

## SUMMARY OF FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

November 19, 2019

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**  
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange  
 Securities Code Number: 8725  
 URL: <https://www.ms-ad-hd.com>  
 Representative: Yasuyoshi Karasawa, President & CEO  
 Contact: Masaru Kenma, Manager, Consolidated Accounting Section, Accounting Department  
 Telephone: 03-5117-0305

Scheduled date to file the Quarterly Securities Report: November 19, 2019  
 Scheduled date to commence dividend payments: December 4, 2019  
 Explanatory material for business results: Available  
 IR Conference (for institutional investors and analysts): To be held

(Note) Amounts of less than one million yen are truncated.

### 1. Consolidated Financial Highlights for the Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)

#### (1) Consolidated business performance

(Yen in millions)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
Six months ended September 30, 2019	2,856,423	(3.6) %	108,299	43.8 %	163,559	253.2 %
Six months ended September 30, 2018	2,962,888	2.5 %	75,333	(42.7) %	46,301	(38.9) %

Percent figures represent changes from the corresponding period of the preceding year.

(Note) Comprehensive income For the six months ended September 30, 2019: ¥ 233,451 million 527.9 %  
 For the six months ended September 30, 2018: ¥ 37,180 million (85.2) %

(Yen)

	Net income attributable to owners of the parent per share - Basic	Net income attributable to owners of the parent per share - Diluted
Six months ended September 30, 2019	282.03	281.90
Six months ended September 30, 2018	78.64	78.62

#### (2) Consolidated financial conditions

(Yen in millions)

	Total assets	Net assets	Ratio of net assets less non-controlling interests to total assets
September 30, 2019	23,740,192	2,947,891	12.2 %
March 31, 2019	23,132,539	2,778,047	11.9 %

(Reference) Net assets less non-controlling interests As of September 30, 2019: ¥ 2,907,713 million  
 As of March 31, 2019: ¥ 2,750,519 million

### 2. Dividends

(Yen)

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual total
Year ended March 31, 2019	-	70.00	-	70.00	140.00
Year ending March 31, 2020	-	75.00			
Year ending March 31, 2020 (Forecast)			-	75.00	150.00

(Note) Revision of the latest announced dividends per share forecast: None

### 3. Consolidated Earnings Forecasts for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Yen in millions)

	Ordinary profit		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share (Yen)
Year ending March 31, 2020	210,000	(27.8) %	200,000	3.8 %	346.47

Percent figures represent changes from the preceding year.

(Note) Revision of the latest announced earnings forecasts: Yes

**\* Notes**

(1) Changes in significant subsidiaries for the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates and restatements

1. Changes in accounting policies due to revisions of accounting standards: Yes

2. Changes in accounting policies other than above: None

3. Changes in accounting estimates: None

4. Restatements: None

(Note) For details, please refer to "Changes in Accounting Policies" on page 7 of the Appendix.

(3) Number of shares of issued stock (common stock)

1. Number of shares of issued stock (including treasury stock)

As of September 30, 2019: 593,291,754 shares

As of March 31, 2019: 593,291,754 shares

2. Number of shares of treasury stock

As of September 30, 2019: 18,730,737 shares

As of March 31, 2019: 9,580,005 shares

3. Average number of shares of outstanding stock

For the six months ended September 30, 2019: 579,930,213 shares

For the six months ended September 30, 2018: 588,703,463 shares

**\* This report is unaudited.**

**\* Notes to the earnings forecasts and others**

(1) Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. For key assumptions of the earnings forecasts and other relevant information, please refer to "4. Earnings Forecasts" on page 15 of "Explanatory Material for Business Results for the Six Months Ended September 30, 2019". The forecast of consolidated ordinary income for the current fiscal year is not disclosed due to difficulties in calculating reasonable forecast figures stemming from a high susceptibility to natural disasters and market conditions.

(2) The Company made its interim consolidated financial statements for the first half of the fiscal year, as required for specified companies which operate the businesses defined in the Article 17-15 Paragraph 2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

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<b>[Attachment]</b>	
Explanatory Material for Business Results for the Six Months Ended September 30, 2019	

# Consolidated Financial Statements and Main Notes

## 1. Consolidated Balance Sheets

(Yen in millions)

	March 31, 2019	September 30, 2019
<b>Assets</b>		
Cash, deposits and savings	1,474,306	1,629,680
Receivables under resale agreements	472,377	452,141
Monetary claims bought	97,241	143,684
Money trusts	1,544,406	1,668,792
Investments in securities	16,061,871	16,340,843
Loans	903,006	887,392
Tangible fixed assets	463,356	481,355
Intangible fixed assets	545,450	423,841
Other assets	1,454,825	1,558,273
Assets for retirement benefits	30,075	29,419
Deferred tax assets	59,317	99,523
Customers' liabilities under acceptances and guarantees	35,500	34,500
Bad debt reserve	(9,195)	(9,254)
<b>Total assets</b>	<b>23,132,539</b>	<b>23,740,192</b>
<b>Liabilities</b>		
Policy liabilities:	17,637,713	18,066,017
Outstanding claims	2,222,637	2,199,574
Underwriting reserves	15,415,076	15,866,442
Bonds issued	659,093	809,093
Other liabilities	1,490,882	1,567,910
Liabilities for pension and retirement benefits	176,550	173,345
Reserve for retirement benefits for officers	414	368
Accrued bonuses for employees	27,788	24,692
Reserve for reorganization by function	6,498	1,920
Reserves under the special laws:	173,248	87,015
Reserve for price fluctuation	173,248	87,015
Deferred tax liabilities	146,802	27,436
Acceptances and guarantees	35,500	34,500
<b>Total liabilities</b>	<b>20,354,492</b>	<b>20,792,300</b>
<b>Net assets</b>		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	553,168	553,163
Retained earnings	962,385	1,083,089
Treasury stock	(32,539)	(64,408)
<b>Total shareholders' equity</b>	<b>1,583,013</b>	<b>1,671,844</b>
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	1,273,881	1,360,960
Net deferred gains/(losses) on hedges	25,168	30,711
Foreign currency translation adjustments	(135,992)	(159,767)
Accumulated actuarial gains/(losses) on retirement benefits	4,448	3,965
<b>Total accumulated other comprehensive income</b>	<b>1,167,505</b>	<b>1,235,869</b>
Stock acquisition rights	785	1,206
Non-controlling interests	26,743	38,971
<b>Total net assets</b>	<b>2,778,047</b>	<b>2,947,891</b>
<b>Total liabilities and net assets</b>	<b>23,132,539</b>	<b>23,740,192</b>

## 2. Consolidated Statements of Income and Comprehensive Income (Consolidated Statements of Income)

(Yen in millions)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Ordinary income:	2,962,888	2,856,423
Underwriting income:	2,604,913	2,548,137
Net premiums written	1,873,194	1,926,832
Deposit premiums from policyholders	42,390	41,926
Investment income on deposit premiums from policyholders	20,846	20,481
Life insurance premiums	657,170	555,472
Investment income:	349,356	295,909
Interest and dividends income	152,580	152,446
Investment gains on money trusts	35,517	42,474
Investment gains on trading securities	14,267	44,757
Gains on sales of securities	75,369	38,287
Investment gains on separate accounts	71,511	37,451
Transfer of investment income on deposit premiums from policyholders	(20,846)	(20,481)
Other ordinary income	8,618	12,376
Ordinary expenses:	2,887,554	2,748,124
Underwriting expenses:	2,524,823	2,176,569
Net claims paid	973,509	939,601
Loss adjustment expenses	85,405	86,102
Commissions and collection expenses	358,393	369,128
Maturity refunds to policyholders	106,676	101,371
Life insurance claims	200,264	194,447
Provision for outstanding claims	169,972	62,297
Provision for underwriting reserves	628,601	412,209
Investment expenses:	20,832	221,733
Investment losses on money trusts	290	28,551
Losses on sales of securities	6,574	3,740
Impairment losses on securities	2,961	7,237
Operating expenses and general and administrative expenses	333,159	339,896
Other ordinary expenses:	8,738	9,924
Interest expense	5,432	6,624
Ordinary profit	75,333	108,299
Extraordinary income:	411	95,830
Gains on sales of fixed assets	411	204
Reversal of reserves under the special laws:	-	86,233
Reversal of reserve for price fluctuation	-	86,233
Gains on step acquisitions	-	6,587
Gains on change in equity	-	2,804
Extraordinary losses:	12,878	176,609
Losses on sales of fixed assets	756	980
Impairment losses on fixed assets	787	175,629
Provision for reserves under the special laws:	8,857	-
Provision for reserve for price fluctuation	8,857	-
Losses on reduction of tangible fixed assets	1	-
Other extraordinary losses	2,476	-
Income before income taxes	62,866	27,519
Income taxes - current	44,266	42,920
Income taxes - deferred	(28,715)	(180,472)
Total income taxes	15,551	(137,551)
Net income	47,315	165,071
Net income attributable to non-controlling interests	1,014	1,512
Net income attributable to owners of the parent	46,301	163,559

## (Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net income	47,315	165,071
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	59,028	67,551
Net deferred gains/(losses) on hedges	(1,712)	5,165
Foreign currency translation adjustments	(47,651)	(19,941)
Accumulated actuarial gains/(losses) on retirement benefits	925	(460)
Share of other comprehensive income of equity method investments	(20,725)	16,065
Total other comprehensive income	(10,134)	68,379
Total comprehensive income	37,180	233,451
Allocation:		
Comprehensive income attributable to owners of the parent	37,009	231,923
Comprehensive income attributable to non-controlling interests	171	1,528

### 3. Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	100,000	554,320	849,044	(2,599)	1,500,765
Cumulative effect of changing accounting policies					-
Beginning balance (adjusted)	100,000	554,320	849,044	(2,599)	1,500,765
Changes for the six months:					
Dividends paid			(38,506)		(38,506)
Net income attributable to owners of the parent			46,301		46,301
Repurchase of treasury stock				(30,005)	(30,005)
Disposal of treasury stock		5		87	93
Changes due to merger of consolidated subsidiaries with non-consolidated subsidiaries			1		1
Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests		(60)			(60)
Other					-
Net changes of items other than shareholders' equity					
Total changes for the six months	-	(54)	7,796	(29,917)	(22,176)
Ending balance	100,000	554,265	856,841	(32,517)	1,478,589

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	1,487,258	20,043	(66,274)	(679)	1,440,346	566	26,709	2,968,387
Cumulative effect of changing accounting policies					-			-
Beginning balance (adjusted)	1,487,258	20,043	(66,274)	(679)	1,440,346	566	26,709	2,968,387
Changes for the six months:								
Dividends paid								(38,506)
Net income attributable to owners of the parent								46,301
Repurchase of treasury stock								(30,005)
Disposal of treasury stock								93
Changes due to merger of consolidated subsidiaries with non-consolidated subsidiaries								1
Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests								(60)
Other								-
Net changes of items other than shareholders' equity	47,278	(1,756)	(55,780)	966	(9,291)	218	(171)	(9,244)
Total changes for the six months	47,278	(1,756)	(55,780)	966	(9,291)	218	(171)	(31,420)
Ending balance	1,534,536	18,286	(122,054)	286	1,431,055	785	26,537	2,936,966

**For the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)**

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	100,000	553,168	962,385	(32,539)	1,583,013
Cumulative effect of changing accounting policies			(942)		(942)
Beginning balance (adjusted)	100,000	553,168	961,442	(32,539)	1,582,070
Changes for the six months:					
Dividends paid			(40,859)		(40,859)
Net income attributable to owners of the parent			163,559		163,559
Repurchase of treasury stock				(31,994)	(31,994)
Disposal of treasury stock		(5)		126	120
Changes due to merger of consolidated subsidiaries with non-consolidated subsidiaries					-
Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests					-
Other			(1,052)		(1,052)
Net changes of items other than shareholders' equity					
Total changes for the six months	-	(5)	121,647	(31,868)	89,773
Ending balance	100,000	553,163	1,083,089	(64,408)	1,671,844

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,778,047
Cumulative effect of changing accounting policies					-			(942)
Beginning balance (adjusted)	1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,777,104
Changes for the six months:								
Dividends paid								(40,859)
Net income attributable to owners of the parent								163,559
Repurchase of treasury stock								(31,994)
Disposal of treasury stock								120
Changes due to merger of consolidated subsidiaries with non-consolidated subsidiaries								-
Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests								-
Other								(1,052)
Net changes of items other than shareholders' equity	87,079	5,542	(23,774)	(482)	68,363	421	12,227	81,013
Total changes for the six months	87,079	5,542	(23,774)	(482)	68,363	421	12,227	170,787
Ending balance	1,360,960	30,711	(159,767)	3,965	1,235,869	1,206	38,971	2,947,891



## 4. Notes to Consolidated Financial Statements

### (Notes to Going Concern Assumptions)

Not applicable.

### (Changes in Accounting Policies)

From the six-month period ended September 30, 2019, International Financial Reporting Standards (IFRS)16 “Leases” has been adopted by overseas consolidated subsidiaries that adopt IFRS. In line with this adoption, lessees generally recognize all leases as right-of-use assets and lease liabilities on commencement date of the leases.

In adopting the accounting standard, in accordance with the transitional treatment, retained earnings have been adjusted for the cumulative effects of the adoption at the beginning of the six-month period ended September 30, 2019.

As a result, the effect of this adjustment on ordinary income and income before income taxes for the six months ended September 30, 2019 is immaterial. The effect of the changes on the beginning balance of the six-month period ended September 30, 2019 is an increase in Tangible fixed assets of ¥23,221 million, Intangible fixed assets of ¥7 million and Other liabilities of ¥24,172 million and a decrease in Retained earnings of ¥942 million.