

[Attachment]

Explanatory Material for Business Results for the Six Months Ended September 30, 2020

November 19, 2020

MS&AD Insurance Group Holdings, Inc.

This document has been translated from the Japanese original solely for reference purposes, and the Japanese original shall prevail if any discrepancy is identified.

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1. Summary of Consolidated Business Results

(1) Consolidated Business Results

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change | Change ratio |
|---|-------|--|--|---------|--------------|
| Net premiums written (non-life insurance) | 1 | 19,268 | 18,690 | (578) | (3.0) |
| Mitsui Sumitomo Insurance | 2 | 8,033 | 8,061 | 27 | 0.3 |
| Aioi Nissay Dowa Insurance | 3 | 6,568 | 6,521 | (46) | (0.7) |
| Simple sum | 4 | 14,602 | 14,583 | (18) | (0.1) |
| Mitsui Direct General Insurance | 5 | 179 | 180 | 1 | 1.0 |
| Overseas insurance subsidiaries | 6 | 4,478 | 3,926 | (552) | (12.3) |
| Insurance premiums (domestic life insurance) | 7 | 7,332 | 5,410 | (1,922) | (26.2) |
| Mitsui Sumitomo Aioi Life Insurance | 8 | 2,579 | 2,531 | (48) | (1.9) |
| Mitsui Sumitomo Primary Life Insurance | 9 | 4,753 | 2,879 | (1,873) | (39.4) |
| Ordinary profit | 10 | 1,082 | 1,155 | 72 | 6.7 |
| Net income attributable to owners of the parent | 11 | 1,635 | 966 | (669) | (40.9) |
| Mitsui Sumitomo Insurance | 12 | 925 | 561 | (364) | (39.3) |
| Aioi Nissay Dowa Insurance | 13 | 110 | 52 | (57) | (52.4) |
| Simple sum | 14 | 1,036 | 614 | (422) | (40.7) |
| Mitsui Direct General Insurance | 15 | 13 | 21 | 7 | 58.6 |
| Mitsui Sumitomo Aioi Life Insurance | 16 | 51 | 88 | 36 | 71.1 |
| Mitsui Sumitomo Primary Life Insurance | 17 | 113 | 266 | 152 | 134.7 |
| Overseas insurance subsidiaries | 18 | 301 | (114) | (415) | (138.0) |
| Others, consolidation adjustments, etc. | 19 | 119 | 90 | (28) | (24.2) |

(Notes) 1. Items 12 to 18 represent the net income or loss on a non-consolidated basis after taking into account the Company's ownership interests in its subsidiaries.

2. The table below shows the figures excluding the following temporary factors from net income for six months ended September 30, 2019 and net income for six months ended September 30, 2020.

Six months ended September 30, 2019: After tax impact from reorganization of international business (including reversal of reserve for price fluctuation) on Mitsui Sumitomo Insurance of ¥65.2 billion.

Six months ended September 30, 2020: After tax impact from changes in calculation method of underwriting reserves for the period on Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance of ¥ (22.7) billion and after tax impact related to introducing the consolidated tax return filing system of ¥19.6 billion.

| Reference: | Items | | | | |
|--|-------|-----|-----|-----|------|
| Net income excluding the temporary factors | 20 | 983 | 996 | 13 | 1.4 |
| Mitsui Sumitomo Insurance | 21 | 535 | 704 | 168 | 31.5 |
| Aioi Nissay Dowa Insurance | 22 | 110 | 137 | 26 | 23.9 |
| Simple sum | 23 | 646 | 841 | 194 | 30.2 |

(Supplement 1) Incurred Losses Caused by the Spread of COVID-19

(Yen in 100 millions)

| | Items | Six months ended September 30, 2020 |
|---------------------------------|-------|--|
| Total | 24 | 446 |
| Mitsui Sumitomo Insurance | 25 | 33 |
| Aioi Nissay Dowa Insurance | 26 | 37 |
| Overseas insurance subsidiaries | 27 | 376 |

(Note) The amounts include incurred losses of profit insurance (fire and allied insurance), guarantee and credit insurance, and event cancellation insurance, etc.

(Supplement 2) Incurred Losses Caused by Natural Disasters in Japan, Excluding Residential Earthquake Insurance, of Two Main Consolidated Domestic Non-Life Insurance Subsidiaries

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change |
|----------------------------|-------|--|--|--------|
| Total | 28 | 677 | 558 | (118) |
| Mitsui Sumitomo Insurance | 29 | 396 | 342 | (53) |
| Aioi Nissay Dowa Insurance | 30 | 281 | 216 | (64) |

(2) Business Results of Domestic Non-Life Insurance Subsidiaries (Simple Sum of Two Main Consolidated Subsidiaries)

The figures in the tables below are presented as simple sum of Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd.

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change | Change ratio |
|-----|---|--|--|--------|--------------|
| (+) | Net premiums written | 14,602 | 14,583 | (18) | (0.1) |
| (-) | Net claims paid | 7,344 | 7,173 | (171) | (2.3) |
| (-) | Loss adjustment expenses | 766 | 821 | 55 | 7.2 |
| (-) | Commissions and collection expenses | 2,700 | 2,800 | 100 | 3.7 |
| (-) | Operating expenses and general and administrative expenses for underwriting | 1,945 | 1,954 | 8 | 0.5 |
| | Underwriting profit before movements in reserves | 1,845 | 1,833 | (12) | (0.7) |
| (-) | Movement in outstanding claims | 476 | 498 | 21 | 4.6 |
| (-) | Movement in ordinary underwriting reserves | 632 | 661 | 29 | 4.7 |
| (+) | Other | 16 | 45 | 29 | 182.6 |
| | Underwriting profit before movement in catastrophe reserve | 752 | 718 | (34) | (4.6) |
| (-) | Movement in catastrophe reserve | 607 | 609 | 2 | 0.4 |
| | Underwriting profit | 145 | 108 | (37) | (25.5) |
| (+) | Interest and dividends income | 860 | 764 | (95) | (11.1) |
| (-) | Transfer of investment income on deposit premiums from policyholders | 235 | 218 | (16) | (7.1) |
| | Net interest and dividends income (item 13 - item 14) | 625 | 546 | (79) | (12.7) |
| (+) | Gains/(losses) on sales of securities | 305 | 320 | 14 | 4.7 |
| (-) | Impairment losses on securities | 88 | 36 | (52) | (59.1) |
| (+) | Other | (112) | (50) | 62 | - |
| | Investment profit | 730 | 780 | 49 | 6.8 |
| (+) | Other ordinary profit/(loss) | (30) | (65) | (35) | - |
| | Ordinary profit | 845 | 823 | (22) | (2.7) |
| (+) | Extraordinary income/(losses): | (1,140) | (74) | 1,066 | - |
| | Gains/(losses) on reserve for price fluctuation | 731 | (29) | (760) | (104.0) |
| | Losses on valuation of shares of subsidiaries and associates | (1,863) | - | 1,863 | - |
| | Income before income/(loss) taxes | (294) | 748 | 1,043 | - |
| (-) | Income taxes | (1,331) | 134 | 1,465 | - |
| | Net income | 1,036 | 614 | (422) | (40.7) |

| | | | | | | |
|--|-------------------|-----------|----|--------|--------|---------|
| Ratios | Net loss ratio | Note 1 | 28 | 55.6 % | 54.8 % | (0.8) % |
| | Net expense ratio | Note 2 | 29 | 31.8 % | 32.6 % | 0.8 % |
| | Combined ratio | Note 3 | 30 | 87.4 % | 87.4 % | 0.0 % |
| Incurred losses (including loss adjustment expenses) | | Note 4, 5 | 31 | 7,332 | 7,330 | (1) |
| EI loss ratio | | Note 4, 6 | 32 | 59.2 % | 59.1 % | (0.1) % |

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI*
* CALI stands for compulsory automobile liability insurance, and the same hereinafter
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(3) Business Results of Domestic Life Insurance Subsidiaries

1. Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change | Change ratio |
|---|-------|--|--|---|--------------|
| Amount of new policies ^(Note) | 1 | 10,645 | 8,304 | (2,340) | (22.0) % |
| Annualized premiums of new policies | 2 | 146 | 123 | (22) | (15.6) % |
| Amount of policies in force ^(Note) | 3 | (As of the beginning of the FY2020) 244,580 | 243,545 | (Change from the beginning of the FY2020) (1,034) | (0.4) % |
| Annualized premiums for policies in force | 4 | (As of the beginning of the FY2020) 4,481 | 4,475 | (Change from the beginning of the FY2020) (5) | (0.1) % |
| Insurance premiums | 5 | 2,579 | 2,531 | (48) | (1.9) % |
| Ordinary profit | 6 | 96 | 140 | 43 | 44.9 % |
| Extraordinary income/(losses) | 7 | (5) | (5) | 0 | - |
| Net income | 8 | 51 | 88 | 36 | 71.1 % |

(Note) The figures represent the total sum of individual insurance and individual annuities.

2. Mitsui Sumitomo Primary Life Insurance Co., Ltd.

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change | Change ratio |
|---|-------|---|--|---|--------------|
| Amount of new policies ^(Note) | 1 | 4,795 | 2,883 | (1,912) | (39.9) % |
| Amount of policies in force ^(Note) | 2 | (As of the beginning of the FY2020) 65,140 | 67,427 | (Change from the beginning of the FY2020) 2,287 | 3.5 % |
| Insurance premiums | 3 | 4,753 | 2,879 | (1,873) | (39.4) % |
| Ordinary profit | 4 | 20 | 392 | 372 | 1,860.6 % |
| Extraordinary income/(losses) | 5 | 135 | (24) | (160) | (117.9) % |
| Net income | 6 | 113 | 266 | 152 | 134.7 % |

(Note) The figures represent the total sum of individual insurance and individual annuities.

(4) Business Results of Overseas Insurance Subsidiaries

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change | Change ratio % |
|--|-------|--|--|--------|-------------------|
| Net premiums written | 1 | 4,478 | 3,926 | (552) | (12.3) |
| Asia | 2 | 926 | 870 | (56) | (6.1) |
| Europe | 3 | 3,319 | 2,850 | (469) | (14.1) |
| Americas | 4 | 232 | 205 | (26) | (11.6) |
| Net income/(loss) attributable to owners of the parent | 5 | 301 | (114) | (415) | (138.0) |
| Asia | 6 | 93 | 148 | 54 | 58.7 |
| Europe | 7 | 137 | (211) | (349) | (253.6) |
| Americas | 8 | 15 | 12 | (2) | (19.1) |
| International life insurance | 9 | 54 | (63) | (118) | (215.0) |

2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd.

(1) Business Results

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change | Change ratio % |
|-----|---|--|--|--------|-------------------|
| (+) | Net premiums written | 8,033 | 8,061 | 27 | 0.3 |
| (-) | Net claims paid | 4,044 | 3,958 | (85) | (2.1) |
| (-) | Loss adjustment expenses | 443 | 470 | 26 | 6.0 |
| (-) | Commissions and collection expenses | 1,419 | 1,485 | 66 | 4.7 |
| (-) | Operating expenses and general and administrative expenses for underwriting | 1,019 | 1,054 | 35 | 3.5 |
| | Underwriting profit before movements in reserves | 1,106 | 1,092 | (14) | (1.3) |
| (-) | Movement in outstanding claims | 334 | 234 | (99) | (29.7) |
| (-) | Movement in ordinary underwriting reserves | 256 | 335 | 78 | 30.8 |
| (+) | Other | 21 | 7 | (13) | (65.2) |
| | Underwriting profit before movement in catastrophe reserve | 536 | 529 | (7) | (1.4) |
| (-) | Movement in catastrophe reserve | 310 | 300 | (9) | (3.2) |
| | Underwriting profit | 226 | 228 | 2 | 1.0 |
| (+) | Interest and dividends income | 559 | 496 | (62) | (11.2) |
| (-) | Transfer of investment income on deposit premiums from policyholders | 155 | 145 | (9) | (6.2) |
| | Net interest and dividends income (item 13 - item 14) | 403 | 350 | (53) | (13.1) |
| (+) | Gains/(losses) on sales of securities | 210 | 215 | 4 | 2.2 |
| (-) | Impairment losses on securities | 50 | 10 | (40) | (79.4) |
| (+) | Other | (59) | (7) | 51 | - |
| | Investment profit | 504 | 547 | 43 | 8.6 |
| (+) | Other ordinary profit/(loss) | (41) | (40) | 0 | - |
| | Ordinary profit | 688 | 735 | 46 | 6.8 |
| (+) | Extraordinary income/(losses): | (1,127) | (21) | 1,106 | - |
| | Gains/(losses) on reserve for price fluctuation | 740 | (20) | (760) | (102.7) |
| | Losses on valuation of shares of subsidiaries and associates | (1,863) | - | 1,863 | - |
| | Income/(loss) before income taxes | (438) | 714 | 1,152 | - |
| (-) | Income taxes | (1,364) | 152 | 1,516 | - |
| | Net income | 925 | 561 | (364) | (39.3) |

| | | | | | | | |
|--------|-------------------|--------|----|--------|--------|---------|--|
| Ratios | Net loss ratio | Note 1 | 28 | 55.9 % | 54.9 % | (1.0) % | |
| | Net expense ratio | Note 2 | 29 | 30.4 % | 31.5 % | 1.1 % | |
| | Combined ratio | Note 3 | 30 | 86.3 % | 86.4 % | 0.1 % | |

| | | | | | | |
|--|-----------|----|--------|--------|---------|-------|
| Incurred losses (including loss adjustment expenses) | Note 4, 5 | 31 | 4,140 | 4,027 | (112) | (2.7) |
| EI loss ratio | Note 4, 6 | 32 | 59.7 % | 58.5 % | (1.2) % | |

(Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100

3. Combined ratio = net loss ratio + net expense ratio

4. The calculation is exclusive of residential earthquake insurance and CALI.

5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims

6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100

Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(2) Premiums written

(Yen in 100 millions)

| | Net premiums written | | | | Direct premiums written (excluding deposit premiums from policyholders) | | | |
|----------------------|-------------------------------------|----------------|-------------------------------------|----------------|---|----------------|-------------------------------------|----------------|
| | Six months ended September 30, 2019 | | Six months ended September 30, 2020 | | Six months ended September 30, 2019 | | Six months ended September 30, 2020 | |
| | Amount | Change ratio % | Amount | Change ratio % | Amount | Change ratio % | Amount | Change ratio % |
| Fire and allied | 1,146 | 12.5 | 1,270 | 10.8 | 1,733 | 14.0 | 1,901 | 9.7 |
| Marine | 319 | (0.7) | 269 | (15.8) | 467 | 5.6 | 415 | (11.1) |
| Personal accident | 769 | (3.2) | 765 | (0.5) | 823 | (2.4) | 782 | (5.0) |
| Voluntary automobile | 3,371 | 1.7 | 3,414 | 1.3 | 3,392 | 1.7 | 3,447 | 1.6 |
| CALI | 949 | 7.3 | 816 | (14.1) | 878 | 6.2 | 698 | (20.5) |
| Other | 1,477 | 2.7 | 1,526 | 3.3 | 1,712 | 3.4 | 1,841 | 7.5 |
| Total | 8,033 | 3.3 | 8,061 | 0.3 | 9,008 | 4.4 | 9,087 | 0.9 |

(3) Net claims paid

(Yen in 100 millions)

| | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | | |
|----------------------|-------------------------------------|----------------|------------------|-------------------------------------|----------------|------------------|----------|
| | Amount | Change ratio % | Net loss ratio % | Amount | Change ratio % | Net loss ratio % | Change % |
| Fire and allied | 632 | (19.4) | 57.6 | 630 | (0.3) | 51.9 | (5.7) |
| Marine | 155 | 8.0 | 51.1 | 170 | 9.4 | 66.0 | 14.9 |
| Personal accident | 344 | (2.4) | 49.0 | 344 | 0.2 | 49.3 | 0.3 |
| Voluntary automobile | 1,659 | (0.2) | 57.5 | 1,523 | (8.2) | 53.6 | (3.9) |
| CALI | 626 | (6.4) | 72.8 | 536 | (14.3) | 73.5 | 0.7 |
| Other | 627 | 8.7 | 44.6 | 753 | 20.1 | 51.4 | 6.8 |
| Total | 4,044 | (3.5) | 55.9 | 3,958 | (2.1) | 54.9 | (1.0) |

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

| | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | |
|----------------------|-------------------------------------|-----------------|--------------------|-------------------------------------|-----------------|--------------------|
| | Incurred losses | Net claims paid | Outstanding claims | Incurred losses | Net claims paid | Outstanding claims |
| Fire and allied | 341 | 20 | 320 | 312 | 73 | 239 |
| Voluntary automobile | 24 | 12 | 11 | 17 | 19 | (1) |
| Other | 30 | 1 | 29 | 11 | 5 | 6 |
| Total | 396 | 33 | 362 | 342 | 97 | 244 |

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

(4) Expenses

<Company expenses>

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | |
|-------------------------|-------|-------------------------------------|--------|----------------|-------------------------------------|--------|----------------|
| | | Amount | Change | Change ratio % | Amount | Change | Change ratio % |
| Personnel expenses | 1 | 827 | (16) | (1.9) | 819 | (7) | (0.9) |
| Non-personnel expenses | 2 | 628 | 13 | 2.1 | 700 | 71 | 11.4 |
| Taxes and contributions | 3 | 65 | 0 | 1.1 | 66 | 1 | 1.7 |
| Total | 4 | 1,521 | (2) | (0.2) | 1,586 | 64 | 4.3 |

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | |
|--|-------|-------------------------------------|---------|----------------|-------------------------------------|--------|----------------|
| | | Amount | Change | Change ratio % | Amount | Change | Change ratio % |
| Operating expenses and general and administrative expenses | 5 | 1,019 | (8) | (0.8) | 1,054 | 35 | 3.5 |
| Commissions and collection expenses | 6 | 1,419 | 62 | 4.6 | 1,485 | 66 | 4.7 |
| Total | 7 | 2,438 | 54 | 2.3 | 2,540 | 101 | 4.2 |
| Net expense ratio | 8 | 30.4 % | (0.3) % | | 31.5 % | 1.1 % | |

(5) Outstanding claims

(Yen in 100 millions)

| | September 30, 2019 | | September 30, 2020 | |
|----------------------|--------------------|----------|--------------------|----------|
| | Balance | Movement | Balance | |
| | | | | Movement |
| Fire and allied | 1,242 | 144 | 1,161 | 242 |
| Marine | 350 | 47 | 270 | (26) |
| Personal accident | 424 | (6) | 405 | (37) |
| Voluntary automobile | 2,522 | 12 | 2,371 | (47) |
| CALI | 464 | (8) | 484 | 36 |
| Other | 1,758 | 144 | 1,833 | 66 |
| Total | 6,762 | 334 | 6,527 | 234 |

(Note) Movement for the six months ended September 30, 2019 is not consistent with the change from the balance on March 31, 2019 mainly due to the effect of transfer long-term third sector insurance contracts to Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

(6) Incurred losses (including loss adjustment expenses) and EI loss ratio

(Yen in 100 millions)

| | Six months ended September 30, 2019 | | Six months ended September 30, 2020 | | | |
|----------------------|---|---------------|---|--------|---------------|--------|
| | Incurred losses (including loss adjustment expenses) | EI loss ratio | Incurred losses (including loss adjustment expenses) | Change | EI loss ratio | Change |
| | | | | | | |
| | | % | | | % | % |
| Fire and allied | 805 | 67.7 | 902 | 96 | 82.1 | 14.4 |
| Marine | 211 | 66.8 | 151 | (59) | 52.3 | (14.5) |
| Personal accident | 370 | 51.8 | 339 | (30) | 47.7 | (4.1) |
| Voluntary automobile | 1,950 | 58.3 | 1,782 | (167) | 52.4 | (5.9) |
| Other | 803 | 58.9 | 851 | 48 | 61.7 | 2.8 |
| Total | 4,140 | 59.7 | 4,027 | (112) | 58.5 | (1.2) |

(Notes) 1. The calculation is exclusive of residential earthquake insurance and CALI.

2. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims

3. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100

Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(7) Underwriting reserves

(Yen in 100 millions)

| | | September 30, 2020 | | | | |
|----------------------|----------|--------------------------------|--------------------------------------|--|------------------------|---------------------|
| | | Total underwriting reserves | Ordinary underwriting reserves | Reserve for refunds and dividends to policyholders | Catastrophe reserve | Contingency reserve |
| Fire and allied | Balance | 8,212 | 6,740 | 357 | 1,114 | - |
| | Movement | 85 | 170 | (200) | 115 | - |
| Marine | Balance | 1,063 | 258 | - | 804 | - |
| | Movement | (26) | (18) | - | (8) | - |
| Personal accident | Balance | 10,427 | 563 | 9,090 | 772 | - |
| | Movement | (117) | 41 | (183) | 24 | - |
| Voluntary automobile | Balance | 3,143 | 2,055 | - | 1,087 | - |
| | Movement | 120 | 11 | - | 109 | - |
| CALI | Balance | 2,840 | 2,840 | - | - | - |
| | Movement | 31 | 31 | - | - | - |
| Other | Balance | 5,421 | 2,893 | 559 | 1,968 | - |
| | Movement | 153 | 98 | (5) | 60 | - |
| Total | Balance | 31,107 | 15,352 | 10,007 | 5,747 | - |
| | Movement | 247 | 335 | (388) | 300 | - |

(Notes) Reserves for residential earthquake insurance and CALI are included in ordinary underwriting reserves.

(8) Catastrophe reserve

(Yen in 100 millions)

| | March 31, 2020 | | September 30, 2020 | | | |
|----------------------|----------------|---------------|--------------------|------------|--------------|---------------|
| | Balance | Reserve ratio | Reversal | Provision | Balance | Reserve ratio |
| | | % | | | | % |
| Fire and allied | 998 | 48.6 | - | 115 | 1,114 | 43.9 |
| Marine | 813 | 131.4 | 15 | 6 | 804 | 149.5 |
| Personal accident | 748 | 51.0 | - | 24 | 772 | 50.5 |
| Voluntary automobile | 978 | 14.6 | - | 109 | 1,087 | 15.9 |
| Other | 1,907 | 68.4 | 0 | 60 | 1,968 | 64.5 |
| Total | 5,446 | 39.9 | 15 | 316 | 5,747 | 39.7 |

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI) x 100
Reserve ratio for September 30, 2020 is calculated on an annualized basis using net premiums written multiplied by two as a denominator.

(9) Investment assets

(Yen in 100 millions)

| | March 31, 2020 | September 30, 2020 | |
|----------------------------|----------------|--------------------|--------------|
| | | | Change |
| Cash, deposits and savings | 5,009 | 4,746 | (263) |
| Investments in securities: | 49,255 | 51,075 | 1,820 |
| Domestic bonds | 15,342 | 15,183 | (159) |
| Domestic stocks | 14,339 | 15,835 | 1,496 |
| Foreign securities | 18,948 | 19,386 | 437 |
| Other securities | 624 | 670 | 45 |
| Loans | 4,006 | 4,166 | 160 |
| Land and buildings | 1,900 | 1,881 | (18) |
| Total | 60,171 | 61,869 | 1,698 |

(Reference)

| | | | |
|-----------------------------|--------|--------|-------|
| Long-term investment assets | 10,394 | 10,005 | (388) |
|-----------------------------|--------|--------|-------|

(Reference) Breakdown of domestic bonds

(Yen in 100 millions)

| | March 31, 2020 | September 30, 2020 | |
|--------------------------------------|----------------|--------------------|--------------|
| | | | Change |
| Government bonds | 8,744 | 8,473 | (270) |
| Municipal bonds | 924 | 916 | (8) |
| Corporate bonds: | 5,674 | 5,793 | 119 |
| Government agency bonds | 902 | 877 | (24) |
| Specific financial institution bonds | 7 | 8 | 0 |
| Other corporate bonds | 4,764 | 4,907 | 143 |
| Total | 15,342 | 15,183 | (159) |

(10) Breakdown of interest and dividends income

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 | |
|----------------------------|--|--|-------------|
| | | | Change |
| Investments in securities: | 505 | 447 | (57) |
| Domestic bonds | 82 | 75 | (6) |
| Domestic stocks | 248 | 220 | (28) |
| Foreign securities | 166 | 145 | (21) |
| Other securities | 7 | 6 | (1) |
| Loans | 15 | 13 | (1) |
| Land and buildings | 32 | 31 | (1) |
| Other | 6 | 3 | (2) |
| Total | 559 | 496 | (62) |

(11) Investments in securities**Unrealized gains and losses on investments in securities**

(Yen in 100 millions)

| September 30, 2020 | Cost | Fair value | Difference | Change from |
|--------------------|---------------|---------------|---------------|----------------|
| | | | | March 31, 2020 |
| Domestic bonds | 13,942 | 15,183 | 1,241 | (102) |
| Domestic stocks | 5,712 | 15,442 | 9,730 | 1,621 |
| Foreign securities | 4,852 | 5,039 | 187 | 152 |
| Other securities | 361 | 389 | 27 | 36 |
| Total | 24,868 | 36,055 | 11,187 | 1,708 |

(Yen in 100 millions)

| March 31, 2020 | Cost | Fair value | Difference |
|--------------------|---------------|---------------|--------------|
| Domestic bonds | 13,999 | 15,342 | 1,343 |
| Domestic stocks | 5,836 | 13,945 | 8,108 |
| Foreign securities | 4,587 | 4,622 | 35 |
| Other securities | 345 | 336 | (8) |
| Total | 24,768 | 34,246 | 9,478 |

(Notes) 1. The above tables describe available-for-sale securities with practically determinable fair value.

2. "Other securities" includes loan receivable trust beneficiary certificates and commercial papers included in Monetary claims bought on the balance sheets.

Gains and losses on sales of securities

(Yen in 100 millions)

| | Six months ended September 30, 2019 Gains/(losses) | Six months ended September 30, 2020 | | |
|--------------------|--|--|------------|----------|
| | | Gains/(losses) | Gains | Losses |
| Domestic bonds | 24 | 1 | 2 | 0 |
| Domestic stocks | 160 | 176 | 179 | 2 |
| Foreign securities | 23 | 35 | 38 | 3 |
| Other securities | 2 | 0 | 0 | - |
| Total | 210 | 215 | 221 | 6 |

Impairment losses on securities

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 | |
|--------------------|--|--|-------------|
| | | | Change |
| Domestic bonds | - | - | - |
| Domestic stocks | 50 | 10 | (40) |
| Foreign securities | 0 | - | (0) |
| Other securities | - | - | - |
| Total | 50 | 10 | (40) |

(Note) Apart from the above, Losses on valuation of shares of subsidiaries and associates of ¥186.3 billion was recorded under Extraordinary losses in the six months ended September 30, 2019.

3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd.

(1) Business Results

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change | Change ratio % |
|-----|---|--|--|--------|-------------------|
| (+) | Net premiums written | 6,568 | 6,521 | (46) | (0.7) |
| (-) | Net claims paid | 3,300 | 3,214 | (85) | (2.6) |
| (-) | Loss adjustment expenses | 322 | 351 | 28 | 8.8 |
| (-) | Commissions and collection expenses | 1,280 | 1,315 | 34 | 2.7 |
| (-) | Operating expenses and general and administrative expenses for underwriting | 925 | 899 | (26) | (2.9) |
| | Underwriting profit before movements in reserves | 738 | 740 | 2 | 0.3 |
| (-) | Movement in outstanding claims | 141 | 263 | 121 | 85.5 |
| (-) | Movement in ordinary underwriting reserves | 375 | 326 | (49) | (13.1) |
| (+) | Other | (5) | 38 | 43 | - |
| | Underwriting profit before movement in catastrophe reserve | 215 | 188 | (26) | (12.5) |
| (-) | Movement in catastrophe reserve | 296 | 308 | 12 | 4.2 |
| | Underwriting profit/(loss) | (80) | (119) | (39) | - |
| (+) | Interest and dividends income | 301 | 268 | (33) | (11.0) |
| (-) | Transfer of investment income on deposit premiums from policyholders | 79 | 72 | (6) | (8.7) |
| | Net interest and dividends income (item 13 - item 14) | 221 | 195 | (26) | (11.8) |
| (+) | Gains/(losses) on sales of securities | 95 | 104 | 9 | 10.3 |
| (-) | Impairment losses on securities | 37 | 25 | (11) | (31.9) |
| (+) | Other | (53) | (42) | 10 | - |
| | Investment profit | 226 | 232 | 6 | 2.7 |
| (+) | Other ordinary profit/(loss) | 11 | (24) | (36) | (321.9) |
| | Ordinary profit | 156 | 87 | (69) | (44.2) |
| (+) | Extraordinary income/(losses): | (13) | (53) | (39) | - |
| | Gains/(losses) on reserve for price fluctuation | (8) | (8) | (0) | - |
| | Income before income taxes | 143 | 34 | (108) | (76.0) |
| (-) | Income taxes | 32 | (18) | (51) | (155.9) |
| | Net income | 110 | 52 | (57) | (52.4) |

| | | | | | | | |
|--------|-------------------|--------|----|--------|--------|---------|--|
| Ratios | Net loss ratio | Note 1 | 27 | 55.2 % | 54.7 % | (0.5) % | |
| | Net expense ratio | Note 2 | 28 | 33.6 % | 34.0 % | 0.4 % | |
| | Combined ratio | Note 3 | 29 | 88.8 % | 88.7 % | (0.1) % | |

| | | | | | | |
|--|-----------|----|--------|--------|-------|-----|
| Incurred losses (including loss adjustment expenses) | Note 4, 5 | 30 | 3,192 | 3,303 | 111 | 3.5 |
| EI loss ratio | Note 4, 6 | 31 | 58.6 % | 59.8 % | 1.2 % | |

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALL.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(2) Premiums written

(Yen in 100 millions)

| | Net premiums written | | | | Direct premiums written (excluding deposit premiums from policyholders) | | | |
|----------------------|-------------------------------------|----------------|-------------------------------------|----------------|---|----------------|-------------------------------------|----------------|
| | Six months ended September 30, 2019 | | Six months ended September 30, 2020 | | Six months ended September 30, 2019 | | Six months ended September 30, 2020 | |
| | Amount | Change ratio % | Amount | Change ratio % | Amount | Change ratio % | Amount | Change ratio % |
| Fire and allied | 1,084 | 19.6 | 1,100 | 1.5 | 1,290 | 20.0 | 1,373 | 6.4 |
| Marine | 42 | (4.7) | 39 | (6.7) | 0 | 750.5 | - | (100.0) |
| Personal accident | 296 | (11.1) | 300 | 1.3 | 313 | (9.2) | 322 | 2.8 |
| Voluntary automobile | 3,579 | 3.4 | 3,641 | 1.7 | 3,384 | 1.8 | 3,480 | 2.8 |
| CALI | 843 | 6.0 | 735 | (12.8) | 924 | 7.7 | 743 | (19.6) |
| Other | 721 | 3.7 | 703 | (2.4) | 812 | 3.2 | 830 | 2.3 |
| Total | 6,568 | 5.3 | 6,521 | (0.7) | 6,726 | 5.3 | 6,751 | 0.4 |

(3) Net claims paid

(Yen in 100 millions)

| | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | | |
|----------------------|-------------------------------------|----------------|------------------|-------------------------------------|----------------|------------------|----------|
| | Amount | Change ratio % | Net loss ratio % | Amount | Change ratio % | Net loss ratio % | Change % |
| | Fire and allied | 531 | (16.1) | 51.1 | 624 | 17.4 | 59.8 |
| Marine | 23 | 32.5 | 56.1 | 20 | (13.0) | 52.4 | (3.7) |
| Personal accident | 126 | (3.6) | 47.8 | 126 | 0.2 | 48.4 | 0.6 |
| Voluntary automobile | 1,796 | 0.6 | 56.2 | 1,640 | (8.7) | 51.5 | (4.7) |
| CALI | 534 | (7.2) | 69.4 | 452 | (15.3) | 67.6 | (1.8) |
| Other | 286 | 2.0 | 42.4 | 349 | 21.8 | 52.5 | 10.1 |
| Total | 3,300 | (3.7) | 55.2 | 3,214 | (2.6) | 54.7 | (0.5) |

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

| | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | |
|----------------------|-------------------------------------|-----------------|--------------------|-------------------------------------|-----------------|--------------------|
| | Incurred losses | Net claims paid | Outstanding claims | Incurred losses | Net claims paid | Outstanding claims |
| Fire and allied | 246 | 15 | 231 | 197 | 74 | 122 |
| Voluntary automobile | 24 | 11 | 12 | 14 | 17 | (2) |
| Other | 9 | 0 | 9 | 4 | 2 | 2 |
| Total | 281 | 27 | 253 | 216 | 94 | 122 |

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period

(4) Expenses

<Company expenses>

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | |
|-------------------------|-------|-------------------------------------|--------|----------------|-------------------------------------|--------|----------------|
| | | Amount | Change | Change ratio % | Amount | Change | Change ratio % |
| Personnel expenses | 1 | 637 | 15 | 2.4 | 629 | (7) | (1.2) |
| Non-personnel expenses | 2 | 594 | 64 | 12.2 | 619 | 24 | 4.1 |
| Taxes and contributions | 3 | 59 | 2 | 4.3 | 49 | (9) | (16.8) |
| Total | 4 | 1,290 | 82 | 6.8 | 1,298 | 7 | 0.6 |

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

| | Items | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | |
|--|-------|-------------------------------------|--------|----------------|-------------------------------------|--------|----------------|
| | | Amount | Change | Change ratio % | Amount | Change | Change ratio % |
| Operating expenses and general and administrative expenses | 5 | 925 | 81 | 9.6 | 899 | (26) | (2.9) |
| Commissions and collection expenses | 6 | 1,280 | 72 | 6.0 | 1,315 | 34 | 2.7 |
| Total | 7 | 2,206 | 153 | 7.5 | 2,214 | 8 | 0.4 |
| Net expense ratio | 8 | 33.6 % | 0.7 % | | 34.0 % | 0.4 % | |

(5) Outstanding claims

(Yen in 100 millions)

| | September 30, 2019 | | September 30, 2020 | |
|----------------------|--------------------|----------|--------------------|----------|
| | Balance | Movement | Balance | Movement |
| | | | | |
| Marine | 80 | (5) | 68 | 3 |
| Personal accident | 238 | 7 | 246 | 2 |
| Voluntary automobile | 2,984 | 8 | 2,767 | (74) |
| CALI | 400 | (11) | 413 | 29 |
| Other | 1,119 | 35 | 1,108 | 33 |
| Total | 6,036 | 141 | 5,907 | 263 |

(Note) Movement for the six months ended September 30, 2019 is not consistent with the change from the balance on March 31, 2019 due to the effect of transfer the long-term third sector insurance contracts to Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

(6) Incurred losses (including loss adjustment expenses) and EI loss ratio

(Yen in 100 millions)

| | Six months ended September 30, 2019 | | Six months ended September 30, 2020 | | | |
|----------------------|---|---------------|---|--------|---------------|--------|
| | Incurred losses (including loss adjustment expenses) | EI loss ratio | Incurred losses (including loss adjustment expenses) | Change | EI loss ratio | Change |
| | | | | | | |
| Fire and allied | 661 | 67.9 | 927 | 265 | 96.9 | 29.0 |
| Marine | 18 | 48.7 | 24 | 5 | 69.4 | 20.7 |
| Personal accident | 149 | 53.3 | 147 | (1) | 51.3 | (2.0) |
| Voluntary automobile | 2,021 | 57.8 | 1,800 | (221) | 50.4 | (7.4) |
| Other | 341 | 52.1 | 403 | 61 | 60.2 | 8.1 |
| Total | 3,192 | 58.6 | 3,303 | 111 | 59.8 | 1.2 |

(Notes) 1. The calculation is exclusive of residential earthquake insurance and CALI.

2. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims

3. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100

Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(7) Underwriting reserves

(Yen in 100 millions)

| | | September 30, 2020 | | | | |
|----------------------|----------|--------------------------------|--------------------------------------|--|------------------------|---------------------|
| | | Total underwriting reserves | Ordinary underwriting reserves | Reserve for refunds and dividends to policyholders | Catastrophe reserve | Contingency reserve |
| Fire and allied | Balance | 6,800 | 5,423 | 349 | 1,023 | 4 |
| | Movement | 250 | 149 | (64) | 164 | 0 |
| Marine | Balance | 132 | 33 | - | 98 | - |
| | Movement | 0 | 0 | - | (0) | - |
| Personal accident | Balance | 3,850 | 239 | 2,934 | 671 | 4 |
| | Movement | (57) | 12 | (80) | 9 | 0 |
| Voluntary automobile | Balance | 2,791 | 2,065 | 37 | 688 | 0 |
| | Movement | 187 | 69 | 1 | 116 | 0 |
| CALI | Balance | 2,626 | 2,626 | - | - | - |
| | Movement | 47 | 47 | - | - | - |
| Other | Balance | 2,316 | 1,380 | 149 | 786 | 0 |
| | Movement | 64 | 47 | (0) | 18 | 0 |
| Total | Balance | 18,517 | 11,767 | 3,470 | 3,268 | 9 |
| | Movement | 492 | 326 | (143) | 308 | 0 |

(Notes) Reserves for residential earthquake insurance and CALI are included in ordinary underwriting reserves.

(8) Catastrophe reserve

(Yen in 100 millions)

| | March 31, 2020 | | September 30, 2020 | | | |
|----------------------|----------------|---------------|--------------------|-----------|---------|---------------|
| | Balance | Reserve ratio | Reversal | Provision | Balance | Reserve ratio |
| | | % | | | | % |
| Fire and allied | 858 | 43.1 | 20 | 184 | 1,023 | 46.5 |
| Marine | 98 | 136.2 | 0 | 0 | 98 | 124.8 |
| Personal accident | 662 | 116.4 | - | 9 | 671 | 111.7 |
| Voluntary automobile | 571 | 8.0 | - | 116 | 688 | 9.5 |
| Other | 768 | 55.9 | 2 | 20 | 786 | 55.9 |
| Total | 2,959 | 26.6 | 23 | 332 | 3,268 | 28.2 |

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI) x 100

Reserve ratio for September 30, 2020 is calculated on an annualized basis using net premiums written multiplied by two as a denominator.

(9) Investment assets

(Yen in 100 millions)

| | March 31, 2020 | September 30, 2020 | |
|----------------------------|----------------|--------------------|--------|
| | | | Change |
| Cash, deposits and savings | 1,765 | 1,743 | (21) |
| Investments in securities: | 23,176 | 24,294 | 1,118 |
| Domestic bonds | 8,290 | 7,830 | (460) |
| Domestic stocks | 6,969 | 8,124 | 1,154 |
| Foreign securities | 7,158 | 7,430 | 272 |
| Other securities | 757 | 908 | 151 |
| Loans | 2,181 | 2,256 | 75 |
| Land and buildings | 1,598 | 1,703 | 105 |
| Total | 28,721 | 29,998 | 1,276 |

(Reference)

| | | | |
|-----------------------------|-------|-------|-------|
| Long-term investment assets | 3,578 | 3,433 | (145) |
|-----------------------------|-------|-------|-------|

(Reference) Breakdown of domestic bonds

(Yen in 100 millions)

| | March 31, 2020 | September 30, 2020 | |
|--------------------------------------|----------------|--------------------|--------|
| | | | Change |
| Government bonds | 4,870 | 4,484 | (386) |
| Municipal bonds | 366 | 436 | 69 |
| Corporate bonds: | 3,052 | 2,909 | (142) |
| Government agency bonds | 515 | 508 | (7) |
| Specific financial institution bonds | 54 | 44 | (10) |
| Other corporate bonds | 2,483 | 2,357 | (125) |
| Total | 8,290 | 7,830 | (460) |

(10) Breakdown of interest and dividends income

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 | |
|----------------------------|--|--|--------|
| | | | Change |
| Investments in securities: | 256 | 229 | (27) |
| Domestic bonds | 43 | 39 | (3) |
| Domestic stocks | 117 | 104 | (12) |
| Foreign securities | 71 | 75 | 4 |
| Other securities | 24 | 9 | (14) |
| Loans | 10 | 10 | (0) |
| Land and buildings | 23 | 23 | (0) |
| Other | 10 | 4 | (5) |
| Total | 301 | 268 | (33) |

(11) Investments in securities

Unrealized gains and losses on investments in securities

(Yen in 100 millions)

| September 30, 2020 | Cost | Fair value | Difference | Change from |
|--------------------|---------------|---------------|--------------|----------------|
| | | | | March 31, 2020 |
| Domestic bonds | 7,319 | 7,830 | 511 | (28) |
| Domestic stocks | 3,740 | 7,856 | 4,115 | 1,205 |
| Foreign securities | 6,000 | 6,536 | 535 | 211 |
| Other securities | 766 | 800 | 34 | 55 |
| Total | 17,827 | 23,024 | 5,197 | 1,443 |

(Yen in 100 millions)

| March 31, 2020 | Cost | Fair value | Difference |
|--------------------|---------------|---------------|--------------|
| Domestic bonds | 7,750 | 8,290 | 540 |
| Domestic stocks | 3,798 | 6,708 | 2,910 |
| Foreign securities | 5,957 | 6,282 | 324 |
| Other securities | 672 | 651 | (20) |
| Total | 18,179 | 21,932 | 3,753 |

(Note) The above tables describe available-for-sale securities with practically determinable fair value.

Gains and losses on sales of securities

(Yen in 100 millions)

| | Six months ended September 30, 2019 Gains/(losses) | Six months ended September 30, 2020 Gains/(losses) | Six months ended September 30, 2020 | |
|--------------------|--|--|--|----------|
| | | | Gains | Losses |
| Domestic bonds | 17 | 9 | 10 | 0 |
| Domestic stocks | 64 | 47 | 47 | 0 |
| Foreign securities | 13 | 47 | 53 | 6 |
| Other securities | - | - | - | - |
| Total | 95 | 104 | 111 | 6 |

Impairment losses on securities

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change |
|--------------------|--|--|-------------|
| | | | |
| Domestic bonds | - | - | - |
| Domestic stocks | 27 | 20 | (7) |
| Foreign securities | 9 | 4 | (4) |
| Other securities | - | - | - |
| Total | 37 | 25 | (11) |

4. Earnings Forecasts

(1) Consolidated Business Results

(Yen in 100 millions)

| | Items | Results for year ended March 31, 2020 | Initial forecasts for year ending March 31, 2021 | Revised forecasts for year ending March 31, 2021 | Change from the initial forecasts |
|---|-------|---------------------------------------|--|--|-----------------------------------|
| Net premiums written (non-life insurance) | 1 | 35,737 | 34,000 | 34,600 | 600 |
| Mitsui Sumitomo Insurance | 2 | 15,479 | 15,020 | 15,300 | 280 |
| Aioi Nissay Dowa Insurance | 3 | 12,767 | 12,420 | 12,700 | 280 |
| Simple sum | 4 | 28,247 | 27,440 | 28,000 | 560 |
| Mitsui Direct General Insurance | 5 | 363 | 366 | 365 | (1) |
| Overseas insurance subsidiaries | 6 | 7,119 | 6,190 | 6,230 | 40 |
| Insurance premiums (domestic life insurance) | 7 | 13,934 | 10,040 | 11,080 | 1,040 |
| Mitsui Sumitomo Aioi Life Insurance | 8 | 5,212 | 5,040 | 5,080 | 40 |
| Mitsui Sumitomo Primary Life Insurance | 9 | 8,721 | 5,000 | 6,000 | 1,000 |
| Ordinary profit | 10 | 1,577 | 1,700 | 2,000 | 300 |
| Net income attributable to owners of the parent | 11 | 1,430 | 1,300 | 1,400 | 100 |
| Mitsui Sumitomo Insurance | 12 | 940 | 760 | 920 | 160 |
| Aioi Nissay Dowa Insurance | 13 | 447 | 230 | 230 | - |
| Simple sum | 14 | 1,388 | 990 | 1,150 | 160 |
| Mitsui Direct General Insurance | 15 | 1 | 1 | 3 | 2 |
| Mitsui Sumitomo Aioi Life Insurance | 16 | 75 | 80 | 90 | 10 |
| Mitsui Sumitomo Primary Life Insurance | 17 | 203 | 150 | 200 | 50 |
| Overseas insurance subsidiaries | 18 | 361 | 120 | 30 | (90) |
| Others, consolidation adjustments, etc. | 19 | (599) | (41) | (73) | (32) |
| Annual total of dividends per share | 20 | 150.00 yen | 150.00 yen | 150.00 yen | - yen |

(Note) Items 12 to 18 represent the net income or loss on a non-consolidated basis after taking into account the Company's ownership interests in its subsidiaries.

(2) Domestic Non-Life Insurance Subsidiaries (Two Main Consolidated Subsidiaries)

(Yen in 100 millions)

| | Items | Simple sum | | Mitsui Sumitomo Insurance | | Aioi Nissay Dowa Insurance | |
|---------------------------------------|-------|--|-----------------------------------|--|-----------------------------------|--|-----------------------------------|
| | | Revised forecasts for year ending March 31, 2021 | Change from the initial forecasts | Revised forecasts for year ending March 31, 2021 | Change from the initial forecasts | Revised forecasts for year ending March 31, 2021 | Change from the initial forecasts |
| Net premiums written | 1 | 28,000 | 560 | 15,300 | 280 | 12,700 | 280 |
| Growth rate of net premiums written | 2 | (0.9) % | 2.0 % | (1.2) % | 1.8 % | (0.5) % | 2.2 % |
| Net loss ratio ^(Note 1) | 3 | 60.3 % | (1.5) % | 59.5 % | (1.7) % | 61.1 % | (1.5) % |
| Net expense ratio ^(Note 2) | 4 | 34.2 % | (0.9) % | 33.5 % | (1.0) % | 35.0 % | (0.7) % |
| Combined ratio ^(Note 3) | 5 | 94.5 % | (2.4) % | 93.0 % | (2.7) % | 96.1 % | (2.2) % |
| EI loss ratio ^(Note 4, 5) | 6 | 59.0 % | (0.3) % | 58.0 % | (0.1) % | 60.2 % | (0.6) % |
| Underwriting profit | 7 | 570 | 20 | 490 | 10 | 80 | 10 |
| Investment profit | 8 | 1,260 | 350 | 960 | 210 | 300 | 140 |
| Ordinary profit | 9 | 1,680 | 280 | 1,340 | 200 | 340 | 80 |
| Net income | 10 | 1,150 | 160 | 920 | 160 | 230 | - |

(Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100

3. Combined ratio = net loss ratio + net expense ratio

4. The calculation is exclusive of residential earthquake insurance and CALI.

5. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100

Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims

Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(Primary assumptions of the forecasts)

- The forecast of net premiums written is based on the Company's own estimate taking into account the trends in the consolidated business results.
- Incurred losses (which are the sum total of net claims paid and movement in outstanding claims) caused by natural disasters in Japan for the year ending March 31, 2021 are assumed to be ¥37.5 billion at Mitsui Sumitomo Insurance Co., Ltd. and ¥22.5 billion at Aioi Nissay Dowa Insurance Co., Ltd..
- Market interest rates, currency exchange rates and stock prices are assumed to be at almost the same level as September 30, 2020.
- Incurred losses caused by the spread of COVID-19 are estimated to be ¥48.0 billion.

As for the impact of COVID-19, we mainly expect an increase of approximately ¥39.0 billion in incurred losses in international business, and a decrease of approximately ¥28.0 billion in investment gains and losses in domestic business.

The impact on net income is expected to be approximately ¥ (57.0) billion.

The Company's consolidated earnings forecasts have been made based on certain assumptions including those above mentioned but actual results may differ substantially from these forecasts depending on various factors.

Supplementary Information

1. Supplementary Information on Consolidated Business Results

(1) Consolidated Business Results

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change | Change ratio |
|---|--|--|----------------|-----------------|
| Ordinary income and expenses: | | | | |
| Underwriting income: | 25,481 | 19,944 | (5,536) | (21.7) % |
| Net premiums written | 19,268 | 18,690 | (578) | (3.0) |
| Deposit premiums from policyholders | 419 | 447 | 28 | 6.7 |
| Life insurance premiums | 5,554 | 566 | (4,988) | (89.8) |
| Underwriting expenses: | 21,765 | 22,104 | 339 | 1.6 |
| Net claims paid | 9,396 | 9,080 | (315) | (3.4) |
| Loss adjustment expenses | 861 | 921 | 60 | 7.0 |
| Commissions and collection expenses | 3,691 | 3,650 | (40) | (1.1) |
| Maturity refunds to policyholders | 1,013 | 1,127 | 113 | 11.2 |
| Life insurance claims | 1,944 | 1,576 | (368) | (18.9) |
| Provision for outstanding claims | 622 | 803 | 180 | 28.9 |
| Provision for underwriting reserves | 4,122 | 4,799 | 677 | 16.4 |
| Investment income: | 2,959 | 7,319 | 4,360 | 147.4 |
| Interest and dividends income | 1,524 | 1,507 | (17) | (1.1) |
| Investment gains on money trusts | 424 | 1,336 | 911 | 214.6 |
| Investment gains on trading securities | 447 | 226 | (220) | (49.3) |
| Gains on sales of securities | 382 | 798 | 415 | 108.6 |
| Investment gains on separate accounts | 374 | 1,484 | 1,109 | 296.3 |
| Investment expenses: | 2,217 | 602 | (1,614) | (72.8) |
| Investment losses on money trusts | 285 | 202 | (82) | (29.0) |
| Losses on sales of securities | 37 | 44 | 7 | 18.7 |
| Impairment losses on securities | 72 | 79 | 6 | 9.6 |
| Losses on derivative transactions | 209 | 261 | 51 | 24.6 |
| Operating expenses and general and administrative expenses | 3,398 | 3,306 | (92) | (2.7) |
| Other ordinary income and expenses: | 24 | (95) | (119) | (489.0) |
| Gains/(losses) on equity method investments | 36 | (64) | (101) | (276.4) |
| Ordinary profit | 1,082 | 1,155 | 72 | 6.7 |
| Extraordinary income and losses: | | | | |
| Extraordinary income | 958 | 85 | (872) | (91.1) |
| Extraordinary losses | 1,766 | 113 | (1,652) | (93.6) |
| Extraordinary income/(losses) | (807) | (28) | 779 | — |
| Income before income taxes | 275 | 1,126 | 851 | 309.5 |
| Income taxes - current | 429 | 502 | 73 | 17.1 |
| Income taxes - deferred | (1,804) | (361) | 1,443 | — |
| Total income taxes | (1,375) | 140 | 1,516 | — |
| Net income | 1,650 | 986 | (664) | (40.3) |
| Net income attributable to non-controlling interests | 15 | 19 | 4 | 30.4 |
| Net income attributable to owners of the parent | 1,635 | 966 | (669) | (40.9) |

(Notes) 1. Extraordinary income for the six months ended September 30, 2019 includes reversal of reserve for price fluctuation of ¥86.2 billion.

2. Extraordinary losses for the six months ended September 30, 2019 include impairment losses of ¥175.6 billion.

3. Total income taxes for the six months ended September 30, 2019 include a decrease of ¥170.5 billion mainly due to a decrease of taxable earnings and recognizing deferred tax assets related to reorganization of Mitsui Sumitomo Insurance's international business.

(2) Premiums Written and Net Claims Paid by Line of Insurance

Direct Premiums Written by Line of Insurance (including Deposit premiums from policyholders)

(Yen in millions)

| Lines of Insurance | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | |
|-------------------------------------|--|--------------|---------------------|--|--------------|---------------------|
| | Amount | Share (%) | Change ratio (%) | Amount | Share (%) | Change ratio (%) |
| Fire and allied | 405,441 | 19.9 | 12.0 | 424,534 | 21.0 | 4.7 |
| Marine | 110,560 | 5.4 | 1.3 | 112,484 | 5.6 | 1.7 |
| Personal accident | 165,790 | 8.1 | (2.3) | 159,881 | 7.9 | (3.6) |
| Voluntary automobile | 802,275 | 39.3 | 1.3 | 807,314 | 40.0 | 0.6 |
| CALI | 180,313 | 8.8 | 7.0 | 144,237 | 7.2 | (20.0) |
| Other | 377,319 | 18.5 | (0.5) | 369,406 | 18.3 | (2.1) |
| Total: | 2,041,701 | 100.0 | 3.1 | 2,017,859 | 100.0 | (1.2) |
| Deposit premiums from policyholders | 41,926 | 2.1 | (1.1) | 44,755 | 2.2 | 6.7 |

Net Premiums Written by Line of Insurance

(Yen in millions)

| Lines of Insurance | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | |
|----------------------|--|--------------|---------------------|--|--------------|---------------------|
| | Amount | Share (%) | Change ratio (%) | Amount | Share (%) | Change ratio (%) |
| Fire and allied | 346,238 | 18.0 | 11.4 | 338,165 | 18.1 | (2.3) |
| Marine | 87,759 | 4.5 | (2.0) | 86,815 | 4.7 | (1.1) |
| Personal accident | 132,458 | 6.9 | (4.7) | 121,897 | 6.5 | (8.0) |
| Voluntary automobile | 836,581 | 43.4 | 2.4 | 830,019 | 44.4 | (0.8) |
| CALI | 179,522 | 9.3 | 6.7 | 155,338 | 8.3 | (13.5) |
| Other | 344,271 | 17.9 | (1.2) | 336,780 | 18.0 | (2.2) |
| Total | 1,926,832 | 100.0 | 2.9 | 1,869,016 | 100.0 | (3.0) |

Net Claims Paid by Line of Insurance

(Yen in millions)

| Lines of Insurance | Six months ended September 30, 2019 | | | Six months ended September 30, 2020 | | |
|----------------------|--|--------------|---------------------|--|--------------|---------------------|
| | Amount | Share (%) | Change ratio (%) | Amount | Share (%) | Change ratio (%) |
| Fire and allied | 165,592 | 17.6 | (17.4) | 172,183 | 18.9 | 4.0 |
| Marine | 38,668 | 4.1 | 1.5 | 37,042 | 4.1 | (4.2) |
| Personal accident | 55,774 | 5.9 | 2.8 | 57,834 | 6.4 | 3.7 |
| Voluntary automobile | 422,829 | 45.0 | (0.5) | 384,776 | 42.4 | (9.0) |
| CALI | 116,324 | 12.4 | (6.8) | 99,161 | 10.9 | (14.8) |
| Other | 140,411 | 15.0 | 7.3 | 157,033 | 17.3 | 11.8 |
| Total | 939,601 | 100.0 | (3.5) | 908,031 | 100.0 | (3.4) |

(Note) The figures in the above tables include elimination of intersegment transactions.

(3) Investments in Securities

1. Trading securities

(Yen in millions)

| | March 31, 2020 | | September 30, 2020 | |
|--------------------|-----------------|--|--------------------|--|
| | Carrying amount | Unrealized gains/(losses) included in income | Carrying amount | Unrealized gains/(losses) included in income |
| Trading securities | 2,949,868 | (107,583) | 2,926,131 | 122,024 |

(Note) "Trading securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

2. Held-to-maturity securities

(Yen in millions)

| Items | March 31, 2020 | | | September 30, 2020 | | |
|--------------------|-----------------|------------|------------|--------------------|------------|------------|
| | Carrying amount | Fair value | Difference | Carrying amount | Fair value | Difference |
| Domestic Bonds | 1,095,428 | 1,311,673 | 216,244 | 1,094,024 | 1,293,313 | 199,289 |
| Foreign Securities | 4,003 | 4,066 | 62 | 3,844 | 3,899 | 55 |
| Other Securities | 13,108 | 13,108 | - | 7,145 | 7,145 | - |
| Total | 1,112,541 | 1,328,848 | 216,307 | 1,105,014 | 1,304,358 | 199,344 |

(Note) "Other Securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

3. Debt securities earmarked for underwriting reserves

(Yen in millions)

| Items | March 31, 2020 | | | September 30, 2020 | | |
|--------------------|-----------------|------------|------------|--------------------|------------|------------|
| | Carrying amount | Fair value | Difference | Carrying amount | Fair value | Difference |
| Domestic Bonds | 1,020,255 | 1,089,940 | 69,684 | 1,265,453 | 1,286,829 | 21,375 |
| Foreign Securities | 1,382,664 | 1,523,118 | 140,453 | 1,376,319 | 1,557,074 | 180,755 |
| Total | 2,402,920 | 2,613,059 | 210,138 | 2,641,772 | 2,843,903 | 202,130 |

4. Available-for-sale securities

(Yen in millions)

| Items | March 31, 2020 | | | September 30, 2020 | | |
|--------------------|----------------|-----------------|------------|--------------------|-----------------|------------|
| | Cost | Carrying amount | Difference | Cost | Carrying amount | Difference |
| Domestic Bonds | 3,429,477 | 3,700,304 | 270,827 | 3,359,005 | 3,604,882 | 245,877 |
| Domestic Stocks | 1,018,732 | 2,065,614 | 1,046,882 | 1,000,093 | 2,330,213 | 1,330,119 |
| Foreign Securities | 2,578,973 | 2,651,182 | 72,209 | 2,819,150 | 2,973,840 | 154,690 |
| Other Securities | 274,406 | 269,561 | (4,845) | 243,572 | 251,161 | 7,588 |
| Total | 7,301,590 | 8,686,663 | 1,385,073 | 7,421,822 | 9,160,098 | 1,738,275 |

(Notes) 1. Available-for-sale securities without practically determinable fair value are not included in the above table.

2. "Other Securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.

3. The Company and its consolidated subsidiaries recognized impairment losses on Available-for-sale securities with practically determinable fair value as follows.

For the year ended March 31, 2020: ¥36,009 million (comprised of ¥31,843 million on Domestic stocks and ¥4,165 million on Foreign securities)

For the six months ended September 30, 2020: ¥4,930 million (comprised of ¥2,100 million on Domestic stocks and ¥2,830 million on Foreign securities)

In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.

2. Summary of Business Results of Main Consolidated Subsidiaries

(1) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

| Items | March 31, 2020 | September 30, 2020 |
|---|------------------|--------------------|
| (Assets) | | |
| Cash, deposits and savings | 489,791 | 458,626 |
| Receivables under resale agreements | - | 1,999 |
| Monetary claims bought | 8,217 | 10,201 |
| Money trusts | 2,961 | 3,814 |
| Investments in securities | 4,925,543 | 5,107,553 |
| Loans | 400,609 | 416,637 |
| Tangible fixed assets | 209,951 | 207,305 |
| Intangible fixed assets | 98,478 | 99,465 |
| Other assets | 419,666 | 377,952 |
| Deferred tax assets | 111,516 | 62,787 |
| Customers' liabilities under acceptances and guarantees | 25,987 | 21,847 |
| Bad debt reserve | (6,635) | (6,510) |
| Total assets | 6,686,089 | 6,761,680 |
| (Liabilities) | | |
| Policy liabilities: | 3,715,273 | 3,763,504 |
| Outstanding claims | 629,241 | 652,730 |
| Underwriting reserves | 3,086,032 | 3,110,773 |
| Bonds issued | 587,093 | 587,093 |
| Other liabilities: | 566,927 | 558,761 |
| Income taxes payable | 3,744 | 14,054 |
| Lease obligations | 1,297 | 1,423 |
| Asset retirement obligations | 3,913 | 3,932 |
| Other liabilities | 557,973 | 539,351 |
| Reserve for pension and retirement benefits | 120,827 | 118,838 |
| Reserve for retirement benefits for officers | 316 | 274 |
| Accrued bonuses for employees | 10,633 | 10,076 |
| Reserves under the special laws: | 19,007 | 21,041 |
| Reserve for price fluctuation | 19,007 | 21,041 |
| Acceptances and guarantees | 25,987 | 21,847 |
| Total liabilities | 5,046,067 | 5,081,438 |
| (Net assets) | | |
| Common stock | 139,595 | 139,595 |
| Capital surplus | 93,107 | 93,107 |
| Retained earnings | 698,675 | 618,840 |
| Total shareholders' equity | 931,378 | 851,544 |
| Net unrealized gains/(losses) on investments in securities | 683,030 | 804,736 |
| Net deferred gains/(losses) on hedges | 25,613 | 23,960 |
| Total valuation and translation adjustments | 708,643 | 828,697 |
| Total net assets | 1,640,022 | 1,680,241 |
| Total liabilities and net assets | 6,686,089 | 6,761,680 |

Non-Consolidated Statements of Income

(Yen in millions)

| Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Ordinary income: | 915,342 | 917,243 |
| Underwriting income: | 848,718 | 853,844 |
| Net premiums written | 803,373 | 806,157 |
| Deposit premiums from policyholders | 29,800 | 33,084 |
| Investment income on deposit premiums from policyholders | 15,527 | 14,563 |
| Investment income: | 64,576 | 61,210 |
| Interest and dividends income | 55,915 | 49,642 |
| Investment gains on money trusts | 81 | 859 |
| Gains on sales of securities | 22,535 | 22,153 |
| Transfer of investment income on deposit premiums from policyholders | (15,527) | (14,563) |
| Other ordinary income | 2,047 | 2,188 |
| Ordinary expenses: | 846,452 | 843,698 |
| Underwriting expenses: | 723,688 | 724,527 |
| Net claims paid | 404,470 | 395,872 |
| Loss adjustment expenses | 44,367 | 47,045 |
| Commissions and collection expenses | 141,927 | 148,528 |
| Maturity refunds to policyholders | 72,747 | 82,796 |
| Provision for outstanding claims | 33,436 | 23,489 |
| Provision for underwriting reserves | 25,381 | 24,741 |
| Investment expenses: | 10,034 | 2,511 |
| Losses on sales of securities | 1,483 | 642 |
| Impairment losses on securities | 5,064 | 1,044 |
| Operating expenses and general and administrative expenses | 107,811 | 111,614 |
| Other ordinary expenses: | 4,917 | 5,045 |
| Interest expense | 4,667 | 4,955 |
| Ordinary profit | 68,890 | 73,544 |
| Extraordinary income | 74,177 | 365 |
| Extraordinary losses | 186,895 | 2,477 |
| Income/(loss) before income taxes | (43,828) | 71,432 |
| Income taxes - current | 23,302 | 12,992 |
| Income taxes - deferred | (159,716) | 2,273 |
| Total income taxes | (136,413) | 15,265 |
| Net income | 92,584 | 56,167 |

Non-Consolidated Solvency Margin Ratio

Insurance companies running their business in Japan calculate the non-consolidated solvency margin ratio pursuant to the provisions of Articles 86 and 87 of the Insurance Business Act Enforcement Regulations and Public Notice No. 50 issued by the Ministry of Finance in 1996.

While insurance companies set aside reserves to provide for payments of insurance claims should an insured event occur, they are also required to maintain sufficient funds to pay out in an event outside the normal range of estimates such as a major catastrophe and a significant drop in the value of their assets.

The non-consolidated solvency margin ratio, or item (C) in each of the tables below, which is calculated in accordance with the Insurance Business Act, is the ratio of “solvency margin of insurance companies calculated based on their capital and other reserves”, or (A) the total amount of solvency margin, to “risks exceeding the normal range of estimates”, or (B) the total amount of risks.

The non-consolidated solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurance companies. A non-consolidated solvency margin ratio of 200% or over indicates adequate ability to satisfy insurance claims and other payment requirements.

(Yen in millions)

| | March 31, 2020 | September 30, 2020 |
|---|----------------|--------------------|
| (A) Total amount of solvency margin | 3,076,392 | 3,184,408 |
| Total net assets | 879,578 | 816,503 |
| Reserve for price fluctuation | 19,007 | 21,041 |
| Contingency reserve | - | - |
| Catastrophe reserve | 550,227 | 580,446 |
| General bad debt reserve | 86 | 90 |
| Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) | 852,586 | 1,004,598 |
| Net unrealized gains/(losses) on land | 54,618 | 65,701 |
| Excess of policyholders' contract deposits (a) | - | - |
| Subordinated debts, etc. (b) | 487,093 | 487,093 |
| Amount excluded from the margin, out of (a) and (b) | - | - |
| Deductions | 3,642 | 3,642 |
| Others | 236,835 | 212,574 |
| (B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$ | 877,260 | 881,724 |
| General insurance risk (R ₁) | 136,088 | 136,764 |
| Insurance risk of third sector insurance contracts (R ₂) | - | - |
| Assumed interest rate risk (R ₃) | 13,475 | 13,264 |
| Asset management risk (R ₄) | 700,269 | 724,379 |
| Business administration risk (R ₅) | 19,617 | 19,723 |
| Catastrophe risk (R ₆) | 131,040 | 111,784 |
| (C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100 | 701.3 % | 722.3 % |

(2) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

| Items | March 31, 2020 | September 30, 2020 |
|---|------------------|--------------------|
| (Assets) | | |
| Cash, deposits and savings | 174,108 | 172,005 |
| Money trusts | 2,441 | 2,379 |
| Investments in securities | 2,317,658 | 2,429,489 |
| Loans | 218,147 | 225,653 |
| Tangible fixed assets | 182,184 | 183,750 |
| Intangible fixed assets | 55,884 | 59,965 |
| Other assets | 381,021 | 378,095 |
| Prepaid pension expenses | 19,427 | 19,689 |
| Deferred tax assets | 63,162 | 41,185 |
| Customers' liabilities under acceptances and guarantees | 7,500 | 7,500 |
| Bad debt reserve | (804) | (797) |
| Total assets | 3,420,733 | 3,518,918 |
| (Liabilities) | | |
| Policy liabilities: | 2,366,879 | 2,442,505 |
| Outstanding claims | 564,436 | 590,766 |
| Underwriting reserves | 1,802,443 | 1,851,739 |
| Bonds issued | 72,000 | 72,000 |
| Other liabilities: | 265,188 | 195,571 |
| Income taxes payable | 10,090 | 18,500 |
| Lease obligations | 2 | 1 |
| Asset retirement obligations | 891 | 881 |
| Other liabilities | 254,203 | 176,188 |
| Reserve for pension and retirement benefits | 34,378 | 35,690 |
| Accrued bonuses for employees | 6,619 | 6,344 |
| Reserves under the special laws: | 30,088 | 30,954 |
| Reserve for price fluctuation | 30,088 | 30,954 |
| Acceptances and guarantees | 7,500 | 7,500 |
| Total liabilities | 2,782,654 | 2,790,566 |
| (Net assets) | | |
| Common stock | 100,005 | 100,005 |
| Capital surplus | 81,207 | 81,207 |
| Retained earnings | 185,491 | 172,060 |
| Total shareholders' equity | 366,703 | 353,273 |
| Net unrealized gains/(losses) on investments in securities | 271,374 | 375,078 |
| Total valuation and translation adjustments | 271,374 | 375,078 |
| Total net assets | 638,078 | 728,351 |
| Total liabilities and net assets | 3,420,733 | 3,518,918 |

Non-Consolidated Statements of Income

(Yen in millions)

| Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Ordinary income: | 713,720 | 704,705 |
| Underwriting income: | 677,038 | 671,222 |
| Net premiums written | 656,834 | 652,171 |
| Deposit premiums from policyholders | 12,125 | 11,670 |
| Investment income on deposit premiums from policyholders | 7,982 | 7,286 |
| Investment income: | 32,233 | 30,845 |
| Interest and dividends income | 30,155 | 26,839 |
| Investment gains on money trusts | 1 | 0 |
| Gains on sales of securities | 9,864 | 11,190 |
| Transfer of investment income on deposit premiums from policyholders | (7,982) | (7,286) |
| Other ordinary income | 4,447 | 2,636 |
| Ordinary expenses: | 698,021 | 695,949 |
| Underwriting expenses: | 592,805 | 595,142 |
| Net claims paid | 330,023 | 321,465 |
| Loss adjustment expenses | 32,283 | 35,139 |
| Commissions and collection expenses | 128,075 | 131,562 |
| Maturity refunds to policyholders | 28,624 | 29,911 |
| Provision for outstanding claims | 14,192 | 26,329 |
| Provision for underwriting reserves | 54,866 | 49,295 |
| Investment expenses: | 7,113 | 5,035 |
| Losses on sales of securities | 345 | 692 |
| Impairment losses on securities | 3,761 | 2,563 |
| Operating expenses and general and administrative expenses | 96,806 | 94,684 |
| Other ordinary expenses: | 1,295 | 1,086 |
| Interest expense | 221 | 392 |
| Ordinary profit | 15,699 | 8,755 |
| Extraordinary income | 25 | 65 |
| Extraordinary losses | 1,387 | 5,379 |
| Income before income taxes | 14,336 | 3,441 |
| Income taxes - current | 12,241 | 16,393 |
| Income taxes - deferred | (8,970) | (18,222) |
| Total income taxes | 3,271 | (1,829) |
| Net income | 11,064 | 5,270 |

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

| | March 31, 2020 | September 30, 2020 |
|---|----------------|--------------------|
| (A) Total amount of solvency margin | 1,148,081 | 1,306,154 |
| Total net assets | 348,002 | 342,734 |
| Reserve for price fluctuation | 30,088 | 30,954 |
| Contingency reserve | 906 | 988 |
| Catastrophe reserve | 299,132 | 330,094 |
| General bad debt reserve | 123 | 155 |
| Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) | 338,684 | 468,198 |
| Net unrealized gains/(losses) on land | 27,385 | 36,127 |
| Excess of policyholders' contract deposits (a) | - | - |
| Subordinated debts, etc. (b) | 58,800 | 54,400 |
| Amount excluded from the margin, out of (a) and (b) | - | - |
| Deductions | 4,269 | 4,569 |
| Others | 49,228 | 47,070 |
| (B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$ | 326,916 | 348,357 |
| General insurance risk (R ₁) | 114,413 | 115,379 |
| Insurance risk of third sector insurance contracts (R ₂) | - | - |
| Assumed interest rate risk (R ₃) | 6,634 | 6,445 |
| Asset management risk (R ₄) | 194,535 | 218,772 |
| Business administration risk (R ₅) | 8,060 | 8,547 |
| Catastrophe risk (R ₆) | 87,425 | 86,757 |
| (C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100 | 702.3 % | 749.8 % |

(3) Mitsui Direct General Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

| Items | March 31, 2020 | September 30, 2020 |
|---|-----------------|--------------------|
| (Assets) | | |
| Cash, deposits and savings | 12,133 | 12,522 |
| Investments in securities | 35,972 | 37,753 |
| Tangible fixed assets | 447 | 403 |
| Intangible fixed assets | 5,880 | 5,197 |
| Other assets | 5,339 | 4,915 |
| Bad debt reserve | (4) | (2) |
| Total assets | 59,768 | 60,790 |
| (Liabilities) | | |
| Policy liabilities: | 43,705 | 42,594 |
| Outstanding claims | 22,946 | 22,292 |
| Underwriting reserves | 20,759 | 20,301 |
| Other liabilities: | 1,405 | 1,248 |
| Income taxes payable | 95 | 335 |
| Asset retirement obligations | 18 | 18 |
| Other liabilities | 1,291 | 894 |
| Reserve for pension and retirement benefits | 219 | 249 |
| Accrued bonuses for employees | 288 | 169 |
| Reserves under the special laws: | 79 | 83 |
| Reserve for price fluctuation | 79 | 83 |
| Deferred tax liabilities | 50 | 28 |
| Total liabilities | 45,750 | 44,372 |
| (Net assets) | | |
| Common stock | 39,106 | 39,106 |
| Capital surplus | 9,006 | 9,006 |
| Retained earnings | (34,083) | (31,694) |
| Total shareholders' equity | 14,028 | 16,417 |
| Net unrealized gains/(losses) on investments in securities | (10) | 0 |
| Total valuation and translation adjustments | (10) | 0 |
| Total net assets | 14,017 | 16,417 |
| Total liabilities and net assets | 59,768 | 60,790 |

Non-Consolidated Statements of Income

(Yen in millions)

| Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Ordinary income: | 19,127 | 19,230 |
| Underwriting income: | 19,100 | 19,199 |
| Net premiums written | 17,901 | 18,076 |
| Investment income on deposit premiums from policyholders | 11 | 11 |
| Reversal of outstanding claims | 396 | 653 |
| Reversal of underwriting reserves | 790 | 458 |
| Investment income: | 15 | 16 |
| Interest and dividends income | 26 | 27 |
| Transfer of investment income on deposit premiums from policyholders | (11) | (11) |
| Other ordinary income | 11 | 14 |
| Ordinary expenses: | 17,553 | 16,620 |
| Underwriting expenses: | 13,003 | 11,452 |
| Net claims paid | 11,536 | 9,918 |
| Loss adjustment expenses | 1,304 | 1,369 |
| Commissions and collection expenses | 162 | 165 |
| Investment expenses | - | - |
| Operating expenses and general and administrative expenses | 4,548 | 5,166 |
| Other ordinary expenses | 1 | 1 |
| Ordinary profit | 1,574 | 2,610 |
| Extraordinary income | - | - |
| Extraordinary losses | 3 | 4 |
| Income before income taxes | 1,570 | 2,605 |
| Income taxes - current | 79 | 239 |
| Income taxes - deferred | (15) | (22) |
| Total income taxes | 64 | 216 |
| Net income | 1,506 | 2,389 |

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

| | March 31, 2020 | September 30, 2020 |
|---|----------------|--------------------|
| (A) Total amount of solvency margin | 15,305 | 17,276 |
| Total net assets | 14,028 | 16,417 |
| Reserve for price fluctuation | 79 | 83 |
| Contingency reserve | 0 | 0 |
| Catastrophe reserve | 1,205 | 774 |
| General bad debt reserve | 2 | 0 |
| Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) | (10) | 0 |
| 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 $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$ | 5,809 | 5,817 |
| General insurance risk (R ₁) | 5,227 | 5,227 |
| Insurance risk of third sector insurance contracts (R ₂) | - | - |
| Assumed interest rate risk (R ₃) | 0 | 0 |
| Asset management risk (R ₄) | 955 | 995 |
| Business administration risk (R ₅) | 194 | 195 |
| Catastrophe risk (R ₆) | 300 | 300 |
| (C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100 | 526.9 % | 593.9 % |

(4) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

| Items | March 31, 2020 | September 30, 2020 |
|---|------------------|--------------------|
| (Assets) | | |
| Cash, deposits and savings | 196,400 | 122,419 |
| Receivables under resale agreements | 407,722 | 365,403 |
| Investments in securities | 3,757,612 | 4,005,060 |
| Loans | 63,130 | 60,657 |
| Tangible fixed assets | 4,345 | 3,781 |
| Intangible fixed assets | 32,841 | 30,770 |
| Due from agencies | 1,996 | 1,635 |
| Reinsurance accounts receivable | 868 | 116 |
| Other assets | 45,651 | 41,216 |
| Bad debt reserve | (97) | (86) |
| Total assets | 4,510,472 | 4,630,975 |
| (Liabilities) | | |
| Policy liabilities: | 3,779,645 | 3,892,915 |
| Outstanding claims | 31,886 | 31,399 |
| Underwriting reserves | 3,737,682 | 3,851,539 |
| Reserve for dividends to policyholders | 10,077 | 9,977 |
| Due to agencies | 3,623 | 3,300 |
| Reinsurance accounts payable | 291 | 290 |
| Other liabilities: | 449,640 | 455,483 |
| Payables under repurchase agreements | 412,965 | 368,564 |
| Payables under securities lending transactions | 25,072 | 76,070 |
| Income taxes payable | 532 | 2,998 |
| Lease obligations | 1,296 | 869 |
| Asset retirement obligations | 437 | 430 |
| Other liabilities | 9,336 | 6,549 |
| Reserve for pension and retirement benefits | 3,856 | 4,141 |
| Reserve for retirement benefits for officers | 9 | 8 |
| Reserves under the special laws: | 8,725 | 9,223 |
| Reserve for price fluctuation | 8,725 | 9,223 |
| Deferred tax liabilities | 3,891 | 2,883 |
| Total liabilities | 4,249,683 | 4,368,247 |
| (Net assets) | | |
| Common stock | 85,500 | 85,500 |
| Capital surplus | 93,688 | 93,688 |
| Retained earnings | 19,000 | 22,961 |
| Total shareholders' equity | 198,188 | 202,149 |
| Net unrealized gains/(losses) on investments in securities | 62,599 | 60,579 |
| Total valuation and translation adjustments | 62,599 | 60,579 |
| Total net assets | 260,788 | 262,728 |
| Total liabilities and net assets | 4,510,472 | 4,630,975 |

Non-Consolidated Statements of Income

(Yen in millions)

| Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Ordinary income: | 293,429 | 283,118 |
| Insurance premiums and others: | 264,783 | 253,314 |
| Insurance premiums | 257,957 | 253,133 |
| Investment income: | 26,323 | 27,025 |
| Interest and dividends income | 23,234 | 24,670 |
| Gains on sales of securities | 3,059 | 1,983 |
| Gains on derivative transactions | 19 | 314 |
| Other ordinary income: | 2,322 | 2,778 |
| Reversal of outstanding claims | 1,457 | 486 |
| Ordinary expenses: | 283,756 | 269,098 |
| Insurance claims and others: | 116,347 | 107,106 |
| Insurance claims | 21,757 | 22,224 |
| Annuity payments | 9,207 | 9,366 |
| Benefits | 14,403 | 14,997 |
| Surrender benefits | 61,171 | 57,836 |
| Other refunds | 2,052 | 1,862 |
| Provision for underwriting reserves and others: | 117,404 | 113,856 |
| Provision for underwriting reserves | 117,404 | 113,856 |
| Provision for interest portion of reserve for dividends to policyholders | 0 | 0 |
| Investment expenses: | 611 | 157 |
| Losses on sales of securities | 588 | 137 |
| Operating expenses | 41,073 | 38,909 |
| Other ordinary expenses | 8,319 | 9,067 |
| Ordinary profit | 9,673 | 14,020 |
| Extraordinary income | 0 | 0 |
| Extraordinary losses | 531 | 517 |
| Provision for reserve for dividends to policyholders | 2,179 | 1,501 |
| Income before income taxes | 6,961 | 12,001 |
| Income taxes - current | 2,665 | 3,397 |
| Income taxes - deferred | (863) | (221) |
| Total income taxes | 1,802 | 3,176 |
| Net income | 5,159 | 8,825 |

Business Results**Amount of Policies in Force and New Policies**

(1) Policies in force (Yen in 100 millions)

| | March 31, 2020 | | September 30, 2020 | |
|----------------------|--------------------------------------|---------|--------------------------------------|---------|
| | Number of policies (in thousands) | Amount | Number of policies (in thousands) | Amount |
| Individual insurance | 3,726 | 237,974 | 3,770 | 237,024 |
| Individual annuities | 171 | 6,605 | 168 | 6,520 |
| Group insurance | - | 88,884 | - | 90,302 |
| Group annuities | - | 2 | - | 3 |

(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)

| | Six months ended September 30, 2019 | | | | Six months ended September 30, 2020 | | | |
|----------------------|--------------------------------------|--------|--------------|-------------------------------|--------------------------------------|--------|--------------|-------------------------------|
| | 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 | 164 | 10,615 | 10,615 | - | 120 | 8,282 | 8,282 | - |
| Individual annuities | 0 | 29 | 29 | - | 0 | 22 | 22 | - |
| Group insurance | - | 486 | 486 | - | - | 494 | 494 | - |
| 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, 2020 | September 30, 2020 |
|--|----------------|--------------------|
| Individual insurance | 4,075 | 4,066 |
| Individual annuities | 406 | 409 |
| Total: | 4,481 | 4,475 |
| Medical coverage, living benefits, etc. | 1,381 | 1,419 |

(2) New policies (Yen in 100 millions)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Individual insurance | 145 | 122 |
| Individual annuities | 1 | 0 |
| Total: | 146 | 123 |
| Medical coverage, living benefits, etc. | 102 | 69 |

(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)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change |
|--|--|--|----------|
| Fundamental revenues: | 290,357 | 280,808 | (9,548) |
| Insurance premiums and others | 264,783 | 253,314 | (11,468) |
| Fundamental expenses | 282,194 | 268,612 | (13,581) |
| Fundamental profit | 8,163 | 12,196 | 4,033 |
| Capital gains/(losses) | 2,493 | 2,160 | (333) |
| Non-recurring gains/(losses) | (984) | (336) | 647 |
| Ordinary profit | 9,673 | 14,020 | 4,347 |
| Extraordinary income | 0 | 0 | 0 |
| Extraordinary losses | 531 | 517 | (14) |
| Provision for reserve for dividends to policyholders | 2,179 | 1,501 | (678) |
| Income taxes | 1,802 | 3,176 | 1,374 |
| Net income | 5,159 | 8,825 | 3,665 |

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

| | March 31, 2020 | September 30, 2020 |
|--|----------------|--------------------|
| (A) Total amount of solvency margin | 492,307 | 500,109 |
| Total capital | 193,323 | 199,331 |
| Reserve for price fluctuation | 8,725 | 9,223 |
| Contingency reserve | 38,888 | 39,236 |
| General bad debt reserve | 3 | 3 |
| Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90% | 78,249 | 75,723 |
| Net unrealized gains/(losses) on land x 85% | - | - |
| Excess of continued Zillmerized reserve (a) | 168,067 | 168,364 |
| Subordinated debts, etc. (b) | - | - |
| Amount excluded from the margin, out of (a) and (b) | - | - |
| Brought in capital | - | - |
| Deductions | - | - |
| Others | 5,048 | 8,225 |
| (B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ | 63,551 | 65,374 |
| Insurance risk (R ₁) | 18,352 | 18,344 |
| Insurance risk of third sector insurance contracts (R ₈) | 16,532 | 16,839 |
| Assumed interest rate risk (R ₂) | 3,210 | 3,228 |
| Minimum guarantee risk (R ₇) | - | - |
| Asset management risk (R ₃) | 47,841 | 49,765 |
| Business administration risk (R ₄) | 1,718 | 1,763 |
| (C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100 | 1,549.3 % | 1,529.9 % |

(5) Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

| Items | March 31, 2020 | September 30, 2020 |
|---|------------------|--------------------|
| (Assets) | | |
| Cash, deposits and savings | 399,783 | 424,841 |
| Monetary claims bought | 100,995 | 83,989 |
| Money trusts | 1,660,997 | 1,922,117 |
| Investments in securities | 4,342,621 | 4,399,418 |
| Loans | 215,294 | 237,786 |
| Tangible fixed assets | 1,046 | 975 |
| Intangible fixed assets | 12,565 | 12,468 |
| Reinsurance accounts receivable | 8,971 | 9,983 |
| Other assets | 29,497 | 22,957 |
| Deferred tax assets | 43,132 | 23,633 |
| Total assets | 6,814,907 | 7,138,171 |
| (Liabilities) | | |
| Policy liabilities: | 6,463,416 | 6,707,969 |
| Outstanding claims | 19,394 | 18,244 |
| Underwriting reserves | 6,444,021 | 6,689,724 |
| Due to agencies | 3,581 | 3,251 |
| Reinsurance accounts payable | 4,997 | 8,402 |
| Other liabilities: | 68,587 | 67,833 |
| Income taxes payable | 1,396 | 5,170 |
| Lease obligations | 881 | 716 |
| Asset retirement obligations | 177 | 178 |
| Other liabilities | 66,132 | 61,767 |
| Reserves under the special laws: | 79,500 | 81,928 |
| Reserve for price fluctuation | 79,500 | 81,928 |
| Total liabilities | 6,620,083 | 6,869,385 |
| (Net assets) | | |
| Common stock | 41,060 | 41,060 |
| Capital surplus | 24,735 | 24,735 |
| Retained earnings | 117,883 | 140,307 |
| Total shareholders' equity | 183,678 | 206,102 |
| Net unrealized gains/(losses) on investments in securities | (5,340) | 49,486 |
| Net deferred gains/(losses) on hedges | 16,486 | 13,197 |
| Total valuation and translation adjustments | 11,145 | 62,683 |
| Total net assets | 194,823 | 268,786 |
| Total liabilities and net assets | 6,814,907 | 7,138,171 |

Non-Consolidated Statements of Income

(Yen in millions)

| Items | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Ordinary income: | 595,350 | 917,919 |
| Insurance premiums and others: | 495,443 | 360,285 |
| Insurance premiums | 475,318 | 287,936 |
| Investment income: | 97,440 | 554,561 |
| Interest and dividends income | 43,985 | 43,567 |
| Investment gains on money trusts | 13,840 | 112,492 |
| Gains on sales of securities | 2,086 | 41,152 |
| Investment gains on separate accounts | 37,451 | 148,417 |
| Other ordinary income | 2,467 | 3,072 |
| Reversal of outstanding claims | 273 | 1,149 |
| Ordinary expenses: | 593,347 | 878,649 |
| Insurance claims and others: | 288,693 | 609,993 |
| Insurance claims | 47,259 | 51,705 |
| Annuity payments | 44,906 | 42,796 |
| Benefits | 82,020 | 86,975 |
| Surrender benefits | 63,529 | 307,015 |
| Other refunds | 2,004 | 1,777 |
| Provision for underwriting reserves and others: | 116,804 | 245,702 |
| Provision for underwriting reserves | 116,804 | 245,702 |
| Investment expenses: | 156,274 | 350 |
| Interest expense | 14 | 10 |
| Losses on sales of securities | 460 | 303 |
| Operating expenses | 26,885 | 18,472 |
| Other ordinary expenses | 4,689 | 4,130 |
| Ordinary profit | 2,003 | 39,270 |
| Extraordinary income | 13,593 | - |
| Extraordinary losses | - | 2,428 |
| Income before income taxes | 15,596 | 36,842 |
| Income taxes - current | 651 | 10,764 |
| Income taxes - deferred | 3,602 | (543) |
| Total income taxes | 4,254 | 10,220 |
| Net income | 11,341 | 26,621 |

Business Results**Amount of Policies in Force and New Policies**

(1) Policies in force (Yen in 100 millions)

| | March 31, 2020 | | September 30, 2020 | |
|----------------------|--------------------------------------|--------|--------------------------------------|--------|
| | Number of policies (in thousands) | Amount | Number of policies (in thousands) | Amount |
| Individual insurance | 825 | 42,587 | 789 | 44,176 |
| Individual annuities | 386 | 22,553 | 387 | 23,251 |
| 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)

| | Six months ended September 30, 2019 | | | | Six months ended September 30, 2020 | | | |
|----------------------|--------------------------------------|--------|--------------|-------------------------------|--------------------------------------|--------|--------------|-------------------------------|
| | 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 | 54 | 3,802 | 3,802 | - | 27 | 2,326 | 2,326 | - |
| Individual annuities | 15 | 993 | 993 | - | 8 | 556 | 556 | - |
| 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, 2020 | September 30, 2020 |
|--|----------------|--------------------|
| Individual insurance | 3,318 | 3,371 |
| Individual annuities | 2,660 | 2,641 |
| Total: | 5,979 | 6,013 |
| Medical coverage, living benefits, etc. | 0 | 1 |

(2) New policies (Yen in 100 millions)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Individual insurance | 336 | 244 |
| Individual annuities | 175 | 106 |
| Total: | 512 | 351 |
| Medical coverage, living benefits, etc. | - | 0 |

(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)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 | Change |
|--|--|--|-----------|
| Fundamental revenues: | 640,371 | 890,753 | 250,382 |
| Insurance premiums and others | 495,443 | 360,285 | (135,157) |
| Fundamental expenses | 667,027 | 877,349 | 210,321 |
| Fundamental profit/(losses) | (26,656) | 13,404 | 40,060 |
| Capital gains/(losses) | 28,682 | 26,862 | (1,820) |
| Non-recurring gains/(losses) | (23) | (996) | (972) |
| Ordinary profit | 2,003 | 39,270 | 37,267 |
| Extraordinary income | 13,593 | - | (13,593) |
| Extraordinary losses | - | 2,428 | 2,428 |
| Provision for reserve for dividends to policyholders | - | - | - |
| Income taxes | 4,254 | 10,220 | 5,966 |
| Net income | 11,341 | 26,621 | 15,279 |

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

| | March 31, 2020 | September 30, 2020 |
|--|----------------|--------------------|
| (A) Total amount of solvency margin | 546,005 | 623,294 |
| Total capital | 179,481 | 203,686 |
| Reserve for price fluctuation | 79,500 | 81,928 |
| Contingency reserve | 80,497 | 81,493 |
| General bad debt reserve | - | - |
| Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90% (100% in case of negative value) | (7,417) | 62,047 |
| Net unrealized gains/(losses) on land x 85% | - | - |
| Excess of continued Zillmerized reserve (a) | 172,286 | 143,255 |
| Subordinated debts, etc. (b) | - | - |
| Amount excluded from the margin, out of (a) and (b) | - | - |
| Brought in capital | - | - |
| Deductions | - | - |
| Others | 41,657 | 50,882 |
| (B) Total amount of risks $\sqrt{(R_1 + R_5)^2 + (R_2 + R_3 + R_7)^2} + R_4$ | 146,376 | 155,064 |
| Insurance risk (R ₁) | 996 | 1,035 |
| Insurance risk of third sector insurance contracts (R ₈) | 2 | 2 |
| Assumed interest rate risk (R ₂) | 53,345 | 53,615 |
| Minimum guarantee risk (R ₇) | 1,656 | 1,633 |
| Asset management risk (R ₃) | 88,480 | 96,750 |
| Business administration risk (R ₄) | 2,889 | 3,060 |
| (C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100 | 746.0 % | 803.9 % |

3. Supplementary Information on Business Results for the Six Months Ended September 30, 2020 for Press Conference

(1) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)

1. Basic Information

(Yen in 100 millions)

| | | Six months ended September 30, 2019 (A) | Year ended March 31, 2020 (B) | Six months ended September 30, 2020 (C) | Change (C) - (B) | Change (C) - (A) |
|---|--------------------------------|---|-------------------------------------|---|---------------------|---------------------|
| 1 | Net premiums written | 8,033 | 15,479 | 8,061 | - | 27 |
| | Change ratio | 3.3% | 2.3% | 0.3% | (2.0)% | (3.0)% |
| 2 | Total assets | 69,039 | 66,860 | 67,616 | 755 | (1,423) |
| 3 | Net loss ratio | 55.9% | 63.3% | 54.9% | (8.4)% | (1.0)% |
| 4 | Net expense ratio | 30.4% | 32.0% | 31.5% | (0.5)% | 1.1% |
| 5 | Combined ratio | 86.3% | 95.3% | 86.4% | (8.9)% | 0.1% |
| | Underwriting result ratio | 13.7% | 4.7% | 13.6% | 8.9% | (0.1)% |
| 6 | Voluntary automobile insurance | | | | | |
| | Net premiums written | 3,371 | 6,703 | 3,414 | - | 43 |
| | Change ratio | 1.7% | 2.0% | 1.3% | (0.7)% | (0.4)% |
| | Underwriting result ratio | 11.5% | 7.3% | 14.6% | 7.3% | 3.1% |
| | Net loss ratio | 57.5% | 60.4% | 53.6% | (6.8)% | (3.9)% |
| | Net expense ratio | 31.0% | 32.3% | 31.8% | (0.5)% | 0.8% |
| 7 | Fire and allied insurance | | | | | |
| | Net premiums written | 1,146 | 2,060 | 1,270 | - | 124 |
| | Change ratio | 12.5% | 3.6% | 10.8% | 7.2% | (1.7)% |
| | Underwriting result ratio | 3.2% | (23.5)% | 10.1% | 33.6% | 6.9% |
| | Net loss ratio | 57.6% | 80.8% | 51.9% | (28.9)% | (5.7)% |
| | Net expense ratio | 39.2% | 42.7% | 38.0% | (4.7)% | (1.2)% |
| 8 | Number of employees | 14,511 | 14,371 | 14,343 | (28) | (168) |
| 9 | Number of agencies | 37,429 | 36,478 | 35,577 | (901) | (1,852) |

(Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

2. Net expense ratio = (commissions and collection expenses + operating expenses and general administrative expenses for underwriting) / net premiums written x 100

3. Combined ratio = net loss ratio + net expense ratio

4. Underwriting result ratio = 1 - combined ratio

(Reference) Consolidated Business Results of MS&AD Insurance Group Holdings, Inc.

(Yen in 100 millions)

| | | Six months ended September 30, 2019 (A) | Year ended March 31, 2020 (B) | Six months ended September 30, 2020 (C) | Change (C) - (B) | Change (C) - (A) |
|---|--|---|-------------------------------------|---|---------------------|---------------------|
| 1 | Ordinary income | 28,564 | 51,683 | 27,344 | - | (1,219) |
| 2 | Net premiums written | 19,268 | 35,737 | 18,690 | - | (578) |
| | Change ratio | 2.7% | 2.1% | (3.0)% | (5.1)% | (5.7)% |
| 3 | Life insurance premiums | 5,554 | 9,437 | 566 | - | (4,988) |
| | Change ratio | (15.5)% | (26.7)% | (89.8)% | (63.1)% | (74.3)% |
| 4 | Ordinary profit | 1,082 | 1,577 | 1,155 | - | 72 |
| 5 | Net income attributable to owners of the parent | 1,635 | 1,430 | 966 | - | (669) |

2. Other Information**(a) Impairment losses on securities**

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Year ended March 31, 2020 | Six months ended September 30, 2020 |
|--------------------|--|------------------------------|--|
| Domestic bonds | - | - | - |
| Domestic stocks | 50 | 175 | 10 |
| Foreign securities | 0 | 33 | - |
| Other securities | - | - | - |
| Total | 50 | 208 | 10 |

(Note) Apart from the above, Losses on valuation of shares of subsidiaries and associates of ¥186.3 billion was recorded under Extraordinary losses in the six months ended September 30, 2019.

Rules for recognition of impairment

In principle, the Company recognizes impairment losses on securities if the fair value declines by 30% or more from the cost.

(b) Impairment losses on fixed assets

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Year ended March 31, 2020 | Six months ended September 30, 2020 |
|--------------|--|------------------------------|--|
| Land | 0 | 0 | - |
| Buildings | 0 | 4 | - |
| Others | - | - | - |
| Total | 0 | 4 | - |

(c) Unrealized gains and losses on investments in securities

(Yen in 100 millions)

| | September 30, 2019 | March 31, 2020 | September 30, 2020 |
|--------------------|--------------------|----------------|--------------------|
| Domestic bonds | 1,634 | 1,343 | 1,241 |
| Domestic stocks | 10,469 | 8,108 | 9,730 |
| Foreign securities | 198 | 35 | 187 |
| Other securities | 39 | (8) | 27 |
| Total | 12,341 | 9,478 | 11,187 |

(Notes) 1. The above table describes available-for-sale securities with practically determinable fair value.

2. Monetary claims bought are included in "Other securities".

(d) Losses caused by natural disasters in Japan, excluding residential earthquake insurance

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Year ended March 31, 2020 | Six months ended September 30, 2020 |
|--------------------|--|------------------------------|--|
| Direct claims paid | 35 | 1,781 | 99 |
| Net claims paid | 33 | 643 | 97 |
| Outstanding claims | 362 | 67 | 244 |

(Note) The above table describes losses caused by natural disasters in Japan incurred during the respective period.

(e) Catastrophe reserve

(Yen in 100 millions)

| Lines of insurance | September 30, 2019 | | | March 31, 2020 | | | September 30, 2020 | | |
|----------------------|--------------------|---------------|-----------|----------------|---------------|-----------|--------------------|---------------|-----------|
| | Balance | Reserve Ratio | Provision | Balance | Reserve Ratio | Provision | Balance | Reserve Ratio | Provision |
| Fire and allied | 1,003 | 43.8% | 113 | 998 | 48.6% | 632 | 1,114 | 43.9% | 115 |
| Marine | 821 | 128.4% | 8 | 813 | 131.4% | 15 | 804 | 149.5% | 6 |
| Personal accident | 796 | 51.7% | 24 | 748 | 51.0% | 46 | 772 | 50.5% | 24 |
| Voluntary automobile | 979 | 14.5% | 108 | 978 | 14.6% | 214 | 1,087 | 15.9% | 109 |
| Other | 1,935 | 65.5% | 57 | 1,907 | 68.4% | 106 | 1,968 | 64.5% | 60 |
| Total | 5,535 | 39.1% | 311 | 5,446 | 39.9% | 1,015 | 5,747 | 39.7% | 316 |

(Notes) 1. Reserve ratio = catastrophe reserve / (net premiums written (excluding premiums of residential earthquake insurance and compulsory automobile liability insurance)) x 100

Reserve ratio for September 30 is calculated on an annualized basis using net premiums written (excluding premiums of residential earthquake insurance and compulsory automobile liability insurance) multiplied by two as a denominator.

2. Provision = gross provision

(f) Reinsurance assumed

(Yen in 100 millions)

| Lines of insurance | Six months ended September 30, 2019 | | Six months ended September 30, 2020 | |
|---------------------------------|---|--|---|--|
| | Net reinsurance assumed premiums written | Net reinsurance assumed claims paid | Net reinsurance assumed premiums written | Net reinsurance assumed claims paid |
| Fire and allied | 173 | 64 | 185 | 74 |
| Marine | 85 | 53 | 91 | 39 |
| Personal accident | 12 | 6 | 16 | 12 |
| Voluntary automobile | 30 | 7 | 20 | 18 |
| Compulsory automobile liability | 703 | 626 | 580 | 536 |
| Other | 96 | 67 | 98 | 68 |
| Total | 1,102 | 825 | 993 | 750 |

(g) Reinsurance ceded

(Yen in 100 millions)

| Lines of insurance | Six months ended September 30, 2019 | | Six months ended September 30, 2020 | |
|---------------------------------|---|--------------------------------------|---|--------------------------------------|
| | Net reinsurance ceded premiums written | Net reinsurance ceded claims paid | Net reinsurance ceded premiums written | Net reinsurance ceded claims paid |
| Fire and allied | 760 | 554 | 816 | 589 |
| Marine | 233 | 116 | 238 | 82 |
| Personal accident | 67 | 29 | 33 | 21 |
| Voluntary automobile | 51 | 52 | 53 | 40 |
| Compulsory automobile liability | 632 | 591 | 462 | 534 |
| Other | 332 | 103 | 414 | 172 |
| Total | 2,077 | 1,447 | 2,019 | 1,441 |

(2) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)

1. Basic Information

(Yen in 100 millions)

| | Six months ended September 30, 2019 (A) | Year ended March 31, 2020 (B) | Six months ended September 30, 2020 (C) | Change (C) - (B) | Change (C) - (A) | |
|---|---|-------------------------------------|---|---------------------|---------------------|---------|
| 1 | Net premiums written | 6,568 | 12,767 | 6,521 | - | (46) |
| | Change ratio | 5.3% | 3.5% | (0.7)% | (4.2)% | (6.0)% |
| 2 | Total assets | 34,587 | 34,207 | 35,189 | 981 | 601 |
| 3 | Net loss ratio | 55.2% | 62.0% | 54.7% | (7.3)% | (0.5)% |
| 4 | Net expense ratio | 33.6% | 34.5% | 34.0% | (0.5)% | 0.4% |
| 5 | Combined ratio | 88.8% | 96.5% | 88.7% | (7.8)% | (0.1)% |
| | Underwriting result ratio | 11.2% | 3.5% | 11.3% | 7.8% | 0.1% |
| 6 | Voluntary automobile insurance | | | | | |
| | Net premiums written | 3,579 | 7,130 | 3,641 | - | 61 |
| | Change ratio | 3.4% | 4.1% | 1.7% | (2.4)% | (1.7)% |
| | Underwriting result ratio | 12.3% | 8.7% | 17.3% | 8.6% | 5.0% |
| | Net loss ratio | 56.2% | 59.4% | 51.5% | (7.9)% | (4.7)% |
| | Net expense ratio | 31.5% | 31.9% | 31.2% | (0.7)% | (0.3)% |
| 7 | Fire and allied insurance | | | | | |
| | Net premiums written | 1,084 | 1,992 | 1,100 | - | 16 |
| | Change ratio | 19.6% | 8.4% | 1.5% | (6.9)% | (18.1)% |
| | Underwriting result ratio | 8.1% | (17.3)% | (0.1)% | 17.2% | (8.2)% |
| | Net loss ratio | 51.1% | 73.8% | 59.8% | (14.0)% | 8.7% |
| | Net expense ratio | 40.8% | 43.5% | 40.3% | (3.2)% | (0.5)% |
| 8 | Number of employees | 13,915 | 13,775 | 14,073 | 298 | 158 |
| 9 | Number of agencies | 47,857 | 48,198 | 48,906 | 708 | 1,049 |

(Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

2. Net expense ratio = (commissions and collection expenses + operating expenses and general administrative expenses for underwriting) / net premiums written x 100

3. Combined ratio = net loss ratio + net expense ratio

4. Underwriting result ratio = 1 - combined ratio

(Reference) Consolidated Business Results of MS&AD Insurance Group Holdings, Inc.

Please refer to page 37.

2. Other Information**(a) Impairment losses on securities**

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Year ended March 31, 2020 | Six months ended September 30, 2020 |
|--------------------|--|------------------------------|--|
| Domestic bonds | - | - | - |
| Domestic stocks | 27 | 109 | 20 |
| Foreign securities | 9 | 0 | 4 |
| Other securities | - | - | - |
| Total | 37 | 110 | 25 |

Rules for recognition of impairment

In principle, the Company recognizes impairment losses on securities if the fair value declines by 30% or more from the cost.

(b) Impairment losses on fixed assets

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Year ended March 31, 2020 | Six months ended September 30, 2020 |
|-----------|--|------------------------------|--|
| Land | 0 | 0 | 7 |
| Buildings | 2 | 2 | 15 |
| Others | - | - | - |
| Total | 2 | 2 | 22 |

(c) Unrealized gains and losses on investments in securities

(Yen in 100 millions)

| | September 30, 2019 | March 31, 2020 | September 30, 2020 |
|--------------------|--------------------|----------------|--------------------|
| Domestic bonds | 678 | 540 | 511 |
| Domestic stocks | 3,881 | 2,910 | 4,115 |
| Foreign securities | 526 | 324 | 535 |
| Other securities | 43 | (20) | 34 |
| Total | 5,129 | 3,753 | 5,197 |

(Note) The above table describes available-for-sale securities with practically determinable fair value.

(d) Losses caused by natural disasters in Japan, excluding residential earthquake insurance

(Yen in 100 millions)

| | Six months ended September 30, 2019 | Year ended March 31, 2020 | Six months ended September 30, 2020 |
|--------------------|--|------------------------------|--|
| Direct claims paid | 28 | 1,478 | 95 |
| Net claims paid | 27 | 553 | 94 |
| Outstanding claims | 253 | 40 | 122 |

(Note) The above table describes losses caused by natural disasters in Japan incurred during the respective period.

(e) Catastrophe reserve

(Yen in 100 millions)

| Lines of insurance | September 30, 2019 | | | March 31, 2020 | | | September 30, 2020 | | |
|----------------------|--------------------|---------------|-----------|----------------|---------------|-----------|--------------------|---------------|-----------|
| | Balance | Reserve Ratio | Provision | Balance | Reserve Ratio | Provision | Balance | Reserve Ratio | Provision |
| Fire and allied | 880 | 40.6% | 130 | 858 | 43.1% | 534 | 1,023 | 46.5% | 184 |
| Marine | 138 | 163.0% | 0 | 98 | 136.2% | 1 | 98 | 124.8% | 0 |
| Personal accident | 700 | 118.0% | 9 | 662 | 116.4% | 18 | 671 | 111.7% | 9 |
| Voluntary automobile | 647 | 9.1% | 114 | 571 | 8.0% | 228 | 688 | 9.5% | 116 |
| Other | 777 | 53.9% | 41 | 768 | 55.9% | 67 | 786 | 55.9% | 20 |
| Total | 3,145 | 27.5% | 296 | 2,959 | 26.6% | 849 | 3,268 | 28.2% | 332 |

(Notes) 1. Reserve ratio = catastrophe reserve / (net premiums written (excluding premiums of residential earthquake insurance and compulsory automobile liability insurance)) x 100

Reserve ratio for September 30 is calculated on an annualized basis using net premiums written multiplied by two as a denominator.

2. Provision = gross provision

(f) Reinsurance assumed

(Yen in 100 millions)

| Lines of insurance | Six months ended September 30, 2019 | | Six months ended September 30, 2020 | |
|---------------------------------|---|--|---|--|
| | Net reinsurance assumed premiums written | Net reinsurance assumed claims paid | Net reinsurance assumed premiums written | Net reinsurance assumed claims paid |
| Fire and allied | 315 | 193 | 318 | 126 |
| Marine | 43 | 23 | 40 | 20 |
| Personal accident | 22 | 11 | 19 | 12 |
| Voluntary automobile | 209 | 93 | 177 | 108 |
| Compulsory automobile liability | 581 | 534 | 482 | 452 |
| Other | 85 | 35 | 71 | 47 |
| Total | 1,258 | 894 | 1,108 | 768 |

(g) Reinsurance ceded

(Yen in 100 millions)

| Lines of insurance | Six months ended September 30, 2019 | | Six months ended September 30, 2020 | |
|---------------------------------|---|--------------------------------------|---|--------------------------------------|
| | Net reinsurance ceded premiums written | Net reinsurance ceded claims paid | Net reinsurance ceded premiums written | Net reinsurance ceded claims paid |
| Fire and allied | 520 | 376 | 590 | 445 |
| Marine | 1 | (0) | 0 | 0 |
| Personal accident | 39 | 12 | 41 | 13 |
| Voluntary automobile | 14 | 12 | 15 | 24 |
| Compulsory automobile liability | 663 | 634 | 491 | 568 |
| Other | 176 | 47 | 198 | 53 |
| Total | 1,416 | 1,082 | 1,338 | 1,104 |