Monetary claims bought	184,200	301,320	2,009
Money trusts	2,420,170	2,663,333	17,756
Investments in securities	18,166,668	17,760,073	118,400
Loans	970,148	909,825	6,066
Tangible fixed assets:	465,661	456,461	3,043
Land	216,914	212,362	1,416
Buildings	186,265	184,811	1,232
Lease assets	29,453	27,868	186
Construction in progress	2,556	2,768	18
Other tangible fixed assets	30,472	28,650	191
Intangible fixed assets:	490,510	478,027	3,187
Software	165,010	155,231	1,035
Goodwill	141,446	133,142	888
Lease assets	188	108	1
Other intangible fixed assets	183,863	189,545	1,264
Other assets	1,178,311	1,214,362	8,096
Assets for retirement benefits	100,653	98,934	660
Deferred tax assets	59,388	64,759	432
Customers' liabilities under acceptances and guarantees	22,848	18,101	121
Bad debt reserve	(9,701)	(10,602)	(71)
Total assets	26,960,207	26,241,298	174,942
Liabilities			
Policy liabilities:	19,198,037	19,553,344	130,356
Outstanding claims	2,884,811	3,301,154	22,008
Underwriting reserves	16,313,226	16,252,189	108,348
Bonds issued	715,045	590,565	3,937
Other liabilities	1,733,681	1,554,326	10,362
Liabilities for pension and retirement benefits	138,027	139,696	931
Reserve for retirement benefits for officers	88	55	0
Accrued bonuses for employees	34,189	42,104	281
Reserve for stock payments	2,018	825	6
Reserves under the special laws:	231,871	251,732	1,678
Reserve for price fluctuation	231,871	251,732	1,678
Deferred tax liabilities	370,837	37,711	251
Acceptances and guarantees	22,848	18,101	121
Total liabilities	¥22,446,645	¥22,188,463	$147,923

See accompanying notes to consolidated financial statements.

	Yen in millions		US$ in millions
Net Assets	March 31, 2024	March 31, 2025	March 31, 2025
Shareholders' equity:			
Common stock	¥ 101,076	¥ 101,367	$ 676
Capital surplus	344,785	345,130	2,301
Retained earnings	1,634,444	2,135,307	14,235
Treasury stock	(36,841)	(285,533)	(1,904)
Total shareholders' equity	2,043,464	2,296,271	15,308
Accumulated other comprehensive income:			–
Net unrealized gains/(losses) on investments in securities	2,237,147	1,392,499	9,283
Net deferred gains/(losses) on hedges	(48,402)	(28,389)	(189)
Foreign currency translation adjustments	222,849	406,348	2,709
Accumulated actuarial gains/(losses) on retirement benefits	32,551	20,118	134
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	(20,818)	(86,497)	(577)
Total accumulated other comprehensive income	2,423,327	1,704,079	11,361
Stock acquisition rights	391	266	2
Non-controlling interests	46,378	52,217	348
Total net assets	4,513,562	4,052,835	27,019
Total liabilities and net assets	¥26,960,207	¥26,241,298	$174,942

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, 2024 and March 31, 2025

	Yen in millions		US$ in millions
	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2025
Ordinary income:	¥6,572,889	¥6,660,813	$ 44,405
Underwriting income:	5,107,033	5,400,585	36,004
Net premiums written	4,261,736	4,674,301	31,162
Deposit premiums from policyholders	31,658	28,450	190
Investment income on deposit premiums from policyholders	36,836	36,897	246
Life insurance premiums	735,249	608,678	4,058
Reversal of underwriting reserves	–	30,185	201
Other underwriting income	41,551	22,071	147
Investment income:	1,417,724	1,199,375	7,996
Interest and dividends income	427,085	495,138	3,301
Investment gains on money trusts	314,111	114,410	763
Investment gains on trading securities	59,170	51,773	345
Gains on sales of securities	228,739	561,601	3,744
Gains on redemption of securities	4,875	4,381	29
Investment gains on separate accounts	218,611	–	–
Other investment income	201,968	8,967	60
Transfer of investment income on deposit premiums from policyholders	(36,836)	(36,897)	(246)
Other ordinary income:	48,130	60,852	406
Gains on equity method investments	18,759	25,138	168
Other ordinary income	29,371	35,714	238
Ordinary expenses:	6,156,448	5,731,823	38,212
Underwriting expenses:	5,107,358	4,579,458	30,530
Net claims paid	2,291,182	2,489,031	16,594
Loss adjustment expenses	226,831	242,819	1,619
Commissions and collection expenses	848,875	890,794	5,939
Maturity refunds to policyholders	151,929	144,779	965
Dividends to policyholders	51	60	0
Life insurance claims	483,054	492,361	3,282
Provision for outstanding claims	365,586	313,355	2,089
Provision for underwriting reserves	734,752	–	–
Other underwriting expenses	5,093	6,254	42
Investment expenses:	215,527	257,138	1,714
Investment losses on money trusts	64,443	70,839	472
Losses on sales of securities	75,703	51,881	346
Impairment losses on securities	3,217	11,033	74
Losses on redemption of securities	40	778	5
Losses on derivative transactions	58,450	31,514	210
Investment losses on separate accounts	–	22,082	147
Other investment expenses	13,671	69,009	460
Operating expenses and general and administrative expenses	797,988	846,012	5,640
Other ordinary expenses:	35,574	49,213	328
Interest expense	10,453	11,783	79
Provision for bad debts	946	482	3
Losses on bad debts	606	891	6
Other ordinary expenses	23,567	36,054	240
Ordinary profit	416,440	928,989	6,193

	Yen in millions		US$ in millions
	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2025
Extraordinary income:	¥ 63,598	¥ 13,805	$ 92
Gains on sales of fixed assets	17,472	10,697	71
Reversal of reserves under the special laws:	46,126	–	–
Reversal of reserve for price fluctuation	46,126	–	–
Gains on change in equity	–	3,108	21
Extraordinary losses:	17,775	35,412	236
Losses on sales of fixed assets	5,935	8,054	54
Impairment losses on fixed assets	11,839	7,496	50
Provision for reserves under the special laws:	–	19,860	132
Provision for reserve for price fluctuation	–	19,860	132
Income before income taxes	462,263	907,382	6,049
Income taxes - current	97,374	214,886	1,433
Income taxes - deferred	(7,930)	(4,162)	(28)
Total income taxes	89,443	210,724	1,405
Net income	372,820	696,658	4,644
Net income attributable to non-controlling interests	3,553	5,001	33
Net income attributable to owners of the parent	¥ 369,266	¥ 691,657	$ 4,611

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, 2024 and March 31, 2025

	Yen in millions		US$ in millions
	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2025
Net income	¥ 372,820	¥ 696,658	$ 4,644
Other comprehensive income:			
Net unrealized gains/(losses) on investments in securities	992,341	(902,832)	(6,019)
Net deferred gains/(losses) on hedges	(28,172)	19,159	128
Foreign currency translation adjustments	127,688	174,400	1,163
Accumulated actuarial gains/(losses) on retirement benefits	41,988	(12,375)	(83)
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	(3,176)	1,084	7
Share of other comprehensive income/(loss) of equity method investments	24,207	6,618	44
Total other comprehensive income	1,154,876	(713,943)	(4,760)
Total comprehensive income	1,527,696	(17,284)	(115)
Allocation:			
Comprehensive income attributable to owners of the parent	¥1,521,241	¥ (27,590)	$ (184)
Comprehensive income attributable to non-controlling interests	6,455	10,305	69

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 year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Yen in millions)

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

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

See accompanying notes to consolidated financial statements.

For the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	¥101,076	¥344,785	¥1,634,444	¥ (36,841)	¥2,043,464
Changes for the year:					
Issuance of new shares	291	291			582
Dividends paid			(190,795)		(190,795)
Net income attributable to owners of the parent			691,657		691,657
Repurchase of treasury stock				(250,876)	(250,876)
Disposal of treasury stock		105		2,184	2,290
Changes in equity resulting from increase in capital of consolidated subsidiaries		(13)			(13)
Changes in equity resulting from transactions with non-controlling shareholders		(38)			(38)
Net changes of items other than shareholders' equity					
Total changes for the year	291	345	500,862	(248,691)	252,806
Ending balance	¥101,367	¥345,130	¥2,135,307	¥(285,533)	¥2,296,271

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	Total accumulated other comprehensive income			
Beginning balance	¥2,237,147	¥(48,402)	¥222,849	¥ 32,551	¥(20,818)	¥2,423,327	¥ 391	¥46,378	¥4,513,562
Changes for the year:									
Issuance of new shares									582
Dividends paid									(190,795)
Net income attributable to owners of the parent									691,657
Repurchase of treasury stock									(250,876)
Disposal of treasury stock									2,290
Changes in equity resulting from increase in capital of consolidated subsidiaries									(13)
Changes in equity resulting from transactions with non-controlling shareholders									(38)
Net changes of items other than shareholders' equity	(844,648)	20,013	183,498	(12,432)	(65,679)	(719,247)	(125)	5,839	(713,534)
Total changes for the year	(844,648)	20,013	183,498	(12,432)	(65,679)	(719,247)	(125)	5,839	(460,727)
Ending balance	¥1,392,499	¥(28,389)	¥406,348	¥ 20,118	¥(86,497)	¥1,704,079	¥ 266	¥52,217	¥4,052,835

See accompanying notes to consolidated financial statements.

For the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(US$ in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	$674	$2,299	$10,896	$(246)	$13,623
Changes for the year:					
Issuance of new shares	2	2			4
Dividends paid			(1,272)		(1,272)
Net income attributable to owners of the parent			4,611		4,611
Repurchase of treasury stock				(1,673)	(1,673)
Disposal of treasury stock		1		15	15
Changes in equity resulting from increase in capital of consolidated subsidiaries		(0)			(0)
Changes in equity resulting from transactions with non-controlling shareholders		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes for the year	2	2	3,339	(1,658)	1,685
Ending balance	$676	$2,301	$14,235	$(1,904)	$15,308

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	Total accumulated other comprehensive income			
Beginning balance	$ 14,914	$(323)	$1,486	$217	$(139)	$16,156	$3	$309	$30,090
Changes for the year:									
Issuance of new shares									4
Dividends paid									(1,272)
Net income attributable to owners of the parent									4,611
Repurchase of treasury stock									(1,673)
Disposal of treasury stock									15
Changes in equity resulting from increase in capital of consolidated subsidiaries									(0)
Changes in equity resulting from transactions with non-controlling shareholders									(0)
Net changes of items other than shareholders' equity	(5,631)	133	1,223	(83)	(438)	(4,795)	(1)	39	(4,757)
Total changes for the year	(5,631)	133	1,223	(83)	(438)	(4,795)	(1)	39	(3,072)
Ending balance	$ 9,283	$(189)	$2,709	$134	$(577)	$11,361	$2	$348	$27,019

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

MS&AD Insurance Group Holdings, Inc. and Its Consolidated Subsidiaries
For the years ended March 31, 2024 and March 31, 2025

	Yen in millions		US$ in millions
	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2025
Cash flows from operating activities:			
Income before income taxes	¥ 462,263	¥ 907,382	$ 6,049
Depreciation	103,192	105,214	701
Impairment losses on fixed assets	11,839	7,496	50
Amortization of goodwill	17,827	16,703	111
Increase/(decrease) in outstanding claims	187,909	304,249	2,028
Increase/(decrease) in underwriting reserves	524,218	(78,201)	(521)
Increase/(decrease) in bad debt reserve	3,368	294	2
Increase/(decrease) in reserve for retirement benefits for officers	(45)	(33)	(0)
Increase/(decrease) in accrued bonuses for employees	4,687	6,271	42
Increase/(decrease) in reserve for stock payments	1,009	(1,193)	(8)
Decrease/(increase) in assets for pension and retirement benefits	(7,455)	(8,409)	(56)
Increase/(decrease) in liabilities for pension and retirement benefits	795	(2,455)	(16)
Increase/(decrease) in reserve for price fluctuation	(46,126)	19,860	132
Interest and dividend income	(427,085)	(495,138)	(3,301)
Losses/(gains) on money trusts	(249,668)	(43,570)	(290)
Losses/(gains) on investments in securities	(213,823)	(554,063)	(3,694)
Losses/(gains) on derivative transactions	58,450	31,514	210
Investment losses/(gains) on separate accounts	(218,611)	22,082	147
Interest expense	10,453	11,783	79
Foreign exchange losses/(gains)	(200,412)	35,670	238
Losses/(gains) on disposal of tangible fixed assets	(13,461)	(8,408)	(56)
Losses/(gains) on equity method investments	(18,759)	(25,138)	(168)
Losses/(gains) on change in equity	–	(3,108)	(21)
Decrease/(increase) in other assets	(33,533)	(25,356)	(169)
Increase/(decrease) in other liabilities	48,001	(3,211)	(21)
Others, net	46,209	25,482	170
Subtotal	51,246	245,720	1,638
Interest and dividends received	517,116	573,299	3,822
Interest paid	(10,449)	(10,975)	(73)
Income taxes refunded/(paid)	(8,446)	(147,856)	(986)
Net cash provided by/(used in) operating activities (a)	549,466	660,188	4,401
Cash flows from investing activities:			
Net decrease/(increase) in deposits and savings	(97,929)	(11,134)	(74)
Purchase of monetary claims bought	(13,670)	(1,661)	(11)
Proceeds from sales and redemption of monetary claims bought	6,208	8,780	59
Purchase of money trusts	(581,487)	(685,796)	(4,572)
Proceeds from sales of money trusts	478,643	487,807	3,252
Purchase of securities	(3,916,860)	(5,193,240)	(34,622)
Proceeds from sales and redemption of securities	4,005,148	5,086,043	33,907
Investments in loans	(219,790)	(220,695)	(1,471)
Collection of loans	235,058	271,324	1,809
Net increase/(decrease) in cash collateral under securities lending transactions	(1,655)	(151,150)	(1,008)
Others, net	(107,403)	(76,141)	(508)
Subtotal (b)	(213,736)	(485,864)	(3,239)
(a + b)	335,730	174,324	1,162
Acquisition of tangible fixed assets	(22,877)	(25,199)	(168)
Proceeds from sales of tangible fixed assets	23,286	16,463	110
Acquisition of intangible fixed assets	(62,063)	(63,093)	(421)
Others, net	(1,433)	(1,031)	(7)
Net cash provided by/(used in) investing activities	(276,825)	(558,725)	(3,725)
Cash flows from financing activities:			–
Proceeds from borrowings	–	1,248	8
Repayments of borrowings	(100,000)	(1,248)	(8)
Redemption of bonds	–	(125,000)	(833)
Net increase/(decrease) in payables under repurchase agreements	30,657	(692)	(5)
Net increase/(decrease) in cash collateral under securities lending transactions	2,279	(80,146)	(534)
Repurchase of treasury stock	(30,375)	(250,876)	(1,673)
Dividends paid to shareholders	(117,133)	(190,510)	(1,270)
Dividends paid to non-controlling interests	(3,535)	(4,327)	(29)
Purchase of shares of subsidiaries not resulting in changes in scope of consolidation	(4,385)	(180)	(1)
Others, net	(9,057)	(7,843)	(52)
Net cash provided by/(used in) financing activities	(231,549)	(659,578)	(4,397)
Effect of exchange rate changes on cash and cash equivalents	46,236	63,425	423
Net increase/(decrease) in cash and cash equivalents	87,328	(494,690)	(3,298)
Beginning balance of cash and cash equivalents	2,646,431	2,733,760	18,225
Increase in cash and cash equivalents due to inclusion in consolidation	–	405	3
Ending balance of cash and cash equivalents	¥2,733,760	¥2,239,475	$ 14,930

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, 2024 and March 31, 2025

SIGNIFICANT ACCOUNTING POLICIES

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 103 companies

Major consolidated subsidiaries are as follows:
Mitsui Sumitomo Insurance 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

MS Plus One SS Insurance Co., Ltd. and two other companies were established and have been included in the scope of consolidation from the year ended March 31, 2025. Launch Underwriters, LLC and two other companies ceased to be subsidiaries due to sales and other factors, and have been excluded from the scope of consolidation from the year ended March 31, 2025.

(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.

2. Application of the equity method

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

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

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

(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 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.

3. Fiscal year of consolidated subsidiaries

The fiscal year-end of 94 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.

4. 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, 2024, MSPL newly established the subgroups of individual insurance and individual annuities denominated in U.S. dollars, with the aim of improving the investment method and ALM (asset and liability management) in accordance with the investment environment. There is no effect of this change on the consolidated financial statements.

(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.

In addition, from the beginning of the year ended March 31, 2025, due to a change in the asset management policy and other factors, the holding purpose of certain Money trusts held by MSPL (carrying amount recorded on the consolidated balance sheet: 371,393 million yen) was changed from purposes other than "trading," "held-to-maturity," or "earmarked for underwriting reserves," to "trading." As a result of this change, as of the transfer date on April 1, 2024, net unrealized gains/(losses) on securities decreased by 24,653 million yen, deferred tax liabilities decreased by 9,587 million yen, and investment gains on money trusts increased by 34,241 million yen.

(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 recorded based on the estimated expected credit losses.

(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 year-end.

(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 U.S. 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 the group tax sharing system

The Company and certain domestic consolidated subsidiaries have applied the group tax sharing system.

5. 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.

6. Accounting estimates

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2024 and March 31, 2025

In the consolidated balance sheet of the Company as of March 31, 2024 and March 31, 2025, goodwill of ¥141,446 million and ¥133,142 million were recognized, respectively. In addition, goodwill of ¥34,052 million and ¥29,754 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.

In the year ended March 31, 2025, an indication of impairment was identified for MS First Capital Insurance Limited, an overseas consolidated subsidiary that operates the non-life insurance business, due to significant changes in its business environment. Accordingly, the Company assessed whether an impairment loss should be recognized for the asset group, including goodwill of MS First Capital Insurance Limited (consisting of tangible fixed assets of 3,868 million yen, goodwill of 76,487 million yen, and intangible fixed assets excluding goodwill of 48,859 million yen). Since the total undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized. The estimate of the total undiscounted future cash flows for MS First Capital Insurance Limited was based on the business plan of the relevant business and also took into account undistributed earnings and other factors necessary to maintain a certain level of required capital.

(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, 2024 and March 31, 2025

In the consolidated balance sheet of the Company as of March 31, 2024 and March 31, 2025, outstanding claims of ¥2,884,811 million and ¥3,301,154 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 been incurred or deemed to have been 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, as well as inflation and changes in foreign exchange rates.

7. Change in accounting policy

For the year ended March 31, 2024

(Application of IFRS 9 “Financial Instruments”)

From the beginning of the year ended March 31, 2024, IFRS 9 “Financial Instruments” has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, the Company changed classification and measurement of financial instruments.

In accordance with the transitional measures of IFRS 9, cumulative effects of the adoption were adjusted on the beginning balance of Retained earnings and Accumulated other comprehensive income at the beginning of the year ended March 31, 2024.

As a result, the beginning balance of Retained earnings decreased by ¥1,448 million while Net unrealized gains/(losses) on securities increased by ¥2,961 million. In addition, Ordinary income and Income before income taxes increased by ¥7,369 million.

(Application of IFRS 17 “Insurance Contracts”)

From the beginning of the year ended March 31, 2024, IFRS 17 “Insurance Contracts” has been adopted by overseas consolidated subsidiaries and overseas equity-method associates that apply IFRS. As a result, the Company adjusted Policy liabilities to reflect the time value of money, financial risks of the cash flows that arise from insurance contracts, and the effect of uncertainty in the cash flows that arise from insurance contracts. The change in accounting policy has been applied retrospectively.

For the year ended March 31, 2025

(Application of the “Accounting Standard for Current Income Taxes” and others)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; the “Accounting Standard Revised in 2022”) and related guidance have been applied from the beginning of the year ended March 31, 2025. Previously, current income taxes, calculated in accordance with applicable laws and regulations, were recognized in profit or loss. However, the Group now recognizes current income taxes separately in profit or loss, shareholders’ equity, or other comprehensive income, depending on the nature of the transaction that gave rise to the current income tax. For current income taxes recognized in accumulated other comprehensive income, the corresponding taxes are recognized in profit or loss when the transactions that give rise to such taxes are recognized in profit or loss. With regard to the revision of the accounting classification of income taxes (taxation on other comprehensive income), the Group follows the transitional measures provided for in the proviso of Paragraph 20-3 of the Accounting Standard Revised in 2022. As a result, a decrease of 5,469 million yen in income taxes–current and an increase in the same amount of income taxes–deferred were recorded for the year ended March 31, 2025.

8. 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.

9. Additional information

(Share compensation plan for employees)

The Company has entered into a share compensation plan for employees (the "Plan") of its consolidated subsidiaries MSI, ADI, Mitsui Direct General Insurance Company, Limited, 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 the 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, 2024 and March 31, 2025 were ¥4,034 million and ¥2,418 million, respectively. The number of shares of the treasury stock as of March 31, 2024 and March 31, 2025 were 990 thousand shares and 1,781 thousand shares, respectively.

(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 who satisfy certain requirements.

(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, 2024 and March 31, 2025 were ¥1,950 million and ¥2,393 million, respectively. The number of shares of the treasury stock as of March 31, 2024 and March 31, 2025 were 562 thousand shares and 1,820 thousand shares, respectively.

(Adjustments to deferred tax assets and liabilities due to changes in income tax rates)

Following the enactment of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025) by the National Diet on March 31, 2025, a "Special Corporate Tax for National Defense" will be imposed from the fiscal years beginning on or after April 1, 2026.
Accordingly, for deferred tax assets and liabilities related to temporary differences expected to reverse starting from the fiscal years beginning on or after April 1, 2026, the statutory effective tax rate has been revised from 30.6% to 31.5%.
As a result of this change, in the year ended March 31, 2025, deferred tax assets increased by 252 million yen, underwriting reserves increased by 3,161 million yen, deferred tax liabilities increased by 374 million yen, net unrealized gains/(losses) on securities decreased by 13,710 million yen, income taxes–deferred decreased by 13,760 million yen, and net income increased by 10,598 million yen.

(Application of the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.")

The "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc." (Practical Issues Task Force (PITF) No. 46, March 22, 2024) has been applied from the beginning of the year ended March 31, 2025.
For income taxes related to the global minimum tax rules, a reasonable estimate of the tax amount has been calculated based on information available at the time of preparing the consolidated financial statements for the year ended March 31, 2025 in which the rules are applicable. This amount is recorded under income taxes–current. In addition, disclosures regarding income taxes for global minimum tax have been included under "Notes to the Consolidated Statement of Income."

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, 2024	March 31, 2025
Accumulated depreciation	442,279	436,614
Accelerated depreciation	11,515	10,180

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, 2024 and March 31, 2025 were ¥11,515 million and ¥10,180 million, respectively.

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

	Yen in millions	
	March 31, 2024	March 31, 2025
Securities (Domestic stocks)	41,550	39,556
Securities (Foreign securities)	331,389	369,739
Securities (Other securities)	31,090	37,532
Total	404,030	446,827

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, 2024	March 31, 2025
Bankrupt and quasi-bankrupt loans	35	22
Doubtful loans	37	13
Loans overdue for three months or more	96	78
Restructured loans	163	63
Total	332	178

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

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

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

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

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

	Yen in millions	
	March 31, 2024	March 31, 2025
Assets pledged as collateral:		
Cash, deposits and savings	51,705	40,781
Money trusts	3,119	3,080
Securities	821,980	827,361
Total	876,805	871,223

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, 2024	March 31, 2025
	235,480	234,787

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

Yen in millions	
March 31, 2024	March 31, 2025
753,146	411,741

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, 2024	March 31, 2025
1,499,828	1,266,896

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 ¥41,148 million and ¥28,834 million, respectively, in a negative liability position as of March 31, 2024 and March 31, 2025. 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, 2024	March 31, 2025
11,201	4,335

9. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

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

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in the external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance 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, bond option contracts, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

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

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

(iii) Risk management structure related to financial instruments

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

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring 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 the fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

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

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships etc. are not included in the following table (see Note 3).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

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

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

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

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

	Yen in millions			
	Carrying amount			
March 31, 2025	Level 1	Level 2	Level 3	Total
(a) Monetary claims bought	–	282,889	1,482	284,372
(b) Money trusts	–	1,693,315	970,017	2,663,333
(c) Securities:				
Trading securities				
Domestic bonds	16,862	652	–	17,515
Domestic stocks	80	–	–	80
Foreign securities	557,394	503,900	140,202	1,201,496
Others	10,347	1,256,682	–	1,267,030
Available-for-sale securities				
Domestic bonds	1,577,208	1,185,337	–	2,762,545
Domestic stocks	2,335,463	–	–	2,335,463
Foreign securities	1,419,924	3,598,378	466,910	5,485,213
Others	108,866	139,577	17,623	266,067
Derivative transactions (*1):				
Currency	–	32,656	–	32,656
Interest rate	393	21,142	–	21,536
Equity	1,395	–	–	1,395
Bond	3,277	2,305	–	5,583
Credit	–	421	–	421
Others	–	–	1,147	1,147
Total assets	6,031,214	8,717,260	1,597,384	16,345,859
Derivative transactions (*1):				
Currency	–	22,760	–	22,760
Interest rate	354	28,096	–	28,450
Bond	5,026	1,402	–	6,429
Credit	–	2,866	–	2,866
Others	–	–	641	641
Total liabilities	5,380	55,126	641	61,149

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥5,684 million as an asset and ¥8,951 million as a liability.

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

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

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

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

	Yen in millions					
	Fair value					
March 31, 2025	Level 1	Level 2	Level 3	Total	Carrying amount	Difference
(a) Monetary claims bought	–	16,948	–	16,948	16,948	–
(b) Securities:						
Held-to-maturity securities						
Domestic bonds	1,114,316	90,325	–	1,204,641	1,323,437	(118,795)
Foreign securities	–	3,490	–	3,490	3,432	58
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,164,654	97,363	–	1,262,017	1,976,196	(714,179)
Foreign securities	39,835	415,239	–	455,074	463,366	(8,291)
Investments in associates	210,686	6,242	–	216,928	87,975	128,952
(c) Loans					909,825	
Bad debt reserve (*1)					(314)	
	–	207,141	687,746	894,887	909,511	(14,623)
Total assets	2,529,491	836,750	687,746	4,053,989	4,780,868	(726,879)
Bonds issued	–	474,214	101,186	575,400	590,565	(15,164)
Total liabilities	–	474,214	101,186	575,400	590,565	(15,164)

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

(*1) Included in “Investment income” and “Investment expenses” of the consolidated statement of income.
(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains/(losses) on securities” or “Foreign currency translation adjustments.”
(*3) Transfers between levels are made at the end of each quarter.
(*4) Transfer from Level 2 to Level 3 due to that observable inputs for domestic corporate bonds are no longer available.
(*5) Transfer from Level 3 to Level 2 due to that observable inputs for domestic and foreign corporate bonds became available.
(*6) Derivative assets and liabilities included in Other assets and Other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total are presented in parentheses.

	Yen in millions						
March 31, 2025	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 to Level 2 (*3) (*4)	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	2,121	0	(43)	(595)	–	1,482	–
Money trusts	772,469	69,589	(33,770)	161,728	–	970,017	23,133
Securities:							
Trading securities	127,916	(2,566)	13,259	1,593	–	140,202	28,573
Available-for-sale securities	412,863	10,602	12,297	49,571	(800)	484,534	–
Total assets	1,315,371	77,625	(8,257)	212,297	(800)	1,596,236	51,707
Derivative transactions (*5)	(55)	1,406	0	(845)	–	506	870

(*1) Included in “Investment income” and “Investment expenses” of the consolidated statement of income.
(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains/(losses) on securities” or “Foreign currency translation adjustments.”
(*3) Transfers between levels are made at the end of each quarter.
(*4) Transfer from Level 3 to Level 2 due to that observable inputs for domestic 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 are presented in parentheses.

(2) Descriptions of the valuation process of fair value

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

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships, etc., as of March 31, 2024 and March 31, 2025, 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, 2024	March 31, 2025
Stocks and other securities without market prices (*1)(*3)	417,651	458,830
Investments in partnerships, etc. (*2)(*4)	87,201	111,421
Total	504,852	570,251

(*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, 2024 and March 31, 2025 were ¥1,569 million and ¥7,537 million, respectively.
(*4) Impairment losses on investments in partnerships, etc., for the years ended March 31, 2024 and March 31, 2025 were ¥405 million and ¥3,185 million, respectively.

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

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

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

	Yen in millions			
March 31, 2025	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash, deposits and savings	2,093,119	48,663	–	5
Call loans	60,000	–	–	–
Receivables under resale agreements	86,904	–	–	–
Monetary claims bought	299,629	357	307	1,458
Securities:				
Held-to-maturity securities				
Government bonds	31,300	90,100	293,400	804,380
Corporate bonds	–	9,600	50,400	30,900
Foreign securities	–	921	2,570	–
Debt securities earmarked for underwriting reserves				
Government bonds	–	–	–	1,843,300
Municipal bonds	–	–	–	9,000
Corporate bonds	–	5,250	9,600	102,200
Foreign securities	–	68,832	324,455	172,986
Available-for-sale securities with fixed maturities				
Government bonds	202,870	258,520	537,840	667,964
Municipal bonds	16,341	92,987	19,786	32,796
Corporate bonds	122,449	584,467	205,047	155,920
Foreign securities	272,108	1,195,425	1,534,757	826,308
Loans (*)	250,501	404,915	113,428	74,199
Total	3,435,223	2,760,041	3,091,592	4,721,418

(*) The amounts in the above table do not include ¥35 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥66,839 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

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

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

	Yen in millions					
March 31, 2025	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 (*)	–	154,662	–	–	–	335,000
Total	–	154,662	–	–	–	335,000

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

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

	Yen in millions	
	March 31, 2024	March 31, 2025
Carrying amount	75,957	73,861
Fair value	130,148	125,936

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

11. Business combination

(Additional Information)

On December 28, 2017, Mitsui Sumitomo Insurance Co., Ltd. (“MSI”), a consolidated subsidiary of the Company, acquired shares of First Capital Insurance Limited. As per the business combination agreement, the contingent consideration for the acquisition shall be increased or decreased based on the reevaluation at some point in the future in relation to the acquired company’s insurance liability at the date of the business combination. As additional payment of the acquisition consideration became certain in the year ended March 31, 2024, the consideration is additionally recognized as acquisition cost and goodwill is additionally recognized. Goodwill that is additionally recognized is calculated on the assumption that it was recognized at the date of the business combination.

(1) Acquisition cost additionally recognized: ¥12,171 million

(2) Amount of goodwill additionally recognized, amount of amortization, method and period of amortization:

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

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

	March 31, 2024	March 31, 2025
Net assets per share (Yen)	2,817.00	2,647.01
Stock acquisition rights deducted from net assets (Yen in millions)	391	266
Non-controlling interests deducted from net assets (Yen in millions)	46,378	52,217
Outstanding common stock (Thousands of shares)	1,585,651	1,511,266

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

13. Events that occurred after the end of the year ended March 31, 2025, and that will significantly affect the financial position and results of operation for the following fiscal year and thereafter are as follows:

(Sale of shares in Australian financial group Challenger Limited)
On April 4, 2025, the Company entered into a share purchase agreement to sell all of its shares in Challenger Limited, an equity-method associate, to TAL Dai-ichi Life Australia Pty Limited (“TAL”).

(1) Reason for the sale
The decision to sell the shares to TAL was made in consideration of further enhancing capital efficiency, the premium relative to the share price, and other factors.

(2) Name of share purchaser
TAL Dai-ichi Life Australia Pty Limited

(3) Timing of the sale
The transaction is subject to regulatory approvals and is expected to be completed by the end of the year ended March 31, 2026.

(4) Name, location and business description of the equity-method associate

Name	Challenger Limited
Location	Sydney, New South Wales, Australia
Principal business	Life insurance and fund management

(5) Number of shares to be sold, sale price and number of shares to be held after the sale

Number of shares to be sold	104,353,125 shares (Voting rights ownership ratio: 15.1%)
Sale price	80,000 million yen
Number of shares to be held after the sale	0 shares (Voting rights ownership ratio: 0%)

(Issuance of unsecured domestic corporate bonds)
The Company has decided to issue unsecured domestic corporate bonds, as described below, on June 19, 2025, based on the comprehensive resolution regarding bond issuance made at our Board meeting held on March 27, 2025.

(1) Issuer	MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
(2) Type of bond	Unsecured domestic corporate bonds
(3) Total issue amount	Up to ¥200 billion (This does not preclude multiple issuances within this scope)
(4) Maturity	10 years
(5) Interest rate	Up to 3.0% per annum
(6) Payment amount	No less than ¥99 per ¥100 in face value of each Bond
(7) Method of redemption	Rump-sum repayments at maturity (The bonds may be repurchased and cancelled at any time after the issuance date)
(8) Method of interest payment	Interest is paid semiannually in arrears
(9) Issuance period	From June 19, 2025 to March 31, 2026 (If any offering takes place during this period, it shall be included in the issuance period)
(10) Collateral/Guarantee	Unsecured and non-guaranteed
(11) Use of fund	Working capital or funds for redemption of bonds, repayment of debt and long-term investments
(12) Application of the Act on Book-Entry Transfer of Corporate Bonds and Shares	All of the Bonds shall be subject to application of the provisions of the Act on Book-Entry Transfer of Corporate Bonds and Shares (Act No. 75 of 2001)

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

Notes to Consolidated Statements of Income

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

	Yen in millions	
	For the year ended March 31, 2024	For the year ended March 31, 2025
Premium income	1,850,145	1,654,822
Surrender benefits and ceding reinsurance premiums paid	(1,114,895)	(1,046,143)
Life insurance premiums	735,249	608,678

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, 2024	For the year ended March 31, 2025
	12,998	2,763

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, 2024	For the year ended March 31, 2025
	192,977	(38,863)

4. Major components of business expenses are as follows:

	Yen in millions	
	For the year ended March 31, 2024	For the year ended March 31, 2025
Commission expenses	806,516	881,255
Salaries	320,956	336,447

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. Details of other ordinary expenses are as follows:

For the year ended March 31, 2025

Other ordinary expenses (the amounts recorded on Statements of Income: 36,054 million yen) include surcharge payments of 1,391 million yen by MSI and ADI under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

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

For the year ended March 31, 2024

			Yen in millions		
			Impairment losses on fixed assets		
				Breakdown	
Use	Category	Description			
Investment properties	Buildings	3 properties, including an office in Aichi	27	Buildings	27
Idle real estate and real estate for sale	Land and buildings	27 properties, including an office in Okayama	3,512	Land Buildings	1,264 2,248
–	Software	Software owned by overseas consolidated subsidiaries	2,568	Software	2,568
–	Goodwill and Intangible fixed assets	MGA business in the United States, which mainly handles insurance products for carriers	5,730	Goodwill Other intangible fixed assets	3,967 1,762

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

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

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

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

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

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.

For the year ended March 31, 2025

			Yen in millions		
			Impairment losses on fixed assets		
				Breakdown	
Use	Category	Description			
Investment properties	Buildings	A building for rent in Miyagi	2	Buildings	2
Idle real estate and real estate for sale	Land and buildings	20 properties, including an office in Ishikawa	3,522	Land Buildings	1,759 1,763
–	Software	Software owned by domestic consolidated subsidiaries and overseas consolidated subsidiaries	1,443	Software	1,443
–	Goodwill	ILS business operated by Leadenhall Capital Partners LLP	2,529	Goodwill	2,529

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

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

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

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

For goodwill related to the ILS business (see note below) operated by Leadenhall Capital Partners LLP, which is an overseas consolidated subsidiary, carrying amounts were reduced to recoverable amounts because the profitability of the business has declined from the assumptions at the time of acquisition, and the amount of the reduction was recognized as impairment losses on fixed assets under "Extraordinary losses." The recoverable amount of such assets was determined as their value in use, which was calculated by discounting future cash flows at a rate of 14.3%.

Note: A fund management business that invests in insurance-linked securities.

7. Income taxes–current include 4,811 million yen in corporate income taxes for the global minimum tax.

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

	For the year ended March 31, 2024	For the year ended March 31, 2025
Basic net income attributable to owners of the parent per share (Yen)	231.83	445.52
Diluted net income attributable to owners of the parent per share (Yen)	231.77	445.45

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

2. The basis of calculation is as follows:

	For the year ended March 31, 2024	For the year ended March 31, 2025
Net income attributable to owners of the parent (Yen in millions)	369,266	691,657
Average outstanding common stock during the year (Thousands of shares)	1,592,825	1,552,438
Increase in number of common stock used for calculation of diluted net income attributable to owners of the parent (Thousands of shares)	364	254

Notes to Consolidated Statements of Comprehensive Income

1. Reclassification adjustments and income taxes and tax effects related to other comprehensive income

	Yen in millions	
	For the year ended March 31, 2024	For the year ended March 31, 2025
Net unrealized gains/(losses) on securities:		
Gains/(losses) arising during the period	1,528,671	(724,750)
Reclassification adjustments	(165,380)	(496,469)
Before income taxes and income tax effect adjustments	1,363,290	(1,221,220)
Income taxes and income tax effects	(370,949)	318,387
Net unrealized gains/(losses) on securities	992,341	(902,832)
Net deferred gains/(losses) on hedges:		
Gains/(losses) arising during the period	(38,535)	2,795
Reclassification adjustments	57	24,183
Before income taxes and income tax effect adjustments	(38,477)	26,979
Income taxes and income tax effects	10,304	(7,819)
Net deferred gains/(losses) on hedges	(28,172)	19,159
Foreign currency translation adjustments:		
Gains/(losses) arising during the period	127,716	174,400
Reclassification adjustments	(28)	-
Foreign currency translation adjustments	127,688	174,400
Actuarial gains/(losses) on retirement benefits:		
Gains/(losses) arising during the period	59,050	(11,868)
Reclassification adjustments	247	(4,960)
Before income taxes and income tax effect adjustments	59,298	(16,828)
Income taxes and income tax effects	(17,309)	4,453
Actuarial gains/(losses) on retirement benefits	41,988	(12,375)
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.:		
Gains/(losses) arising during the period	(4,182)	1,046
Before income taxes and income tax effect adjustments	(4,182)	1,046
Income taxes and income tax effects	1,005	38
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc.	(3,176)	1,084
Share of other comprehensive income/(loss) of equity method investments:		
Gains/(losses) arising during the period	29,943	11,185
Reclassification adjustments	(5,736)	(4,566)
Share of other comprehensive income/(loss) of equity method investments	24,207	6,618
Total other comprehensive income	1,154,876	(713,943)

Notes to Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2024

1. Type and number of issued stock and treasury stock

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

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

2. Stock acquisition rights

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

3. Dividends

(1) Dividends paid

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

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

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

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

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

For the year ended March 31, 2025

1. Type and number of issued stock and treasury stock

	Thousands of shares			
	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	536,071	1,072,327	–	1,608,398
Total	536,071	1,072,327	–	1,608,398
Treasury stock:				
Common stock	7,521	91,022	1,411	97,131
Total	7,521	91,022	1,411	97,131

Notes:
1. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024.
2. The increase in the total number of common stock issued and outstanding during the year was 1,072,327 thousand shares, which is due to the stock split of 1,072,142 thousand shares and the issuance of stocks with restrictions on the transfer of 184 thousand shares.
3. The number of treasury common stock at the beginning and the end of the year includes 1,552 thousand and 3,601 thousand of the Company's shares held in the trust established under the share compensation plan.
4. The increase in the number of treasury common stock during the year was 91,022 thousand shares, which is due to open market repurchases of 75,719 thousand shares, the stock split of 15,042 thousand shares (including an increase of 3,104 thousand shares held by a trust established under the share compensation plan), purchases by the trust established under the share compensation plan of 240 thousand shares, and repurchases of 20 thousand fractional shares.
5. The decrease in the number of treasury common stock during the year was 1,411 thousand shares, which is due to the delivery from the trust established under the share compensation plan of 1,188 thousand shares, exercise of stock acquisition rights of 113 thousand shares, sales from the trust established under the share compensation plan of 107 thousand shares, and sales of 2 thousand fractional shares.

2. Stock acquisition rights

		Yen in millions
Category	Breakdown	Ending balance
Filer	Stock acquisition rights as stock options	266
Total		266

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (Yen)	Date of record	Effective date
General shareholders' meeting held on June 24, 2024	Common stock	79,515	150	March 31, 2024	June 25, 2024
Board meeting held on November 19, 2024	Common stock	111,503	72.5	September 30, 2024	December 4, 2024

Notes:
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 24, 2024 General Shareholders' Meeting includes dividends of 232 million yen for the Company's shares held in the trust established under the share compensation plan.
3. Aggregate amount of dividends in accordance with a resolution to be passed at the November 19, 2024 Board meeting includes dividends of 268 million yen for the Company's shares held in the trust established under the share compensation plan.
4. The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2024.
5. Dividends per share in accordance with a resolution passed at the June 24, 2024, General Shareholders' Meeting represents the amount before the stock split on April 1, 2024, as the record date was March 31, 2024.
6. Dividends per share in accordance with a resolution passed at the November 19, 2024, Board meeting represents the amount after the stock split on April 1, 2024, as the record date was September 30, 2024.

(2) Dividends declared effective after March 31, 2025 for which the date of record is in the year ended March 31, 2025

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (Yen)	Date of record	Effective date
General shareholders' meeting to be held on June 23, 2025	Common stock	109,827	Retained earnings	72.5	March 31, 2025	June 24, 2025

Notes:
1. Date of record is the date to determine shareholders who are entitled to receive dividends.
2. Aggregate amount of dividends in accordance with a resolution to be passed at the June 23, 2025 General Shareholders' Meeting includes dividends of 261 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	
	For the year ended March 31, 2024	For the year ended March 31, 2025
Cash, deposits and savings	2,911,347	2,139,796
Call loans	–	60,000
Receivables under resale agreements	–	86,904
Monetary claims bought	184,200	301,320
Securities	18,166,668	17,760,073
Time deposits exceeding three months and deposits pledged as collateral	(394,708)	(444,211)
Monetary claims bought other than cash equivalents	(63,215)	(66,809)
Securities other than cash equivalents	(18,070,531)	(17,597,598)
Cash and cash equivalents	2,733,760	2,239,475

2. 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

Yen in millions

Items	March 31, 2024	March 31, 2025
(Assets)		
Cash, deposits and savings:	¥ 569,609	¥ 233,393
Cash on hand	4	1
Deposits in banks	569,605	233,392
Call loans	-	60,000
Receivables under resale agreements	-	86,904
Monetary claims bought	2,121	133,444
Money trusts	570	3,114
Investments in securities:	6,266,431	5,307,331
Government bonds	573,288	507,187
Municipal bonds	75,469	71,426
Corporate bonds	526,310	538,010
Domestic stocks	2,600,340	1,608,060
Foreign securities	2,332,051	2,420,479
Other securities	158,970	162,166
Loans:	390,765	366,908
Policy loans	2,628	2,151
General loans	388,137	364,756
Tangible fixed assets:	194,157	187,192
Land	72,294	68,804
Buildings	105,826	103,720
Construction in progress	2,381	2,409
Other tangible fixed assets	13,656	12,258
Intangible fixed assets:	72,398	66,493
Software	59,772	44,693
Other intangible fixed assets	12,626	21,800
Other assets:	328,585	332,056
Premiums receivable	5,438	6,255
Due from agencies	113,938	126,218
Co-insurance accounts receivable	7,779	7,776
Reinsurance accounts receivable	55,235	51,729
Foreign reinsurance accounts receivable	52,397	41,593
Agency business accounts receivable	664	207
Other receivables	27,959	30,220
Accrued income	5,646	5,946
Guarantee deposits	11,297	11,289
Deposits with the Japan Earthquake Reinsurance Company	1,680	1,592
Suspense payments	40,779	41,576
Initial margins for future transactions	1,474	1,436
Derivative financial instruments	1,910	3,743
Cash collateral pledged under derivative transactions	2,383	2,468
Prepaid pension expenses	26,931	34,724
Customers' liabilities under acceptances and guarantees	14,988	13,072
Bad debt reserve	(2,172)	(2,017)
Total assets	¥7,864,388	¥6,822,620

Yen in millions

Items	March 31, 2024	March 31, 2025
(Liabilities)		
Policy liabilities:	¥ 3,711,583	¥ 3,624,383
Outstanding claims	844,260	872,765
Underwriting reserves	2,867,322	2,751,617
Bonds issued	580,902	480,902
Other liabilities:	385,103	297,506
Co-insurance accounts payable	14,968	13,419
Reinsurance accounts payable	48,109	47,003
Foreign reinsurance accounts payable	44,376	45,609
Agency business accounts payable	441	424
Payables under securities lending transactions	71,357	–
Income taxes payable	41,848	62,139
Deposits received	39,317	25,915
Unearned income	14	12
Other payables	63,489	33,389
Suspense receipts	22,447	22,611
Derivative financial instruments	8,427	5,627
Cash collateral received under derivative transactions	26,402	36,556
Lease obligations	60	6
Asset retirement obligations	3,841	3,827
Other liabilities	1	963
Reserve for pension and retirement benefits	85,013	82,475
Reserve for retirement benefits for officers	86	55
Accrued bonuses for employees	9,657	9,894
Reserve for stock payments	956	388
Reserves under the special laws:	35,971	40,284
Reserve for price fluctuation	35,971	40,284
Deferred tax liabilities	358,401	103,371
Acceptances and guarantees	14,988	13,072
Total liabilities	5,182,665	4,652,335
(Net assets)		
Common stock	139,595	139,595
Capital surplus:	93,107	93,107
Additional paid-in capital	93,107	93,107
Retained earnings:	777,866	935,418
Legal earned reserve	46,487	46,487
Other retained earnings:	731,378	888,930
Tax-exempted reserve for accelerated depreciation	15,367	15,962
Retained earnings brought forward	716,011	872,968
Total shareholders' equity	1,010,569	1,168,121
Net unrealized gains/(losses) on investments in securities	1,661,847	996,116
Net deferred gains/(losses) on hedges	9,305	6,047
Total valuation and translation adjustments	1,671,152	1,002,163
Total net assets	2,681,722	2,170,285
Total liabilities and net assets	¥ 7,864,388	¥ 6,822,620

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

Non-Consolidated Statements of Income

Yen in millions

Items	Year ended March 31, 2024	Year ended March 31, 2025
Ordinary income:	¥ 2,058,063	¥2,453,546
Underwriting income:	1,799,166	1,841,780
Net premiums written	1,623,307	1,679,248
Deposit premiums from policyholders	23,364	21,648
Investment income on deposit premiums from policyholders	25,353	24,594
Reversal of underwriting reserves	124,609	115,704
Foreign exchange gains	2,490	566
Other underwriting income	41	19
Investment income:	252,465	605,459
Interest and dividends income	154,765	170,438
Investment gains on money trusts	76	–
Gains on sales of securities	106,682	450,590
Gains on redemption of securities	2,080	1,870
Gains on derivative transactions	4,012	–
Foreign exchange gains	10,088	7,049
Other investment income	113	104
Transfer of investment income on deposit premiums from policyholders	(25,353)	(24,594)
Other ordinary income	6,431	6,306
Ordinary expenses:	1,843,744	1,877,519
Underwriting expenses:	1,550,266	1,561,654
Net claims paid	950,161	1,005,894
Loss adjustment expenses	114,369	114,483
Commissions and collection expenses	301,842	309,573
Maturity refunds to policyholders	106,913	102,805
Dividends to policyholders	46	42
Provision for outstanding claims	76,579	28,505
Other underwriting expenses	351	351
Investment expenses:	38,779	64,842
Investment losses on money trusts	–	1,448
Losses on sales of securities	7,766	19,623
Impairment losses on securities	24,598	16,102
Losses on redemption of securities	6	86
Losses on derivative transactions	–	12,518
Other investment expenses	6,408	15,062
Operating expenses and general and administrative expenses	248,863	244,196
Other ordinary expenses:	5,835	6,826
Interest expense	4,842	4,645
Losses on bad debts	595	5
Other ordinary expenses	396	2,175
Ordinary profit	214,319	576,026
Extraordinary income:	16,242	7,293
Gains on sales of fixed assets	16,242	7,293
Extraordinary losses:	9,299	8,360
Losses on sales of fixed assets	2,280	872
Impairment losses on fixed assets	2,637	3,175
Provision for reserves under the special laws:	4,380	4,312
Provision for reserve for price fluctuation	4,380	4,312
Income before income taxes	221,262	574,959
Income taxes—current	58,882	125,419
Income taxes—deferred	(5,397)	(10,360)
Total income taxes	53,485	115,059
Net income	¥ 167,777	¥ 459,900

Non-Consolidated Solvency Margin Ratio

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

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

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

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

Yen in millions

	March 31, 2024	March 31, 2025
(A) Total amount of solvency margin	¥4,133,628	¥3,593,924
Total net assets	824,524	1,039,348
Reserve for price fluctuation	35,971	40,284
Contingency reserve	1,631	2,738
Catastrophe reserve	604,337	571,918
General bad debt reserve	704	618
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	2,072,271	1,254,077
Net unrealized gains/(losses) on land	50,574	58,605
Excess of policyholders’ contract deposits (a)	–	–
Subordinated debts, etc. (b)	330,902	330,902
Amount excluded from the margin, out of (a) and (b)	–	–
Deductions	3,642	4,240
Others	216,351	299,669
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	1,196,153	1,017,541
General insurance risk (R_1)	151,983	154,508
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	8,828	7,764
Asset management risk (R_4)	1,002,957	819,290
Business administration risk (R_5)	26,211	22,700
Catastrophe risk (R_6)	146,805	153,476
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	691.1%	706.3%

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

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2024	March 31, 2025
(Assets)		
Cash, deposits and savings:	¥ 277,440	¥ 182,269
Cash on hand	15	15
Deposits in banks	277,424	182,254
Money trusts	3,419	3,580
Investments in securities:	2,873,118	2,542,985
Government bonds	378,531	363,308
Municipal bonds	12,549	12,461
Corporate bonds	220,379	189,508
Domestic stocks	1,091,267	805,582
Foreign securities	1,059,859	1,079,118
Other securities	110,531	93,006
Loans:	269,267	270,163
Policy loans	717	482
General loans	268,550	269,681
Tangible fixed assets:	171,664	170,457
Land	67,313	66,044
Buildings	94,018	94,280
Construction in progress	117	333
Other tangible fixed assets	10,214	9,798
Intangible fixed assets:	78,905	75,015
Software	48,644	40,525
Other intangible fixed assets	30,260	34,489
Other assets:	398,746	398,482
Premiums receivable	2,246	2,053
Due from agencies	84,080	87,032
Due from foreign agencies	4,277	3,804
Co-insurance accounts receivable	6,374	2,852
Reinsurance accounts receivable	48,507	41,098
Foreign reinsurance accounts receivable	166,336	176,275
Agency business accounts receivable	290	311
Other receivables	36,190	33,847
Accrued income	5,720	6,008
Guarantee deposits	7,606	6,616
Deposits with the Japan Earthquake Reinsurance Company	542	386
Suspense payments	35,443	32,632
Derivative financial instruments	1,129	5,563
Prepaid pension expenses	29,987	33,610
Deferred tax assets	–	23,948
Customers' liabilities under acceptances and guarantees	10,000	7,000
Bad debt reserve	(860)	(870)
Total assets	¥ 4,111,688	¥ 3,706,643

Items	Yen in millions	
	March 31, 2024	March 31, 2025
(Liabilities)		
Policy liabilities:	¥ 2,459,192	¥ 2,427,643
Outstanding claims	720,229	748,837
Underwriting reserves	1,738,963	1,678,806
Bonds issued	50,000	25,000
Other liabilities:	437,921	298,567
Co-insurance accounts payable	4,710	4,680
Reinsurance accounts payable	36,891	44,021
Foreign reinsurance accounts payable	79,656	77,050
Agency business accounts payable	2,603	2,528
Payables under securities lending transactions	219,944	91,806
Income taxes payable	18,213	17,040
Deposits received	2,940	2,994
Unearned income	23	20
Other payables	40,790	33,969
Suspense receipts	17,783	20,501
Derivative financial instruments	13,306	2,905
Asset retirement obligations	1,057	1,047
Other liabilities	0	0
Reserve for pension and retirement benefits	44,603	43,865
Accrued bonuses for employees	6,159	6,960
Reserve for stock payments	892	349
Reserves under the special laws:	37,707	39,611
Reserve for price fluctuation	37,707	39,611
Deferred tax liabilities	41,465	–
Acceptances and guarantees	10,000	7,000
Total liabilities	3,087,941	2,848,997
(Net assets)		
Common stock	100,005	100,005
Capital surplus:	81,207	79,788
Additional paid-in capital	52,593	52,593
Other capital surplus	28,614	27,195
Retained earnings:	219,252	223,915
Legal earned reserve	47,411	47,411
Other retained earnings:	171,840	176,503
Reserve for specified business investments	125	75
Retained earnings brought forward	171,715	176,428
Total shareholders' equity	400,465	403,708
Net unrealized gains/(losses) on investments in securities	623,281	453,936
Total valuation and translation adjustments	623,281	453,936
Total net assets	1,023,746	857,645
Total liabilities and net assets	¥ 4,111,688	¥ 3,706,643

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

Non-Consolidated Statements of Income

Yen in millions

Items	Year ended March 31, 2024	Year ended March 31, 2025
Ordinary income:	¥1,660,243	¥1,710,099
Underwriting income:	1,476,673	1,516,660
Net premiums written	1,368,988	1,430,364
Deposit premiums from policyholders	8,293	6,802
Investment income on deposit premiums from policyholders	14,792	15,089
Reversal of underwriting reserves	61,180	60,156
Foreign exchange gains	10,183	1,464
Other underwriting income	13,234	2,783
Investment income:	175,853	186,162
Interest and dividends income	73,643	89,654
Investment gains on money trusts	0	0
Gains on sales of securities	114,367	111,561
Foreign exchange gains	2,522	–
Other investment income	113	35
Transfer of investment income on deposit premiums from policyholders	(14,792)	(15,089)
Other ordinary income	7,715	7,276
Ordinary expenses:	1,581,178	1,569,994
Underwriting expenses:	1,332,197	1,320,941
Net claims paid	826,822	865,963
Loss adjustment expenses	82,194	86,032
Commissions and collection expenses	288,433	297,301
Maturity refunds to policyholders	45,016	41,974
Dividends to policyholders	5	18
Provision for outstanding claims	88,658	28,607
Other underwriting expenses	1,067	1,042
Investment expenses:	55,250	49,494
Losses on sales of securities	31,609	21,434
Impairment losses on securities	720	4,154
Losses on derivative transactions	19,947	15,153
Foreign exchange losses	–	128
Other investment expenses	2,972	8,624
Operating expenses and general and administrative expenses	191,507	196,541
Other ordinary expenses:	2,223	3,017
Interest expense	401	485
Provision for bad debts	92	11
Losses on bad debts	0	2
Other ordinary expenses	1,728	2,518
Ordinary profit	79,064	140,105
Extraordinary income:	1,032	2,711
Gains on sales of fixed assets	1,032	2,711
Extraordinary losses:	7,961	9,369
Losses on sales of fixed assets	3,654	6,778
Impairment losses on fixed assets	2,308	687
Provision for reserves under the special laws:	1,998	1,903
Provision for reserve for price fluctuation	1,998	1,903
Income before income taxes	72,136	133,446
Income taxes – current	21,968	31,409
Income taxes – deferred	(5,913)	(6,710)
Total income taxes	16,054	24,699
Net income	¥ 56,081	¥ 108,747

Non-Consolidated Solvency Margin Ratio

Yen in millions

	March 31, 2024	March 31, 2025
(A) Total amount of solvency margin	¥1,572,188	¥1,359,559
Total net assets	335,311	356,565
Reserve for price fluctuation	37,707	39,611
Contingency reserve	1,771	2,375
Catastrophe reserve	293,088	274,639
General bad debt reserve	127	137
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	777,977	572,732
Net unrealized gains/(losses) on land	40,163	45,290
Excess of policyholders' contract deposits (a)	–	–
Subordinated debts, etc. (b)	50,000	25,000
Amount excluded from the margin, out of (a) and (b)	–	–
Deductions	7,595	8,408
Others	43,636	51,615
(B) Total amount of risks $\sqrt{(R_1+R_3)^2+(R_3+R_4)^2}+R_5+R_6$	402,936	359,082
General insurance risk (R_1)	129,679	134,879
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	4,439	3,955
Asset management risk (R_4)	303,375	256,136
Business administration risk (R_5)	9,929	9,040
Catastrophe risk (R_6)	58,990	57,057
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	780.3%	757.2%

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

Non-Consolidated Balance Sheets

Items	Yen in millions March 31, 2024	 March 31, 2025
(Assets)		
Cash, deposits and savings:	¥ 6,421	¥ 4,867
Deposits in banks	6,421	4,867
Investments in securities:	39,677	38,036
Municipal bonds	10,330	5,044
Corporate bonds	29,347	32,991
Tangible fixed assets:	650	682
Buildings	195	210
Other tangible fixed assets	455	471
Intangible fixed assets:	6,523	5,975
Software	2,235	5,919
Other intangible fixed assets	4,288	56
Other assets:	6,601	6,982
Premiums receivable	0	0
Reinsurance accounts receivable	58	47
Other receivables	4,573	4,984
Accrued income	43	55
Guarantee deposits	482	489
Suspense payments	1,442	1,404
Other assets	0	0
Deferred tax assets	1,403	1,161
Bad debt reserve	(2)	(6)
Total assets	¥ 61,276	¥ 57,699
(Liabilities)		
Policy liabilities:	42,873	42,574
Outstanding claims	22,264	20,555
Underwriting reserves	20,608	22,019
Other liabilities:	2,580	1,627
Reinsurance accounts payable	1	1
Income taxes payable	110	120
Other payables	2,262	1,299
Suspense receipts	5	6
Asset retirement obligations	199	199
Reserve for pension and retirement benefits	492	481
Accrued bonuses for employees	344	314
Reserve for stock payments	19	10
Reserves under the special laws:	108	116
Reserve for price fluctuation	108	116
Total liabilities	46,419	45,126
(Net assets)		
Common stock	39,106	39,106
Capital surplus:	9,006	9,006
Additional paid-in capital	9,006	9,006
Retained earnings:	(32,934)	(34,709)
Other retained earnings:	(32,934)	(34,709)
Retained earnings brought forward	(32,934)	(34,709)
Total shareholders' equity	15,177	13,402
Net unrealized gains/(losses) on investments in securities	(320)	(829)
Total valuation and translation adjustments	(320)	(829)
Total net assets	14,856	12,573
Total liabilities and net assets	¥ 61,276	¥ 57,699

Non-Consolidated Statements of Income

Items	Yen in millions Year ended March 31, 2024	 Year ended March 31, 2025
Ordinary income:	¥ 35,805	¥ 39,334
Underwriting income:	35,669	39,136
Net premiums written	35,212	37,395
Investment income on deposit premiums from policyholders	29	31
Reversal of outstanding claims	427	1,709
Investment income:	114	187
Interest and dividends income	143	219
Gains on sales of securities	0	–
Transfer of investment income on deposit premiums from policyholders	(29)	(31)
Other ordinary income	20	10
Ordinary expenses:	37,841	41,101
Underwriting expenses:	25,217	28,307
Net claims paid	21,442	23,742
Loss adjustment expenses	2,721	2,595
Commissions and collection expenses	457	558
Provision for underwriting reserves	595	1,411
Other underwriting expenses	–	0
Investment expenses:	–	212
Losses on sales of securities	–	212
Operating expenses and general and administrative expenses	12,620	12,575
Other ordinary expenses:	2	5
Provision for bad debts	0	3
Losses on bad debts	–	0
Other ordinary expenses	2	1
Ordinary loss	2,036	1,767
Extraordinary income	–	–
Extraordinary losses:	8	594
Losses on sales of fixed assets	0	378
Impairment losses on fixed assets	–	208
Provision for reserves under the special laws:	7	7
Provision for reserve for price fluctuation	7	7
Loss before income taxes	2,044	2,362
Income taxes – current	(700)	(829)
Income taxes – deferred	200	242
Total income taxes	(500)	(587)
Net loss	¥ 1,544	¥ 1,774

Non-Consolidated Solvency Margin Ratio

	Yen in millions March 31, 2024	 March 31, 2025
(A) Total amount of solvency margin	¥ 16,137	¥ 13,938
Total net assets	15,177	13,402
Reserve for price fluctuation	108	116
Contingency reserve	0	0
Catastrophe reserve	1,170	1,245
General bad debt reserve	1	2
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	(320)	(829)
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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	5,089	5,280
General insurance risk (R_1)	4,450	4,635
Insurance risk of third sector insurance contracts (R_2)	–	–
Assumed interest rate risk (R_3)	–	–
Asset management risk (R_4)	1,129	1,141
Business administration risk (R_5)	177	183
Catastrophe risk (R_6)	321	323
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	634.1%	527.8%

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

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2024	March 31, 2025
(Assets)		
Cash, deposits and savings:	¥ 234,479	¥ 111,363
Cash on hand	0	0
Deposits in banks	234,479	111,363
Investments in securities:	4,749,619	4,872,124
Government bonds	3,376,278	3,370,137
Municipal bonds	88,361	83,776
Corporate bonds	628,348	588,628
Domestic stocks	1,039	744
Foreign securities	578,089	699,572
Other securities	77,501	129,266
Loans:	62,341	63,952
Policy loans	62,341	63,952
Tangible fixed assets:	7,086	4,372
Buildings	255	210
Lease assets	5,956	3,507
Other tangible fixed assets	874	653
Intangible fixed assets:	26,313	25,568
Software	20,557	20,130
Other intangible fixed assets	5,756	5,437
Due from agencies	1,952	2,142
Reinsurance accounts receivable	1,389	1,025
Other assets:	45,220	51,635
Other receivables	29,088	28,340
Prepaid expenses	2,992	2,461
Accrued income	9,389	10,794
Guarantee deposits	335	348
Derivative financial instruments	174	1,219
Cash collateral pledged under derivative transactions	–	23
Suspense payments	1,004	631
Other assets	2,236	7,817
Deferred tax assets	32,515	55,160
Bad debt reserve	(87)	(101)
Total assets	¥ 5,160,831	¥ 5,187,244

Items	Yen in millions	
	March 31, 2024	March 31, 2025
(Liabilities)		
Policy liabilities:	¥ 4,480,569	¥ 4,573,798
Outstanding claims	42,090	46,794
Underwriting reserves	4,428,012	4,516,362
Reserve for dividends to policyholders	10,466	10,640
Due to agencies	3,310	3,556
Reinsurance accounts payable	359	354
Other liabilities:	509,186	474,330
Payables under repurchase agreements	235,480	234,787
Payables under securities lending transactions	251,819	220,018
Income taxes payable	7,031	7,304
Other payables	2,222	3,086
Accrued expenses	6,724	6,385
Unearned income	0	0
Deposits received	213	141
Derivative financial instruments	4,401	1,432
Lease obligations	274	226
Asset retirement obligations	410	412
Suspense receipts	580	534
Other liabilities	27	–
Reserve for pension and retirement benefits	5,337	5,592
Reserve for retirement benefits for officers	1	–
Reserve for stock payments	126	63
Reserves under the special laws:	13,956	15,720
Reserve for price fluctuation	13,956	15,720
Total liabilities	5,012,848	5,073,416
(Net assets)		
Common stock	85,500	85,500
Capital surplus:	19,955	19,955
Other capital surplus	19,955	19,955
Retained earnings:	64,525	79,237
Legal earned reserve	–	2,979
Other retained earnings:	64,525	76,258
Reserve for specified business investments	49	49
Retained earnings brought forward	64,475	76,208
Total shareholders' equity	169,980	184,693
Net unrealized gains/(losses) on investments in securities	(21,997)	(70,864)
Total valuation and translation adjustments	(21,997)	(70,864)
Total net assets	147,983	113,828
Total liabilities and net assets	¥ 5,160,831	¥ 5,187,244

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

Non-Consolidated Statements of Income

Yen in millions

Items	Year ended March 31, 2024	Year ended March 31, 2025
Ordinary income:	¥ 546,499	¥ 543,803
Insurance premiums and others:	475,145	464,678
Insurance premiums	473,796	463,248
Reinsurance income	1,349	1,429
Investment income:	67,545	74,437
Interest and dividends income:	58,890	71,566
Interest on deposits	0	23
Interest and dividends on securities	56,677	69,536
Interest on loans	1,700	1,721
Other interest and dividends	512	285
Gains on sales of securities	6,069	630
Gains on redemption of securities	2,540	2,240
Foreign exchange gains	42	–
Reversal of bad debts	1	–
Other ordinary income:	3,808	4,687
Receipts of annuities with special conditions	970	385
Receipts of deferred insurance claims	1,046	1,005
Other ordinary income	1,790	3,296
Ordinary expenses:	497,393	493,147
Insurance claims and others:	275,619	295,414
Insurance claims	50,420	53,433
Annuity payments	21,479	22,460
Benefits	39,590	42,732
Surrender benefits	158,234	171,003
Other refunds	4,089	3,912
Reinsurance premiums	1,805	1,873
Provision for underwriting reserves and others:	117,782	93,054
Provision for outstanding claims	1,703	4,704
Provision for underwriting reserves	116,078	88,350
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	6,936	6,942
Interest expense	–	1,093
Losses on sales of securities	285	89
Losses on redemption of securities	–	68
Losses on derivative transactions	6,180	5,020
Foreign exchange losses	–	4
Provision for bad debts	–	14
Other investment expenses	470	652
Operating expenses	76,531	77,633
Other ordinary expenses:	20,523	20,101
Payments of deferred insurance claims	1,214	1,228
Taxes	7,577	7,552
Depreciation	10,365	8,711
Provision for reserve for pension and retirement benefits	346	255
Other ordinary expenses	1,019	2,353
Ordinary profit	49,105	50,656
Extraordinary income:	0	0
Gains on sales of fixed assets	0	0
Extraordinary losses:	1,546	1,791
Losses on sales of fixed assets	3	27
Provision for reserves under the special laws:	1,543	1,763
Provision for reserve for price fluctuation	1,543	1,763
Provision for reserve for dividends to policyholders	8,640	9,085
Income before income taxes	38,918	39,779
Income taxes – current	11,655	12,565
Income taxes – deferred	(926)	(2,394)
Total income taxes	10,729	10,171
Net income	¥ 28,189	¥ 29,607

Business Results

Amount of Policies in Force and New Policies

(1) Policies in force

Yen in 100 millions

	March 31, 2024		March 31, 2025	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	¥3,884	¥218,930	¥3,881	¥210,454
Individual annuities	147	5,724	140	5,459
Group insurance	–	96,076	–	99,453
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, 2024				Year ended March 31, 2025			
	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	207	¥12,906	¥12,906	–	189	¥12,047	¥12,047	–
Individual annuities	0	21	21	–	0	15	15	–
Group insurance	–	1,803	1,803	–	–	481	481	–
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, 2024	March 31, 2025
Individual insurance	¥4,001	¥3,942
Individual annuities	354	339
Total:	4,356	4,281
Medical coverage, living benefits, etc.	1,627	1,664

(2) New policies

Yen in 100 millions

	Year ended March 31, 2024	Year ended March 31, 2025
Individual insurance	¥ 268	¥ 244
Individual annuities	0	0
Total:	269	245
Medical coverage, living benefits, etc.	143	128

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, 2024	Year ended March 31, 2025	Change
Fundamental revenues:	¥540,385	¥543,172	¥ 2,787
Insurance premiums and others	475,145	464,678	(10,467)
Fundamental expenses	499,928	494,724	(5,203)
Fundamental profit	40,456	48,447	7,990
Capital gains/(losses)	8,176	2,692	(5,483)
Non-recurring gains/(losses)	472	(484)	(956)
Ordinary profit	49,105	50,656	1,550
Extraordinary income	0	0	(0)
Extraordinary losses	1,546	1,791	245
Provision for reserve for dividends to policyholders	8,640	9,085	445
Income taxes	10,729	10,171	(558)
Net income	28,189	29,607	1,418

Non-Consolidated Solvency Margin Ratio

Yen in millions

	March 31, 2024	March 31, 2025
(A) Total amount of solvency margin	¥355,345	¥273,728
Total capital	155,085	168,684
Reserve for price fluctuation	13,956	15,720
Contingency reserve	40,007	40,479
General bad debt reserve	4	7
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)	(30,551)	(99,668)
Net unrealized gains/(losses) on land × 85%	–	–
Excess of continued Zillmerized reserve (a)	158,196	154,499
Subordinated debts, etc. (b)	–	–
Amount excluded from the margin, out of (a) and (b)	–	(28,731)
Brought in capital	–	–
Deductions	–	–
Others	18,646	22,737
(B) Total amount of risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	76,569	83,701
Insurance risk (R_1)	17,582	17,342
Insurance risk of third sector insurance contracts (R_8)	18,380	19,140
Assumed interest rate risk (R_2)	3,263	3,242
Minimum guarantee risk (R_7)	–	–
Asset management risk (R_3)	62,031	69,651
Business administration risk (R_4)	2,025	2,187
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	928.1%	654.0%

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

Non-Consolidated Balance Sheets

Items	Yen in millions	
	March 31, 2024	March 31, 2025
(Assets)		
Cash, deposits and savings:	¥ 817,589	¥ 460,237
Deposits in banks	817,589	460,237
Monetary claims bought	69,995	85,929
Money trusts	2,416,000	2,656,350
Investments in securities:	3,755,611	3,878,260
Government bonds	118,807	418,010
Corporate bonds	67,648	96,458
Foreign securities	2,069,759	2,096,749
Other securities	1,499,396	1,267,041
Loans:	267,371	206,979
Policy loans	249	252
General loans	267,121	206,727
Tangible fixed assets:	1,167	1,124
Buildings	218	201
Lease assets	791	722
Other tangible fixed assets	157	201
Intangible fixed assets:	10,612	10,701
Software	10,508	10,629
Lease assets	104	72
Reinsurance accounts receivable	34,904	33,675
Other assets:	68,565	41,549
Other receivables	35,277	7,473
Prepaid expenses	1,218	1,185
Accrued income	16,933	15,983
Guarantee deposits	14,681	14,261
Derivative financial instruments	179	1,618
Suspense payments	270	1,022
Other assets	4	4
Deferred tax assets	86,855	104,682
Bad debt reserve	(2)	(2)
Total assets	¥7,528,672	¥7,479,488
(Liabilities)		
Policy liabilities:	7,093,672	7,020,500
Outstanding claims	29,897	30,024
Underwriting reserves	7,063,775	6,990,476
Due to agencies	6,392	3,660
Reinsurance accounts payable	6,294	6,505
Other liabilities:	71,982	76,302
Income taxes payable	18	1,531
Other payables	151	6,132
Accrued expenses	5,746	4,836
Deposits received	60,381	60,748
Derivative financial instruments	2,411	428
Lease obligations	1,006	892
Asset retirement obligations	185	185
Suspense receipts	2,081	1,547
Reserve for stock payments	23	14
Reserves under the special laws:	144,127	156,000
Reserve for price fluctuation	144,127	156,000
Total liabilities	7,322,493	7,262,984
(Net assets)		
Common stock	41,060	41,060
Capital surplus:	24,735	24,735
Additional paid-in capital	24,735	24,735
Retained earnings:	192,883	211,653
Legal earned reserve	16,325	16,325
Other retained earnings:	176,558	195,328
Retained earnings brought forward	176,558	195,328
Total shareholders' equity	258,678	277,448
Net unrealized gains/(losses) on investments in securities	(7,239)	(39,566)
Net deferred gains/(losses) on hedges	(45,259)	(21,377)
Total valuation and translation adjustments	(52,499)	(60,943)
Total net assets	206,178	216,504
Total liabilities and net assets	¥7,528,672	¥7,479,488

Non-Consolidated Statements of Income

Items	Yen in millions	
	Year ended March 31, 2024	Year ended March 31, 2025
Ordinary income:	¥2,334,823	¥1,649,413
Insurance premiums and others:	1,566,824	1,405,875
Insurance premiums	1,353,577	1,177,070
Reinsurance income	213,246	228,804
Investment income:	763,390	165,266
Interest and dividends income:	107,605	118,417
Interest on deposits	258	257
Interest and dividends on securities	97,126	108,638
Interest on loans	10,060	9,095
Other interest and dividends	159	425
Investment gains on money trusts	249,591	45,019
Investment gains on trading securities	74	551
Gains on sales of securities	2,309	987
Gains on redemption of securities	254	269
Foreign exchange gains	184,941	–
Reversal of bad debts	1	0
Other investment income	0	20
Investment gains on separate accounts	218,611	–
Other ordinary income:	4,609	78,271
Receipts of annuities with special conditions	4,326	4,715
Reversal of underwriting reserves	–	73,298
Other ordinary income	282	257
Ordinary expenses:	2,361,781	1,605,505
Insurance claims and others:	1,525,515	1,463,749
Insurance claims	159,843	175,456
Annuity payments	86,189	88,149
Benefits	323,295	324,414
Surrender benefits	544,180	555,381
Other refunds	6,365	6,078
Reinsurance premiums	405,641	314,269
Provision for underwriting reserves and others:	718,476	126
Provision for outstanding claims	6,900	126
Provision for underwriting reserves	711,575	–
Investment expenses:	32,430	68,184
Interest expense	11	127
Losses on sales of securities	32,350	7,577
Losses on redemption of securities	34	616
Foreign exchange losses	–	37,750
Other investment expenses	34	30
Investment losses on separate accounts	–	22,082
Operating expenses	70,183	61,127
Other ordinary expenses:	15,175	12,317
Taxes	10,151	8,038
Depreciation	5,012	4,211
Other ordinary expenses	10	67
Ordinary profit/(loss)	(26,957)	43,907
Extraordinary income:	54,057	–
Reversal of reserves under the special laws:	54,057	–
Reversal of reserve price fluctuation	54,057	–
Extraordinary losses:	–	11,872
Provision for reserves under the special laws:	–	11,872
Provision for reserve for price fluctuation	–	11,872
Income before income taxes	27,099	32,035
Income taxes – current	(2,266)	14,427
Income taxes – deferred	9,672	(8,098)
Total income taxes	7,406	6,328
Net income	¥ 19,693	¥ 25,707

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, 2024		March 31, 2025	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	726	¥52,671	757	¥54,250
Individual annuities	404	26,386	433	27,055
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, 2024				Year ended March 31, 2025			
	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	159	¥10,399	¥10,399	–	142	¥9,606	¥9,606	–
Individual annuities	60	3,970	3,970	–	61	3,564	3,564	–
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, 2024	March 31, 2025
Individual insurance	¥5,274	¥5,329
Individual annuities	2,882	3,000
Total:	8,156	8,329
Medical coverage, living benefits, etc.	8	9

(2) New policies

Yen in 100 millions

	Year ended March 31, 2024	Year ended March 31, 2025
Individual insurance	¥ 817	¥ 774
Individual annuities	489	471
Total:	1,307	1,246
Medical coverage, living benefits, etc.	0	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, 2024	Year ended March 31, 2025	Change
Fundamental revenues:	¥2,399,237	¥1,687,321	¥(711,916)
Insurance premiums and others	1,566,824	1,405,875	(160,948)
Fundamental expenses	2,325,643	1,632,297	(693,345)
Fundamental profit	73,594	55,023	(18,570)
Capital gains/(losses)	(75,054)	(382)	74,671
Non-recurring gains/(losses)	(25,497)	(10,732)	14,764
Ordinary profit/(losses)	(26,957)	43,907	70,865
Extraordinary income	54,057	–	(54,057)
Extraordinary losses	–	11,872	11,872
Provision for reserve for dividends to policyholders	–	–	–
Income taxes	7,406	6,328	(1,077)
Net income	19,693	25,707	6,013

Non-Consolidated Solvency Margin Ratio

Yen in millions

	March 31, 2024	March 31, 2025
(A) Total amount of solvency margin	¥771,366	¥774,790
Total capital	251,741	265,422
Reserve for price fluctuation	144,127	156,000
Contingency reserve	112,265	122,998
General bad debt reserve	–	–
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)	(37,212)	(63,271)
Net unrealized gains/(losses) on land × 85%	–	–
Excess of continued Zillmerized reserve (a)	234,481	222,355
Subordinated debts, etc. (b)	–	–
Amount excluded from the margin, out of (a) and (b)	–	–
Brought in capital	–	–
Deductions	–	–
Others	65,963	71,284
(B) Total amount of risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	203,346	234,205
Insurance risk (R_1)	1,810	1,852
Insurance risk of third sector insurance contracts (R_8)	5	21
Assumed interest rate risk (R_2)	59,343	71,445
Minimum guarantee risk (R_7)	1,326	1,224
Asset management risk (R_3)	138,645	156,898
Business administration risk (R_4)	4,022	4,628
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	758.6%	661.6%

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, 2025, the MS&AD Insurance Group was included in the following ESG-related indices.

CDP Climate Change A List

FTSE4Good Index Series

FTSE Blossom Japan Index

MSCI Japan ESG Select Leaders Index*

2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women Index (WIN)*

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Nihonkabu ESG Select Leaders Index*

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

S&P Global Sustainability Yearbook 2025

S&P JPX Carbon Efficient Index

ISS ESG Corporate Rating Prime

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

Participation in Initiatives

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

The UN Global Compact*

United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance

Principles for Responsible Investment

CDP investor signatory

Partnership for Carbon Accounting Financials (PCAF)

30% Club Japan

The Japan Business Initiative for Biodiversity (JBIB)

Taskforce on Nature-related Financial Disclosures (TNFD)

We are a member of the TNFD Forum.

- 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 2025, 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.

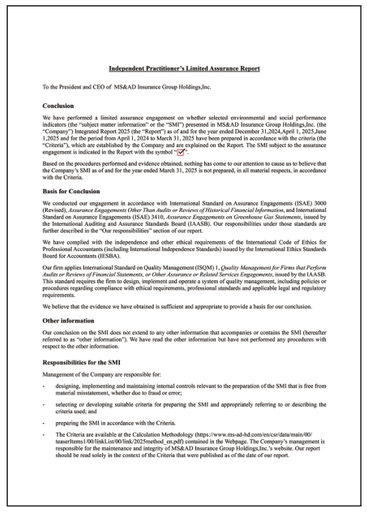
The third-party assurance process

STEP 1	STEP 2	STEP 3	STEP 4
Planning	**Implementation of assurance procedures**	**Review of draft report**	**Submitting the assurance report**
●Examination of the calculation method for the data subject to assurance and the company's outline of business ●Formulation of an assurance engagement plan based on the risk assessment	●Implementation of a site visit and analysis of compiled data, etc.	●Confirmation that required corrections have been completed ●Reviewing the draft report to determine whether the assured information is presented appropriately	●Review by a reviewer not directly involved in the assurance engagement ●Submission of the assurance report

Items subject to the assurance engagement

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

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



Independent Practitioner's Limited Assurance Report

To the President and CEO of MS&AD Insurance Group Holdings,Inc.

Conclusion

We have performed a limited assurance engagement on whether selected environmental and social performance indicators (the "subject matter information" or the "SMI") presented in MS&AD Insurance Group Holdings,Inc. (the "Company") Integrated Report 2025 (the "Report") as of and for the year ended December 31,2024,April 1, 2025,June 1,2025 and for the period from April 1, 2024 to March 31, 2025 have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained on the Report. The SMI subject to the assurance engagement is indicated in the Report with the symbol "✓".

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI as of and for the year ended March 31, 2025 is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

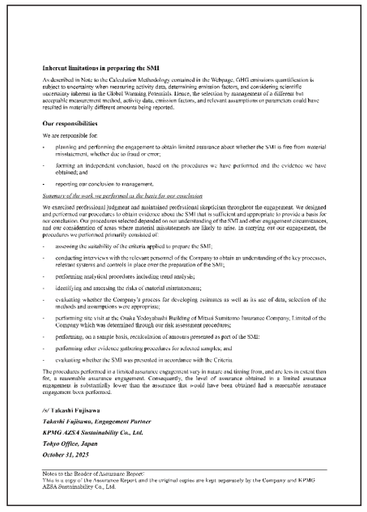
Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.
- The Criteria are available at the Calculation Methodology (https://www.ms-ad-hd.com/en/csr/data/main/00/teaserItems1/00/link1/ae/00/link/2025method_en.pdf) contained in the Webpage. The Company's management is responsible for the maintenance and integrity of MS&AD Insurance Group Holdings,Inc.'s website. Our report should be read solely in the context of the Criteria that were published as of the date of our report.



Inherent limitations in preparing the SMI

As described in Note to the Calculation Methodology contained in the Webpage, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to management.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- evaluating whether the Company's process for developing estimates as well as its use of data, selection of the methods and assumptions were appropriate;
- performing site visit at the Osaka Yodoyabashi Building of Mitsui Sumitomo Insurance Company, Limited of the Company which was determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

/s/ Takashi Fujisawa
Takashi Fujisawa, Engagement Partner
KPMG AZSA Sustainability Co., Ltd.
Tokyo Office, Japan
October 31, 2025

Notes to the Reader of Assurance Report:
This is a copy of the Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

On the Issuance of the MS&AD Integrated Report 2025

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

In this year's Integrated Report, we have devoted considerable space to initiatives for strengthening governance to restore trust lost due to misconduct. In addition, we have included messages and roundtable discussions from our top management that address the challenges our Group faces and our long-term growth story. We have also created new Special Feature pages to provide insight into the current state and future of our rapidly growing international business.

With this year's Integrated Report, we hope to promote positive perception for the Group by creating an even greater understanding of it among stakeholders such as customers, shareholders, and investors.

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

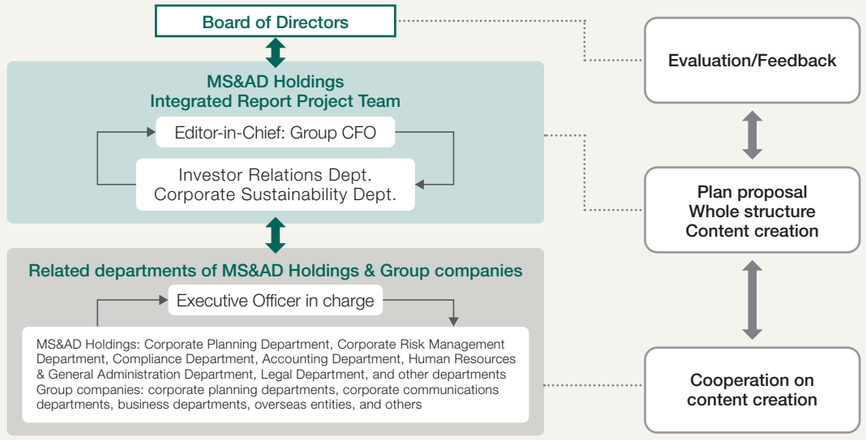
Finally, as Group CFO, I am responsible for the editing process and, accordingly, state here the importance of ensuring that the assembly process for the Integrated Report is carried out responsibly and that the content in the report is indeed accurate.

August 2025

S. Kuda

Representative Director, Executive Vice President, Group CFO

The MS&AD Integrated Report 2025 Editorial System



Production: Under the direction of the CFO, who is editor-in-chief, two people, other than those in charge of writing, confirm editorial content on every page based on supporting materials and by checking with all relevant departments corresponding to the content to ensure accuracy. In addition, the accuracy and reliability of items subject to third-party assurance on page 176 are assured by an independent third party, KPMG AZSA Sustainability Co., Ltd.

Contact Information

(Securities code: 8725)

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

<Forward-Looking Statements>

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

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

MS&AD Insurance Group Holdings, Inc.

MS&AD INSURANCE GROUP

www.ms-ad-hd.com