

SUMMARY OF FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

November 19, 2018

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities Code Number: 8725
 URL: <http://www.ms-ad-hd.com>
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Scheduled date to file the Quarterly Securities Report: November 19, 2018
 Scheduled date to commence dividend payments: December 5, 2018
 Explanatory material for business results: Available
 IR Conference (for institutional investors and analysts): To be held

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

1. Consolidated Financial Highlights for the Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)

(1) Consolidated business performance (Yen in millions)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
	Amount	%	Amount	%	Amount	%
Six months ended September 30, 2018	2,962,888	2.5 %	75,333	(42.7) %	46,301	(38.9) %
Six months ended September 30, 2017	2,889,833	4.5 %	131,559	(12.9) %	75,734	(23.0) %

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

(Note) Comprehensive income For the six months ended September 30, 2018: ¥ 37,180 million (85.2) %
 For the six months ended September 30, 2017: ¥ 250,699 million - %

(Yen)

	Net income attributable to owners of the parent per share - Basic	Net income attributable to owners of the parent per share - Diluted
	Six months ended September 30, 2018	78.64
Six months ended September 30, 2017	127.91	127.88

(2) Consolidated financial conditions (Yen in millions)

	Total assets	Net assets	Ratio of net assets less non-controlling interests to total assets
September 30, 2018	23,199,089	2,936,966	12.5 %
March 31, 2018	22,472,927	2,968,387	13.1 %

(Reference) Net assets less non-controlling interests As of September 30, 2018: ¥ 2,909,644 million
 As of March 31, 2018: ¥ 2,941,112 million

2. Dividends (Yen)

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual total
Year ended March 31, 2018	-	65.00	-	65.00	130.00
Year ending March 31, 2019	-	70.00			
Year ending March 31, 2019 (Forecast)			-	70.00	140.00

(Note) Revision of the latest announced dividends per share forecast: Yes

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(Yen in millions)

	Ordinary profit		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share (Yen)
	Amount	%	Amount	%	Amount
Year ending March 31, 2019	290,000	37.1 %	200,000	29.8 %	341.17

Percent figures represent changes from the preceding year.

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

*** Notes**

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

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

1. Changes in accounting policies due to revisions of accounting standards: None
2. Changes in accounting policies other than above: None
3. Changes in accounting estimates: None
4. Restatements: None

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

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

As of September 30, 2018: 593,291,754 shares

As of March 31, 2018: 593,291,754 shares

2. Number of shares of treasury stock

As of September 30, 2018: 9,573,284 shares

As of March 31, 2018: 880,702 shares

3. Average number of shares of outstanding stock

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

For the six months ended September 30, 2017: 592,085,038 shares

*** This report is unaudited.**

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

(1) Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. For key assumptions of the earnings forecasts and other relevant information, please refer to "4. Earnings Forecasts" on page 15 of "Explanatory Material for Business Results for the Six Months Ended September 30, 2018". The forecast of consolidated ordinary income for the current fiscal year is not disclosed due to difficulties in calculating reasonable forecast figures stemming from a high susceptibility to natural disasters and market conditions.

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

[Appendix]

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[Attachment]

Explanatory Material for Business Results for the Six Months Ended September 30, 2018

Consolidated Financial Statements and Main Notes

1. Consolidated Balance Sheets

(Yen in millions)

	March 31, 2018	September 30, 2018
Assets		
Cash, deposits and savings	1,481,694	1,445,070
Receivables under resale agreements	6,999	368,450
Receivables under securities borrowing transactions	309,644	-
Monetary claims bought	140,133	138,321
Money trusts	1,043,506	1,257,415
Investments in securities	16,152,966	16,494,393
Loans	892,599	890,772
Tangible fixed assets	459,624	460,062
Intangible fixed assets	549,502	529,957
Other assets	1,297,829	1,480,178
Assets for retirement benefits	30,645	29,893
Deferred tax assets	68,026	69,563
Customers' liabilities under acceptances and guarantees	49,500	44,500
Bad debt reserve	(9,746)	(9,490)
Total assets	22,472,927	23,199,089
Liabilities		
Policy liabilities:	16,964,512	17,694,139
Outstanding claims	2,213,650	2,340,656
Underwriting reserves	14,750,861	15,353,483
Bonds issued	558,191	558,191
Other liabilities	1,328,675	1,364,207
Liabilities for pension and retirement benefits	184,569	183,983
Reserve for retirement benefits for officers	538	475
Accrued bonuses for employees	27,592	24,492
Reserve for reorganization by function	16,341	13,611
Reserves under the special laws:	152,928	161,785
Reserve for price fluctuation	152,928	161,785
Deferred tax liabilities	221,690	216,734
Acceptances and guarantees	49,500	44,500
Total liabilities	19,504,540	20,262,122
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	554,320	554,265
Retained earnings	849,044	856,841
Treasury stock	(2,599)	(32,517)
Total shareholders' equity	1,500,765	1,478,589
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	1,487,258	1,534,536
Net deferred gains/(losses) on hedges	20,043	18,286
Foreign currency translation adjustments	(66,274)	(122,054)
Accumulated actuarial gains/(losses) on retirement benefits	(679)	286
Total accumulated other comprehensive income	1,440,346	1,431,055
Stock acquisition rights	566	785
Non-controlling interests	26,709	26,537
Total net assets	2,968,387	2,936,966
Total liabilities and net assets	22,472,927	23,199,089

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

(Yen in millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Ordinary income:	2,889,833	2,962,888
Underwriting income:	2,450,737	2,604,913
Net premiums written	1,861,532	1,873,194
Deposit premiums from policyholders	45,170	42,390
Investment income on deposit premiums from policyholders	21,872	20,846
Life insurance premiums	511,153	657,170
Investment income:	429,951	349,356
Interest and dividends income	142,210	152,580
Investment gains on money trusts	48,303	35,517
Investment gains on trading securities	16,620	14,267
Gains on sales of securities	59,327	75,369
Investment gains on separate accounts	123,064	71,511
Transfer of investment income on deposit premiums from policyholders	(21,872)	(20,846)
Other ordinary income	9,144	8,618
Ordinary expenses:	2,758,273	2,887,554
Underwriting expenses:	2,415,168	2,524,823
Net claims paid	886,659	973,509
Loss adjustment expenses	83,497	85,405
Commissions and collection expenses	350,062	358,393
Maturity refunds to policyholders	112,281	106,676
Life insurance claims	174,238	200,264
Provision for outstanding claims	139,364	169,972
Provision for underwriting reserves	666,302	628,601
Investment expenses:	15,524	20,832
Investment losses on money trusts	0	290
Losses on sales of securities	2,982	6,574
Impairment losses on securities	1,495	2,961
Operating expenses and general and administrative expenses	319,763	333,159
Other ordinary expenses:	7,817	8,738
Interest expense	5,091	5,432
Ordinary profit	131,559	75,333
Extraordinary income:	123	411
Gains on sales of fixed assets	123	411
Extraordinary losses:	18,458	12,878
Losses on sales of fixed assets	2,210	756
Impairment losses on fixed assets	1,134	787
Provision for reserves under the special laws:	15,107	8,857
Provision for reserve for price fluctuation	15,107	8,857
Losses on reduction of tangible fixed assets	6	1
Other extraordinary losses	-	2,476
Income before income taxes	113,224	62,866
Income taxes - current	73,140	44,266
Income taxes - deferred	(36,526)	(28,715)
Total income taxes	36,614	15,551
Net income	76,609	47,315
Net income attributable to non-controlling interests	875	1,014
Net income attributable to owners of the parent	75,734	46,301

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net income	76,609	47,315
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	167,447	59,028
Net deferred gains/(losses) on hedges	2,385	(1,712)
Foreign currency translation adjustments	(1,801)	(47,651)
Accumulated actuarial gains/(losses) on retirement benefits	5,462	925
Share of other comprehensive income of equity method investments	594	(20,725)
Total other comprehensive income	<u>174,089</u>	<u>(10,134)</u>
Total comprehensive income	<u>250,699</u>	<u>37,180</u>
Allocation:		
Comprehensive income attributable to owners of the parent	249,612	37,009
Comprehensive income attributable to non-controlling interests	1,086	171

3. Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	100,000	669,458	775,877	(120,050)	1,425,285
Changes for the six months:					
Dividends paid			(41,468)		(41,468)
Net income attributable to owners of the parent			75,734		75,734
Repurchase of treasury stock				(34)	(34)
Disposal of treasury stock		(3)		64	61
Cancellation of treasury stock		(117,455)		117,455	-
Changes due to merger of consolidated subsidiaries with non-consolidated subsidiaries					-
Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests		(242)			(242)
Net changes of items other than shareholders' equity					
Total changes for the six months	-	(117,701)	34,265	117,485	34,049
Ending balance	100,000	551,757	810,142	(2,564)	1,459,335

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	1,360,859	23,472	(91,219)	(9,420)	1,283,692	307	25,147	2,734,432
Changes for the six months:								
Dividends paid								(41,468)
Net income attributable to owners of the parent								75,734
Repurchase of treasury stock								(34)
Disposal of treasury stock								61
Cancellation of treasury stock								-
Changes due to merger of consolidated subsidiaries with non-consolidated subsidiaries								-
Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests								(242)
Net changes of items other than shareholders' equity	169,104	2,437	(3,127)	5,464	173,878	258	(1,175)	172,961
Total changes for the six months	169,104	2,437	(3,127)	5,464	173,878	258	(1,175)	207,011
Ending balance	1,529,963	25,910	(94,346)	(3,956)	1,457,571	566	23,971	2,941,444

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

(Yen in millions)

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

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

4. Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.