

## 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 |            |
|-------------------------------------|-----------------|------------|-----------------|------------|---|------------|
|                                     | Amount          | Change (%) | Amount          | Change (%) | Amount  | Change (%) |
| 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  |
| 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) |
|----------------------------|-----------------|------------|---|------------|---|
|                            | Amount          | Change (%) | Amount  | Change (%) | Amount  |
| 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.

[Appendix]

## Contents

Page

**Consolidated Financial Statements and Main Notes**

|   |   |
|---|---|
| 1. Consolidated Balance Sheets .....                                | 2 |
| 2. Consolidated Statements of Income and Comprehensive Income ..... | 3 |
| 3. Consolidated Statements of Changes in Net Assets .....           | 5 |
| 4. Notes to Consolidated Financial Statements .....                 | 7 |
| (Notes to Going Concern Assumptions) .....                          | 7 |
| (Changes in Accounting Policies) .....                              | 7 |

**[Attachment]**

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<br>September 30, 2018 | Six months ended<br>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  | <u>75,333</u>                          | <u>108,299</u>                         |
| 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   | <u>62,866</u>                          | <u>27,519</u>                          |
| Income taxes - current   | 44,266                                 | 42,920                                 |
| Income taxes - deferred  | (28,715)                               | (180,472)                              |
| Total income taxes   | <u>15,551</u>                          | <u>(137,551)</u>                       |
| Net income   | <u>47,315</u>                          | <u>165,071</u>                         |
| Net income attributable to non-controlling interests                 | <u>1,014</u>                           | <u>1,512</u>                           |
| Net income attributable to owners of the parent                      | <u>46,301</u>                          | <u>163,559</u>                         |

## (Consolidated Statements of Comprehensive Income)

(Yen in millions)

|  | Six months ended<br>September 30, 2018 | Six months ended<br>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.