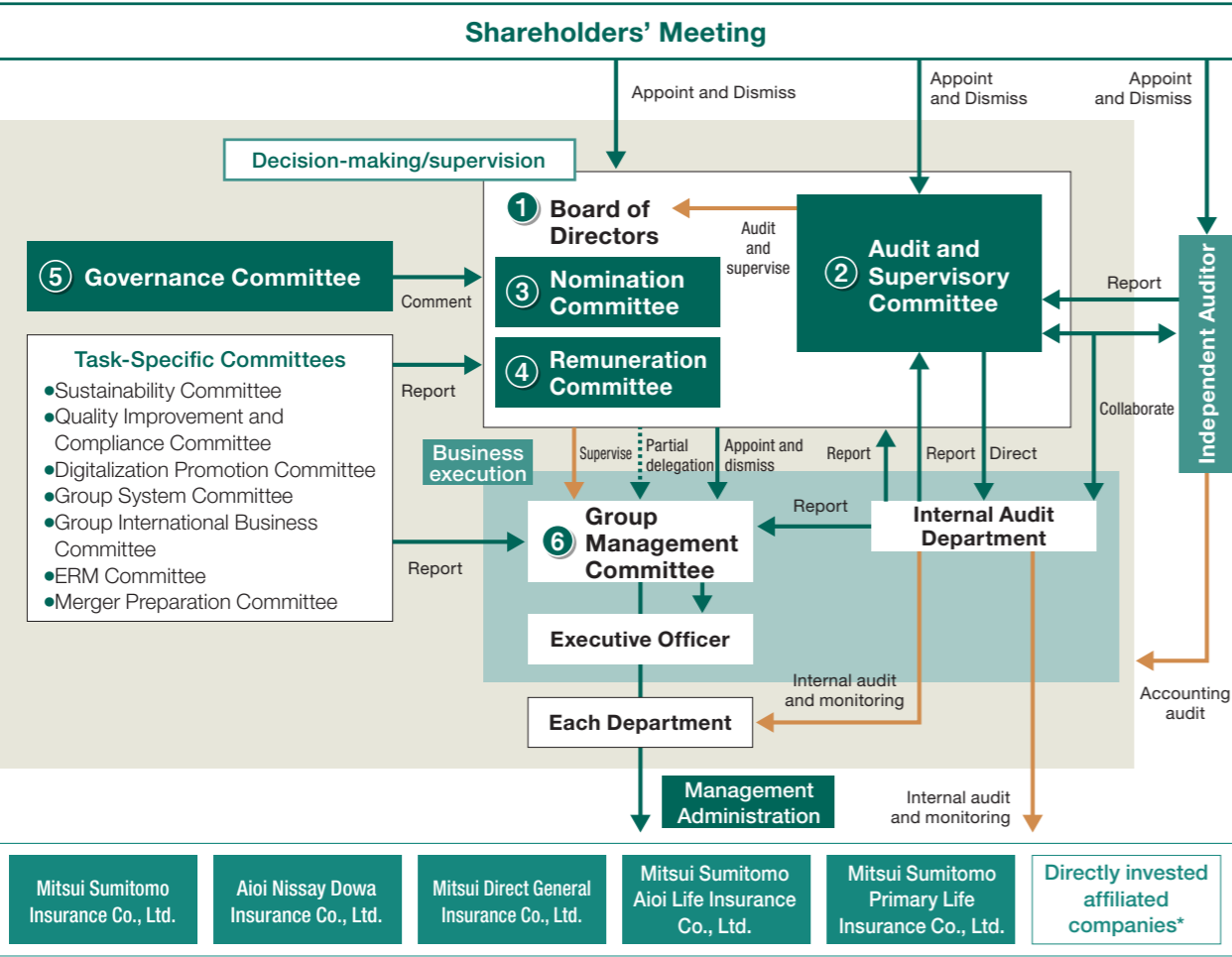


Corporate Governance System

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.

1 Board of Directors

As the ultimate decision-making authority for Group management, the Board of Directors deliberates and decides upon matters of importance for Group management and supervises the execution of duties performed by directors, executive officers, and others.

Chairperson: Noriyuki Hara

Internal: Six members Outside: Seven members / FY2024 meetings held 14 times (excluding board meetings held on paper)

Attendance rate 99%

2 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

3 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%

4 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%

5 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%

6 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.

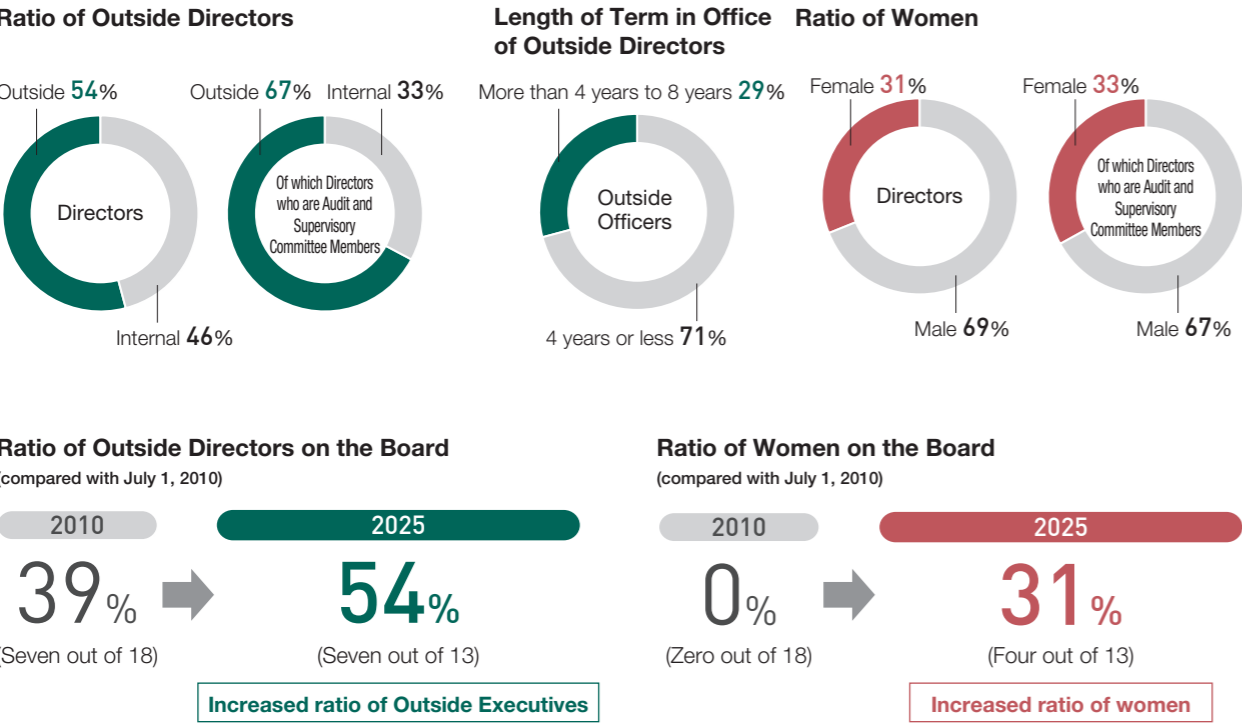
Task-Specific Committee Overview

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	<ul style="list-style-type: none">●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	<ul style="list-style-type: none">●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	<ul style="list-style-type: none">●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)	<ul style="list-style-type: none">●Introduced stock issuance trust systems●Introduced guidelines for holding the Company's own shares●Exchanged opinions with third-party organizations on the results of analysis and evaluation of the effectiveness of the Board of Directors●Newly established the title of Group CSuO <<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)



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						●			

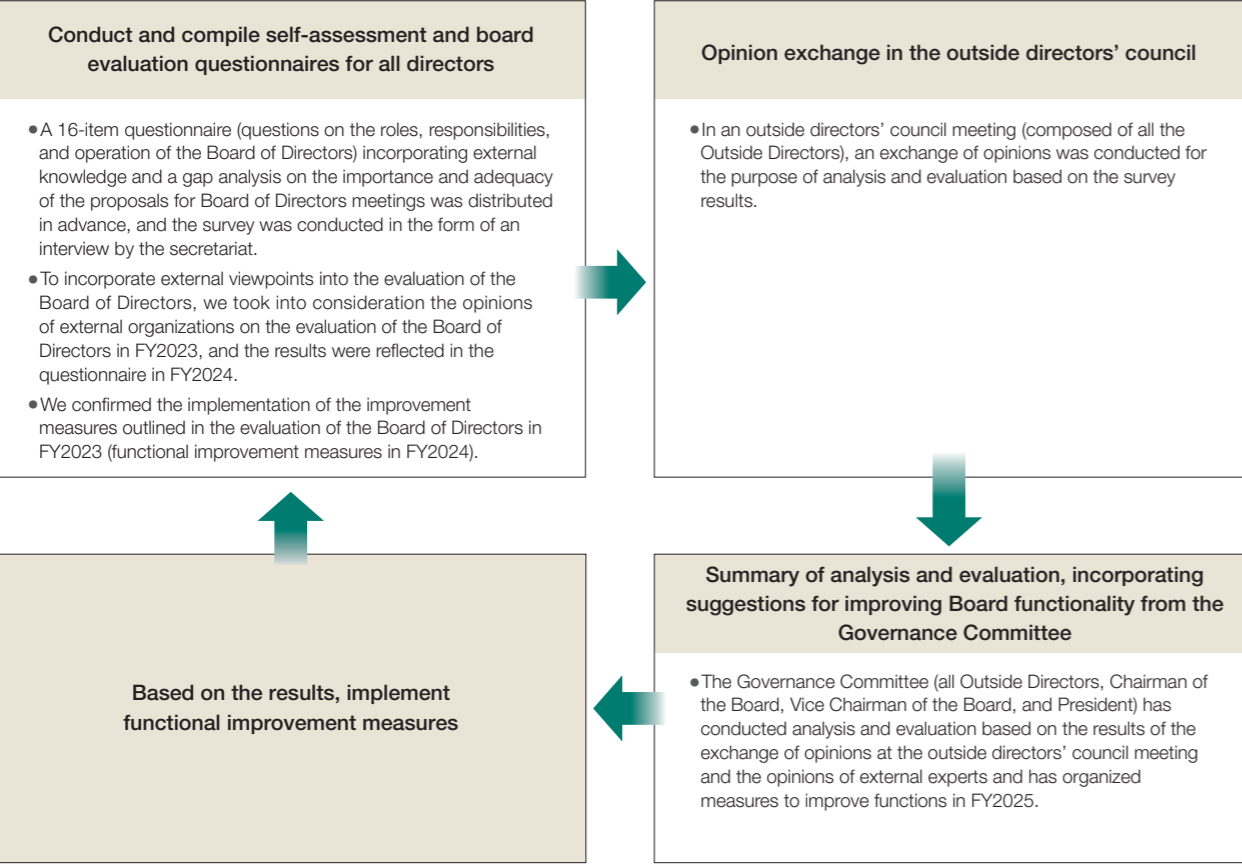
In addition, we have installed an executive officer system. The skills for Executive Officers who are not Directors are as follows.

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



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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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

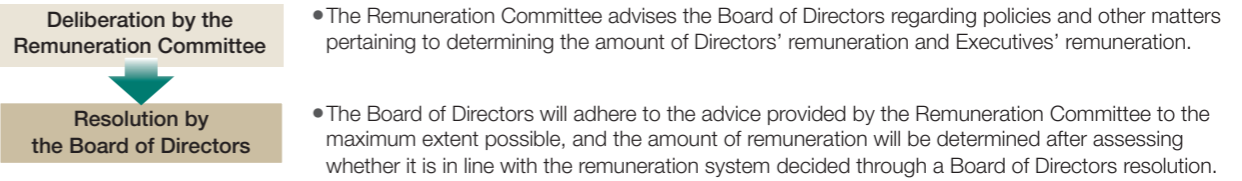
Basic Policy

- 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.



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.

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.

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)		<ul style="list-style-type: none">• Group adjusted profit• Consolidated net income• Group adjusted ROE	The indicators we have selected are Group adjusted profit, which is an indicator of shareholder return; Group adjusted ROE, which is an indicator of capital efficiency; and consolidated net income, which is an important performance indicator of the Group. 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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. <ul style="list-style-type: none">• 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. <ul style="list-style-type: none">• 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	
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	
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

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

■ CEO selection process

Recommendation by the current CEO	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• The Nomination Committee reviews candidates recommended by the CEO.• Outside Directors can recommend other candidates.
Resolution by the Board of Directors	<ul style="list-style-type: none">• 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

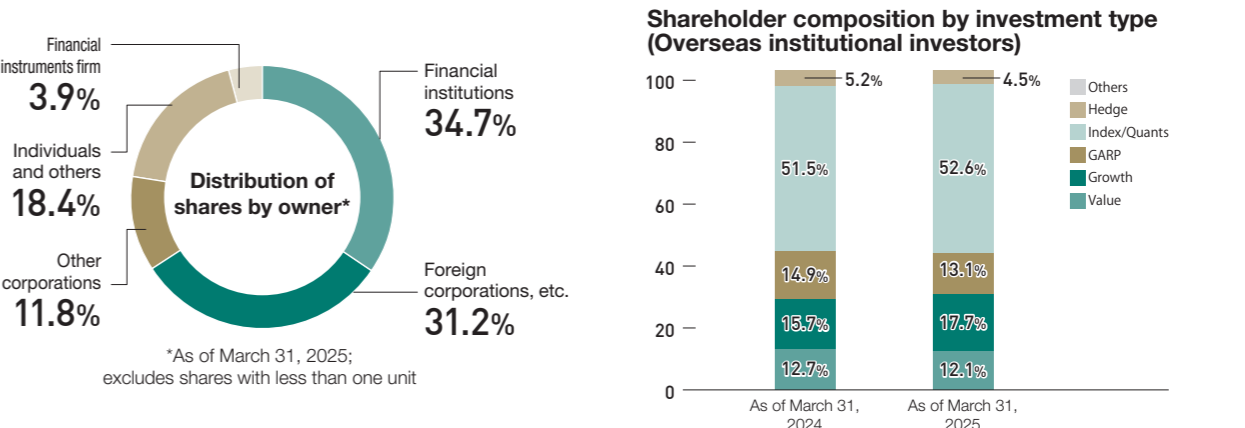
Key dialogue themes and concerns

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	<ul style="list-style-type: none">Market share outlook for corporate and individual sectors after the mergerTiming for achieving the business cost reduction target (below 30%, ¥150 billion yen)
Shareholder return policy	<ul style="list-style-type: none">Balance between dividends and share buybacksApproach to additional returns
Strategic equity holdings	<ul style="list-style-type: none">Negotiation status regarding sales of strategic equity holdings and likelihood of achieving sales in FY2025Sales plan for 2030
Domestic Non-Life Insurance Business	<ul style="list-style-type: none">Future prospects for accident frequency and average payout per claim for automobile insuranceNext rate revision for automobile insuranceNext rate revision for fire insurance
Domestic Life Insurance Business	<ul style="list-style-type: none">Future growth strategies of the two domestic life insurers (e.g., use of reinsurance, restructuring)
International Business	<ul style="list-style-type: none">Outlook for Lloyd’s and reinsurance business, and other existing businesses and market cyclesStatus 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.



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.

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

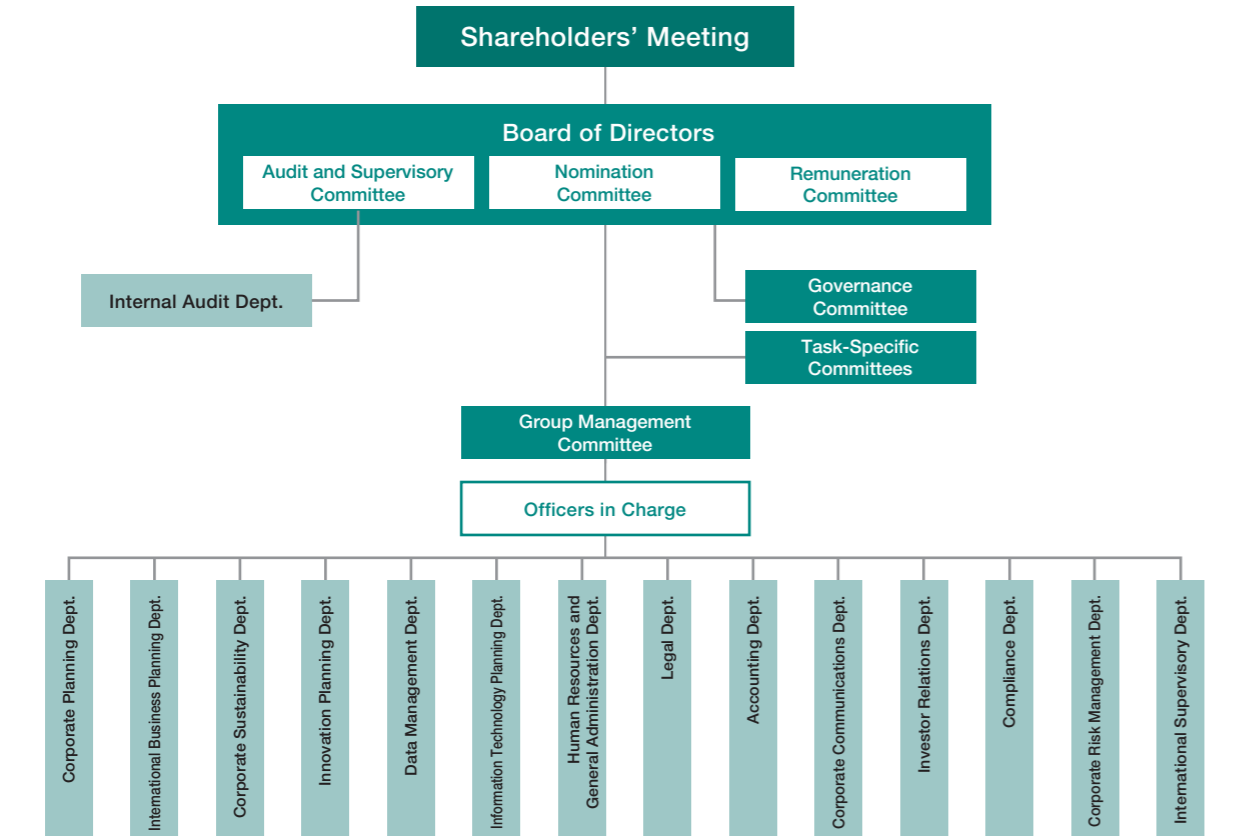
*Including capital costs and initiatives to improve the stock price

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:

- The number of shares is rounded down to the nearest thousand shares. The percentage of shares is rounded to the nearest unit.
- The Company owns 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

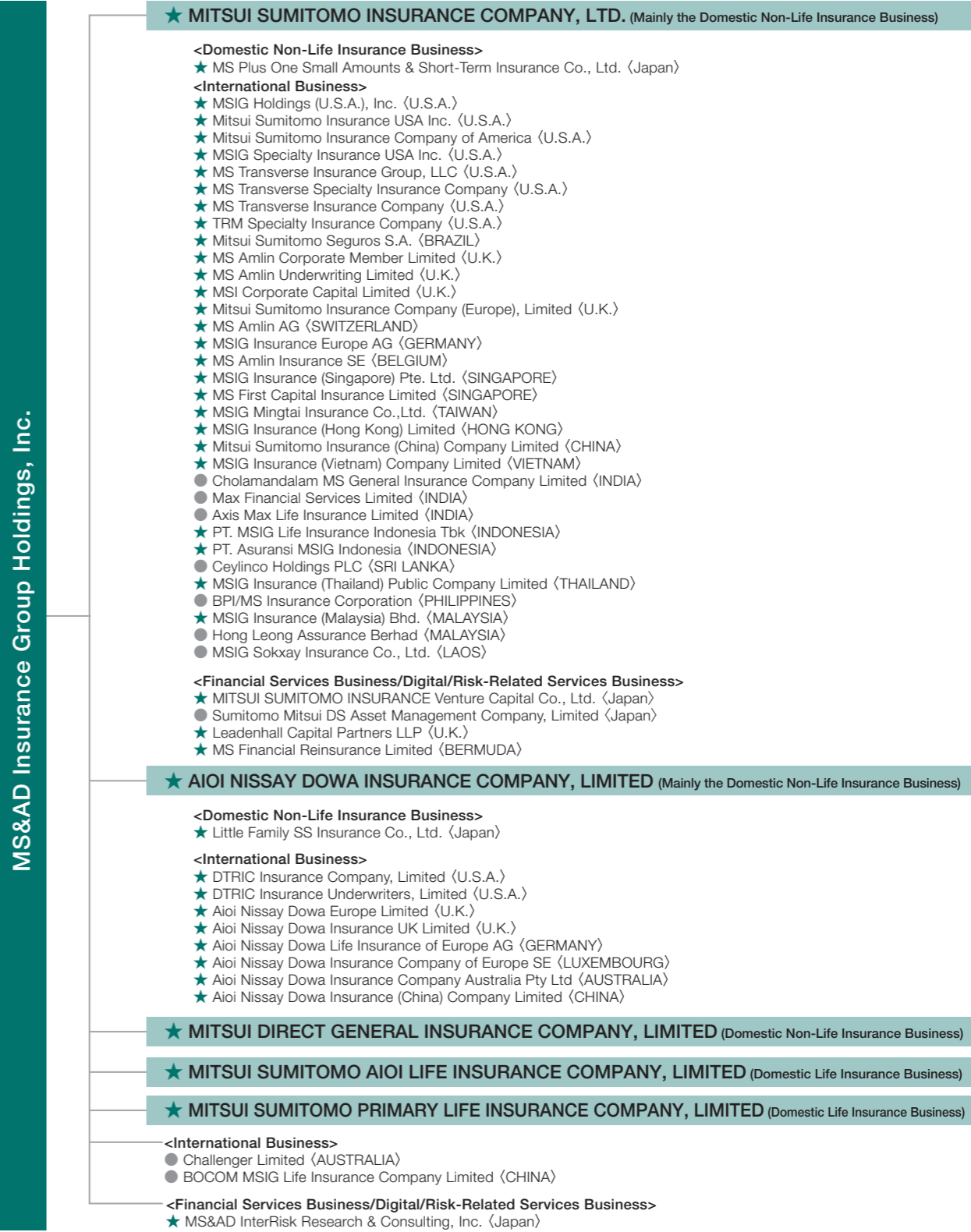
Fiscal Year	April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	Within three months from the end of each fiscal year
Record Date	Year-end dividend March 31 of each year Interim dividend September 30 of each year
Method of Public Notification	Electronic reporting can be 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 <i>Nikkei</i> 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



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

Name of Company	Headquarters	Date Established	Principal Business	Paid-in Capital	Voting Rights of MS&AD Holdings (%)	Voting Rights of Subsidiaries (%)
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						

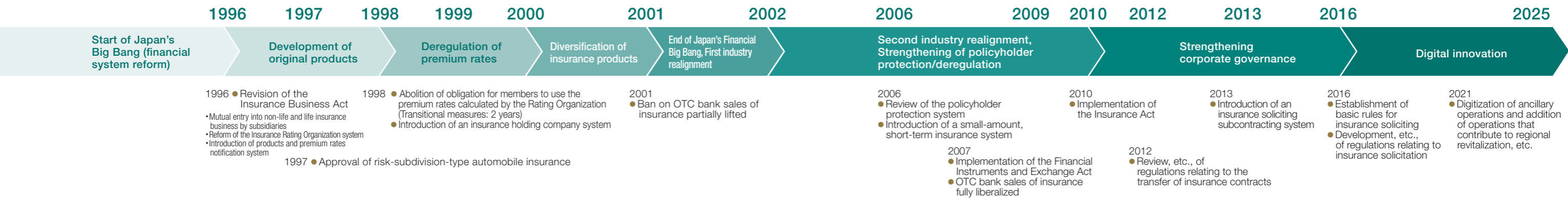
2. EQUITY-METHOD AFFILIATES

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						

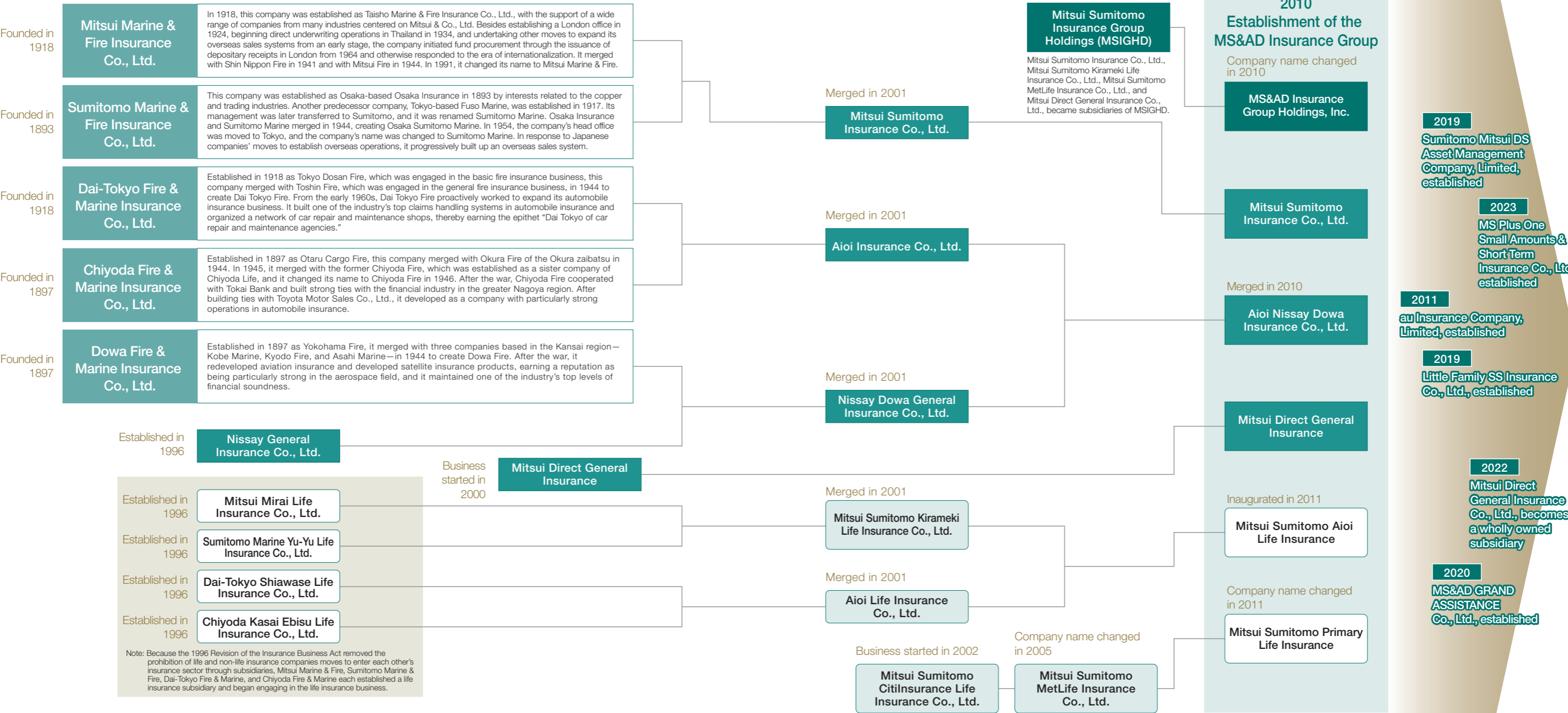
Note: Figures in brackets [] represent the percentage of voting rights belonging to closely allied entities or entities that are in agreement with MS&AD on voting issues.

History of the MS&AD Insurance Group in Japan

Major events in the insurance industry

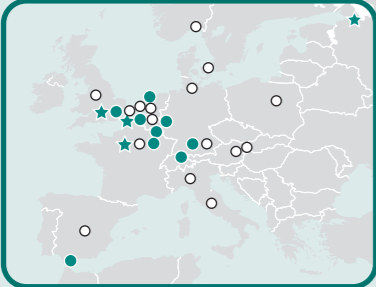


History of the MS&AD Insurance Group



Group Network and History of International Business (As of July 1, 2025)

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



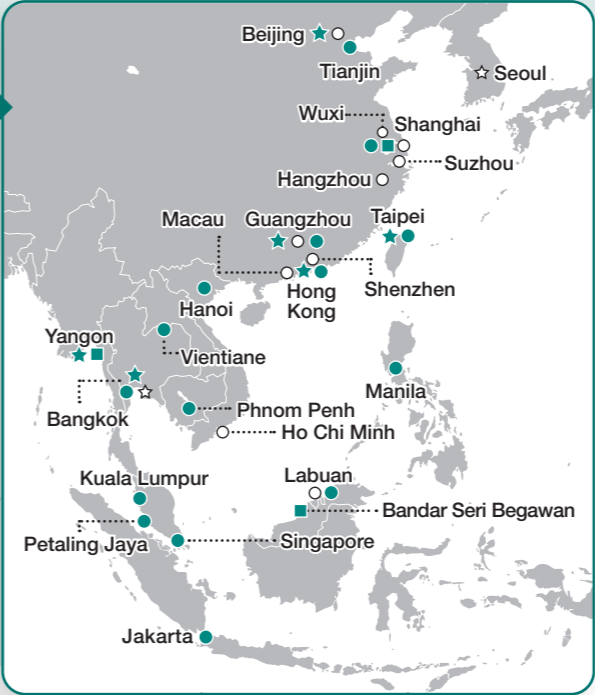
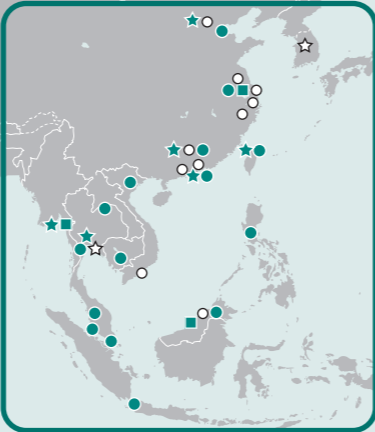
Expansion of the Non-Life Insurance Business

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

Business initiations through capital investments in local markets	
2000	Became the first Japanese non-life insurance company to establish a Lloyd's syndicate
2000	Began 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.

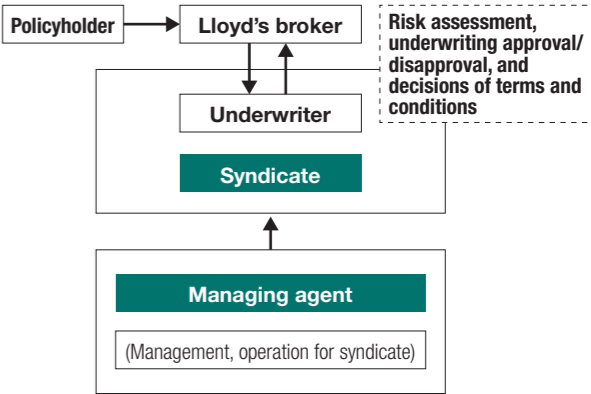
Life Insurance Professional

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 ① to ④ listed below and plainly shows the amount of insurance claims paid. The payment of insurance claims is the main expenditure involved in the non-life insurance business.

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

Net Expense Ratio

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

Net Loss Ratio

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

→ [Earned-Incurred Loss Ratio \(EI Loss Ratio\)](#)

Net Premiums Written

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

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

Non-Fleet Grade System (Automobile Insurance)

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

O

Ordinary Outstanding Claims Reserve

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

→ [Incurred but Not Reported Loss \(IBNR\)](#)

Ordinary Underwriting Reserves

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

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

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

Outstanding Claims

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

P

Policies in Force

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

Policy Clauses

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

Policyholder

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

Policy Reserve

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

R

Reinsurance

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

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

V

Variable Insurance

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

W

Whole Life Insurance

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

→ [Term Insurance](#)

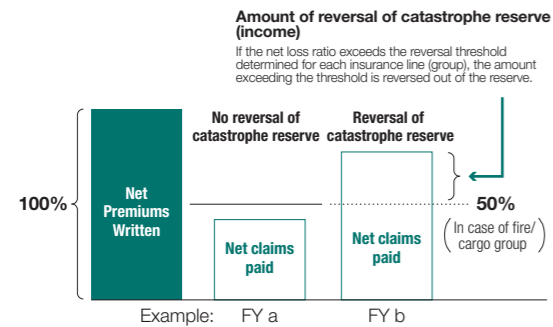
Accounting Line-Item Terminology

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

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

Catastrophe Reserves

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

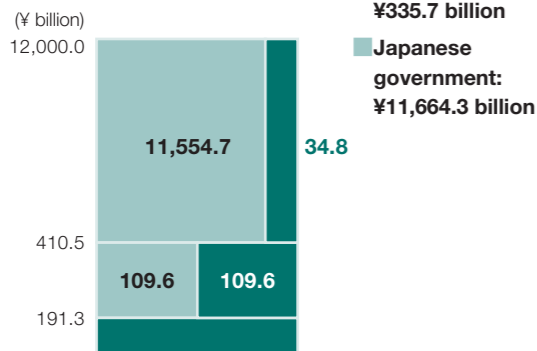


About Residential Earthquake Insurance

Based on Japan’s Law Concerning Earthquake Insurance (the Earthquake Insurance Act), residential earthquake insurance is operated jointly by the government and non-life insurance companies. Reflecting the significant impact that earthquakes can have on society, residential earthquake insurance is a prerequisite for and incidental to fire insurance. Recognizing the substantial damage that 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.

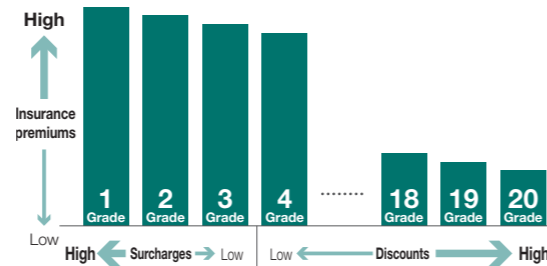
Government and Private-Sector Burdens

As of April 2025



Non-Fleet Grade System (Automobile Insurance)

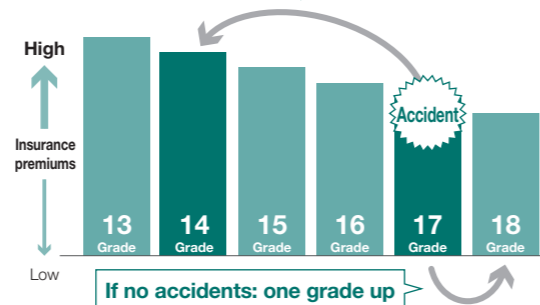
- This system applies discount percentages to grades defined from Grade 1 to Grade 20.



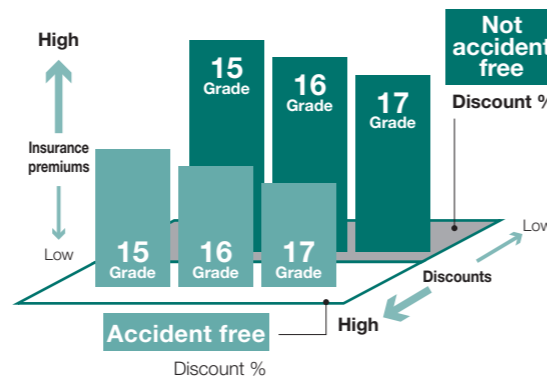
- When the contract is first concluded, the customer starts at Grade 6 (or Grade 7) and then rises by a one-grade increment if there are no accidents.
- If there is an accident, the grade drops by three-grade increments and moves to an accident-existence rate table.

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.

Principle 3 grades down per one accident



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



Performance Record

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Five-Year Summary (Unaudited)

	Yen in millions					US\$ in millions
	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] <ul style="list-style-type: none">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] <ul style="list-style-type: none">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 portfolioTransform 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] <ul style="list-style-type: none">Integrate head office functions between Group companies, expand streamlined business process outsourcing for common operations, and boldly eliminate and integrate systemsPromote life insurance sales through non-life sales channels, and promote cross-sales of Mitsui Sumitomo Primary Life products at Mitsui Sumitomo Aioi LifePromote 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.

Category	FY2023	(Yen in billions)	
		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.

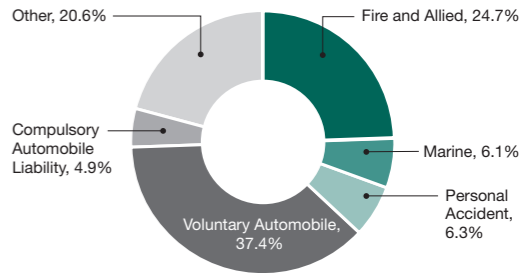
Premiums Written and Net Claims Paid – Non-Life Insurance (Unaudited)

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

Lines of Insurance	(Yen in millions)															(US\$ in millions)
	FY2020			FY2021			FY2022			FY2023			FY2024			FY2024
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	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

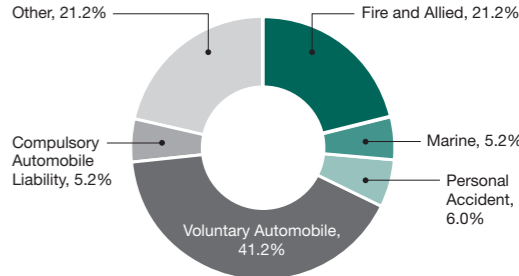


(b) Net Premiums Written

Lines of Insurance	(Yen in millions)									(US\$ in millions)						
	FY2020			FY2021			FY2022			FY2023			FY2024			FY2024
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	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

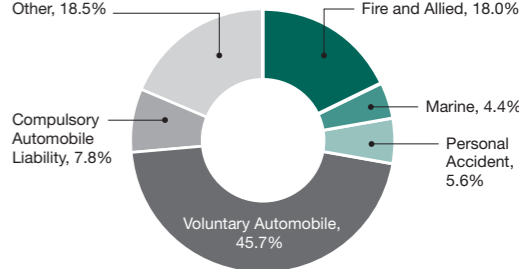


(c) Net Claims Paid

Lines of Insurance	(Yen in millions)									(US\$ in millions)						
	FY2020			FY2021			FY2022			FY2023			FY2024			FY2024
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	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	
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)
	Amount		Amount		Amount		Amount		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)
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
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
Group annuities	297	0.7	277	(6.5)	252	(9.1)	273	8.2	260	(4.6)

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

Assets	Yen in millions		US\$ in millions
	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.

Net Assets	Yen in millions		US\$ in millions
	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)

	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)

	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 ^(*) :					
Currency		–	13,445	–	13,445
Interest rate		103	24,248	277	24,629
Equity		132	191	–	324
Bond		6,807	–	–	6,807
Credit		–	533	842	1,376
Others		–	–	686	686
Total assets		6,623,676	8,528,541	1,317,177	16,469,396
Derivative transactions ^(*) :					
Currency		–	42,287	–	42,287
Interest rate		99	28,428	266	28,793
Equity		2,842	1,257	–	4,100
Bond		4,474	–	–	4,474
Credit		–	2,556	842	3,398
Others		–	–	752	752
Total liabilities		7,416	74,529	1,861	83,807

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

		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 ^(*) :					
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 ^(*) :					
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

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

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

		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 ^(*)					(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)

(*) 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 ^(*)	Recorded in other comprehensive income ⁽²⁾	Changes due to purchases, issues, sales and settlements	Transfer from Level 2 to Level 3 ^{(3) (4)}	Transfer from Level 3 to Level 2 ^{(3) (5)}	Ending balance	Net unrealized gains/(losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date ⁽⁷⁾
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 ^(*)	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 ⁽⁷⁾
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 ^{(*) (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

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

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

March 31, 2025	Yen in millions				
	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years
Bonds issued ^(*)	–	154,662	–	–	–
Total	–	154,662	–	–	–

(*) 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

NameChallenger Limited

LocationSydney, New South Wales, Australia

Principal businessLife 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 sold104,353,125 shares (Voting rights ownership ratio: 15.1%)

Sale price80,000 million yen

Number of shares to be held after the sale0 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

Use	Category	Description	Yen in millions		
			Impairment losses on fixed assets		
			Breakdown		
Investment properties	Buildings	3 properties, including an office in Aichi	27	Buildings	27
Idle real estate and real estate for sale	Land and buildings	27 properties, including an office in Okayama	3,512	Land	1,264
				Buildings	2,248
–	Software	Software owned by overseas consolidated subsidiaries	2,568	Software	2,568
–	Goodwill and Intangible fixed assets	MGA business in the United States, which mainly handles insurance products for carriers	5,730	Goodwill	3,967
				Other intangible fixed assets	1,762

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

Due to the disposal in the near future, the carrying amounts of investment properties, idle real estate and real estate for sale were reduced to recoverable amounts, and the 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

Use	Category	Description	Yen in millions		
			Impairment losses on fixed assets		
			Breakdown		
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	1,759
				Buildings	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

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

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (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

Category	Breakdown	Yen in millions
		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

Items	Yen in millions	
	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

Items	Yen in millions	
	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

Items	Yen in millions	
	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 $[(A) / \{(B) \times 1/2\}] \times 100$	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

Items	Yen in millions	
	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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	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 $[(A) / \{(B) \times 1/2\}] \times 100$	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 $[(A) / \{(B) \times 1/2\}] \times 100$	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

Items	Yen in millions	
	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 $\sqrt{(R_1+R_3)^2+(R_2+R_3+R_7)^2}+R_4$	76,569	83,701
Insurance risk (R ₁)	17,582	17,342
Insurance risk of third sector insurance contracts (R ₃)	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 $[(A) / \{(B) \times 1/2\}] \times 100$	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 $\sqrt{(R_1+R_2)^2+(R_3+R_4+R_5)^2}+R_6$	203,346	234,205
Insurance risk (R ₁)	1,810	1,852
Insurance risk of third sector insurance contracts (R ₆)	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.

<div>CDP Climate Change A List</div> <div></div>	<div>FTSE4Good Index Series</div> <div></div> <div>FTSE4Good</div>	<div>FTSE Blossom Japan Index</div> <div></div> <div>FTSE Blossom Japan Index</div>
<div>MSCI Japan ESG Select Leaders Index*</div> <div>2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</div>	<div>MSCI Japan Empowering Women Index (WIN)*</div> <div>2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</div>	<div>MSCI Nihonkabu ESG Select Leaders Index*</div> <div>2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX</div>
<div>S&P Global Sustainability Yearbook 2025</div> <div></div>	<div>S&P JPX Carbon Efficient Index</div> <div></div>	<div>ISS ESG Corporate Rating Prime</div> <div></div>

*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.

<div>The UN Global Compact*</div> <div></div>	<div>United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance</div> <div></div>	<div>Principles for Responsible Investment</div> <div></div>
<div>CDP investor signatory</div> <div></div>	<div>Partnership for Carbon Accounting Financials (PCAF)</div> <div></div>	<div>30% Club Japan</div> <div></div>
<div>The Japan Business Initiative for Biodiversity (JBIB)</div> <div></div>	<div>Taskforce on Nature-related Financial Disclosures (TNFD)</div> <div></div> <div>We are a member of the TNFD Forum.</div>	<div>● Task Force on Climate-related Financial Disclosures (TCFD)</div> <div>● Principles for Financial Action for the 21st Century</div> <div>● GX League</div>

*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.

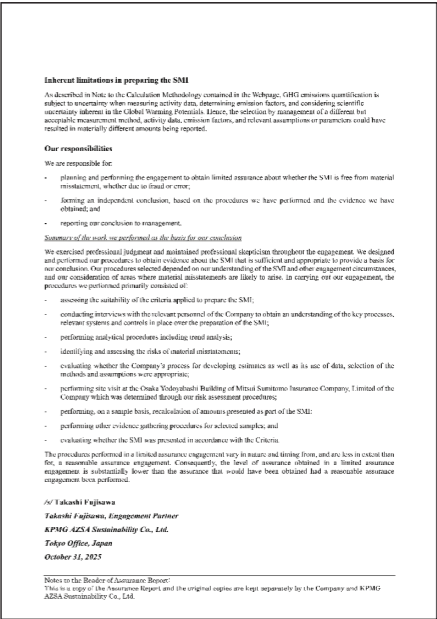
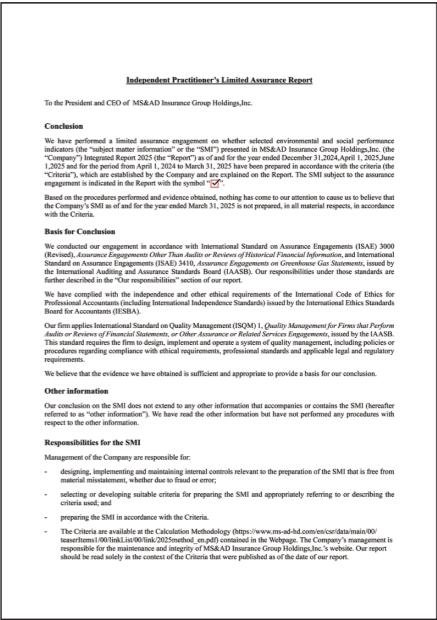
The third-party assurance process

STEP 1	STEP 2	STEP 3	STEP 4
<div>Planning</div> <div>●Examination of the calculation method for the data subject to assurance and the company's outline of business</div> <div>●Formulation of an assurance engagement plan based on the risk assessment</div>	<div>Implementation of assurance procedures</div> <div>●Implementation of a site visit and analysis of compiled data, etc.</div>	<div>Review of draft report</div> <div>●Confirmation that required corrections have been completed</div> <div>●Reviewing the draft report to determine whether the assured information is presented appropriately</div>	<div>Submitting the assurance report</div> <div>●Review by a reviewer not directly involved in the assurance engagement</div> <div>●Submission of the assurance report</div>

Items subject to the assurance engagement

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

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



On the Issuance of the MS&AD Integrated Report 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.

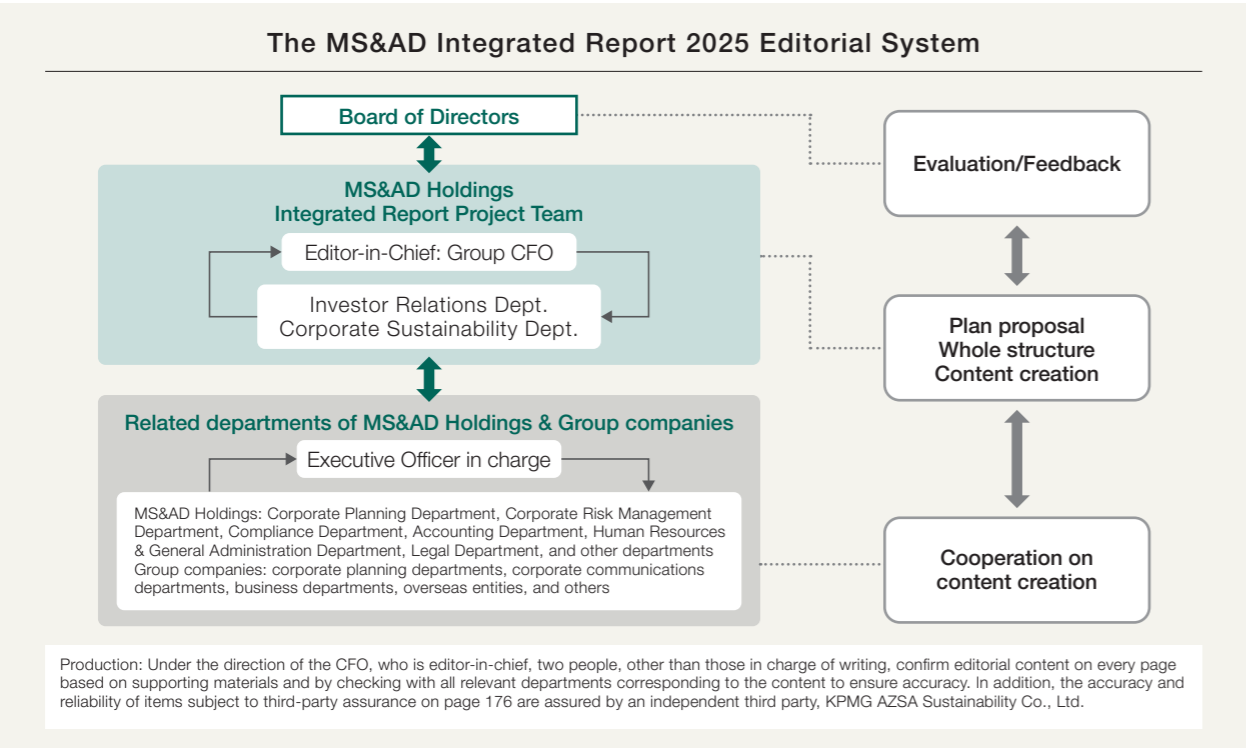
We continue to value dialogue with stakeholders, and with the aim of further improving disclosure and enhancing transparency we invite our stakeholders to share their honest feedback with us.

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. Kudo

Representative Director, Executive Vice President, Group CFO



Contact Information

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

<Forward-Looking Statements>

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

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